



BUSINESS PROCESS DESCRIPTION

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1 **SETTLEMENT PROCESSES**

1. INTRODUCTION

1.1 Objective and scope

The Business Process Description (BPD) describes and illustrates the business processes involving CSDs, Central Banks and other technically directly connected parties and their interaction with T2S.

The aim of the BPD is:

- To provide the reader with a process-based perspective on the information presented in the User Detailed Functional Specification (UDFS), Graphical User Interface Business Functional Document (GUI BFD), and Service Description (SD) for the A2A and U2A interaction with T2S;
- To illustrate the use of T2S services in the context of parties' End-2-End business process;
- To demonstrate the use of T2S services for the processing of various transactions (e.g. corporate actions);
- To assist institutions in the feasibility study and adaptation analysis phases of their T2S projects; and
- To assist institutions in the documentation and/or adaptation of their internal processes including the T2S interaction.

The BPD provides information to:

- Process owners and business analysts (who own, analyse and document the business processes in their organisation);
- Operational groups (who manage and monitor the business processes);
- IT architects and developers (who implement the technology that will perform the business processes); and
- Organisations and individuals involved in the audit of the CSD, Central Bank and directly connected parties' processes.

Only T2S actors with a direct connection to T2S i.e. CSDs, Central Banks and their technically directly connected parties are depicted in the document.

Business processes are depicted on a generic level as the processes within each institution might differ. For this reason detailed descriptions of actors' internal business processes are not within the scope of this document.

Similarly, T2S internal processes are not depicted in detail but represented by the T2S services, in order to avoid redundancies with T2S specification documents. However, references to the UDFS, GUI BFD and SD are presented where applicable to enable the reader to quickly find the detailed description of the T2S functionality in the relevant specifications and documentations.

1 The Business Process Diagrams and Descriptions are applicable for the whole business day, i.e. during real-
2 time and (night-time) batch settlement, unless otherwise noted.

3 **1.2 Methodology**

4 The description of each process is divided into the following four distinct sections to provide a visual as well
5 as a narrative representation of the process:

- 6 • Overview: summary of the business process including the possible process triggers, preconditions
7 and T2S instructing parties, i.e. parties that can possibly instruct T2S;
- 8 • Business Process Diagram: illustration of the business process using Business Process Model and
9 Notation (BPMN) conventions;
- 10 • Business Process Description: description of the activities depicted in the Business Process Diagram
11 as well as references to other relevant documents such as UDFS and GUI BFD;
- 12 • T2S Service Description: brief description of the T2S services involved in the process as well as
13 references to the Service Description document.

14 **1.2.1 Business Process Diagram**

15 **1.2.1.1 Scope and Limitations**

16 A *Business Process* can be defined as a series of activities conducted in order to accomplish a specific
17 objective.

18 Each Business Process is composed of process steps, so-called *activities* (refer to 1.2.1.2 Business Process
19 Modelling Notation). For the purpose of this document it can be distinguished between two types of
20 activities:

- 21 • Collaborative activities: process steps involving T2S interaction such as messages or data entry via
22 the GUI
- 23 • Internal activities: all other process steps i.e. those not involving interaction with T2S

24 This document focuses on the collaborative activities, as internal activities will differ widely across the
25 different CSDs, Central Banks and their directly connected parties. Internal activities are displayed only to
26 indicate to the reader the context within its institution's end-to-end business process. For the creation of
27 institution-specific process documentation, each institution can enrich the business process individually with
28 more internal activities according to its target business process within its institution in order to depict the
29 complete end-to-end process.


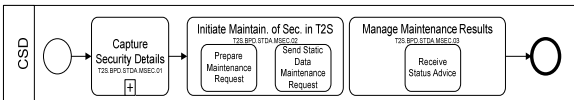
1 Only parties with a direct connection to T2S are displayed. To give an example, CSD Participants who have
 2 a direct connection (e.g. can receive messages) are displayed, those connected only via a CSD are not.
 3 Similarly, Payment Banks indirectly connected to their Central Bank are not shown either.
 4 Consequently only communication flows between T2S and its directly connected parties are shown.
 5 Communication of CSDs and Central Banks with their clients (regardless of whether they are directly or
 6 indirectly connected) is not described.
 7 Details on technical connectivity are out of scope of this document.
 8 All business processes are described independently of the settlement cycles in T2S. For details on the
 9 schedule of the settlement day refer to the dedicated document online¹ or UDFS Chapter 1.4.

10 1.2.1.2 Business Process Modelling Notation

11 The design principles and graphical elements employed for the graphical depiction of Business Processes a
 12 based on the Business Process Model and Notation (BPMN). BPMN was developed by the Object
 13 Management Group (OMG) and is currently available in Version 2.0. The objective of BPMN is to “provide
 14 a notation that is readily understandable by all business users, from the business analysts (...) to the technical
 15 developers (...), and finally, to the business people who will manage and monitor those processes.”²


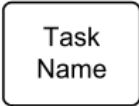
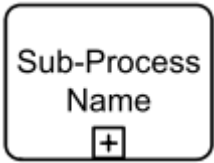
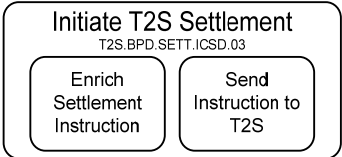

16 The following BPMN elements are used in this document:








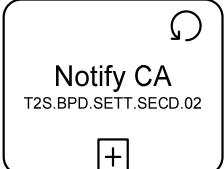
17 **Table 1-1: BPMN elements**

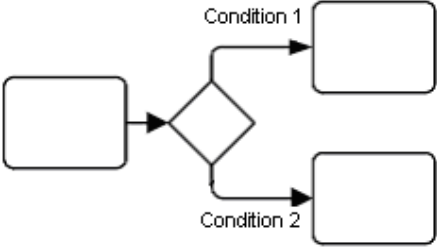
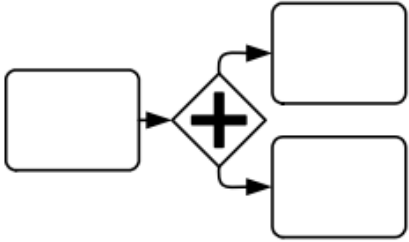
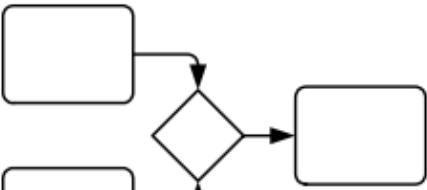
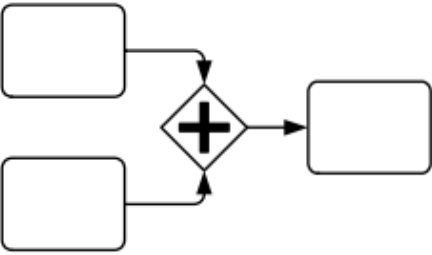
<p style="text-align: center;">Pool:</p>  <p style="text-align: center;">Pool with activities:</p> 	<p>Pool</p> <p>A pool depicts an institutions i.e. it groups activities which are executed by one institution. This could be T2S parties such as CSDs, CSD Participants (with a direct connection to T2S), as well as Central Banks and Payment Banks (with a direct connection to T2S). T2S itself is also depicted as a pool.</p> <p>Those parties that instruct T2S directly within each respective process (e.g. by sending a message to T2S) are highlighted in bold. Other parties that are not directly involved in the process, but can receive information about the process (e.g. by receiving a notification message), are shown in normal font.</p>
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¹ http://www.ecb.europa.eu/paym/t2s/progress/pdf/extmtg/mtg16/schedule_clean.pdf?c760562e403dcf68789e2e5431db25f5

² Business Process Model and Notation, v.2.0, Object Management Group, <http://www.omg.org/spec/BPMN/2.0/>

	<p>Activity</p> <p>An activity is the generic term for work being performed as part of the business process.</p> <p>There are two types of activities:</p> <p>Task: An activity can depict a tasks i.e. an atomic unit of a process which cannot be divided any further</p> <p>Sub-process: An activity can be sub-process that could be divided into several tasks.</p> <p>If an (internal) activity is optional this is indicated in the Business Process Description section.</p>
	<p>Task</p> <p>A Task is an activity which cannot be divided any further i.e. an atomic unit of a process.</p>
<p>Collapsed sub-process:</p>  <p>Expanded sub-process:</p> 	<p>Sub-process</p> <p>A sub-process is an activity which could be divided into several tasks.</p> <p>In this document, many activities are displayed as sub-processes, indicating that they can be divided into several tasks or that other tasks (such as post-processing or archiving) could be included in this step. For this document, only activities involving collaborative activities (e.g. the reception or transmission of a message) involving more than one known task are split into their tasks in the diagrams.</p> <p>The list of tasks depicted as part of a sub-processes is non-exhaustive and more tasks could be added according to the organisations' individual needs (e.g. further tasks for handling of specific messages or national specificities) or systems in use (e.g. if steps in multiple systems need to be conducted to conclude one activity or manual steps to be added).</p>
	<p>Group</p> <p>A Group is a loose combination of activities and serves as a means to categorise or highlight activities. Similarly, groups are used to indicate T2S services belonging together.</p>

<p>Start event:</p>  <p>End event:</p>  <p>Intermediate event:</p> 	<p>Event</p> <p>An event indicates something “happening” at the beginning/end or in the course of the process flow.</p> <p>There are three types of events:</p> <p>Start event: triggers a process</p> <p>End event: marks the end of a process</p> <p>Intermediate event: marks an intermediate step of a process e.g. when the process flow continues in another parties’ pool.</p>
	<p>Sequence Flow</p> <p>A sequence flow indicates the order in which activities are performed.</p> <p>Some activities are not linked by sequence flows. This indicated that the first activity does not trigger the second activity, but that for example an incoming message is needed to trigger the remaining process flow.</p>
	<p>Message Flow</p> <p>A message flow shows the exchange of messages between T2S and its parties. The type of message flow (i.e. message or screen interaction) is indicated by the symbols for A2A or U2A interaction.</p>
	<p>Message/Application-to-application (A2A) interaction</p> <p>A message indicates objects which are exchanged in Application-to-Application (A2A) interaction between T2S and the parties (if directly connected) e.g. an ISO message.</p> <p>Not every single message which could be exchanged is indicated. Messages are grouped (and illustrated by one symbol) into categories e.g. status advice messages, confirmation messages. As a result of the grouping, the BPD does not always reflect the sequence flow of message reception.</p>
	<p>User-to-Application (U2A) interaction</p> <p>User-to-Application interaction is marked by a different symbol, which indicates that interaction via the T2S GUI is possible.</p> <p>If interaction is possible using A2A as well as U2A, both symbols are shown.</p>
	<p>Recurring activity</p> <p>A recurring activity is an activity which is repeated until a specific event occurs. This event is indicated as a comment note.</p>

<p>Decision:</p>  <p>Fork:</p> 	<p>Decision and Fork/Splitting the process flow</p> <p>There are two options for splitting the process flow:</p> <p>Decision: A decision indicates that the process can follow either one of two alternative process flows (“OR”-connection).</p> <p>Fork: A fork indicates that the process will follow two process flows in parallel (“AND”-connection).</p>
<p>Merge:</p>  <p>Join:</p> 	<p>Merge and Join/Combining the process flow</p> <p>There are two options for combining the process flow:</p> <p>Merge: A merge indicates that two process flows are combined into one as soon as the first alternate process flow reaches the gateway (“OR”-connection).</p> <p>Join: A join indicates that two process flows are combined into one only if both process flows have reached the gateway (“AND”-connection).</p>

1.2.2 Business Process Description

The Business Process Description section aims at detailing the activities (sub-processes and tasks) of the T2S parties illustrated in the respective Business Process Diagram. It does not describe the involved T2S services, which are covered in a separate section called “T2S Service Description”.

Reference IDs

Reference ID are unique identifiers assigned to each process and activity (i.e. sub-process or task). The naming scheme for the references is as follow:

1	<i>Sample:</i>
2	For processes:
3	T2S.BPD.SETT.ICSD – process type e.g. settlement process
4	T2S.BPD.SETT.ICSD – unique process reference
5	For sub-processes:
6	T2S.BPD.SETT.ICSD.01 – sub-process reference within a process
7	For tasks:
8	T2S.BPD.SETT.ICSD.01.01 – task reference within a sub-process

9 In the diagrams the reference IDs are included on a sub-process level.

10 T2S Actors

11 A *T2S Actor* is the entity that executes an activity e.g. a CSD. T2S Actors are indicated only on a sub-process
12 level, as the underlying tasks will have the same T2S Actor.

13	<i>Sample:</i>
14	T2S Actors: Payment Bank

15 Messages to/from T2S:

16 The messages which are sent to or received from T2S are listed in a table along with a reference to UDFS
17 Chapter 3.

18 The set of messages displayed always indicates the entirety of messages that can be received by the T2S
19 Party, unless stated otherwise on the description. Whether a message is actually sent from T2S to the T2S
20 Party depends on the message subscription configuration for the T2S Party. All messages are subject to
21 message subscription.

22 References to UDFS and GUI BFD

23 Where applicable, references to the UDFS (v.1.0) and/or GUI BFD (v.1.7) are given.

24	<i>Sample:</i>
25	References:
26	UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)
27	GUI BFD: T2S.GUI.SESE.INX.0070

1.2.3 T2S Service Description

The T2S Service Description section lists and briefly describes the relevant T2S services involved in the respective business process, i.e. the services named in the respective Business Process Description section.

The services listed here are confined to the following T2S Services Classes:

- Settlement Service Class
- Liquidity Management Service Class
- Static Data Service Class
- Information Management Service Class

Services belonging to the Connectivity Service Class and Operations and Support Service Class are not described in this document, as details on technical connectivity are out of scope of this document and they provide overarching functionalities that cannot be attributed to a specific business process.

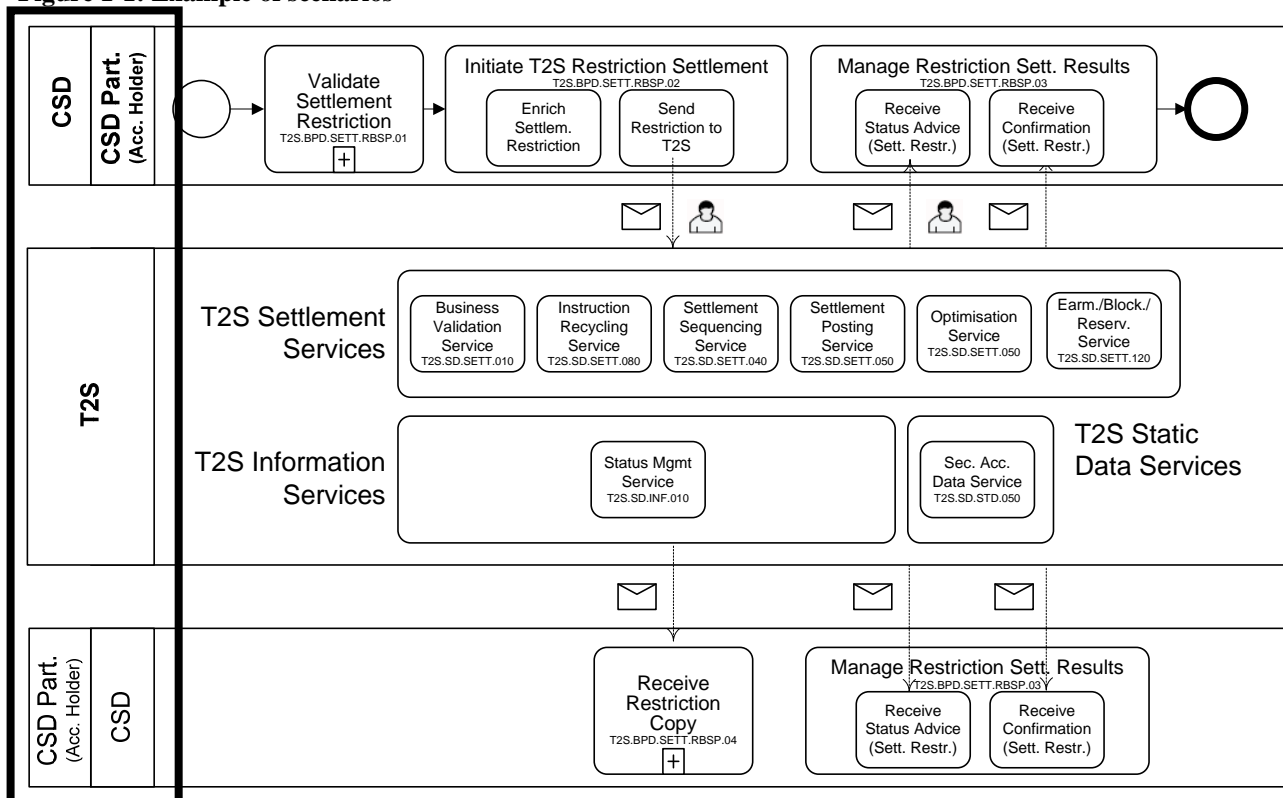
The specific use of a service within the context of the respective process is highlighted, whereas the general service description is kept rather brief. However, references to the Service Description (SD) are included.

1.2.4 Scenarios

A *scenario* is a possible configuration of T2S actors. Scenarios are used to describe alternative ways for a business process that mainly differ in the T2S actor that starts the process. For instance a hold instruction can be sent by a CSD (in this case the directly connected CSD Participant receives a copy of the message) or by the CSD Participant itself, provided he is directly connected to T2S (in this case the CSD receives a copy of the message). However, apart from these minor differences in the message flow, the business process is the same.

In the Business Process Diagram section scenarios are represented by means of alternative pool names. In order to follow one scenario the pool names have to be read along one of the two possible columns.

1 **Figure 1-1: Example of scenarios**



4 In the example (Figure 1-1), scenario A has the following configuration:

5• The CSD instructs T2S (and might receive messages)

6• The CSD Participant receives messages

7 Scenario B can be read as follows:

8• The CSD Participant instructs T2S (and might receive messages)

9• The CSD receives messages

10 The Business Process Description section applies to Scenario A and B unless otherwise noted. For the
 11 purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in
 12 square brackets.

13 *Sample:*

14 The CSD [CSD Participant] enriches the settlement instruction.

15 If a given activity can have different actors (depending on the scenario), both alternatives are listed under
 16 T2S actors.

17 *Sample:*

1 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

2 For some activities the scenario is irrelevant i.e. the actors and their activities are the same regardless of the
3 scenarios, for example when the CSD and CSD Participant both receive the same messages (in both
4 scenarios). In this case no distinction between the scenarios is made

5 *Sample:*

6 T2S Actors: CSD and CSD Participant (Both Scenarios)




7 The CSD and CSD Participant receive status advice messages from T2S.

8 1.2.5 Variations

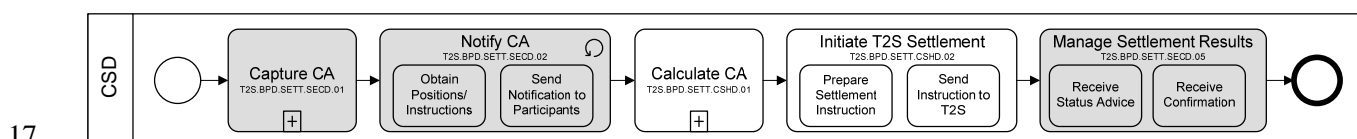
9 *Variations* of processes occur when two (or more) processes are very similar to one another, for instance if a
10 process includes all activities of another process but adds one or more activities. In order to avoid repetitions
11 and to point out differences and similarities between the processes these cases are displayed in a specific
12 manner in this document.

13 For variations of one process the base process is referenced to and only deviations from this base process or
14 specificities are pointed out and described.

15 **Table 1-2: BPMN elements for variations**

	Activities which remain the same (as in the base process) are greyed out in the Business Process Diagram and not described again.
	Activities which are not part of the variation (but of the base process) are greyed out and crossed out, indicating that they are not part of the process (even though they were in the base process).
	Activities that are either new in the variation or for which specificities (e.g. details for T2S instruction) are to be considered remain white in the Business Process Diagram and are described in the Business Process Description section under a new Reference ID.

16 **Figure 1-2: Example of a variation**



1 In the example (Figure 1-2) the activities which are greyed out do not differ from the base process. They are
2 not described again in the Business Process Description section of the variation; instead the original (base
3 process) reference ID is indicated for each greyed-out sub-process. The reference ID can be used to find the
4 corresponding description in the document. The activities which are white are described in the Business
5 Process Description section of the variation.

2. CORE SETTLEMENT PROCESSES

2.1 Intra-CSD Settlement [T2S.BPD.SETT.ICSD]

2.1.1 Overview

This process describes the act of transferring of securities positions between the securities accounts of participants belonging to same CSD. The parties involved in the trade or authorised third parties (e.g. central counterparty “CCP” or a trading platform) may instruct T2S directly (if the CSD has granted them the necessary privileges) or indirectly via the CSD.

Trigger:

- The CSD receives instructions from its CSD Participant or third parties (who are authorised by the CSD Participant to instruct on behalf of the CSD Participant).
- The CSD Participant itself or third parties acting on behalf of the CSD Participant³ (e.g. acting as account operators or custodians) receive instructions from their clients (e.g. end investors or financial institutions).

Preconditions:

None

T2S Instructing Party:

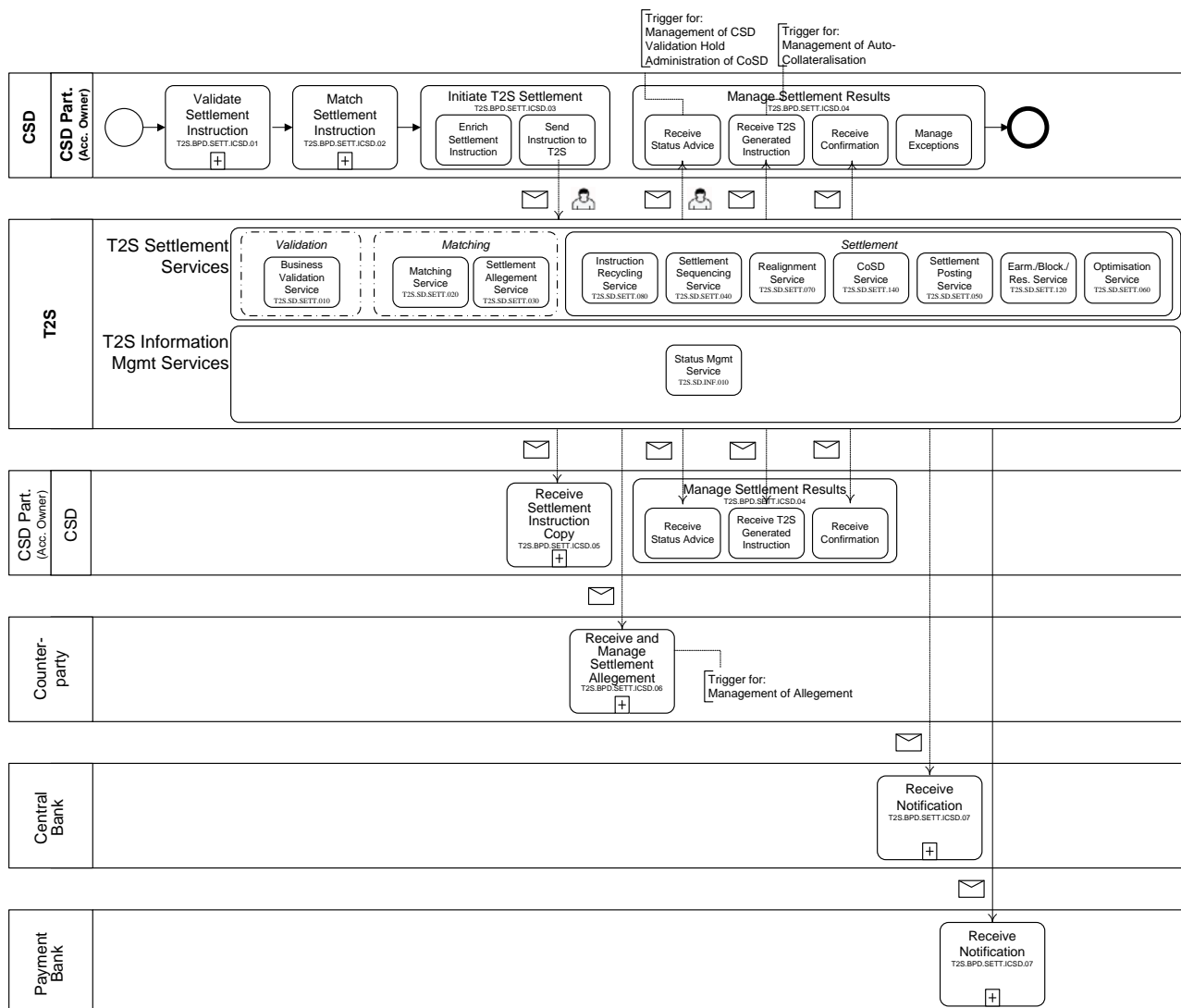
There are two scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S
- Scenario B: CSD Participant instructs T2S

³ Example 1: A CCP acting as a CSD Participant receives details of trades executed on a stock exchange, performs trade validation and instructs T2S. Example 2: A stock exchanges (acting as a CSD Participant) may be authorised by the CSD Participants (i.e. owner of the securities accounts debited/credited in the securities settlement) to instruct on behalf of the CSD Participants.

2.1.2 Business Process Diagram

Figure 2-1: Business Process Diagram [T2S.BPD.SETT.ICSD]



2.1.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

2.1.3.1 Validate Settlement Instruction

Reference ID	T2S.BPD.SETT.ICSD.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

1 The CSD [CSD Participant] checks all the details in the settlement instruction against the reference data in its
2 systems and may proceed to perform additional validations specific to the market practices or national
3 regulations (if any)⁴.

4 **2.1.3.2 Match Settlement Instruction**

Reference ID	T2S.BPD.SETT.ICSD.02
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5 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

6 Based on the defined matching rules, the CSD [CSD Participant⁵] attempts to find a matching counterparty
7 settlement instruction.

8 This process is an optional step⁶ and depends upon the type of instruction. This process is not required for
9 settlement instructions already matched or the settlement instructions that do not require matching against a
10 counterparty instruction due to local market practices. Also, some CSDs may discontinue their matching
11 functionality and use T2S services for matching of settlement instructions.

12 **2.1.3.3 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.ICSD.03
--------------	----------------------

13 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

14 The CSD [CSD Participant] enriches the settlement instruction with details required for settlement
15 processing in T2S and sends the settlement instruction to T2S.

16 References:

17 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

18 GUI BFD: T2S.GUI.SESE.INX.0070

19 **2.1.3.3.1 Enrich Settlement Instruction**

Reference ID	T2S.BPD.SETT.ICSD.03.01
--------------	-------------------------

20 The CSD [CSD Participant] enriches the settlement instructions with T2S specific information such as T2S
21 securities account number, T2S dedicated cash account number and delivery and receipt securities position

⁴ The T2S restrictions framework also offers the option of setting up market specific processing validations. Refer to the process “Maintenance of Restrictions” for the description of set-up and maintenance of restrictions (to be included in v0.4).

⁵ A CSD Participant may attempt to match settlement instructions within its own system if both trading parties are its clients. In this case, the CSD Participant may send an already matched settlement instruction to T2S.

⁶ Not all CSD Participants (such as CCP and stock exchanges) perform this step. CCP and stock exchanges transform matched trade into T2S settlement instructions.

types/cash balance types (e.g. deliver or receive into earmarked position type, deliver from a blocked or reserved securities position using specific restriction references). The CSD [CSD Participant] also populates other key parameters such as T2S process indicators (e.g. partial settlement indicator, hold/release indicator⁷, etc.) that influence the settlement processing in T2S, unless the default values are to be used for the instruction. The settlement instruction may be populated with other details to facilitate processes like tax processing, registration, etc that take place outside T2S.

2.1.3.3.2 Send Settlement Instruction to T2S

Reference ID	T2S.BPD.SETT.ICSD.03.02
--------------	-------------------------

The CSD [CSD Participant] converts the settlement instruction enriched with T2S specific information and T2S process indicators into the required message format and transmits it to T2S.

Settlement instructions that were successfully matched in the CSD [CSD Participant] system can be instructed as an “already matched instruction”. In all other cases a single instruction (i.e. only for one leg) is generated and sent to T2S.

The instruction of T2S is also possible via the T2S GUI.

The CSD [CSD Participant] sends the following message to T2S:

Table 2-1: Messages to T2S [T2S.BPD.SETT.ICSD.03.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

2.1.3.4 Manage Settlement Results

Reference ID	T2S.BPD.SETT.ICSD.04
--------------	----------------------

T2S Actors: CSD and CSD Participant (Both Scenarios)

The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal processes based on the message subscription rules set-up in T2S static data.

In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

⁷ For details on holding a settlement instruction using a settlement instruction maintenance request refer to process “Hold of Settlement Instruction [T2S.BPD.SETT.HOLD]”.

1 References:

2 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

3 2.1.3.4.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.ICSD.04.01
--------------	-------------------------

4 The CSD and CSD Participant receive status advice messages for every status change or reason code updates
5 to the settlement instruction within T2S (see below for non-exhaustive list of examples of status change or
6 reason code update).

- 7 • Change of settlement instruction status may be due rejection of settlement instruction (due to
8 revalidation), matching of settlement instruction, cancellation of settlement instruction by T2S due to
9 revalidation or instruction remaining unmatched for 20 business days in T2S, etc
- 10 • Change of reason code may be due to insufficient securities positions or cash balances, blocked
11 party, blocked ISIN, blocked securities accounts, blocked T2S dedicated cash account, etc

12 If T2S has been instructed via the T2S GUI the status is shown on the screen.

13 In addition to the status updates on the settlement instruction sent by the CSD [CSD Participant], the CSD
14 and CSD Participant also receive other updates described below, triggered by T2S internal validations and
15 processing:

- 16 • Conditional Securities Delivery (also called CoSD) process allows the CSD to handle exceptions
17 wherein the securities settlement is allowed to take place in T2S upon fulfilment of a settlement
18 condition outside T2S only. T2S validates the settlement instruction for CoSD process on or after the
19 intended settlement date of the settlement instruction. For example, free of payment settlement in
20 T2S can be coordinated with cash settlement outside T2S using the CoSD functionality.
21 For details on CoSD processing, refer to process “Administration of CoSD
22 [T2S.BPD.SETT.COSD]”.
- 23 • Restrictions functionality allows the CSD to set-up additional validations related to market specific
24 processing in T2S. These validations may result in the settlement instruction either rejected or put on
25 CSD Validation Hold.
 - 26 ○ CSD Validation Hold functionality allows the CSD to set-up predefined conditions and
27 automatically hold settlement instructions for additional validation or processing by the
28 CSD. The CSD releases the instructions for settlement in T2S once the validations or
29 additional processes have been completed. For details on processing of CSD Validation
30 Hold, refer to process “Management of CSD Validation Hold [T2S.BPD.SETT.CSDH]”.

○ Rejection functionality allows the CSD to set-up predefined conditions and reject the settlement instructions

- Realignment functionality automatically realigns the positions of the Investor CSDs, other Investor CSDs and/or the Issuer CSD. The realignments are based on the information set in the static data of T2S by the CSDs. T2S analyses the CSDs involved in a settlement and automatically creates additional settlement instructions to realign the books of all intermediating CSDs. The settlement instructions for realignments are created irrespective of the intended settlement date (i.e. before, after or on the intended settlement date). For intra-CSD settlements such realignment instructions are only generated if the Investor CSD has set-up distinct omnibus accounts in the Technical Issuer CSD for the participant accounts involved.
- Auto-collateralisation functionality allows the central banks/Payment Banks to offer collateralised intraday credit to payments banks (i.e. central bank acting as credit provider)/client of Payment Banks (i.e. Payment Bank acting as credit provider) using either the securities being purchased or held in the securities account. For details on processing of auto-collateralisation notifications, refer to process “Management of Auto-Collateralisation [T2S.BPD.SETT.ACOL]”.
- Pre-emption functionality allows complementing a pending intra-position / intra-balance movements for reservation with any incoming securities / cash proceeds provided these securities or cash proceeds are not to be used for any other purpose
- Securities accounts “On Hold” functionality allows a settlement instructions on the respective securities account to be put on party hold as soon as the settlement instruction is received in T2S

For Restrictions processing (CSD specific validations),

- Rejection - The CSD and CSD Participant receive a status advice with a generic rejection code for the settlement instruction indicating that the settlement instruction was rejected

For Realignments processing,

- the CSD and CSD Participant receive T2S generated settlement instructions on mirror and omnibus accounts. In certain scenarios of intra-CSD settlement when the participant accounts in the CSD are mapped to different omnibus accounts in the Technical Issuer CSD, T2S determines and generates settlement instructions for realigning the securities positions in the omnibus and mirror accounts.

For Pre-emption processing,

- the CSD and CSD Participant receive a status advice for a pending settlement instruction that may settle partially as a result of incoming resources (partial settlement – unsettled part)

For Securities Accounts “On Hold” processing,

- the CSD and CSD Participant receive a status advice specifying that the settlement instruction is put on “Party Hold”

The CSD and CSD Participant receive the following messages from T2S:

Table 2-2: Messages from T2S [T2S.BPD.SETT.ICSD.04.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter	Exception Handling
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4	This message will also be used to inform about rejection, cancellation and reason codes updates (e.g. insufficient positions, cash balances, blocking of party, etc)
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Settlement instruction is subject to CoSD Hold	3.3.8.10	

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement instruction in the CSD or CSD Participant’s systems with the status in T2S,
- exception management,
- amending the settlement instruction,
- sending additional settlement instructions (e.g. in case of external CSD settlements),
- triggering notification to CSD Participants.

2.1.3.4.2 Receive T2S Generated Instruction

Reference ID	T2S.BPD.SETT.ICSD.04.02
--------------	-------------------------

The CSD and CSD Participant receive the notifications for T2S generated instructions (except for T2S generated settlement restrictions). T2S may generate additional instructions due to various T2S processes triggered by the settlement instruction.

1 For details on management of auto-collateralisation, refer to process “Management of auto-collateralisation
2 [T2S.BPD.SETT.ACOL]”.

3 **Table 2-3: Mapping of T2S Generated Instruction and T2S Processes [T2S.BPD.SETT.ICSD.04.02]**

No.	T2S Generated Instructions	T2S Processes
1	Settlement Instructions	Realignments in case the participant accounts are mapped to two different omnibus accounts in the technical Issuer CSD Auto-collateralisation and Reverse Auto-collateralisation
2	Settlement Restrictions (informed via Intra-position or Intra-balance ⁸ movement status advice or settlement confirmations)	Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation and Reverse Auto-collateralisation

4 The CSD and CSD Participant receive the following messages from T2S:

5 **Table 2-4: Messages from T2S [T2S.BPD.SETT.ICSD.04.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of settlement instructions by T2S due realignments.	3.3.8.11

6 **2.1.3.4.3 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.ICSD.04.03
--------------	-------------------------

7 The CSD and CSD Participant receive and validate settlement confirmation messages for the settlement
8 instructions sent to T2S and the T2S generated settlement instructions. In addition, settlement confirmations
9 may also be received for partial and full settlement of settlement restriction (i.e. for purpose of reservations
10 securities positions or cash amounts) that settle due to pre-emption of resources.

11 Following the message reception, other internal activities might be conducted such as:

- 12 • aligning the status of the settlement instruction in the CSD’s or CSD Participant’s books with the
13 status in T2S,
- 14 • sending additional settlement instructions,

⁸ T2S sends an intra-balance movement status advice primarily to the Payment Bank owning the DCA and to other parties that have subscribed to the status advice message.

- triggering notification to CSD Participants,
- performing the registration of securities,
- Tax processing
- Regulatory reporting.

The CSD and CSD Participant receive the following messages from T2S:

Table 2-5: Messages from T2S [T2S.BPD.SETT.ICSD.04.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Partial or Full settlement of the settlement instruction sent by T2S actor and realignment instructions	3.3.8.5
IntraPositionMovementConfirmationV02	Semt.015.001.02	From T2S	1. Blocked or reserved securities have been used for settlement of the settlement instruction 2. Reservation of securities positions as a result of pre-emption of incoming resources	3.3.7.4
IntraBalanceMovementConfirmationV01	Camt.068.001.01	From T2S	1. Use of blocked or reserved cash has been for settlement of a settlement instruction 2. Reservation of cash as a result of pre-emption of incoming resources	3.3.3.22

2.1.3.4.4 Manage Exceptions

Reference ID	T2S.BPD.SETT.ICSD.04.04
--------------	-------------------------

The CSD [CSD Participant] perform additional activities to manage exceptions as communicated by T2S using status advice messages.

The CSD and the CSD Participant must analyse the status advice messages to determine which status changes or reason code updates require additional action to be taken by CSD or CSD Participants (like arrange for securities positions or cash balances in case of insufficient resources), whereas others may be purely informational and do not require any action to be taken (like rejection of settlement instruction or cancellation of settlement instruction by T2S).

2.1.3.5 Receive Settlement Instruction Copy

Reference ID	T2S.BPD.SETT.ICSD.05
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T2S Actors: CSD Participant (Scenario A)/CSD (Scenario B)

The CSD Participant [CSD] receives the copy of settlement instruction initiated by the CSD on securities account owned by the CSD Participant.

The CSD Participant [CSD] stores the copy of the settlement instruction and references the same upon receipt of status updates and confirmations from T2S.

The CSD Participant [CSD] receives the following messages from T2S:

Table 2-6: Messages from T2S [T2S.BPD.SETT.ICSD.05]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	From T2S	Successful validation of the Settlement Instruction sent by the CSD	3.3.8.3

2.1.3.6 Receive and Manage Settlement Allegements

Reference ID	T2S.BPD.SETT.ICSD.06
--------------	----------------------

T2S Actors: Counterparty [CSD / CSD Participant]

The Counterparty receives a Settlement Allegement and may conduct additional tasks related to management of allegements.

For details on management of allegements, refer to process “Management of Allegement [T2S.BPD.SETT.ALEG]”.

The Counterparty receives the following message from T2S:

1 **Table 2-7: Messages from T2S [T2S.BPD.SETT.ICSD.06]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionAllegationNotificationV02	Sese.028.001.02	From T2S	No matching counterparty instruction exists	3.3.8.7

2 **2.1.3.7 Receive Notifications**

Reference ID	T2S.BPD.SETT.ICSD.07
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3 T2S Actors: Payment Bank and Central Bank (Both scenarios)

4 The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction
5 results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the
6 T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a
7 second notification message.

8 The Payment Bank and Central Bank may conduct additional tasks such as updating cash registers of the
9 Payment Bank/Central Bank and liquidity management activities (e.g. resulting in a transfer of cash from or
10 to T2S).

11 The Payment Bank and Central Bank receive the following messages from T2S:

12 **Table 2-8: Messages from T2S [T2S.BPD.SETT.ICSD.07]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

2.1.4 Description of T2S Services

2.1.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

Business Validation Service (T2S.SD.SETT.010)

This T2S service validates the settlement instructions and verifies if the defined rules regarding the content of the message fields are fulfilled.

Matching Service (T2S.SD.SETT.020)

This T2S service compares the details in the settlement instructions sent by the two parties (Buyer, Seller), and matches the instructions. If T2S cannot match the instruction to any existing instruction within T2S, it triggers the Settlement Allegement Service, after a pre-defined time limit. T2S Matching Service is not used in case of already matched settlement instructions.

Settlement Allegement Service (T2S.SD.SETT.030)

This T2S service creates allegement messages to the Counterparty, to inform the Counterparty that T2S received a settlement instruction against them.

Settlement Sequencing Service (T2S.SD.SETT.040)

Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-defined. This T2S service extracts all settlement instructions related to a particular sequence and submits them for settlement. Sequencing applies to Night-Time Settlement only.

Settlement Posting Service (T2S.SD.SETT.050)

This T2S service performs the provisioning and booking of the settlement instructions including updates to limits wherever applicable.

Optimisation Service (T2S.SD.SETT.060)

This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement. T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial settlement and auto-collateralisation.

Instruction Recycling Service (T2S.SD.SETT.080)

This T2S service recycles instructions that are unsettled in previous attempts.

Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120)

The Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120) enables the use of restricted securities positions (blocked, reserved or earmarked) or cash balances (blocked or reserved) in case the CSD or CSD Participant sends a settlement instruction with references to the restricted securities positions or cash balances.

Realignment Service (T2S.SD.SETT.070)

This T2S service analyses the CSDs involved in a settlement transaction and determines the chain of intermediating CSDs. If needed, this service automatically creates additional settlement instructions to realign the books of all intermediating CSDs. For intra-CSD settlements such realignment instructions are only generated if the Investor CSD has set-up distinct omnibus accounts in the Technical Issuer CSD for the participant accounts involved.

2.1.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

Status Management Service (T2S.SD.INF.010)

This T2S service sends the status of the instructions to the authorised T2S actors. The T2S actors must subscribe to the status messages in order to receive them. Any change of status triggers the creation of status messages.

2.2 Cross-CSD Settlement (with CSD inside T2S) [T2S.BPD.SETT.CCSD]

2.2.1 Overview

This process describes the act of transferring securities positions between securities accounts of participants belonging to two different CSDs. The CSDs of the buyer and seller are in T2S and linked to each other via either a direct CSD links or an indirect CSD links using a chain of intermediating CSDs. The CSD links are set in T2S static data.

In case the counterparty CSDs have a direct link, one CSD holds one or more omnibus accounts in the other CSD, the so called technical issuer. However, in case the counterparty CSDs use relayed link, then there must exist at least one other technical Issuer CSD (i.e. a CSD servicing omnibus accounts for other CSDs in the chain). The cross-CSD settlement in both cases involves a realignment of the mirror and omnibus securities accounts across the entire chain of CSDs linking the counterparty CSDs.

The parties involved in the trade may instruct T2S directly, indirectly via the CSD or authorise a third party (e.g. central counterparty “CCP” or trading platform) to instruct on their behalf.

1 Trigger:

- 2 • The CSD receives instructions from its CSD Participants or third parties authorised by the CSD
- 3 Participant to instruct on its behalf.
- 4 • The CSD Participant itself or third parties acting on behalf of the CSD Participant⁹ (e.g. acting as
- 5 account operators or custodians) receive instructions from their clients (e.g. end investors or
- 6 financial institutions).

7 Preconditions:

8 Before the start of a cross CSD settlement in T2S, each CSD must have completed the set-up of cross CSD
9 links with other CSD in T2S, as specified below.

- 10 • Security CSD links – specifies for a CSD the eligibility of a security for settlement and the technical
- 11 Issuer CSD for the security
- 12 • CSD Account links – specifies (depending on the participant account, if needed) the mirror¹⁰, inter-
- 13 CSD¹¹ and omnibus accounts between an investor CSD and its technical Issuer CSD.
- 14 • Eligible Counterpart CSD – specifies that two CSDs allow settlement of a specific security or set of
- 15 securities between each other

16 T2S Instructing Parties:

17 There are two scenarios for the instruction of T2S.

- 18 • Scenario A: CSD instructs T2S
- 19 • Scenario B: CSD Participant instructs T2S

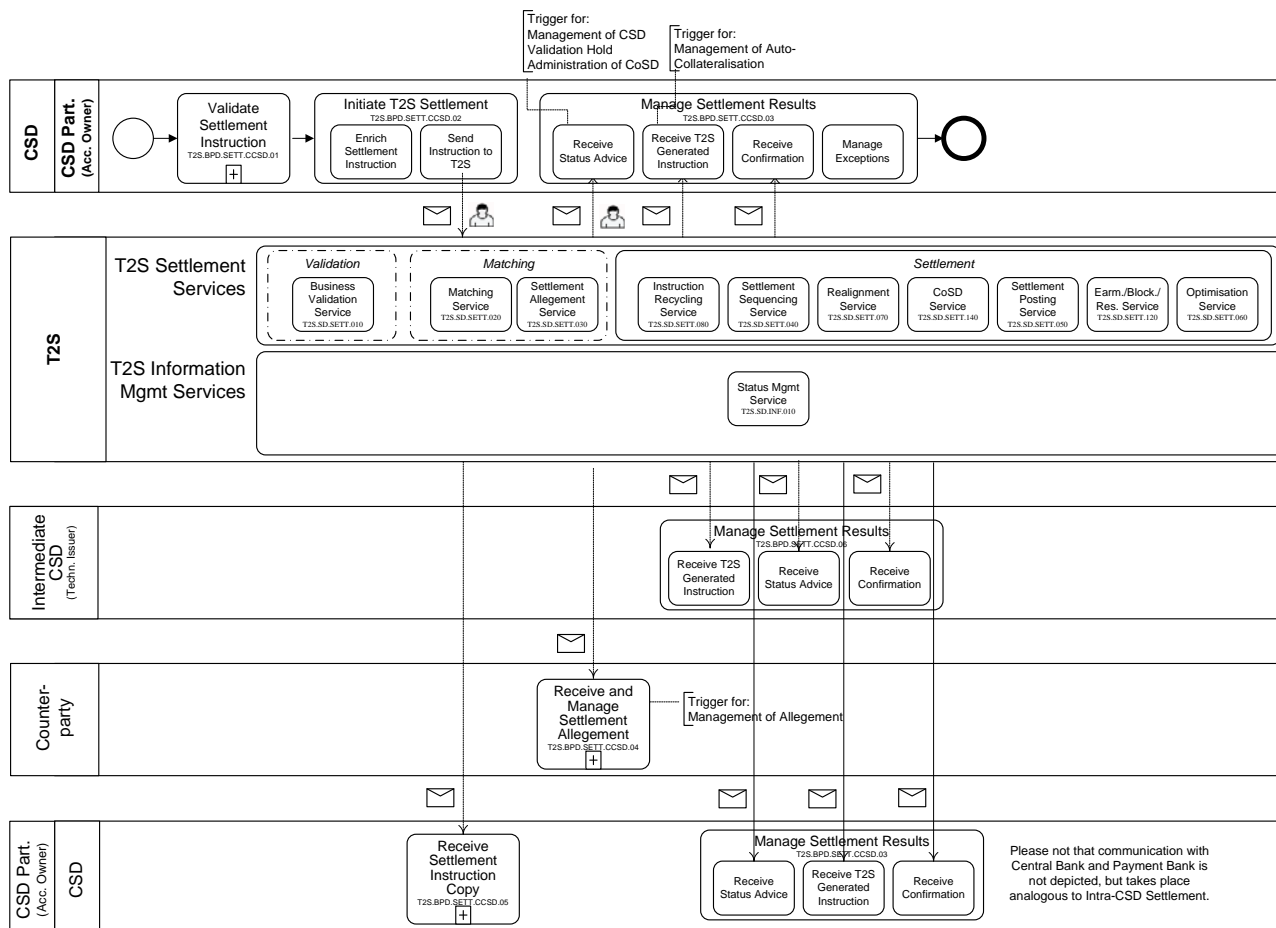
⁹ Example 1: A CCP acting as a CSD Participant receives details of trades executed on a stock exchange, performs trade validation and instructs T2S. Example 2: A stock exchange (acting as a CSD Participant) may be authorised by the CSD Participants (i.e. owner of the securities accounts debited/credited in the securities settlement) to instruct on behalf of the CSD Participants.

¹⁰ A *Mirror account* is opened by an Investor CSD in its books to represent its holdings on the Investor CSD's Omnibus account in Technical Issuer CSD. An *Omnibus* account is opened by an Investor CSD in its Technical Issuer CSD to hold the securities owned by its participants. The omnibus account is equivalent to any other account in the Technical Issuer CSD (for details, see UDFS section 1.2.6.6)

¹¹ An Inter-CSD account is opened by Investor CSD in its books and used in transactions wherein the Issuer CSD is external to T2S. This account is not a mandatory attribute in a *CSD Account Link* business object and is required only in case of external CSD scenario.

2.2.2 Business Process Diagram

Figure 2-2: Business Process Diagram [T2S.BPD.SETT.CCSD]



2.2.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

2.2.3.1 Validate Settlement Instruction

Reference ID	T2S.BPD.SETT.CCSD.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] checks all the details in the settlement instruction against their internal reference data (maintained by the CSD or CSD Participant) and may perform additional validations specific to their

1 market practices or national regulations (if any)¹². The CSD [CSD Participant] may also perform validations
2 regarding securities settlement with the counterparty's CSD.

3 It is not possible to send already matched instructions, if the two legs of the settlement instruction belong to
4 two different CSDs.

5 **2.2.3.2 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.CCSD.02
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6 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

7 The CSD [CSD Participant] enriches the settlement instruction with details required for settlement
8 processing in T2S and sends the settlement instruction to T2S.

9 References:

10 UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

11 GUI BFD: T2S.GUI.SESE.INX.0070

12 **2.2.3.2.1 Enrich Settlement Instruction**

Reference ID	T2S.BPD.SETT.CCSD.02.01
--------------	-------------------------

13 The CSD [CSD Participant] enriches the settlement instructions with T2S specific information such as T2S
14 securities account number, T2S dedicated cash account number and delivery and receipt securities position
15 types/cash balance types (e.g. deliver or receive into earmarked position type, deliver from a blocked or
16 reserved securities position using the specific restriction references). The CSD [CSD Participant] also
17 populates other key parameters such as T2S process indicators (e.g. partial settlement indicator, hold/release
18 indicator¹³, etc.) that influence the settlement processing in T2S, unless the default values are to be used for
19 the instruction.

20 **2.2.3.2.2 Send Instruction to T2S**

Reference ID	T2S.BPD.SETT.CCSD.02.02
--------------	-------------------------

21 The CSD [CSD Participant] converts the settlement instruction enriched with T2S specific information and
22 T2S process indicators into the required message format and transmits it to T2S. The processing of

¹² The T2S restrictions framework also offers the option of setting up market specific processing validations. Refer to the BPD for "Maintain Restrictions" for the description of set-up and maintenance of restrictions.

¹³ For details on holding a settlement instruction using a settlement instruction maintenance request refer to process "Hold of Settlement Instruction [T2S.BPD.SETT.HOLD]".

1 settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement
2 instruction.

3 The instruction of T2S is also possible via the T2S GUI.

4 The CSD [CSD Participant] sends the following message to T2S:

5 **Table 2-9: Messages to T2S [T2S.BPD.SETT.CCSD.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	sese.023.001.02	To T2S	3.3.8.3

6 **2.2.3.3 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.CCSD.03
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7 T2S Actors: CSD and CSD Participant (both scenarios)

8 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
9 processes.

10 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
11 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
12 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

13 References:

14 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

15 **2.2.3.3.1 Receive Status Advice**

Reference ID	T2S.BPD.SETT.CCSD.03.01
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16 The CSD and CSD Participant receive status advice messages sent by T2S to indicate a status change or
17 reason code update for the settlement instruction within T2S.

18 If T2S has been instructed via the T2S GUI the status is shown on the screen.

19 In addition to the status updates on the settlement instruction sent by the CSD [CSD Participant], the CSD
20 and CSD Participant also receive other updates described below.

- 21 • For Conditional Securities Delivery (CoSD) processing, refer to process “Administration of CoSD
22 [T2S.BPD.SETT.COSD]”.

- For CSD Validation Hold processing, refer to process “Management of CSD Validation Hold [T2S.BPD.SETT.CSDH]”.
- For Auto-Collateralisation processing, refer to process “Management of Auto-Collateralisation [T2S.BPD.SETT.ACOL]”.
- For Realignments processing, the CSD and CSD Participant receive a status advice for T2S generated settlement instructions.
- For Restriction Rejection processing (CSD specific validations), the CSD and CSD Participant receive a status advice for the settlement instruction that specifies that the settlement instruction is rejected and the applicable restriction rule.
- For Pre-emption processing, the CSD and CSD Participant receive a status advice for a pending settlement instruction that may settle partially as a result of incoming resources (partial settlement – unsettled part)
- For Securities Accounts “On Hold” processing, the CSD and CSD Participant receive a status advice specifying that the settlement instruction is put on “Party Hold”

In case of cross-CSD settlements, settlement instructions from a CSD are subjected to the restriction and CoSD rules set-up in T2S by that CSD only (and not those of other CSDs involved in the cross-CSD settlement). All settlement instructions (i.e. business and realignment instructions) are subject to rejection and CoSD rules set-up by their respective CSDs.

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement instruction in the CSD’s or CSD Participant’s systems with the status in T2S,
- exception management,
- amending the settlement instruction,
- sending additional settlement instructions,
- triggering notification to CSD Participants

The CSD and CSD Participant receive the following messages from T2S:

1 **Table 2-10: Messages from T2S [T2S.BPD.SETT.CCSD.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter	Exception Handling
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4	This message will also be used to inform about rejection, cancellation and reason codes updates (e.g. insufficient positions, cash balances, blocking of party, etc)
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Settlement instruction is subject to CoSD Hold	3.3.8.10	

 2 **2.2.3.3.2 Receive T2S Generated Instruction**

Reference ID	T2S.BPD.SETT.CCSD.03.02
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 3 The CSD and CSD Participant receive the messages for T2S generated instructions. T2S may generate
 4 additional instructions due to various T2S processes triggered by the first settlement instruction.

 5 For details on management of auto-collateralisation, refer to process “Management of auto-collateralisation
 6 [T2S.BPD.SETT.ACOL]”.

 7 **Table 2-11: Mapping of T2S Generated Instruction and T2S Processes [T2S.BPD.SETT.CCSD.03.02]**

No:	T2S Generated Instructions	T2S Processes
1	Settlement Instructions	Realignments in cross CSD settlements scenarios Auto-collateralisation and Reverse Auto-collateralisation
2	Settlement Restrictions (informed via Intra-position or Intra-balance movement status advice)	Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation and Reverse Auto-collateralisation

8 The CSD and CSD Participant receive the following messages from T2S:

1 **Table 2-12: Messages from T2S [T2S.BPD.SETT.CCSD.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of settlement instructions by T2S due to Realignment	3.3.8.11

2 **2.2.3.3.3 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.CCSD.03.03
--------------	-------------------------

3 The CSD and CSD Participant receive and validate settlement confirmation messages for the settlement
4 instructions sent to T2S and the T2S generated settlement instructions.

5 Following the message reception, other internal activities might be conducted such as:

- 6 • aligning the status of the settlement instruction in the CSD's or CSD Participant's books with the
7 status in T2S,
- 8 • sending additional settlement instructions,
- 9 • triggering notification to CSD Participants,
- 10 • performing the registration of securities.

11 The CSD and CSD Participant receive the following messages from T2S:

12 **Table 2-13: Messages from T2S [T2S.BPD.SETT.CCSD.03.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Partial or Full settlement of the settlement instruction	3.3.8.5
IntraPositionMovementConfirmation	Semt.015.001.02	From T2S	1. Blocked or reserved securities have been used for settlement of the settlement instruction. 2. Reservation of securities positions as a result of pre-emption of incoming resources	3.3.7.4

IntraBalanceMove mentConfirmation V01	Camt.068.001.01	From T2S	1. Use of blocked or reserved cash has been for settlement of a settlement instruction 2. Reservation of cash as a result of pre-emption of incoming resources	3.3.3.22
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2.2.3.3.4 Manage Exceptions

Reference ID	T2S.BPD.SETT.CCSD.03.04
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The CSD [CSD Participant] perform additional activities to manage exceptions as communicated by T2S using status advice messages. The CSD and the CSD Participant must analyse the status advice messages to determine which status changes or reason code updates require additional action to be taken by CSD or CSD Participants (like arrange for securities positions or cash balances in case of insufficient resources), whereas others may be purely informational and do not require any action to be taken (like rejection of settlement instruction or cancellation of settlement instruction by T2S).

2.2.3.4 Receive and Manage Settlement Allegement

Reference ID	T2S.BPD.SETT.CCSD.04
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T2S Actors: Counterparty (CSD / CSD Participant)

The Counterparty receives a Settlement Allegement and may conduct additional tasks related to management of allegements.

For details on management of allegements, refer to process “Management of Allegement [T2S.BPD.SETT.ALEG]”.

The Counterparty receives the following message from T2S:

Table 2-14: Messages from T2S [T2S.BPD.SETT.CCSD.04]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionAllegementNotificationV02	Sese.028.001.02	From T2S	No matching counterparty instruction exists	3.3.8.7

2.2.3.5 Receive Settlement Instruction Copy

Reference ID	T2S.BPD.SETT.CCSD.05
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T2S Actors: CSD Participant (Scenario A)/CSD (Scenario B)

The CSD Participant [CSD] receives a copy of the settlement instruction initiated by the CSD [CSD Participant] on securities account owned by the CSD Participant.

The CSD Participant [CSD] stores the CSD [CSD Participant] initiated settlement instruction (copy) and references the same upon receipt of status updates and confirmations from T2S.

The CSD Participant [CSD] receives the following message from T2S:

Table 2-15: Messages from T2S [T2S.BPD.SETT.CCSD.05]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	From T2S	Successful validation of the Settlement Instruction sent by the CSD	3.3.8.3

2.2.3.6 Manage Settlement Results

Reference ID	T2S.BPD.SETT.CCSD.06
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T2S Actors: Intermediary CSD (both scenarios)

The Intermediary CSD receives the T2S generated settlement instructions for realignment of the securities positions in its books.

There is no intermediating CSD in business scenarios where the two counterparty CSDs have a direct link with each other.

References:

UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

2.2.3.7 Receive Notification

Reference ID	T2S.BPD.SETT.CCSD.07
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T2S Actors: Payment Bank and Central Bank (both scenarios)

The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a

1 second notification message. The Payment Bank and Central Bank may conduct additional tasks such as
 2 updating cash registers of the Payment Bank/Central Bank and liquidity management activities (e.g. resulting
 3 in a transfer of cash from or to T2S).

4 The Payment Bank and Central Bank receive the following messages from T2S:

5 **Table 2-16: Messages from T2S [T2S.BPD.SETT.CCSD.07]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit posting on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

6 2.2.4 Description of T2S Services

7 2.2.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

8 Business Validation Service (T2S.SD.SETT.010)

9 This T2S service validates the settlement instructions and verifies if the defined rules regarding the content
 10 of the message fields are fulfilled.

11 Matching Service (T2S.SD.SETT.020)

12 This T2S service compares the details in the settlement instructions sent by the two parties (Buyer, Seller),
 13 and matches the instructions. If T2S cannot match the instruction to any existing instruction within T2S, It
 14 triggers the Settlement Allegement Service, after a pre-defined time limit.

15 Settlement Allegement Service (T2S.SD.SETT.030)

16 This T2S service creates allegement messages to the Counterparty, to inform the Counterparty that T2S
 17 received a settlement instruction against them.

- 1 **Settlement Sequencing Service (T2S.SD.SETT.040)**
- 2 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
- 3 defined. This T2S service extracts all settlement instructions related a particular sequence and submits them
- 4 for settlement. Sequencing applies to Night-Time Settlement only.
- 5 **Settlement Posting Service (T2S.SD.SETT.050)**
- 6 This T2S service performs the provisioning and booking of the settlement instructions including updates to
- 7 limits wherever applicable.
- 8 **Optimisation Service (T2S.SD.SETT.060)**
- 9 This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement.
- 10 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial
- 11 settlement and auto-collateralisation.
- 12 **Instruction Recycling Service (T2S.SD.SETT.080)**
- 13 This T2S service recycles instructions that are unsettled in previous attempts.
- 14 **Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120)**
- 15 This T2S service enables the use of restricted securities positions (blocked, reserved or earmarked) or cash
- 16 balances (blocked or reserved) in case the CSD or CSD Participant sends a settlement instruction with
- 17 references to the restricted securities positions or cash balances.
- 18 **Realignment Service (T2S.SD.SETT.070)**
- 19 This T2S service analyses the CSDs involved in a settlement transaction and determines the chain of
- 20 intermediating CSDs. If needed, this service automatically creates additional settlement instructions to
- 21 realign the books of all intermediating CSDs.

22 2.2.4.2 Information Management Services

T2S Service Class	Information Services
T2S Service Reference ID	T2S.SD.INF.010

- 23 **Status Management Service (T2S.SD.INF 010)**
- 24 This T2S service sends the status of the instructions to the authorised T2S actors. The T2S actors must
- 25 subscribe to the status messages in order to receive them. Any change of status triggers the creation of status
- 26 messages.

2.3 External CSD Settlement (involving CSD outside T2S) [T2S.BPD.ECSD]

2.3.1 About External-CSD Settlement

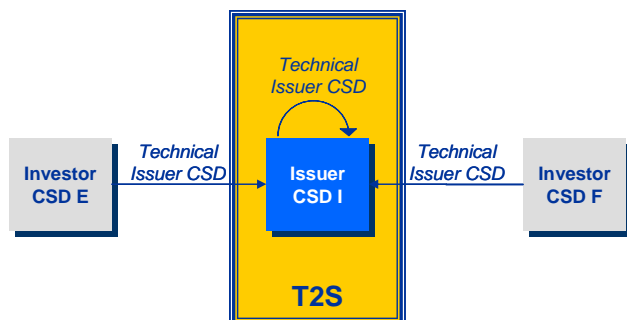
The concept of external-CSD settlement is specific to T2S. The external CSD settlement process refers to the transfer of securities positions between the securities accounts of participants belonging to two different CSDs (with direct or indirect CSD links with each other) wherein either one Investor CSD (i.e. counterparty CSD) or the Issuer CSD is outside T2S. Various business scenarios are possible depending on the combination of Investor CSDs, Issuer CSD and Intermediary CSD(s). In this context an Intermediary CSD is defined as a CSD that is part of the delivering or receiving chain of intermediaries (e.g. in case CSD C is linked to CSD A via another CSD E, the CSD E is called an Intermediary CSD).

Business Scenario 1:

In this business scenario, both Investor CSDs (i.e. counterparty CSDs) are outside T2S and only the Issuer CSD is in T2S. The Investor CSDs have securities accounts in the Issuer CSD. The transfer of securities takes place as an intra-CSD settlement, because the Investor CSDs (outside T2S) are CSD Participants of the Issuer CSD (in T2S).

For details regarding the process flow of this scenario, refer to process “Intra-CSD Settlement [T2S.BPD.SETT.ICSD]”.

Figure 2-3: External-CSD Settlement - Business Scenario 1

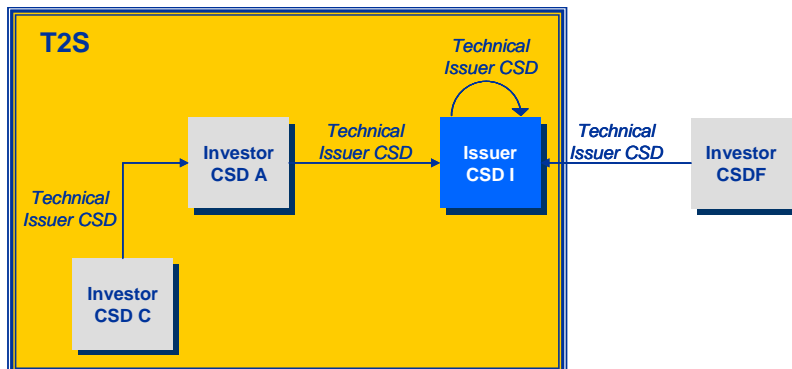


Business Scenario 2:

In this business scenario, the transfer of securities takes place from an Investor CSD in T2S to an Investor CSD (i.e. counterparty CSD) outside T2S, while the Issuer CSD is in T2S. The Investor CSD in T2S has a direct or indirect relationship with the Issuer CSD and the Investor CSD outside T2S owns a securities account in the Issuer CSD. The transfer of securities takes place as a cross-CSD settlement, because the Investor CSD (outside T2S) is a CSD Participant of the Issuer CSD (in T2S).

For details regarding the process flow of this scenario, refer to process “Cross-CSD Settlement (with CSD inside T2S) [T2S.BPD.SETT.CCSD]”.

1 **Figure 2-4: External-CSD Settlement - Business Scenario 2**

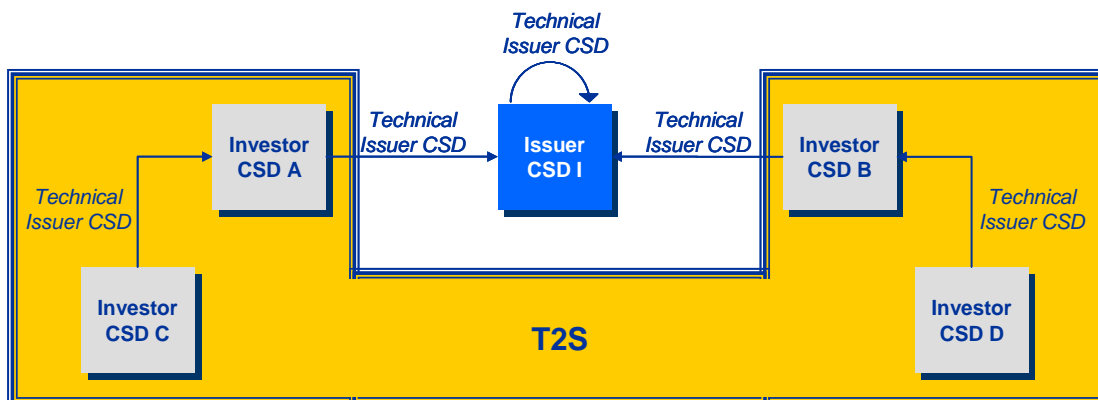


2
3 **Business Scenario 3:**

4 In this business scenario both Investor CSDs (i.e. counterparty CSDs) are in T2S and only the Issuer CSD is
5 outside T2S. The CSDs directly linked to the Issuer CSD (CSD A and CSD B in the diagram below) must
6 realign the securities positions in the books of Issuer CSD. In this scenario, CSD A and CSD B are the Last
7 CSD in T2S. However, settlement in T2S is unconditional and does not depend upon the status of
8 realignment in the books of Issuer CSD.

9 This scenario is described below under 2.3.2 External-CSD Settlement with both Investor CSDs in T2S and
10 the Issuer CSD outside T2S.

11 **Figure 2-5: External-CSD Settlement - Business Scenario 3**



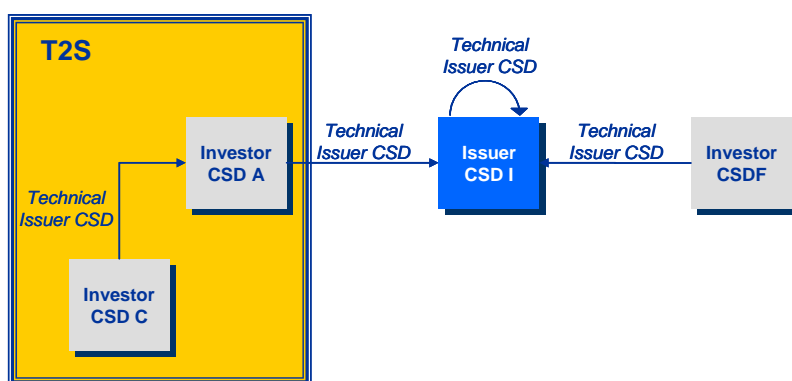
12
13 **Business Scenario 4:**

14 In this business scenario, the transfer of securities takes place from an Investor CSD in T2S to an Investor
15 CSD (i.e. counterparty CSD) outside T2S, while the Issuer CSD is also outside T2S. The Investor CSD in
16 T2S has a direct or indirect relationship with the Issuer CSD and the Investor CSD (i.e. counterparty CSD)
17 outside T2S owns a securities account in the Issuer CSD.

18 The settlement in T2S is conditional and depends on the settlement of the trade outside T2S (i.e. in the books
19 of the Issuer CSD). The Intermediary CSD that maintains link with the CSD outside T2S is called the Last

1 CSD in T2S. In the Figure 2-5 below, CSD A is the Last CSD. The Last CSD in T2S is responsible for the
 2 realignment of securities positions in the books of CSDs outside T2S. In order to do so, the Last CSD must
 3 have set-up the Conditional Securities Delivery (CoSD) rules in T2S. The CoSD process will ensure that the
 4 CSDs linked to the Issuer CSD (CSD A and CSD F in the diagram below) can transfer the securities
 5 positions in the books of Issuer CSD before the settlement takes place in T2S.
 6 This scenario is described below under 2.3.3 External CSD Settlement with one Investor CSD in T2S and the
 7 Issuer CSD outside .

8 **Figure 2-6: External-CSD Settlement - Business Scenario 4**

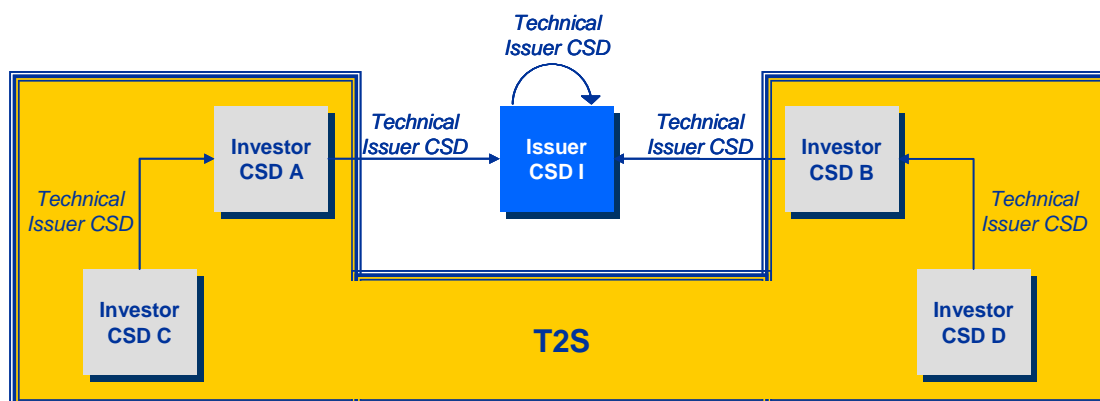


10 **2.3.2 External-CSD Settlement with both Investor CSDs in T2S and the Issuer CSD** 11 **outside T2S [T2S.BPD.SETT.ECSD/Var.1]**

12 **2.3.2.1 Overview**

13 This process describes the act of transferring securities positions between the securities accounts of two
 14 Investor CSDs (i.e. counterparty CSDs) in T2S, while the Issuer CSD is outside T2S. In this business
 15 scenario the CSDs linked to the Issuer CSD must realign the securities positions in the books of the Issuer
 16 CSD. However, settlement in T2S is unconditional and does not depend upon the status of realignment in the
 17 books of Issuer CSD.

1 **Figure 2-7: External-CSD Settlement with both Investor CSDs in T2S and the Issuer CSD outside T2S**



2

3 **Trigger:**

- 4
- The CSD receives instructions from its CSD Participant or third parties authorised by the CSD Participant to instruct on its behalf.
- 5
- The CSD Participant itself or third parties acting on behalf of the CSD Participant¹⁴ (e.g. acting as account operators or custodians) receive instructions from their clients (e.g. end investors or financial institutions). If the CSD granted this CSD Participant sufficient privileges to directly send settlement instruction to the settlement engine (i.e. not via the CSD).
- 6
- 7
- 8
- 9

10 **Preconditions:**

11 Before the start of an external CSD settlement in T2S, each CSD must have completed the set-up of cross

12 CSD links with other transacting CSD in T2S, as specified below.

- 13
- Security CSD Links – specifies for a CSD the eligibility of a security for settlement and the technical Issuer CSD for the security. The last CSD in the delivering or receiving CSD chain in T2S must have specified the external CSD as its Technical Issuer.
- 14
- CSD Account Links – specifies (depending on the participants account, if needed) the mirror, inter-CSD and omnibus accounts between an investor CSD and its technical Issuer CSD.
- 15
- Eligible Counterpart CSD – specifies that two CSDs allow settlement of a specific security or set of securities between them.
- 16
- 17
- 18
- 19

20 **T2S Instructing Party:**

21 There are two scenarios for the instruction of T2S.

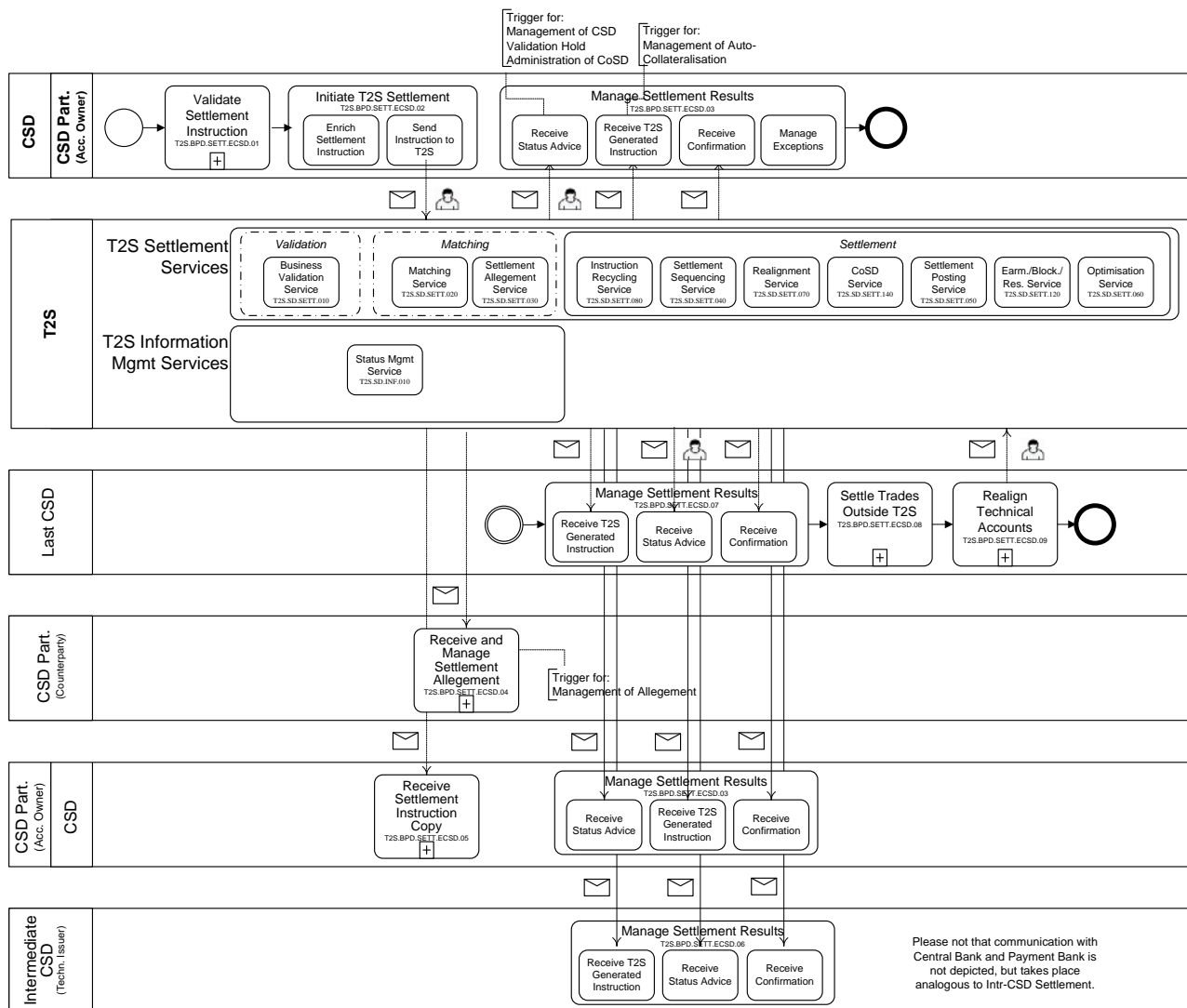
- 22
- Scenario A: CSD instructs T2S

¹⁴ Example 1: A CCP acting as a CSD Participant receives details of trades executed on a stock exchange, performs trade validation and instructs T2S. Example 2: A stock exchanges (acting as a CSD Participant) may be authorised by the CSD Participants (i.e. owner of the securities accounts debited/credited in the securities settlement) to instruct on behalf of the CSD Participants.

- Scenario B: CSD Participant instructs T2S

2.3.2.2 Business Process Diagram

Figure 2-8: Business Process Diagram [T2S.BPD.SETT.ECSD/Var. 1]



2.3.2.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

2.3.2.3.1 Validate Settlement Instruction

Reference ID	T2S.BPD.SETT.ECSD.01
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T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

1 The CSD [CSD Participant] checks all the details in the settlement instruction against the reference data
 2 (maintained by the CSD or CSD Participant) and may perform additional validations specific to the market
 3 practices or national regulations (if any)¹⁵. The CSD [CSD Participant] may also perform validations
 4 regarding securities settlement with the counterparty's CSD.

5 It is not possible to send already matched instructions, if the two legs of the settlement instruction belong to
 6 two different CSDs.

7 **2.3.2.3.2 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.ECSD.02
--------------	----------------------

8 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

9 The CSD [CSD Participant] enriches the settlement instruction with details required for settlement
 10 processing in T2S and sends the settlement instruction to T2S.

11 References:

12 UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

13 GUI BFD: T2S.GUI.SESE.INX.0070

14 **2.3.2.3.3 Enrich Settlement Instruction**

Reference ID	T2S.BPD.SETT.ECSD.02.01
--------------	-------------------------

15 The CSD [CSD Participant] enriches the settlement instructions with T2S specific information such as T2S
 16 securities account number, T2S dedicated cash account number and delivery and receipt securities position
 17 types/cash balance types (e.g. deliver or receive into earmarked position type, deliver from a blocked or
 18 reserved securities position using the specific restriction references). The CSD [CSD Participant] also
 19 populates other key parameters such as T2S process indicators (e.g. partial settlement indicator, hold/release
 20 indicator, etc.) that influence the settlement processing in T2S, unless the default values are to be used for the
 21 instruction.

22 **2.3.2.3.4 Send Settlement Instruction to T2S**

Reference ID	T2S.BPD.SETT.ECSD.02.02
--------------	-------------------------

23 The CSD [CSD Participant] converts the settlement instruction enriched with T2S specific information and
 24 T2S process indicators into the required message format and transmits it to T2S. The processing of

¹⁵ The T2S restrictions framework also offers the option of setting up market specific processing validations. Refer to the BPD for "Maintain Restrictions" for the description of set-up and maintenance of restrictions.

1 settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement
2 instruction.

3 The instruction of T2S is also possible via the T2S GUI.

4 The CSD [CSD Participant] sends the following message to T2S:

5 **Table 2-17: Messages to T2S [T2S.BPD.SETT.ECSD.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

6 **2.3.2.3.5 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.03
--------------	----------------------

7 T2S Actors: CSD and CSD Participant (both scenarios)

8 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
9 processes.

10 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
11 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
12 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

13 References:

14 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

15 **2.3.2.3.6 Receive Status Advice**

Reference ID	T2S.BPD.SETT.ECSD.03.01
--------------	-------------------------

16 The CSD and CSD Participant receive status advice messages sent by T2S to indicate a status change or
17 reason code update for the settlement instruction within T2S.

18 If T2S has been instructed via the T2S GUI the status is shown on the screen.

19 In addition to the status updates on the settlement instruction sent by the CSD [CSD Participant], the CSD
20 and CSD Participant also receive other updates described below.

- 21 • For Conditional Securities Delivery (CoSD) processing, refer to process “Administration of CoSD
22 [T2S.BPD.SETT.COSD]”.
- 23 • For CSD Validation Hold processing, refer to process “Management of CSD Validation Hold
24 [T2S.BPD.SETT.CSDH]”.

- For Auto-Collateralisation processing, refer to process “Management of Auto-Collateralisation [T2S.BPD.SETT.ACOL]”.
- For Realignments processing, the CSD and CSD Participant receive a status advice for T2S generated settlement instructions
- For Restriction Rejection processing (CSD specific validations), the CSD and CSD Participant receive a status advice for the settlement instruction that specifies that the settlement instruction is rejected and the applicable restriction rule.
- For Pre-emption processing, the CSD and CSD Participant receive a status advice for a pending settlement instruction that may settle partially as a result of incoming resources (partial settlement – unsettled part)
- For Securities Accounts “On Hold” processing, the CSD and CSD Participant receive a status advice specifying that the settlement instruction is put on “Party Hold”

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement instruction in the CSD’s or CSD Participant’s systems with the status in T2S,
- exception management,
- amending the settlement instruction,
- sending additional settlement instructions,
- triggering notification to CSD Participants

The CSD and CSD Participant receive the following messages from T2S:

Table 2-18: Messages from T2S [T2S.BPD.SETT.ECSD.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter	Exception Handling
SecuritiesSettlementTransactionStatusAdvice V02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4	This message will also be used to inform about rejection, cancellation and reason codes updates (e.g. insufficient positions, cash balances, blocking of party, etc)

SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Settlement instruction is subject to CoSD Hold	3.3.8.10	
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2.3.2.3.7 Receive T2S Generated Instruction

Reference ID	T2S.BPD.SETT.ECSD.03.02
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The CSD and CSD Participant receive the messages for T2S generated instructions. T2S may generate additional instructions due to various T2S processes triggered by the first settlement instruction.

For details on management of auto-collateralisation, refer to process “Management of auto-collateralisation [T2S.BPD.SETT.ACOL]”.

Table 2-19: Mapping of T2S Generated Instruction and T2S Processes [T2S.BPD.SETT.ECSD.03.02]

No:	T2S Generated Instructions	T2S Processes
1	Settlement Instructions	Realignments in cross CSD settlements scenarios Auto-collateralisation and Reverse Auto-collateralisation
2	Settlement Restrictions (informed via Intra-position or Intra-balance movement status advice)	Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation and Reverse Auto-collateralisation

The CSD and CSD Participant receive the following messages from T2S:

Table 2-20: Messages from T2S [T2S.BPD.SETT.ECSD.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of settlement instructions by T2S due to Realignments	3.3.8.11

2.3.2.3.8 Receive Settlement Confirmation

Reference ID	T2S.BPD.SETT.ECSD.03.03
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The CSD and CSD Participant receive and validate settlement confirmation messages for the settlement instructions sent to T2S, T2S generated settlement instructions and Settlement Restrictions (if applicable).

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement instruction in the CSD's or CSD Participant's books with the status in T2S,
- sending additional settlement instructions,
- triggering notification to CSD Participants,
- performing the registration of securities.

The CSD and CSD Participant receive the following messages from T2S:

Table 2-21: Messages from T2S [T2S.BPD.SETT.ECSD.03.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Partial or Full settlement of the settlement instruction or T2S generated settlement instruction	3.3.8.5
IntraPositionMovementConfirmation	Semt.015.001.02	From T2S	1. Blocked or reserved securities have been used for settlement of the settlement instruction. 2. Reservation of securities positions as a result of pre-emption of incoming resources	3.3.7.4
IntraBalanceMovementConfirmationV01	Camt.068.001.01	From T2S	1. Use of blocked or reserved cash has been for settlement of a settlement instruction 2. Reservation of cash as a result of pre-emption of incoming resources	3.3.3.22

2.3.2.3.9 Receive and Manage Settlement Allegement

Reference ID	T2S.BPD.SETT.ECSD.04
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T2S Actors: Counterparty (CSD / CSD Participant)

1 The Counterparty receives a Settlement Allegement and may conduct additional tasks related to management
2 of allegements.

3 For details regarding the management of allegements, refer to process “Management of Allegement
4 [T2S.BPD.SETT.ALEG]”.

5 The Counterparty receives the following messages from T2S:

6 **Table 2-22: Messages from T2S [T2S.BPD.SETT.ECSD.04]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionAllegementNotificationV02	Sese.028.001.02	From T2S	No matching counterparty instruction exists	3.3.8.7

7 **2.3.2.3.10 Receive Settlement Instruction Copy**

Reference ID	T2S.BPD.SETT.ECSD.05
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8 T2S Actors: CSD Participant (Scenario A)/CSD (Scenario B)

9 The CSD Participant [CSD] receives a copy of the settlement instruction initiated by the CSD [CSD
10 Participant] on securities account owned by the CSD Participant.

11 The CSD Participant [CSD] stores the CSD [CSD Participant] initiated settlement instruction (copy) and
12 references the same upon receipt of status updates and confirmations from T2S

13 The CSD Participant [CSD] receives the following message from T2S:

14 **Table 2-23: Messages from T2S [T2S.BPD.SETT.ECSD.05]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	From T2S	Successful validation of the Settlement Instruction sent by the CSD	3.3.8.3

15 **2.3.2.3.11 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.06
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16 T2S Actors: Intermediary CSD

1 The Intermediary CSD receives the T2S generated settlement instructions for realignment of the securities
2 positions in the books of the intermediating CSD. The Intermediary CSD stores T2S generated settlement
3 instructions and references the same upon receipt of status updates and confirmations from T2S.

4 There will be no Intermediating CSD in business scenarios wherein the counterparty CSDs have a direct link
5 with the last CSD in the delivering CSD (or receiving CSD) chain in T2S.

6 **2.3.2.3.12 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.07
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7 T2S Actors: Last CSD (in T2S)

8 The Last CSD receives the T2S generated settlement instructions for realignment of the securities positions
9 in the books of the Last CSD (i.e. the technical issuer for this CSD is not in T2S).

10 The Last CSD stores T2S generated settlement instructions and updates them upon receipt of status updates
11 and confirmations from T2S. In addition, the Last CSD may use the T2S generated settlement instruction for
12 instructing the realignment of securities positions in the books of its technical Issuer CSD. The settlement
13 takes place on the Inter-CSD account vis-à-vis the participant (or omnibus account) in the Last CSD.

14 **2.3.2.3.13 Settle Trades outside T2S**

Reference ID	T2S.BPD.SETT.ECSD.08
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15 T2S Actors: Last CSD (in T2S)

16 The Last CSD initiates this process after receiving the confirmations for trade settlement in T2S. The Last
17 CSD creates and sends settlement instructions to the CSD's technical Issuer CSD (external to T2S).

18 For instructing in the Issuer CSD, the Last CSD may use the information contained in the realignment
19 instructions generated by T2S or refer to information received from the delivering/receiving CSD. These
20 settlement instructions settle outside T2S and result in the realignment of securities positions in the accounts
21 of the Last CSDs (i.e. the CSDs with a technical issuer outside of T2S).

22 **2.3.2.3.14 Realign Technical Accounts in T2S**

Reference ID	T2S.BPD.SETT.ECSD.09
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23 T2S Actors: Last CSD (in T2S)

24 The Last CSD creates and sends settlement instructions to T2S for realignment of securities positions in T2S
25 which results in a movement of securities from the inter-CSD account to the mirror account and vice versa.

1 This movement aligns the mirror account (i.e. account in the books of last intermediating CSD) with the
2 omnibus account of the CSD (i.e. account in the books of its technical Issuer CSD).

3 2.3.2.3.15 Receive Notification

Reference ID	T2S.BPD.SETT.ECSD.10
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4 T2S Actors: Payment Bank and Central Bank

5 The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction
6 results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the
7 T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a
8 second notification message. The Payment Bank and Central Bank may conduct additional tasks such as
9 updating cash registers of the Payment Bank/Central Bank and liquidity management activities (e.g. resulting
10 in a transfer of cash from or to T2S).

11 The Payment Bank and Central Bank receive the following messages from T2S:

12 **Table 2-24: Messages from T2S [T2S.BPD.SETT.ECSD.10]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit posting on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

13 2.3.2.4 Description of T2S Services

14 2.3.2.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

15 Business Validation Service (T2S.SD.SETT.010)

1 This T2S service validates the settlement instructions and verifies if the defined rules regarding the content
2 of the message fields are fulfilled.

3 **Matching Service (T2S.SD.SETT.020)**

4 This T2S service compares the details in the settlement instructions sent by the two parties (Buyer, Seller),
5 and matches the instructions. If T2S cannot match the instruction to any existing instruction within T2S, It
6 invokes Settlement Allegation Service, after a pre-defined time limit.

7 **Settlement Allegation Service (T2S.SD.SETT.030)**

8 This T2S service creates allegation messages to the Counterparty, to inform the Counterparty that T2S
9 received a settlement instruction against them.

10 **Settlement Sequencing Service (T2S.SD.SETT.040)**

11 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
12 defined This T2S service extracts all settlement instructions related a particular sequence and submits them
13 for settlement. Sequencing applies to Night-Time Settlement only.

14 **Settlement Posting Service (T2S.SD.SETT.050)**

15 This T2S service performs the provisioning and booking of the settlement instructions, including updates to
16 limits wherever applicable.

17 **Optimisation Service (T2S.SD.SETT.060)**

18 This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement.
19 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial
20 settlement and auto-collateralisation.

21 **Instruction Recycling Service (T2S.SD.SETT.080)**

22 This T2S service recycles instructions that are unsettled in previous attempts.

23 **Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120)**

24 This T2S service enables the use of restricted securities positions (blocked, reserved or earmarked) or cash
25 balances (blocked or reserved) in case the CSD or CSD Participant sends a settlement instruction with
26 references to the restricted securities positions or cash balances.

27 **Realignment Service (T2S.SD.SETT.070)**

28 This T2S service analyses the CSDs involved in a settlement transaction and determines the chain of
29 intermediating CSDs. The results of this service result in automatic creation of additional settlement
30 instructions that realign the books of all intermediating CSDs.

31

2.3.2.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

2.3.2.4.2 Status Management Service (T2S.SD.INF 010)

This T2S service sends the status of the instructions to the authorised T2S actors. The T2S actors must subscribe to the status messages in order to receive them. Any change of status triggers the creation of status messages.

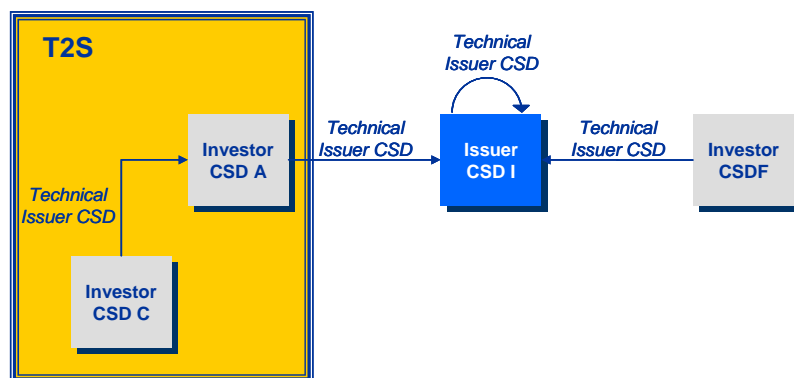
2.3.3 External CSD Settlement with one Investor CSD in T2S and the Issuer CSD outside T2S [T2S.BPD.SETT.ECSD/Var.2]

2.3.3.1 Overview

This process describes the act of transferring securities positions between the securities accounts of an Investor CSD in T2S to an Investor CSD (i.e. counterparty CSD) outside T2S, while the Issuer CSD is also outside T2S. The Investor CSD in T2S has a direct or indirect relationship with the Issuer CSD and the Investor CSD outside T2S owns a securities account in the Issuer CSD.

In this business scenario, the settlement in T2S is conditional and depends on the settlement of the trade outside T2S (i.e. in the books of the Issuer CSD). The Last CSD must have set-up the Conditional Securities Delivery (CoSD) rules in T2S. The CoSD process will ensure that the CSDs linked to the Issuer CSD transfer the securities positions in the books of Issuer CSD before the settlement takes place in T2S. In case of an indirect link between the delivering and receiving CSDs, the chain of intermediaries will involve one or more CSDs.

Figure 2-9: External CSD Settlement with one Investor CSD in T2S and the Issuer CSD outside T2S



Trigger:

- CSD(s) receive settlement instructions from the CSD Participants or third parties authorised by the CSD Participant to instruct on their behalf. In some cases, the CSD Participants may authorise the CSD itself to create settlement instructions on behalf of the CSD Participant.
- CSD Participants¹⁶ (acting as account operators or custodians and with privileges granted by their CSD to instruct directly in T2S) receive settlement instructions from their clients (e.g. end investors or financial institutions).

Preconditions:

Before the start of an external CSD settlement in T2S, each CSD must have completed the set-up of cross CSD links with other transacting CSD in T2S, as specified below.

- Security CSD Links – specifies for a CSD the eligibility of a security for settlement and the technical Issuer CSD for the security. The last CSD in the delivering or receiving CSD chain in T2S must have specified the external CSD as its Technical Issuer.
- CSD Account Links – specifies (depending on the participants account, if needed) the mirror, inter-CSD and omnibus accounts between an investor CSD and its technical Issuer CSD.
- Eligible Counterpart CSD – specifies that two CSDs allow settlement of a specific security or set of securities between them.
- The Last CSD in T2S must complete the set-up of CoSD rules in T2S static data

T2S Instructing Party:

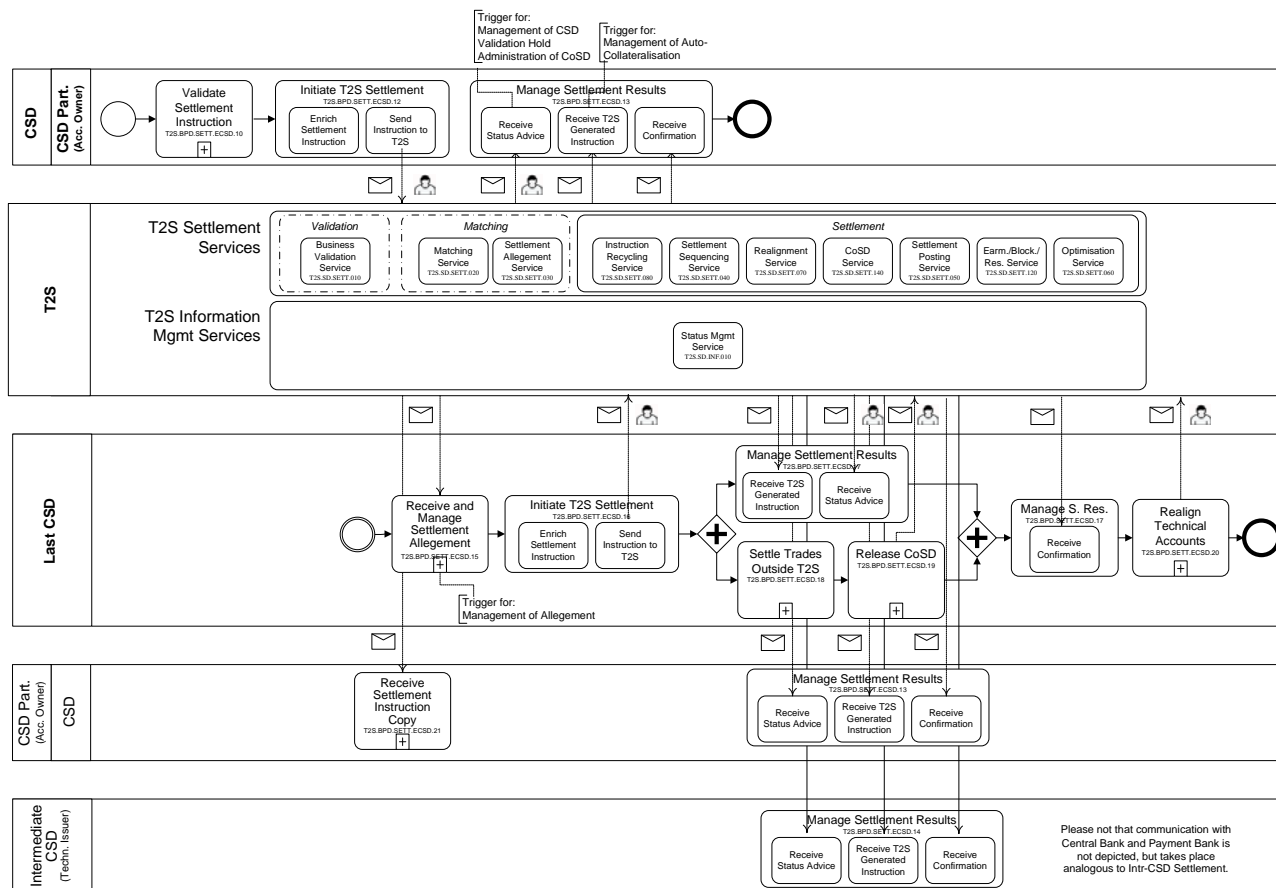
There are two scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S
- Scenario B: CSD Participant instructs T2S

¹⁶ The CCP acting as a CSD Participant receives details of trades executed on a stock exchange and performs trade validation. The stock exchanges (also acting as a CSD Participant) may be authorised by the other CSD Participants (i.e. owner of the securities accounts debited/credited in the securities settlement) to instruct on behalf of the CSD Participants.

2.3.3.2 Business Process Diagram

Figure 2-10: Business Process Diagram [T2S.BPD.SETT.ECSD/Var. 2]



2.3.3.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

2.3.3.3.1 Validate Settlement Instruction

Reference ID	T2S.BPD.SETT.ECSD.11
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T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] checks all the details in the settlement instruction against the reference data (maintained by the CSD or CSD Participant) and may perform additional validations specific to the market

practices or national regulations (if any)¹⁷. The CSD [CSD Participant] may also perform validations regarding securities settlement with the counterparty's CSD.

2.3.3.3.2 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.ECSD.12
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T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] enriches the settlement instruction with details required for settlement processing in T2S and sends the settlement instruction to T2S.

References:

UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

GUI BFD: T2S.GUI.SESE.INX.0070

2.3.3.3.3 Enrich Settlement Instruction

Reference ID	T2S.BPD.SETT.ECSD.12.01
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T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] enriches the settlement instructions with T2S specific information such as T2S securities account number, T2S dedicated cash account and delivery and receipt securities position types/cash balance types (e.g. deliver or receive into earmarked position type, deliver from a blocked or reserved securities position with specific restriction references). The CSD [CSD Participant] also populates other key parameters such as T2S process indicators (e.g. partial settlement indicator, hold/release indicator etc) required for settlements processing in T2S.

The CSD Participant receives information about the intermediaries involved in the settlement chain from its counterparty. The CSD Participant analyses the delivering and receiving settlement chain and determines the first CSD outside T2S in the end-to-end settlement chain. For the purpose of settlement in T2S, the CSD Participant considers the intermediary holding a securities account in the first CSD outside T2S as their counterparty and instructs T2S.

2.3.3.3.4 Send Settlement Instruction to T2S

Reference ID	T2S.BPD.SETT.ECSD.12.02
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T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

¹⁷ The T2S restrictions framework also offers the option of setting up market specific processing validations. Refer to the BPD for "Maintain Restrictions" for the description of set-up and maintenance of restrictions.

1 The CSD [CSD Participant] converts the settlement instruction enriched with T2S specific information and
 2 T2S process indicators into the required message format and transmits it to the T2S. The processing of
 3 settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement
 4 instruction.

5 The instruction of T2S is also possible via the T2S GUI.

6 The CSD [CSD Participant] sends the following message to T2S:

7 **Table 2-25: Messages form T2S [T2S.BPD.SETT.ECSD.12.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

8 **2.3.3.3.5 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.13
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9 T2S Actors: CSD and CSD Participant (Both Scenarios)

10 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
 11 processes.

12 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
 13 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
 14 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

15 References:

16 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

17 **2.3.3.3.6 Receive Status Advice**

Reference ID	T2S.BPD.SETT.ECSD.13.01
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18 The CSD and CSD Participant receive status advice messages for every change of status or update of reason
 19 code to the settlement instruction within T2S.

20 If T2S has been instructed via the T2S GUI the status is shown on the screen.

21 In addition to the status updates on the settlement instruction sent by the CSD [CSD Participant], the CSD
 22 and CSD Participant also receive other updates described below.

23 For CSD Validation Hold processing, see BPD Management of CSD Validation Hold.

24 For Auto-collateralisation processing, see BPD Manage Auto-collateralisation.

- For Conditional Securities Delivery (CoSD) processing,
 - the CSD and CSD Participant receive a status advice (resulting from “Condition Modification Instruction” created by T2S for CoSD processing) for applying the CoSD hold condition on the settlement instruction
 - the CSD and CSD Participant receive a status advice for intra-position/intra-balance movement in case the CoSD blocking of cash or securities resources is not successful
 - the CSD and CSD Participant receive a status advice due to the change in status of the settlement instruction to CoSD hold
 - Based on the CoSD rules defined in T2S by the last CSD in the delivering or receiving chain in T2S, the realignment instructions in the last CSD are subject to CoSD hold processing.
- For Realignments processing, the CSD and CSD Participant receive a status advice for T2S generated settlement instructions
- For Restriction Rejection processing (CSD specific validations), the CSD and CSD Participant receive a status advice for the settlement instruction that specifies that the settlement instruction is rejected and the applicable restriction rule.
- For Pre-emption processing, the CSD and CSD Participant receive a status advice for a pending settlement instruction that may settle partially as a result of incoming resources (partial settlement – unsettled part)
- For Securities Accounts “On Hold” processing, the CSD and CSD Participant receive a status advice specifying that the settlement instruction is put on “Party Hold”

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement instruction in the CSD or CSD Participant’s systems with the status in T2S,
- exception management,
- amending the settlement instruction,
- sending additional settlement instructions,
- triggering notification to CSD Participants.

The CSD and CSD Participant receive the following messages from T2S:

1 **Table 2-26: Messages from T2S [T2S.BPD.SETT.ECSD.13.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter	Exception Handling
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4	This message will also be used to inform about rejection, cancellation and reason codes updates (e.g. insufficient positions, cash balances, blocking of party, etc)
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Settlement instruction is subject to CoSD Hold	3.3.8.10	
IntraPositionMovementStatusAdviceV02	Semt.014.001.02	From T2S	CoSD Blocking of securities resources is not successful	3.3.7.3	
IntraBalanceMovementStatusAdviceV01	Camt.067.001.01	From T2S	CoSD Blocking of cash resources is not successful	3.3.3.21	This message will also be used to inform about rejection, cancellation and reason codes updates (e.g. insufficient positions, cash balances, blocking of party, etc)

2 **2.3.3.3.7 Receive T2S Generated Instruction**

Reference ID	T2S.BPD.SETT.ECSD.13.02
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3 The CSD and CSD Participant receive the messages for T2S generated instructions. T2S may generate
4 additional instructions due to various T2S processes triggered by the first settlement instruction.

1 For details on management of auto-collateralisation, refer to process “Management of auto-collateralisation
2 [T2S.BPD.SETT.ACOL]”.

3 **Table 2-27: Mapping of T2S Generated Instruction and T2S Processes [T2S.BPD.SETT.ECSD.13.02]**

No:	T2S Generated Instructions	T2S Processes
1	Settlement Instructions	Realignments in cross CSD settlements scenarios Auto-collateralisation and Reverse Auto-collateralisation
2	Settlement Restrictions (informed via Intra-position or Intra-balance movement status advice)	Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation and Reverse Auto-collateralisation

4 The CSD and CSD Participant receive the following messages from T2S:

5 **Table 2-28: Messages from T2S [T2S.BPD.SETT.ECSD.13.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of settlement instructions by T2S due to Realignments	3.3.8.11

6 2.3.3.3.8 Receive Settlement Confirmation

Reference ID	T2S.BPD.SETT.ECSD.13.03
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7 The CSD and CSD Participant receive and validate settlement confirmation messages for the settlement
8 instructions sent to T2S, T2S generated settlement instructions and Settlement Restrictions (in case
9 applicable).

10 Following the message reception, other internal activities might be conducted such as:

- 11 • aligning the status of the settlement instruction in the CSD or CSD Participant’s books with the
12 status in T2S,
- 13 • sending additional settlement instructions,
- 14 • triggering notification to CSD Participants,
- 15 • performing the registration of securities

16

1 The CSD and CSD Participant receive the following messages from T2S:

2 **Table 2-29: Messages from T2S [T2S.BPD.SETT.ECSD.13.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Partial or Full settlement of the settlement instruction or T2S generated settlement instruction	3.3.8.5

3 **2.3.3.3.9 Manage Exceptions**

Reference ID	T2S.BPD.SETT.ECSD.13.04
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4 The CSD [CSD Participant] perform additional activities to manage exceptions as communicated by T2S
5 using status advice messages.

6 The CSD and the CSD Participant must analyse the status advice messages to determine which status
7 changes or reason code updates require additional action to be taken by CSD or CSD Participants (like
8 arrange for securities positions or cash balances in case of insufficient resources), whereas others may be
9 purely informational and do not require any action to be taken (like rejection of settlement instruction or
10 cancellation of settlement instruction by T2S).

11 **2.3.3.3.10 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.14
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12 T2S Actors: Intermediary CSD

13 The Intermediary CSD receives the T2S generated settlement instructions for realignment of the securities
14 positions in the books of the intermediating CSD. The Intermediary CSD stores T2S generated settlement
15 instructions and references the same upon receipt of status updates and confirmations from T2S.

16 The Intermediary CSD is not required in business scenarios wherein the delivering or receiving CSD in T2S
17 has a direct link with the last CSD in the delivering CSD (or receiving CSD) chain in T2S.

18 **2.3.3.3.11 Receive and Manage Settlement Allegement**

Reference ID	T2S.BPD.SETT.ECSD.15
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19 T2S Actors: Counterparty

1 The Counterparty receives a Settlement Allegement and may conduct additional tasks related to management
2 of allegements.

3 For details regarding the management of allegements, refer to process “Management of Allegement
4 [T2S.BPD.SETT.ALEG]”.

5 The Counterparty receives the following messages from T2S:

6 **Table 2-30: Messages from T2S [T2S.BPD.SETT.ECSD.15]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionAllegementNotificationV02	Sese.028.001.02	From T2S	No matching counterparty instruction exists	3.3.8.7

7 **2.3.3.3.12 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.ECSD.16
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8 T2S Actors: Last CSD (in T2S)

9 The Last CSD in T2S (of the delivering or receiving settlement chain) initiates this process upon receipt of a
10 Settlement Allegement from T2S and/or settlement information from the settlement intermediaries
11 communicated outside T2S. The CSD prepares and sends settlement instruction to T2S on behalf of the
12 counterparty outside T2S.

13 The instruction of T2S is also possible via the T2S GUI.

14 References:

15 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

16 GUI BFD: T2S.GUI.SESE.INX.0070

17 **2.3.3.3.13 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.17
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18 T2S Actors: Last CSD (in T2S)

19 The Last CSD receives the T2S generated settlement instructions for realignment of the securities positions
20 in its books. The Last CSD in the delivering (or receiving) chain in T2S must have defined CoSD rules.
21 These CoSD rules are applicable for all the settlement instructions including the T2S generated settlement
22 instructions belonging to the CSD.

- 1 The T2S generated realignment instructions owned by the Last CSD in T2S are subject to CoSD hold
 2 processing. Based on the CoSD processing condition, the CSD may receive status advices/confirmations for
 3 blocking of securities positions and/or cash balances.
- 4 The Last CSD stores T2S generated settlement instructions and may use them for instructing the settlement
 5 of securities positions with the counterparty (or counterparty's intermediary) in the books of Issuer CSD. In
 6 addition, the CSD updates the T2S generated settlement instruction upon receipt of status updates and
 7 confirmations from T2S.
- 8 The delivering CSD (or receiving CSD) in T2S will act as the Last CSD in T2S in case the delivering CSD
 9 (or receiving CSD) has a direct link with the Issuer CSD outside T2S.

10 **2.3.3.3.14 Settle Trades outside T2S**

Reference ID	T2S.BPD.SETT.ECSD.18
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- 11 T2S Actors: Last CSD (in T2S)
- 12 The Last CSD initiates the settlement outside T2S after receiving the realignment instructions on the
 13 technical account (i.e. the inter-CSD account) from T2S. The Last CSD creates and sends settlement
 14 instructions to the Issuer CSD (external to T2S) for settlement of securities positions with the counterparty
 15 (or counterparty's intermediary) in the books of Issuer CSD.
- 16 For instructing the Issuer CSD, the Last CSD may use the information contained in the realignment
 17 instructions received from T2S or refer to information received from the delivering/receiving CSD.

18 **2.3.3.3.15 Release CoSD**

Reference ID	T2S.BPD.SETT.ECSD.19
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- 19 T2S Actors: Last CSD (in T2S)
- 20 The Last CSD acts as the Administering Party for the CoSD condition (defined by the CSD) and initiates this
 21 process after the fulfilment of an external settlement condition. The Administering Party may release or
 22 cancel the realignment instruction on CoSD hold.

23 **2.3.3.3.16 Realign Technical Accounts in T2S**

Reference ID	T2S.BPD.SETT.ECSD.20
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- 24 T2S Actors: Last CSD (in T2S)
- 25 The Last CSD process starts after the completion of securities settlement in T2S on the inter-CSD account in
 26 the Last CSD. The Last CSD creates and sends an already matched settlement instructions to move the

securities from the inter-CSD account to the mirror account in case of securities positions delivered to a CSD outside T2S (or from mirror account to inter-CSD account in case of securities positions received by a CSD in T2S).

2.3.3.3.17 Receive Settlement Instruction Copy

Reference ID	T2S.BPD.SETT.ECSD.21
--------------	----------------------

T2S Actors: CSD Participant (Scenario A)/CSD (Scenario B)

The CSD Participant [CSD] receives a copy of the settlement instruction initiated by the CSD on securities account owned by the CSD Participant.

The CSD Participant [CSD] stores the CSD [CSD Participant] initiated settlement instruction (copy) and references the same upon receipt of status updates and confirmations from T2S.

The CSD Participant [CSD] receives the following messages from T2S:

Table 2-31: Messages from T2S [T2S.BPD.SETT.ECSD.21]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	From T2S	Party has subscribed to copy of the settlement instruction	3.3.8.3

2.3.3.3.18 Receive Notification

Reference ID	T2S.BPD.SETT.ECSD.22
--------------	----------------------

T2S Actors: Payment Bank and Central Bank

The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a second notification message. The Payment Bank and Central Bank may conduct additional tasks such as updating cash registers of the Payment Bank/Central Bank and liquidity management activities (e.g. resulting in a transfer of cash from or to T2S).

1 The Payment Bank and Central Bank receive the following messages from T2S:

2 **Table 2-32: Messages from T2S [T2S.BPD.SETT.ECSD.22]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit of dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash posting on the dedicated cash account overrides the floor/ceiling thresholds set-up for the dedicated cash account	3.3.3.2

3 **2.3.3.4 Description of T2S Services**

4 **2.3.3.4.1 Settlement Services**

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

5 **Business Validation Service (T2S.SD.SETT.010)**

6 This T2S service validates the settlement instructions and verifies if the defined rules regarding the content
7 of the message fields are fulfilled.

8 **Matching Service (T2S.SD.SETT.020)**

9 This T2S service compares the details in the settlement instructions sent by the two parties (Buyer, Seller),
10 and matches the instructions. If T2S cannot match the instruction to any existing instruction within T2S, It
11 invokes Settlement Allegement service, after a pre-defined time limit.

12 **Settlement Allegement Service (T2S.SD.SETT.030)**

13 This T2S service creates allegement messages to the Counterparty, to inform the Counterparty that T2S
14 received a settlement instruction against them. T2S Party has to subscribe for the allegement messages in
15 order to receive them.

16 **Settlement Sequencing Service (T2S.SD.SETT.040)**

17 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
18 defined. This T2S service extracts all settlement instructions related a particular sequence and submits them
19 for settlement. Sequencing applies to Night-Time Settlement only.

1 Settlement Posting Service (T2S.SD.SETT.050)

2 This T2S service performs the provisioning and booking of the settlement instructions, including updates to
3 limits wherever applicable.

4 Optimisation Service (T2S.SD.SETT.060)

5 This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement.
6 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial
7 settlement and auto-collateralisation.

8 Instruction Recycling Service (T2S.SD.SETT.080)

9 This T2S service recycles instructions that are unsettled in previous attempts. During the night time
10 settlement, T2S recycles all the unsettled instructions, which are previously attempted for settlement. During
11 daytime settlement, T2S recycles instructions only upon availability of resources.

12 Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120)

13 This T2S service enables the use of restricted securities positions (blocked, reserved or earmarked) or cash
14 balances (blocked or reserved) in case the CSD or CSD Participant sends a settlement instruction with
15 references to the restricted securities positions or cash balances.

16 Realignment Service (T2S.SD.SETT.070)

17 This T2S service analyses the CSDs involved in a settlement transaction and determines the chain of
18 intermediating CSDs. The results of this service result in automatic creation of additional settlement
19 instructions that realign the books of all intermediating CSDs.

20 Conditional Securities Delivery Service (T2S.SD.SETT.140)

21 This T2S service validates the settlement instructions on the intended settlement date for CoSD rules defined
22 and set-up in T2S by the CSD. The settlement instruction is subject to CoSD if one or more CoSD rules
23 apply.

24 2.3.3.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

25 Status management service (T2S.SD.INF.010)

26 This T2S service sends the status of the instructions to the authorised T2S actors. The T2S actors must
27 subscribe to the status messages in order to receive them. Any change of status triggers the creation of status
28 messages.

3. SUPPORTING SETTLEMENT PROCESSES

Supporting Settlement Processes are processes which do not – by themselves – include the settlement of securities or cash, but which either facilitate settlement processes (e.g. administration of CoSD) or closely relate to them (e.g. cancellation of a settlement instruction).

3.1 Management of Allegement [T2S.BPD.SETT.ALEG]

3.1.1 Overview

This process describes the act of receiving and managing allegements as a consequence of a settlement instruction sent by the counterparty CSD or CSD Participant.

Settlement Allegement is used to inform a CSD Participant that its counterparty (another CSD Participant) has instructed against its account for which the CSD Participant has no corresponding instruction in T2S.

Allegement Removal and Cancellation of Settlement Allegement are used to inform a party that the Settlement Allegement received earlier by the CSD Participant is not valid any more. However, each of these messages is generated and sent by T2S due to different reasons.

- Allegement Removal is sent to a CSD Participant when T2S matches the settlement instruction that triggered the Settlement Allegement.
- Cancellation of Settlement Allegement is sent to a CSD Participant when the settlement instruction that triggered the Settlement Allegement has been cancelled by the counterparty or T2S.

Trigger:

The CSD or CSD Participant receives a Settlement Allegement because its counterparty CSD or CSD Participant's settlement instruction remains unmatched for a predefined period of time in T2S.

Preconditions:

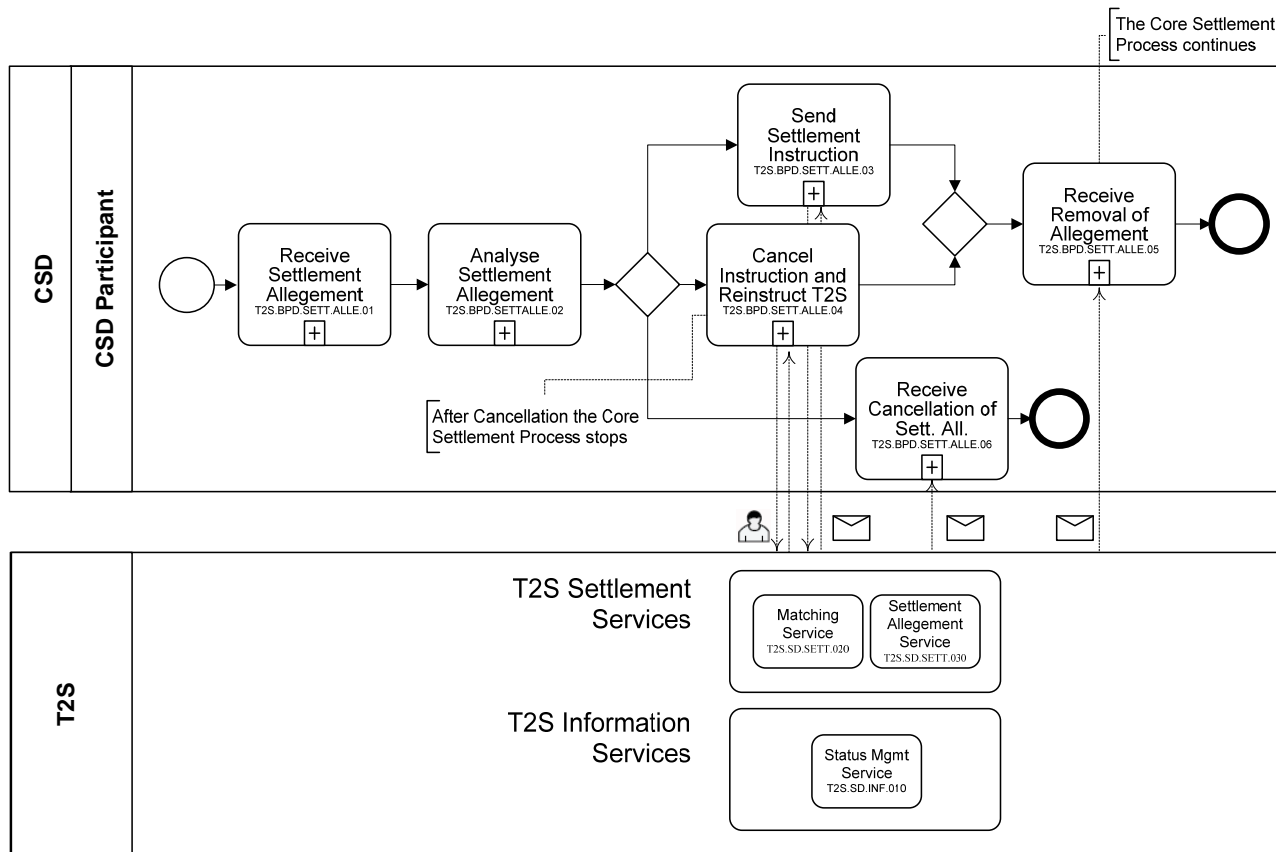
None

T2S Instructing Party:

None

3.1.2 Business Process Diagram

Figure 3-1: Business Process Diagram [T2S.BPD.SETT.ALEG]



3.1.3 Business Process Description

3.1.3.1 Receive Settlement Allegation

Reference ID	T2S.BPD.SETT.ALEG.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] receives a Settlement Allegation if its counterparty instructed against an account of the CSD Participant and T2S could not match this settlement instruction against a settlement instruction of the CSD [CSD Participant] within a certain period of time after the first matching attempt. The Settlement Allegation carries information on the settlement instruction sent by the counterparty.

Instead of subscribing to individual allegation messages, the CSD [CSD Participant] could subscribe to the Statement of Settlement Allegements report. This report will include details of all transactions that counterparty has alleged against the CSD [CSD Participant] on a settlement day. The report can be generated at a specific time or up on the occurrence of specific event(s). This report is available in complete and delta formats.

1 The CSD [CSD Participant] receives the following messages from T2S:

2 **Table 3-1: Messages and Report from T2S [T2S.BPD.SETT.ALEG.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionAllegationNotificationV02	Sese.028.001.02	From T2S	No matching counterparty instruction exists	3.3.8.7
SecuritiesSettlementTransactionAllegationReport	Semt.019.001.02	From T2S	Any event or time based trigger set by CSD Participant or CSD	3.3.7.7

3 References:

4 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3) and “Receive Report” (Chapter 2.19)

5 GUI BFD: T2S.GUI.SESE.ALG.0010, T2S.GUI.SESE.ALG.0020, T2S.GUI.SESE.ALG.0030

6 3.1.3.2 Analyse Settlement Allegement

Reference ID	T2S.BPD.SETT.ALEG.02
--------------	----------------------

7 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

8 The CSD [CSD Participant] validates the Settlement Allegement against its unmatched settlement
9 instructions previously sent to T2S. The CSD [CSD Participant]’s analysis may result in either of the
10 following conclusions.

- 11 • The CSD [CSD Participant] does not find a settlement instruction that matches details included in the
12 Settlement Allegement received and
- 13 • The CSD [CSD Participant] acknowledges that there is a business trade with the counterparty in its
14 Back Office system. The CSD [CSD Participant] sends a new settlement instruction to T2S.
- 15 • The counterparty has incorrectly instructed. The CSD [CSD Participant] may consider contacting the
16 counterparty outside T2S.
- 17 • The CSD [CSD Participant] identifies a settlement instruction with similar details that it previously
18 instructed against the counterparty in T2S and
 - 19 ○ The CSD [CSD Participant] has sent an incorrect settlement instruction. The CSD
20 Participant cancels the incorrect instruction and reinstructs.
 - 21 ○ The counterparty has incorrectly instructed. The CSD [CSD Participant] may consider
22 contacting the counterparty outside T2S.

3.1.3.2.1 Send Settlement Instruction

Reference ID	T2S.BPD.SETT.ALEG.03
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] initiates a new settlement instruction in response to a Settlement Allegement received because no settlement instruction is found in T2S that matches details included in the Settlement Allegement.

For details regarding intra-CSD settlement, refer to process “Intra-CSD Settlement [T2S.BPD.SETT.ICSD]”.

References:

UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

GUI BFD: T2S.GUI.SESE.ALG.0010, T2S.GUI.SESE.ALG.0020, T2S.GUI.SESE.ALG.0030

3.1.3.2.2 Cancel Instruction and Reinject T2S

Reference ID	T2S.BPD.SETT.ALEG.04
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] sends a cancellation instruction to T2S for the incorrectly instructed settlement instruction and a new settlement instruction with correct details to T2S.

For details regarding the cancellation of settlement instruction, refer to process “Cancellation of Settlement Instruction [T2S.BPD.SETT.CINS]”.

3.1.3.2.3 Receive Removal of Allegement

Reference ID	T2S.BPD.SETT.ALEG.05
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] receives an allegement removal signifying that the Settlement Allegement received earlier is not valid any longer. This happens, when T2S matches the counterparty’s settlement instruction that triggered the allegement.

The CSD [CSD Participant] receives the following message from T2S:

Table 3-2: Messages and Report from T2S [T2S.BPD.SETT.ALEG.05]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementAllegementRemov	Sese.029.001.02	From T2S	Settlement instruction that resulted in the	3.3.8.8

alAdviceV02			generation of Settlement Allegement has matched	
-------------	--	--	---	--

3.1.3.2.4 Receive Cancellation of Settlement Allegement

Reference ID	T2S.BPD.SETT.ALEG.06
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] receives cancellation to Settlement Allegement signifying that the Settlement Allegement received earlier is not valid any longer. This happens, if the settlement instruction that had resulted in Settlement Allegement has been cancelled. The settlement instruction may be cancelled due to variety of reasons, either by the T2S actor or by T2S due to recycling or unsuccessful revalidation.

The CSD [CSD Participant] receives the following message from T2S:

Table 3-3: Messages and Report from T2S [T2S.BPD.SETT.ALEG.06]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesMessage CancellationAdvice V02	Semt.020.001.02	From T2S	Settlement instruction that resulted in the generation of Settlement Allegement has been cancelled	3.3.7.8

3.1.4 Description of T2S Services

3.1.4.1 Settlement Services

T2S Service Class	Settlement Services
T2S Service Reference ID	T2S SD.SETT

Allegement Service (T2S SD.SETT.030)

This T2S service determines the need and sends Settlement Allegements, allegement removal and cancellation of Settlement Allegements.

For details regarding the remaining T2S services involved, refer to process “Intra-CSD Settlement [T2S.BPD.SETT.ICSD]”.

3.2 Management of CSD Validation Hold [T2S.BPD.SETT.CSDH]

3.2.1 Overview

This process describes the act of receiving a status advice for a settlement instruction specifying that T2S has put the settlement instruction on CSD Validation Hold as a consequence of CSD specific requirements related to securities settlement (e.g. registration and regulatory / market specific checks), and the management of these requirements and their result.

The process involves analysing the status details of a settlement instruction in the Settlement Instruction Status Advice for identification of CSD Validation Hold activation. The CSD may either release or cancel the settlement instruction in CSD Validation Hold status depending upon the results of other business processes. The CSD Validation Hold functionality does not prevent the settlement instructions from matching. T2S will attempt the settlement of a matched instruction only after the CSD releases the instruction put on CSD Validation Hold.

The CSD Validation Hold functionality is applicable to settlement instructions instructed by a CSD Participant or CSD as well as T2S generated settlement instructions for realignments¹⁸. This functionality does not apply to settlement restrictions (i.e. intra-position and intra-balance movements).

Trigger:

The CSD receives a settlement instruction status advice in case T2S successfully validates a settlement instruction and identifies that a CSD Validation Hold rule is applicable on the settlement instruction.

Preconditions:

The CSD must set-up the processing restrictions for CSD Validation Hold functionality in T2S reference data.

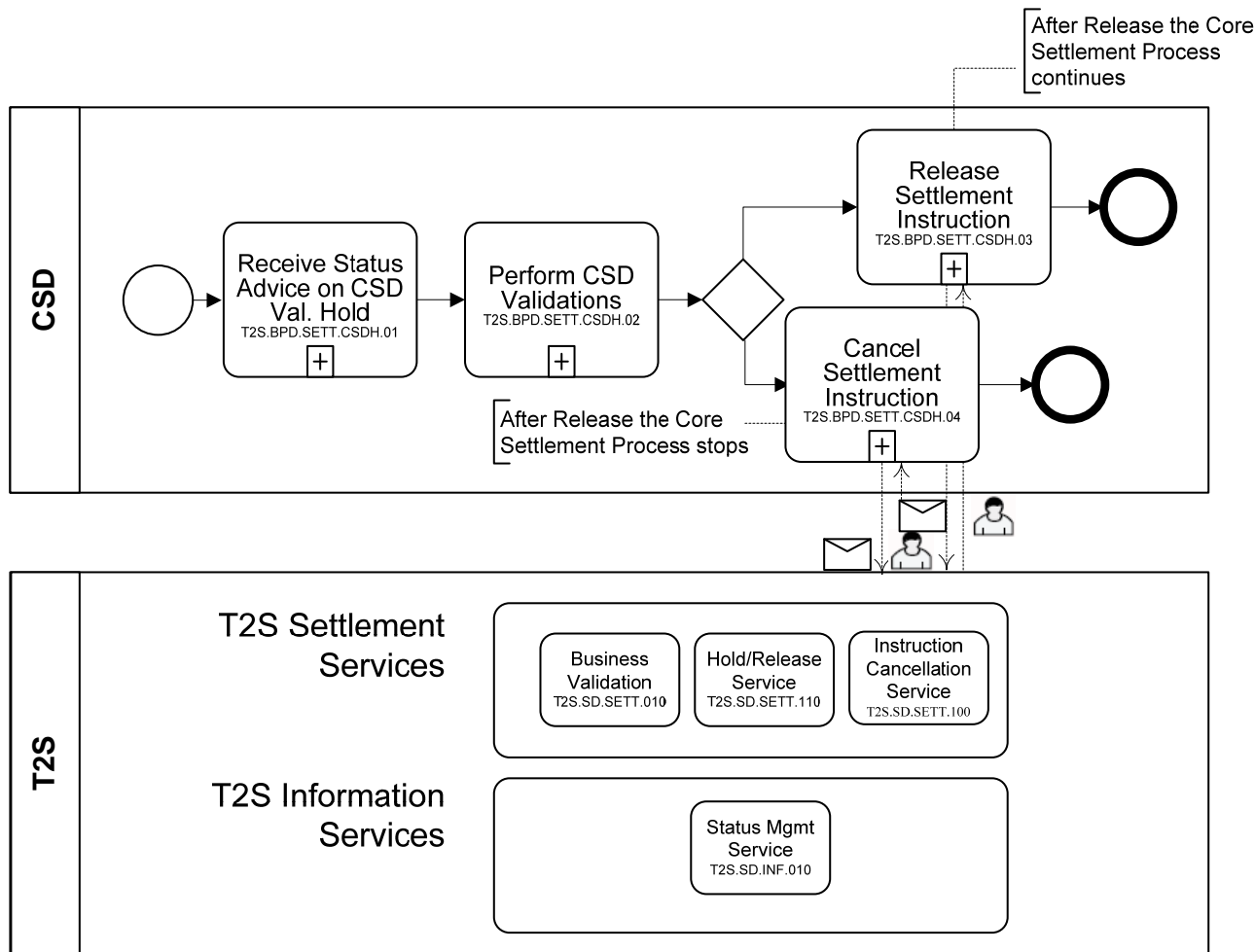
T2S Instructing Party:

None

¹⁸ T2S does not create any settlement instructions (includes settlement instructions for the purpose of realigning securities positions) for auto-collateralisation in case a CSD Validation Hold restriction rule applies on T2S generated settlement instructions.

3.2.2 Business Process Diagram

Figure 3-2: Business Process Diagram [T2S.BPD.SETT.CVHD]



3.2.3 Business Process Description

3.2.3.1 Receive Status Advice on CSD Validation Hold

Reference ID	T2S.BPD.SETT.CSDH.01
--------------	----------------------

T2S Actors: CSD

The CSD receives the status advice message specifying that T2S has put a settlement instruction on CSD Validation Hold status. T2S checks the CSD Validation Hold applicability for a settlement instruction based on predefined conditions set by the CSD in the T2S reference data.

For details on the maintenance of CSD Validation Hold rules in T2S static data, see BPD Maintenance of Restrictions.

The CSD receives the following message from T2S:

1 **Table 3-4: Messages and Report from T2S [T2S.BPD.SETT.CSDH.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4

2 References:

3 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

4 **3.2.3.2 Perform CSD Validations**

Reference ID	T2S.BPD.SETT.CSDH.02
--------------	----------------------

5 T2S Actors: CSD

6 The CSD analyses the settlement instruction on CSD Validation Hold and determines the additional checks
7 and / or business processes to be completed before the settlement instruction can become eligible for a
8 settlement attempt in T2S.

9 A non-exhaustive list of business scenarios wherein the CSD Validation Hold functionality might have been
10 required are:

- 11 • Business processes like registration of securities prior to securities settlement in T2S and tax
12 processing
- 13 • CSD may need to validate settlement instructions prior to securities settlement in T2S in case the
14 CSD Participant sends a settlement instruction directly to T2S

15 **3.2.3.3 Release Settlement Instruction**

Reference ID	T2S.BPD.SETT.CSDH.03
--------------	----------------------

16 T2S Actors: CSD

17 The CSD releases the settlement instruction on CSD Validation Hold in case the additional internal CSD
18 validations are successful and the related business processes are completed successfully.

19 For details regarding the release of a settlement instruction, refer to process “Release of Settlement
20 Instruction [T2S.BPD.SETT.RELE]”.

21 **3.2.3.4 Cancel Settlement Instruction**

Reference ID	T2S.BPD.SETT.CSDH.04
--------------	----------------------

22 T2S Actors: CSD

1 The CSD cancels the settlement instruction on CSD Validation Hold in case the additional internal CSD
2 validations are not successful or the related business processes cannot be completed successfully¹⁹.

3 For details regarding the cancellation of a settlement instruction, refer to process “Cancellation of Settlement
4 Instruction [T2S.BPD.SETT.CINS]”.

5 References:

6 UDFS: Use Case “Send Cancellation Instruction for a Settlement Instruction (Chapter 2.11)

7 UDFS: Use Case “Send Hold/Release Instruction” (Chapter 2.10)

8 **3.2.4 Description of T2S Services**

9 For details regarding the T2S services involved, refer to process “Intra-CSD Settlement
10 [T2S.BPD.SETT.ICSD]”.

11 **3.3 Administration of Conditional Securities Delivery [T2S.BPD.SETT.COSD]**

12 **3.3.1 Overview**

13 This process describes the act of administrating a Conditional Securities Delivery (CoSD) in T2S.
14 Conditional Securities Delivery (also called CoSD) process allows the CSD to handle exceptions wherein the
15 securities settlement is allowed to take place in T2S only upon fulfilment of a settlement condition outside
16 T2S. For example, free of payment settlement in T2S can be coordinated with cash settlement outside T2S
17 using the CoSD functionality.

18 T2S validates the settlement instruction for CoSD process on or after the intended settlement date of the
19 settlement instruction. To enable the identification of settlement instructions to be subject to CoSD process,
20 T2S allows the CSD to set-up CoSD rules in T2S static data. During the set-up of CoSD rules, the CSD also
21 specifies an Administering Party that monitors the CoSD process. T2S informs the Administering Party
22 about the details of settlement instruction put on CoSD Hold (as soon as CoSD Hold is activated) as well as
23 the successful blocking of securities and/or cash resources (as per the Administration Type). Administering
24 party may release or cancel the settlement instruction in T2S, depending on whether the external condition
25 could be completed or not.

26 For details regarding the set-up of CoSD parameters, refer to process “Maintenance of CoSD Parameters
27 [T2S.BPD.STDA.MCOS]”.

28 This process applies to intra-CSD as well as cross-CSD and external CSD settlement scenarios.

¹⁹ In case the settlement instruction on CSD Validation Hold process has matched, rules for bilateral cancellation will apply.

1 **Trigger:**

2 The Administering Party receives instruction details as a status advice, with the status as 'CoSD Hold'

3 **Preconditions:**

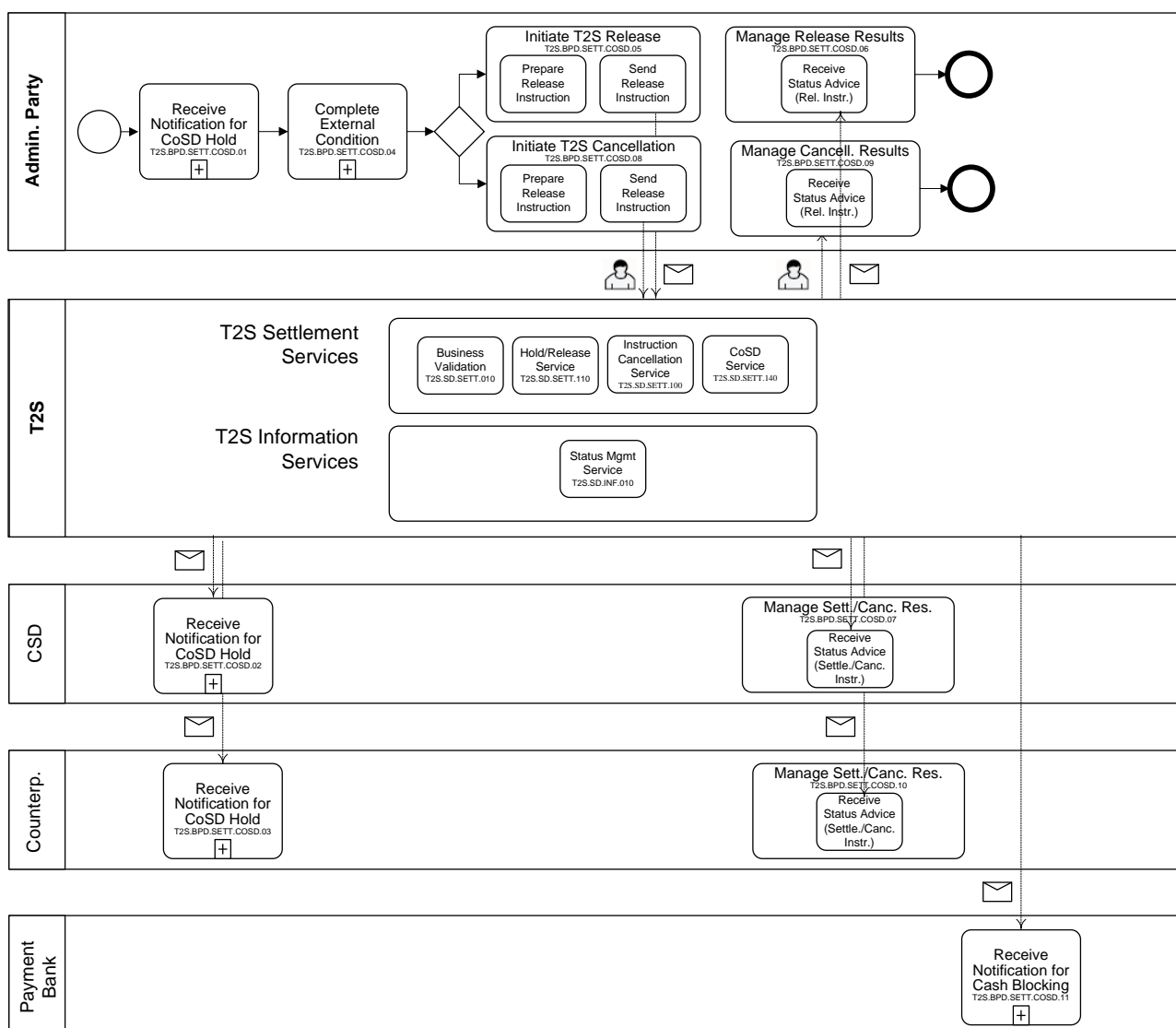
4 None

5 **T2S Instructing Party:**

6 Administering Party

7 **3.3.2 Business Process Diagram**

8 **Figure 3-3: Business Process Diagram [T2S.BPD.SETT.COSD]**



9

3.3.3 Business Process Description

3.3.3.1 Receive Notification for CoSD Hold

Reference ID	T2S.BPD.SETT.COSD.01
--------------	----------------------

T2S Actors: Administering Party (as CSD Participant)

Based on the CoSD rules set-up by the CSD, T2S identifies a settlement instruction from the CSD Participant as having a CoSD, generates a request for CoSD hold and executes it.

As a result, the Administering Party receives status advice for settlement instruction, with the status as 'CoSD hold'. The status advice contains the instruction details, including the instruction reference assigned by the CSD. Using this reference Administering Party could liaise with the CSD for initiating completion of the conditions external to T2S.

The Administering Party receives the below messages from T2S on the settlement date.

- Settlement instruction status advice with the status 'CoSD Hold'
- Status advice for the execution of the T2S generated 'Hold' instruction

Depending on the CoSD rules set-up by the CSD, T2S blocks the securities positions and/or cash related to the settlement instruction. Administering party receives

- Settlement instruction status advice with the reason as 'Waiting CoSD release'

The Administering Party receives the following messages from T2S:

Table 3-5: Messages from T2S [T2S.BPD.SETT.COSD.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Instruction is kept on 'CoSD hold' in T2S/ the blocking of securities/cash is complete ('Waiting CoSD release')	3.3.8.4
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Execution of the T2S generated CoSD hold instruction	3.3.8.10

References:

UDFS: Use Case "Send settlement instruction" (Chapter 2.3)

3.3.3.2 Receive Notification for CoSD Hold

Reference ID	T2S.BPD.SETT.COSD.02
--------------	----------------------

T2S Actors: CSD Participant

Once T2S identifies the settlement instruction as having CoSD, the CSD Participant receives the below messages from T2S.

- Settlement instruction status advice with the status 'CoSD Hold'
- Settlement instruction status advice for the execution of the T2S generated 'Hold' instruction

Depending on the CoSD rules set-up by the CSD, T2S blocks the securities positions and/or cash related to the settlement instruction. CSD Participant receives

- the confirmation messages for blocking of securities and/or cash
- the status advice with reason code 'Waiting CoSD release'

The CSD Participant receives the following messages from T2S:

Table 3-6: Messages from T2S [T2S.BPD.SETT.COSD.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Settlement instruction is kept on CoSD hold in T2S/ the blocking of securities/cash is complete ('Waiting CoSD release')	3.3.8.4
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Execution of the T2S generated CoSD hold instruction	3.3.8.10
IntraPositionMovementStatusAdviceV02	Semt.014.001.02	From T2S	CoSD Blocking of securities positions is successful	3.3.7.3
IntraBalanceMovementStatusAdviceV02	Camt.067.001.01	From T2S	CoSD Blocking of cash amount is successful	3.3.3.21

References:

UDFS: Use Case "Send settlement instruction" (Chapter 2.3)

3.3.3.3 Receive Notification for CoSD Hold

Reference ID	T2S.BPD.SETT.COSD.03
--------------	----------------------

T2S Actors: Counterparty

Once T2S identifies the settlement instruction as having CoSD, the Counterparty receives the status advice for its settlement instructing with a status as 'Counterparty instruction on CoSD hold'.

The Counterparty receives the following messages from T2S:

Table 3-7: Messages from T2S [T2S.BPD.SETT.COSD.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	CSD Participant's instruction is on CoSD hold	3.3.8.4

References:

UDFS: Use Case "Send settlement instruction" (Chapter 2.3)

3.3.3.4 Complete External Condition

Reference ID	T2S.BPD.SETT.COSD.04
--------------	----------------------

T2S Actors: Administering Party (as CSD Participant)

The Administering Party attempts to complete the external condition for the settlement instruction.

The remaining process flow depends upon the outcome of this sub-process: If the external condition is successfully completed, the Administering Party initiates the release of settlement instruction in T2S. If the external condition cannot be completed successfully, the Administering Party initiates the cancellation of settlement instruction in T2S.

3.3.3.5 Initiate T2S Release

Reference ID	T2S.BPD.SETT.COSD.05
--------------	----------------------

T2S Actors: Administering Party (as CSD Participant)

The Administering Party creates an instruction to release 'CoSD hold' and enriches it with details required for settlement processing in T2S and sends the Release Instruction to T2S.

For details regarding the release of a settlement instruction, refer to process "Release of settlement instruction [T2S.BPD.SETT.RELE]".

22

1 References:

2 UDFS: Use Case “Send Release Instruction for CoSD by Administering Party” (Chapter 2.6)

3 GUI BFD: T2S.GUI.SESE.INX.0060

4 **3.3.3.6 Manage Release Results**

Reference ID	T2S.BPD.SETT.COSD.06
--------------	----------------------

5 T2S Actors: Administering Party (as CSD Participant)

6 Administering party receives a status advice from T2S for execution of the release instruction.

7 For details regarding the messages received as a result of the release of a settlement instruction, refer to
8 process “Release of settlement instruction [T2S.BPD.SETT.RELE]”.

9 References:

10 UDFS: Use Case “Send Release Instruction for CoSD by Administering Party” (Chapter 2.6)

11 GUI BFD: T2S.GUI.SESE.INX.0060

12 **3.3.3.7 Manage Settlement Results/Cancellation Results**

Reference ID	T2S.BPD.SETT.COSD.07
--------------	----------------------

13 T2S Actors: CSD Participant and Counterparty

14 After the execution of the release request from Administering Party, T2S checks if there are still any other
15 CoSD holds on the instruction. In case there are other CoSD holds, T2S sends a status advice, specifying the
16 reason as ‘CoSD release rule, other rules remain’ to the CSD Participant. Once all the CoSD holds are
17 released, T2S sends a status advice specifying ‘no hold remains’ to the CSD Participant and the
18 Counterparty, who then initiate related internal processes.

19 In case the instruction is cancelled in T2S the CSD Participant and Counterparty receive the status advice
20 messages generated by T2S for the cancellation of the settlement Instruction.

21

1 The CSD Participant and the Counterparty receive the following message from T2S:

2 **Table 3-8: Messages from T2S [T2S.BPD.SETT.COSD.07]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	CoSD hold is released by one or all the administering parties/ Instruction is cancelled in T2S	3.3.8.4

3 References:

4 UDFS: Use Case “Send Release Instruction for CoSD by Administering Party” (Chapter 2.6), Use case
5 “Send Cancellation Instruction for CoSD by Administering Party” (Chapter 2.7)

6 GUI BFD: T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

7 **3.3.3.8 Initiate T2S Cancellation**

Reference ID	T2S.BPD.SETT.COSD.08
--------------	----------------------

8 T2S Actors: Administering Party (as CSD Participant)

9 The Administering Party creates the Cancellation Instruction and sends it to T2S.

10 For details regarding the cancellation of a settlement instruction, refer to process “Cancellation of Settlement
11 Instruction [T2S.BPD.SETT.CINS]”.

12 References:

13 UDFS: Use Case “Send Cancellation Instruction for CoSD by Administering Party” (Chapter 2.7)

14 GUI BFD: T2S.GUI.SESE.INX.0050

15 **3.3.3.9 Manage Cancellation Results**

Reference ID	T2S.BPD.SETT.COSD.09
--------------	----------------------

16 T2S Actors: Administering Party (as CSD Participant)

17 The Administering Party receives the status advice messages from T2S as a response to cancellation
18 Instruction.

19 In case, there are other administering parties for the same settlement instruction, and cancellation instructions
20 have not been received from all of them, then T2S does not inform the counterparty for a bilateral

- 1 cancellation request. T2S sends a status advice for the cancellation instruction to the Administering Party
 2 specifying 'CoSD cancellation pending from Administering Party'.
- 3 In case all the administering parties have already sent the cancellation instructions, and
- 4 • If the Counterparty has sent the cancellation instruction to T2S already, then T2S sends a status
 5 advice for the cancellation request with status as 'executed' to all administering parties. T2S cancels
 6 the settlement instruction
 - 7 • If the Counterparty has not sent the cancellation instruction to T2S already, then T2S sends a status
 8 advice to the Counterparty, specifying that the other CSD Participant has requested for cancellation
 9 of settlement instruction

10 **Table 3-9: Messages from T2S [T2S.BPD.SETT.COSD.09]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesTransacti onCancellationReq uestStatusAdviceV 02	sese.027.001.02	From T2S	Cancellation request from Administering Party is processed	3.3.8.6

- 11 References:
- 12 UDFS: Use Case "Send Cancellation Instruction for CoSD by Administering Party" (Chapter 2.7)
- 13 GUI BFD: T2S.GUI.SESE.INX.0050

14 **3.3.3.10 Manage Settlement Results/Cancellation Results**

Reference ID	T2S.BPD.SETT.COSD.10
--------------	----------------------

- 15 T2S Actors: Counterparty
- 16 In case the cancellation of instruction is initiated by all the administering parties, the Counterparty receives a
 17 cancellation allegement from T2S.
- 18 Following a cancellation instruction from the Counterparty, the instruction is cancelled in T2S. The
 19 Counterparty receives the status advice message with the status as cancelled from T2S.
- 20 For details regarding the messages received as a result of the cancellation of a settlement instruction, refer to
 21 process "Cancellation of Settlement Instruction [T2S.BPD.SETT.CINS]".
- 22 References:
- 23 UDFS: Use Case "Send Cancellation Instruction of a Settlement Instruction or a Settlement Restriction on
 24 Securities Position" (Chapter 2.11)

3.3.3.11 Receive Notification For Cash Blocking

Reference ID	T2S.BPD.SETT.COSD.11
--------------	----------------------

T2S Actors: Payment Bank

T2S completes the blocking of the cash amount, and informs the Payment Bank via a status advice message for intra-balance movement.

For details regarding the blocking of a cash balances, refer to process “Reservation or Blocking of Cash Balance [T2S.BPD.SETT.RBCB]”.

References:

UDFS: Use Case “Send Settlement Restriction on Cash Balance” (Chapter 2.5)

3.3.4 Description of T2S Services

3.3.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

Business Validation Service (T2S.SD.SETT.010)

This T2S service validates the Release Instruction and ensures the fulfilment of defined rules pertaining to the content of the fields.

Hold/Release Service (T2S.SD.SETT.110)

This T2S service manages the Hold status of the targeted settlement Instruction for the specified type of Hold given in the release Instruction.

Instruction Cancellation Service (T2S.SD.SETT.100)

This T2S service executes or denies a cancellation instruction and cancels settlement instructions and settlement restrictions according to the defined rules.

Conditional Securities Delivery Service (T2S.SD.SETT.140)

This T2S service validates the settlement instructions on the intended settlement date for CoSD rules defined and set-up in T2S by the CSD. The settlement instruction is subject to CoSD if one or more CoSD rules apply.

3.3.4.2 Information Services

T2S Service Class	Information Service Class
T2S Service Reference ID	T2S.SD.INF

Status Management Service (T2S.SD.INF.010)

This T2S service sends the processing/execution status of the Release Instruction and of the underlying settlement Instruction to the authorised T2S actors (CSD Participant side and counterparty side).

For details regarding the remaining T2S services involved, refer to process “Intra-CSD Settlement [T2S.BPD.SETT.ICSD]”.

3.4 Management of Auto-Collateralisation [T2S.BPD.SETT.ACOL]

3.4.1 Overview

This process describes the act of auto-collateralisation and reimbursement of auto-collateralisation in T2S. Auto-collateralisation in T2S facilitates settlement of transactions that would not have settled otherwise due to lack of cash or lack of securities. Auto-collateralisation can take place between Central Bank and Payment Bank (Central Bank collateralisation), or between a Payment Bank and its clients (client collateralisation). In case of Central Bank collateralisation, Central Bank must specify the collateralisation procedure (as Repo, Pledge, or pledge-sub) in the configuration of Central Bank auto-collateralisation rules (for details see BPD Maintenance of Auto-collateralisation Eligibility).

During the auto-collateralisation process T2S generates different settlement instructions, depending on the collateralisation procedure.

- When the collateralisation procedure is Repo or pledge: T2S creates settlement instructions for auto-collateralisation and reverse auto-collateralisation. The auto-collateralisation instructions settle along with the underlying settlement instruction that triggered auto-collateralisation. The reverse auto-collateralisation instructions are put on hold in T2S, on the side of the Payment Bank (i.e. the collateral giver in Central Bank collateralisation or the collateral taker in client collateralisation) until they are released by the Payment Bank.
- When the collateralisation procedure is pledge-sub: T2S creates a settlement instruction for auto-collateralisation as a payment free of delivery (PFOD) with quantity as zero. T2S also creates a settlement restriction to move collateral from ‘earmarked for auto-collateralisation’ position type into the ‘collateralised’ position type pledged to Central Bank within the Payment bank’s securities account. The settlement instruction and restriction settle along with the underlying settlement instruction that triggered auto-collateralisation.

- For the reverse auto-collateralisation, T2S creates a settlement instruction (as PFOD) and a settlement restriction to move the resources (cash amount, pledged securities) in the reverse direction of the auto-collateralisation. The settlement instruction and settlement restriction are linked with the intent of settling them together. The reverse auto-collateralisation instruction is put on hold.

The Payment Bank may initiate the reimbursement²⁰ of the auto-collateralisation by releasing the reverse auto-collateralisation instructions in T2S. In certain scenarios, wherein the settlement instruction does not settle in T2S due to lack of securities and there exist pending reverse auto-collateralisation instructions for the same securities, T2S releases the pending reverse-auto-collateralisation instruction on behalf of the Payment Bank (i.e. automatic substitution) to settle failing deliveries.

Trigger:

The Payment Bank (as CSD Participant) receives generation notification of auto-collateralisation and reverse auto-collateralisation settlement instructions

Preconditions:

None

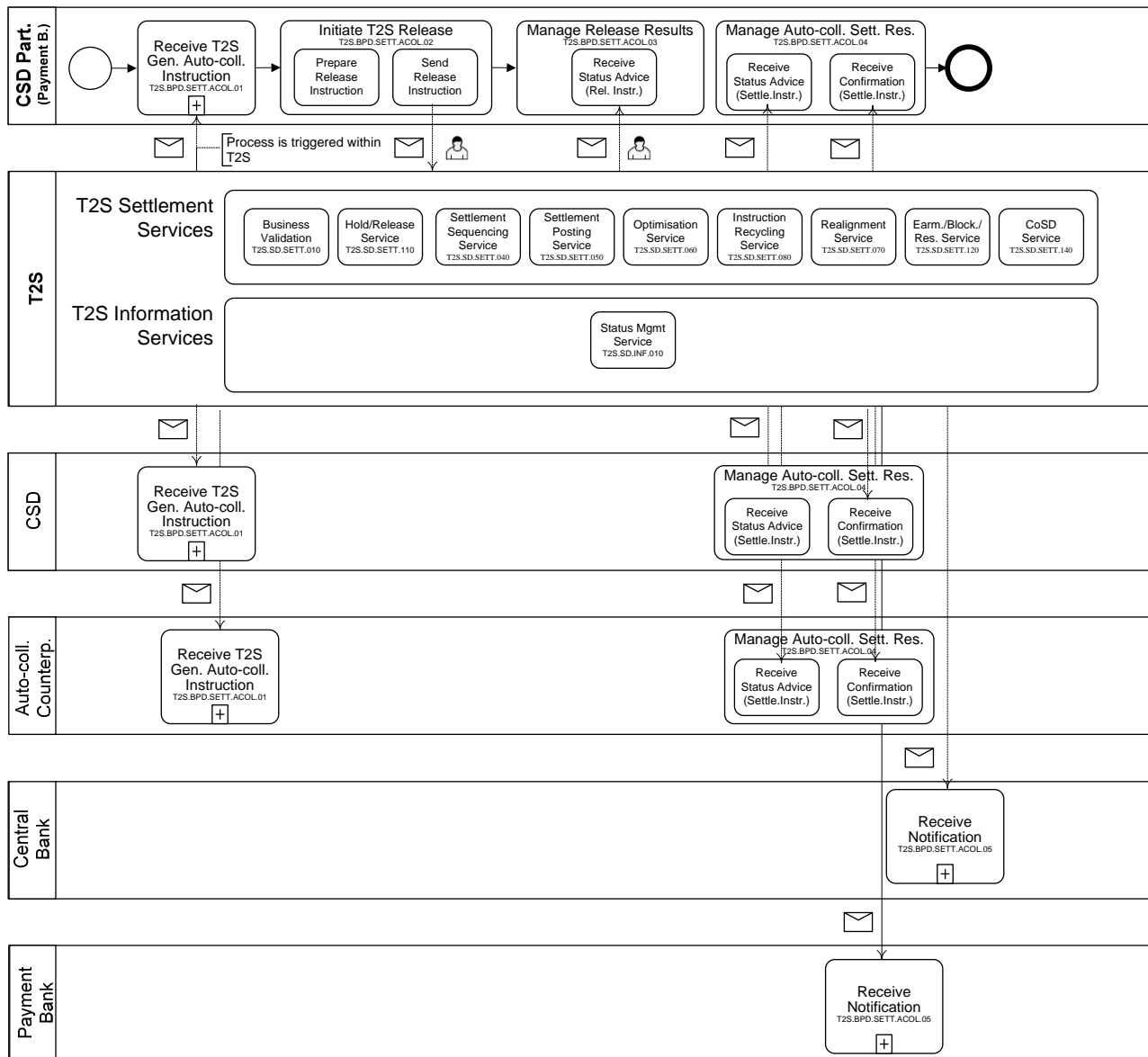
T2S Instructing Party:

Payment Bank (as CSD Participant)

²⁰ Central Bank collateralisation must be reimbursed on the same business day. T2S will automatically attempt settlement of pending reimbursement of Central Bank collateralisation at the end of the business day. The reimbursement of client collateralisation is up to the two parties and there is no automated procedure in T2S. The Payment Bank might need to adjust the limits for its clients during the start of the next business day to reflect the pending reverse collateralisation. Refer BPD 'Manage Limits'.

3.4.2 Business Process Diagram

Figure 3-4: Business Process Diagram [T2S.BPD.SETT.ACOL]



- 3
- 4 The Auto-collateralisation counterparty is,
- 5
 - Central Bank in case of Central Bank collateralisation
- 6
 - The client of the Payment Bank in case of client collateralisation

3.4.3 Business Process Description

3.4.3.1 Receive T2S Generated Auto-collateralisation Instruction

Reference ID	T2S.BPD.SETT.ACOL.01
--------------	----------------------

T2S Actors: Payment Bank (as CSD Participant), CSD, Auto-Collateralisation Counterparty

When T2S settles an instruction using the auto-collateralisation, the Payment Bank (as CSD Participant), CSD and Auto-Collateralisation Counterparty receive notifications related to auto-collateralisation from T2S.

- Notification of the generation of auto-collateralisation Settlement Instruction²¹
- Confirmation of the full settlement of the generated auto-collateralisation Settlement Instruction
- Notification of the generation of reverse auto-collateralisation Settlement Instruction. The generation notification for settlement instructions received by Payment Bank specifies that the instruction is put on "Party Hold".

When the auto-collateralisation procedure is pledge-sub, the Payment Bank (as CSD Participant), CSD and Auto-Collateralisation Counterparty additionally receive the following messages:

- Settlement confirmation of the intra position movement related to the auto-collateralisation
- Intra position movement status advice related to the reverse auto-collateralisation

The Payment Bank (as CSD Participant), CSD and Auto-Collateralisation Counterparty receive the following messages from T2S:

Table 3-10: Messages to T2S [T2S.BPD.SETT.ACOL.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of settlement instructions by T2S due to auto-collateralisation, reverse auto-collateralisation	3.3.8.11
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Full settlement of the auto-collateralisation instruction	3.3.8.5
IntraPositionMovementConfirmationV02	semt.015.001.02	From T2S	Auto-collateralisation (Pledge-sub) instruction is settled	3.3.7.4
IntraPositionMovementStatusAdviceV02	semt.014.001.02	From T2S	Reverse auto-collateralisation (Pledge-sub) instruction is generated by T2S, and is pending due to 'eligibility failure'	3.3.7.3

²¹ The auto-collateralisation process may involve usage of cross CSD securities. In such a scenario, T2S will create realignment instructions (see BPD Cross CSD Settlements).

1 References:

2 UDFS: Use Case “Send settlement Instruction” (Chapter 2.3)

3 GUI BFD: T2S.GUI.SESE.INX.0010

4 3.4.3.2 Initiate T2S Release

Reference ID	T2S.BPD.SETT.ACOL.02
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5 T2S Actors: Payment Bank (as CSD Participant)

6 The Payment Bank (as CSD Participant) initiates reimbursement of auto-collateralisation when it identifies a
7 need.

8 The Payment Bank (as CSD Participant) creates release Instruction²² and enriches it with details required for
9 settlement processing in T2S and sends the Release Instruction to T2S.

10 For details regarding the release of a settlement instruction, refer to process “Release of Settlement
11 Instruction [T2S.BPD.SETT.RELE]”.

12 3.4.3.2.1 Prepare release instruction

Reference ID	T2S.BPD.SETT.ACOL.02.01
--------------	-------------------------

13 The Payment Bank (as CSD Participant) creates the Release Instruction which includes T2S specific
14 information such as the reference of the reverse-auto-collateralisation settlement instruction to be released,
15 T2S securities account number and the type of Release to be applied (as Party hold).

16 3.4.3.2.2 Send instruction to T2S

Reference ID	T2S.BPD.SETT.ACOL.02.02
--------------	-------------------------

17 The Payment Bank (as CSD Participant) converts the Release Instruction enriched with T2S specific
18 information into the required message format and transmits it to T2S.

19 The instruction of T2S is also possible via the T2S GUI.

20 The Payment Bank (as CSD Participant) sends the following message to T2S:

21 **Table 3-11: Messages to T2S [T2S.BPD.SETT.ACOL.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
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²² In case of pledge-sub collateralisation procedure, Payment bank releases the PFOD instruction. The linked settlement restriction settles along with the PFOD instruction.

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementConditionModificationRequest	sese.030.001.02	To T2S	3.3.8.9

1 3.4.3.3 Manage Release Results

Reference ID	T2S.BPD.SETT.ACOL.03
--------------	----------------------

2 T2S Actors: Payment Bank (as CSD Participant)

3 The Payment Bank (as CSD Participant) receives status advice messages for the release instruction from T2S
4 and initiates related internal processes.

5 If T2S has been instructed via the T2S GUI the status is shown on the screen.

6 For details regarding the release of a settlement instruction, refer to process “Release of Settlement
7 Instruction [T2S.BPD.SETT.RELE]”.

8 Table 3-12: Messages from T2S [T2S.BPD.SETT.ACOL.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.02	From T2S	Release instruction is rejected/ accepted/ denied/ executed by T2S	3.3.8.10

9 3.4.3.4 Manage Auto-Collateralisation Settlement Results

Reference ID	T2S.BPD.SETT.ACOL.04
--------------	----------------------

10 T2S Actors: Payment Bank (as CSD Participant), CSD, Auto-collateralisation Counterparty

11 The Payment Bank (as CSD Participant), CSD and Auto-collateralisation Counterparty receive settlement
12 related messages from T2S and initiate related internal processes.

13 3.4.3.4.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.ACOL.04.01
--------------	-------------------------

14 The Payment Bank (as CSD Participant), CSD and Auto-collateralisation Counterparty receives status advice
15 messages for every status change or reason code update to the reverse auto-collateralisation instructions/ T2S
16 generated instructions in T2S.

17 The Payment Bank (as CSD Participant), CSD and Auto-collateralisation Counterparty receive the following
18 message form T2S:

1 **Table 3-13: Messages from T2S [T2S.BPD.SETT.ACOL.04.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of reverse auto-collateralisation instruction/ T2S generated instruction	3.3.8.4

2 **3.4.3.4.2 Receive Confirmation**

Reference ID	T2S.BPD.SETT.ACOL.04.02
--------------	-------------------------

3 The Payment Bank (as CSD Participant), CSD and Auto-collateralisation Counterparty receive and validate
 4 settlement confirmation messages for the reverse auto-collateralisation instructions and the T2S generated
 5 settlement instructions.

6 The Payment Bank (as CSD Participant), CSD and Auto-collateralisation Counterparty receive the following
 7 message form T2S:

8 **Table 3-14: Messages from T2S [T2S.BPD.SETT.ACOL.04.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Full settlement of the settlement instruction	3.3.8.5

9 **3.4.3.5 Receive notification**

Reference ID	T2S.BPD.SETT.ACOL.05
--------------	----------------------

10 T2S Actors: Payment Bank, Central Bank

11 The settlement of auto-collateralisation instruction, reverse auto-collateralisation instruction results in the
 12 debit or credit of one of the T2S dedicated cash accounts of Payment bank and Central Bank. As a result of
 13 this, the Payment Bank and Central Bank receives a notification from T2S for the cash postings. If the cash
 14 posting has resulted in the cash amount in the T2S dedicated cash account being less than the floor threshold
 15 or more than the ceiling threshold, T2S sends a second notification message.

16 The Payment Bank and Central Bank may conduct additional tasks such as updating cash registers of the
 17 Payment Bank and Central Bank and liquidity management activities (e.g. resulting in a transfer of cash from
 18 or to T2S).

19 The Payment Bank and Central Bank receive the following messages from T2S:

1 **Table 3-15: Messages from T2S [T2S.BPD.SETT.ACOL.05]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

2 **3.4.4 T2S Service Description**

3 For details regarding the T2S services involved, refer to process “Intra-CSD Settlement
4 [T2S.BPD.SETT.ICSD]” and “Hold of Settlement Instruction [T2S.BPD.SETT.HOLD]”.

5 **3.5 Reservation or Blocking of Securities Position [T2S.BPD.SETT.RBSP]**

6 **3.5.1 Overview**

7 This process describes the act of reserving or blocking a certain quantity of securities within a securities
8 account. The CSD or CSD Participant (if directly connected) may reserve or block a securities position for
9 the purpose of ensuring the settlement of a particular settlement instruction in the future, or to prevent the use
10 of specific securities for settlement in order to perform a process (e.g. corporate action). The process of
11 reserving or blocking a securities position results in a transfer from one securities position into another one.

- 12 • Blocking is a process which prevents the transfer of a specified quantity of a security in one
13 securities account to any other securities account by associating it to a specific transaction or specific
14 purpose. Blocking in T2S may never result in a negative position. A blocking instruction is never
15 partially executed. The settlement of the underlying settlement instruction results in the actual
16 transfer of the blocked holdings to another securities account and in the subsequent removal of the
17 blocking.
- 18 • Reservation is a process, which prevents the transfer of a securities position in a specific security in
19 one securities account to any other securities account except for the purpose for which the position
20 was reserved. The settlement of the underlying settlement instruction results in the actual transfer of
21 the reserved holdings to another securities account and in the subsequent removal of the reservation.
22 It is possible to reserve a position greater than the securities position on the securities account. (pre-
23 emptation mechanism)

1 For details regarding the unreservation or unblocking of a securities position refer to process “Unreservation
2 or Unblocking of Securities Position [T2S.BPD.SETT.UUSP]”.

3 For details regarding the restriction of static data objects (e.g. securities accounts), refer to section “Static
4 Data Restriction Processes”.

5 **Trigger:**

6 The CSD or CSD Participant receives details for reserving or blocking the securities position

7 **Preconditions:**

- 8 • Securities account containing the securities position to be reserved or blocked is known
- 9 • Blocking or reservation restriction reference is known, when an existing blocking or reservation
10 should be increased²³
- 11 • The restriction type Id that are referenced are known (set-up by the CSD or the T2S Operator.)

12 **T2S Instructing Party:**

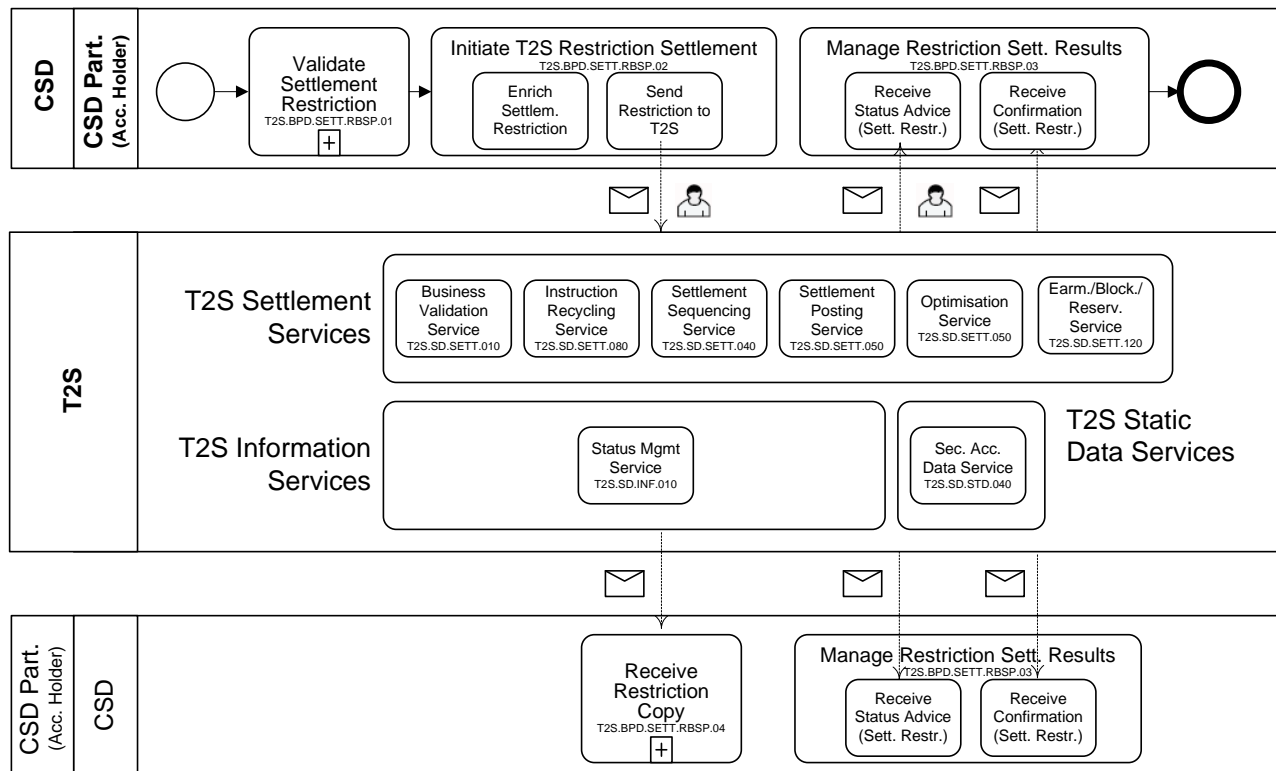
13 There are two scenarios for the instruction of T2S.

- 14 • Scenario A: CSD instructs T2S
- 15 • Scenario B: CSD Participant instructs T2S

²³ The restriction reference is used also for decrease. This part is covered in the variation of this BPD.

3.5.2 Business Process Diagram

Figure 3-5: Business Process Diagram [T2S.BPD.SETT.RBSP]



3.5.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

3.5.3.1 Validate Settlement Restriction

Reference ID	T2S.BPD.SETT.RBSP.01
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T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] checks all the details in the settlement restriction on securities position against the reference data (maintained by the CSD or CSD Participant if directly connected).

3.5.3.2 Initiate T2S Restriction Settlement

Reference ID	T2S.BPD.SETT.RBSP.02
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

1 The CSD [CSD Participant] enriches the settlement restriction on securities position with details required for
2 settlement processing in T2S and sends the settlement restriction on securities position to T2S.

3 References:

4 UDFS: Use Case „Send Settlement Restriction on Securities position“(Chapter 2.4)

5 GUI BFD: T2S.GUI.SESE.INX.0070

6 3.5.3.2.1 Enrich Settlement Restriction

Reference ID	T2S.BPD.SETT.RBSP.02.01
--------------	-------------------------

7 The CSD [CSD Participant] enriches the settlement restriction on securities position with T2S specific
8 information such as securities account reference²⁴, quantity of securities to be blocked or reserved, ISIN. The
9 balance From and balance To need to be filled with the restriction type Id already defined by the T2S
10 Operator or the CSD.

11• In the balance From, the allowed Restriction type Ids are the ones pertaining to “Deliverable”, “earmarking”
12 or “earmarking for auto-collateralisation” processing types.

13• In the balance To, the allowed Restriction type Ids are the ones pertaining to the “Blocking” or
14 “Reservation” processing types.

15 In case the CSD [CSD Participant] specifies a restriction reference²⁵, the blocked or reserved securities
16 position referred to in the balance To will be increased. If not, a new restricted securities position will be
17 created. It is possible to create multiple restriction references (i.e. bucket of securities) under the same
18 restriction type Id. Also one restriction reference can be increased, decreased, used several times.

²⁴ It is possible to block or reserve securities in an earmarked securities account. The balance From of the blocking or reservation instruction should contain the restriction type Id that was used to earmark the securities account.

²⁵ This restriction reference was provided in the confirmation of the set-up of the blocked or reserved securities position.

1 **Figure 3-6: Enrich Settlement Restriction [T2S.BPD.SETT.RBSP.02.01]**

Blocking	Set-up		Increase	
Balance FROM	"Deliverable"	"Earmarking"	"Deliverable"	"Earmarking"
Balance TO	"Blocking"	"Blocking"	"Blocking"	"Blocking"
Restriction reference	Empty	Empty	REFXXX	REFXXX
Reservation	Set-up		Increase	
Balance FROM	"Deliverable"	"Earmarking"	"Deliverable"	"Earmarking"
Balance TO	"Reservation"	"Reservation"	"Reservation"	"Reservation"
Restriction reference	Empty	Empty	REFXXX	REFXXX

2

3 **3.5.3.2.2 Send Restriction to T2S**

Reference ID	T2S.BPD.SETT.RBSP.02.02
--------------	-------------------------

4 The CSD [CSD Participant] converts the enriched settlement restriction message on securities position
5 enriched with T2S specific information into the required message format and transmits it to T2S.

6 The instruction of T2S is also possible via the T2S GUI.

7 The CSD [CSD Participant] sends the following message to T2S:

8 **Table 3-16: Messages to T2S [T2S.BPD.SETT.RBSP.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
IntraPositionMovementInstruction	semt.013.001.02	To T2S	3.3.7.2

9 **3.5.3.3 Manage Restriction Settlement Results**

Reference ID	T2S.BPD.SETT.RBSP.03
--------------	----------------------

10 T2S Actors: CSD and CSD Participant (both scenarios)

11 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
12 processes. Every outbound message in this BPD is subject to message subscription.

13 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
14 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
15 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

1 References:

2 UDFS: Use Case “Send Settlement Restriction on Securities position” (Chapter 2.4)

3 GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020,
4 T2S.GUI.SESE.INX.0030

5 3.5.3.3.1 Receive Status Advice (Settlement Restriction)

Reference ID	T2S.BPD.SETT.RBSP.03.01
--------------	-------------------------

6 The CSD and CSD Participant can receive status advices notifying

- 7 • Rejection of the settlement restriction on securities position,
- 8 • Acceptance of the settlement restriction on securities position,
- 9 • Eligibility failure of the settlement restriction on securities position,
- 10 • Provision check failure of the settlement restriction on securities position
- 11 • The remaining to be settled quantity of a reservation that has partially settled
- 12 • A pending status for blocking

13 If T2S has been instructed via the T2S GUI the status is shown on the screen.

14 Following the message reception, other internal activities might be conducted such as:

- 15 • Aligning the status of the settlement restriction on securities position in the CSD’s or CSD
16 Participant’s systems with the status in T2S,
- 17 • Triggering notification to CSD Participants if the CSD instructed on their behalf,
- 18 • Analysing the failed instruction or a failed provision check

19 The CSD and CSD Participant receive the following messages from T2S:

20 **Table 3-17: Messages from T2S [T2S.BPD.SETT.RBSP.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMove mentStatusAdvice/ “Rejected”	semt.014.001.02	From T2S	Failed business validation	3.3.7.3
IntraPositionMove mentStatusAdvice/ “Accepted”	semt.014.001.02	From T2S	Positive business validation	3.3.7.3

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMovementStatusAdvice/ "Eligibility failure"	semt.014.001.02	From T2S	Eligibility failure	3.3.7.3
IntraPositionMovementStatusAdvice/ "Intraday restriction"	semt.014.001.02	From T2S	Intra-day restriction detected by T2S	3.3.7.3
IntraPositionMovementStatusAdvice/ "Provision check failure"	semt.014.001.02	From T2S	Provision check failure	3.3.7.3
IntraPositionMovementStatusAdvice/ "Partial settlement (unsettled part)" ²⁶	semt.014.001.02	From T2S	Pending part of a reservation restriction that has partially settled	3.3.7.3
Pending ²⁷	semt.014.001.02	From T2S	Blocking pending status	3.3.7.3

1 3.5.3.3.2 Receive Confirmation (Settlement Restriction)

Reference ID	T2S.BPD.SETT.RBSP.03.02
--------------	-------------------------

2 The CSD and CSD Participant receive:

- 3 • in the case of blocking from T2S: one settlement confirmation indicating the settlement status (i.e.
- 4 full settlement);
- 5 • in the case of reservation from T2S: one or more (due to pre-emption) settlement confirmations
- 6 indicating the settlement status (i.e. full, partial or last partial settlement);

7 Following the message reception, other internal activities might be conducted such as:

²⁶ In case of reservation, the settlement restriction on securities can settle in several attempts (pre-emption)

²⁷ Due to CASG Change Request approved, there is no partial execution of blocking anymore – waiting the next UDFS version to get the proper usage name.

- aligning the status of the settlement restriction on securities position in the CSD's or CSD Participant's systems with the status in T2S,
- initiating actions in case of partial settlement of the restriction,
- triggering notification to CSD Participants in case the CSD instructed on their behalf,
- storing the restriction reference transmitted by T2S for later use, increase, decrease of the blocked/reserved securities position;

The CSD and CSD Participant receive the following messages from T2S:

Table 3-18: Messages from T2S [T2S.BPD.SETT.RBSP.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMove mentConfirmation/ "Full Settlement"	semt.015.001.02	From T2S	The restriction for blocking or reservation has fully settled	3.3.7.4
IntraPositionMove mentConfirmation/ "Last Partial Settlement"	semt.015.001.02	From T2S	The last partial settlement of a reservation has occurred.	3.3.7.4
IntraPositionMove mentConfirmation/ "Partial settlement (settled part)"	semt.015.001.02	From T2S	Partial settlement of a reservation is confirmed (not the last)	3.3.7.4

3.5.3.4 Receive Restriction Copy

Reference ID	T2S.BPD.SETT.RBSP.04.
--------------	-----------------------

T2S Actors: CSD Participant (Scenario A)/CSD (Scenario B)

The CSD Participant [CSD] receives the copy of the inbound settlement restriction on securities position after it has been validated by T2S. The CSD Participant [CSD] initiates the relevant internal processes.

1 The CSD Participant [CSD] receives the following message from T2S:

2 **Table 3-19: Messages from T2S [T2S.BPD.SETT.RBSP.04]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMove mentInstruction	semt.013.001.02	From T2S	After validation of inbound blocking or reservation instruction	3.3.7.2

3 3.5.4 Description of T2S Services

4 3.5.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

5 **Business Validation Service (T2S.SD.SETT.010)**

6 This T2S service validates the settlement restrictions and ensures the fulfilment of defined rules pertaining to
7 the content of the fields in the settlement restrictions.

8 **Settlement Sequencing Service (T2S.SD.SETT.040)**

9 Each settlement cycle contains a set of sequences. The types of instructions that a sequence processes are
10 pre-defined. This T2S service extracts all settlement restrictions related to a particular sequence and submits
11 them for settlement. Sequencing applies to Night-Time Settlement only.

12 **Settlement Posting Service (T2S.SD.SETT.050)**

13 This T2S service performs the provisioning and booking of the settlement restrictions, i.e. moves the
14 securities between the individual positions.

15 **Optimisation Service (T2S.SD.SETT.060)**

16 This T2S service optimises the settlement of restrictions, to maximise the volume and value of settlement.
17 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, and partial
18 settlement.

19 **Instruction Recycling Service (T2S.SD.SETT.080)**

20 This T2S service recycles restrictions that are unsettled in previous attempts.

21 **Earmarking, blocking and reservation service (T2S.SD.SETT 120)**

22 This T2S service is responsible for the blocking (T2S.SD.SETT.122) and the reservation
23 (T2S.SD.SETT.123) of securities position. This service maintains the references for all the blocked and
24 reserved positions.

1 3.5.4.2 Information services

T2S Service Class	Information Service Class
T2S Service Reference ID	T2S.SD.INF.010

2 Status Management Service (T2S.SD.INF.010)

3 The Status Management Service (T2S.SD.INF.010) sends the status of the restrictions to the authorised T2S
4 actors.

5 3.5.4.3 Static Data Management Services

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S.SD.STD

6 Securities Account Data Service (T2S.SD.STD.040)

7 This service is responsible for the handling of the position types on the securities account.

8 3.6 Unreservation or Unblocking of Securities Position [T2S.BPD.SETT.UUSP]

9 3.6.1 Overview

10 This process describes the act of unreserving or unblocking a certain quantity of securities within a securities
11 account. It results in a transfer from one restricted securities position into an available one. Instructing party
12 may free some securities in order to make them available for settlement.

13 It is to be noted that a restriction reference can be set to zero and reused later for further increases.

14 For details regarding the restriction of static data objects (e.g. securities accounts), refer to section “Static
15 Data Restriction Processes”.

16 This process is a variation of the process “Reservation or Blocking of Securities Position
17 [T2S.BPD.SETT.RBSP]”. The steps highlighted in the diagram below require particular attention.

18 Trigger:

19 The CSD or CSD Participant needs to unblock or unreserve the securities position

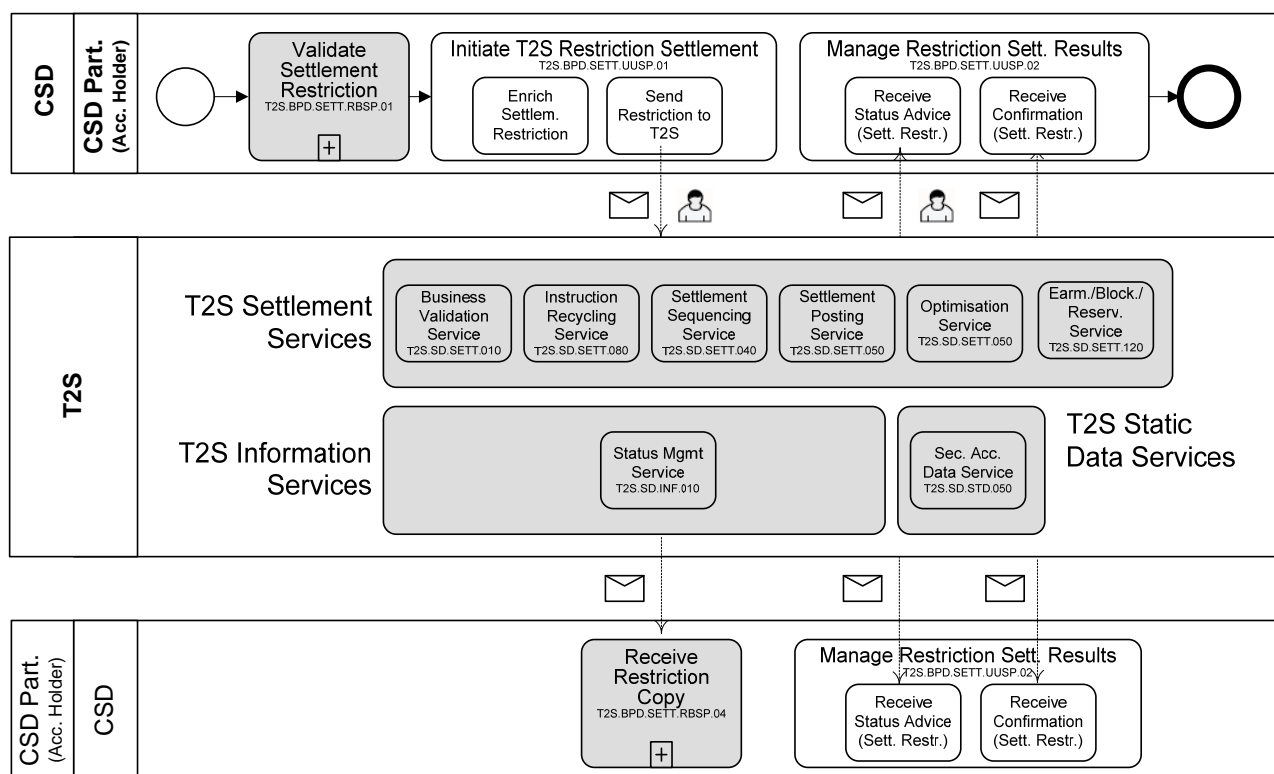
20 Preconditions:

- 21 • Securities account containing the securities position to be unreserved or unblocked is known
- 22 • Blocking or reservation restriction reference in T2S is known
- 23 • The restriction type Id that are referenced are known (set-up by the CSD or the T2S operator.) and
24 are valid

- 1 **T2S Instructing Party:**
- 2 There are two scenarios for the instruction of T2S.
- 3 • Scenario A: CSD instructs T2S
- 4 • Scenario B: CSD Participant instructs T2S

3.6.2 Business Process Diagram

6 **Figure 3-7: Business Process Diagram [T2S.BPD.SETT.UUSP]**



3.6.3 Business Process Description

3.6.3.1 Initiate T2S Restriction Settlement

Reference ID	T2S.BPD.SETT.UUSP.01
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- 10 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)
- 11 The CSD [CSD Participant] enriches the settlement Restriction on a securities position with details required
- 12 for settlement processing in T2S and sends the settlement restriction on securities position to T2S.
- 13 References:
- 14 UDFS: Use Case “Send Settlement Restriction on Securities position” (Chapter 2.4)
- 15 GUI BFD: T2S.GUI.SESE.INX.0070

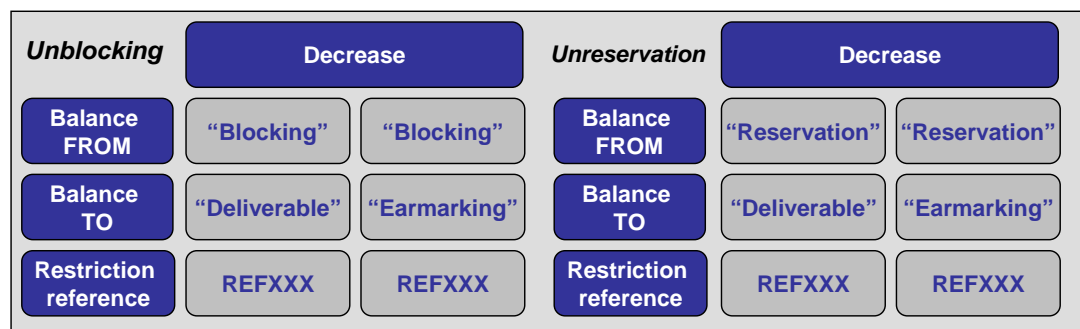
3.6.3.1.1 Enrich Settlement Restriction

Reference ID	T2S.BPD.SETT.UUSP.01.01
--------------	-------------------------

The CSD [CSD Participant] enriches the settlement restriction on securities position with T2S specific information like securities account reference, quantity of securities to be unblocked or unreserved, ISIN. The balance From and balance To need to be filled with the restriction type Id already defined by the T2S operator or the CSD.

- In the balance From, the allowed Restriction type Ids are the ones pertaining to “Blocking²⁸” or “Reservation” processing types.
- In the balance To, the allowed Restriction type Ids are the ones pertaining to the “Deliverable”, “Earmarking” and “earmarking for auto-collateralisation” processing types.
- The restriction reference identifying the securities position to be decreased need to be specified

Figure 3-8: Enrich Settlement Restriction [T2S.BPD.SETT.UUSP.01.01]



3.6.3.1.2 Send Restriction to T2S

Reference ID	T2S.BPD.SETT.UUSP.02.02
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The CSD [CSD Participant] converts the enriched settlement restriction message on securities position enriched with T2S specific information into the required message format and transmits it to T2S.

The instruction of T2S is also possible via the T2S GUI.

The CSD [CSD Participant] sends the following message to T2S:

Table 3-20: Messages to T2S [T2S.BPD.SETT.UUSP.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
IntraPositionMovementI	semt.013.001.02	To T2S	3.3.7.2

²⁸ “CoSD Blocking” processing type not allowed

nstruction			
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1

2 3.6.3.2 Manage Restriction Settlement Results

Reference ID	T2S.BPD.SETT.UUSP.02
---------------------	----------------------

3 T2S Actors: CSD and CSD Participant (both scenarios)

4 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
5 processes.

6 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
7 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
8 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

9 References:

10 UDFS: Use Case “Send Settlement Restriction on Securities position” (Chapter 2.4)

11 GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020,
12 T2S.GUI.SESE.INX.0030

13 3.6.3.2.1 Receive Status Advice (Settlement Restriction)

Reference ID	T2S.BPD.SETT.UUSP.02.01
---------------------	-------------------------

14 The CSD and CSD Participant can receive status advices notifying

- 15 • Rejection of the settlement restriction on securities position,
- 16 • Acceptance of the settlement restriction on securities position,
- 17 • Eligibility failure of the settlement restriction on securities position,
- 18 • Provision check failure of the settlement restriction on securities position
- 19 • A pending status for unblocking

20 If T2S has been instructed via the T2S GUI the status is shown on the screen.

21 Following the message reception, other internal activities might be conducted such as:

- 22 • Aligning the status of the settlement restriction on securities position in the CSD or CSD
23 Participant’s systems with the status in T2S,
- 24 • Triggering notification to CSD Participants in case the CSD instructed on their behalf,
- 25 • Performing analysis after a failed instruction or a failed provision check

1 The CSD and CSD Participant receive the following messages from T2S:

2 **Table 3-21: Messages from T2S [T2S.BPD.SETT.UUSP.02.01]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentStatusAdvice / "Rejected"	semt.014.001.02	From T2S	Failed business validation	3.3.7.3
IntraPositionMove mentStatusAdvice / "Accepted"	semt.014.001.02	From T2S	Positive business validation	3.3.7.3
IntraPositionMove mentStatusAdvice / "Eligibility failure"	semt.014.001.02	From T2S	Eligibility failure	3.3.7.3
IntraPositionMove mentStatusAdvice / "Intraday restriction"	semt.014.001.02	From T2S	Intra-day restriction detected by T2S	3.3.7.3
IntraPositionMove mentStatusAdvice / "Provision check failure"	semt.014.001.02	From T2S	Provision check failure	3.3.7.3
Pending ²⁹	semt.014.001.02	From T2S	Blocking pending status	3.3.7.3

3 **3.6.3.2.2 Receive Confirmation (Settlement Restriction)**

Reference ID	T2S.BPD.SETT.UUSP.02.02
---------------------	-------------------------

4 The CSD and CSD Participant receive

- 5 • In the case of unblocking from T2S one settlement confirmation indicating the settlement status (i.e.
- 6 full settlement);

²⁹ CASG Change request

- In the case of unreservation from T2S one settlement confirmations indicating the settlement status (i.e. full or partial settlement);

Following the message reception, other internal activities might be conducted such as:

- Aligning the status of the settlement restriction on securities position in the CSD or CSD Participant's systems with the status in T2S,
- Initiate actions in case of partial settlement of the restriction,
- Triggering notification to CSD Participants in case the CSD instructed on their behalf,

The CSD and CSD Participant receive the following messages form T2S:

Table 3-22: Messages from T2S [T2S.BPD.SETT.UUSP.02.02]

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentConfirmation / "Full Settlement"	semt.015.001.02	From T2S	The restriction for unblocking or unreservation has fully settled	3.3.7.4
IntraPositionMove mentConfirmation / "Partial execution"	semt.015.001.02	From T2S	The restriction for unreservation has fully settled	3.3.7.4

3.6.4 Description of T2S services

There is no deviation from the base process regarding the T2S services involved.

3.7 Earmarking of Securities Position [T2S.BPD.SETT.EARM]

3.7.1 Overview

This process describes the act of earmarking a securities position in T2S. A CSD or CSD Participant can send a settlement restriction instruction (on securities) to earmark a securities position for a given purpose.

Earmarking is the process of specifying that a specified quantity of a security in one securities account is only eligible for specific type of transactions or processes. For example, a bank can earmark a securities position in a securities account for use as eligible collateral.

As a result of the settlement instruction a certain quantity of securities position is tranferred from one position type such as deliverable/ earmarked into another within the same securities account.

For details regarding the unearmarking of a securities position, refer to process "Unearmarking of Securities Position [T2S.BPD.SETT.UEAR]".

1 For details regarding the restriction of static data objects (e.g. securities accounts), refer to section “Static
2 Data Restriction Processes”.

3 **Trigger:**

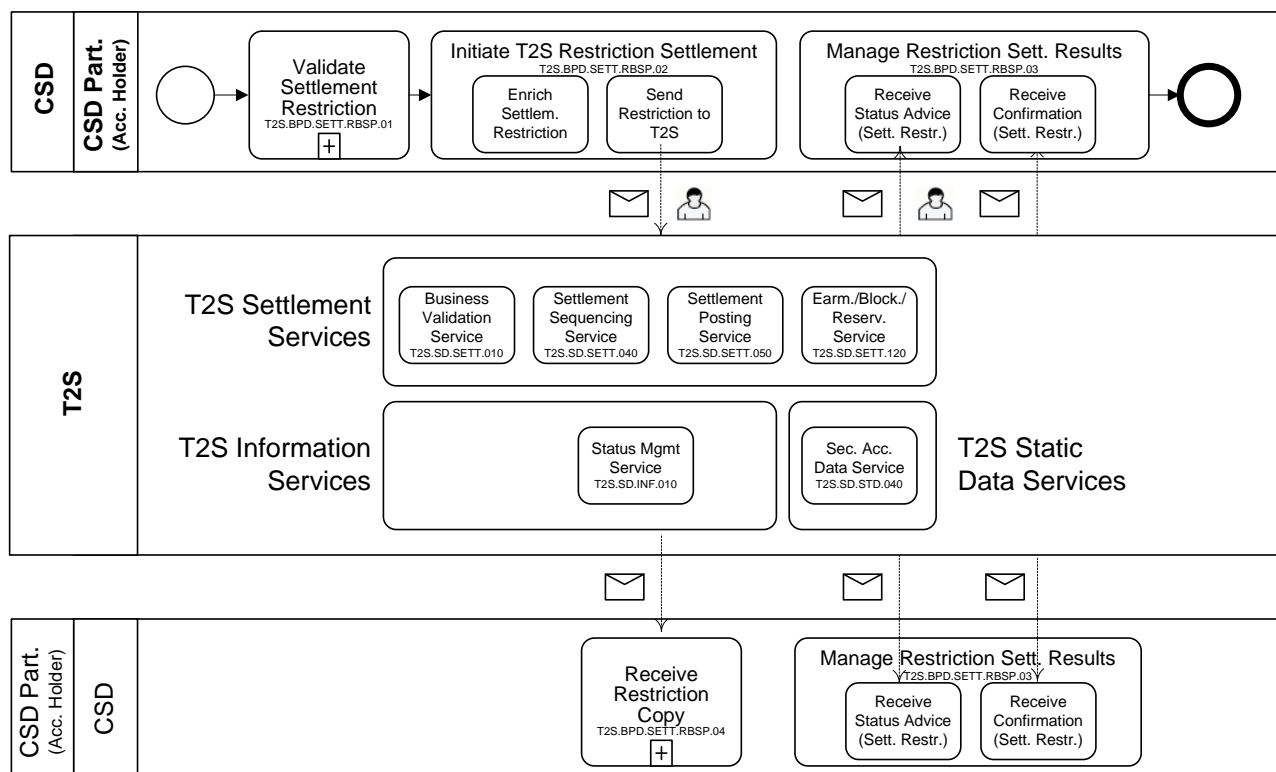
4 The CSD or CSD Participant receives details for earmarking the securities position

5 **Preconditions:**

- 6 • Securities account containing the securities position to be earmarked is known
- 7 • The restriction type Id codes signifying the “earmarked” position types that are referenced are known
- 8 (set-up by the CSD or the T2S operator.) to the market participants

9 **3.7.2 Business Process Diagram**

10 **Figure 3-9: Business Process Diagram [T2S.BPD.SETT.EARM]**



12 **3.7.3 Business Process Description**

13 **3.7.3.1 Validate Settlement Restriction**

Reference ID	T2S.BPD.SETT.EARM.01
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14 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

1 The CSD [CSD Participant] checks all the details of the settlement restriction on securities position against
2 the reference data (maintained by the CSD or CSD Participant if directly connected).

3 3.7.3.2 Initiate T2S Restriction Settlement

Reference ID	T2S.BPD.SETT.EARM.02
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4 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

5 The CSD [CSD Participant] enriches the settlement restriction on a securities position with the details
6 required for settlement processing in T2S and sends the settlement restriction on securities position to T2S.

7 References:

8 UDFS: Use Case “Send Settlement Restriction on Securities position”(Chapter 2.4)

9 GUI BFD: T2S.GUI.SESE.INX.0070

10 3.7.3.2.1 Enrich Settlement Restriction

Reference ID	T2S.BPD.SETT.EARM.02.01
--------------	-------------------------

11 The CSD [CSD Participant] enriches the settlement restriction on securities position with T2S specific
12 information like T2S securities account reference, quantity of securities to be earmarked, ISIN. The Balance
13 From and Balance To need to be filled with the restriction type Id already defined by the T2S operator or the
14 CSD.

- 15 • In the Balance From³⁰, the allowed Restriction type Ids are the ones pertaining to “Deliverable”,
16 “Blocking”, “Reservation”, and “Earmarking” or “Earmarking for auto-collateralisation” processing
17 types. (Any in T2S except the “collateralised” and “CoSD blocking” processing types)
- 18 • In the Balance To, the allowed Restriction type Ids are the ones pertaining to the “Earmarking” and
19 “earmarking for auto-collateralisation” processing types.

20 3.7.3.2.2 Send Restriction to T2S

Reference ID	T2S.BPD.SETT.EARM.02.02
--------------	-------------------------

21 The CSD [CSD Participant] converts the settlement restriction on securities position enriched with T2S
22 specific information and transmits it to T2S.

23 The instruction of T2S is also possible via the T2S GUI.

1 The CSD [CSD Participant] sends the following message to T2S:

2 **Table 3-23: Messages to T2S [T2S.BPD.SETT.EARM.02.02]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentInstruction	semt.013.001.02	To T2S	Need to earmark securities position	3.3.7.2

3 **3.7.3.3 Manage Restriction Settlement Results**

Reference ID	T2S.BPD.SETT.EARM.03
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4 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

5 The CSD [CSD Participant] receives the settlement related messages from T2S and initiates related internal
6 processes.

7 References:

8 UDFS: 2.4 Send Settlement Restriction on Securities position

9 GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020,
10 T2S.GUI.SESE.INX.0030

11 **3.7.3.3.1 Receive Restriction Status Advice**

Reference ID	T2S.BPD.SETT.EARM.03.01
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12 For this activity the CSD [CSD Participant] can receive status advices informing

- 13 • Rejection of the settlement restriction on securities position,
- 14 • Acceptance of the settlement restriction on securities position,
- 15 • Eligibility failure of the settlement restriction on securities position,
- 16 • Intraday restriction on the settlement restriction on securities position
- 17 • Provision check failure of the settlement restriction on securities position

18 If T2S has been instructed via the T2S GUI the status is shown on the screen.

19 Following the message reception, other internal activities might be conducted such as:

- 20 • Aligning the status of the settlement restriction on securities position in the CSD or CSD
21 Participant's systems with the status in T2S,
- 22 • Triggering notification to CSD Participants in case the CSD instructed on their behalf,

- Performing analysis after a failed settlement restriction on securities position or a failed provision check

The CSD [CSD Participant] receives the following messages from T2S:

Table 3-24: Messages from T2S [T2S.BPD.SETT.EARM.03.01]

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMovementStatusAdvice / "Rejected"	semt.014.001.02	From T2S	Failed business validation	3.3.7.3
IntraPositionMovementStatusAdvice / "Accepted"	semt.014.001.02	From T2S	Positive business validation	3.3.7.3
IntraPositionMovementStatusAdvice / "Eligibility failure"	semt.014.001.02	From T2S	Eligibility failure	3.3.7.3
IntraPositionMovementStatusAdvice / "Intraday restriction"	semt.014.001.02	From T2S	Intra-day restriction detected by T2S	3.3.7.3
IntraPositionMovementStatusAdvice / "Provision check failure"	semt.014.001.02	From T2S	Provision check failure	3.3.7.3

3.7.3.3.2 Receive Restriction Confirmation

Reference ID	T2S.BPD.SETT.EARM.03.02
--------------	-------------------------

The CSD [CSD Participant] receives a settlement confirmation indicating the settlement status (i.e. full settlement or partial execution of the restriction);

Following the message reception, other internal activities might be conducted such as:

- Aligning the status of the settlement restriction on securities position in the CSD or CSD Participant's systems with the status in T2S,

- Initiate necessary actions in case of partial settlement of the restriction,
- Triggering notification to CSD Participants in case the CSD instructed on their behalf,

The CSD [CSD Participant] receives the following messages from T2S:

Table 3-25: Messages from T2S [T2S.BPD.SETT.EARM.03.02]

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentConfirmation / “Full Settlement”	semt.015.001.02	From T2S	The restriction for earmarking has fully settled	3.3.7.4
IntraPositionMove mentConfirmation / “Partial execution”	semt.015.001.02	From T2S	The restriction for earmarking has partially settled	3.3.7.4

3.7.3.4 Receive Restriction Copy

Reference ID	T2S.BPD.SETT.EARM.04
--------------	----------------------

T2S Actors: CSD Participant (Scenario A)/CSD (Scenario B)

The CSD Participant [CSD] receives the copy of the inbound settlement restriction on securities position.

The CSD Participant [CSD] initiates the relevant processes on his side.

The CSD Participant [CSD] receives the following message from T2S:

Table 3-26: Messages from T2S [T2S.BPD.SETT.EARM.04]

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentInstruction	semt.013.001.02	From T2S	After validation of inbound earmarking instruction	3.3.7.2

3.7.4 Description of T2S Services

3.7.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

Business Validation Service (T2S.SD.SETT.010)

1 This T2S service validates the settlement restrictions and ensures the fulfilment of defined rules pertaining to
2 the content of the fields in the settlement restrictions.

3 **Settlement Sequencing Service (T2S.SD.SETT.040)**

4 Each settlement cycle contains a set of sequences. The types of instructions that a sequence processes are
5 pre-defined. This T2S service extracts all settlement restrictions related a particular sequence and submits
6 them for settlement. Sequencing applies to NTS only.

7 **Settlement Posting Service (T2S.SD.SETT.050)**

8 This T2S service performs the provisioning and booking of the settlement restrictions.

9 **Earmarking, blocking and reservation service (T2S.SD.SETT.120)**

10 This T2S service is responsible for the blocking (T2S.SD.SETT.122) and the reservation
11 (T2S.SD.SETT.123) of securities position.

12 **3.7.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

13 **Status Management Service (T2S.SD.INF.010)**

14 This T2S service sends the status of the restrictions to the authorised T2S actors. The T2S actors must
15 subscribe to the status messages in order to receive them.

16 **3.8 Unearmarking of Securities Position [T2S.BPD.SETT.UEAR]**

17 **3.8.1 Overview**

18 This process describes the act of unearmarking a securities position in T2S. Unearmarking of securities
19 position refers to the process of transferring a certain quantity of securities position within a securities
20 account from an earmarked position in to another securities position such as deliverable or earmarked. The
21 instructing party may free some quantity of securities position in order to make them available for
22 settlement.³¹

23 For details regarding the restriction of static data objects (e.g. securities accounts), refer to section “Static
24 Data Restriction Processes”.

25 This process is a variation of the process “Earmarking of Securities Position [T2S.BPD.SETT.EARM]”. The
26 steps highlighted in the diagram below require particular attention.

³¹ In case of an earmarked securities account, the instructing party can only transfer the earmarked securities to set-up or increase a blocked or reserved position.

1 Trigger:

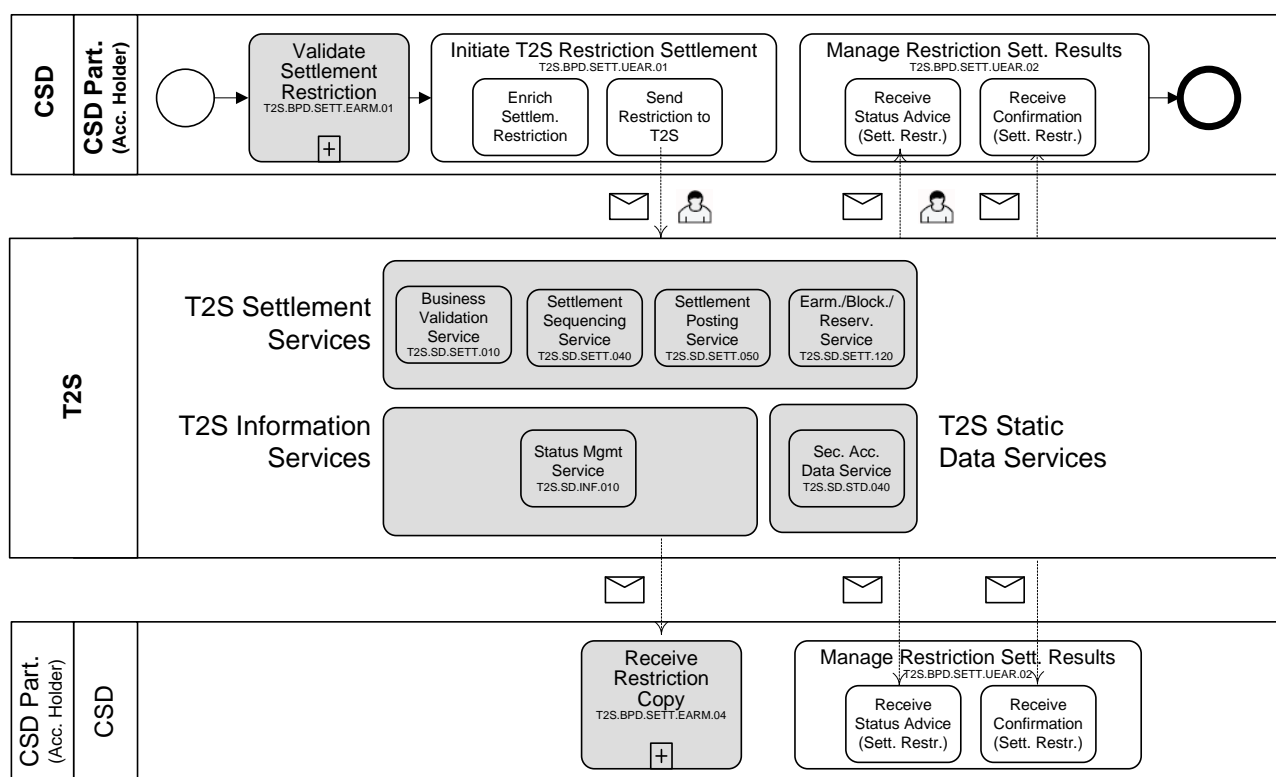
2 Instructing party receives details for unearmarking the securities position

3 Preconditions:

- 4 • Securities account containing the earmarked securities position (to be un-earmarked) is known
- 5 • The restriction type Id codes that are referenced are known (set-up by the CSD or the T2S Operator)
- 6 by the market participants.

7 3.8.2 Business Process Diagram

8 Figure 3-10: Business Process Diagram [T2S.BPD.SETT.UEAR]



10 3.8.3 Business Process Description

11 3.8.3.1 Initiate T2S Restriction Settlement

Reference ID	T2S.BPD.SETT.UEAR.01
---------------------	----------------------

12 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

13 The CSD [CSD Participant] enriches the settlement restriction on securities position with details required for

14 settlement processing in T2S and sends the settlement restriction on securities position to T2S.

15 References:

1 UDFS: Use Case “Send Settlement Restriction on Securities position”(Chapter 2.4)

2 GUI BFD: T2S.GUI.SESE.INX.0070

3 3.8.3.1.1 Enrich Settlement Restriction

Reference ID	T2S.BPD.SETT.UEAR.01.01
---------------------	-------------------------

4 The CSD [CSD Participant] enriches the settlement restriction on securities position with T2S specific
5 information like T2S securities account reference, quantity of securities to be unearmarked, ISIN. The
6 Balance From and Balance To need to be filled with the restriction type Id already defined by the T2S
7 operator or the CSD.

- 8 • In the Balance From, the allowed Restriction type Ids are the ones pertaining to “Earmarking” or
9 “Earmarking for auto-collateralisation” processing types.³²
- 10 • In the Balance To, the allowed Restriction type Ids are the ones pertaining to the “Deliverable”,
11 “Earmarking”, “Earmarking for auto-collateralisation”, “blocking”, “reservation” processing types.

12 A Restriction reference does not exist for an earmarked securities position and hence cannot be used in the
13 case of unearmarking of a securities position.

14 3.8.3.1.2 Send Restriction to T2S

Reference ID	T2S.BPD.SETT.UEAR.01.02
---------------------	-------------------------

15 The CSD [CSD Participant] converts the settlement restriction on securities position enriched with T2S
16 specific information and transmits it to T2S.

17 The instruction of T2S is also possible via the T2S GUI.

18 The CSD [CSD Participant] sends the following message to T2S:

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentInstruction	semt.013.001.02	To T2S	Need to unearmark securities position	3.3.7.2

19 3.8.3.2 Manage Restriction Settlement Results

Reference ID	T2S.BPD.SETT.UEAR.02
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20 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

³² It is possible to block or reserve securities in an earmarked securities account. The balance From of the blocking or reservation instruction should contain the restriction type Id that was used to earmark the securities account.

The CSD [CSD Participant] receives the settlement related messages from T2S and initiates related internal processes.

References:

UDFS: Use Case “Send Settlement Restriction on Securities position” (chapter 2.4)

GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

3.8.3.2.1 Receive Restriction status advice

Reference ID	T2S.BPD.SETT.UEAR.02.01
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For this activity the CSD [CSD Participant] can receive status advices informing

- Rejection of the settlement restriction on securities position,
- Acceptance of the settlement restriction on securities position,
- Eligibility failure of the settlement restriction on securities position,
- Intraday restriction applying on the settlement restriction on securities position
- Provision check failure of the settlement restriction on securities position

If T2S has been instructed via the T2S GUI the status is shown on the screen.

Following the message reception, other internal activities might be conducted such as:

- Aligning the status of the settlement restriction on securities position in the CSD or CSD Participant’s systems with the status in T2S,
- Triggering notification to CSD Participants in case the CSD instructed on their behalf,
- Performing analysis after a failed instruction or a failed provision check

The CSD [CSD Participant] receives the following messages from T2S:

Table 3-27: Messages from T2S [T2S.BPD.SETT.UEAR.02.01]

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMovementStatusAdvice / “Rejected”	semt.014.001.02	From T2S	Failed business validation	3.3.7.3
IntraPositionMovementStatusAdvice / “Accepted”	semt.014.001.02	From T2S	Positive business validation	3.3.7.3

IntraPositionMove mentStatusAdvice / "Eligibility failure"	semt.014.001.02	From T2S	Eligibility failure	3.3.7.3
IntraPositionMove mentStatusAdvice / "Intraday restriction"	semt.014.001.02	From T2S	Intra-day restriction detected by T2S	3.3.7.3
IntraPositionMove mentStatusAdvice / "Provision check failure"	semt.014.001.02	From T2S	Provision check failure	3.3.7.3

1 3.8.3.2.2 Receive Restriction confirmation

Reference ID	T2S.BPD.SETT.UEAR.02.02
---------------------	-------------------------

2 For this activity the CSD [CSD Participant] receives one settlement confirmation indicating the settlement
3 status (i.e. full settlement or partial execution) in the case of unearmarking from T2S.

4 Following the message reception, other internal activities might be conducted such as:

- 5 • Aligning the status of the settlement restriction on securities position in the CSD or CSD
6 Participant's systems with the status in T2S;
- 7 • Initiate actions in case of partial execution of the restriction;
- 8 • Triggering notification to CSD Participants in case the CSD instructed on their behalf.

9 The CSD [CSD Participant] receives the following messages from T2S:

10 **Table 3-28: MESSAGES from T2S [T2S.BPD.SETT.UEAR.02.02]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraPositionMove mentConfirmation / "Full Settlement"	semt.015.001.02	From T2S	The restriction for unearmarking has fully settled	3.3.7.4
IntraPositionMove mentConfirmation / "Partial	semt.015.001.02	From T2S	The restriction for unearmarking has fully settled	3.3.7.4

execution”				
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3.8.4 Description of T2S services

There is no deviation from the base process regarding the T2S services involved.

3.9 Reservation or Blocking of Cash Balance [T2S.BPD.SETT.RBCB]

3.9.1 Overview

This process describes the act of reserving or blocking a certain amount of cash within a Dedicated Cash Account for a specific purpose to prevent that this amount is used. The Payment Bank could block cash in order to ensure later settlement of a settlement instruction for instance. It results in a transfer from one cash balance to another within the same dedicated cash account.

- Blocking is a process of preventing the transfer of a specified amount of funds in a specific currency in one cash account to any other cash account by associating it to a specific transaction or to a specific purpose. Blocking in T2S may never result in a negative cash balance, i.e. it is not possible to block an amount of funds greater than the cash balance on a cash account (no partial execution of a blocking)
- Reservation is a process of preventing the transfer of a specified amount of funds in a specific currency in one cash account to any other cash account except for the purpose for which the funds were reserved. The settlement of the underlying settlement instruction results in the actual transfer of the reserved funds to another cash account and in the subsequent removal of the reservation. It is possible to reserve an amount greater than the balance on the cash account.

For details regarding the unreservation or unblocking of a cash balance, refer to process “Unreservation or Unblocking of Cash Balance [T2S.BPD.SETT.UUCB]”.

For details regarding the restriction of static data objects (e.g. securities accounts), refer to section “Static Data Restriction Processes”.

Trigger:

The CSD or CSD Participant receives details for reserving or blocking the cash balance

Preconditions:

- T2S dedicated cash account containing the cash balance to be reserved or blocked is known
- The restriction type to be used for the blocking/reservation is known

- Blocking or reservation reference is known, when an existing blocked or reserved balance should be increased³³

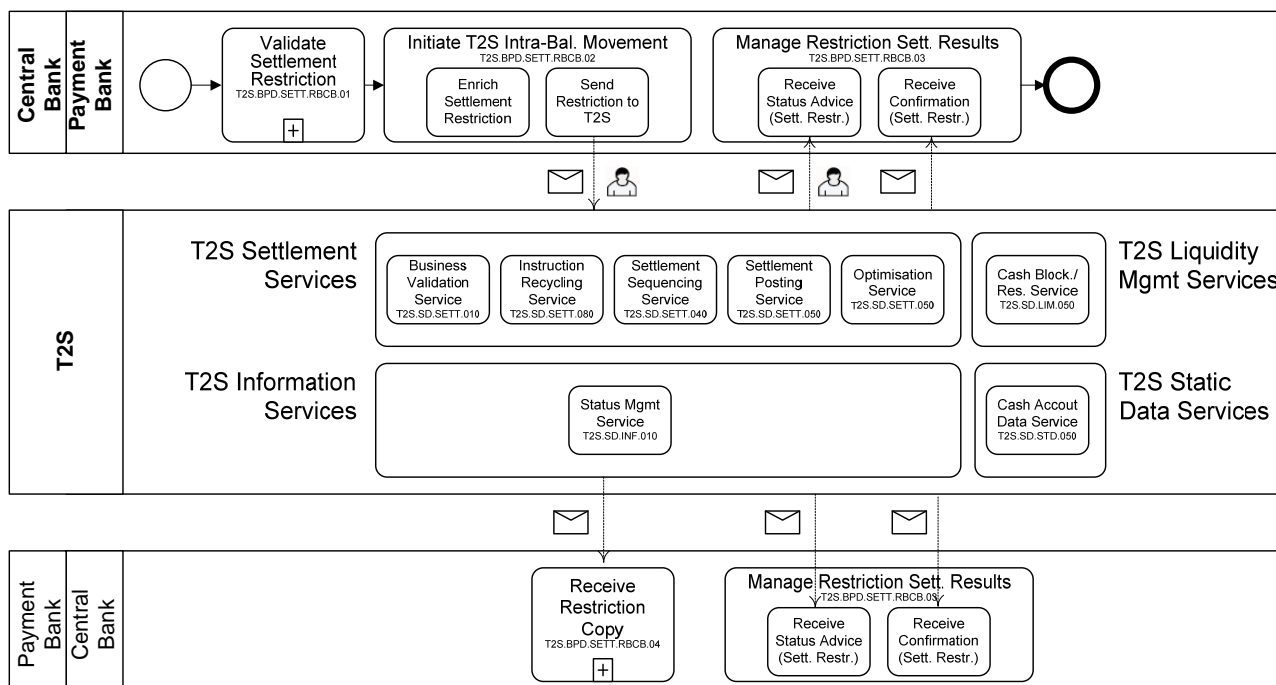
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

- Scenario A: Central Bank instructs T2S
- Scenario B: Payment Bank instructs T2S

3.9.2 Business Process Diagram

Figure 3-11: Business Process Diagram [T2S.BPD.SETT.RBCB]



3.9.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

3.9.3.1 Validate Settlement Restriction

Reference ID	T2S.BPD.SETT.RBCB.01
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³³ The restriction reference is also used for decrease, this part is covered in the process “Unreservation or unblocking of Cash Balance [T2S.BPD.SETT.UUCB]”.

- 1 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)
- 2 The Central Bank [Payment Bank] checks all the details in the settlement restriction on cash balance against
- 3 the reference data (maintained by the Central Bank or the Payment Bank if directly connected).

4 **3.9.3.2 Initiate T2S Intra-Balance Movement**

Reference ID	T2S.BPD.SETT.RBCB.02
--------------	----------------------

- 5 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)
- 6 The Central Bank [Payment Bank] enriches the settlement restriction on cash balance with details required
- 7 for settlement processing in T2S and sends the settlement restriction on cash balance to T2S.
- 8 References:
- 9 UDFS: Use Case “Send Settlement Restriction on Cash balance“ (Chapter 2.5)
- 10 GUI BFD: T2S.GUI.SESE.INX.0070

11 **3.9.3.2.1 Enrich Settlement Restriction**

Reference ID	T2S.BPD.SETT.RBCB.02.01
--------------	-------------------------

- 12 The Central Bank [Payment Bank] enriches the settlement restriction on cash balance with T2S specific
- 13 information such as reference of the dedicated cash account, amount of cash to be blocked or reserved. The
- 14 balance From and balance To need to be filled with the restriction type Id already defined by the T2S
- 15 Operator or the Central Bank.
- 16
 - In the balance From, the allowed Restriction type Id is the one pertaining to the “Deliverable”
 - 17 processing type only.
 - 18 • In the balance To, the allowed Restriction type Ids are the ones pertaining to the “Blocking” or
 - 19 “Reservation” processing types.
- 20 In case the participant specifies a restriction reference³⁴, the blocked or reserved cash balance referred to in
- 21 the balance To will be increased. If no restriction reference is specified, a new restricted balance will be
- 22 created.

³⁴ This restriction reference was provided in the confirmation of the set-up of the blocked or reserved balance.

1 **Figure 3-12: Enrich Settlement Restriction [T2S.BPD.SETT.RBCB.02.01]**

Blocking	Set-up	Increase	Reservation	Set-up	Increase
Balance FROM	"Deliverable"	"Deliverable"	Balance FROM	"Deliverable"	"Deliverable"
Balance TO	"Blocking"	"Blocking"	Balance TO	"Reservation"	"Reservation"
Restriction reference	Empty	REFXXX	Restriction reference	Empty	REFXXX

3 **3.9.3.2.2 Send Restriction to T2S**

Reference ID	T2S.BPD.SETT.RBCB.02.02
--------------	-------------------------

4 The Central Bank [Payment Bank] converts the settlement restriction on cash balance enriched with T2S
5 specific information into the required message format and transmits it to T2S.

6 The instruction of T2S is also possible via the T2S GUI.

7 The Central Bank [Payment Bank] sends the following message to T2S:

8 **Table 3-29: Messages to T2S [T2S.BPD.SETT.RBCB.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
IntraBalanceMovementInstruction	camt.066.001.01	To T2S	3.3.3.20

9 **3.9.3.3 Manage Restriction Settlement results**

Reference ID	T2S.BPD.SETT.RBCB.03
--------------	----------------------

10 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

11 The Central Bank and Payment Bank receive the settlement related messages from T2S and initiate related
12 internal processes. Every outbound message in this BPD is subject to message subscription.

13 In both scenarios, the Central Bank and Payment Bank receive the messages. When a Central Bank instructs
14 T2S (Scenario A), the Payment Bank can also receive these messages. Similarly, when a Payment Bank
15 instructs T2S (Scenario B), the Central Bank can also receive the messages.

16 References:

17 UDFS: Use Case "Send Settlement Restriction on Cash balance" (Chapter 2.5)

1 GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020,
2 T2S.GUI.SESE.INX.0030

3 3.9.3.3.1 Receive Status Advice (Settlement Restriction)

Reference ID	T2S.BPD.SETT.RBCB.03.01
--------------	-------------------------

4 The Central Bank and Payment Bank can receive status advices notifying

- 5 • Rejection of the settlement restriction on cash balance,
- 6 • Acceptance of the settlement restriction on cash balance,
- 7 • Eligibility failure of the settlement restriction on cash balance,
- 8 • Provision check failure of the settlement restriction on cash balance
- 9 • The remaining part of a reservation to be settled in case of partial settlement
- 10 • Pending status in case of blocking

11 If T2S has been instructed via the T2S GUI the status is shown on the screen.

12 Following the message reception, other internal activities might be conducted such as:

- 13 • aligning the status of the settlement restriction on cash balance in the Central Bank's or Payment
- 14 Bank's systems with the status in T2S,
- 15 • triggering notification to Payment Banks in case the Central Bank instructed on their behalf,
- 16 • analysing the failed or rejected settlement restriction

17 The Central Bank and Payment Bank receive the following messages from T2S:

18 **Table 3-30: Messages from T2S [T2S.BPD.SETT.RBCB.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentStatusAdvice/ "Rejected"	camt.067.001.01	From T2S	Failed business validation	3.3.3.21
IntraBalanceMove mentStatusAdvice/ "Accepted"	camt.067.001.01	From T2S	Positive business validation	3.3.3.21
IntraBalanceMove mentStatusAdvice/ "Eligibility failure"	camt.067.001.01	From T2S	Eligibility failure	3.3.3.21
IntraBalanceMove mentStatusAdvice/ "Intraday"	camt.067.001.01	From T2S	Intra-day restriction detected by T2S	3.3.3.21

Restriction"				
IntraBalanceMove mentStatusAdvice/ "Provision check failure"	camt.067.001.01	From T2S	Failed provision check	3.3.3.21
IntraBalanceMove mentStatusAdvice/ Partial settlement (unsettled part)"	camt.067.001.01	From T2S	Partial settlement of a reservation (pending part)	3.3.3.21
IntraBalanceMove mentStatusAdvice "Pending TBD" ³⁵	camt.067.001.01	From T2S	Pending status for blocking	3.3.3.21

3.9.3.3.2 Receive Confirmation (Settlement Restriction)

Reference ID	T2S.BPD.SETT.RBCB.03.02
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The Central Bank and Payment Bank receive:

- in the case of blocking from T2S: one settlement confirmation indicating the settlement status (i.e. full settlement);
- in the case of reservation from T2S: one or more (due to pre-emption) settlement confirmations indicating the settlement status (i.e. full, partial and last partial settlement).

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement restriction on cash balance in the Central Bank or Payment Bank's systems with the status in T2S,
- triggering notification to Payment Bank in case the Central Bank instructed on their behalf,
- storing the restriction reference transmitted by T2S for later use, increase, decrease of the blocked/reserved cash balance.

The Central Bank and Payment Bank receive the following messages from T2S:

Table 3-31: Messgaes from T2S [T2S.BPD.SETT.RBCB.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentConfirmation/	camt.068.001.01	From T2S	The cash blocking or reservation is	3.3.3.22

³⁵ Due to CASG Change Request approved, there is no partial execution of blocking anymore – waiting the next UDFS version to get the proper usage name.

“Full settlement”			fully settled	
IntraBalanceMove mentConfirmation/ “Last partial settlement”	camt.068.001.01	From T2S	The last partial settlement of a reservation is confirmed	3.3.3.22
IntraBalanceMove mentConfirmation/ “Partial settlement (settled part)”	camt.068.001.01	From T2S	Partial settlement of the reservation (not the last one)	3.3.3.22

1 3.9.3.4 Receive Restriction Copy

Reference ID	T2S.BPD.SETT.RBCB.04
--------------	----------------------

2 T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

3 The Payment Bank [Central Bank] receives the copy³⁶ of the inbound settlement restriction on cash balance
4 after it has been validated by T2S.

5 The Payment Bank [Central Bank] may conduct relevant internal processes such as:

- 6 • Creating the restriction instruction in its system
- 7 • Monitoring the lifecycle of the intra-balance movement

8 The Payment Bank [Central Bank] receives the following message from T2S:

9 **Table 3-32: Messages from T2S [T2S.BPD.SETT.RBCB.04]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentInstruction	camt.066.001.01	From T2S	After validation of the inbound cash restriction by T2S	3.3.3.20

10 3.9.4 Description of T2S Services

11 3.9.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

12

13

³⁶ Based on message subscription.

1 Business Validation Service (T2S.SD.SETT.010)

2 This T2S service validates the settlement restrictions and ensures the fulfilment of defined rules pertaining to
3 the content of the fields in the settlement restrictions.

4 Settlement Sequencing Service (T2S.SD.SETT.040)

5 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
6 defined. This T2S service extracts all settlement restrictions related a particular sequence and submits them
7 for settlement. Sequencing applies to Night-Time Settlement only.

8 Settlement Posting Service (T2S.SD.SETT.050)

9 This T2S service performs the provisioning and booking of the settlement restrictions.

10 Optimisation Service (T2S.SD.SETT.060)

11 This T2S service optimises the settlement of restrictions, to maximise the volume and value of settlement.
12 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, and partial
13 settlement.

14 Instruction recycling Service (T2S.SD.SETT.080)

15 This T2S service recycles restrictions that are unsettled in previous attempts.

16 3.9.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

17 Status Management Service (T2S.SD.INF.010)

18 This T2S service sends the status of the restrictions to the authorised T2S actors.

19 3.9.4.3 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

20 Cash Blocking and Reservation Service (T2S.SD.LIM.050)

21 This T2S service is responsible for the blocking or reservation of cash balance in a Dedicated Cash Account

22 3.9.4.4 Static Data Management Services

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S.SD.STD.050

1 Cash Account Data Service T2S.SD.STD.050

2 This T2S service is responsible for the handling of the balance types on the DCA.

3 **3.10 Unreservation or Unblocking of Cash Balance [T2S.BPD.SETT.UUCB]**

4 **3.10.1 Overview**

5 Unreserve or Unblock Cash balance refers to the process of unreserving or unblocking a certain amount of
6 cash to make it available for settlement of settlement instructions or for provision in view of transferring
7 back some cash to the RTGS account. It results in a transfer from one restricted cash balance into the
8 deliverable one within the same dedicated cash account.

9 It is to be noted that a restriction reference can be set to zero and can be reused via increases later on.

10 For details regarding the restriction of static data objects (e.g. securities accounts), refer to section “Static
11 Data Restriction Processes”.

12 This process is a variation of the process “Reservation or Blocking of Cash Balance
13 [T2S.BPD.SETT.RBCB]”. The steps highlighted in the diagram below require particular attention.

14 **Trigger:**

15 Instructing needs to unblock or unreserved the cash balance

16 **Preconditions:**

- 17 • T2S dedicated cash account containing the cash balance to be unreserved or unblocked is known
- 18 • Blocking or reservation reference is known to identify the cash balance to decrease
- 19 • The restriction type Id that are referenced are known (set-up by the Central Bank or the T2S
20 operator.)

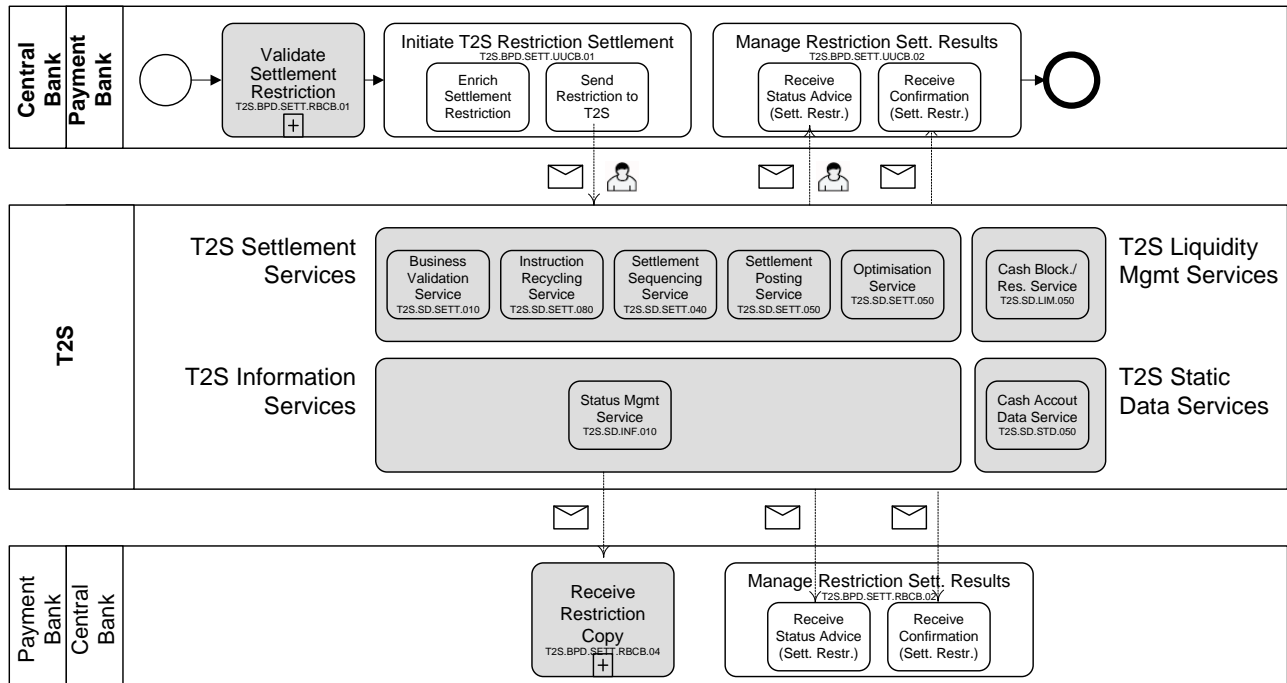
21 **T2S Instructing Party:**

22 There are two scenarios for the instruction of T2S.

- 23 • Scenario A: Central Bank instructs T2S
- 24 • Scenario B: Payment Bank instructs T2S

3.10.2 Business Process Diagram

Figure 3-13: Business Process Diagram [T2S.BPD.SETT.UUCB]



3.10.3 Business Process Description

3.10.3.1 Initiate T2S Restriction Settlement

Reference ID	T2S.BPD.SETT.UUCB.01
--------------	----------------------

- T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)
- The Central Bank [Payment Bank] enriches the settlement restriction on cash balance with details required for settlement processing in T2S and sends the settlement restriction on cash balance to T2S.
- References:
- UDFS: Use Case “Send Settlement Restriction on Cash balance” (Chapter 2.5)
- GUI BFD: T2S.GUI.SESE.INX.0070

3.10.3.1.1 Enrich Settlement Restriction

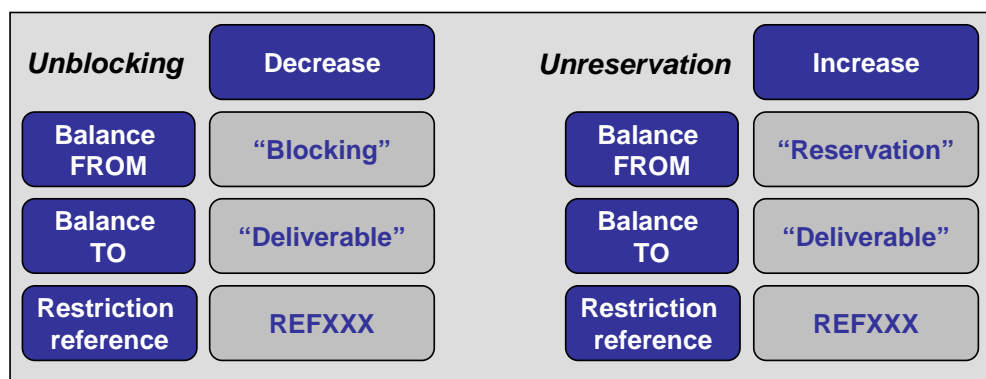
Reference ID	T2S.BPD.SETT.UUCB.01.01
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- The Central Bank [Payment Bank] enriches the settlement restriction on cash balance with T2S specific information like reference of the dedicated cash account, amount of cash to be unblocked or unreserved. The balance From and balance To need to be filled with the restriction type Id already defined by the T2S

operator, or the Central Bank. The restriction reference³⁷ identifying the balance to be decreased is to be mentioned as well.

- In the balance From, the allowed Restriction type Ids are the ones pertaining to the “Blocking”³⁸ or “Reservation” processing types.
- In the balance To, the allowed Restriction type Id is the one pertaining to the “Deliverable” processing type only.

Figure 3-14: Enrich Settlement Restriction [T2S.BPD.SETT.UUCB.01.01]



3.10.3.1.2 Send Restriction to T2S

Reference ID	T2S.BPD.SETT.UUCB.01.02
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The Payment Bank [Central Bank] converts the settlement restriction on cash balance enriched with T2S specific information into the required message format and transmits it to T2S.

The instruction of T2S is also possible via the T2S GUI.

The Payment Bank [Central Bank] sends the following message to T2S:

Table 3-33: Messages to T2S [T2S.BPD.SETT.UUCB.01.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
IntraBalanceMovementInstruction	camt.066.001.01	To T2S	3.3.3.20

3.10.3.2 Manage Restriction Settlement Results

Reference ID	T2S.BPD.SETT.UUCB.02
--------------	----------------------

³⁷ The restriction reference was provided in the confirmation of the set-up of the blocked or reserved balance.

³⁸ “CoSD Blocking” not allowed

- 1 T2S Actors: Central Bank and Payment Bank (both scenarios)
- 2 The Central Bank [Payment Bank] receives the settlement related messages from T2S and initiates related
- 3 internal processes.
- 4 References:
- 5 UDFS: Use case “Send Settlement Restriction on Cash balance” (Chapter 2.5)
- 6 GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020,
- 7 T2S.GUI.SESE.INX.0030

8 3.10.3.2.1 Receive Restriction Status Advice

Reference ID	T2S.BPD.SETT.UUCB.02.01
--------------	-------------------------

9 For this activity the Central Bank [Payment Bank] can receive status advices notifying for instance (non

10 exhaustive):

- 11 • Rejection of the settlement restriction on cash balance,
- 12 • Acceptance of the settlement restriction on cash balance,
- 13 • Eligibility failure of the settlement restriction on cash balance,
- 14 • Provision check failure of the settlement restriction on cash balance
- 15 • Pending status for unblocking

16 If T2S has been instructed via the T2S GUI the status is shown on the screen.

17 Following the message reception, other internal activities might be conducted such as:

- 18 • Aligning the status of the settlement restriction on cash balance in the Central Bank or Payment
- 19 Bank’s systems with the status in T2S,
- 20 • Triggering notification to Payment Banks in case the Central Bank instructed on their behalf,
- 21 • Performing analysis after a failed instruction or a failed provision check.

22 The Central Bank [Payment Bank] receives the following messages from T2S:

23 **Table 3-34: Messages from T2S [T2S.BPD.SETT.UUCB.02.01]**

Message Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraBalanceMove mentStatusAdvice / “Rejected”	camt.067.001.01	From T2S	Failed business validation	3.3.3.21

Message Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraBalanceMove mentStatusAdvice / “Accepted”	camt.067.001.01	From T2S	Positive business validation	3.3.3.21
IntraBalanceMove mentStatusAdvice / ”Eligibility failure”	camt.067.001.01	From T2S	Eligibility failure	3.3.3.21
IntraBalanceMove mentStatusAdvice / “ Intraday Restriction”	camt.067.001.01	From T2S	Intra-day restriction detected by T2S	3.3.3.21
IntraBalanceMove mentStatusAdvice / “Provision check failure”	camt.067.001.01	From T2S	Failed provision check	3.3.3.21
Pending TBD ³⁹	camt.067.001.01	From T2S	Pending status for blocking	3.3.3.21

1 3.10.3.2.2 Receive Restriction Confirmation

Reference ID	T2S.BPD.SETT.UUCB.02.02
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2 For this activity the Central Bank [Payment Bank]:

- 3
- Receives in the case of unblocking from T2S one settlement confirmation indicating the settlement
- 4 status (i.e. full settlement);
- Receives in case of unreservation from T2S one settlement confirmation indicating the settlement
- 5 status (i.e. full or partial settlement);
- 6

7 Following the message reception, other internal activities might be conducted such as:

- 8
- Aligning the status of the settlement restriction on cash balance in the Central Bank or Payment
- 9 Bank’s systems with the status in T2S,
- Triggering notification to Payment Bank in case the Central Bank instructed on their behalf.
- 10

³⁹ CASG Change request

1 The Central Bank [Payment Bank] receives the following messages from T2S:

2 **Table 3-35: Messages from T2S [T2S.BPD.SETT.UUCB.02.02]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
IntraBalanceMove mentConfirmation/ "Full settlement"	camt.068.001.01	From T2S	The cash unblocking or reservation is fully settled	3.3.3.22
IntraBalanceMove mentConfirmation/ "Partial execution"	camt.068.001.01	From T2S	Partial settlement of the unreservation	3.3.3.22

3 3.10.4 Description of T2S Services

4 There is no deviation from the base process regarding the T2S services involved.

5 3.11 Hold of Settlement Instruction [T2S.BPD.SETT.HOLD]

6 3.11.1 Overview

7 This process describes the act of putting an instruction on Hold⁴⁰. The CSD or CSD Participant (if directly
8 connected) may use the Hold functionality to perform some regulatory checks or register the securities
9 before releasing the instruction for settlement. Putting on Hold the instruction does not prevent matching but
10 does prevent settlement.

11 For details regarding the release of a settlement instruction, refer to process "Release of Settlement
12 Instruction [T2S.BPD.SETT.RELE]".

13 **Trigger:**

14 The CSD or CSD Participant receives details for putting on Hold the settlement instruction

15 **Preconditions:**

16 The CSD or CSD Participant knows the reference of the instruction to be put on Hold

⁴⁰ This PBD describes the process of Holding an instruction using a maintenance instruction, it is to be noted that a settlement instruction can be put on Hold also directly when instructing it via a "Party Hold" or "CSD Hold" indicator. The release process applies similarly.

It is also possible to set a settlement instruction on Hold based on a flag activated in the securities account reference data. (Automatic Hold) The instruction impacting this securities account will be put on "Party Hold" by T2S. The release process applies similarly.

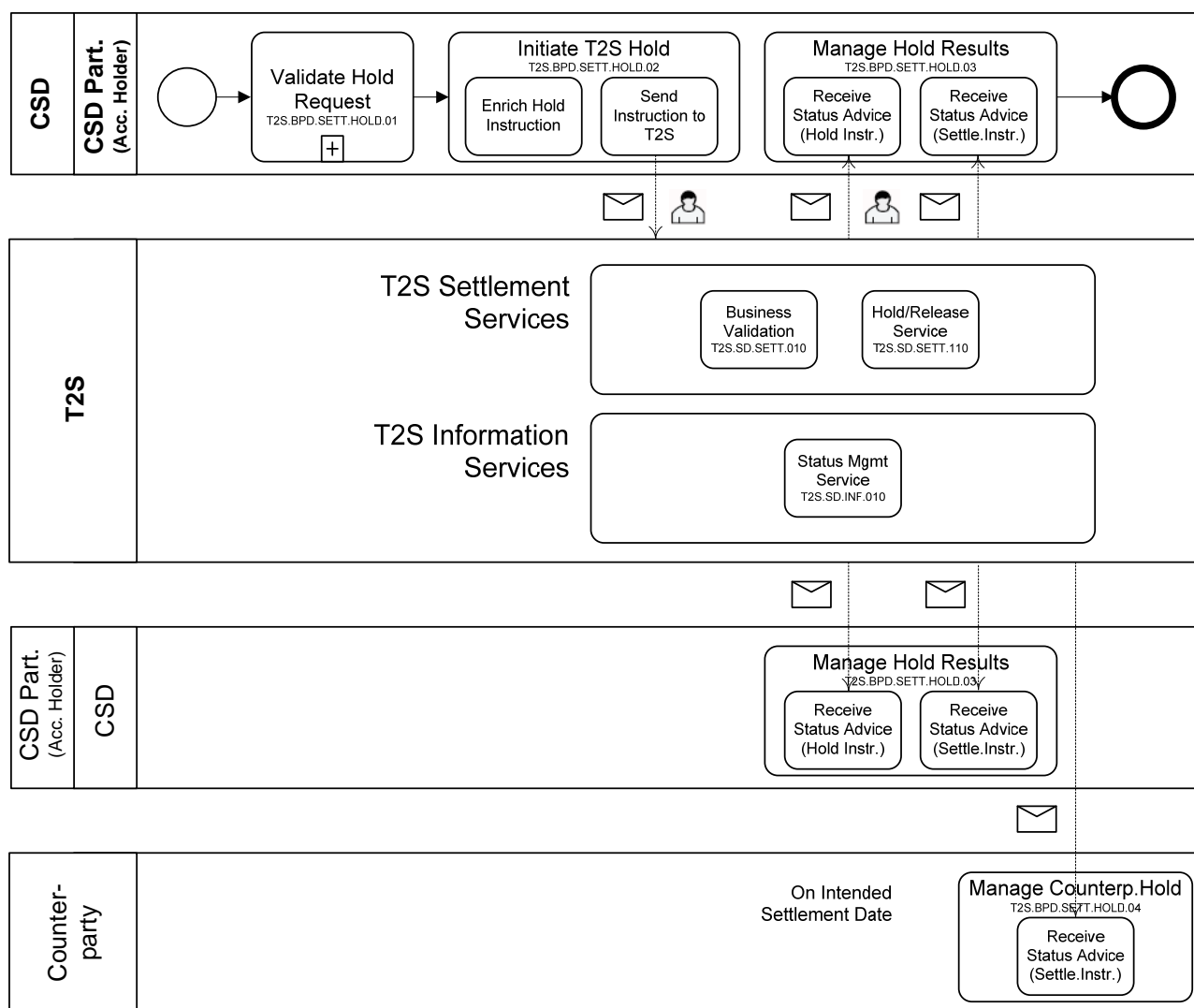
Finally it is also possible to put a settlement instruction on "CSD Validation Hold" based on restriction type rules defined by the CSD. The release process applies similarly.

See also BPD for Intra-CSD settlement, BPD for Maintenance of restriction type, BPD Release instruction

- 1 **T2S Instructing Party:**
- 2 There are two scenarios for the instruction of T2S.
- 3 • Scenario A: CSD instructs T2S
- 4 • Scenario B: CSD Participant instructs T2S

3.11.2 Business Process Diagram

6 **Figure 3-15: Business Process Diagram [T2S.BPD.SETT.HOLD]**



3.11.3 Business Process Description

- 9 This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose
- 10 of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square
- 11 brackets.

3.11.3.1 Validate Hold Request

Reference ID	T2S.BPD.SETT.HOLD.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] checks all the details in the Hold Instruction against the reference data.

3.11.3.2 Initiate T2S Hold

Reference ID	T2S.BPD.SETT.HOLD.02
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] enriches the Hold Instruction with details required for settlement processing in T2S and sends the Hold Instruction to T2S.

References:

UDFS: Use Case “Send Hold/Release Instruction” (Chapter 2.10)

GUI BFD: T2S.GUI.SESE.INX.0060

3.11.3.2.1 Enrich Hold Instruction

Reference ID	T2S.BPD.SETT.HOLD.02.01
--------------	-------------------------

The CSD [CSD Participant] enriches the Hold instruction with T2S specific information such as reference of the settlement instruction to be put on Hold, T2S securities account number and the type of Hold to be applied.

- The CSD can put an instruction on “CSD Hold”
- The CSD can put an instruction on “Party Hold” on behalf of an indirectly connected participant
- Directly connected CSD Participants can put an instruction on “Party Hold”

Concurrent “Holds” can apply at the same time in T2S. Therefore a settlement instruction could potentially be set on Hold by both the CSD and the CSD Participant. If this is the case, both will need to release the instruction at a later stage to allow settlement.

3.11.3.2.2 Send Instruction to T2S

Reference ID	T2S.BPD.SETT.HOLD.02.02
--------------	-------------------------

The CSD [CSD Participant] converts the Hold instruction enriched with T2S specific information into the required message format and transmits it to T2S.

1 The instruction of T2S is also possible via the T2S GUI.

2 The CSD [CSD Participant] sends the following message to T2S:

3 **Table 3-36: Messages to T2S [T2S.BPD.SETT.HOLD.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementConditionModificationRequest	sese.030.001.02	To T2S	3.3.8.9

4 **3.11.3.3 Manage Hold Results**

Reference ID	T2S.BPD.SETT.HOLD.03
--------------	----------------------

5 T2S Actors: CSD and CSD Participant (both Scenarios)

6 The CSD and CSD Participant receive the processing related messages from T2S and initiate related internal
7 processes.

8 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
9 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
10 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

11 References:

12 UDFS: Use Case “Send Hold/Release Instruction” (Chapter 2.10)

13 GUI BFD: T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

14 **3.11.3.3.1 Receive Status Advice (Hold Instruction)**

Reference ID	T2S.BPD.SETT.HOLD.03.01
--------------	-------------------------

15 The CSD and CSD Participant can receive status advices notifying:

- 16 • Rejection of the Hold Instruction,
- 17 • Acceptance of the Hold Instruction,
- 18 • Denial of the Hold Instruction or
- 19 • Execution of the Hold Instruction.

20 If T2S has been instructed via the T2S GUI the status is shown on the screen.

21 Following the message reception, other internal activities might be conducted such as:

- aligning the status of the Hold instruction in the CSD or CSD Participant's systems with the status in T2S,
- triggering notification to CSD Participants, e.g. if the CSD instructed on their behalf,
- analysing the failed Hold restriction

The CSD and CSD Participant receive the following messages from T2S:

Table 3-37: Messages from T2S [T2S.BPD.SETT.HOLD.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationStatusAdvice/"Rejected"	sese.031.001.02	From T2S	Failed business validation	3.3.8.10
SecuritiesSettlementConditionModificationStatusAdvice/"Accepted"			Positive business validation	
SecuritiesSettlementConditionModificationStatusAdvice/"Denied"			Referenced instruction is not eligible for the Hold – See also 2.10.3.2 in UDFS1.0.	
SecuritiesSettlementConditionModificationStatusAdvice/"Executed"			Execution of the Hold instruction	

3.11.3.3.2 Receive Status Advice (Settlement instruction)

Reference ID	T2S.BPD.SETT.HOLD.03.02
--------------	-------------------------

The CSD and CSD Participant may receive status advice notifying that the settlement instruction referred to in the Hold Instruction is on Hold with the corresponding type of Hold that was specified in the Hold Instruction.

The type of Hold notified can be:

- "Party Hold" or,
- "CSD Hold"

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement instruction in the CSD or CSD Participant's systems with the status in T2S,
- triggering notification to CSD Participants in case the CSD instructed on their behalf

The CSD and CSD Participant receive the following messages from T2S:

Table 3-38: Messages from T2S [T2S.BPD.SETT.HOLD.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdvice/"CSD Hold"	sese.024.001.02	From T2S	Change of status of the settlement instruction to CSD Hold	3.3.8.4
SecuritiesSettlementTransactionStatusAdvice/"Party Hold"	sese.024.001.02	From T2S	Change of status of the settlement instruction to Party Hold	3.3.8.4

3.11.3.4 Manage Counterparty Hold

Reference ID	T2S.BPD.SETT.HOLD.04
--------------	----------------------

T2S Actors: Counterparty

The Counterparty receives the status advice of a settlement instruction on intended settlement date, if the instruction that is put on Hold is matched with the counterparty instruction.

References:

UDFS: Use Case "Send Hold/Release Instruction" (Chapter 2.10)

GUI BFD: T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

3.11.3.4.1 Receive Status Advice (Settlement Instruction)

Reference ID	T2S.BPD.SETT.HOLD.04.01
--------------	-------------------------

The Counterparty may receive a status advice of a Settlement Instruction notifying that its counterparty settlement instruction is on Hold. The Counterparty receives this notification if its instruction is matched at the intended settlement date. The message reception initiates the relevant processes on the counterparty side.

The Counterparty receives the following message from T2S:

1 **Table 3-39: Messages from T2S [T2S.BPD.SETT.HOLD.04.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdvice/“Counterparty’s Settlement Instruction on Hold”	sese.024.001.02	From T2S	Change of status of the settlement instruction of the counterparty to Hold	3.3.8.4

2 **3.11.4 Description of T2S Services**

3 **3.11.4.1 Settlement Services**

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

4 **Business Validation Service (T2S.SD.SETT.010)**

5 This T2S service validates the Hold instruction and ensures the fulfilment of defined rules pertaining to the
6 content of the fields.

7 **Hold/Release Service (T2S.SD.SETT.110)**

8 This T2S service sets on Hold the targeted settlement instruction according to the relevant type of Hold
9 specified in the Hold instruction.

10 **3.11.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

11 **Status Management Service (T2S.SD.INF.010)**

12 This T2S service sends the processing/execution status of the Hold instruction and of the underlying
13 settlement instruction to the authorised T2S actors.

14 **3.12 Release of Settlement Instruction [T2S.BPD.SETT.RELE]**

15 **3.12.1 Overview**

16 This process describes the act of releasing an instruction following its Hold. The CSD or CSD Participant (if
17 directly connected) releases the instruction once the business process behind the holding of the instruction

1 has been completed and the settlement of the Instruction can occur. It could be for instance after registration
2 of shares or other regulatory checks.

3 For details regarding the holding of a settlement instruction, refer to process “Hold of Settlement Instruction
4 [T2S.BPD.SETT.HOLD]”.

5 **Trigger:**

6 The CSD or CSD Participant receives details for releasing the settlement Instruction

7 **Preconditions:**

8 The CSD or CSD Participant knows the reference of Instruction to be released

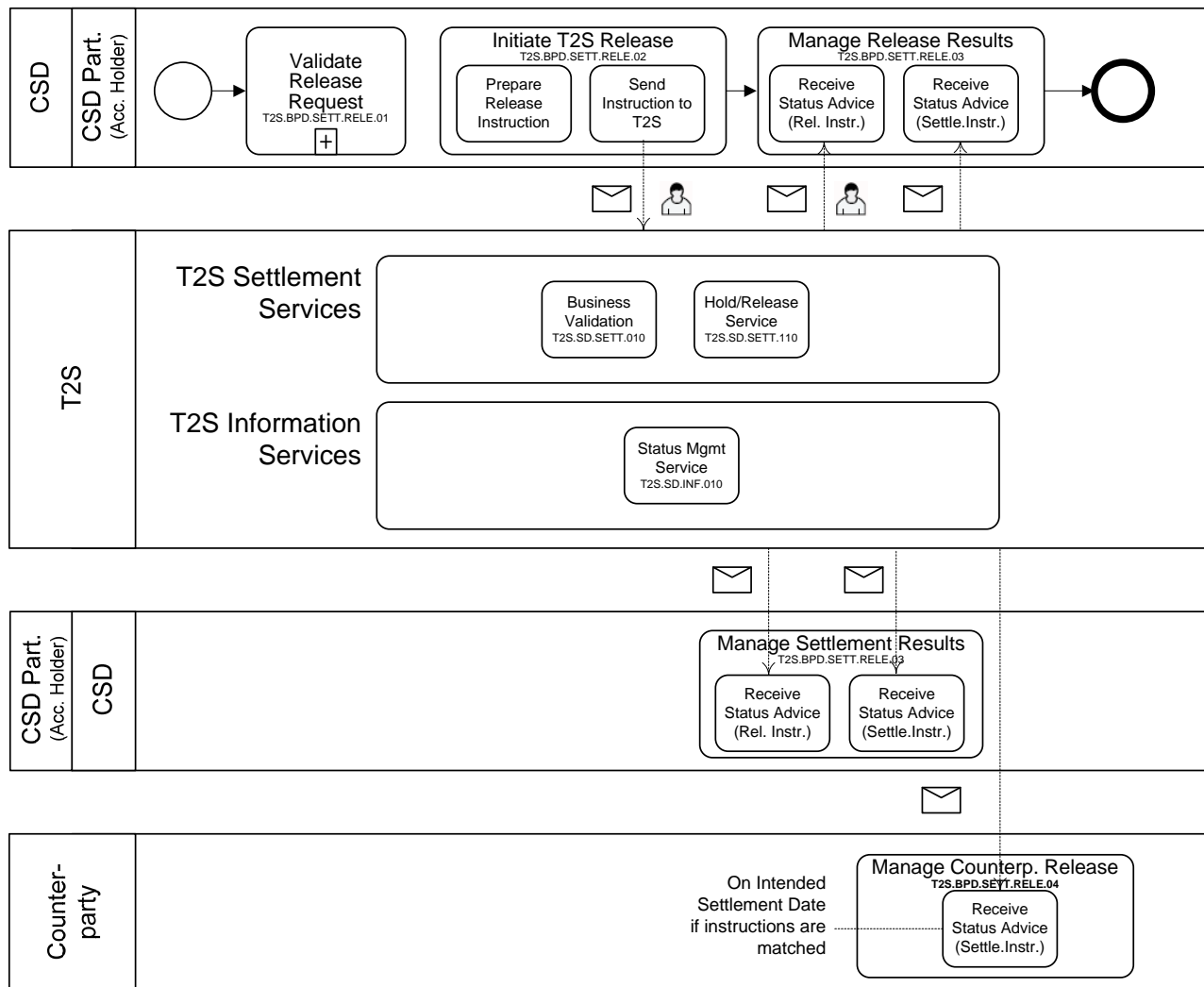
9 **T2S Instructing Party:**

10 There are two scenarios for the instruction of T2S.

- 11 • Scenario A: CSD instructs T2S
- 12 • Scenario B: CSD Participant instructs T2S

3.12.2 Business Process Diagram

Figure 3-16: Business Process Diagram [T2S.BPD.SETT.RELE]



3.12.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

3.12.3.1 Validate Release Request

Reference ID	T2S.BPD.SETT.RELE.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] checks all the details in the Release Instruction against the reference data.

3.12.3.2 Initiate T2S Release

Reference ID	T2S.BPD.SETT.RELE.02
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] enriches the Release Instruction with details required for settlement processing in T2S and sends the Release Instruction to T2S.

References:

UDFS: Use Case “Send Hold/Release Instruction” (Chapter 2.10)

GUI BFD: T2S.GUI.SESE.INX.0060

3.12.3.2.1 Prepare Release Instruction

Reference ID	T2S.BPD.SETT.RELE.02.01
--------------	-------------------------

The CSD [CSD Participant] enriches the Release Instruction with T2S specific information such as reference of the Settlement Instruction to be released, T2S securities account number and the type of Release to be applied.

- CSD can release the “CSD Hold”
- CSD can release the “Party Hold” on behalf of an indirectly connected participant
- CSD can release the “CSD Validation Hold”
- Directly connected CSD Participants can release the “Party Hold”

The execution of the Release Instruction will result in allowing the settlement of the underlying Settlement Instruction if no other concurrent “Holds” apply to the same Settlement Instruction or to the matching counterparty instruction, if any.

3.12.3.2.2 Send Instruction to T2S

Reference ID	T2S.BPD.SETT.RELE.02.02
--------------	-------------------------

The CSD [CSD Participant] converts the Release Instruction enriched with T2S specific information into the required message format and transmits it to T2S.

The instruction of T2S is also possible via the T2S GUI.

23

1 The CSD [CSD Participant] sends the following message to T2S:

2 **Table 3-40: Messages to T2S [T2S.BPD.SETT.RELE.02.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationRequest	sese.030.001.02	To T2S	-	3.3.8.9

3 3.12.3.3 Manage Release Results

Reference ID	T2S.BPD.SETT.RELE.03
--------------	----------------------

4 T2S Actors: CSD and CSD Participant (Both Scenarios)

5 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
6 processes.

7 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
8 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
9 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

10 References:

11 UDFS: Use Case “Send Hold/Release Instruction” (Chapter 2.10)

12 GUI BFD: T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

13 3.12.3.3.1 Receive Status Advice (Release Instruction)

Reference ID	T2S.BPD.SETT.RELE.03.01
--------------	-------------------------

14 The CSD and CSD Participant can receive status advices notifying:

- 15 • Rejection of the Release Instruction,
- 16 • Acceptance of the Release Instruction,
- 17 • Denial of the Release Instruction or
- 18 • Execution of the Release Instruction.

19 If T2S has been instructed via the T2S GUI the status is shown on the screen.

20 Following the message reception, other internal activities might be conducted such as:

- 21 • aligning the status of the Release Instruction in the CSD or CSD Participant’s systems with the status
- 22 in T2S,

- triggering notification to CSD Participants, e.g. if the CSD instructed on their behalf,
- analysing the failed Release Instruction.

The CSD and CSD Participant receive the following messages from T2S:

Table 3-41: Messages from T2S [T2S.BPD.SETT.RELE.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationStatusAdvice / "Rejected"	sese.031.001.02	From T2S	Failed business validation	3.3.8.10
SecuritiesSettlementConditionModificationStatusAdvice / "Accepted"			Positive business validation	
SecuritiesSettlementConditionModificationStatusAdvice / "Denied"			Referenced Instruction is not eligible for the Release – See also 2.10.4.2 in UDFS1.0.	
SecuritiesSettlementConditionModificationStatusAdvice / "Executed"			Execution of the Release Instruction	

3.12.3.3.2 Receive Status Advice (Settlement Instruction)

Reference ID	T2S.BPD.SETT.RELE.03.02
--------------	-------------------------

The CSD and CSD Participant may receive status advice notifying the fact that the Settlement Instruction referred to in the Release Instruction is "Released" for the type of Hold mentioned in the Release Instruction. The instruction can be fully released or another Hold can remain.

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the settlement Instruction in the CSD's or CSD Participant's systems with the status in T2S,
- triggering notification to CSD Participants, e.g. if the CSD instructed on their behalf.

1 The CSD and CSD Participant receive the following messages from T2S:

2 **Table 3-42: Messages from T2S [T2S.BPD.SETT.RELE.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatus Advice/"Other Hold remain(s)"	sese.024.001.02	From T2S	Execution of the Release Instruction	3.3.8.4
SecuritiesSettlementTransactionStatus Advice/"No Hold remain(s)"	sese.024.001.02	From T2S	Execution of the Release Instruction	3.3.8.4

3 **3.12.3.4 Manage Counterparty Release**

Reference ID	T2S.BPD.SETT.RELE.04
--------------	----------------------

4 T2S Actors: Counterparty

5 The Counterparty receives settlement related messages and initiates the relevant processes.

6 References:

7 UDFS: Use Case "Send Hold/Release Instruction" (Chapter 2.10)

8 GUI BFD: T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

9 **3.12.3.4.1 Receive Status Advice (Settlement Instruction)**

Reference ID	T2S.BPD.SETT.RELE.04.01
--------------	-------------------------

10 The Counterparty receives the status advice of a settlement instruction on or after the intended settlement
 11 date, if the Instruction was released on or after intended settlement date and matched with this party's
 12 instruction. (i.e. the Counterparty already received a notification from T2S for the Hold in the first place).

13 The message reception initiates the relevant processes on the Counterparty side.

14

1 The Counterparty receives the following message from T2S:

2 **Table 3-43: Messages from T2S [T2S.BPD.SETT.RELE.04.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatus Advice/“Counterparty’s Settlement Instruction is released”	sese.024.001.02	From T2S	Execution of the Release Instruction of the counterparty	3.3.8.4

3 3.12.4 Description of T2S Services

4 3.12.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

5 **Business Validation Service (T2S.SD.SETT.010)**

6 This T2S service validates the Release Instruction and ensures the fulfilment of defined rules pertaining to
7 the content of the fields.

8 **Hold/Release Service (T2S.SD.SETT.110)**

9 This T2S service manages the Hold status of the targeted settlement Instruction for the specified type of Hold
10 given in the release Instruction.

11 3.12.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF.010

12 **Status Management Service (T2S.SD.INF.010)**

13 This T2S service sends the processing/execution status of the Release Instruction and of the underlying
14 settlement Instruction to the authorised T2S actors (Instructing party side and counterparty side).

15 3.13 Cancellation of Settlement Instruction [T2S.BPD.SETT.CINS]

16 3.13.1 Overview

17 This process describes the act of cancelling a Settlement Instruction using a Cancellation Instruction. T2S
18 cancels an unmatched Settlement Instruction upon the reception of a valid Cancellation Instruction from the
19 CSD or CSD Participant. For matched Settlement Instructions T2S requires a cancellation of both Settlement

1 Instructions (i.e. two Cancellation Instructions or a matched Cancellation Instruction). A Cancellation
2 Instruction has its own life cycle and own instruction statuses that differ from the one of a Settlement
3 Instruction.

4 **Trigger:**

5 A CSD or CSD Participant identifies the need to cancel an instruction.

6 **Preconditions:**

7 A valid Settlement Instruction exists in T2S and it is not settled neither cancelled.

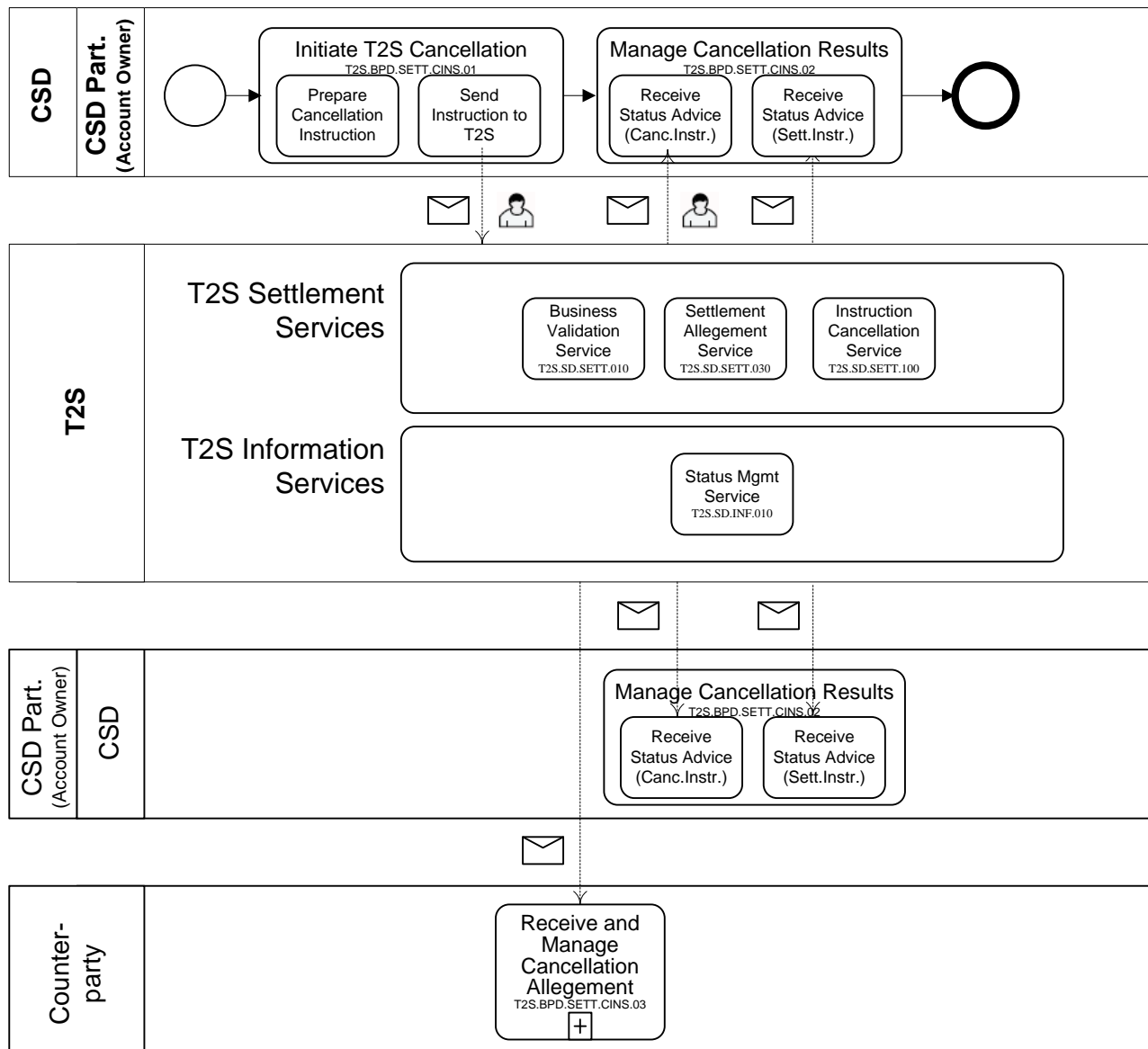
8 **T2S Instructing Party:**

9 There are two scenarios for the instruction of T2S.

- 10 • Scenario A: CSD instructs T2S (on its own behalf, or on behalf of a participant).
- 11 • Scenario B: CSD Participant instructs T2S.

3.13.2 Business Process Diagram

Figure 3-17: Business Process Diagram [T2S.BPD.SETT.CINS]



3.13.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

3.13.3.1 Initiate T2S Cancellation

Reference ID	T2S.BPD.SETT.CINS.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

1 The CSD [CSD Participant] collects the information required to create a Cancellation Instruction and sends it
2 to T2S.

3 References:

4 UDFS: Use Case “Send Cancellation Instruction of a Settlement Instruction or settlement restriction on
5 securities position” (Chapter 2.11)

6 GUI BFD: T2S.GUI.SESE.INX.0050

7 3.13.3.1.1 Prepare Cancellation Instruction

Reference ID	T2S.BPD.SETT.CINS.01.01
--------------	-------------------------

8 The CSD [CSD Participant] prepares a Cancellation Instruction with the information and format required by
9 T2S.

10 The Cancellation Instruction will include the reference of the to-be-cancelled instruction (i.e. T2S reference
11 or T2S Actor reference) so that T2S can unambiguously identify this instruction. In case the T2S actor wants
12 to cancel an already matched Settlement Instruction with one cancellation, it will have to specify the T2S
13 Actor reference of the already matched instruction.

14 3.13.3.1.2 Send Instruction to T2S

Reference ID	T2S.BPD.SETT.CINS.01.02
--------------	-------------------------

15 The CSD [CSD Participant] sends the Cancellation Instruction to T2S.

16 The instruction of T2S is also possible via the T2S GUI.

17 The CSD [CSD Participant] sends the following message to T2S:

18 **Table 3-44: Messages to T2S [T2S.BPD.SETT.CINS.01.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesTransactionCancellationRequest ⁴¹	sese.020.001.02	To T2S	3.3.8.1

19 3.13.3.2 Manage Cancellation Results

Reference ID	T2S.BPD.SETT.CINS.02
--------------	----------------------

20 T2S Actors: CSD and CSD Participant (Both Scenarios)

⁴¹ Used to cancel Settlement Instructions as well as Intra-position Movements (i.e. settlement restrictions on securities position)

- 1 The CSD and CSD Participant receive the status advice messages generated by T2S for the Cancellation
2 Instruction and for the Settlement Instruction.
- 3 In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S
4 (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when
5 the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.
- 6 In the case where the CSD acts on its own behalf, T2S does not send any message flows to the CSD
7 Participant.
- 8 The fact that the Settlement Instruction is on hold (except for CoSD Hold) or linked to another instruction
9 does not prevent its cancellation.
- 10 References:
- 11 UDFS: Use Case “Send Cancellation Instruction of a Settlement Instruction or settlement restriction on
12 securities position” (Chapter 2.11)
- 13 GUI BFD: T2S.GUI.SESE.INX.0050

14 3.13.3.2.1 Receive Status Advice (Cancellation Instruction)

Reference ID	T2S.BPD.SETT.CINS.02.01
--------------	-------------------------

- 15 The CSD and CSD Participant receive status advice messages for every change of status to the Cancellation
16 Instruction in T2S. Additionally this activity receives the reason code update in case the Cancellation
17 Instruction is denied.
- 18 If T2S has been instructed via the T2S GUI the status is shown on the screen.
- 19 The CSD and CSD Participant receive the following messages from T2S:

20 **Table 3-45: Messages from T2S [T2S.BPD.SETT.CINS.02.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesTransactionCancellationRequestStatusAdvice	sese.027.001.02	From T2S	Change in status/reason code of the Cancellation Instruction	3.3.8.6

- 21 The message reports the statuses and relevant reason codes of a Cancellation Instruction.
- 22 Following the message reception, other internal activities might be conducted such as aligning the status of
23 the Cancellation Instruction in the CSD’s or CSD Participant’s systems with the status in T2S. In case of
24 rejection or denial an analysis can be launched before re-submitting a cancellation.

3.13.3.2.2 Receive Status Advice (Settlement Instruction)

Reference ID	T2S.BPD.SETT.CINS.02.02
--------------	-------------------------

The CSD and CSD Participant receive status advice messages for every change of the cancellation status of the referenced Settlement Instruction in T2S as well as any reason code update of the instruction's cancellation status (e.g. status advice message reporting the reason code that a cancellation is awaiting from the counterparty in case the Settlement Instruction was matched).

The CSD could also receive status advice messages related to the cancellation of the realignment instructions related to the Settlement Instruction, if any.

The CSD and CSD Participant receive the following message from T2S:

Table 3-46: Messages from T2S [T2S.BPD.SETT.CINS.02.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatus Advice	sese.024.001.02	From T2S	Change in status/reason code of the Settlement Instruction (i.e. either "instruction cancelled" or "awaiting cancellation from counterparty")	3.3.8.4

The message reports the statuses and relevant reason codes of a Settlement Instruction.

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the Settlement Instruction on securities/cash in the CSD's or CSD Participant's systems with the status in T2S,
- contacting the counterparty in case bilateral cancellation is required (i.e. Settlement Instruction has been matched),
- sending amendment instructions of instructions that were linked to the cancelled instruction to modify the link indicators,
- triggering notification to third parties down the chain.

3.13.3.3 Receive and Manage Cancellation Allegement

Reference ID	T2S.BPD.SETT.CINS.03
--------------	----------------------

T2S Actors: Counterparty

1 The Counterparty receives the status advice message generated by T2S to report that a cancellation of the
2 matched Settlement Instruction has been requested. Additionally, the Counterparty analyses whether a
3 Cancellation Instruction of the Settlement Instruction is needed.

4 The Counterparty receives the following message from T2S:

5 **Table 3-47: Messages from T2S [T2S.BPD.SETT.CINS.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatus Advice	sese.024.001.02	From T2S	Change in status/reason code of the Settlement Instruction (i.e. “pending cancellation”)	3.3.8.4

6 The message reports the statuses and relevant reason codes of a Settlement Instruction.

7 Following the message reception, other internal activities might be conducted such as:

- 8 • aligning the status of the Settlement Instruction in the CSD/CSD Participant’s systems with the
9 status in T2S,
- 10 • contacting the counterparty to understand the reason for a cancellation,
- 11 • triggering notification to third parties (e.g. client of the CSD Participant),
- 12 • initiating a cancellation might be required.

13 References:

14 UDFS: Use Case “Send Cancellation Instruction of a Settlement Instruction or settlement restriction on
15 securities position” (Chapter 2.11)

16 GUI BFD: T2S.GUI.SESE.INX.0050

17 3.13.4 Description of T2S Services

18 3.13.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

19 Business Validation Service (T2S.SD.SETT.010)

20 This T2S service validates the Cancellation Instructions and ensures the fulfilment of defined rules
21 pertaining to the content of the fields in the Cancellation Instructions.

1 Allegement Service (T2S.SD.SETT.030)

2 This T2S service creates status advice messages to the counterparty, to inform the Counterparty that T2S
3 received a Cancellation Instruction for a Settlement Instruction that is matched to one of its Settlement
4 Instructions.

5 Instruction Cancellation Service (T2S.SD.SETT.100)

6 This T2S service executes or denies a Cancellation Instruction and cancels Settlement Instructions and
7 settlement restrictions according to the defined rules.

8 3.13.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

9 Status Management Service (T2S.SD.INF 010)

10 This T2S service sends the status of the instructions to the authorised T2S actors. Any change of status
11 triggers the creation of status messages.

12 3.14 Cancellation of Intra-Position Movement [T2S.BPD.SETT.CIPM]

13 3.14.1 Overview

14 This process describes the act of cancelling an Intra-position Movement (i.e. settlement restriction on
15 securities position) using a Cancellation Instruction. T2S cancels an Intra-position Movement upon the
16 reception of a valid Cancellation Instruction from the CSD or CSD Participant. A Cancellation Instruction
17 has its own life cycle and own instruction statuses that differ from the one of an Intra-position Movement.

18 Trigger:

19 A CSD or CSD Participant identifies the need to cancel an Intra-position Movement.

20 Preconditions:

21 A valid Intra-position Movement exists in T2S and it is not settled neither cancelled.

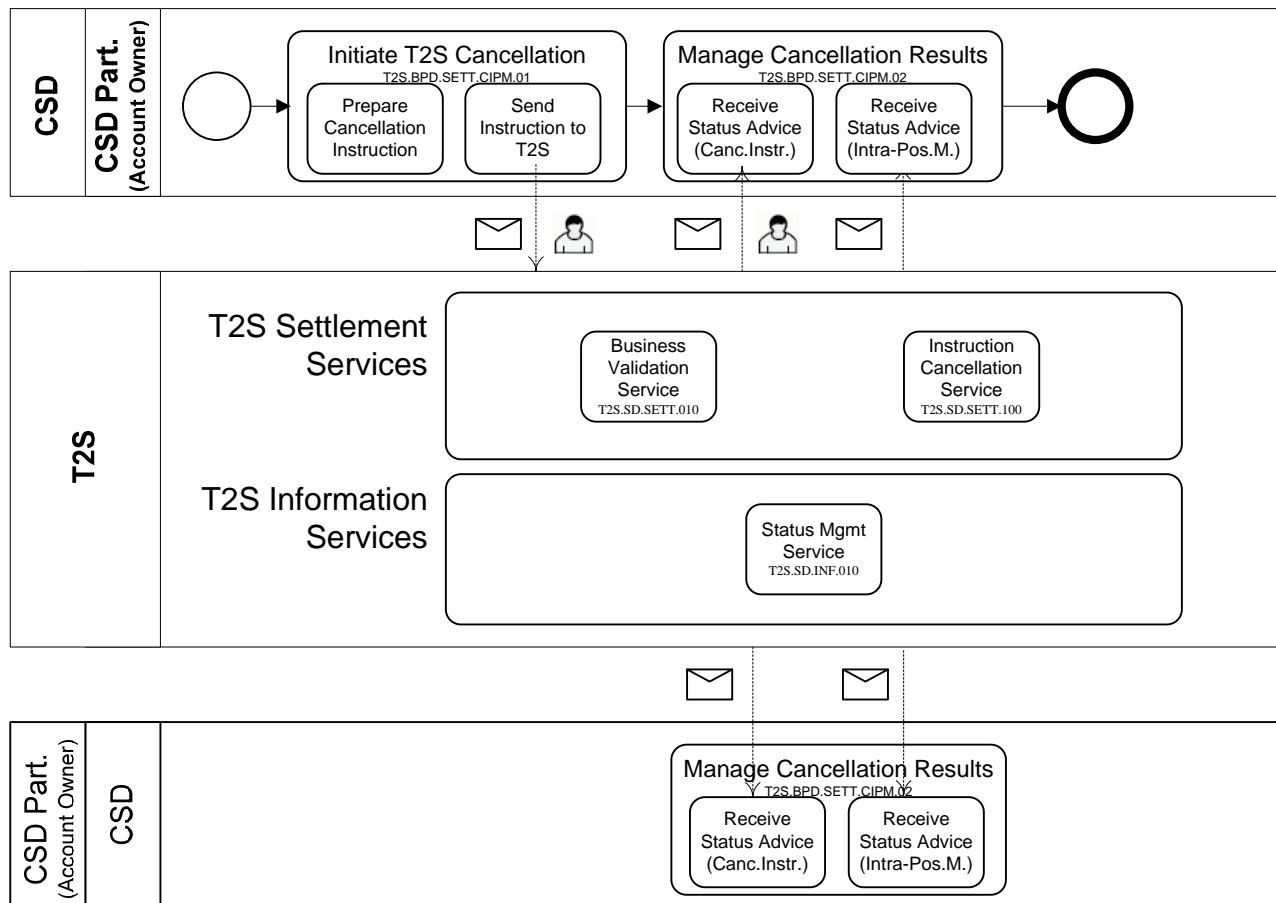
22 T2S Instructing Party:

23 There are two scenarios for the instruction of T2S.

- 24 • Scenario A: CSD instructs T2S (on its own behalf, or on behalf of a participant)
- 25 • Scenario B: CSD Participant instructs T2S

3.14.2 Business Process Diagram

Figure 3-18: Business Process Diagram [T2S.BPD.SETT.CIPM]



3.14.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

3.14.3.1 Initiate T2S Cancellation

Reference ID	T2S.BPD.SETT.CIPM.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] collects the information required to create a Cancellation Instruction and sends it to T2S.

References:

UDFS: Use Case “Send Cancellation Instruction of a Settlement Instruction or settlement restriction on securities position” (Chapter 2.11)

GUI BFD: T2S.GUI.SESE.INX.0050

3.14.3.1.1 Prepare Cancellation Instruction

Reference ID	T2S.BPD.SETT.CIPM.01.01
--------------	-------------------------

The CSD [CSD Participant] prepares a Cancellation Instruction with the information and format required by T2S.

The Cancellation Instruction will include the reference of the to-be-cancelled instruction (i.e. T2S reference or T2S Actor reference) so that T2S can unambiguously identify this instruction

3.14.3.1.2 Send Instruction to T2S

Reference ID	T2S.BPD.SETT.CIPM.01.02
--------------	-------------------------

The CSD [CSD Participant] sends the Cancellation Instruction to T2S.

The instruction of T2S is also possible via the T2S GUI.

The CSD [CSD Participant] sends the following message to T2S:

Table 3-48: Messages to T2S [T2S.BPD.SETT.CIPM.01.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesTransactionCancellationRequest ⁴²	sese.027.001.02	To T2S	3.3.8.1

3.14.3.2 Manage Cancellation Results

Reference ID	T2S.BPD.SETT.CIPM.02
--------------	----------------------

T2S Actors: CSD and CSD Participant (Both Scenarios)

The CSD and CSD Participant receive the status advice messages generated by T2S for the Cancellation Instruction and for the Intra-position Movement.

In both scenarios, the CSD and the CSD Participant receive the messages. When a CSD instructs T2S (Scenario A), the CSD Participant (if directly connected) can also receive these messages. Similarly, when the CSD Participant instructs T2S (Scenario B), the CSD can also receive the messages.

⁴² Used to cancel Intra-Position Movement as well as Settlement Instructions

1 In the case where the CSD acts on its own behalf, T2S does not send any message flows to the CSD
2 Participant.

3 The fact that the Intra-position Movement is linked to another instruction does not prevent its cancellation.

4 References:

5 UDFS: Use Case “Send Cancellation Instruction of a Settlement Instruction or settlement restriction on
6 securities position” (Chapter 2.11)

7 GUI BFD: T2S.GUI.SESE.INX.0050

8 **3.14.3.2.1 Receive Status Advice (Cancellation Instruction)**

Reference ID	T2S.BPD.SETT.CIPM.02.01
--------------	-------------------------

9 The CSD and CSD Participant receive status advice messages for every change of status to the Cancellation
10 Instruction in T2S. Additionally this activity receives the reason code update in case the Cancellation
11 Instruction is denied.

12 If T2S has been instructed via the T2S GUI the status is shown on the screen.

13 The CSD and CSD Participant receive the following messages from T2S:

14 **Table 3-49: Messages from T2S [T2S.BPD.SETT.CIPM.02.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesTransacti onCancellationReq uestStatusAdvice	sese.027.001.02	From T2S	Change in status/reason code of the Cancellation Instruction	3.3.8.6

15 The message reports the statuses and relevant reason codes of a Cancellation Instruction.

16 Following the message reception, other internal activities might be conducted such as aligning the status of
17 the Cancellation Instruction in the CSD’s or CSD Participant’s systems with the status in T2S. In case of
18 rejection or denial an analysis can be launched before re-submitting a cancellation.

19 **3.14.3.2.2 Receive Status Advice (Intra-Position movement)**

Reference ID	T2S.BPD.SETT.CIPM.02.02
--------------	-------------------------

20 The CSD and CSD Participant receive status advice messages for every change of the cancellation status of
21 the referenced Intra-position Movement in T2S as well as any reason code update of its cancellation status.

22 The CSD and CSD Participant receive the following message from T2S:

1 **Table 3-50: Messages from T2S [T2S.BPD.SETT.CIPM.02.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMove mentStatusAdvice	semt.014.001.02	From T2S	Change in status of the settlement restriction on securities position ("cancelled")	3.3.7.3

2 The message reports the statuses and relevant reason codes of an Intra-position Movement.

3 Following the message reception, other internal activities might be conducted such as:

- 4 • aligning the status of the Intra-position Movement in the CSD's or CSD Participant's systems with
- 5 the status in T2S,
- 6 • sending amendment instructions of instructions that were linked to the cancelled instruction to
- 7 modify the link indicators,
- 8 • triggering notification to third parties down the chain.

9 **3.14.4 Description of T2S Services**

10 **3.14.4.1 Settlement Services**

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

11 This T2S business service facilitates the settlement of securities sent to T2S by the CSD or CSD Participant
12 and the management of instruction within T2S.

13 **Business Validation Service (T2S.SD.SETT.010)**

14 This T2S service validates the Cancellation Instructions and ensures the fulfilment of defined rules
15 pertaining to the content of the fields in the Cancellation Instructions.

16 **Instruction Cancellation Service (T2S.SD.SETT.100)**

17 This T2S service executes or denies a Cancellation Instruction and cancels Intra-position Movements
18 according to the defined rules.

19 **3.14.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

1 **Status Management Service (T2S.SD.INF 010)**

2 This T2S service sends the status of the Intra-position Movements to the authorised T2S actors. Any change
3 of status triggers the creation of status messages.

4 **3.15 Cancellation of Intra-balance Movement [T2S.BPD.SETT.CIBM]**

5 **3.15.1 Overview**

6 This process describes the act of cancelling an Intra-balance Movement (i.e. settlement restriction on cash
7 balance) using a Cancellation Instruction. T2S cancels an Intra-balance Movement upon the reception of a
8 valid Cancellation Instruction from the Central Bank or Central Bank Participant. A Cancellation Instruction
9 has its own life cycle and own instruction statuses that differ from the one of an Intra-balance Movement.

10 **Trigger:**

11 A Central Bank or Central Bank Participant identifies the need to cancel an Intra-balance Movement.

12 **Preconditions:**

13 A valid Intra-balance Movement exists in T2S and it is not settled neither cancelled.

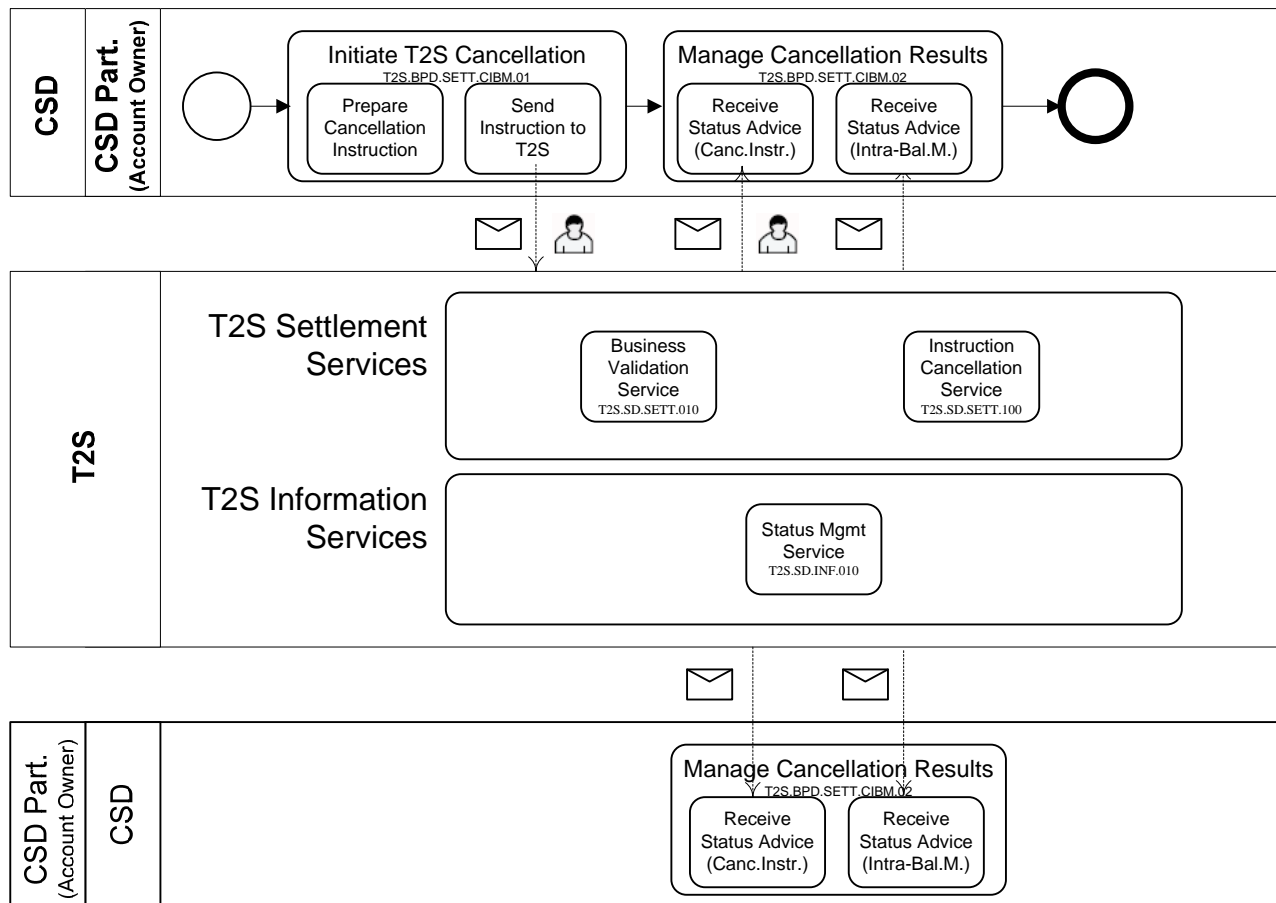
14 **T2S Instructing Party:**

15 There are two scenarios for the instruction of T2S.

- 16 • Scenario A: Central Bank instructs T2S (on its own behalf, or on behalf of a participant).
- 17 • Scenario B: Central Bank Participant instructs T2S.

3.15.2 Business Process Diagram

Figure 3-19: Business Process Diagram [T2S.BPD.SETT.CIBM]



3.15.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

3.15.3.1 Initiate T2S Cancellation

Reference ID	T2S.BPD.SETT.CIBM.01
--------------	----------------------

T2S Actors: Central Bank (Scenario A)/Central Bank Participant (Scenario B)

The Central Bank [Central Bank Participant] collects the information required to create a Cancellation Instruction and sends it to T2S.

References:

UDFS: Use Case "Send Cancellation Instruction of a Settlement restriction on cash balance" (Chapter 2.12)

1 GUI BFD: T2S.GUI.SESE.INX.0050

2 **3.15.3.1.1 Prepare Cancellation Instruction**

Reference ID	T2S.BPD.SETT.CIBM.01.01
--------------	-------------------------

3 The Central Bank [Central Bank Participant] prepares a Cancellation Instruction with the information and
4 format required by T2S.

5 The Cancellation Instruction will include the reference of the to-be-cancelled instruction (i.e. T2S reference
6 or T2S Actor reference) so that T2S can unambiguously identify this instruction

7 **3.15.3.1.2 Send Instruction to T2S**

Reference ID	T2S.BPD.SETT.CIBM.01.02
--------------	-------------------------

8 The Central Bank [Central Bank Participant] sends the Cancellation Instruction to T2S.

9 The instruction of T2S is also possible via the T2S GUI.

10 The Central Bank [Central Bank Participant] sends the following message to T2S:

11 **Table 3-51: Messages to T2S [T2S.BPD.SETT.CIBM.01.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
IntraBalanceMovementCancellationRequest	camt.074.001.01	To T2S	3.3.3.27

12 **3.15.3.2 Manage Cancellation Results**

Reference ID	T2S.BPD.SETT.CIBM.02
--------------	----------------------

13 T2S Actors: Central Bank and Central Bank Participant (Both Scenarios)

14 The Central Bank and Central Bank Participant receive the status advice messages generated by T2S for the
15 Cancellation Instruction and for the Intra-balance Movement.

16 In both scenarios, the Central Bank and the Central Bank Participant receive the messages. When a Central
17 Bank instructs T2S (Scenario A), the Central Bank Participant (if directly connected) can also receive these
18 messages. Similarly, when the Central Bank Participant instructs T2S (Scenario B), the Central Bank can
19 also receive the messages.

20 In the case where the Central Bank acts on its own behalf, T2S does not send any message flows to the
21 Central Bank Participant.

22 The fact that the Intra-balance Movement is linked to another instruction does not prevent its cancellation.

1 References:

2 UDFS: Use Case “Send Cancellation Instruction of a Settlement restriction on cash balance” (Chapter 2.12)

3 GUI BFD: T2S.GUI.SESE.INX.0050

4 **3.15.3.2.1 Receive Status Advice (Cancellation Instruction)**

Reference ID	T2S.BPD.SETT.CIBM.02.01
--------------	-------------------------

5 The Central Bank and Central Bank Participant receive status advice messages for every change of status to
6 the Cancellation Instruction in T2S. Additionally this activity receives the reason code update in case the
7 Cancellation Instruction is denied.

8 If T2S has been instructed via the T2S GUI the status is shown on the screen.

9 The Central Bank and Central Bank Participant receive the following messages from T2S:

10 **Table 3-52: Messages from T2S [T2S.BPD.SETT.CIBM.02.01]**

Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentCancellationR equestStatusAdvice	camt.078.001.01	From T2S	Change in status/reason code of the cancellation instruction	3.3.3.28

11 The message reports the statuses and relevant reason codes of a Cancellation Instruction.

12 Following the message reception, other internal activities might be conducted such as aligning the status of
13 the Cancellation Instruction in the Central Bank’s or Central Bank Participant’s systems with the status in
14 T2S. In case of rejection or denial an analysis can be launched before re-submitting a cancellation.

15 **3.15.3.2.2 Receive Status Advice (Intra-balance movement)**

Reference ID	T2S.BPD.SETT.CIBM.02.02
--------------	-------------------------

16 The Central Bank and Central Bank Participant receive status advice messages for every change of the
17 cancellation status of the referenced Intra-balance Movement in T2S as well as any reason code update of its
18 cancellation status.

19

1 The Central Bank and Central Bank Participant receive the following message from T2S:

2 **Table 3-53: Messages from T2S [T2S.BPD.SETT.CIBM.02.02]**

Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMovementStatusAdvice	camt.067.001.01	From T2S	Change in status of the settlement restriction on cash balance (“cancelled”)	3.3.3.21

3 The message reports the statuses and relevant reason codes of an Intra-balance Movement.

4 Following the message reception, other internal activities might be conducted such as:

- 5 • aligning the status of the Intra-balance Movement in the Central Bank’s or Central Bank
- 6 Participant’s systems with the status in T2S,
- 7 • sending amendment instructions of instructions that were linked to the cancelled instruction to
- 8 modify the link indicators,
- 9 • triggering notification to third parties down the chain.

10 3.15.4 Description of T2S Services

11 3.15.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

12 Business Validation Service (T2S.SD.SETT.010)

13 This T2S service validates the Cancellation Instructions and ensures the fulfilment of defined rules
14 pertaining to the content of the fields in the Cancellation Instructions.

15 Instruction Cancellation Service (T2S.SD.SETT.100)

16 This T2S service executes or denies a Cancellation Instruction and cancels Intra-balance Movements
17 according to the defined rules.

18 3.15.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

19 Status Management Service (T2S.SD.INF 010)

1 This T2S service sends the status of the Intra-balance Movements to the authorised T2S actors. Any change
2 of status triggers the creation of status messages.

3 **3.16 Amendment of Settlement Instruction or Restriction [T2S.BPD.SETT.AINS]**

4 **3.16.1 Overview**

5 This process describes the act of amending a settlement instruction or restriction in T2S. A CSD or Central
6 Bank or either one's participant may use this process, as a corrective action to a pending settlement
7 instruction or restriction, for instance when a previously sent instruction's processing indicator was not
8 correct or is not valid anymore. For instance, priority, linkage and partial settlement indicator of such an
9 instruction or restriction are modifiable.

10 **Trigger:**

11 A CSD or Central Bank or either one's participant receives details for amending the settlement instruction or
12 settlement restriction

13 **Preconditions:**

14 The CSD or Central Bank or their participant knows the reference of the settlement instruction or settlement
15 restriction to be amended.

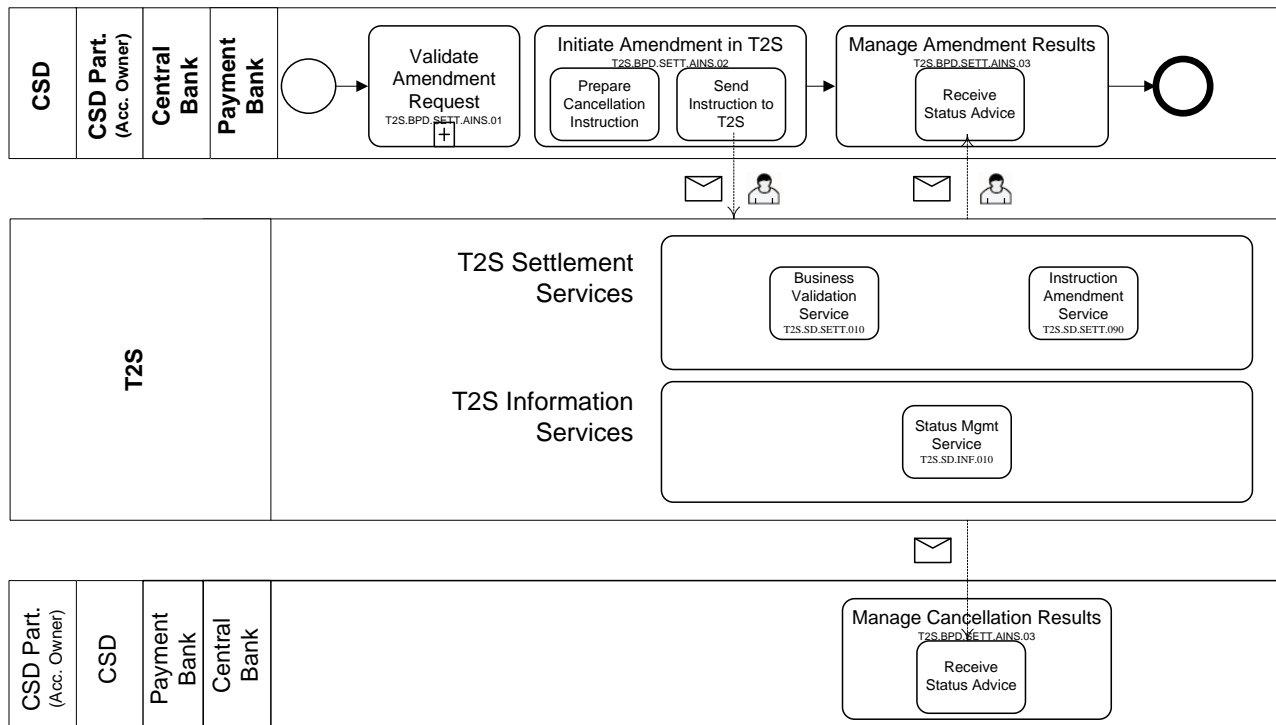
16 **T2S Instructing Party:**

17 There are four scenarios for the instruction of T2S.

- 18 • Scenario A: CSD instructs T2S
- 19 • Scenario B: CSD Participant instructs T2S
- 20 • Scenario C: Central Bank instructs T2S
- 21 • Scenario D: Payment Bank instructs T2S

3.16.2 Business Process Diagram

Figure 3-20: Business Process Diagram [T2S.BPD.SETT.AINS]



3.16.3 Business Process Description

3.16.3.1 Validate Amendment Request

Reference ID	T2S.BPD.SETT.AINS.01
--------------	----------------------

T2S Actors: CSD (Scen. A)/CSD Participant (Scen. B)/ Central Bank (Scen. C)/ Payment Bank (Scen. D)

The CSD [CSD Participant/Central Bank/Payment Bank] checks⁴³ all the details in the amendment instruction against the reference data (maintained by the CSD/Central Bank or CSD Participant/Payment Bank if directly connected to T2S).

3.16.3.2 Initiate Amendment in T2S

Reference ID	T2S.BPD.SETT.AINS.02
--------------	----------------------

T2S Actors: CSD (Scen. A)/CSD Participant (Scen. B)/ Central Bank (Scen. C)/ Payment Bank (Scen. D)

⁴³ For instance if the partial settlement indicator was set by a CSD or a CCP/Stock Exchange with power of attorney, it is not possible to be modified in T2S. Also “reserved” priority is allowed only for CSDs and Central Banks. “Top” priority only allowed to CCP and Stock Exchange instructions.

1 The CSD [CSD Participant/Central Bank/Payment Bank] enriches the amendment instruction with details
2 required for settlement processing in T2S and sends the amendment instruction to T2S.

3 References:

4 UDFS: Use Cases “Send Amendment Instruction of a Settlement Instruction or of a Settlement Restriction
5 on Securities Position” (Chapter 2.8) and “Send Amendment Instruction of a Settlement Restriction on Cash
6 Balance” (Chapter 2.9)

7 GUI BFD: T2S.GUI.SESE.INX.0040

8 3.16.3.2.1 Enrich Amendment Instruction

Reference ID	T2S.BPD.SETT.AINS.02.01
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9 The CSD [CSD Participant/Central Bank/Payment Bank] enriches the Amendment instruction with T2S
10 specific information like reference of the instruction⁴⁴ to be modified, T2S securities or cash account number
11 and the requested change. (unlink, link, partial settlement indicator and threshold type⁴⁵ or priority)

12 Only one change is allowed per maintenance instruction.

13 It is to be noted that should the amendment instruction use the reference of an already matched instruction,
14 the process indicators of the two legs will be modified.

15 3.16.3.2.2 Send Amendment Instruction to T2S

Reference ID	T2S.BPD.SETT.AINS.02.02
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16 The CSD [CSD Participant/Central Bank/Payment Bank] converts the Amendment instruction enriched with
17 T2S specific information and transmits it to T2S.

18 The instruction of T2S is also possible via the T2S GUI.

19 The CSD [CSD Participant/Central Bank/Payment Bank] sends the following messages to T2S:

20 **Table 3-54: Messages to T2S [T2S.BPD.SETT.AINS.02.02]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationRequest	sese.030.001.02	To T2S	Need to Amend a settlement instruction or a settlement	3.3.8.9

⁴⁴ Settlement instruction, settlement restriction on securities position or settlement restriction on cash balance

⁴⁵ Partial settlement indicator and threshold type is not a modifiable parameter for the settlement restriction on securities position and on cash balance.

			restriction on securities position	
IntraBalanceMove mentModificationR equest	camt.072.001.01	To T2S	Need to Amend a settlement restriction on cash balance	3.3.3.25

1 3.16.3.3 Manage Amendment Results

Reference ID	T2S.BPD.SETT.AINS.03
--------------	----------------------

2 T2S Actors: CSD and CSD Participant (Scen. A and B)/Central Bank and Payment Bank (Scen. C and D)

3 The CSD and CSD Participant [Central Bank and Payment Bank] receive the settlement related messages
4 from T2S and initiates related internal processes.

5 References:

6 UDFS: Use Cases “Send Amendment Instruction of a Settlement Instruction or 1 of a Settlement Restriction
7 on Securities Position” (Chapter 2.8) and “Send Amendment Instruction of a Settlement Restriction on Cash
8 Balance”(Chapter 2.9)

9 GUI BFD: T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020, T2S.GUI.SESE.INX.0030

10 3.16.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.AINS.03.01
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11 The CSD and CSD Participant [Central Bank and Payment Bank] can receive status advices notifying:

- 12 • Rejection of the Amendment instruction,
- 13 • Acceptance of the Amendment instruction,
- 14 • Denial of the Amendment instruction or,
- 15 • Execution of the Amendment instruction.

16 If T2S has been instructed via the T2S GUI the status is shown on the screen.

17 Following the message reception, other internal activities might be conducted such as:

- 18 • Aligning the status of the Amendment instruction in the CSD and CSD Participant [Central Bank and
19 Payment Bank]’s systems with the status in T2S;
- 20 • Triggering notification to CSD Participants [Payment Bank] in case the CSD [Central Bank]
21 instructed on their behalf;

- 1 • Performing analysis after a failed amendment instruction.

- 2 The CSD and CSD Participant [Central Bank and Payment Bank] receive the following messages from T2S:

- 3 **Table 3-55: Messages to T2S [T2S.BPD.SETT.AINS.03.01]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationStatusAdvice / "Rejected"	sese.031.001.02	From T2S	Failed business validation	3.3.8.10
SecuritiesSettlementConditionModificationStatusAdvice / "Accepted"	sese.031.001.02	From T2S	Positive business validation	3.3.8.10
SecuritiesSettlementConditionModificationStatusAdvice / "Denied"	sese.031.001.02	From T2S	Maintenance instruction not eligible (2.8.3.2 for details)	3.3.8.10
SecuritiesSettlementConditionModificationStatusAdvice / "Executed"	sese.031.001.02	From T2S	Maintenance instruction executed	3.3.8.10
IntraBalanceMovementModificationRequestStatusAdvice / "Rejected"	camt.073.001.01	From T2S	Failed business validation	3.3.3.26
IntraBalanceMovementModificationRequestStatusAdvice / "Accepted"	camt.073.001.01	From T2S	Positive business validation	3.3.3.26
IntraBalanceMovementModificationRequestStatusAdvice / "Denied"	camt.073.001.01	From T2S	Maintenance instruction not eligible (2.9.3.2 for details)	3.3.3.26

IntraBalanceMovem entModificationReq uestStatusAdvice / “Executed”	camt.073.001.01	From T2S	Maintenance instruction executed	3.3.3.26
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1 3.16.4 Description of T2S Services

2 3.16.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

3 Business Validation Service (T2S.SD.SETT.010)

4 This T2S service validates the amendment instruction and ensures the fulfilment of defined rules pertaining
5 to the content of the fields in the request.

6 Instruction Amendment Service (T2S.SD.SETT.090)

7 This T2S service facilitates amendment of process indicators in the securities settlement
8 instruction/restriction.

9 3.16.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

10 Status Management Service (T2S.SD.INF.010)

11 This T2S service sends the status of the securities settlement modification requests to the authorised T2S
12 actors. The T2S actors must subscribe to the status advice messages in order to receive them.

13 3.17 Account Allocation [T2S.BPD.SETT.AALO]

14 This process describes the act of conducting an account allocation in T2S. In a pure direct holding country⁴⁶,
15 the account allocation happens in an end-investor securities account. The account allocation is a movement
16 between a CSD Participant’s securities account and an end-investor’s securities account in the books of a
17 custodian or a CSD (as account servicer or account operator). This process includes movements between

⁴⁶ In a pure direct holding country, such as Finland, all citizens' and enterprises' accounts holding balance at the end of the day are direct holding accounts, irrespective whether they are retail customers' or e.g. banks' accounts. Nominee accounts are allowed only for foreigners and, in the Finnish case, the balance of commission accounts must be, by law, zero at the end of the day. Furthermore, as of current practise, all accounts have a specific identifier for the account type in the local CSD-system. This makes it very easy to identify account allocations as in practise all FOPs booked on national entities' accounts are account allocations, and the account identifier provides for efficient matching of transactions according to the account type.

end-investor accounts within the same CSD and movements due to corporate action entitlements. Such movements can be realised via a FOP and/or a DVP instruction.

T2S has a specific pricing for account allocation instructions, as this is a specificity of direct holding markets. Such instructions will be identified based on an “Account allocation” flag on the securities account of the end-investor in T2S. Instructions affecting such “flagged” accounts will follow the core settlement processes.

For details regarding the instruction of T2S and messages received, refer to process “Intra-CSD Settlement [T2S.BPD.SETT.ICSD]”.

3.18 Pledging of Securities [T2S.BPD.SETT.PLED]

This process describes the act of conducting pledges in T2S. Pledging of securities is a procedure by which institutions pledge securities in order to conform to legal or regulatory requirements or to raise liquidity. E.g. The CSD Participant taking credit (pledgor) pledges securities (collateral) to the CSD Participant who is providing credit (pledgee) as a guarantee to obtain liquidity.

The CSD or CSD Participants can pledge securities using three different methods.

- Transfer securities from pledgor’s securities account to a pledgee’s security account: this procedure follows the core settlement process flow in intra-CSD as well as cross-CSD and external CSD settlement scenarios i.e. the CSD or CSD Participant uses a standard Free of payment or versus payment settlement instruction to initiate the transfer of securities specifying the pledgee’s account as receiving account. For details regarding the process flow and messages involved, refer to section “Core Settlement Processes”.
- Pledge one of pledgor’s accounts to pledgee i.e. transfer securities from one of the pledgor’s securities accounts to another account (of the pledgor) pledged to the pledgee: this procedure follows the core settlement process flow of the intra-CSD settlement scenario i.e. the CSD or CSD Participant uses a standard Free of payment or versus payment settlement instruction to initiate the transfer of securities specifying the pledged account as receiving account. For details regarding the process flow and messages involved, refer to section “Core Settlement Processes”.
- Pledge a specific balance within pledgor’s securities account i.e. transfer securities to this specific balance: this procedure uses the intra-position movement functionality and follows the process flow specified in the Earmarking of Securities process i.e. the CSD or CSD Participant uses the Intra-Position Movement Instruction to initiate the transfer of securities to the pledged balance within its own account. For details regarding the earmarking of a securities position, refer to process “Earmarking of Securities Position [T2S.BPD.SETT.EARM]”.

1 ASSET SERVICES PROCESSES

4. ASSET SERVICES PROCESSES

4.1 Repurchase Agreements [T2S.BPD.SETT.REPO]

4.1.1 Overview

This process describes the act of initiating a Repurchase Agreement. A Repurchase Agreement, also known as a “Repo”, is the sale of securities together with an agreement for the “seller⁴⁷” to buy back its securities used as collateral, at a later date from the “buyer⁴⁸” on a secured cash loan at a fixed or variable rate of interest. The price at maturity will be greater than the original sale price, the difference effectively representing interest, sometimes called the “repo rate”.

A Repo is equivalent to a cash transaction combined with a forward contract. Such a repo usually has the following features

- The “cash transaction” results in transfer of cash as the “original sale price” to the borrower in exchange for legal transfer of the collateral securities to the lender during “Opening of a Repo”.
- The “forward contract” ensures repayment of the cash as the “price at maturity” to the lender and return of the collateral of the borrower during “Closing of a Repo”.

The difference between the “original sale price” and the “price at maturity of a repo” is effectively the interest on the repo while the settlement date of the forward contract is the maturity date (i.e. closing date) of the repo.

Any securities (e.g. corporate and Treasury/Government bonds, and stocks) may be used as “collateral” in a repo transaction, as agreed between the seller and the buyer and allowed in the market.

T2S facilitates settlement of such repo transactions instructed by cash taker and cash provider (or another party on their behalf), at any time during a settlement day. Here, the cash taker and the cash provider are CSD/CSD Participants with one party initiating the repo transaction with its counterpart. Additionally, a stock exchange can also facilitate the matching of such repo trades, between the cash taker and cash provider and instruct a pre-matched settlement instruction to T2S.

In the event of a Repo, the legal title to the collateral securities passes from the seller to the buyer. Any interest payable (e.g. out of corporate actions) on the collateralised securities is usually passed directly onto the repo seller.

The Repo agreement might instead provide that the buyer receives such interest payable (e.g. coupon), with the cash payable on repurchase being adjusted to compensate. T2S facilitates settlement of such

⁴⁷ The “seller” is also referred as “borrower” or “cash taker”

⁴⁸ The “buyer” is also referred as “lender” or “cash provider”

1 “compensation” effects at any time during a settlement day for all participating CSDs and its participants, as
2 part of settlement of the repo.

3 Alternatively, T2S also facilitates settlement of such “compensation” effects as settlement of “market
4 claims”. For details refer to 5.3.1 Market Claims [T2S.BPD.SETT.MCLA].

5 Additionally, during the term of a repo, a need to manage risk exposure between the seller and the buyer can
6 arise due to fluctuations in worth of the collateral with the buyer, leading to margin movements and
7 substitutions of securities and/or cash. T2S also facilitates settlement of such “risk management” effects
8 following the standard settlement processes.

9 **Trigger:**

10• The CSD or another authorised party receives “opening of a repo” or “closing of a repo” trades with the
11 necessary details.

12• Maturity of repo triggers the “closing of a repo” related settlement processes

13 **Preconditions:**

14 None

15 **T2S Instructing Party:**

16 There are two scenarios for the instruction of T2S.

17• Scenario A: CSD instructs T2S

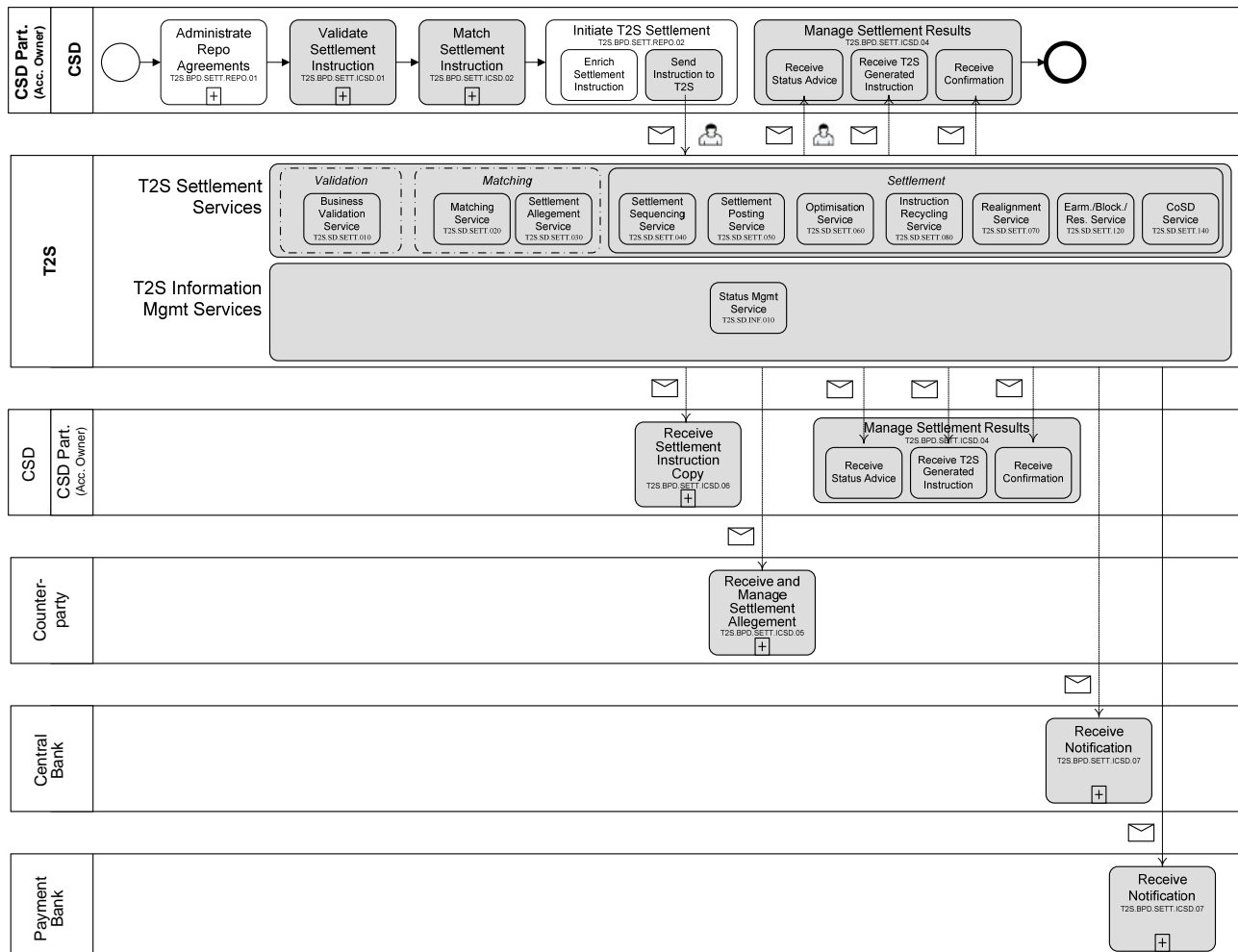
18• Scenario B: CSD Participant instructs T2S

19 This process is a variation of the core settlement processes. Even though it applied to all three types of
20 settlement (intra-CSD, cross-CSD, external-CSD), the diagram below refers to the intra-CSD settlement
21 Process for the purpose of illustration.

22 Only deviations from the base process are described.

4.1.2 Business Process Diagram

Figure 4-1: Business Process Diagram [T2S.BPD.SETT.REPO]



4.1.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

4.1.3.1 Administrate Repo Agreements

Reference ID	T2S.BPD.SETT.REPO.01
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T2S Actors: CSD Participant

The CSD Participant as the cash taker/cash provider identifies its need for cash/its need to lend cash to prospective cash takers respectively. It enters into a repo agreement with its counterpart with the related

1 terms and conditions of the opening/closing of a repo, the type of collaterals accepted and mutually agreeable
2 interest rate charges with or without compensation needs.

3 The CSD, a Central Bank or Stock Exchange can maintain these repo agreements to facilitate repo
4 transaction settlement.

5 **4.1.3.2 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.REPO.02
--------------	----------------------

6 T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

7 The CSD [CSD Participant] enriches the repo related settlement instruction with details required for
8 settlement processing in T2S and sends the settlement instruction to T2S for “Opening of a Repo” and for
9 “Closing of a Repo”.

10 The CSD [CSD Participant] prepares its relevant repo details such as collateral securities with its quantity,
11 cash amount, intended settlement date, counterparty details, etc. The CSD [CSD Participant] prepares
12 settlement instructions and instructs T2S.

13 There are different possibilities to instruct T2S for the “opening of a repo” and “closing of a repo”. The CSD
14 [CSD Participant] can send its settlement instructions for the closing leg(s) of a repo at the same or at a
15 different time than the opening leg(s).

16 References:

17 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

18 GUI BFD: T2S.GUI.SESE.INX.0070

19 **4.1.3.2.1 Enrich Settlement Instruction**

Reference ID	T2S.BPD.SETT.REPO.02.01
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20 The CSD [CSD Participant] prepares the Settlement Instruction for the opening of a repo/closing of a repo
21 related settlement instructions with the needed links as detailed below.

22 The CSD [CSD Participant] has different possibilities to instruct “opening of a repo” and “closing of a repo”
23 related instructions.

24• Individual instructions of “opening leg(s) of a repo” or “closing leg(s) of a repo” without any linkage
25 information

26• Linking together (all) “opening leg(s) of a repo” or (all) “closing leg(s) of a repo”

- 1 ○ Settlement on an “All-or-none” basis for one or more instructions with a linked “WITH”
- 2 processing code
- 3 ○ Settlement of one or more instructions with the usage of a “pool reference”
- 4● Linking together “opening leg(s) of a repo” and “closing leg(s) of a repo”
- 5 ○ One or more of the “closing leg(s) of a repo” instructions can specify an “AFTE” link to the
- 6 related “opening leg of a repo”.
- 7 ○ One or more of the “opening leg of a repo” instruction can specify a “BEFO” link to the
- 8 related “closing leg of a repo” leg.
- 9 ○ Additionally, a “common repo reference” can specify in each of the “opening leg of a repo”
- 10 and “closing leg of a repo” settlement instructions for the instructing parties to identify the
- 11 repo as a single transaction. However T2S will not use the “common repo reference” in the
- 12 validation and subsequent processing of such repo instructions.
- 13 The CSD [CSD Participant] can instruct T2S using use the below types of settlement instructions and
- 14 transaction types.
- 15● One or more Deliver Against Payment instructions
- 16● A single Payment Free of delivery instruction and one or more Free of Payment instructions
- 17● One or more Deliver Against Payment and one or more Free of Payment

18 **Table 4-1: Repo Transaction Types [T2S.BPD.SETT.REPO.02.01]**

Securities transaction type	ISO definition
REPU	Relates to a repurchase agreement transaction
RVPO	Relates to a reverse repurchase agreement transaction
TRPO	Relates to a triparty repurchase agreement
TRVO	Relates to a triparty reverse repurchase agreement

19
20

1 The instruction details used for the purpose of Repos are as below.

2 **Table 4-2: Repo Instruction Details [T2S.BPD.SETT.REPO.02.01]**

Instruction details for	From Cash provider		From Cash Taker		ISIN*	Settlement Quantity	Settlement Cash Amount
	Securities movement	Payment code	Securities movement	Payment code			
Opening of a repo	RECE	APMT	DELI	APMT	1 Collateral ISIN	Collateralised quantity	Original sale price
	RECE	APMT	DELI	APMT	1 Collateral ISIN	Zero	Original sale price
	RECE	FREE	DELI	FREE	Other collateral ISINs	Collateralised quantity	Zero
Closing of a repo	DELI	APMT	RECE	APMT	1 Collateral ISIN	Collateralised quantity	Cash amount (with interest)
	DELI	APMT	RECE	APMT	1 Collateral ISIN	Zero	Cash amount (with interest)
	DELI	FREE	RECE	FREE	Other collateral ISINs	Collateralised quantity	Zero
* For each additional collateral ISIN used for a repo, a Receive Free of Payment (from cash provider) and a Deliver Free of Payment (from cash taker) to T2S is required. Alternatively, the instructing parties can decide to split the cash amount involved across the different repo related instructions and avoid the “Free of payment” instructions to T2S.							

3 **4.1.4 Description of T2S Services**

4 There is no deviation from the base process regarding the use of T2S Services.

4.2 Issuance of Securities [T2S.BPD.SETT.ISSU]

4.2.1 Overview

This process describes the act of issuing a new security in the context of T2S. Issuance of securities is a procedure wherein the issuer (i.e. governments, corporations or investment funds) sells securities to the public for the first time, for which there does not yet exist a secondary market⁴⁹ (in the case of equities this is known as Initial Public Offering “IPO”). This requires the issuer to market and distribute the securities, as well as determine the appropriate issuance price.

A typical issuance process consists of activities which may include a number of actors: issuers, issuer’s agents (investment banks acting as underwriters, dealers, transfer agents etc) registrars, national numbering agencies, custodians, etc. This process description focuses on the interaction between the CSD and T2S during the issuance activity.

Trigger:

The CSD receives reference data for new securities: This business process starts with the CSD receiving new securities details from the issuer/issuer agent and a request for creation of issuance and distribution securities accounts. The CSD receives the issuance information from the issuer/issuer’s agent to book the securities in the respective issuance and distribution accounts.

Preconditions:

None

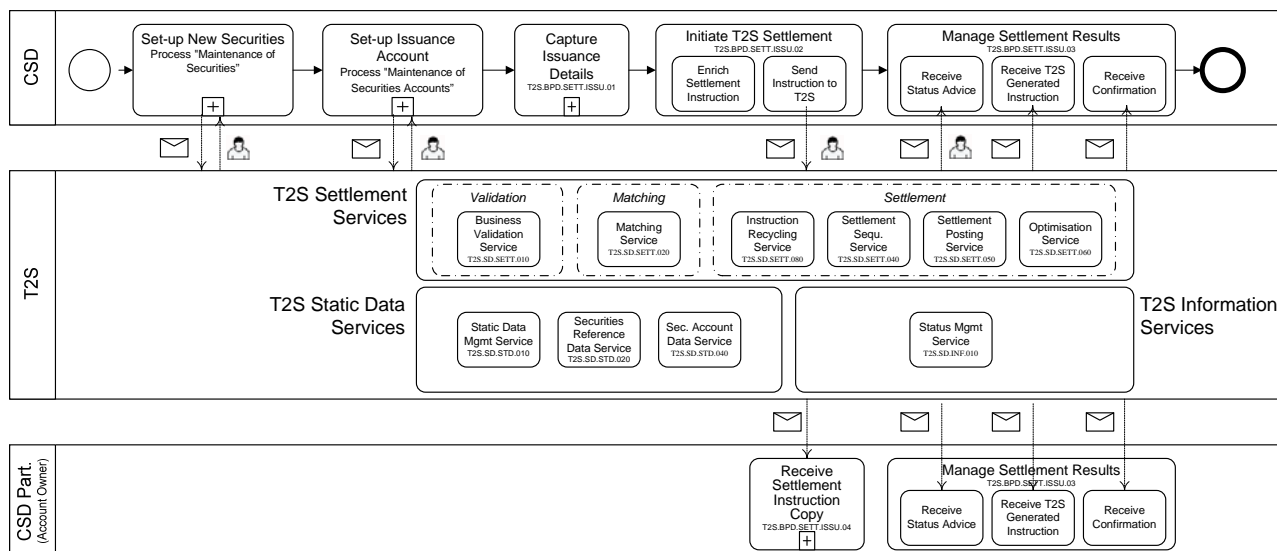
T2S Instructing Party:

CSD

⁴⁹ Secondary market is the financial market where previously issued securities are bought and sold.

4.2.2 Business Process Diagram

Figure 4-2: Business Process Diagram [T2S.BPD.SETT.ISSU]



4.2.3 Business Process Description

4.2.3.1 Maintenance of Securities

This process involves the receipt of securities reference data for the set-up of new securities in the CSD systems and T2S. The set-up of securities reference data and issuance accounts is a precondition for CSDs to process issuance information regarding the initial owners of the securities.

For details regarding the creation of a security, refer to process "Maintenance of Securities [T2S.BPD.STDA.MSEC]".

4.2.3.2 Maintenance of Securities Account

This process involves the receipt of issuance account details for the set-up of a new issuance securities account in the CSD systems and T2S. The issuance account in T2S must have the capability to store negative values for securities positions.

Some issuers/issuer's agents may also require the set-up of an additional securities account for parking the issued securities until final distribution orders are available for crediting the securities accounts of initial owners.

This process is an optional step because an issuer/issuer's agent that already holds an issuance securities account with the CSD (and in T2S), will most likely use the same issuance securities account for all the securities it issues unless it needs to segregate the different ISINs for tax, regulatory or operational purposes.

1 For details regarding the creation of a securities account, refer to process “Maintenance of Securities
2 Account [T2S.BPD.STDA.MSAC]”.

3 4.2.3.3 Capture Issuance Details

Reference ID	T2S.BPD.SETT.ISSU.01
--------------	----------------------

4 T2S Actors: CSD

5 The CSD receives the issuance information from the issuer/issuer’s agent (i.e. CSD Participant) and validates
6 it.

7 The issuance information contains details such as the ISIN, the securities account of the initial owners, the
8 quantity of securities issued to each initial owner, etc. The CSD validates the issuance information against its
9 securities and securities account reference data.

10 4.2.3.4 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.ISSU.02
--------------	----------------------

11 T2S Actors: CSD

12 The CSD enriches the settlement instruction (i.e. instructions for issuance of new securities to initial owners)
13 with details required for settlement processing in T2S and sends the settlement instruction to T2S.

14 References:

15 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

16 GUI BFD⁵⁰: T2S.GUI.SESE.INX.0070

17 4.2.3.4.1 Enrich Settlement Instruction

Reference ID	T2S.BPD.SETT.ISSU.02.01
--------------	-------------------------

18 The CSD enriches the settlement instructions with T2S specific information such as T2S securities account
19 numbers corresponding to the issuance and participant account numbers in the CSD, corporate action
20 reference identifier and delivery and receipt securities position types. Since the issuance process does not
21 require the CSD Participant to send settlement instructions for receipt of securities, this process will create an
22 already matched settlement instruction for settlement in T2S.

⁵⁰ Use of U2A channel for sending settlement instructions for issuance of securities is very unlikely considering the volume of settlement instructions.

Based on the set-up of securities accounts by the issuer/issuer's agent for issuance of securities the CSD sends

- In case of both issuance and distribution accounts: a settlement instruction to debit the issuance account and credit the distribution account (issuance step) followed by one or more settlement instructions to debit the distribution account and credit the initial holders' securities accounts (distribution step). Settlement instructions in the distribution step may be instructed to settle individually or on an "All-or-none" basis; or
- In case of only issuance accounts: settlement instructions to debit the issuance account and directly credit the initial holders' securities accounts.

4.2.3.4.2 Send Settlement Instruction to T2S

Reference ID	T2S.BPD.SETT.ISSU.02.02
--------------	-------------------------

The CSD converts the settlement instruction enriched with T2S specific information and T2S process indicators into the required message format and transmit it to T2S.

The CSD sends the following message to T2S:

Table 4-3: Messages to T2S [T2S.BPD.SETT.ISSU.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

The processing of settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement instruction.

4.2.3.5 Manage Settlement Results

Reference ID	T2S.BPD.SETT.ISSU.03
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T2S Actors: CSD

The CSD receives the settlement related messages from T2S and initiates related internal processes.

References:

UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

4.2.3.5.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.ISSU.03.01
--------------	-------------------------

1 The CSD receives status advice messages for every change of status or update of reason code to the
2 settlement instruction within T2S.

3 Following the message reception, other internal activities might be conducted such as:

- 4 • aligning the status of the settlement instruction in the CSD or CSD Participant's systems with the
5 status in T2S,
- 6 • amending the settlement instruction,
- 7 • sending additional settlement instructions,
- 8 • triggering notification to CSD Participants

9 The CSD receives the following message from T2S:

10 **Table 4-4: Messages from T2S [T2S.BPD.SETT.ISSU.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4

11 4.2.3.5.2 Receive T2S Generated Instructions

Reference ID	T2S.BPD.SETT.ISSU.03.02
--------------	-------------------------

12 The CSD receives the messages for T2S generated instructions. For settlement instructions pertaining to
13 issuance of securities, T2S may generate additional instructions due to auto-collateralisation or the use of
14 restricted resources (e.g. blocked or reserved cash balances) only.

15 The CSD receives the following message from T2S:

16 **Table 4-5: Messages from T2S [T2S.BPD.SETT.ISSU.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of settlement instructions by T2S due to auto-collateralisation and use of restricted resources.	3.3.8.11

17 4.2.3.5.3 Receive Confirmations

Reference ID	T2S.BPD.SETT.ISSU.03.03
--------------	-------------------------

1 The CSD receives and validates settlement confirmation messages for the settlement instructions sent to T2S
2 and the T2S generated settlement instructions.

3 Following the message reception, other internal activities might be conducted such as:

- 4 • aligning the status of the settlement instruction in the CSD or CSD Participant's books with the
5 status in T2S,
- 6 • sending additional settlement instructions,
- 7 • triggering notification to CSD Participants to inform the availability of securities in their accounts
- 8 • performing the registration of securities (in case the registrar is involved after the CSD has started
9 maintaining accounts of ownership),
- 10 • issuer/issuer's agent is informed so that they apply for listing of securities in exchange.

11 The CSD receives the following message from T2S:

12 **Table 4-6: Messages from T2S [T2S.BPD.SETT.ISSU.03.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Partial or Full settlement of the settlement instruction	3.3.8.5

13 4.2.3.6 Receive Settlement Instruction Copy

Reference ID	T2S.BPD.SETT.ISSU.04
--------------	----------------------

14 T2S Actors: CSD Participant

15 The CSD Participant receives the copy of settlement instruction initiated by the CSD on securities account
16 owned by the CSD Participant.

17 The CSD Participant stores the CSD initiated settlement instruction (copy) and references the same upon
18 receipt of status updates and confirmations from T2S.

19 4.2.4 Description of T2S Services

20 4.2.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

21
22

1 Business Validation Service (T2S.SD.SETT.010)

2 This T2S service validates the settlement instruction received. T2S performs a specific validation for
3 issuance related settlement instructions sent by the CSD only wherein intended settlement date can be before
4 the securities issuance date.

5 Instruction Recycling Service (T2S.SD.SETT.080)

6 This T2S service validates and recycles settlement instructions at the start of settlement day.

7 Settlement Sequencing Service (T2S.SD.SETT.040)

8 This T2S service selects and processes settlement instructions in a specific order (by transaction type) during
9 T2S night-time settlement window.

10 Settlement Posting Service (T2S.SD.SETT.050)

11 This T2S service performs the provisioning validations and posts the securities and cash to the respective
12 securities and cash accounts involved.

13 Optimisation Service (T2S.SD.SETT.060)

14 This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement.
15 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial
16 settlement and auto-collateralisation.

17 4.2.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

18 Status Management Service (T2S.SD.INF.010)

19 This T2S service sends the status of the instructions to the authorised T2S actors. Any change of status
20 triggers the creation of status messages.

21 4.2.4.3 Static Data Services

T2S Service Class	Static Data Service Class
T2S Service Reference ID	T2S.SD.STD.010

22 Static Data Management Service (T2S.SD.STD.010)

23 This T2S service allows the T2S users to maintain their static data in T2S.

24 Securities Reference Data Service (T2S.SD.STD.020)

25 This T2S service allows management of static data related to the security reference data.

1 **Securities Account Data Service (T2S.SD.STD.040)**

2 This T2S service allows management of static data related to the account reference data.

3 **4.3 Securities Lending and Borrowing [T2S.BPD.SETT.LEND]**

4 **4.3.1 Overview**

5 This process describes the act of conducting securities lending and borrowing in T2S. Securities lending
6 refers to the lending of securities by one party (lender) to another (borrower) against collateral provided by
7 the borrower. The collateral may be cash or securities. After expiry of the securities lending agreement, the
8 borrower needs to return the borrowed securities to the lender and the collateral needs to be returned to the
9 borrower.

10 This process is a variation of the core settlement process and applies to intra-CSD as well as cross-CSD and
11 external CSD settlement scenarios. For reason of clarity the diagram and description below refer to the intra-
12 CSD settlement only. For details refer to section “Core Settlement Processes”.

13 **Trigger:**

14 The CSD or CSD Participant identifies the need for borrowing securities

15 **Preconditions:**

16 None

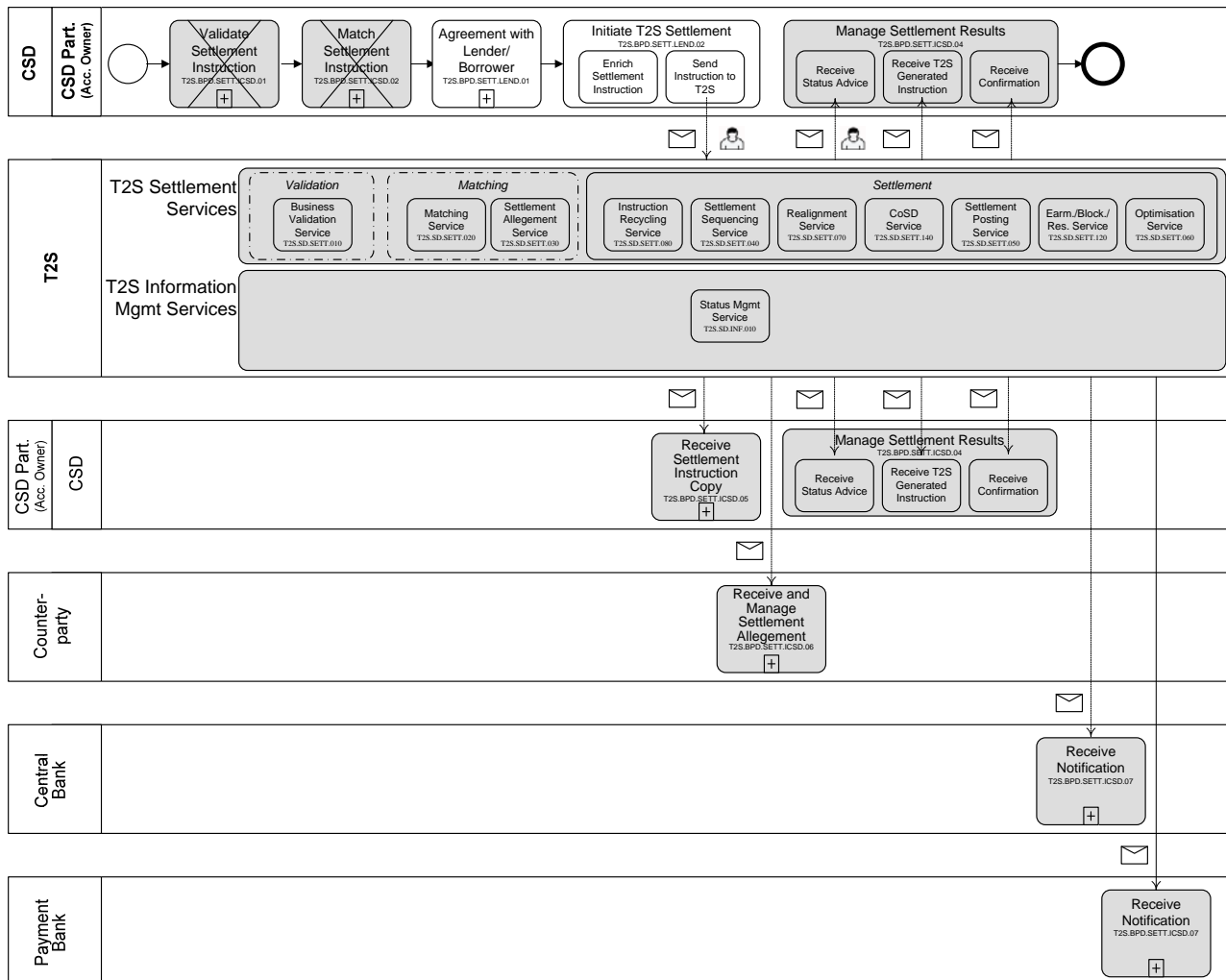
17 **T2S Instructing Party:**

18 There are two scenarios for the instruction of T2S.

- 19 • Scenario A: CSD instructs T2S
- 20 • Scenario B: CSD Participant instructs T2S

4.3.2 Business Process Diagram

Figure 4-3: Business Process Diagram [T2S.BPD.SETT.LEND]



4.3.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

4.3.3.1 Agreement With Lender/Borrower

Reference ID	T2S.BPD.SETT.LEND.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] identifies the need for borrowing securities. The CSD [CSD Participant] subsequently identifies a lender/borrower, and enters into an agreement for lending/borrowing of the securities.

4.3.3.2 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.LEND.02
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] creates settlement instructions for exchanging the securities positions (from lender to borrower) and the collateral (from borrower to lender). The CSD [CSD Participant] enriches the settlement instruction with details required for settlement processing in T2S and sends the settlement instruction to T2S.

References:

UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

GUI BFD: T2S.GUI.SESE.INX.0070

4.3.3.2.1 Enrich Settlement Instruction

Reference ID	T2S.BPD.SETT.LEND.02.01
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The CSD [CSD Participant] enriches the settlement instruction.

The instruction types depending on the type of collateral are as below.

Table 4-7: Instruction Types for Securities Lending [T2S.BPD.SETT.LEND.02.01]

Instruction Details					
Collateral	Lender	Borrower	ISIN	Quantity	Amount
Cash	DVP	RVP	Lent/borrowed ISIN	Lent/borrowed quantity	Collateral amount
Securities	DFP	RFP	Lent/borrowed ISIN	Lent/borrowed quantity	None
	RFP	DFP	Collateral ISIN	Collateral quantity	None
Cash and securities	DVP	RVP	Lent/borrowed ISIN	Lent/borrowed quantity	Collateral amount
	RFP	DFP	Collateral ISIN	Collateral quantity	None
* For each additional collateral ISIN an RFP (from lender) and a DFP (from borrower) to T2S is required					

The CSD [CSD Participant] can use below transaction types in the settlement instructions to T2S.

1 **Table 4-8: Securities transaction types for securities lending**

Securities transaction type	ISO definition
COLI	CollateralIn, Relates to a collateral transaction, from the point of view of the collateral taker or its agent.
COLO	CollateralOut, Relates to a collateral transaction, from the point of view of the collateral giver or its agent
SECB	SecuritiesBorrowing, Relates to a securities borrowing operation.
SECL	SecuritiesLending, Relates to a securities lending operation.

2 The CSD [CSD Participant] could link all instructions related to a specific lending and borrowing transaction
3 to settle on an 'All or None' basis either

- 4 • by specifying a WITH link between them or
- 5 • by specifying the same pool reference in all instructions

6 The CSD [CSD Participant] may also send already matched instructions to T2S, provided it is authorised to
7 send instructions on both delivering and receiving securities/cash accounts.

8 After the expiry of the lending contract, the lender sends instructions to T2S for delivering collateral cash
9 and/or securities back to the borrower. The borrower sends instructions to T2S for delivering borrowed
10 securities back to the lender. This process follows the same process steps as in 'Initiate T2S settlement',
11 except that the reciprocal attributes need to be used in the settlement instructions.

12 **4.3.3.2.2 Send Settlement Instruction to T2S**

Reference ID	T2S.BPD.SETT.LEND.02.02
--------------	-------------------------

13 The CSD [CSD Participant] converts the settlement instructions enriched with T2S specific information and
14 T2S process indicators into the required message format and transmits them to T2S.

15 The instruction of T2S is also possible via the T2S GUI.

16 The CSD [CSD Participant] sends the following message to T2S:

17 **Table 4-9: Messages to T2S [T2S.BPD.SETT.LEND.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

1 4.3.4 Description of T2S Services

2 There are no deviations from the base process regarding the T2S Services involved.

3 4.4 Back-to-back Trades [T2S.BPD.SETT.BTOB]

4 4.4.1 Overview

5 This process describes the act of settling back-to-back trades in T2S. Back-to-back trades refer to a pair of
6 transactions that requires a T2S actor to receive and redeliver the same securities on the same day. The T2S
7 actor can send the settlement instructions to T2S, with the condition to settle the redelivery, after the receipt
8 of the securities. This type of trade can, for example, be used by brokers for the onward delivery to their
9 clients.

10 This process is a variation of the core settlement process and applies to intra-CSD as well as cross-CSD and
11 external CSD settlement scenarios. For reason of clarity the diagram and description below refer to the intra-
12 CSD settlement only. For details refer to section “Core Settlement Processes”.

13 Trigger:

14 The CSD or CSD Participant receives a back-to-back trade.

15 Preconditions:

16 None

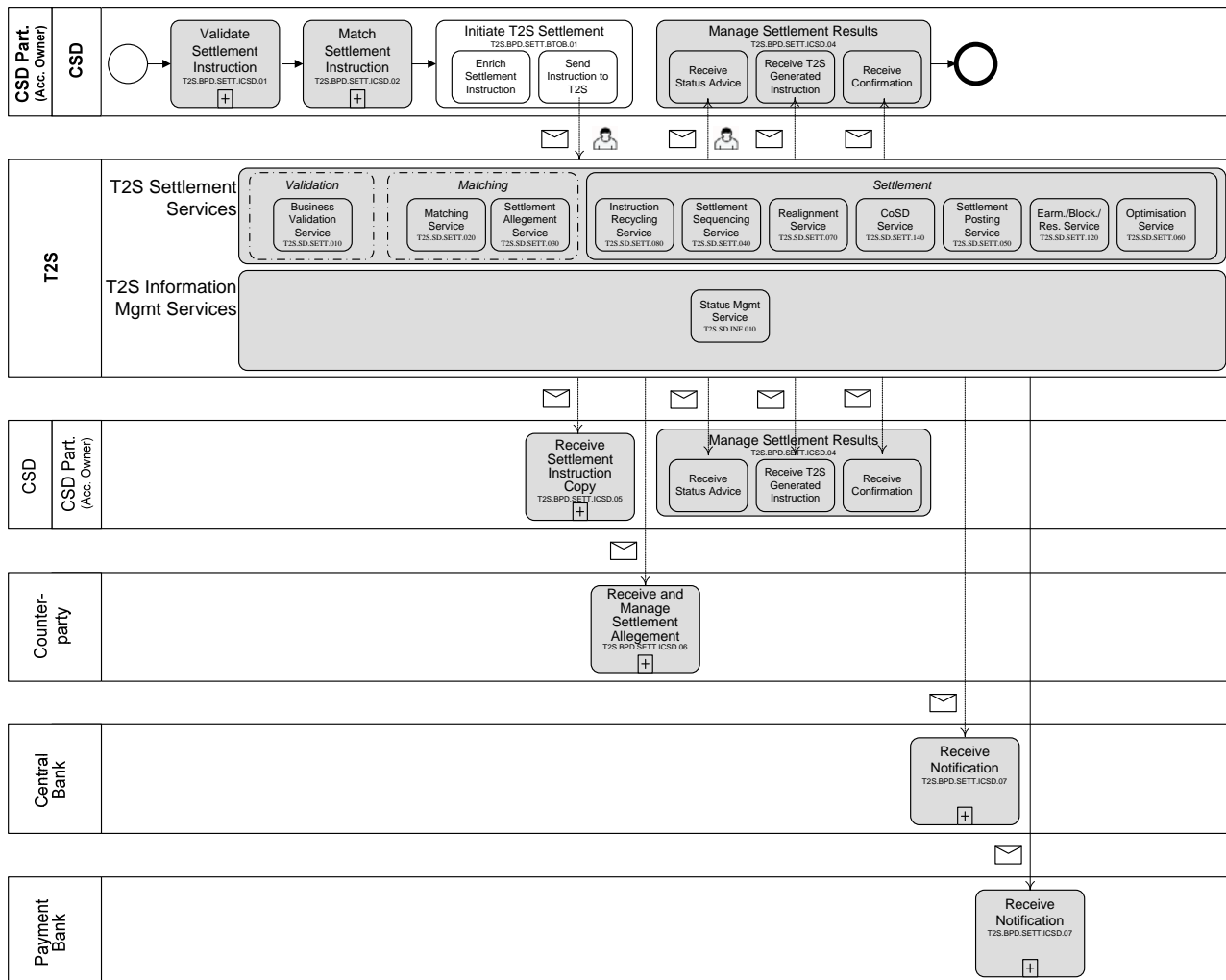
17 T2S Instructing Party:

18 There are two scenarios for the instruction of T2S.

- 19 • Scenario A: CSD instructs T2S
- 20 • Scenario B: CSD Participant instructs T2S

4.4.2 Business Process Diagram

Figure 4-4: Business Process Diagram [T2S.BPD.SETT.BTOB]



4.4.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

4.4.3.1 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.BTOB.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] enriches the settlement instruction with details required for settlement processing in T2S and sends the settlement instruction to T2S.

References:

1 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

2 GUI BFD: T2S.GUI.SESE.INX.0070

3 4.4.3.1.1 Enrich Settlement Instruction

Reference ID	T2S.BPD.SETT.BTOB.01.01
--------------	-------------------------

4 The CSD [CSD Participant] enriches the settlement instructions with the details required by T2S. In the
5 settlement instruction corresponding to the redelivery of securities, the CSD [CSD Participant] specifies the
6 linkage to the instruction corresponding to the receipt of securities i.e. the CSD [CSD Participant] specifies
7 the processing position as AFTE, and specifies either

- 8 • the settlement transaction identification (in case of single instruction corresponding to receipt of
9 securities positions) or
- 10 • pool reference (in case of multiple instructions corresponding to receipt of securities positions)

11 4.4.3.1.2 Send Settlement Instruction to T2S

Reference ID	T2S.BPD.SETT.BTOB.01.02
--------------	-------------------------

12 The CSD [CSD Participant] converts the settlement instructions enriched with T2S specific information and
13 T2S process indicators into the required message format and transmits them to T2S.

14 The instruction of T2S is also possible via the T2S GUI.

15 The CSD [CSD Participant] sends the following message to T2S:

16 **Table 4-10: Messages to T2S [T2S.BPD.SETT.BTOB.01.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

17 4.4.4 Description of T2S Services

18 4.4.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

19 **Linked Instructions Service (T2S.SD.SETT.150)**

20 This T2S service handles the linkages existing between two or many settlement instructions. When T2S
21 receives an instruction which is linked to one or more other instruction(s), this service checks that the linked

instruction(s) exist and then validates that the information contained in the new linked instruction is consistent with the instruction which exists and to which it is linked e.g. it checks whether the intended settlement date and the securities account holder used are the same.

For the remaining T2S services involved there is no deviation from the base process.

4.5 Basket Trades [T2S.BPD.SETT.BASK]

4.5.1 Overview

This process describes the act of settling basket trades in T2S. Basket trade refers to a single order to buy or sell a set of securities. T2S actors may use basket trades for several purposes, for instance for trades resulting from participants investing in a portfolio or for a basket of securities used as collateral⁵¹ against a single cash amount.

This process is a variation of the core settlement process and applies to intra-CSD as well as cross-CSD and external CSD settlement scenarios. For reason of clarity the diagram and description below refer to the intra-CSD settlement only. For details refer to section “Core Settlement Processes”.

Trigger:

- The CSD or CSD Participant receives basket trade details from a trading facility or CSD Participant or
- The CSD or CSD Participant wants to initiate client collateralisation or auto-collateralisation using multiple securities

Preconditions:

None

T2S Instructing Party:

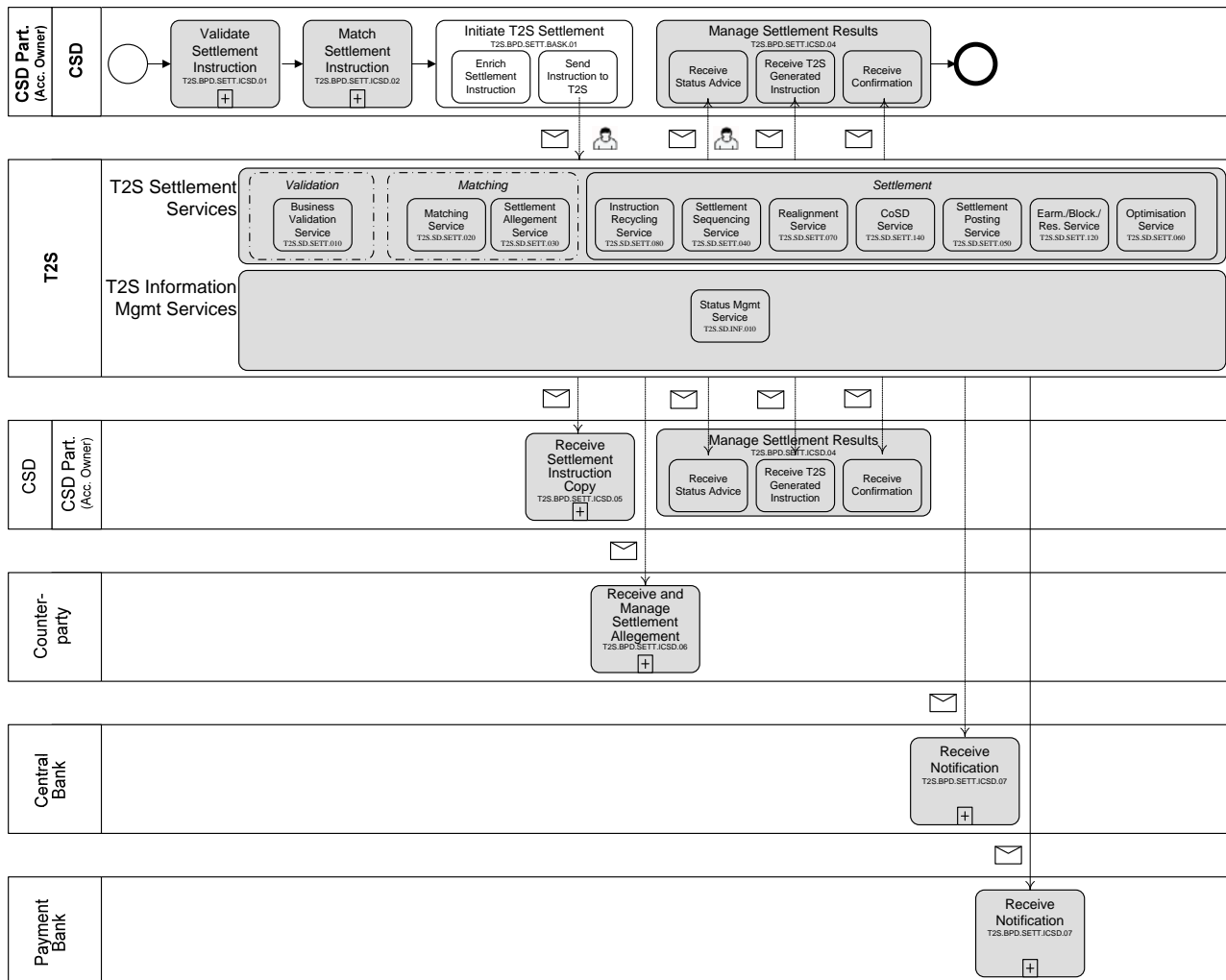
There are two scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S
- Scenario B: CSD Participant instructs T2S

⁵¹ The trades on collateral securities are created by T2S as part of client-collateralisation or auto-collateralisation.

4.5.2 Business Process Diagram

Figure 4-5: Business Process Diagram [T2S.BPD.SETT.BASK]



4.5.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

4.5.3.1 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.BASK.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/CSD Participant (Scenario B)

The CSD [CSD Participant] enriches the settlement instruction with details required for settlement processing in T2S and sends the settlement instruction to T2S.

References:

1 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

2 GUI BFD: T2S.GUI.SESE.INX.0070

3 4.5.3.1.1 Enrich Settlement Instruction

Reference ID	T2S.BPD.SETT.BASK.01.01
--------------	-------------------------

4 The CSD [CSD Participant] enriches the settlement instructions and links the instructions by use of a pool
5 reference. In each settlement instruction, the CSD [CSD Participant] specifies

- 6 • the pool reference,
- 7 • the number of settlement instructions within the pool (pool counter) and
- 8 • the instruction processing on an ‘All or none’ basis.

9 4.5.3.1.2 Send Settlement Instruction to T2S

Reference ID	T2S.BPD.SETT.BASK.01.02
--------------	-------------------------

10 The CSD [CSD Participant] converts the settlement instructions enriched with T2S specific information and
11 T2S process indicators into the required message format and transmits them to T2S.

12 The instruction of T2S is also possible via the T2S GUI.

13 The CSD [CSD Participant] sends the following message to T2S:

14 **Table 4-11: Messages to T2S [T2S.BPD.SETT.BASK.01.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

16 4.5.4 Description of T2S Services

17 4.5.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

18 **Linked Instructions Service (T2S.SD.SETT.150)**

19 This T2S service handles the linkages existing between two or many settlement instructions. When T2S
20 receives an instruction which is linked to one or more other instruction(s), this service checks that the linked
21 instruction(s) exist and then validates that the information contained in the new linked instruction is

1 consistent with the instruction which exists and to which it is linked e.g. it checks whether the intended
2 settlement date and the securities account holder used are the same.

3 For the remaining T2S services involved there is no deviation from the base process.

4 **4.6 Coupon Stripping [T2S.BPD.SETT.CSTR]**

5 **4.6.1 Overview**

6 This process describes the act of conducting coupon stripping in T2S. Coupon stripping is the financial
7 process in which the coupons are stripped off a bearer bond and then sold separately as a source of cash, with
8 no capital repayment; the bond, bereft of its coupons, becomes a zero-coupon bond and is also sold
9 separately.

10 One coupon component can represent either all the interest payments of a bond's life, or one individual
11 interest payment.

12 Usually the CSD Participant delivers via the CSDs their debt instrument positions back to the issuer and
13 receive securities positions (as new ISINs) on the stripped bond (zero coupon bond) and on the coupons.

14 This process is a variation of the core settlement process and applies to intra-CSD as well as cross-CSD and
15 external CSD settlement scenarios. For reason of clarity the diagram and description below refer to the intra-
16 CSD settlement only. For details refer to section "Core Settlement Processes".

17 **Trigger:**

18 The CSD receives CSD Participant's instruction for stripping the debt instrument

19 **Preconditions:**

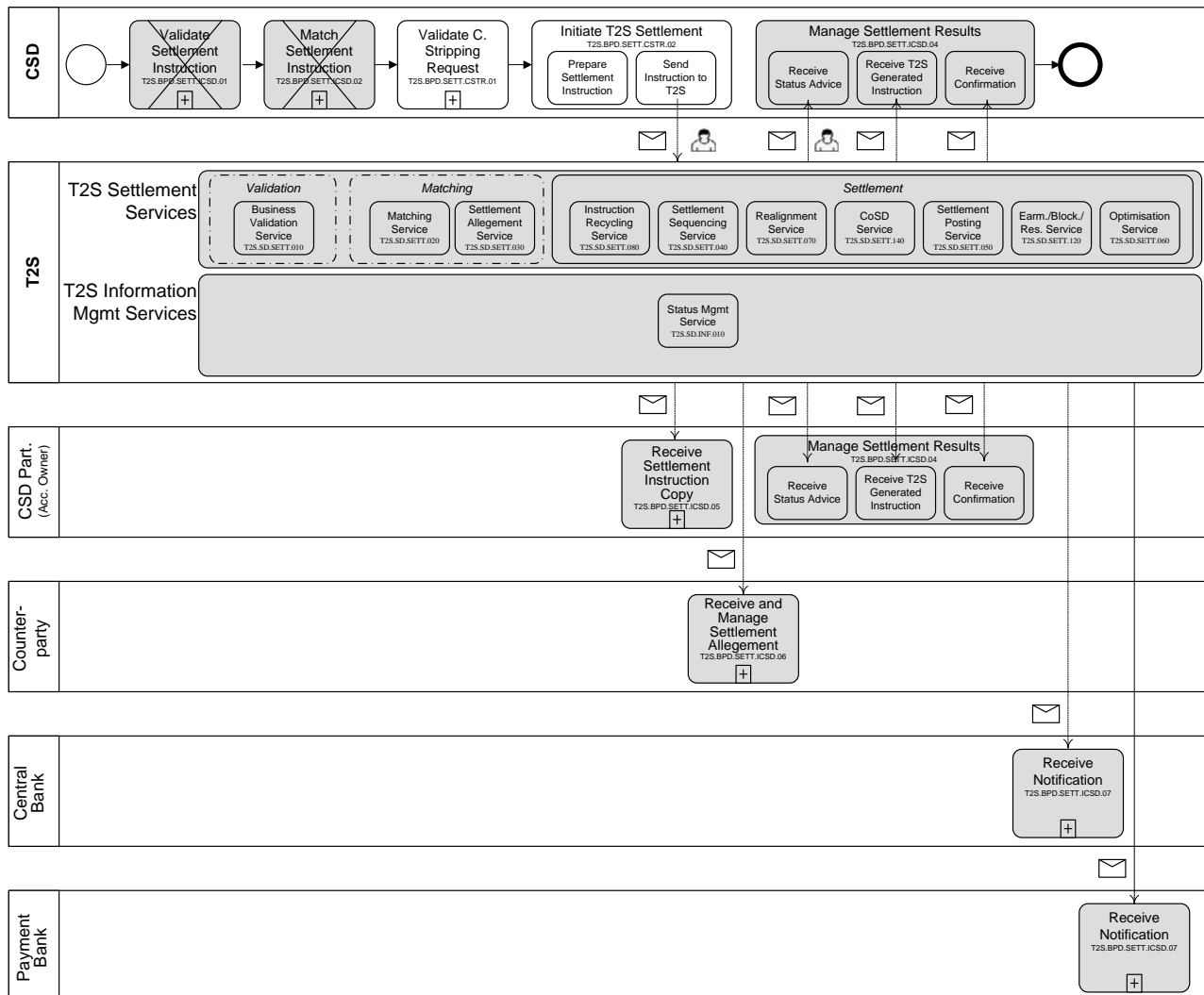
20 Stripped bond ISIN, coupon ISINs are created in T2S by the Security Maintenance CSD.

21 **T2S Instructing Party:**

22 CSD

4.6.2 Business Process Diagram

Figure 4-6: Business Process Diagram [T2S.BPD.SETT.CSTR]



4.6.3 Business Process Description

4.6.3.1 Validate Coupon Stripping Request

Reference ID	T2S.BPD.SETT.CSTR.01
--------------	----------------------

T2S Actors: CSD

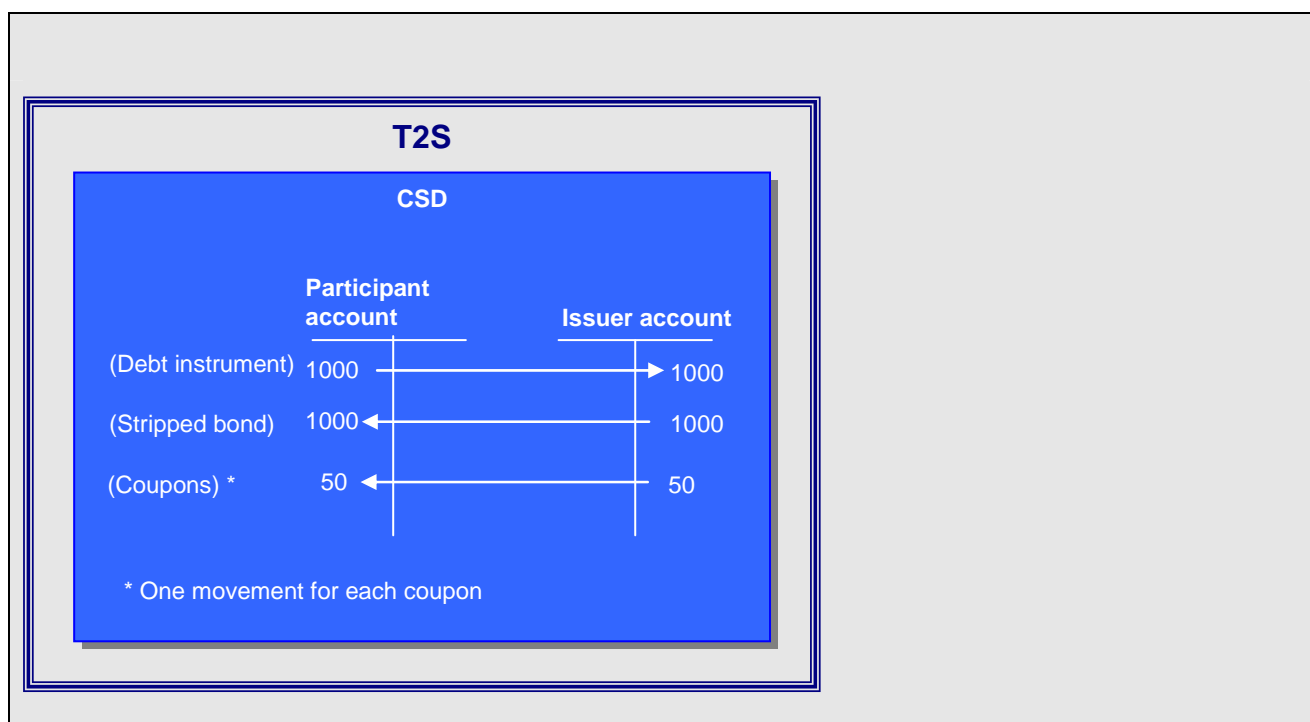
The CSD receives request for coupon stripping from its participants (investors). The CSD may validate the request for the correctness of data, and also for the securities positions of the requesting participant.

4.6.3.2 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.CSTR.02
--------------	----------------------

- 1 T2S Actors: CSD
- 2 The CSD creates the following settlement instructions in order to manage the coupon stripping process:
- 3
 - Two FOPs on the original debt instrument: one delivery settlement instruction from the investor's securities account to the issuer's securities account in T2S (both investor and issuer are CSD Participants) and counter settlement instruction (receive securities into the issuer's account).
 - The CSD creates two FOP receipt settlement instructions for the investor to receive securities positions on stripped bond and coupons from the issuer's securities account⁵² in T2S. I.e. The CSD instructs T2S
- 9
 - One FOP receipt instruction for the investor receiving stripped bond
 - One FOP receipt instruction each for the investor receiving the coupons
- 11
 - The CSD also creates the counter settlement instruction to deliver the securities positions from the issuer's securities account to the investor.
- 13 The CSD links the above FOP delivery and receipt instructions with the intent of settling them together.
- 14 There are two options for linking these instructions by either specifying a "WITH" link between them or
- 15 specifying the same pool reference in all instructions.

16 **Figure 4-7: Coupon stripping (example)**



⁵² The Issuer CSD should issue the securities positions on the stripped bond, coupons. Issuer CSD could link the issuance instructions with the instructions delivering those securities from its account. Refer BPD Issuance of securities [T2S.BPD.SETT.ISSU].

Original debt instrument positions (1000) are delivered from participant's account to Issuance account of the Issuer.

Stripped bond positions (1000) and Coupons positions corresponding to the stripped coupons (50) are delivered from Issuer account to participant's account. A 5% interest rate is assumed in this example.

References:

UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

GUI BFD: T2S.GUI.SESE.INX.0070

4.6.4 Description of T2S Services

There is no deviation from the base process regarding the T2S services involved.

4.7 Coupon Reconstitution [T2S.BPD.SETT.CREC]

4.7.1 Overview

This process describes the act of conducting a coupon reconstitution in T2S. Coupon reconstitution is the reverse process to coupon stripping. The process includes recombining all the coupons that have not reached their maturity and the principal component to reconstitute the original debt instrument.

The CSD delivers the stripped bond positions and coupon positions to the issuer. Simultaneously, the CSD receives securities positions on the original debt instrument from the issuer.

This process is a variation of the core settlement process and applies to intra-CSD as well as cross-CSD and external CSD settlement scenarios. For reason of clarity the diagram and description below refer to the intra-CSD settlement only. For details refer to section "Core Settlement Processes".

Trigger:

There are two possible triggers that initiate the coupon reconstitution process.

- Trigger A: At the end of each interest-bearing period the CSD initiates the reconstitution of all bond positions with attached coupons of the next interest-bearing period
- Trigger B: The CSD receives a reconstitution notice from CSD Participant, for a specific securities position

Preconditions:

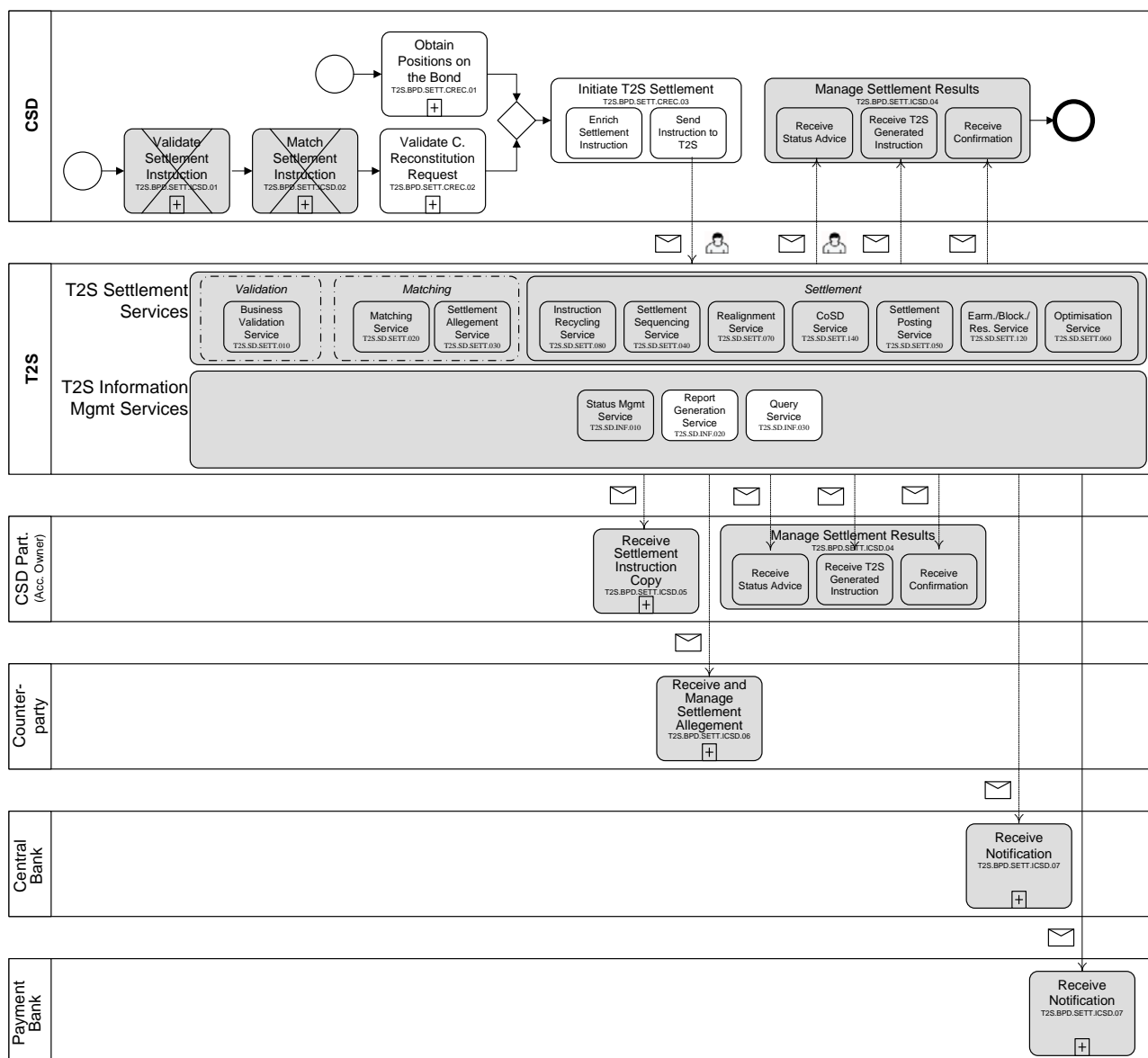
The stripping process of the original debt instrument has taken place.

1 T2S Instructing Party:

2 CSD

3 4.7.2 Business Process Diagram

4 Figure 4-8: Business Process Diagram [T2S.BPD.SETT.CREC]



6 4.7.3 Business Process Description

7 4.7.3.1 Obtain Positions On The Bond

Reference ID	T2S.BPD.SETT.CREC.01
--------------	----------------------

8 T2S Actors: CSD (Trigger A)

1 The CSD obtains from T2S the securities positions on the stripped bond with attached coupons of the next
2 interest-bearing period.

3 The CSD has two options for receiving T2S information:

- 4 • Option 1: the CSD receives these details through predefined reports generated by T2S at close of
5 business of settlement day (End of Day reporting) and/or
- 6 • Option 2: the CSD queries T2S by specifying the stripped bond ISIN as a filter criterion

7 In option 1:

- 8 • based on its report subscription set up in T2S, the CSD receives periodical statements and delta
9 statements of holdings reports;
- 10 • the CSD filters the reports in order to extract details relevant to the stripped bond.

11 In option 2:

- 12 • the CSD queries T2S for securities positions related to the stripped bond;

13 The CSD sends/ receives the following messages to/from T2S:

14 **Table 4-12: Messages to and from T2S [T2S.BPD.SETT.CREC.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Securities Account Position (History) Query	semt.025.001.01	To T2S	-	3.3.7.10
SecuritiesStatusOr StatementQueryStatusAdvice	sese.022.001.02	From T2S	Query instruction is processed in T2S	-
SecuritiesBalanceCustodyReport	semt.002.001.04	From T2S	Time/event based	3.3.7.1

15 References:

16 UDFS: Use Cases “Send Query” (Chapter 2.18) and “Receive Report” (Chapter 2.19)

17 GUI BFD: T2S.GUI.SESE.INX.0070

18 4.7.3.2 Validate Coupon Reconstitution Request

Reference ID	T2S.BPD.SETT.CREC.02
--------------	----------------------

19 T2S Actors: CSD (Trigger B)

1 The CSD receives request for coupon reconstitution from its participants. The CSD may validate the request
2 for the correctness of data, and also for the securities positions of the requesting participant.

3 4.7.3.3 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.CREC.03
--------------	----------------------

4 T2S Actors: CSD

5 In case of Trigger A, the CSD initiates this process for each of the stripped bond position that it identifies
6 from the report in process, 'Obtain positions in the Bond' [T2S.BPD.SETT.CREC.01].

7 In case of Trigger B, the CSD initiates this process only for the specific position requested for reconstitution
8 by the CSD Participant.

9 The CSD creates T2S settlement instructions in order to facilitate the coupon reconstitution process. The
10 indicative instruction type (from CSD Participant's perspective) is as below:

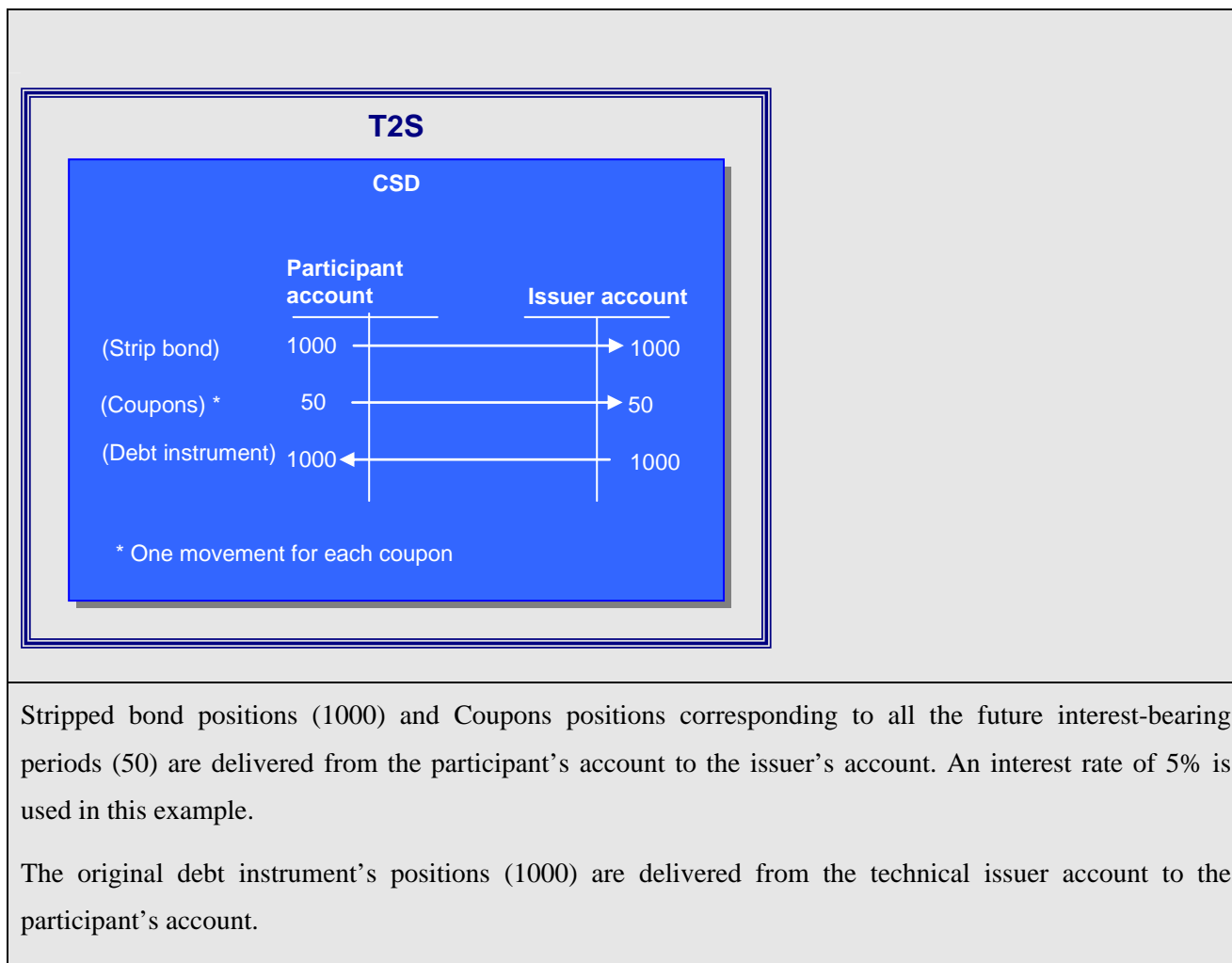
Trigger	Instruction Type	ISIN	Quantity	Securities accounts
A	FOP delivery	Stripped bond	Stripped bond positions of the participant	From participant's account To issuer's account
	FOP receipt	Original bond	Stripped bond positions of the participant	From Issuer's account ⁵³ To participant's account
B	FOP delivery	Stripped bond	Stripped bond positions of the participant	From participant's account To issuer's account
	FOP delivery (One for each coupon)	Coupon of the next Interest-bearing period	Coupon positions calculated based on the interest rate, participant's positions	From participant's account To issuer's account
	FOP receipt	Original bond	Stripped bond positions of the participant	From Issuer's account To participant's account

⁵³ The Issuer CSD should reduce the issued securities positions on the stripped bond, coupons. Issuer CSD could link the instructions reducing the issued positions, with the instructions receiving those securities into its account.

1 The CSD also creates the counter settlement instruction to receive/ deliver the securities positions from the
2 issuer's securities account.

3 The CSD links the FOP delivery, FOP receipt instructions with the intent of settling them together. There are
4 two options for linking these instructions by either specifying a "WITH" link between them or specifying the
5 same pool reference in all instructions. (Refer UDFS 1.6.1.11 Linked Instructions).

6 **Figure 4-9: Example of Coupon Reconstitution [T2S.BPD.SETT.CREC]**



7 References:

8 UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

9 GUI BFD: T2S.GUI.SESE.INX.0070

10 **4.7.4 Description of T2S Services**

11 **4.7.4.1.1 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

1 Report Generation Service (T2S.SD.INF.020)

2 This T2S service facilitates the obtain bond positions process by generating and sending to CSD statement of
3 holdings, delta statement of holdings reports after the close of daytime settlement (or at any other time as
4 specified by the CSD in its report subscription).

- 5 • Statement of Holdings – This report includes details of all securities positions of all ISINs held in the
6 respective CSD securities accounts.
- 7 • Delta statement of holdings – This report includes changes in the quantity of securities positions, i.e.
8 the net quantity which has been debited or credited on the reported positions since the creation of the
9 previous Statement of Holdings.

10 Query Service (T2S.SD.INF.030)

11 This T2S service i.e. the Settlement-Related Queries Service component facilitates the Obtain bond positions
12 process by providing information of the securities positions (current and history) in the stripped bond.

13 For the remaining T2S services involved there is no deviation from the base process.

14 4.8 Buy In and Sell Out [T2S.BPD.SETT.BISO]

15 4.8.1 Overview

16 This process describes the act of conducting buy-in or a sell-out in T2S. Some markets allow CSD
17 Participants to choose a Central Counter Party (CCP) for their trades. In this case the CCP becomes the
18 counterparty for all the trades concluded by its participants. A buy-in procedure is initiated in order to settle
19 failed deliveries of a CCP member i.e. an instruction that is not settled within a specified number of days
20 after its intended settlement date. The buy-in procedure aims at finding another seller of the security such
21 that the CCP is able to deliver the security to the buyer. The price difference between the buy-in price of the
22 security and the original price is usually charged to the original failing seller.

23 Similarly, if the buyer of the trade does not provide cash amount after a certain market-specific number of
24 days beyond the Intended Settlement Date, the CCP will initiate a sell-out procedure.

25 The buy in / sell out procedure is usually preceded by a securities lending attempt.

26

Trigger:

- Buy-in: The CCP (as CSD Participant) receives a 'lack of securities' status advice from T2S. Normally, a securities lending/borrowing procedure would follow. If borrowing securities is not successful, the buy in process is triggered
- Sell-out: The CCP (as CSD Participant) receives a 'lack of cash' status advice from T2S

Preconditions:

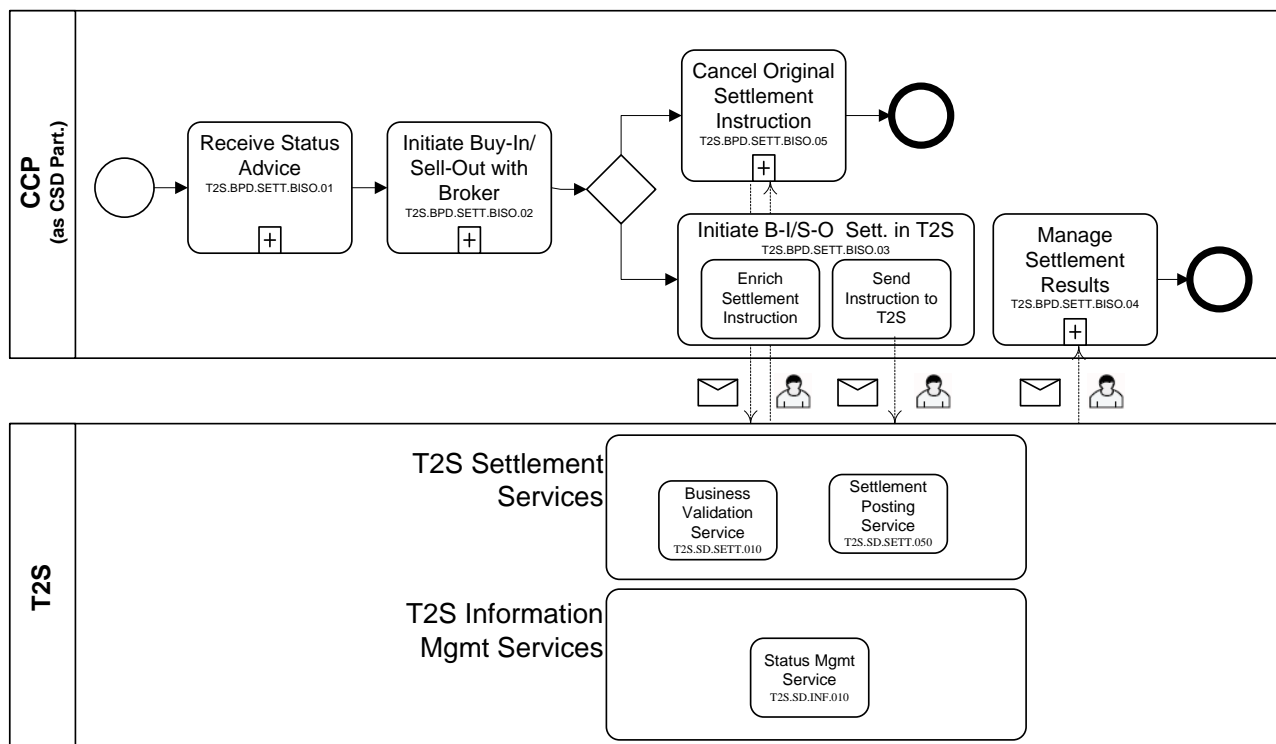
None

T2S Instructing Party:

CCP (as CSD Participant)

4.8.2 Business Process Diagram

Figure 4-10: Business Process Diagram [T2S.BPD.SETT.BISO]



4.8.3 Business Process Description

4.8.3.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.BISO.01
--------------	----------------------

T2S Actors: CCP (as CSD Participant)

1 The CCP receives the status advices on the settlement instructions, specifying reason as ‘lack of securities’
2 and/or ‘lack of cash’.

3 **4.8.3.2 Initiate Buy-In/Sell-Out with Broker**

Reference ID	T2S.BPD.SETT.BISO.02
--------------	----------------------

4 T2S Actors: CCP (as CSD Participant)

5 After a certain number of market-specific days from the Intended Settlement Date the CCP initiates the buy-
6 in/sell-out procedure.

- 7 • In case of failure of the delivery from seller to CCP, the CCP instructs an external broker or agent for
8 buy-in of securities. The CCP informs the failing seller about the initiation of the buy-in procedure
- 9 • In case of failure of the delivery from CCP to buyer, the CCP instructs an external broker or agent
10 for sell-out of securities. The CCP informs the failing buyer about the initiation of the sell-out
11 procedure

12 The broker or agent attempts to find a counter party for the buy-in/sell-out of securities. Once the trade is
13 concluded the CCP receives a trade confirmation from the broker.

14 **4.8.3.3 Initiate Settlement of Buy-In/Sell-Out in T2S**

Reference ID	T2S.BPD.SETT.BISO.03
--------------	----------------------

15 T2S Actors: CCP (as CSD Participant)

- 16 • In case of a buy-in the CCP prepares a new settlement instruction to receive the securities of the buy-
17 in from the broker or agent into CCP’s securities account. The CCP could link this new settlement
18 instruction with the original settlement instruction delivering securities from CCP to the buyer, using
19 a WITH (all-or-none basis) indicator. The linking is to ensure that the buy-in securities are used to
20 settle the delivery from CCP to buyer.

21 In case of a sell-out the CCP prepares a new settlement instruction to deliver the securities from CCP to the
22 broker or agent. Similarly this instruction could be linked with the original settlement instruction delivering
23 securities from seller to CCP.

24 For details regarding the instruction of T2S for intra-CSD settlement, refer to process “Intra-CSD Settlement
25 [T2S.BPD.SETT.ICSD]”.

26 **4.8.3.4 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.BISO.04
--------------	----------------------

- 1 T2S Actors: CCP (as CSD Participant)
- 2 The CCP receives status messages, notifications and confirmations from T2S related to the settlement
- 3 instructions.
- 4 For details regarding the messages received as a result of intra-CSD settlement, refer to process “Intra-CSD
- 5 Settlement [T2S.BPD.SETT.ICSD]”.

6 **4.8.3.5 Cancel Original Settlement Instruction**

Reference ID	T2S.BPD.SETT.BISO.05
--------------	----------------------

- 7 T2S Actors: CCP (as CSD Participant)
- 8 In case the buy-in/sell-out is not successful, the CCP initiates cancellation of the original settlement
- 9 instruction (i.e. transactions between seller and CCP, CCP and buyer) by sending cancellation instructions to
- 10 T2S. Subsequently, the CCP initiates a cash compensation claim.
- 11 For details regarding the cancellation of a settlement instruction, refer to process “Cancellation of Settlement
- 12 Instruction [T2S.BPD.SETT.CINS]”.

13 **4.8.4 Description of T2S Services**

14 **4.8.4.1 Settlement Services**

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

15 **Business Validation Service (T2S.SD.SETT.010)**

- 16 This T2S service validates the settlement instructions and verifies if the defined rules regarding the content
- 17 of the message fields are fulfilled. In case of linked instructions it verifies for example that instructions
- 18 linked to one another are not contradictory regarding the Intended Settlement Date and type of link and that
- 19 the linked instructions have not been cancelled (for WITH/AFTE), nor settled (for WITH/BEFO), nor
- 20 partially settled (for BEFO/WITH/AFTE).

21 **Settlement Posting Service (T2S.SD.SETT.050)**

- 22 This T2S service performs the provisioning and booking of the settlement instructions. In case of linked
- 23 instructions it ensures for example that instructions linked to other instructions are not submitted to partial
- 24 settlement.

4.9 Mark-up/ Mark-Down of Securities Positions [T2S.BPD.SETT.MKUP]

This process describes the act of conducting a mark-up or mark-down of securities positions in T2S. Issuers and Issuer Agents conduct mark-ups/mark-downs of the securities positions which are issued and held at the Issuer CSD. The Issuer or Issuer Agent may require to mark-up/mark-down issued positions due to e.g. a repurchase, the realigning proceeds of corporate event etc.

The Issuer, Issuer Agent or Issuer CSD of the ISIN instructs T2S to mark-up/mark-down the securities positions in the issuance account.

The mark-up/mark-down settlement takes place as a movement of positions from the issuance account to distribution account. For details refer to the activities “Initiate T2S Settlement [T2S.BPD.SETT.ISSU.02]” and “Manage Settlement Results.[T2S.BPD.SETT.ISSU.03]” in the process “Issuance of Securities [T2S.BPD.SETT.ISSU]”.

4.10 Fund Shares Subscription [T2S.BPD.SETT.FNDS]

4.10.1 Overview

This process describes the act of distributing fund shares in the securities accounts of a CSD. Today, there is not a single harmonised model for investment fund shares distribution and settlement in the EU. Different markets follow different processes. In some cases the funds Transfer Agent⁵⁴ offers the full registration, distribution and settlement service to the fund issuer/manager. In other cases, the local CSD provides the settlement and notary services to the Transfer Agent.

The only relevant scenario in the context of T2S relates to fund shares settlement processes in CSD securities accounts. Therefore, this BPD section focuses on generic elements of fund shares settlement and in particular on the CSD – T2S services interaction during issuance, distribution and settlement of investment fund shares.

The following subscription cases were considered:

1. the investor approaches the Fund Instructor⁵⁵ for subscription of the fund shares;
2. the Fund Instructor communicates the details of the subscription order to the Transfer Agent;
3. the Fund Instructor receives from the Transfer Agent the confirmation of the order;
4. the Fund Instructor⁵⁶ and the Transfer Agent instruct the CSD with the relevant securities settlement instructions;

⁵⁴ A Transfer Agent is an entity appointed by the fund management company that processes subscription, redemption and switch orders and usually maintains the register of shareholders. The functions performed by the Transfer Agent may slightly vary by country.

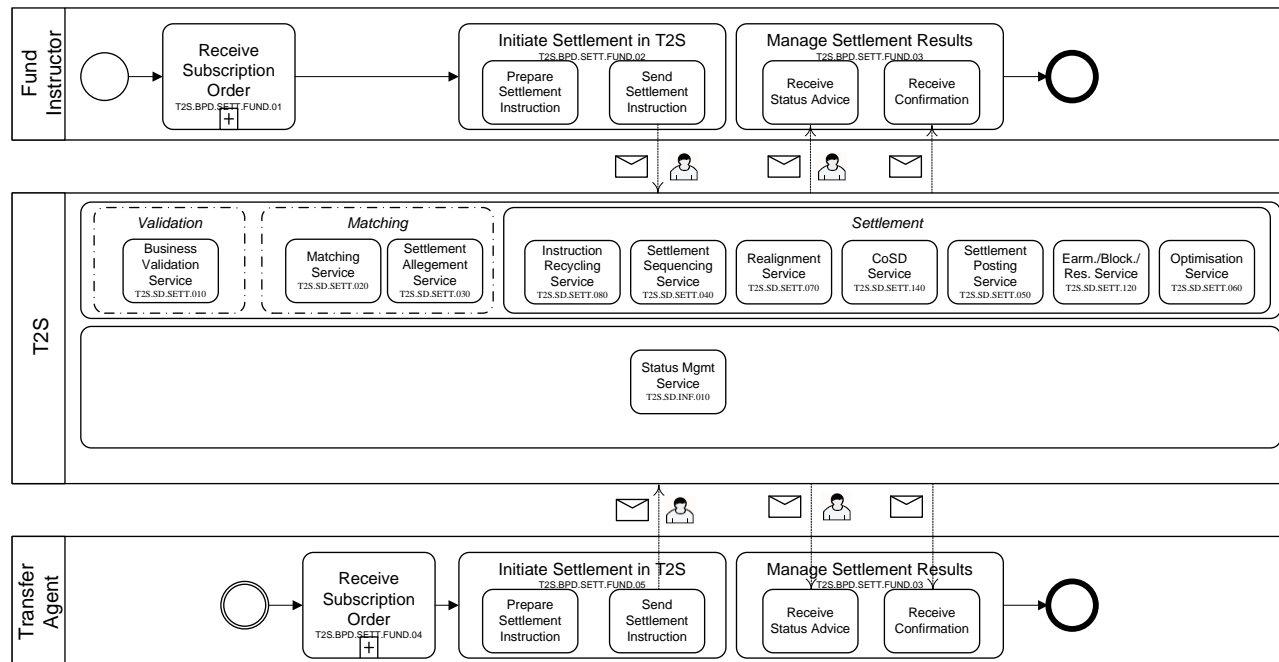
⁵⁵ The Fund Instructor is - depending on the market model - an Investor, Distributor, Platform Hub or a Custodian.

⁵⁶ In case the Fund Instructor is different from the client-custodian, the client-custodian instructs the CSD for securities settlement.

- 1 5. the Fund Instructor and the Transfer Agent instruct the settlement/payment agent with the relevant
 - 2 movement of cash;
 - 3 6. the Transfer Agent increases the fund positions (issuance) in the CSD accounts.
- 4 Cases 1, 2 and 3 are outside the scope of this BPD description since they refer to the order routing and not
- 5 the settlement process. Cases 4, 5 and 6 are relevant in the context of T2S, in case the CSD settlement model
- 6 is used by the relevant market.
- 7 One working assumption is that the Fund Instructor and the Transfer Agent are participants of the CSD and
- 8 they have T2S Dedicated Cash Accounts (DCA) or make use of a Payment Bank DCAs in T2S.
- 9 In case of cross-CSD subscriptions, the non-domicile Fund Instructor can either be a foreign participant of
- 10 the issuer CSD or can hold funds via its local CSD (investor CSD) which maintains a link to the issuer CSD.
- 11 In the latter case, a cross-CSD link must be established between issuer CSD and investor CSD. For details
- 12 regarding the set-up of Cross-CSD Settlement Links, refer to process “Maintenance of Cross-CSD
- 13 Settlement Links and Securities Eligibility [T2S.BPD.STDA.MCSL]”. The Fund Instructor will be a
- 14 participant of the investor CSD and Transfer Agent will be a participant of the issuer CSD. The Fund
- 15 Instructor instructs T2S through the investor CSD or directly (as a T2S directly connected party - DCP). The
- 16 Transfer Agent instructs T2S through the issuer CSD or directly (as DCP). SIs from the Fund Instructor and
- 17 Transfer Agent will be matched in T2S.
- 18 From the perspective of T2S settlement, the redemption process is identical to the subscription process, with
- 19 the reverse movements of securities and cash from/to the relevant securities accounts/DCAs.
- 20 **Trigger:**
- 21 The Fund Instructor receives funds subscription order from investor
- 22 **Preconditions:**
- 23 None
- 24 **T2S Instructing Party:**
- 25 Fund Instructor and Transfer Agent

4.10.2 Business Process Diagram

Figure 4-11: Business Process Diagram [T2S.BPD.SETT.FNDS]



4.10.3 Business Process Description

4.10.3.1 Receive subscription order

Reference ID	T2S.BPD.SETT.FNDS.01
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T2S Actors: Fund Instructor

The Fund Instructor receives a subscription order from the investor. The Fund Instructor communicates the subscription order details to the Transfer Agent. The Transfer Agent acknowledges/confirmes the subscription order.

4.10.3.2 Initiate T2S settlement

Reference ID	T2S.BPD.SETT.FNDS.02
--------------	----------------------

T2S Actors: Fund Instructor

The Fund Instructor⁵⁷ prepares and sends the settlement instruction to T2S.

⁵⁷ In case Fund Instructor is a directly connected participant (DCP) of T2S, the communication with T2S is direct; otherwise it is via the CSD.

4.10.3.2.1 Prepare instruction

Reference ID	T2S.BPD.SETT.FNDS.02.01
--------------	-------------------------

The Fund Instructor creates a settlement instruction to T2S including the following fields:

- the securities account of the investor/ Fund Instructor;
- the DCA of the of the investor/ Fund Instructor;
- the fund share ISIN;
- the fund share quantity;
- the cash amount.

Prior to this, the subscription order must have been confirmed by the Transfer Agent.

The Fund Instructor creates the T2S settlement instruction as an RVP (receive versus payment) instruction, specifying the counterparty as Transfer Agent;

4.10.3.3 Send instruction to T2S

Reference ID	T2S.BPD.SETT.FNDS.02.02
--------------	-------------------------

The Fund Instructor sends settlement instructions to T2S.

The instruction of T2S is also possible via the T2S GUI.

The Fund Instructor sends the following message to T2S:

Table 4-13: Messages to T2S [T2S.BPD.SETT.FNDS.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

4.10.3.4 Receive subscription order

Reference ID	T2S.BPD.SETT.FNDS.04
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T2S Actors: Transfer Agent

The Transfer Agent receives a subscription order from the Fund Instructor. The Transfer Agent acknowledges/confirms the subscription order to the Fund Instructor. This process takes place without involving T2S communication.

1 4.10.3.5 Initiate T2S settlement

Reference ID	T2S.BPD.SETT.FNDS.05
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2 T2S Actors: Transfer Agent

3 The Transfer Agent⁵⁸ prepares and sends the settlement instruction to T2S.

4 4.10.3.5.1 Prepare instruction

Reference ID	T2S.BPD.SETT.FNDS.05.01
--------------	-------------------------

5 Transfer Agent creates a T2S SI including the following fields:

- 6 • the securities account of the Transfer Agent;
- 7 • the DCA of the of the Transfer Agent;
- 8 • the fund share ISIN;
- 9 • the fund share quantity;
- 10 • the cash amount.

11 Prior to this the subscription order must have been confirmed by the Transfer Agent.

12 The Transfer Agent creates the T2S settlement instruction to as a DVP (delivery versus payment) instruction,
13 specifying the counter party as Fund Instructor.

14 Depending on the national fund issuance process, the Transfer Agent may increase the funds outstanding
15 amount in T2S before the distribution of fund shares to investors.

16 In order to prepare the issuance of the fund, the Transfer Agent prepares a T2S settlement instruction as
17 already-matched 'Free of payment' (FOP).

18 The FOP instruction includes the following fields:

- 19 • the Issuance securities account of the Transfer Agent (in the deliver leg of the instruction);
- 20 • the distribution securities account of the Transfer Agent (in the receive leg of the instruction);
- 21 • the fund share ISIN;
- 22 • the fund share quantity (positions to be issued).

23 The Transfer Agent could also link the settlement instructions related to the funds issuance with the
24 settlement instructions related to distribution of fund shares to the investors in order to ensure that the funds

⁵⁸ In case Transfer Agent is a directly connected participant (DCP) of T2S, the communication with T2S is direct; otherwise it is via the CSD.

are distributed only after the issuance has been completed. There are two options for linking these instructions in T2S: either by specifying a 'WITH' link between them or by specifying the same pool reference in all instructions.

4.10.3.5.2 Send instruction to T2S

Reference ID	T2S.BPD.SETT.FNDS.05.02
--------------	-------------------------

The Transfer Agent converts the settlement instruction enriched with T2S specific information and T2S process indicators into the required message format and transmits it to T2S.

The instruction of T2S is also possible via the T2S GUI.

The Transfer Agents sends the following message to T2S:

Table 4-14: Messages to T2S [T2S.BPD.SETT.FNDS.05.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstructionV02	Sese.023.001.02	To T2S	3.3.8.3

4.10.3.6 Manage Settlement Results

Reference ID	T2S.BPD.SETT.FNDS.03/ T2S.BPD.SETT.FNDS.06
--------------	--

T2S Actors: Fund Instructor and Transfer Agent

The Fund Instructor and Transfer Agent receive the settlement related messages from T2S and initiate related internal processes.

The Fund Instructor and Transfer Agent receive the following message from T2S:

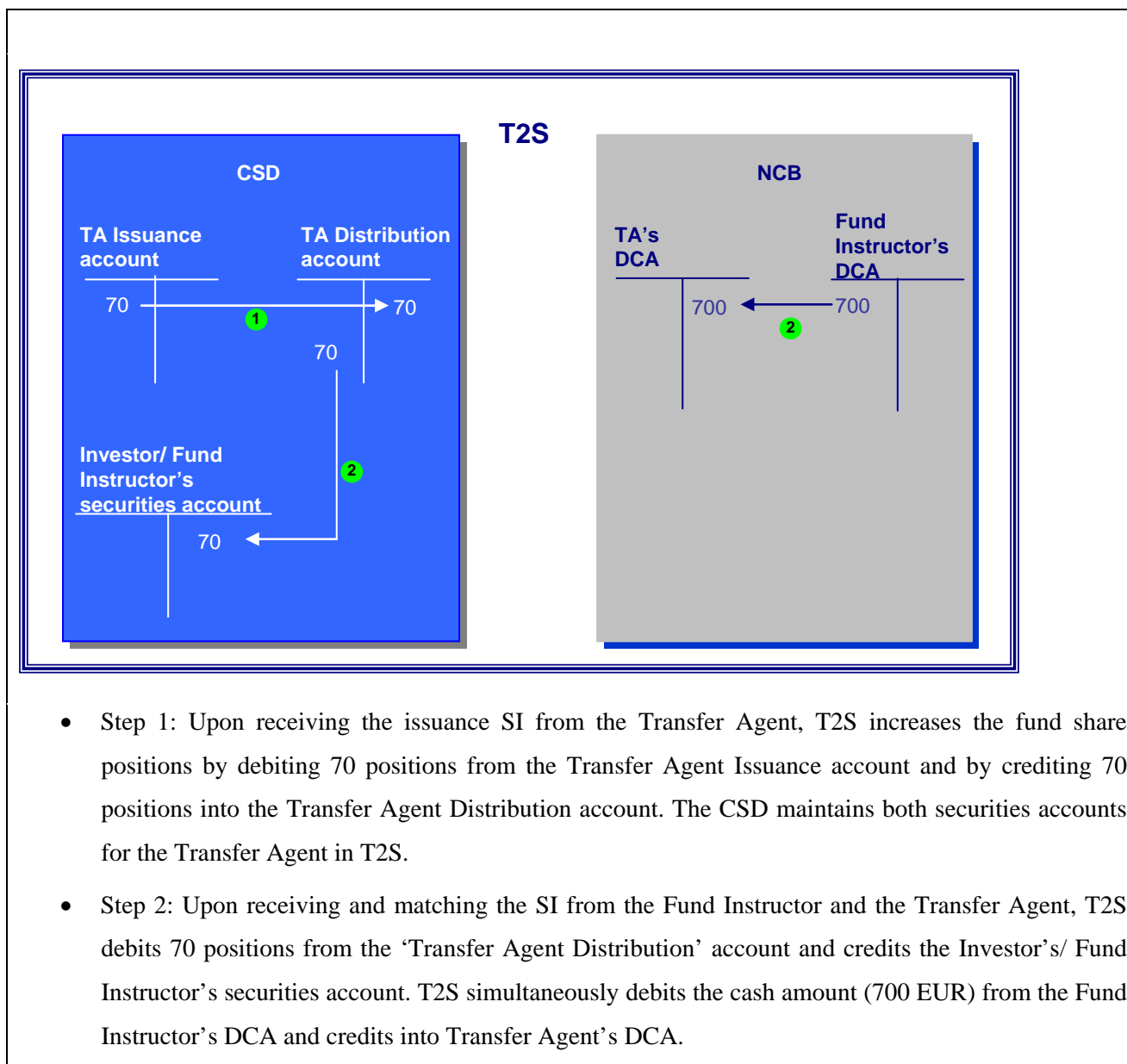
Table 4-15: Messages from T2S [T2S.BPD.SETT.ICSD.04.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	Change in status of settlement instruction	3.3.8.4
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	Partial or Full settlement of the settlement instruction	3.3.8.5

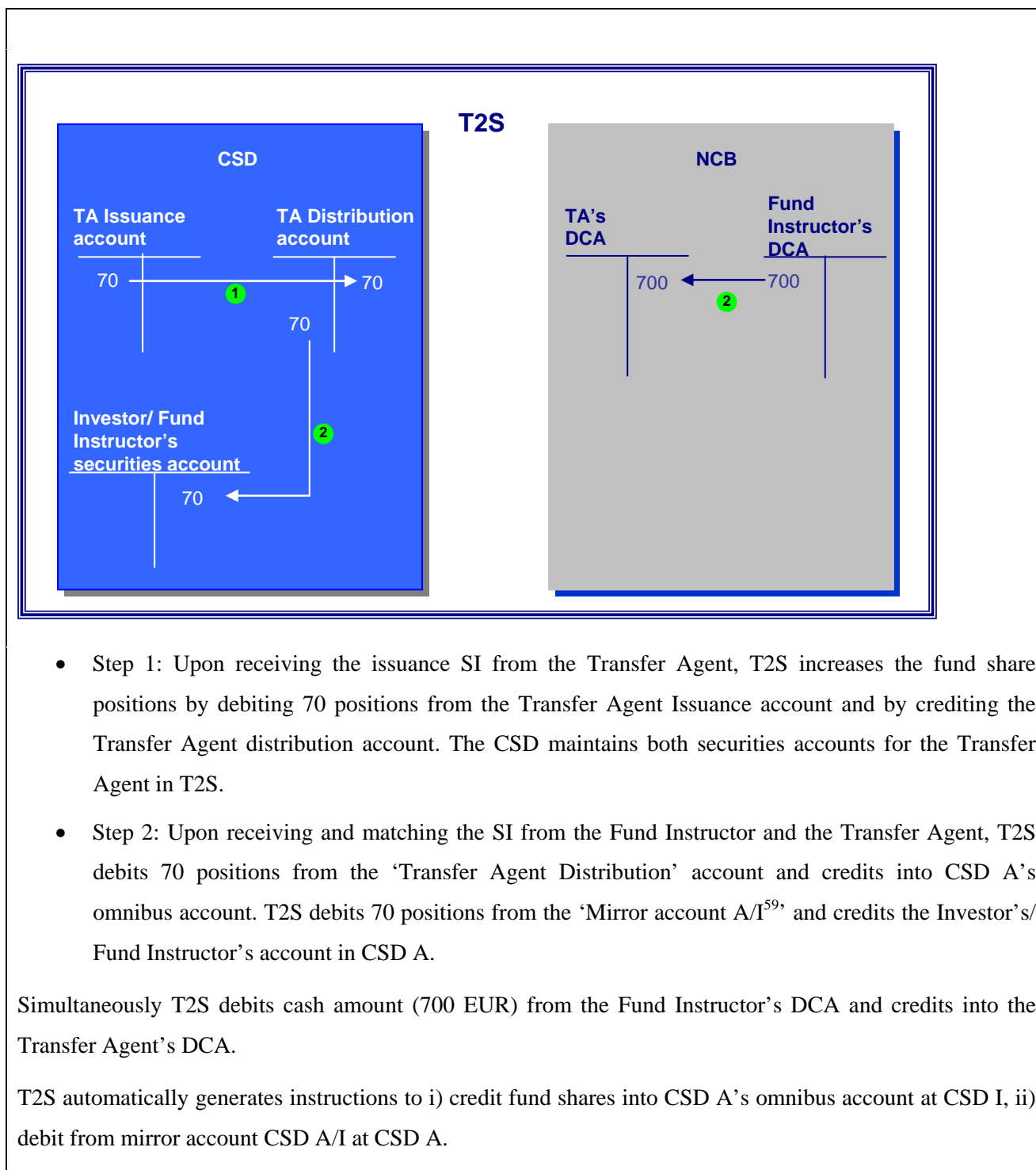
References:

UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

1 **Figure 4-12: Domestic subscription of fund shares in the context of T2S (including issuance)**



1 **Figure 4-13: Cross CSD subscription of fund shares in the context of T2S (including issuance)**



⁵⁹ Mirror account in CSDA, reflecting the omnibus account at CSD I

1 4.10.4 Description of T2S Services

2 4.10.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

3 **Business Validation Service (T2S.SD.SETT.010)**

4 This T2S service validates the settlement instructions and verifies if the defined rules regarding the content
5 of the message fields are fulfilled.

6 **Matching Service (T2S.SD.SETT.020)**

7 This T2S service compares the details in the settlement instructions sent by the two parties (Fund Instructor,
8 Transfer Agent), and matches the instructions. If T2S cannot match the instruction to any existing instruction
9 within T2S, it triggers the Settlement Allegement Service, after a pre-defined time limit.

10 **Settlement Allegement Service (T2S.SD.SETT.030)**

11 This T2S service creates allegement messages to the Counterparty, to inform the Counterparty that T2S
12 received a settlement instruction against them.

13 **Settlement Sequencing Service (T2S.SD.SETT.040)**

14 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
15 defined. This T2S service extracts all settlement instructions related to a particular sequence and submits
16 them for settlement. Sequencing applies to Night-Time Settlement only.

17 **Settlement Posting Service (T2S.SD.SETT.050)**

18 This T2S service performs the provisioning and booking of the settlement instructions.

19 **Optimisation Service (T2S.SD.SETT.060)**

20 This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement.
21 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial
22 settlement and auto-collateralisation.

23 **Instruction Recycling Service (T2S.SD.SETT.080)**

24 This T2S service recycles instructions that are unsettled in previous attempts.

25 **Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120)**

26 The Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120) enables the use of restricted
27 securities positions (blocked, reserved or earmarked) or cash balances (blocked or reserved) in case the CSD

1 or CSD Participant sends a settlement instruction with references to the restricted securities positions or cash
2 balances.

3 **Conditional Securities Delivery Service (T2S.SD.SETT.140)**

4 This T2S service validates the settlement instructions on the intended settlement date for CoSD rules defined
5 and set-up in T2S by the CSD. The settlement instruction is subject to CoSD if one or more CoSD rules
6 apply.

7 **Realignment Service (T2S.SD.SETT.070)**

8 This T2S service analyses the CSDs involved in a settlement transaction and determines the chain of
9 intermediating CSDs. If needed, this service automatically creates additional settlement instructions to
10 realign the books of all intermediating CSDs. For intra-CSD settlements such realignment instructions are
11 only generated if the Investor CSD has set-up distinct omnibus accounts in the Technical Issuer CSD for the
12 participant accounts involved.

13 **4.10.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

14 **Status Management Service (T2S.SD.INF.010)**

15 This T2S service sends the status of the instructions to the authorised T2S actors. The T2S actors must
16 subscribe to the status messages in order to receive them. Any change of status triggers the creation of status
17 messages.

18 **4.11 Account Transfer of Securities [T2S.BPD.SETT.ATRA]**

19 This process describes the act of conducting an account transfer of securities in T2S. A CSD or CSD
20 Participant can use one or more securities accounts in T2S for the purposes of securities settlement. The CSD
21 or CSD Participant may also have the need to

- 22 • rebalance securities positions between its securities accounts (or)
- 23 • make available the necessary securities positions in the right securities accounts for its securities
24 settlement including corporate actions (or)
- 25 • transfer either full or part of their holdings to another securities account to satisfy the need of
26 inheritance/ transfer of ownership of its end-clients/ portfolio transfer of securities to other clients.

27 The parties having such needs may instruct T2S, either themselves, via the CSD or via an authorised third
28 party (power of attorney). Example:

- 1 • A CSD Participant (acting as account operator or custodian and with privileges granted by its CSD)
2 receives instructions from their clients (e.g. end investors or financial institutions) to instruct directly
3 in T2S for such account transfers.
- 4 • A CSD receives instructions from its CSD Participant or third parties authorised by the CSD
5 Participant to instruct T2S on their behalf for such account transfers.

6 It is also possible that one or more securities accounts in T2S may need to be transferred from one custodian
7 to another. Such cases are handled via the transfer of securities accounts using the relationship of T2S Party
8 to Securities Accounts.

9 For details regarding the instruction of T2S and messages received, refer to processes “Intra-CSD Settlement
10 [T2S.BPD.SETT.ICSD]” and “Cross-CSD Settlement [T2S.BPD.SETT.CCSD]”.

5. CORPORATE ACTIONS PROCESSES

5.1 Distributions

A distribution is a Corporate Action (CA) event whereby the issuer of a security delivers particular proceeds to the holder of the underlying security without affecting the underlying security.

5.1.1 Securities Distributions [T2S.BPD.SETT.SECD]

5.1.1.1 Overview

This process describes the act of distributing securities in T2S. In a securities distribution, the proceeds of the CA consist of securities. Stock dividends and bonus issues are typical examples of such events.

This section covers the standard steps in a securities distribution within the context of a CSD. It covers both the domestic and the cross-CSD environment.

The processes described are in line with the CAJWG and T2S CA standards.

Trigger:

The CSD receives securities distribution event details from relevant entity⁶⁰

Preconditions:

None

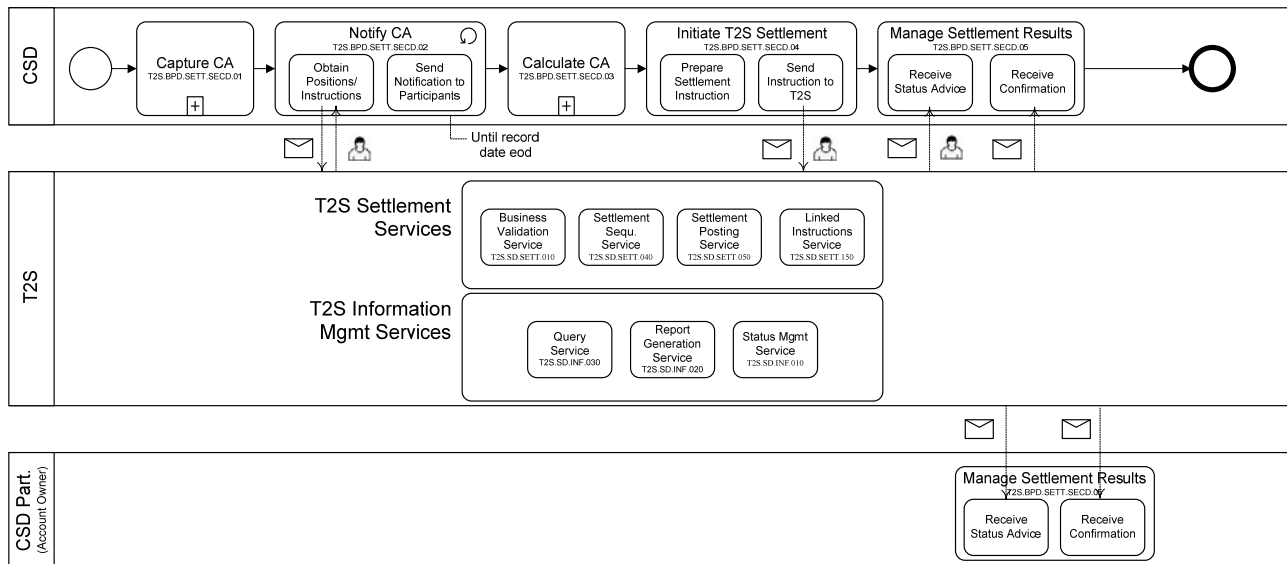
T2S Instructing Party:

CSD

⁶⁰ Depending on the operational process of the CSD, the entity can be e.g. Issuer, Issuer's agent, Issuer CSD or other information providers.

5.1.1.2 Business Process Diagram

Figure 5-1: Business Process Diagram [T2S.BPD.SETT.SECD]



5.1.1.3 Business Process Description

5.1.1.3.1 Capture CA

Reference ID	T2S.BPD.SETT.SECD.01
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T2S Actors: CSD

The CSD captures the securities distribution details (CA announcement) that the CSD receives from relevant entity.

5.1.1.3.2 Notify CA

Reference ID	T2S.BPD.SETT.SECD.02
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T2S Actors: CSD

The CSD identifies the eligible recipients based on the CA details and the T2S information. This process runs until the record date of the CA event for identifying:

- participants obtaining a new holding in the underlying security after the announcement but before the record date; and

- participants creating a new open position (pending instructions)⁶¹ in the underlying security after the initial announcement.

This sub-process is executed as long as the current date is on or before the CA record date.

Apart from the capture of a CA, this sub-process is also triggered by the amendment and cancellation of a CA.

References:

UDFS: Use Cases “Send Query” (Chapter 2.18) and “Receive Report” (Chapter 2.19)

GUI BFD: T2S.GUI.SESE.INX.0070

5.1.1.3.3 Obtain positions pending instructions

Reference ID	T2S.BPD.SETT.SECD.02.01
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This CSD obtains the securities positions and pending settlement instructions on the underlying ISIN of the CA.

The CSD has two options for receiving T2S information:

- Option 1: the CSD receives these details through predefined reports generated by T2S at close of business of settlement day (End of Day reporting) and/or
- Option 2: the CSD queries T2S by specifying the underlying ISIN as a filter criterion

In option 1:

- based on its report subscription set up in T2S, the CSD receives periodical statements and delta statements of holdings, statements and delta statements of pending instructions reports;
- the CSD filters the reports in order to extract details relevant to the underlying ISIN.

In option 2:

- the CSD queries T2S for securities positions related to the underlying ISIN;
- the CSD queries T2S for pending settlement instructions related to the underlying ISIN⁶²

In the cross-CSD scenario, both the issuer and the investor CSDs will perform this activity of obtaining securities positions and pending settlement instructions from T2S.

The CSD sends and receives the following messages to/from T2S:

⁶¹ These are settlement instructions which do not have a status with value “settled” or “cancelled”. In a typical DVP/FOP transaction, two pending and matched instructions refer to one pending transaction.

⁶² See section on T2S Services Description for details about T2S Report Generation Services and T2S Query Services

1 **Table 5-1: Messages to and from T2S [T2S.BPD.SETT.SECD.02.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Securities Account Position (History) Query	semt.025.001.01	To T2S	-	3.3.7.10
Settlement Transaction Query	To be defined	To T2S	-	-
SecuritiesStatusOr StatementQueryStatusAdvice	sese.022.001.02	From T2S	Query instruction is processed in T2S	-
SecuritiesSettlementInstructionResponse	To be defined	From T2S	T2S prepares the response data	-
SecuritiesTransactionPendingReport	semt.018.001.02	From T2S	Time/event based	3.3.7.6
SecuritiesBalanceCustodyReport	semt.002.001.04	From T2S	Time/event based	3.3.7.1

2 **5.1.1.3.4 Send notifications to participants**

Reference ID	T2S.BPD.SETT.SECD.02.02
--------------	-------------------------

3 The CSD identifies and informs eligible recipients (received/queried in the previous activity Obtain
4 Positions/pending instructions) about the CA details.

5 **5.1.1.3.5 Calculate CA**

Reference ID	T2S.BPD.SETT.SECD.03
--------------	----------------------

6 T2S Actors: CSD

7 In certain registered markets, the T2S Actor can also be an issuer's agent (as a CSD Participant).

8 The CSD calculates the CA entitlements based on the securities positions held at the close of business of the
9 record date and based on the CA details.

10 The CSD will handle the CA entitlements on the pending settlement instructions as market claims.

11 For details regarding market claims, refer to process "Market Claims [T2S.BPD.SETT.MCLA]".

12 **5.1.1.3.6 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.SECD.04
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1 T2S Actors: CSD

2 Precondition: Necessary securities proceeds are available to the CSD

3 The CSD initiates the settlement instructions to T2S for distributing securities⁶³ entitlements to its
4 participants.

5 References:

6 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

7 GUI BFD: T2S.GUI.SESE.INX.0070

8 5.1.1.3.7 Prepare Instruction

Reference ID	T2S.BPD.SETT.SECD.04.01
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9 Prior to the start of the business (Night-Time Settlement sequence 1) on Payment Date, the CSD creates the
10 settlement instructions for distributing the securities to the entitled position holders.

11 The indicative instruction type (from the CSD’s perspective) is the following:

Proceeds type	Instruction Type	ISIN	Quantity	Amount
Securities	DFP	Outturn ISIN	Securities proceeds of the participant	Zero

12 5.1.1.3.8 Send instruction to T2S

Reference ID	T2S.BPD.SETT.SECD.04.02
--------------	-------------------------

13 At the latest by the start of business on the payment date (prior to Night-Time Settlement sequence 1) the
14 CSD sends the settlement instructions to T2S.

15 In a CSD link arrangement, both the Issuer CSD and the investor CSD perform this process in order to
16 generate entitlements for their participants:

- 17 • The Issuer CSD sends to T2S settlement instructions for issuance and distribution of additional
18 underlying securities. Depending on the Issuer CSD’s account structures, securities are typically
19 created by the usage of an Issuance and a Distribution (or “off-set”) account. The Distribution
20 account is debited and participants’ accounts are credited (steps 1 and 2 in Figure 5-2)

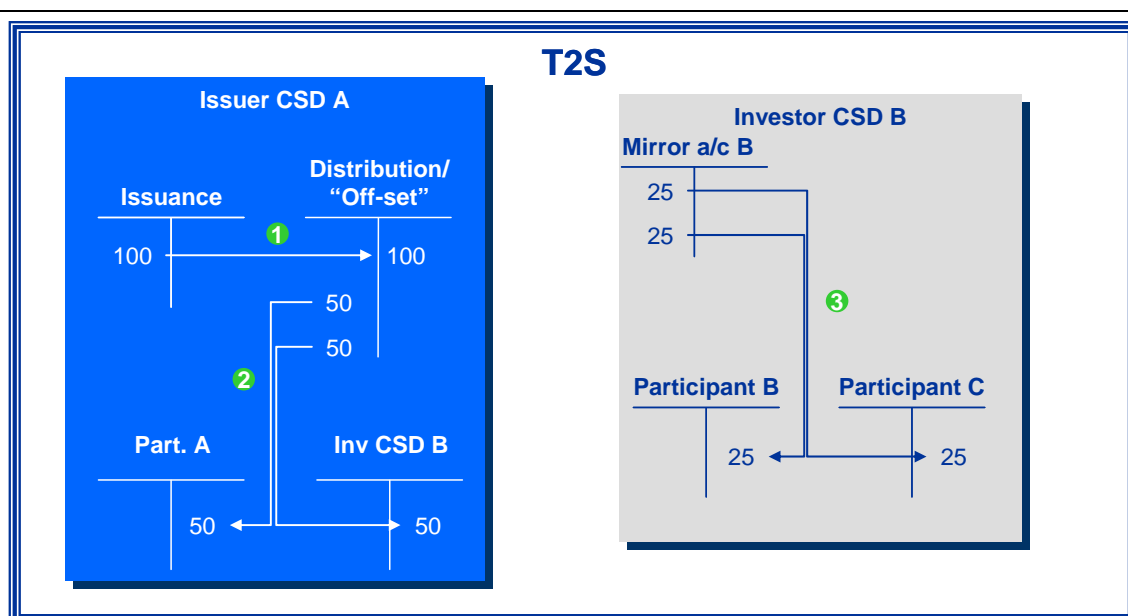
⁶³ In case the outturn ISIN is not eligible in T2S, the distribution of proceeds will be handled outside T2S(applicable for all types of CAs)

- The investor CSD being a participant of the Issuer CSD receives the proceeds of the securities distribution in its omnibus account in the Issuer CSD. In its turn, the investor CSD should ensure that these proceeds are distributed within its own books to the securities accounts of its own participants (step 3 in Figure 5-2)

The CSD has the possibility to send all settlement instructions related to a specific securities distribution event to settle on an “All-or-none” basis.

The CSD also has the option to send the securities issuance and all the securities distribution settlement instructions related to a specific CA, to settle on an “All or none” basis.

Figure 5-2: Securities Distribution in the context of T2S [T2S.BPD.SETT.SECD.04.02]



Step 1: The Issuer CSD A initiates the issuance process of a EUR 100 securities distribution. The procedure resembles a “primary market” operation. Securities are created by the usage of an Issuance and a Distribution (or “off-set”) account.

Step 2: The Issuer CSD A distributes the securities entitlements to its own participants. The distribution account is debited and participants’ accounts are credited accordingly. Investor CSD B does not differ from a standard CSD A participant. Investor CSD B receives in its omnibus account in the CSD A, the proceeds of the securities distribution (EUR 50).

Step 3: Investor CSD B distributes the securities entitlements to the two relevant participants (EUR 25 each). Mirror account is debited and investor CSD B participants’ accounts are credited accordingly.

In T2S, as in cross-CSD CA processing today, movements 2 and 3 are not dependant upon the checking of a central mechanism. Investor CSD B like any other participant of Issuer CSD A, may or may not wait for the

1 final settlement of movement 2 before initiate movement 3 in its own books. Movement 2 is not a
2 prerequisite of movement 3.

3 The CSD sends the following message to T2S:

4 **Table 5-2: Messages to T2S [T2S.BPD.SETT.SECD.04.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstruction	sese.023.001.02	To T2S	3.3.8.3

5 **5.1.1.3.9 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.SECD.05
--------------	----------------------

6 T2S Actors: CSD and CSD Participant

7 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
8 processes.

9 References:

10 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

11 **5.1.1.3.10 Receive Status Advice**

Reference ID	T2S.BPD.SETT.SECD.05.01
--------------	-------------------------

12 This CSD and CSD Participant receive status advice messages for every change of status or update of reason
13 code to the settlement instruction within T2S.

14 The CSD and CSD Participant receive the following message from T2S:

15 **Table 5-3: Messages from T2S [T2S.BPD.SETT.SECD.05.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdvice	sese.024.001.02	From T2S	T2S changes status of settlement instruction	3.3.8.4

16 **5.1.1.3.11 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.SECD.05.02
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17 The CSD and CSD Participant receive the settlement confirmation messages from T2S for the settlement
18 instructions that the CSD sent to T2S.

19

1 The CSD and CSD Participant receive the following message from T2S:

2 **Table 5-4: Messages from T2S [T2S.BPD.SETT.SECD.05.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmation/“Full Settlement”	sese.025.001.02	From T2S	T2S settles the settlement instruction	3.3.8.5

3 **5.1.1.4 Description of T2S Services**

4 **5.1.1.4.1 Settlement Services**

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

5 **Settlement Posting Service (T2S.SD.SETT.050)**

6 This T2S service performs the provisioning and booking of the settlement instructions. For securities
7 issuance process, it allows the securities positions in the Issuance securities account to become negative. It
8 considers the technical netting effect during provision check and proposes all relevant settlement instructions
9 for settlement on an “All or None” basis.

10 **5.1.1.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

11 **Status Management Service (T2S.SD.INF.010)**

12 This T2S service communicates the status of the instructions to the authorised T2S actors. The T2S actors
13 must have subscribed in advance to the status management service in order to receive the advice messages.

14 **Report Generation Service (T2S.SD.INF.020)**

15 This T2S service facilitates the Notify CA process by generating and sending to CSD statement of holdings,
16 delta statement of holdings, statement of pending instructions and delta statement of pending instructions
17 reports after the close of daytime settlement (or at any other time as specified by the CSD in its report
18 subscription).

- 19 • Statement of Holdings – This report includes details of all securities positions of all ISINs held in the
20 respective CSD securities accounts.

- Delta statement of holdings – This report includes changes in the quantity of securities positions, i.e. the net quantity which has been debited or credited on the reported positions since the creation of the previous Statement of Holdings.
- Statement of Pending Instructions - This report includes details of all pending instructions related to the respective CSD's securities accounts, that T2S has accepted.
- Delta Statement of Pending Instructions - The report lists instructions created/amended since the creation of the previous Statement of pending instructions. This report covers:
 - new pending settlement instructions;
 - pending settlement instructions which were modified;
 - settlement instructions which were formerly pending but are now cancelled;
 - settlement instructions which are partially settled.

Query Service (T2S.SD.INF.030)

This T2S service i.e. the Settlement-Related Queries Service component facilitates the Notify CA process by providing information of the securities positions (current and history) and pending settlement instructions in the underlying ISIN.

For details regarding the remaining T2S services involved, refer to process “Intra-CSD Settlement [T2S.BPD.SETT.ICSD]”.

5.1.2 Cash Distributions [T2S.BPD.SETT.CSHD]

5.1.2.1 Overview

This process describes the act of distributing cash in T2S. In cash distributions, the proceeds of the CA consist only of cash. Capital gains, cash dividends, interest payments and share premium dividends are typical examples of such events. This section covers the standard steps in a cash distribution within the context of a CSD⁶⁴. It covers both the domestic and the cross CSD scenarios.

The processes described are in line with the CAJWG and T2S CA standards.

This process is a variation of the process “Securities Distribution [T2S.BPD.SETT.SECD]”. The steps highlighted in the diagram below require particular attention.

Trigger:

CSD receives cash distribution event details from relevant entity

⁶⁴ ‘CSD’ refers to both Issuer CSD and investor CSD, unless specifically mentioned otherwise.

1 **Preconditions:**

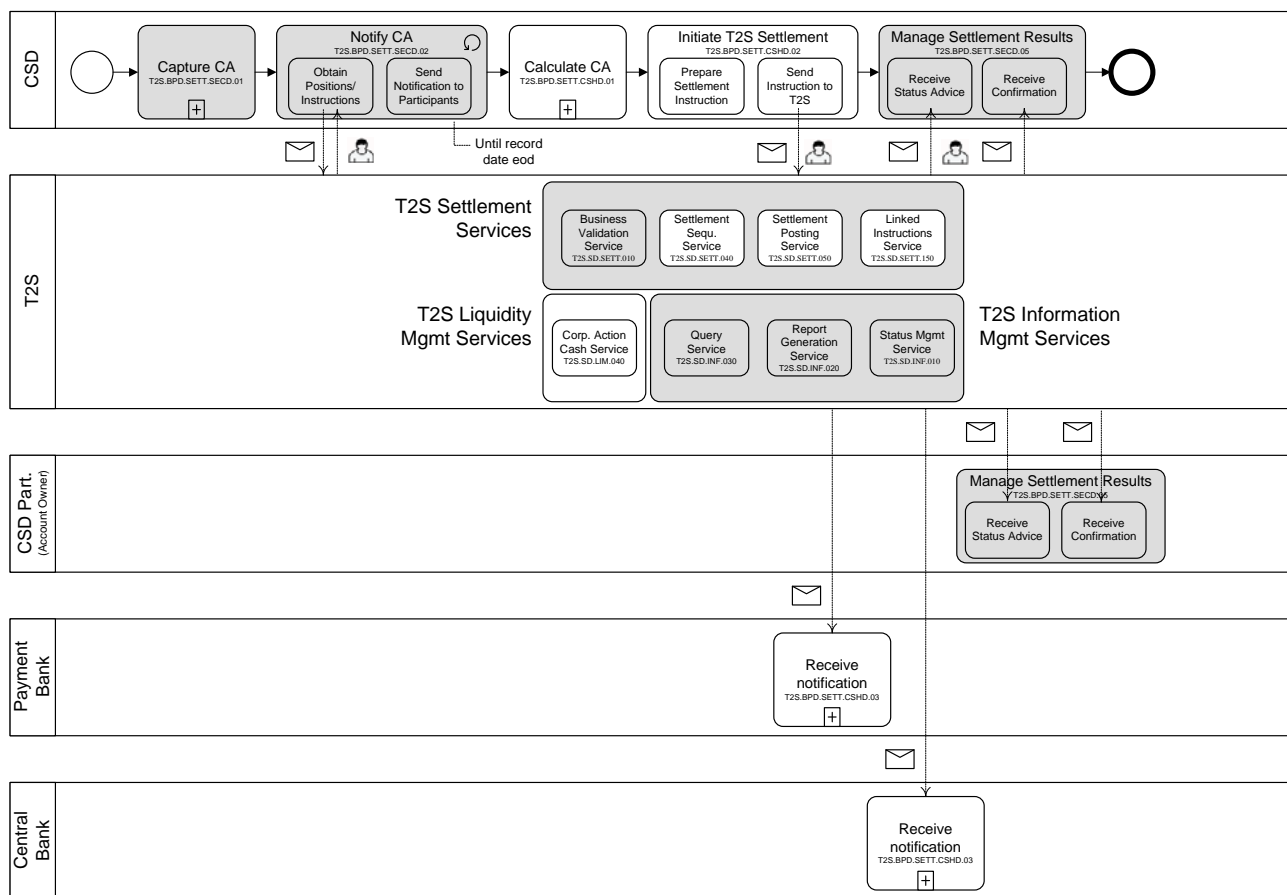
2 None

3 **T2S Instructing Party:**

4 CSD

5 5.1.2.2 Business Process Diagram

6 **Figure 5-3: Business Process Diagram [T2S.BPD.SETT.CSHD]**



8 5.1.2.3 Business Process Description

9 5.1.2.3.1 Calculate CA

Reference ID	T2S.BPD.SETT.CSHD.01
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10 T2S Actors: CSD

11 In certain registered markets, the T2S Actor can also be an issuer's agent (as a CSD Participant).

- 1 The CSD calculates the CA entitlements based on securities positions at the close of business of the CA
- 2 record date. The CSD will handle the CA entitlements on the pending settlement instructions as market
- 3 claims.
- 4 For details regarding market claims, refer to process “Market Claims [T2S.BPD.SETT.MCLA]”.
- 5

5.1.2.3.2 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.CSHD.02
--------------	----------------------

T2S Actors: CSD

In certain registered markets, the T2S Actors can also be an issuer's agent (as a CSD Participant).

Precondition: Necessary cash proceeds are available to the CSD

The CSD initiates the settlement instructions to T2S for distributing cash entitlements to the CSD Participants.

References:

UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

GUI BFD: T2S.GUI.SESE.INX.0070

5.1.2.3.3 Prepare instruction

Reference ID	T2S.BPD.SETT.CSHD.02.01
--------------	-------------------------

This CSD creates the settlement instruction for distributing the cash to the entitled position holders.

In certain registered markets, the T2S Actors can also be an issuer's agent (as a CSD Participant).

As per the CAJWG and T2S CA standard, cash payments resulting from corporate action events should be paid via the same 'payment mechanism' as any standard DVP activity (i.e. T2S dedicated cash accounts - DCA).⁶⁵

At the latest by the start of business on the payment date (prior to Night-Time Settlement sequence 1), the CSD sends to T2S the settlement instructions for crediting the cash to the entitled position holders.

The CSD sends to T2S, "already matched" payment free of delivery settlement instructions (PFOD). The indicative instruction type (from CSD's/issuer/issuer's agent perspective) is the following:

Table 5-5: Settlement Instruction Types for Cash Distribution [T2S.BPD.SETT.CSHD.02.01]

Proceeds type	Instruction Type	ISIN	Quantity	Amount
Cash	DVP	Underlying ISIN	Zero	Cash proceeds

Typically, a matched PFOD consists of the following two legs:

- RVP instruction for delivery of cash

⁶⁵ In case of currencies not eligible in T2S, cash payments will take place outside T2S

- DVP instruction for receipt of cash

The instructions should contain the following information (non-exhaustive list of details):

- the DCA of the CSD or any other T2S party distributing the cash proceeds;
- the DCA⁶⁶ of the CSD Participant (receiving the cash proceeds);
- the Securities account⁶⁷ of the CSD or the T2S party distributing the cash proceeds;
- the Securities account of the CSD Participant which receives the cash proceeds;
- the underlying securities (i.e. ISIN);
- the (securities) settlement quantity as zero;
- the cash amount.

5.1.2.3.4 Send instruction to T2S

Reference ID	T2S.BPD.SETT.CSHD.02.02
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At the latest by the start of business on the payment date (prior to Night-Time Settlement sequence 1) the CSD sends the settlement instructions to T2S.

In a CSD link arrangement (cross-CSD settlement) both the Issuer CSD and the investor CSD will perform this process in order to generate the cash entitlements for their respective CSD Participants.

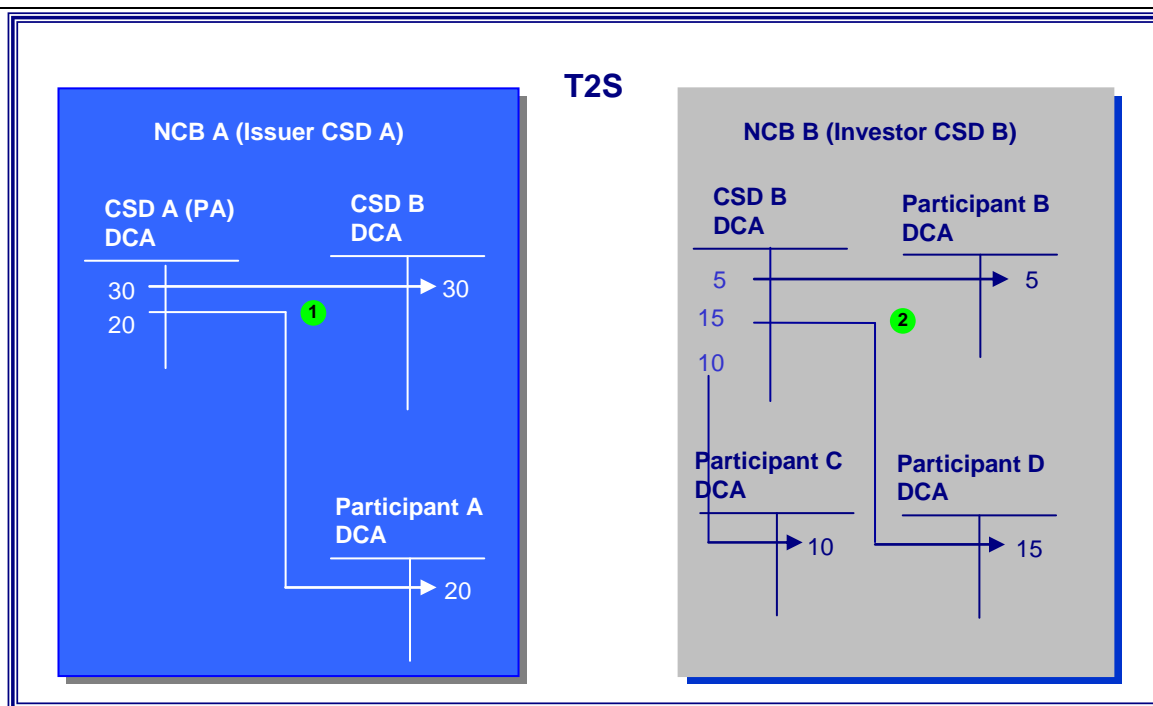
- For distribution of cash to its participants, the Issuer CSD sends settlement instructions to T2S. T2S debits the dedicated cash account of the issuer/issuer's agent and credits the CSD Participants' cash accounts (step 1 in Figure 5-4).
- The investor CSD being a participant of the Issuer CSD receives the cash proceeds in its DCA. In turn, the investor CSD should ensure that these proceeds are distributed within its own books to the DCAs of its own participants (step 2 in Figure 5-4).

The CSD has the possibility to send all cash-distribution settlement instructions to settle on an "All or none" basis in T2S.

⁶⁶ If DCA is not specified in the settlement instruction, T2S will use the default DCA linked to the securities account.

⁶⁷ As per ISO 20022, the delivering or receiving securities account is a mandatory field in the settlement instruction

1 **Figure 5-4: Cash Distribution in the context of T2S [T2S.BPD.SETT.CSHD.02.02]**



2

3 Step 1: An issuer's agent A (or the CSD A itself) is responsible for distributing the cash entitlements in the

4 environment of the Issuer CSD A. The payments are made in the DCA in the Issuer CSD A. The investor

5 CSD B may be using a settlement bank (SB) for managing its liquidity in the environment of Issuer CSD A

6 (SB receives EUR30 for investor CSD B).

7 Step 2: The investor CSD B has received EUR 30 in its DCA operated by its SB⁶⁸ (presumably, but not

8 necessarily, the same SB used in step 1). Cash distributions in the form of cash payments are made towards

9 the participants (B, C and D) of investor CSD B (movement 2)

10 The CSD sends the following message to T2S:

11 **Table 5-6: Messages to T2S [T2S.BPD.SETT.CSHD.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstruction	sese.023.001.02	To T2S	3.3.8.3

12 5.1.2.3.5 Receive and Manage Notification

Reference ID	T2S.BPD.SETT.CSHD.03
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⁶⁸ The realignment of cash between the DCA in one Central Bank to the DCA in another Central Bank, should be done in the RTGS system. I.e. move cash from the RTGS account at Central Bank A to RTGS account at Central Bank B.

- 1 T2S Actors: Central Bank and Payment Bank
- 2 The Central Bank and Payment Bank receive the posting notifications from T2S, when the cash amount is
- 3 credited/debited from the DCA owned by the Central Bank/Payment Bank.
- 4 If the CSD Participant's Payment Bank has set up a standing instruction to move cash proceeds to an RTGS
- 5 account (outside T2S), T2S will create an immediate liquidity transfer.
- 6 The relevant Central Bank and Payment Bank will receive the status advices for this liquidity transfer.
- 7 The Central Bank and Payment Bank receive the following messages from T2S:

8 **Table 5-7: Messages from T2S [T2S.BPD.SETT.CSHD.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotification/"Information to T2S Actor Debit Notification"	camt.054.001.02	From T2S	T2S debits cash amount into DCA	3.3.3.17
BankToCustomerDebitCreditNotification/"Information to T2S Actor Credit Notification"	camt.054.001.02	From T2S	T2S credits cash amount into DCA	3.3.3.17
LiquidityCreditTransfer/"Outbound Liquidity Transfer"	camt.050.001.03	From T2S	T2S completes posting of cash into DCA	3.3.3.13

9 **5.1.2.4 Description of T2S Services**

- 10 There is no deviation from the base process regarding the use of T2S Services, except the following.

11 **5.1.2.4.1 Liquidity management services**

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

12 **Corporate Action Cash Service (T2S.SD.LIM.040)**

- 13 This T2S service facilitates T2S actors to manage the CA generated liquidity they receive in their T2S
- 14 DCAs. The T2S actors can decide if this liquidity should:

- 15
 - stay in the T2S DCA , or
- 16
 - be moved to an RTGS account outside T2S

1 The service facilitates the creation of a standing instruction to specify this option, and executes the
2 instruction by creating an immediate liquidity transfer order.

3 For the remaining T2S services involved there is no deviation from the base process.

4 **5.1.3 Distribution with options [T2S.BPD.SETT.CHOS]**

5 ‘Distributions with options’ are distribution events which provide the investor with a choice of proceeds. An
6 example of such an event is an optional dividend (e.g. with options for receiving cash and/or securities).

7 According to the CAJWG standards, the CSD should treat distributions with options as two separate CA
8 events:

- 9 • the distribution of the interim ISIN;
- 10 • the mandatory reorganisation with option event (i.e. the option) on the interim ISIN.

11 For details regarding the first event (Securities Distribution), refer to process “Securities Distribution
12 [T2S.BPD.SETT.SECD]”.

13 For details regarding the second event (Mandatory Reorganisations with Options), refer to process
14 “Mandatory Reorganisation with Options [T2S.BPD.SETT.RGOP]”.

15 **5.2 Reorganisations**

16 A reorganisation is a CA event whereby the underlying security is replaced with proceeds.

17 **5.2.1 Mandatory Reorganisations [T2S.BP.SETT.MAND]**

18 **5.2.1.1 Overview**

19 This process describes the act of undertaking a mandatory reorganisation in T2S. Mandatory reorganisation
20 is a reorganisation that affects in all cases the underlying security (e.g. stock split, redemption). This process
21 replaces the underlying securities fully or partly with one or more resources (cash only, securities only, both
22 cash and securities).

23 The processes described are in line with the CAJWG and T2S CA standards.

24 This process is a variation of the process “Securities Distribution [T2S.BPD.SETT.SECD]”. The steps
25 highlighted in the diagram below require particular attention.

26 **Trigger:**

27 The CSD receives the mandatory reorganisations event details from relevant entity

28 **Preconditions:**

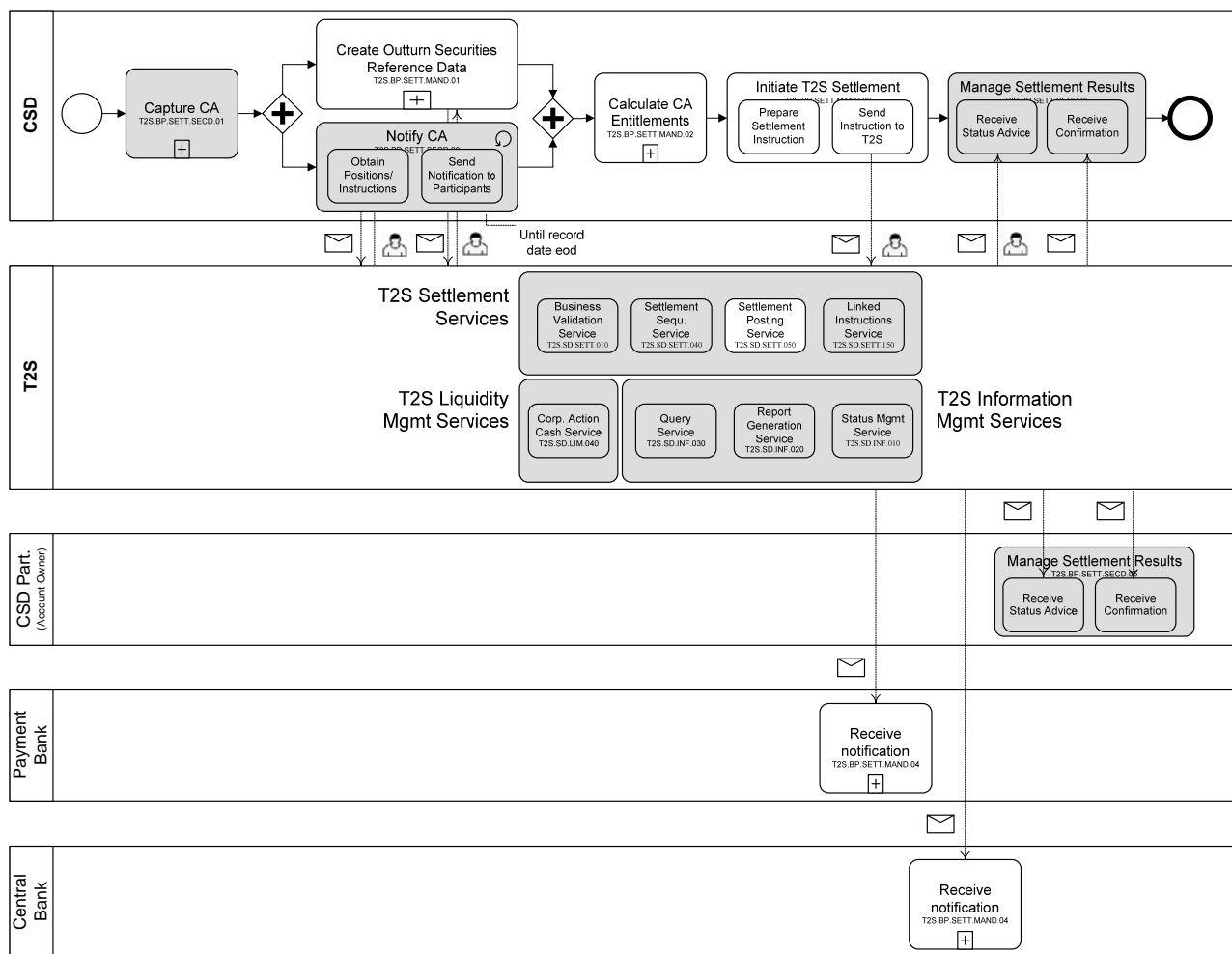
29 None

1 T2S Instructing Party:

2 CSD

3 5.2.1.2 Business Process Diagram

4 Figure 5-5: Business Process Diagram [T2S.BP.SETT.MAND]



6 5.2.1.3 Business Process Description

7 5.2.1.3.1 Create Outturn Securities Reference Data

Reference ID	T2S.BP.SETT.MAND.01
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8 T2S Actors: CSD

9 Precondition: Availability of the ISIN code of the outturn securities

1 The CSD initiates the creation of new outturn securities in T2S, if the mandatory reorganisation involves
2 distribution of securities⁶⁹.

3 For details regarding the creation of securities static data, refer to process “Maintenance of Securities
4 [T2S.BPD.STDA.MSEC]”.

5 **5.2.1.3.2 Calculate CA**

Reference ID	T2S.BP.SETT.MAND.02
--------------	---------------------

6 T2S Actors: CSD

7 This process is triggered once the CSD receives information on final holdings in the underlying ISIN.

8 The CSD calculates the CA entitlements based on the securities positions held at the close of business of the
9 record date and based on the CA details.

10 This sub-process is executed as long as the current date is on or before the CA record date.

11 **5.2.1.3.3 Initiate T2S Settlement**

Reference ID	T2S.BP.SETT.MAND.03
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12 T2S Actors: CSD

13 Precondition: Necessary CA proceeds are available to the CSD

14 The CSD initiates the settlement instructions to T2S for CA reorganisations. This process involves the
15 creation of the settlement instructions necessary for the removal of underlying securities and credit of outturn
16 securities and/or cash, depending upon the CA reorganisation event details.

17 The CSD will handle the re-organisations on the pending settlement transactions as transformations.

18 **5.2.1.3.4 For details regarding transformations, refer to process “Receive Notifications**

Reference ID	T2S.BPD.SETT.MCLA.07
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19 T2S Actors: Payment Bank and Central Bank (Both scenarios)

20 The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction
21 results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the
22 T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a
23 second notification message.

⁶⁹ According to CAJWG standard 16 of mandatory reorganisation, a new ISIN should be allocated to each outturn securities

1 The Payment Bank and Central Bank may conduct additional tasks such as updating cash registers of the
2 Payment Bank/Central Bank and liquidity management activities (e.g. resulting in a transfer of cash from or
3 to T2S).

4 The Payment Bank and Central Bank receive the following messages from T2S:

5 **Table 5-18: Messages from T2S [T2S.BPD.SETT.MCLA.07]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

6 Transformations [T2S.BPD.SETT.TRAN]”.

7 References:

8 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

9 GUI BFD: T2S.GUI.SESE.INX.0070

10 5.2.1.3.5 Prepare Instruction

Reference ID	T2S.BP.SETT.MAND.03.01
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11 The CSD creates the settlement instruction for removal⁷⁰ of underlying securities and the crediting of outturn
12 securities and /or cash to the entitled position holders.

13 The CSD creates ‘already matched’ instructions. The indicative instruction type (from
14 CSD’s/issuer’s/issuer’s agent’s perspective) for each type of CA proceeds is as below

15 **Table 5-8: Settlement Instruction Types for Mandatory Reorganisation [T2S.BP.SETT.MAND.03.01]**

Proceeds type	Instruction Type	ISIN	Quantity	Amount
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⁷⁰ If payment date is not record date + 1 business day, CSD instructs debit of underlying securities, credit of outturn securities on different dates, to T2S

Cash only	RVP	Underlying ISIN	Securities positions of the participant	Cash proceeds of the participant
Securities only	RFP	Underlying ISIN	Securities positions of the participant	-
	DFP	Outturn ISIN	Securities proceeds for the participant	-
Cash and securities	RVP	Underlying ISIN,	Securities positions of the participant	Cash proceeds of the participant
	DFP	Outturn ISIN	Securities proceeds for the participant	-

1 The CSD can optionally create all Reorganisation CA settlement instructions to settle on an “All or none”
2 basis.

3 5.2.1.3.6 Send instruction to T2S

Reference ID	T2S.BP.SETT.MAND.03.02
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4 By the start of business on the payment date (before the T2S night time settlement sequence 1) the CSD
5 sends the settlement instructions to T2S.

6 CA reorganisation in a Cross CSD environment

7 In a cross-CSD environment wherein the CSDs are linked to each other, both the Issuer CSD and the investor
8 CSD perform this process in order to generate reorganisations for their respective CSD Participants.

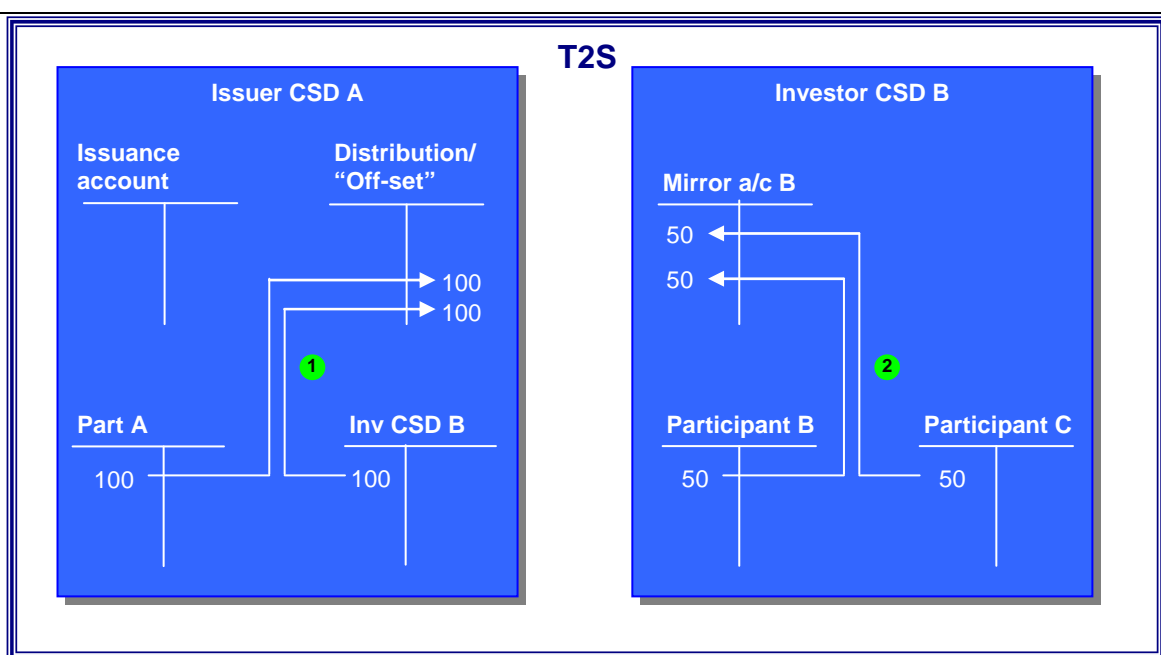
9 The Issuer CSD sends to T2S settlement instructions either for the removal of the underlying securities, the
10 issuance and distribution of outturn securities and/or credit of cash. Based on the market specific operational
11 procedures, the Issuer CSD may define an account structure consisting of both an Issuance and a Distribution
12 (or “off-set”) account for creation and removal of securities.

- 13 • For issuance, the Issuer CSD instructs debit of Issuance account and credit of Distribution account.
14 For distribution of CA proceeds, Issuer CSD instructs debit of Distribution account and credit of
15 Participants’ accounts (Figure 5-7: Securities Distribution in the context of T2S
16 [T2S.BP.SETT.MAND.03.02]).
- 17 • For removal of underlying securities, the Issuer CSD instructs the debit of Participant’s account and
18 credit of Distribution account. Subsequently, Issuer CSD instructs debit of Distribution account and
19 credit of Issuance account. This results in the decrease of issued balance of underlying securities.
20 The securities movements for removal of underlying securities occurs in a direction opposite to
21 issuance of securities.

- For cash credit, the Issuer CSD instructs debit of cash from the T2S dedicated cash account of the Payment Bank managing the payments on behalf of the issuer/issuer's agent. The Issuer CSD instructs the credit of cash to either the default T2S dedicated cash account associated with the relevant securities account or to the T2S dedicated cash account provided by the CSD Participant (Figure 5-8: Credit of Cash in the context of T2S [T2S.BP.SETT.MAND.03.02]).

The investor CSD being a participant of the Issuer CSD delivers underlying securities and receives the outturn securities proceeds in its omnibus account in the Issuer CSD. In its turn, the investor CSD should ensure that these removals and credit of securities are reflected within its own books on the securities accounts of its own participants and the credit of cash is reflected on the T2S dedicated cash accounts provided by its Participants.

Figure 5-6: Securities Removal in the context of T2S [T2S.BP.SETT.MAND.03.02]

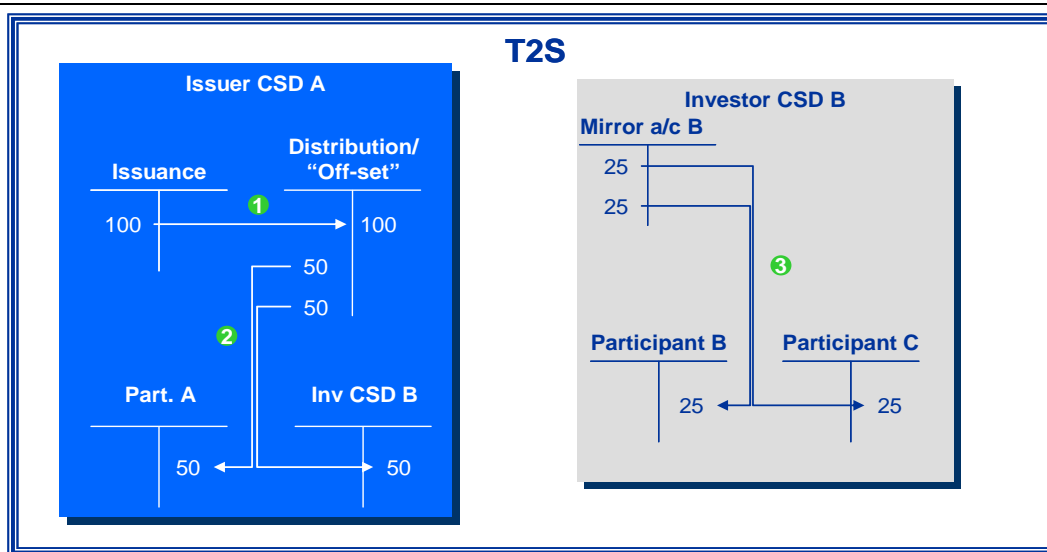


Step 1: The Issuer CSD A initiates the removal of the positions on underlying ISIN from its participant's accounts (On SOD of record date +1). Issuer CSD A instructs debit of participant's accounts and credit of distribution/Off-set account.

Step 2: The Investor CSD B initiates the removal of the positions on underlying ISIN from its participant's accounts (On SOD of record date +1). Investor CSD B instructs debit of participant's accounts and credit of mirror account. distributes the outturn securities to its own participants. Issuer CSD A instructs the debit of distribution account and credit of participants' accounts.

The steps 1 and 2 could be initiated simultaneously.

1 **Figure 5-7: Securities Distribution in the context of T2S [T2S.BP.SETT.MAND.03.02]**



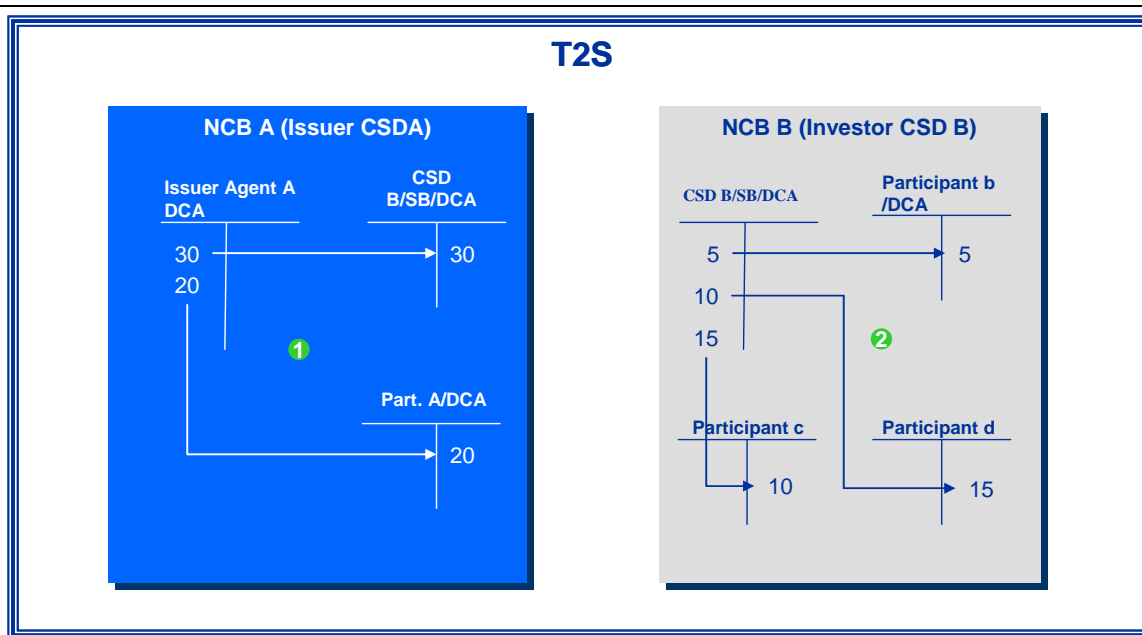
2

3 Step 1: The Issuer CSD A initiates the issuance process of a 100 securities distribution. The procedure
 4 resembles a “primary market” operation. Issuer CSD creates securities by the usage of an Issuance and a
 5 Distribution (or “off-set”) account.

6 Step 2: The Issuer CSD A distributes the outturn securities to its own participants. Issuer CSD A instructs the
 7 debit of distribution account and credit of participants’ accounts. Investor CSD B does not differ from a
 8 standard CSD A participant. Investor CSD B receives in its omnibus account in the CSD A, the proceeds of
 9 the securities distribution (50 securities).

10 Step 3: Investor CSD B distributes the securities entitlements to the two relevant participants (25 securities
 11 each). Investor CSD B instructs debit of Mirror account and credit of investor CSD B participants’ accounts.

1 **Figure 5-8: Credit of Cash in the context of T2S [T2S.BP.SETT.MAND.03.02]**



2
3 Step 1: Issuer's agent A is responsible for distributing the cash entitlements in the environment of the Issuer
4 CSD A. The payments are made between the dedicated cash accounts (DCA) in the Issuer CSD A. Investor
5 CSD B may be using a settlement bank (SB) for managing its liquidity in the environment of Issuer CSD A
6 (SB receives EUR30 for investor CSD B).

7 Step 2: The investor CSD B has received EUR 30 in its DCA operated by its SB (presumably, but not
8 necessarily, the same SB used in step 1). Cash distributions in the form of cash payments are made towards
9 the participants (b, c and d) of investor CSD B (movement 2)

10 The CSD sends the following message to T2S:

11 **Table 5-9: Messages to T2S [T2S.BP.SETT.MAND.03.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstruction	sese.023.001.02	To T2S	3.3.8.3

12 **5.2.1.3.7 Receive Notification**

Reference ID	T2S.BP.SETT.MAND.04
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13 T2S Actors: Central Bank and Payment Bank

14 The Central Bank/Payment Bank receives the posting notifications from T2S, when the entitlement cash
15 amount is credited/debited from the DCA owned by the Central Bank/Payment Bank.

If the CSD Participant's Payment Bank has set up a standing instruction to move cash proceeds to an RTGS account (outside T2S), T2S will create an immediate liquidity transfer. The relevant Central Bank and the Payment bank will receive the status advices for this liquidity transfer.

The Central Bank and Payment Bank receive the following messages from T2S:

Table 5-10: Messages from T2S [T2S.BP.SETT.MAND.04]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotification/"Information to T2S Actor Debit Notification"	camt.054.001.02	From T2S	T2S debits cash amount into DCA	3.3.3.17
BankToCustomerDebitCreditNotification/"Information to T2S Actor Credit Notification"	camt.054.001.02	From T2S	T2S credits cash amount into DCA	3.3.3.17
LiquidityCreditTransfer/"Outbound Liquidity Transfer"	camt.050.001.03	From T2S	T2S completes posting of cash into DCA	3.3.3.13

5.2.1.4 Description of T2S Services

There is no deviation from the base process regarding the use of T2S services, except the following.

5.2.1.4.1 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

Settlement Posting Service (T2S.SD.SETT.040)

This T2S service performs the provisioning and booking of the settlement instructions. For the securities issuance process, it allows the Issuance securities account to become negative. It considers the technical netting effect during provision check and proposes all relevant settlement instructions for settlement on an "All or None" basis.

For the remaining T2S services involved there is no deviation from the base process.

1 **5.2.2 Voluntary reorganisations [T2S.BPD.SETT.VOLU]**

2 **5.2.2.1 Overview**

3 This process describes the act of executing a voluntary reorganisation in T2S. A voluntary reorganisation is a
4 reorganisation event in which participation is optional for the holder of the underlying security.

5 A ‘tender offer’ (an offer made to shareholders, offering them to sell (tender) or exchange their equities) is
6 an example of a voluntary reorganisation event. This section covers the standard steps within the context of a
7 CSD settling the outcome of a voluntary reorganisation in T2S. It covers both the domestic and the cross
8 CSD scenarios.

9 This process is a variation of the process “Mandatory Reorganisations [T2S.BPD.SETT.MAND]”. The steps
10 highlighted in the diagram below require particular attention.

11 **Trigger:**

12 The CSD receives the ‘voluntary reorganisations’ event details from relevant entity

13 **Preconditions:**

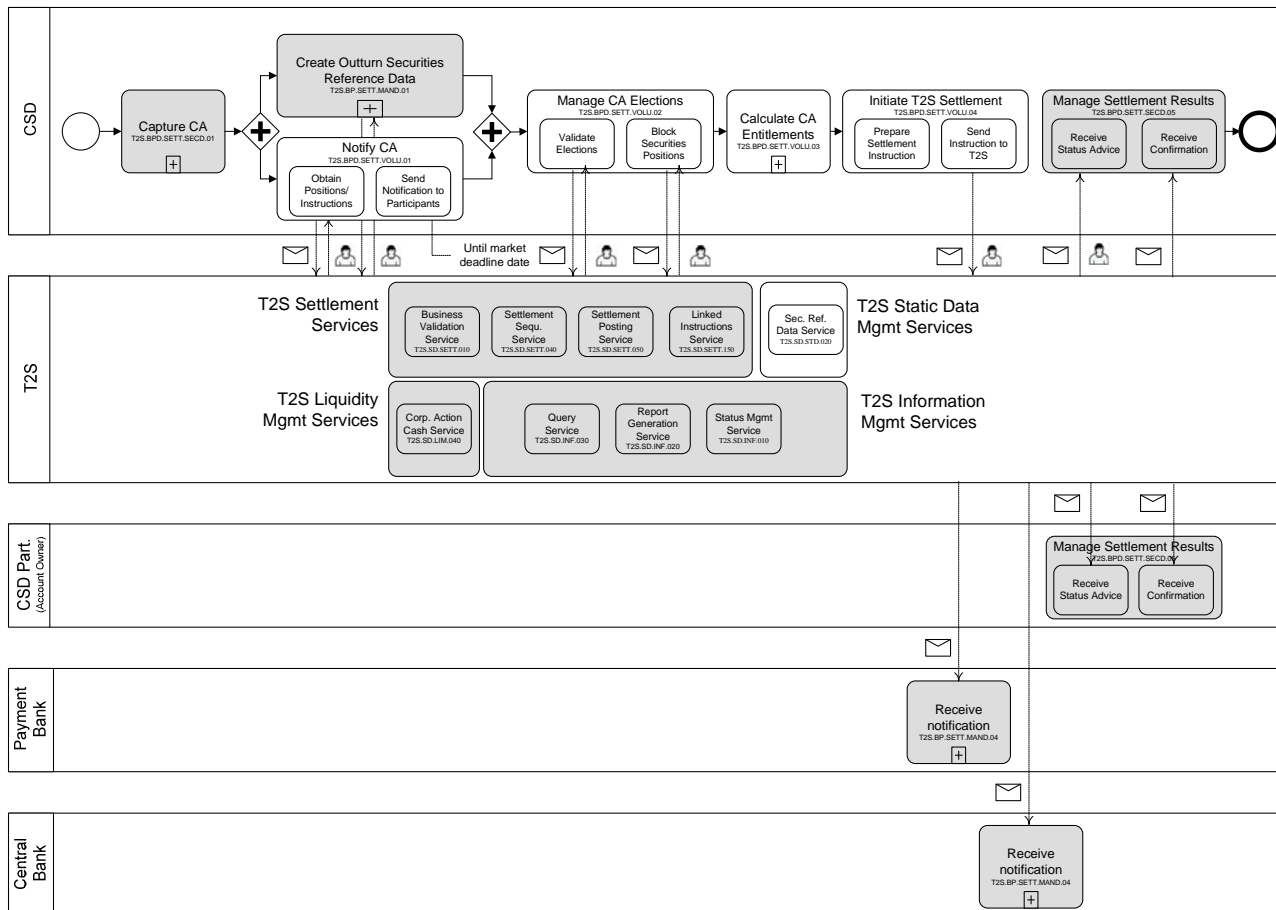
14 None

15 **T2S Instructing Party:**

16 CSD

5.2.2.2 Business Process Diagram

Figure 5-9: Business Process Diagram [T2S.BPD.SETT.VOLU]



5.2.2.3 Business Process Description

5.2.2.3.1 Notify CA

Reference ID	T2S.BPD.SETT.VOLU.01
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T2S Actors: CSD

The CSD identifies the eligible recipients based on the CA details (ISIN, market deadline date etc) and the T2S information. The CSD informs eligible recipients about the CA details. This process runs until the market deadline date of the CA event.

5.2.2.3.2 Manage CA Elections

Reference ID	T2S.BPD.SETT.VOLU.02
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T2S Actors: CSD

The CSD receives the CA elections from its participants. The CSD may ‘facilitate’ CA elections on pending instructions, if it offers an automated buyer protection service. For details regarding buyer protection, refer to process “Buyer Protection [T2S.BPD.SETT.BPRO]”.

5.2.2.3.2.1 Validate CA Elections

Reference ID	T2S.BPD.SETT.VOLU.02.01
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The CSD checks all the details in the CA election against the reference data in its systems and may proceed to perform additional validations specific to the market practices or national regulations (if any).

5.2.2.3.2.2 Block Securities Positions

Reference ID	T2S.BPD.SETT.VOLU.02.02
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The CSD creates and sends to T2S intra-position movements⁷¹ for moving the elected securities positions from the ‘available’ securities position type to the ‘blocked for CA⁷²’ securities position type, in the participant’s account. ‘

For details regarding the blocking of a securities position, refer to process “Reservation or Blocking of Securities Position [T2S.BPD.SETT.RBSP]”.

Depending on the way a specific CA is processed, the CSD may alternatively send settlement instructions to T2S for moving elected securities positions from CSD Participant’s securities account to Issuer/Issuer’s agent’s securities account.

In a cross-CSD environment, the investor CSD communicates the CA elections to the Issuer CSD/ Issuer/Issuer’s agent after successful blocking of the elected securities positions.

5.2.2.3.3 Calculate CA

Reference ID	T2S.BPD.SETT.VOLU.03
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T2S Actors: CSD

When the payment date is reached, the Issuer/ Issuer’s agent calculates the entitlements based on the securities positions that have been segregated accounting-wise and the related instructed options of the electing participants and sends it to the CSD.

⁷¹ AG has approved the change request (CR283), to disallow partial blocking of securities positions for corporate action purpose.

⁷² ‘Blocked for CA’ is a securities position type created by the respective CSD to manage certain reorganisations. CSD will have to create all their securities position types using the T2S settlement restrictions model.

1 5.2.2.3.4 Initiate T2S settlement

Reference ID	T2S.BPD.SETT.VOLU.04
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2 T2S Actors: CSD

3 After receiving the CA election proceeds from the Issuer/Issuer's Agent, the CSD initiates the settlement
4 instructions to T2S to distribute CA proceeds (cash amount and/or securities quantity) to the CSD
5 Participants, for each CA election that resulted in a successful blocking or debit of elected positions.

6 5.2.2.3.4.1 Prepare instruction

Reference ID	T2S.BPD.SETT.VOLU.04.01
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7 At the start of business on the payment date (prior to NTS settlement sequence 1) CSD creates settlement
8 instructions based on the instructions received from the Issuer/Issuer's agent to distribute the CA proceeds.
9 The underlying security (and possibly cash) is booked out and depending upon the applicable CA election
10 option, outturn securities and/or cash payments are made.

- 11 • For cash proceeds, the CSD creates 'versus payment'⁷³ instructions, for moving the blocked⁷⁴
12 securities positions from the CSD Participant's securities account to CSD's/ Issuer's/ Issuer's agent's
13 securities account, and for moving cash amount from CSD's/ Issuer's/ Issuer's agent's T2S DCA to
14 participant's T2S DCA.
- 15 • For securities proceeds only, the CSD creates 'Free of payment' instructions for moving underlying
16 securities positions from participant's securities account to CSD's/ Issuer's/ Issuer's agent's
17 securities account and for moving outturn securities positions from CSD's/ Issuer's/ Issuer's agent's
18 securities account to participant's securities account. The CSD may link the settlement instructions
19 for booking-in of outturn securities and the booking-out of underlying securities to settle on an 'All-
20 or-none' basis.
- 21 • Certain CA also require a debit of cash (e.g. rights subscriptions)

22

⁷³ If payment date is not market deadline date + 1 business day, CSD instructs debit of underlying securities, credit of cash and/or outturn securities on different dates in, T2S

⁷⁴ In case securities positions in the underlying ISIN are already debited earlier, CSD instructs T2S for credit of outturn securities or cash only

1 The indicative instruction types (from CSD's/ Issuer's/ Issuer's agent's perspective) are:

2 **Table 5-11: Instruction Types [T2S.BPD.SETT.VOLU.04.01]**

Proceeds type	Instruction Type	ISIN	Quantity	Amount
Cash	RVP	Underlying ISIN	Securities positions of the participant	Cash proceeds
Securities	RFP	Underlying ISIN	Securities positions of the participant	-
	DFP	Outturn ISIN	Securities proceeds for the participant	-
Securities with cash debit	RFP	Underlying ISIN	Securities positions of the participant	-
	DVP	Outturn ISIN	Securities proceeds for the participant	Amount as per the elected positions
Cash and securities	RVP	Underlying ISIN	Securities positions of the participant	Cash proceeds of the participant
	DFP	Outturn ISIN	Securities proceeds for the participant	-

3 In the settlement instruction for debiting the underlying ISIN from CSD Participant's account, CSD must
4 specify the reference of the blocked securities positions (as obtained via status advice in the process 'receive
5 CA elections').

6 Alternatively, if the CSD has segregated the participant's elected positions by moving them to a different
7 account (Issuer's/ Issuer's agent's or Escrow), the CSD creates instructions to deliver cash and/or securities
8 to participant.

9

1 The indicative instruction types (from CSD's/ Issuer's/ Issuer's agent's perspective) are:

2 **Table 5-12: Instruction Types [T2S.BPD.SETT.VOLU.04.01]**

Proceeds type	Instruction Type	ISIN	Quantity	Amount
Cash	RVP	Underlying ISIN	Zero	Cash proceeds of the participant
Securities	DFP	Outturn ISIN	Securities proceeds for the participant	-
Securities with cash debit	DVP	Outturn ISIN	Securities proceeds for the participant	Amount as per the elected positions
Cash and securities	RVP	Underlying ISIN	zero	Cash proceeds of the participant
	DFP	Outturn ISIN	Securities proceeds for the participant	-

3 In case of a cross-CSD scenario, the investor CSD invokes this process after the receipt of the CA proceeds
4 from the Issuer CSD.

5 **5.2.2.3.4.2 Send instructions to T2S**

Reference ID	T2S.BPD.SETT.VOLU.04.02
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6 The CSD converts the settlement instruction enriched with T2S specific information and T2S process
7 indicators into the required message format and transmits it to T2S. CSD sends these instructions to T2S at
8 the start of business on the payment date (prior to NTS settlement sequence 1).

9 The CSD sends confirmation of the CA elections to its participants, once it receives the settlement
10 confirmations from T2S in the process 'Manage settlement results'.

11 **5.2.2.4 Description of T2S Services**

12 There is no deviation from the base process regarding the use of T2S Services.

1 **5.2.3 Mandatory reorganisations with options [T2S.BPD.SETT.RGOP]**

2 **5.2.3.1 Overview**

3 This process describes the act of executing a mandatory organisation with options in T2S. A mandatory
4 reorganisation with options event is a mandatory reorganisation, where the investor has a choice of proceeds.

5 A ‘conversion’ is an example of a mandatory reorganisation with options event (whereby the investor has a
6 choice of receiving e.g. cash and/or securities as proceeds).

7 This process is a variation of the process “Voluntary Reorganisations [T2S.BPD.SETT.VOLU]”. The steps
8 highlighted in the diagram below require particular attention.

9 **Trigger:**

10 The CSD receives the ‘mandatory reorganisations with options’ event details from the relevant entity

11 **Preconditions:**

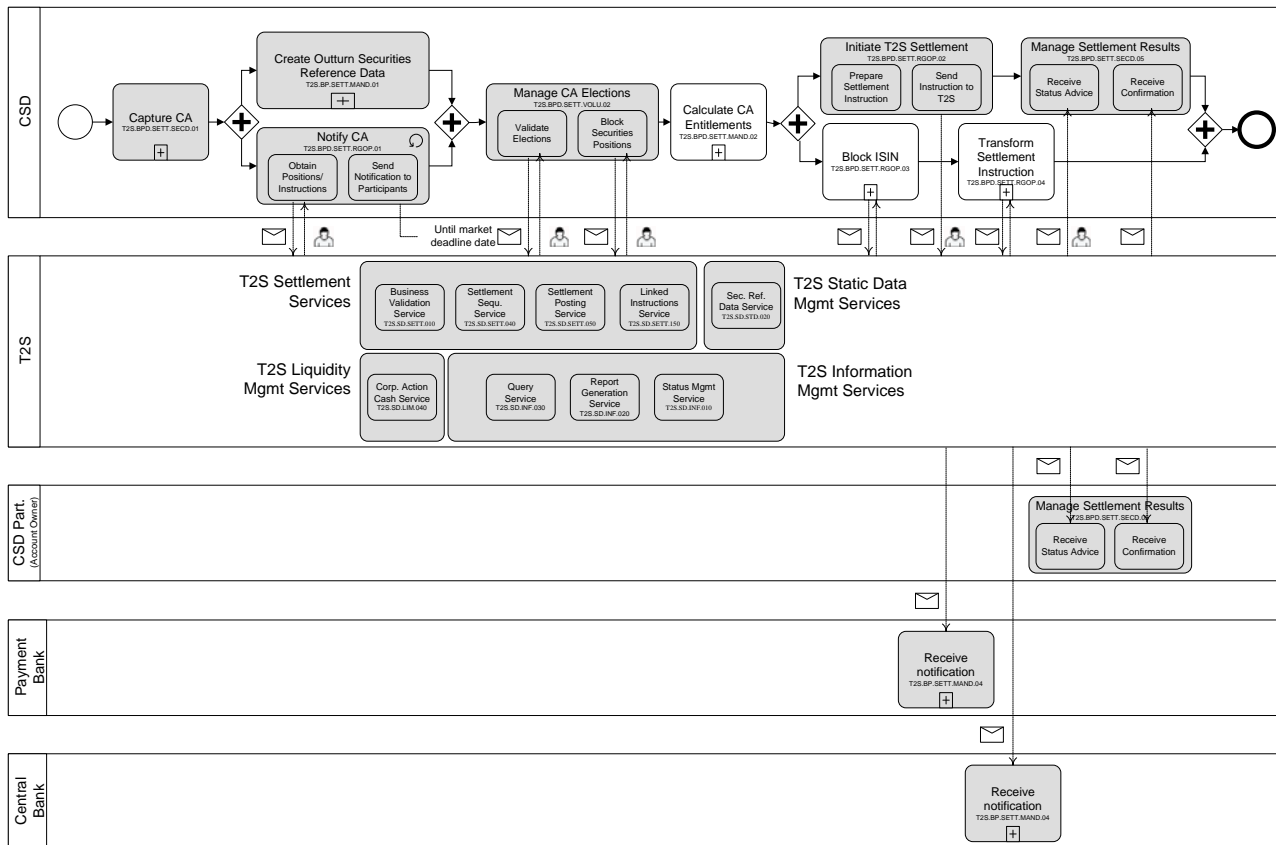
12 None

13 **T2S Instructing Party:**

14 CSD

5.2.3.2 Business Process Diagram

Figure 5-10: Business Process Diagram [T2S.BPD.SETT.RGOP]



5.2.3.3 Business Process Description

5.2.3.3.1 Calculate CA Entitlements

Reference ID	T2S.BPD.SETT.RGOP.01
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T2S Actors: CSD

When the payment date is reached, the CSD calculates the entitlements on positions where default option is applied. For the other types of options, the Issuer/Issuer's Agent calculates the entitlements based on the securities positions that have been segregated accounting-wise and the related instructed options of the electing participants and sends the results to the CSD.

5.2.3.3.2 Block ISIN

Reference ID	T2S.BPD.SETT.RGOP.02
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T2S Actors: CSD

When the market deadline date of the CA event is reached, the CSD invokes the blocking of underlying ISIN in T2S prior to the payment date of the reorganisation event. More specifically this process takes place prior to the start of sequence 1 in the T2S night-time settlement of payment date.

For details regarding the blocking of a securities position, refer to process “Reservation or Blocking of Securities Position [T2S.BPD.SETT.RBSP]”.

This process is optional, and may not be used in case the CSD initiated debit of the underlying ISIN from participant’s accounts at or before the market deadline, using settlement instructions.

The request to block an ISIN will affect only the relevant ISIN balances and pending instructions of the instructing CSD. Other CSDs with balances and pending instructions on the relevant ISIN will have to instruct T2S separately, for blocking the ISIN. As an example, a request to block the relevant ISIN sent to T2S from the Issuer CSD will not result in a global freeze of all balances and pending instructions across all CSDs, for the ISIN under reorganisation.

5.2.3.3.3 Transform settlement instruction

Reference ID	T2S.BPD.SETT.RGOP.03
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T2S Actors: CSD

The CSD initiates the cancellation of the pending settlement instructions on the underlying security in T2S and sends the transformed settlement instructions on the outturn security and/or cash to T2S. (Refer BPD ‘Transformations’)

5.2.3.4 Description of T2S Services

5.2.3.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services Class
T2S Service Reference ID	T2S.SD.INF

Securities Reference Data Service (T2S.SD.STD.020)

The ‘Securities reference data service’ component, of the ‘Static data management’ service facilitates blocking or unblocking of the ISIN.

For the remaining T2S services involved there is no deviation from the base process.

1 **5.3 Transaction Management**

2 **5.3.1 Market Claims [T2S.BPD.SETT.MCLA]**

3 **5.3.1.1 Overview**

4 This process describes the act of handling market claims in T2S. Market claims is the process of reallocating
 5 the proceeds of a distribution to the contractually entitled party. According to the CAJWG standards, a
 6 market claim should be created as a separate (from the original) transaction in order to ensure that the
 7 proceeds of a distribution with or without options reaches the entitled party without changing the underlying
 8 transaction.

9 In line with the above mentioned market standards, the following types of CA events trigger the market
 10 claims:

- 11 • Cash Distributions
- 12 • Securities Distributions

13 **Trigger:**

14 The process of identifying market claims runs after the Instruction Owner CSD (CSD (IOC)⁷⁵) receives the
 15 final reporting of settlement instructions in T2S at the close of business on record date and everyday up to 20
 16 T2S business days from the record date

17 **Preconditions:**

18 None

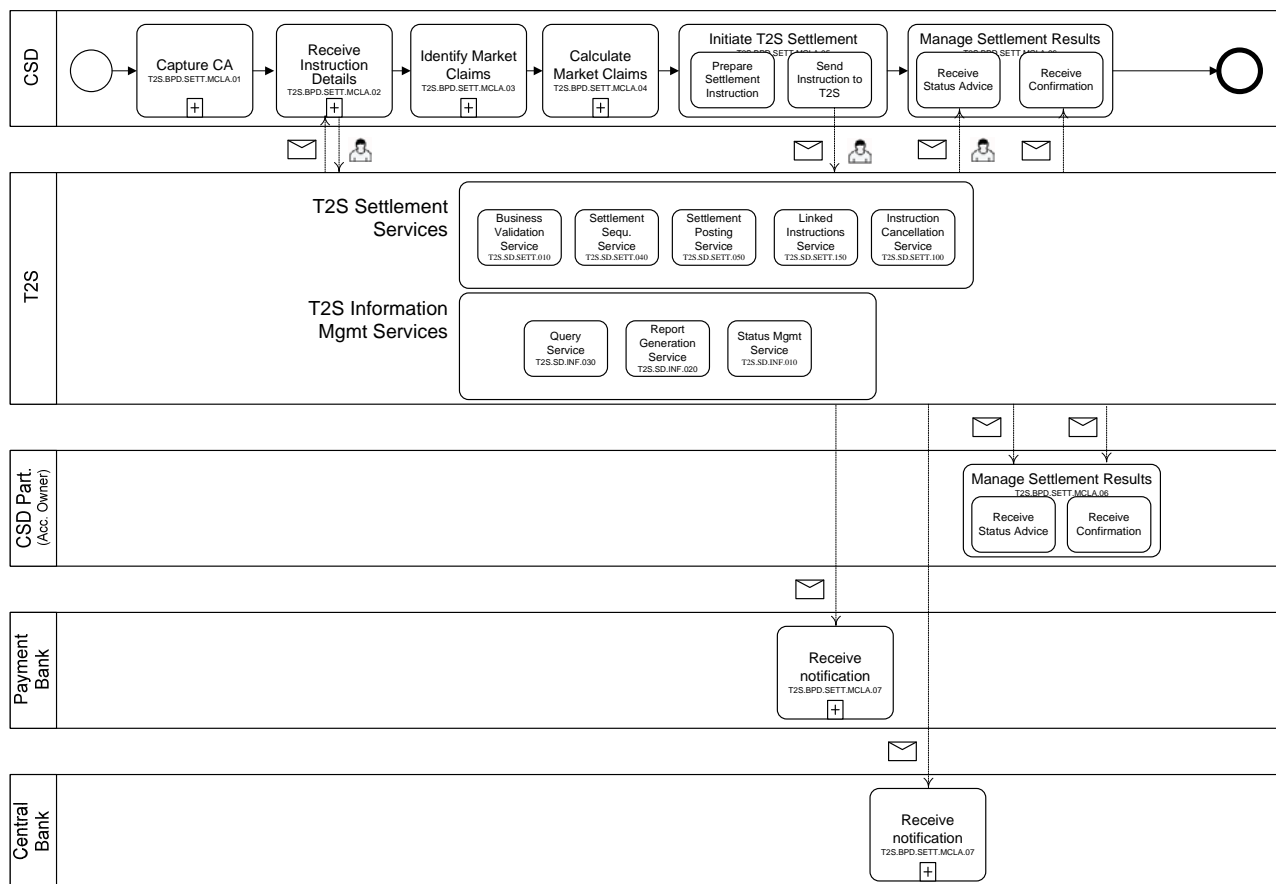
19 **T2S Instructing Party:**

20 CSD

⁷⁵ The Instruction Owner CSD (IOC) is the CSD that provides the securities accounts on which the participant has sent an underlying instruction. The IOC model is preferable for transaction management because in case of a cross CSD scenario, the intermediary CSD(s) between the two IOCs cannot initiate market claims on T2S generated realignment instructions. Only the IOCs can initiate market claims.

1 5.3.1.2 Business Process Diagram

2 **Figure 5-11: Business Process Diagram [T2S.BPD.SETT.MCLA]**



4 5.3.1.3 Business Process Description

5 5.3.1.3.1 Capture CA

Reference ID	T2S.BPD.SETT.MCLA.01
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6 T2S Actors: CSD (IOC) ⁷⁶

7 The CSD (IOC) receives the distributions CA details from the relevant entities

8 5.3.1.3.2 Receive Instruction Details

Reference ID	T2S.BPD.SETT.MCLA.02
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9 T2S Actors: CSD (IOC)

⁷⁶ Instruction Owning CSD is the CSD that provides the securities accounts on which the participant has sent an underlying instruction. IOC model is preferable for transaction management because in case of a cross CSD scenario, the intermediary CSD(s) between the two IOCs cannot initiate market claims on T2S generated realignment instructions. Only the IOCs can initiate market claims.

1 This process is triggered by the end of Record Date of the CA event and daily up to 20 T2S business days
2 after the Record Date.

3 The CSD (IOC) retrieves the settlement instruction details from T2S based on the CA details (i.e. one or
4 more CAs having the record date as the current date or within 20 days in the past). The CSD (IOC) uses the
5 settlement instruction details (e.g. trade date, intended and actual settlement date, ex and cum indicators,
6 status) to identify the settlement instructions that require a market claims process.

7 According to the T2S CA standards, the CSD (IOC) runs this process at least daily. During the market claims
8 detection period the CSD (IOC) identifies any new matched settlement instruction input after the record date
9 (e.g. a settlement instruction with trade date before the ex-date and the intended settlement date on or before
10 the record date).

11 The CSD (IOC) has two options for receiving these details.

12 *Option 1*

13 T2S generates predefined reports at close of business of a settlement date (End of Day reporting). The CSD
14 (IOC) receives statement of pending instructions, delta statement of pending instructions and statement of
15 transactions (settled settlement instructions), delta statement of transactions report to be generated at fixed
16 time/event based on its report subscription set up in T2S [e.g. after intraday DVP cut-off, currently at 04.00
17 p.m.; and/or after FOP cut-off currently at 6:00 p.m.] The CSD (IOC) filters the reports in order to extract
18 details relevant to the 'underlying ISIN'

19 *Option 2*

20 The CSD (IOC) queries T2S specifying the 'underlying ISIN' and/or trade date, settlement date, instruction
21 status as a filter criteria.

22 The CSD (IOC) sends and receive the following messages to/from T2S:

23 **Table 5-13: Messages to and from T2S [T2S.BPD.SETT.MCLA.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Settlement Transaction Query	To be defined	To T2S	-	-
SecuritiesStatusOr StatementQueryStatusAdvice	sese.022.001.02	From T2S	Query instruction is processed in T2S	-
SecuritiesSettlementInstructionResponse	To be defined	From T2S	T2S prepares the response data	-

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Statement of Pending Instructions (Complete /Delta)	semt.018.001.02	From T2S	T2S prepares the response data	3.3.7.6

1 References:

2 UDFS: Use Cases “Send Query” (Chapter 2.18) and “Receive Report” (Chapter 2.19)

3 GUI BFD: T2S.GUI.SESE.INX.0070

4 5.3.1.3.3 Identify market claims

Reference ID	T2S.BPD.SETT.MCLA.03
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5 T2S Actors: CSD (IOC)

6 Precondition: CSD (IOC) receives settlement instructions data at the close of business of the CA record date
7 from T2S. And current date is within 20 business days from the record date.

8 The CSD (IOC) identifies and calculates the market claims based on the details of the settlement instructions
9 consolidated in the process Receive Instruction Details. The CSD (IOC) sends to T2S, settlement instructions
10 for processing of market claims for securities and cash distributions.

11 The CSD (IOC) will identify⁷⁷ the underlying transaction eligible for market claims:

- 12 • after the close of business on the record date of the CA event and
- 13 • during the rest of the market claims detection period (20 T2S business days after the record date) for
14 the matched settlement instructions sent to T2S.

15 Market claims identification rules

16 In line with the T2S CA standards, the CSD (IOC) will identify market claims based on a set of parameters
17 corresponding to the attributes in a settlement instruction.

- 18 • Opt-out indicator⁷⁸ in the settlement instruction: The CSD (IOC) will exclude a settlement
19 instruction with an opt-out indicator set to “Yes” from market claims processing.
- 20 • Status of the settlement instruction: The CSD (IOC) will only include in the market claims detection
21 process settlement instructions in matched status⁷⁹ set to “Yes” and settlement status set to
22 “Unsettled” or “Settled”.

⁷⁷ As per the T2S CA standards, the maximum period for claim detection will be 20 T2S business days from the record date.

⁷⁸ T2S will consider the opt-out indicator as additional matching criteria if specified in a settlement instruction by the T2S instructing party.

- Initiator of the settlement instruction: In line with the T2S CA standards, T2S generated settlement instruction for realignments⁸⁰ should not be subject⁸¹ to the CSD (IOC) market claims detection process. However, T2S generated settlement instructions for reversal of client collateralisation will be subject to a market claims detection process.
- Trade Date and Intended Settlement Date of the settlement instruction: For all matched T2S settlement transactions, CSD (IOC)s/CCPs should create market claims, as separate (from the original underlying) transactions without changing the underlying transaction.
- Securities in units (e.g. shares): The CSD (IOC) creates transfers from the seller to the buyer when the trade date is before Ex Date and there is a Pending Transaction at close of business of Record Date; Alternatively, the CSD (IOC) creates transfers from the buyer to the seller when trade date is on or after Ex Date and Actual Settlement Date is on or before Record Date.

The identification of market claims in case of special ex- and special cum- trading (for securities in units) is based on the following rules:

- Special ex-indicator: The trade date is before the ex-date, the actual settlement date is before the record date and the ex indicator is set to yes, then the market claim is raised in favour of the seller. The trade date is before the ex-date and transaction is still pending and the ex indicator is set to yes, then no market claims will be raised
- Special cum-indicator: The trade date is after the ex-date, actual settlement date is after the record date and the cum indicator is set to yes, then the market claim is raised in favour of the buyer. The trade date is after the ex-date, and transaction is still pending and the cum indicator is set to yes, then market claim is raised in favour of the buyer.
- Securities in nominal amounts (e.g. debt instruments): The CSD (IOC) creates transfers from the seller to the buyer if the Intended Settlement Date is on or before the Record Date and there is a Pending Transaction at close of business on Record Date.

⁷⁹ Refer to UDFS section 1.6.4.1.3 'Status management process'.

⁸⁰ The process of moving positions between omnibus accounts within a technical Issuer CSD, as a result of movement of positions between the participants' accounts

⁸¹ As market claims are also considered as settlement instructions in T2S, T2S identifies and creates realignments required for market claims as well.

1 *Cross CSD settlements and Market Claims*

2 In the cross CSD scenario the CSD (IOC)s owning the underlying settlement instructions related to the T2S
3 generated realignment instructions will raise the relevant market claims for their participants.

4 Following the matching of the two market claims instructions sent to T2S by the CSD (IOC)s, T2S will
5 create the relevant realignment instructions. (Between the accounts of all CSDs included in the link chain).
6 The Issuer CSD will exclude the T2S generated realignment instructions from the market claims
7 identification process.

8 **5.3.1.3.4 Calculate market claims**

Reference ID	T2S.BPD.SETT.MCLA.04
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9 After the identification of settlement instructions that require market claims generation, the CSD (IOC) will
10 calculate the market claim quantity (i.e. securities positions) and the claim cash amount based on the CA
11 event details and the securities settlement quantity in the underlying transaction. This activity also handles
12 fractional market claims based on the information in the CA details.

13 **5.3.1.3.5 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.MCLA.05
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14 T2S Actors: CSD (IOC)

15 During this process, the CSD (IOC) initiates the settlement instructions to T2S for market claims.

16 References:

17 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

18 GUI BFD: T2S.GUI.SESE.INX.0070

19 **5.3.1.3.5.1 Prepare Instruction**

Reference ID	T2S.BPD.SETT.MCLA.05.01
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20 During this activity the CSD (IOC) creates the settlement instructions related to market claims.

21 According to the T2S CA standards, the CSD (IOC) will create the market claims related settlement
22 instructions with the following details:

- 23 • Special ISO Transaction Type Code – This code (‘CLAI’) is required to identify market claims
24 related settlement instruction

- Reference⁸² of Underlying Settlement Instruction – The CSD (IOC) should specify the T2S reference of the underlying settlement instruction
- Link indicator - the CSD (IOC) should not link the market claim to the underlying settlement instruction. However, in case the CSD (IOC) wants to ensure that the market claim settles after the underlying settlement instruction, the CSD (IOC) may instruct the market claim related settlement instruction with a hold status set to “Yes”. The CSD (IOC) will release this instruction upon receiving the settlement confirmation of the underlying settlement instruction from T2S.
- CSD (IOC) CA Event Reference
- Trade Date of the market claim will be the trade date of the underlying settlement instruction
- Intended Settlement Date of the market claim will be either the payment date of the corporate action or the current business date (if the market claim is generated after the payment date)
- Partial Settlement indicator should be set to “No” for cash market claims. For securities market claims, the partial settlement indicator should be set with the same value as of the underlying settlement instruction.

The CSD (IOC) generates either free of payments (FOP) instructions for transfer of securities and/or payment free of delivery (PFOD) instructions for transfer of cash depending upon the outturn of the distribution CA event (i.e. distribution of securities only, cash only or both).

The indicative instruction types (from the perspective of counterparties entitled for the CA proceeds are):

Table 5-14: Settlement Instruction Types for Market Claims [T2S.BPD.SETT.MCLA.05.01]

Proceeds type	Instruction Type	ISIN	Quantity	Amount
Cash	DVP	Underlying ISIN	Zero	Cash entitlement on the underlying transaction
Securities	RFP	Outturn ISIN	Securities entitlement on the underlying transaction	Zero
Cash and securities	DVP	Underlying ISIN	Zero	Cash entitlement on the underlying transaction

⁸² According to the T2S market claims standard an appropriate reference which can be identified by the participants should be included. T2S reference of the settlement instruction is one of the possible references.

Proceeds type	Instruction Type	ISIN	Quantity	Amount
	RFP	Outturn ISIN	Securities entitlement on the underlying transaction	Zero

1 5.3.1.3.5.2 Send instruction to T2S

Reference ID	T2S.BPD.SETT.MCLA.05.02
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2 The CSD (IOC) sends settlement instructions to T2S. Depending on the CA event (i.e. type of distribution),
3 an CSD (IOC) may send either

- 4 • Settlement instructions for credit of securities only; and/or
- 5 • Settlement instructions for credit of cash

6 The CSD (IOC) sends the following message to T2S:

7 In case the instructing parties of the underlying settlement instructions cancel their respective settlement
8 instructions bilaterally, the CSD (IOC)s⁸³ may also cancel the corresponding market claims. As per standard
9 T2S cancellation procedures, matched market claims instructions are subject to bilateral cancellation whereas
10 unmatched market claims are subject to unilateral cancellation.

11 CSD (IOC)s can modify the process condition indicators⁸⁴ on the market claims (if required) as per the
12 standard T2S procedures

13 **Table 5-15: Messages to T2S [T2S.BPD.SETT.MCLA.05.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstruction	sese.023.001.02	To T2S	3.3.8.3

14 5.3.1.3.6 Manage Settlement Results

Reference ID	T2S.BPD.SETT.MCLA.06
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15 T2S Actors: CSD (IOC) and CSD Participant

⁸³ If the CSD specifies the settlement instruction (the market claim) as modifiable by its participant, participant may cancel the settlement instruction (the market claim),

⁸⁴ Refers to indicators affecting the processing of the instruction. e.g. partial settlement, priority indicator.

1 During this sub-process the CSD (IOC) and CSD Participant receive from T2S the settlement related
2 messages and initiates related internal processes.

3 References:

4 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

5 5.3.1.3.6.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.MCLA.06.01
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6 During this activity the CSD (IOC) and CSD Participant receives the status advice messages for every
7 change of status or reason code update to the settlement instruction within T2S.

8 The CSD (IOC) and CSD Participant receive the following message from T2S:

9 **Table 5-16: Messages from T2S [T2S.BPD.SETT.MCLA.06.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdvice	sese.024.001.02	From T2S	T2S changes status of settlement instruction	3.3.8.4

10 5.3.1.3.6.2 Receive Settlement Confirmation

Reference ID	T2S.BPD.SETT.MCLA.06.02
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11 During this activity the CSD (IOC) and CSD Participant receives from T2S the settlement confirmation
12 messages for the settlement instructions sent to T2S by the CSD (IOC).

13 The CSD (IOC) and CSD Participant receive the following message from T2S:

14 **Table 5-17: Messages from T2S [T2S.BPD.SETT.MCLA.06.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmation/“Full Settlement”	sese.025.001.02	From T2S	T2S settles the settlement instruction	3.3.8.5

15 5.3.1.3.7 Receive Notifications

Reference ID	T2S.BPD.SETT.MCLA.07
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16 T2S Actors: Payment Bank and Central Bank (Both scenarios)

1 The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction
2 results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the
3 T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a
4 second notification message.

5 The Payment Bank and Central Bank may conduct additional tasks such as updating cash registers of the
6 Payment Bank/Central Bank and liquidity management activities (e.g. resulting in a transfer of cash from or
7 to T2S).

8 The Payment Bank and Central Bank receive the following messages from T2S:

9 **Table 5-18: Messages from T2S [T2S.BPD.SETT.MCLA.07]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

10 **5.3.2 Transformations [T2S.BPD.SETT.TRAN]**

11 **5.3.2.1 Overview**

12 This process describes the act of handling transformations in T2S. Transformation is a process by which the
13 pending transactions (on or after record date/market deadline) are cancelled and replaced by new transactions
14 in accordance with the terms of the reorganisation.

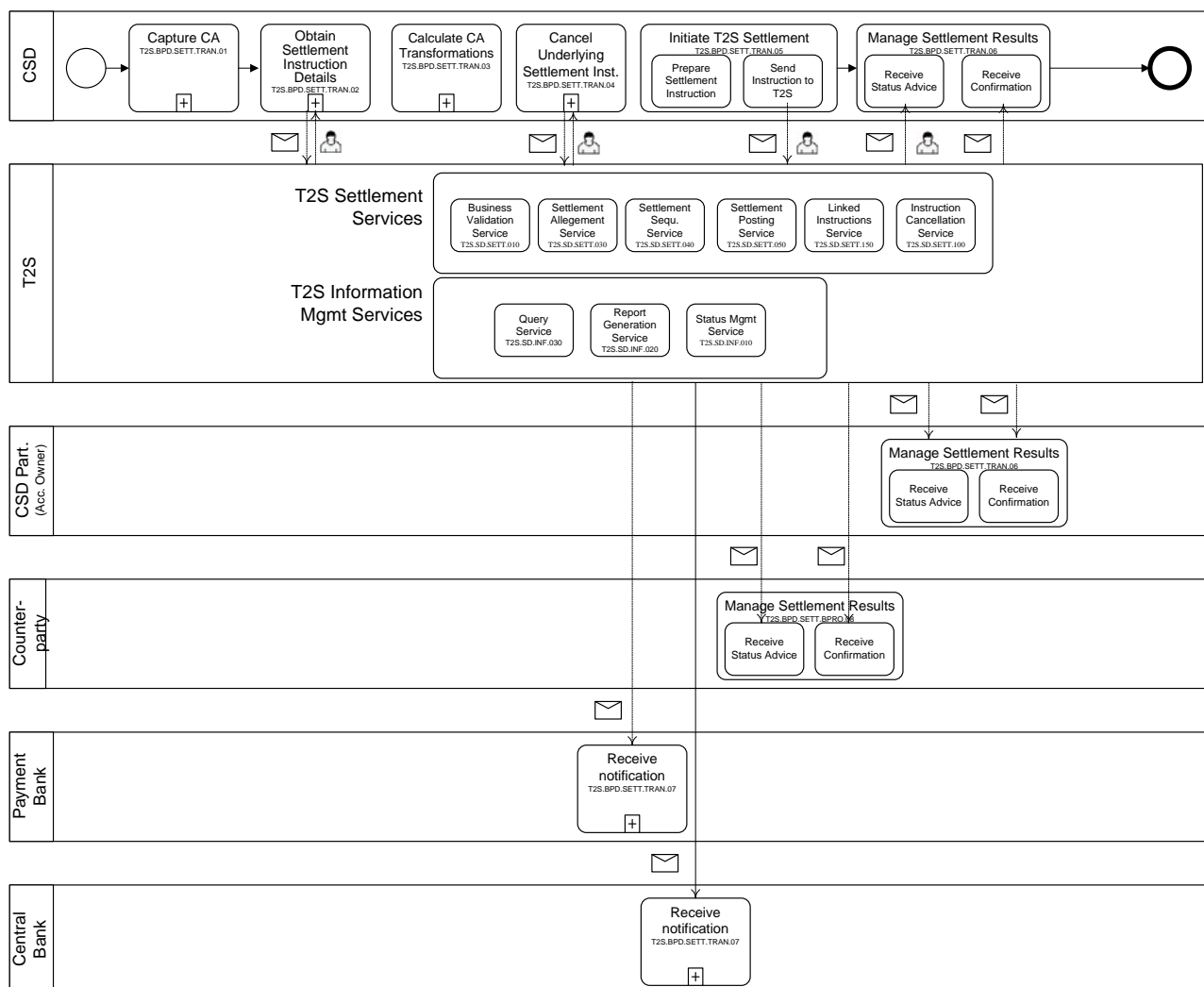
15 In line with the CAJWG market standards, the following types of CA events lead to the transformation of a
16 pending transaction:

- 17 • Mandatory reorganisations
- 18 • Mandatory reorganisations with options (with or without a valid buyer election) as a single event or
19 as the second part of the distribution event with options;
- 20 • Voluntary reorganisations where a valid buyer protection has been agreed (if the service is offered by
21 the CSD).

- 1 The processes described are in line with the CAJWG and T2S CA standards.
- 2 **Trigger:**
- 3 This process is executed by the CSD (IOC)s at the end of Record Date or by the end of market deadline of
- 4 the CA
- 5 **Preconditions:**
- 6 None
- 7 **T2S Instructing Party:**
- 8 CSD

9 5.3.2.2 Business Process Diagram

10 **Figure 5-12: Business Process Diagram [T2S.BPD.SETT.TRAN]**



5.3.2.3 Business Process Description

5.3.2.3.1 Capture CA

Reference ID	T2S.BPD.SETT.TRAN.01
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The CSD (IOC) captures the reorganisation CA details sent by the relevant entities (CA announcement).

5.3.2.3.2 Receive Instruction Details

Reference ID	T2S.BPD.SETT.TRAN.02
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T2S Actors: CSD (IOC)⁸⁵ (also possible: CCP)

This process is triggered by the CSD (IOC) [CCP]'s by the end of Record Date or by the end of market deadline of the CA.

This process retrieves from T2S the pending instructions on the underlying ISIN of the CA. This process runs between 'the end of record date or the market deadline⁸⁶ of the CA reorganisation event' and the start of day of the next business day.

The CSD (IOC) has the option to either receive these details through

- predefined reports generated by T2S at close of business of a settlement date (End of Day reporting),
- or query T2S specifying 'underlying ISIN' and/or trade date, settlement date, instruction status as a filter criteria.

In option 1,

- The CSD (IOC) queries T2S for settlement instructions details related to each 'underlying ISIN'

In option 2,

- The CSD (IOC) receives statement of pending instructions, delta statement of pending instructions and statement of transactions (settled settlement instructions), delta statement of transactions report to be generated at fixed time/event based on its report subscription set up in T2S [e.g. after intraday DVP cut-off, currently at 04.00 p.m.; and/or after FOP cut-off currently at 6:00 p.m.]
- The CSD (IOC) filters the reports in order to extract details relevant to the 'underlying ISIN'

⁸⁵ Instruction Owning CSD is the CSD that provides the securities accounts on which the participant has sent an underlying instruction. IOC model is preferable for transaction management because in case of a cross CSD scenario, the intermediary CSD(s) between the two IOCs cannot initiate transformations on T2S generated realignment instructions. Only the IOCs can initiate transformations.

⁸⁶ As per CAJWG definition

1 The CSD (IOC) [CCP] sends and receives the following messages to/from T2S:

2 **Table 5-19: Messages to and from T2S [T2S.BPD.SETT.TRAN.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Settlement Transaction Query	To be defined	To T2S	-	-
SecuritiesStatusOrStatementQueryStatusAdvice	sese.022.001.02	From T2S	Query instruction is processed in T2S	-
SecuritiesSettlementInstructionResponse	To be defined	From T2S	T2S prepares the response data	-
Statement of Pending Instructions (Complete /Delta)	semt.018.001.02	From T2S	T2S prepares the response data	3.3.7.6

3 References:

4 UDFS: Use Cases “Send Query” (Chapter 2.18) and “Receive Report” (Chapter 2.19)

5 GUI BFD: T2S.GUI.SESE.INX.0070

6 5.3.2.3.3 Calculate CA Transformations

Reference ID	T2S.BPD.SETT.TRAN.03
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7 T2S Actors: CSD (IOC) (also possible: CCP)

8 Precondition: Latest settlement instructions data from T2S is available at the close of business of the CA
9 record date or the CA market deadline date and the instruction is eligible for transformation

10 The CSD (IOC) [CCP] calculates the CA transformations based on the pending settlement instructions in the
11 underlying securities at the close of business of the CA record/market deadline date

12 In line with the T2S CA standards, during this process the CSD (IOC) [CCP] calculates the CA
13 transformations depending upon the type of the following transformation events:

14 *Transformation into new securities with single or multiple outturns:*

15 Based on the CA details (i.e. conversion ratios between the outturn securities and underlying securities) and
16 the settlement quantity (underlying securities) of the pending settlement instruction, the CSD (IOC) [CCP]’s
17 calculate the settlement quantity of the outturn.

1 Transformation into cash:

2 Based on the CA details (rates provided by the issuer/issuer's agent) and the settlement quantity (underlying
3 securities) of the pending settlement instruction, CSD (IOC) [CCP]'s calculate the cash outturn

4 Treatment of fractions:

5 If the settlement quantity (outturn securities) of the transformed settlement instruction results in fraction and
6 the issuer/issuer's agent does not compensate fractions in cash, then the CSD (IOC)s/CCPs round down the
7 settlement quantity (outturn securities) to the nearest whole number.

8 If the issuer/issuer's agent compensates fractions in cash, then the CSD (IOC) [CCP]'s create an additional
9 PFOOD settlement instruction with the same characteristics as the underlying settlement instruction and sets
10 the settlement quantity of the outturn securities to zero. The cash amount calculated equals the number of
11 residual fractions multiplied by the "compensation price" as announced by the issuer/issuer's agent.

12 5.3.2.3.4 Cancel Settlement Instructions

Reference ID	T2S.BPD.SETT.TRAN.04
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13 T2S Actors: CSD (IOC) (also possible: CCP)

14 The CSD (IOC) [CCP] initiates cancellation of pending settlement instructions on the underlying ISIN.

15 For details regarding the cancellation of a settlement instruction, refer to process "Cancellation of Settlement
16 Instruction".

17 The table below lists the possible CSD (IOC) [CCP] actions in T2S.

18 **Table 5-20 CSD (IOC) [CCP] Actions in T2S [T2S.BPD.SETT.TRAN.04]**

Originator of settlement instruction	T2S status of settlement instruction	Action in T2S
T2S Actor	Unsettled and Unmatched ⁸⁷	CSD (IOC)s/CCPs can cancel the settlement instruction unilaterally ⁸⁸

⁸⁷ Unmatched instructions have not been specified in the scope of T2S CA standards for transformations. IOC can choose to (i) cancel the instruction unilaterally, Or (ii) wait for the counter party to send settlement instruction in the underlying security, once matched cancel bi-laterally and transform the instruction (provided it is still within the transformation detection period).

⁸⁸ If the settlement instruction has references to blocked or reserved securities status, IOC/CCP perform CA on stock on the underlying securities and should attach the reference of the blocked/reserved outturn securities to the transformed settlement instruction.

Originator of settlement instruction	T2S status of settlement instruction	Action in T2S
T2S Actor	Unsettled and Matched	<p>Scenario 1 - Both settlement instructions have the same CSD (IOC) (intra-CSD scenario)</p> <p>CSD (IOC) can cancel the matched settlement instruction using an already matched cancellation instruction.</p> <p>Scenario 2 - The matched pair of settlement instructions have different CSD (IOC) (Inter-CSD scenario)</p> <p>Both CSD (IOC)s can cancel their respective settlement instructions in matched status. T2S executes the cancellation instructions for the pending settlement instructions only upon receipt of both cancellation instructions from CSD (IOC)s</p>
T2S Actor	Partially Settled	Following partial settlement, CSD (IOC)/CCP instructs T2S for the cancellation of the pending quantity of the settlement quantity (which is not yet settled).
T2S Actor	CoSD Hold	Settlement Instruction on CoSD Hold can be cancelled only by the Administering Party ⁸⁹
T2S Actor	Party Hold/ CSD Hold/ CSD Validation Hold	CSD (IOC) instructs T2S for the cancellation of the pending settlement instructions (on hold)

⁸⁹ Administrating parties are identified by the CSDs, and are responsible for releasing the instructions that are identified as CoSD (that needs fulfilling an external condition).

Originator of settlement instruction	T2S status of settlement instruction	Action in T2S
T2S (settlement instructions for realignment in cross-CSD settlement scenarios)	Same status as the corresponding underlying settlement instruction sent by T2S Actor	CSD (IOC)s/CCPs cannot cancel the T2S generated settlement instructions intended for realignment in cross CSD environment. T2S cancels the realignment instructions when the CSD (IOC)s/CCPs instruct cancellation of the corresponding business instructions.
T2S (settlement instructions generated for client collateralisation reimbursements)	Party Hold	CSD (IOC) has to identify pending collateral reimbursement instructions in T2S and instruct cancellation to T2S.

1 The CSD (IOC) [CCP] sends and receive the following messages to/from T2S:

2 **Table 5-21: Messaged to and from T2S [T2S.BPD.SETT.TRAN.04]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesTransactionCancellationRequest	sese.020.001.02	To T2S	-	3.3.8.1
SecuritiesTransactionCancellationRequestStatusAdvice	sese.027.001.02	From T2S	T2S processes the cancellation request	3.3.8.6
SecuritiesSettlementTransactionStatusAdvice	sese.024.001.02	From T2S	T2S receives the cancellation of settlement instruction from only one party of the transaction. Or the original cancellation instruction is cancelled by the instructing party,	3.3.8.4

3 **5.3.2.3.5 Initiate T2S Settlement**

Reference ID	T2S.BPD.SETT.TRAN.05
--------------	----------------------

4 T2S Actors: CSD (IOC) (also possible: CCP)

1 The CSD (IOC) [CCP] initiates the settlement instructions in outturn securities to T2S.

2 References:

3 UDFS: Use Case “Send Settlement Instruction” (Chapter 2.3)

4 GUI BFD: T2S.GUI.SESE.INX.0070

5 5.3.2.3.5.1 Prepare Instruction

Reference ID	T2S.BPD.SETT.TRAN.05.01
--------------	-------------------------

6 The CSD (IOC) [CCP] creates the settlement instructions related to the outturn securities and/or cash.

7 *Transformation into new securities with single or multiple outturns*

8 For single outturns, The CSD (IOC) [CCP] creates settlement instructions (outturn securities) with the same
9 characteristics (e.g. trade date, cash consideration) as those of the original settlement instructions (underlying
10 securities). Only the following fields in respect with the terms of the reorganisation can change:

- 11 • the quantity of securities;
- 12 • the ISIN;
- 13 • the settlement date (SD)

14 For multiple outturns (i.e. multiple new ISINs being generated by the transformation process), the CSD
15 (IOC) [CCP] creates multiple settlement instructions. The new settlement instructions do not settle as linked
16 settlement in T2S. The transformed instructions should retain the same characteristics (e.g. trade date) as the
17 original settlement instruction (underlying securities). Only the following fields in respect with the terms of
18 the reorganisation can change:

- 19 • the quantity of securities;
- 20 • the cash consideration should be allocated to the transformed transactions according to the securities
21 ratios provided by the issuer/issuer’s agent
- 22 • The ISIN
- 23 • The settlement date (SD)

24 *Transformation into cash*

25 According to the T2S CA standards, CSD (IOC) [CCP] should create the cash transfer(s) settlement
26 instructions with the same characteristics as those of the original settlement instruction of the underlying
27 securities. If the settlement instruction (underlying securities) was against payment, two new instructions
28 (Payment Free of Delivery - PFODs), in opposite directions, will be created.

- 29 • Settlement instruction for the settlement amount

- Settlement instruction for the cash outturn

CSD (IOC) [CCP] should not link the two settlement instructions. CSD (IOC)s [CCP] create only one transfer for the cash outturn, if the original settlement instruction (underlying securities) was free of payment.

Treatment of fractions

If the settlement quantity (outturn securities) of the reinstructed settlement instruction results in fraction and the issuer/issuer's agent does not compensate fractions in cash, then the CSD (IOC) [CCP] create the settlement instructions with the settlement quantity (outturn securities) rounded down to the nearest whole number. If the issuer/issuer's agent compensates fractions in cash, then the CSD (IOC) [CCP] create an additional settlement instruction with the same characteristics as those of the original settlement instruction (underlying securities) and set the settlement quantity of the outturn securities to zero.

5.3.2.3.5.2 Send instruction to T2S

Reference ID	T2S.BPD.SETT.TRAN.05.02
--------------	-------------------------

The CSD (IOC) [CCP] sends settlement instructions in outturn securities and/or cash to T2S, at the close of business of the CA record/market deadline date.

The CSD (IOC) [CCP] sends the following message to T2S:

Table 5-22: Messages to T2S [T2S.BPD.SETT.TRAN.05.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesSettlementTransactionInstruction	sese.023.001.02	To T2S	3.3.8.3

5.3.2.3.6 Manage Settlement Results

Reference ID	T2S.BPD.SETT.TRAN.06
--------------	----------------------

T2S Actors: CSD (IOC) (also possible: CCP) and CSD Participant

The CSD (IOC) [CCP] and CSD Participant receives the settlement related messages from T2S and initiate related internal processes.

References:

UDFS: Use Case "Send Settlement Instruction" (Chapter 2.3)

5.3.2.3.7 Receive Status Advice

Reference ID	T2S.BPD.SETT.TRAN.06.01
--------------	-------------------------

The CSD (IOC) [CCP] and CSD Participant receive status advice messages for every change of status or update of reason code to the settlement instruction within T2S.

The CSD (IOC) [CCP] and CSD Participant receives the following message from T2S:

Table 5-23: Messages from T2S [T2S.BPD.SETT.TRAN.06.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatusAdvice	sese.024.001.02	From T2S	T2S changes status of settlement instruction	3.3.8.4

5.3.2.3.7.1 Receive Settlement Confirmation

Reference ID	T2S.BPD.SETT.TRAN.06.02
--------------	-------------------------

The CSD (IOC) [CCP] and CSD Participant receive settlement confirmation messages for the settlement instructions sent to T2S by the CSD (IOC) [CCP].

The CSD (IOC) [CCP] and CSD Participant receive the following message from T2S:

Table 5-24: Messages from T2S [T2S.BPD.SETT.TRAN.06.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionConfirmation/“Full Settlement”	sese.025.001.02	From T2S	T2S settles the settlement instruction	3.3.8.5

5.3.2.3.8 Receive Notifications

Reference ID	T2S.BPD.SETT.TRAN.07
--------------	----------------------

T2S Actors: Payment Bank and Central Bank (Both scenarios)

The Payment Bank and Central Bank receive a notification whenever a securities settlement instruction results in the debit or credit of one of their T2S dedicated cash accounts. If the cash posting has caused the T2S dedicated cash account to be lower than the floor or higher than the ceiling thresholds T2S sends a second notification message.

1 The Payment Bank and Central Bank may conduct additional tasks such as updating cash registers of the
2 Payment Bank/Central Bank and liquidity management activities (e.g. resulting in a transfer of cash from or
3 to T2S).

4 The Payment Bank and Central Bank receive the following messages from T2S:

5 **Table 5-25: Messages from T2S [T2S.BPD.SETT.TRAN.07]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	Debit or Credit on T2S dedicated cash account	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	Cash balance after the posting on the dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

6 **5.3.3 Buyer protection [T2S.BPD.SETT.BPRO]**

7 **5.3.3.1 Overview**

8 This process describes the act of conducting a buyer protection procedure in T2S. Buyer protection is a
9 process whereby a buyer⁹⁰ who has yet to receive the underlying securities of an elective CA⁹¹, instructs the
10 seller in order to receive the outturn of his choice. The business process description in this section covers the
11 interaction of the CSD's offering BP service⁹², with T2S.

12 **Trigger:**

13 The CSD receives the Elective CA details from relevant entity

14 **Preconditions:**

15 None

16 **T2S Instructing Party:**

17 CSD

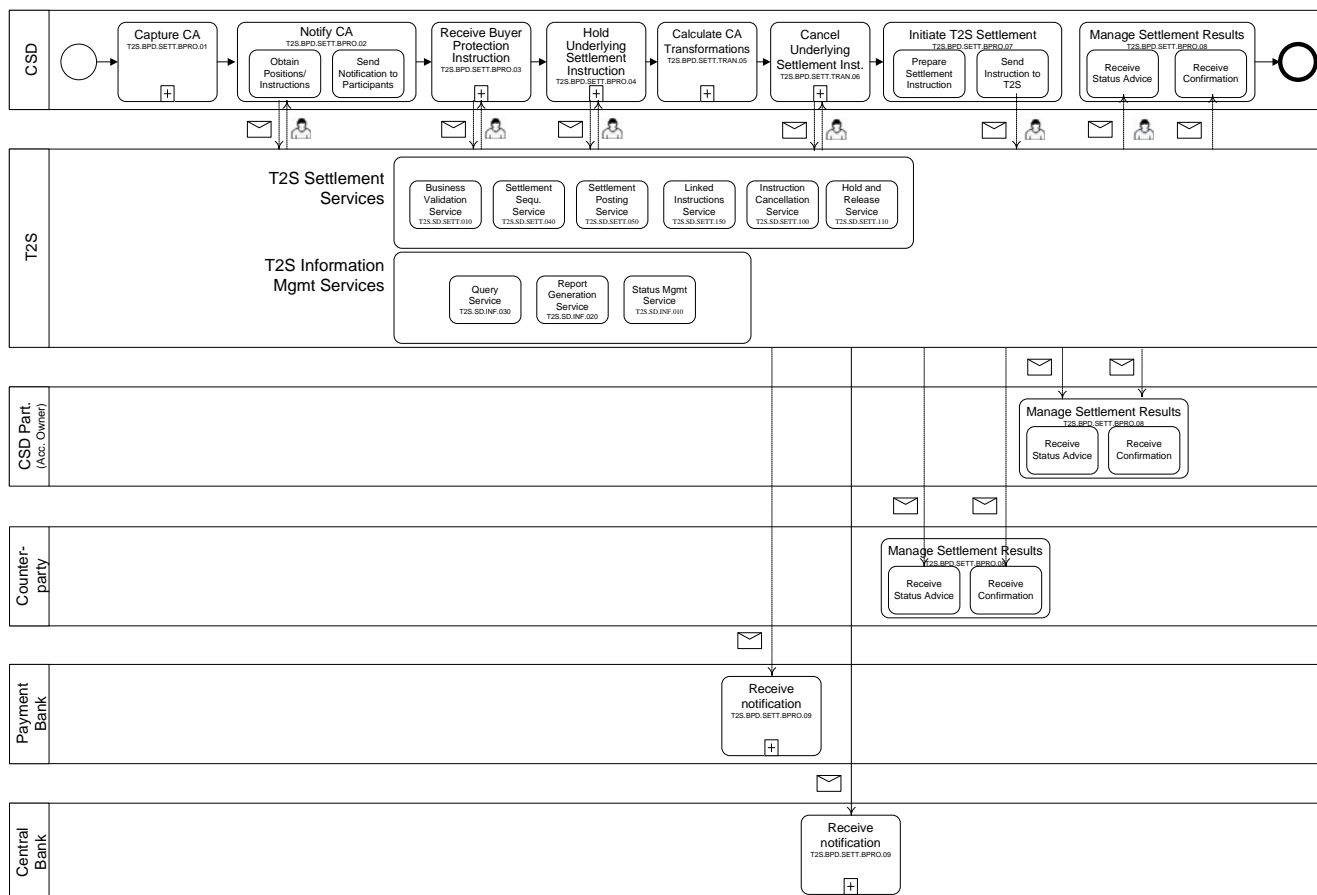
⁹⁰ BP can also apply to bilateral securities lending and collateral management related activities

⁹¹ Elective CA: Distribution with options, mandatory reorganisation with options or voluntary reorganisation

⁹² In case the CSD does not offer a BP service, the counterparts of the trade should interact bilaterally to handle the BP process.

5.3.3.2 Business Process Diagram

Figure 5-13: Business Process Diagram [T2S.BPD.SETT.BPRO]



5.3.3.3 Business Process Description

5.3.3.3.1 Capture CA

Reference ID	T2S.BPD.SETT.BPRO.01
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T2S Actors: CSD

The CSD captures the CA events of type 'Distributions with options' (as 2 events, distribution, and mandatory reorganisation with options), 'Mandatory reorganisations with options', and 'Voluntary reorganisations'.

5.3.3.3.2 Notify CA

Reference ID	T2S.BPD.SETT.BPRO.02
--------------	----------------------

T2S Actors: CSD

The CSD identifies the eligible recipients based on the CA details (ISIN, market deadline date etc) and the T2S information. The CSD informs eligible recipients about the CA details. This process runs until the market deadline date of the CA event.

5.3.3.3.3 Receive Buyer Protection instruction

Reference ID	T2S.BPD.SETT.BPRO.03
--------------	----------------------

T2S Actors: CSD

The CSD performs a validity check for the BP instruction sent by the buyer to the seller (e.g. CA reference, option number, and underlying settlement instruction).

The CSD queries T2S for relevant settlement instructions on the underlying ISIN. Upon receiving response from T2S, the CSD checks the status of the underlying settlement instruction (e.g. if the instruction is settled, cancelled).

The process is relevant only for the CSDs that offer BP functionality to its participants.

Table 5-26: Messages to and from T2S [T2S.BPD.SETT.BPRO.02.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementInstructionQuery	To be defined	To T2S	-	-
SecuritiesStatusOrStatementQueryStatusAdvice	sese.022.001.02	From T2S	Query instruction is processed in T2S	-
SecuritiesSettlementInstructionResponse	To be defined	From T2S	T2S prepares the response data	-

5.3.3.3.4 Hold underlying settlement instruction

Reference ID	T2S.BPD.SETT.BPRO.04
--------------	----------------------

T2S Actors: CSD

Precondition: Existence of valid BP instruction linked

1 When the BP deadline⁹³ is reached, the CSD identifies the pending settlement instruction related to the BP.
 2 The CSD instructs T2S to put the underlying settlement instruction on hold using a maintenance
 3 instruction⁹⁴.
 4 For details regarding the holding of a settlement instruction, refer to process “Hold of Settlement Instruction
 5 [T2S.BPD.SETT.HOLD]”.

6 **5.3.3.3.5 Calculate CA transformation**

Reference ID	T2S.BPD.SETT.BPRO.05
--------------	----------------------

7 T2S Actors: CSD

8 The CSD calculates CA transformations based on the underlying pending settlement instructions in the
 9 underlying ISIN.

10 **5.3.3.3.6 Cancel underlying settlement instruction**

Reference ID	T2S.BPD.SETT.BPRO.06
--------------	----------------------

11 T2S Actors: CSD

12 The CSD sends to T2S cancellation instructions to cancel the settlement instructions on the underlying
 13 securities.

14 For details regarding the cancellation of a settlement instruction, refer to process “Cancellation of Settlement
 15 Instruction [T2S.BPD.SETT.CINS]”.

16 **5.3.3.3.7 Initiate T2S settlement**

Reference ID	T2S.BPD.SETT.BPRO.07
--------------	----------------------

17 T2S Actors: CSD

18 The CSD sends to T2S settlement instructions on the outturn securities and/or cash and the new settlement
 19 instructions in the outturn securities.

20 For details regarding the instruction of T2S, refer to processes “Intra-CSD Settlement
 21 [T2S.BPD.SETT.ICSD]”.

⁹³ According to the CAJWG and the T2S CA standards, BP deadline is T+n+2hours (where T is guaranteed participation date, n = settlement cycle)

⁹⁴ In case the BP is not offered by the CSD, the buyer and seller need to agree to cancel and/or replace underlying settlement instruction and instruct T2S, when relevant

1 **5.3.3.3.8 Manage settlement results**

Reference ID	T2S.BPD.SETT.BPRO.08
--------------	----------------------

2 T2S Actors: CSD

3 The CSD receives the settlement related messages (as a response to cancellation of underlying instructions,
4 settlement instructions on the outturn securities) from T2S and initiate related internal processes.

5 For details regarding the messages received from T2S, refer to processes “Intra-CSD Settlement
6 [T2S.BPD.SETT.ICSD]”.

7 **5.3.3.4 Description of T2S Services**

8 For details regarding the T2S services involved, refer to process “Intra-CSD Settlement
9 [T2S.BPD.SETT.ICSD]”.

10

1

LIQUIDITY MANAGEMENT PROCESSES

6. LIQUIDITY MANAGEMENT PROCESSES

6.1 Transfer of Liquidity from RTGS to T2S [T2S.BPD.LQMG.INBD]

6.1.1 Overview

This process describes the act of transferring liquidity from an RTGS system to T2S. A Payment Bank as a client of a Central Bank can have dedicated cash accounts in T2S to facilitate securities settlement for itself or for its clients to which it provides cash settlement services. For this purpose, a Payment Bank needs to fund liquidity in its dedicated cash accounts in T2S from a cash account in RTGS (either its own or from its liquidity provider).

Trigger:

This process starts when the Payment Bank/Central Bank intends to transfer liquidity from an RTGS account to a T2S dedicated cash account. Regardless of who instructs in the RTGS system, the Central Bank as the owner of the RTGS system initiates the interaction with T2S.

Preconditions:

None

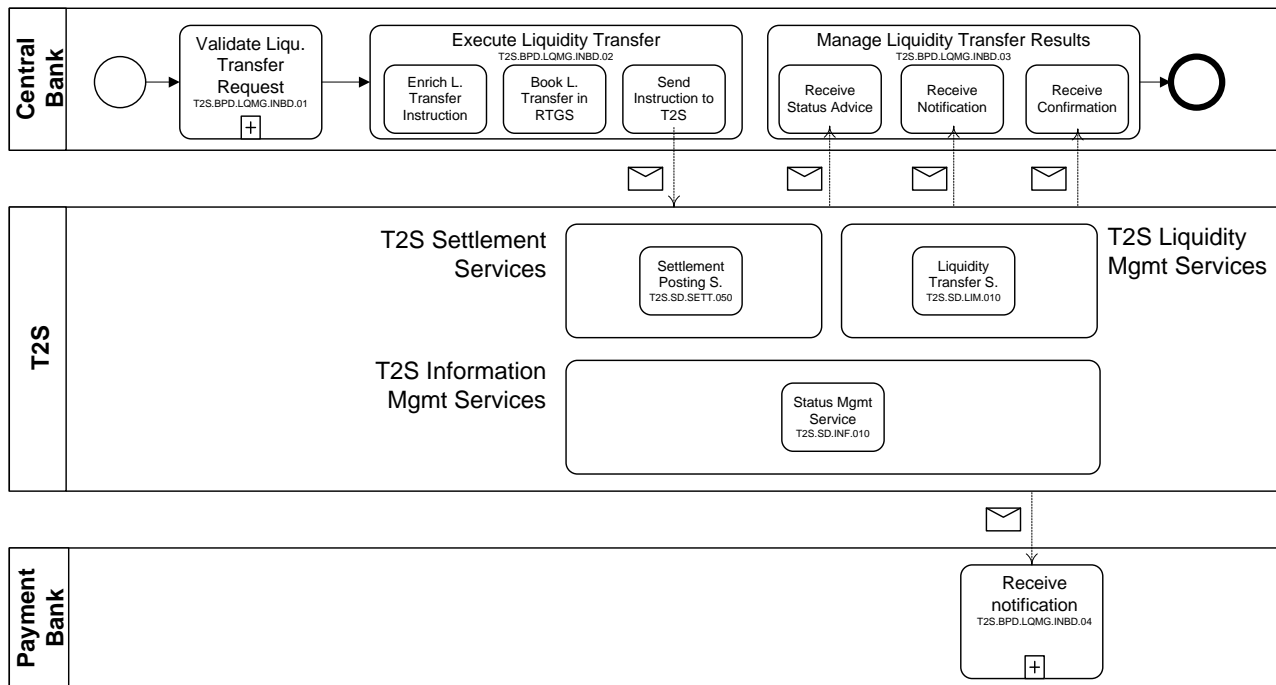
T2S Instructing Party:

Central Bank

Payment Banks (as clients of Central Banks) can instruct their relevant RTGS as well, which will forward the liquidity transfer to T2S. Since interaction of T2S actors (in this case the Central Bank's RTGS system) with their participants is not within the scope of the BPD, the instructions sent to the RTGS by Payment Banks are not included in this process.

6.1.2 Business Process Diagram

Figure 6-1: Business Process Diagram [T2S.BPD.LQMG.INBD]



6.1.3 Business Process Description

6.1.3.1 Validate Liquidity Transfer Request

Reference ID	T2S.BPD.LQMG.INBD.01
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T2S Actors: Central Bank

The Central Bank checks all the details related to a liquidity transfer against the reference data (maintained by the Central Bank or Payment Bank) and may perform additional checks and validations.

6.1.3.2 Execute Liquidity Transfer

Reference ID	T2S.BPD.LQMG.INBD.02
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T2S Actors: Central Bank

The Central Bank enriches the liquidity transfer instruction with details required for the transfer of liquidity from the RTGS system to T2S and sends the liquidity transfer instruction to T2S as a A2A message, after booking the transfer in its RTGS system.

References:

UDFS: Use Case “Execution of Liquidity Transfer from RTGS to T2S” (Chapter 2.15)

1 6.1.3.2.1 Enrich Liquidity Transfer Request

Reference ID	T2S.BPD.LQMG.INBD.02.01
--------------	-------------------------

2 The Central Bank enriches the liquidity transfer instructions with specific information such as account
3 numbers, amounts, etc. It might want to use the user interfaces and query facilities in the RTGS system or
4 T2S to get the necessary information.

5 6.1.3.2.2 Book Liquidity Transfer in RTGS

Reference ID	T2S.BPD.LQMG.INBD.02.02
--------------	-------------------------

6 The Central Bank performs the booking between RTGS account and the T2S dedicated transit account, for
7 the transfer amount in the RTGS system.

8 6.1.3.2.3 Send Instruction to T2S

Reference ID	T2S.BPD.LQMG.INBD.02.03
--------------	-------------------------

9 The Central Bank converts the liquidity transfer enriched with specific information into the required message
10 format and transmits it to T2S as an A2A message.

11 The Central Bank sends the following message to T2S:

12 **Table 6-1: Messages to T2S [T2S.BPD.LQMG.INBD.02.03]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
LiquidityCreditTransfer	camt.050.001.03	To T2S	3.3.3.13

13 6.1.3.3 Manage Liquidity Transfer Results

Reference ID	T2S.BPD.LQMG.INBD.03
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14 T2S Actors: Central Bank

15 The Central Bank receives the liquidity transfer related messages from T2S and initiates related internal
16 processes.

17 References:

18 UDFS: Use Case “Execution of Liquidity Transfer from RTGS to T2S” (Chapter 2.15)

19 6.1.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.LQMG.INBD.03.01
--------------	-------------------------

1 The Central Bank receives status advice messages in case of rejection of the Liquidity Transfer Request in
2 T2S.

3 Following the message reception, other internal activities might be conducted such as:

- 4 • aligning the status of the liquidity transfer instruction in the Central Bank's systems with the status in
5 T2S;
- 6 • triggering notification to their relevant clients.

7 The Central Bank receives the following message from T2S:

8 **Table 6-2: Messages from T2S [T2S.BPD.LQMG.INBD.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	Rejection by T2S of an "inbound liquidity transfer" from RTGS to T2S	3.3.3.12

9 6.1.3.3.2 Receive Notification

Reference ID	T2S.BPD.LQMG.INBD.03.02
--------------	-------------------------

10 The Central Bank receives alert and posting notifications when the liquidity transfer is booked in T2S.

11 Following the message reception, other internal activities might be conducted such as:

- 12 • aligning the status of the liquidity transfer instruction in the Central Bank's or Payment Bank's
13 systems with the status in T2S;
- 14 • triggering notification to their relevant clients.

15 The Central Bank receives the following messages from T2S, due to posting on the RTGS transit account:

16 **Table 6-3: Messages from T2S [T2S.BPD.LQMG.INBD.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Return Account	camt.004.001.05	From T2S	Cash balance after the posting on the T2S dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotification	camt.054.001.02	From T2S	Confirmation of the debit or credit cash posting on a T2S dedicated cash account	3.3.3.17

6.1.3.3.3 Receive Confirmation

Reference ID	T2S.BPD.LQMG.INBD.03.03
--------------	-------------------------

The Central Bank receives and validates the settlement confirmations of the liquidity transfers, sent by T2S.

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the liquidity transfer instruction in the Central Bank's books with the status in T2S,
- triggering notification to their relevant clients

The Central Bank receives the following message from T2S:

Table 6-4: Messages from T2S [T2S.BPD.LQMG.INBD.03.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	As an information to the Central Bank indicating the settlement status of the liquidity transfer in T2S	3.3.3.2

6.1.3.4 Receive Notification

Reference ID	T2S.BPD.LQMG.INBD.04
--------------	----------------------

T2S Actors: Payment Bank

The Payment Bank receives the credit posting notifications as well as floor and ceiling notifications due to postings on the T2S dedicated cash accounts, in the same way as detailed for the Central Bank.

6.1.4 Description of T2S Services

6.1.4.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

Liquidity Transfer Service (T2S.SD.LIM.010)

This T2S Service performs the validation and initiation of settlement for the liquidity transfer request sent to T2S.

6.1.4.2 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

Settlement Posting Service (T2S.SD.SETT.050)

This T2S Service performs the provisioning and booking of the liquidity transfer instruction between the RTGS dedicated transit account and the T2S dedicated cash account, for the transfer amount.

6.1.4.3 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

Status Management Service (T2S.SD.INF 010)

This T2S Service performs the status management for the instructions and triggers the notifications to all involved parties.

6.2 Intraday Transfer of Liquidity from T2S to RTGS [T2S.BPD.LQMG.OTBD]

6.2.1 Overview

This process describes the act of transferring liquidity from a Dedicated Cash Account in T2S to the RTGS system. A Central Bank and/or a Payment Bank can have a dedicated cash account in T2S to facilitate securities settlement for itself or to its clients to which it provides cash settlement services. For these purposes, a Central Bank and/or a Payment Bank funds liquidity in its dedicated cash account in T2S from a cash account in RTGS (either its own or its liquidity provider).

1 At any moment in time during a settlement day in T2S, it may be required for a Central Bank and/or a
2 Payment Bank to transfer the liquidity from its T2S dedicated cash account to an RTGS cash account (either
3 its own or its liquidity provider) due to its liquidity needs in the RTGS system.

4 The Payment Bank has three options to initiate a liquidity transfer in T2S, where a user in the Payment
5 Bank/Central Bank can capture the transfer via T2S GUI (or) T2S can create it based on an instruction from
6 a Payment Bank/Central Bank.

- 7 • As an immediate liquidity transfer for immediate execution or
- 8 • As a predefined liquidity transfer for a delayed execution or
- 9 • As a standing liquidity transfer for a delayed and repeated execution

10 **Trigger:**

11 This process starts when the Payment Bank/Central Bank intends to transfer liquidity from its T2S dedicated
12 cash account to an RTGS cash account.

- 13 • Either the Central Bank receives liquidity transfer related details from its Payment Bank to instruct
14 on its behalf, or
- 15 • The Payment Bank or Central Bank as T2S dedicated cash account operator instructs the liquidity
16 transfers directly in T2S.

17 **Preconditions:**

18 None

19 **T2S Instructing Party:**

20 There are two scenarios for the instruction of T2S.

- 21 • Scenario A⁹⁵: Payment Bank instructs T2S
- 22 • Scenario B: Central Bank instructs T2S on behalf of the Payment Bank

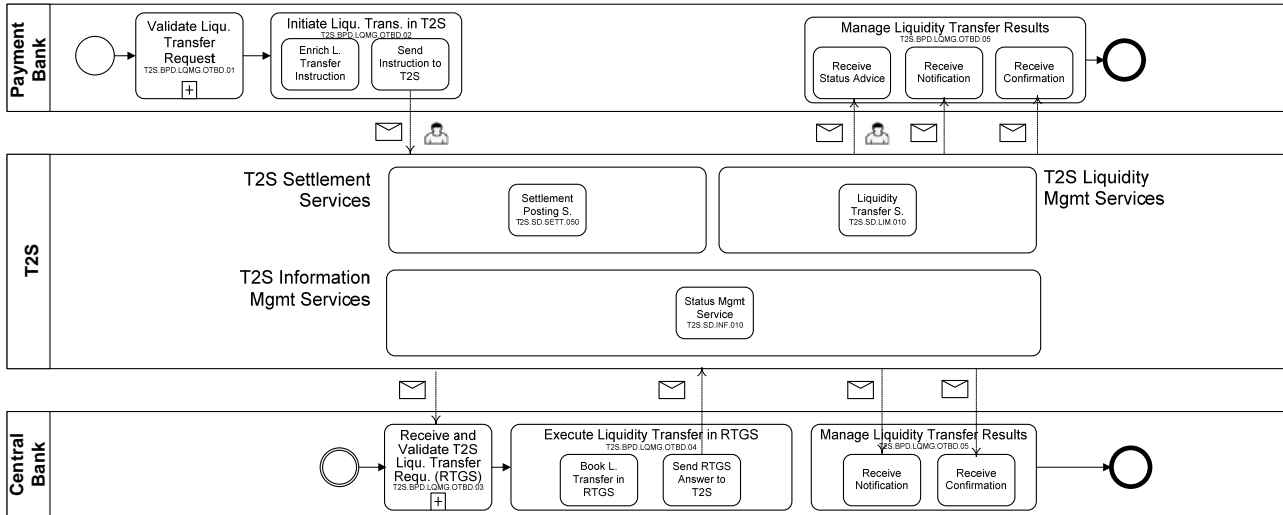
23

⁹⁵ This scenario is applicable for the case when Central Bank instructs for its own

6.2.2 Business Process Diagram

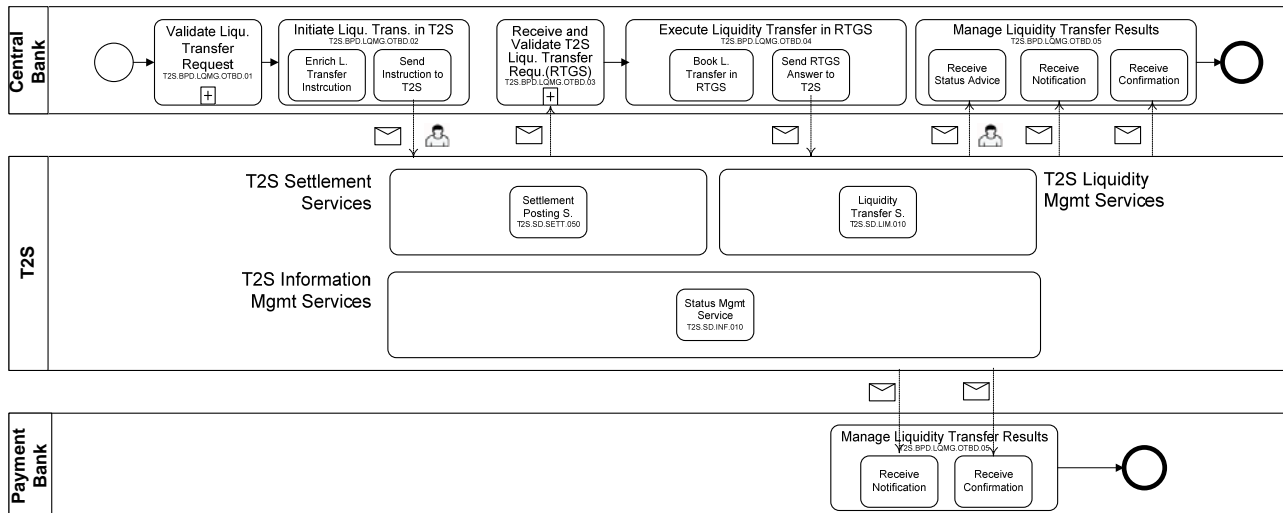
Scenario A: Payment Bank instructs T2S

Figure 6-2: Business Process Diagram [T2S.BPD.LQMG.OTBD/Scen. A]



Scenario B: Central Bank instructs T2S on behalf of the Payment Bank

Figure 6-3: Business Process Diagram [T2S.BPD.LQMG.OTBD/Scen. B]



6.2.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

6.2.3.1 Validate Liquidity Transfer request

Reference ID	T2S.BPD.LQMG.OTBD.01
--------------	----------------------

T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

The Payment Bank [Central Bank] checks all the details related to a liquidity transfer against the reference data (maintained by the Central Bank or Payment Bank) and may perform additional checks/validations.

6.2.3.2 Initiate Liquidity Transfer in T2S

Reference ID	T2S.BPD.LQMG.OTBD.02
--------------	----------------------

T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

The Payment Bank [Central Bank] enriches the liquidity transfer instruction with details required for transfer of liquidity from T2S to the RTGS system and sends the liquidity transfer instruction to T2S.

The instruction of T2S is also possible via the T2S GUI.

References:

UDFS: Use Case “Send Immediate Liquidity Transfer” (Chapter 2.13)

GUI BFD: T2S.GUI.LMSE.INX.0040

6.2.3.2.1 Enrich Liquidity Transfer Instruction

Reference ID	T2S.BPD.LQMG.OTBD.02.01
--------------	-------------------------

The Payment Bank [Central Bank] enriches the liquidity transfer instructions with specific information such as account numbers, amounts, etc. The Payment Bank [Central Bank] might want to use the query facilities in the RTGS system or T2S to get the necessary information.

6.2.3.2.2 Send Instruction to T2S

Reference ID	T2S.BPD.LQMG.OTBD.02.02
--------------	-------------------------

The Payment Bank [Central Bank] converts the liquidity transfer enriched with specific information into the required message format and sends it to T2S as an instruction (or placed in T2S using the T2S GUI).

The Payment Bank [Central Bank] sends the following message to T2S:

Table 6-5: Messages to T2S [T2S.BPD.LQMG.OTBD.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
LiquidityCreditTransfer	camt.050.001.03	To T2S	3.3.3.13

6.2.3.3 Receive And Validate Liquidity Transfer Request (RTGS)

Reference ID	T2S.BPD.LQMG.OTBD.03
--------------	----------------------

T2S Actors: Central Bank

The Central Bank checks all the details related to a liquidity transfer against the reference data (maintained by the Payment Bank) and may perform additional checks/validations.

The Central Bank (RTGS!) receives the following message from T2S:

Table 6-6: Messages from T2S [T2S.BPD.LQMG.OTBD.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
LiquidityCreditTransfer	camt.050.001.03	From T2S	Settlement of an outbound liquidity transfer in T2S	3.3.3.13

6.2.3.4 Execute Liquidity Transfer in RTGS

Reference ID	T2S.BPD.LQMG.OTBD.04
--------------	----------------------

T2S Actors: Central Bank

The Central Bank receives the liquidity transfer related messages from T2S and initiates related transfer in the RTGS system.

References:

UDFS: Use Case “Send RTGS answer” (Chapter 2.14)

6.2.3.4.1 Book Liquidity Transfer in RTGS

Reference ID	T2S.BPD.LQMG.OTBD.04.01
--------------	-------------------------

The Central Bank performs the booking between T2S dedicated transit account and the RTGS account specified in the liquidity transfer instruction, for the transfer amount.

6.2.3.4.2 Send RTGS answer to T2S

Reference ID	T2S.BPD.LQMG.OTBD.04.02
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The Central Bank sends the results of the processing of the liquidity transfer instruction to T2S.

The Central Bank sends the following message to T2S:

1 **Table 6-7: Messages to T2S [T2S.BPD.LQMG.OTBD.04.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
Receipt	camt.025.001.03	To T2S	3.3.3.12

2 **6.2.3.5 Manage Liquidity Transfer results**

Reference ID	T2S.BPD.LQMG.OTBD.05
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3 T2S Actors: Central Bank and Payment Bank (both scenarios)

4 The Central Bank and Payment Bank receive the liquidity transfer related messages from T2S and initiate
5 related internal processes.

6 References:

7 UDFS: Use Case “Send Immediate Liquidity Transfer” (Chapter 2.13), Use Case “Send RTGS answer”
8 (Chapter 2.14)

9 **6.2.3.5.1 Receive Status Advice**

Reference ID	T2S.BPD.LQMG.OTBD.05.01
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10 In case of Scenario A, the Payment Bank receives status advice messages for acceptance or rejection of the
11 liquidity transfer instruction within T2S. Following the message reception, other internal activities might be
12 conducted such as:

- 13 • aligning the status of the liquidity transfer instruction in its systems with the status in T2S;
- 14 • triggering notification to their relevant clients.

15 The instruction of T2S is also possible via the T2S GUI.

16 In case of Scenario B, only the Central Bank receives the status advice messages.

17 **Table 6-8: Messages from T2S [T2S.BPD.LQMG.OTBD.05.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	rejection or acceptance of an outbound liquidity transfer	3.3.3.12

18

6.2.3.5.2 Receive Notifications

Reference ID	T2S.BPD.LQMG.OTBD.05.02
--------------	-------------------------

The Central Bank and Payment Bank receive posting notifications and potentially floor and ceiling notifications when the liquidity transfer is booked in T2S. In addition the Central Bank can also receive notifications from the processing of the “RTGS Answer”. Following the message reception, other internal activities might be conducted such as:

- aligning the status of the liquidity transfer instruction in its systems with the status in T2S;
- triggering notification to their relevant clients.

The Central Bank and Payment Bank receive the following messages from T2S:

Table 6-9: Messages from T2S [T2S.BPD.LQMG.OTBD.05.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Return Account	camt.004.001.05	From T2S	cash balance after the posting on the T2S dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2
BankToCustomerDebitCreditNotification	camt.054.001.02	From T2S	Confirmation of the debit or credit cash posting on a T2S dedicated cash account	3.3.3.17
Receipt	camt.025.001.03	From T2S	As an information to the Central Bank when the RTGS sends an “invalid” or a “rejection” as an RTGS Answer	3.3.3.2

6.2.3.5.3 Receive Confirmations

Reference ID	T2S.BPD.LQMG.OTBD.05.03
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In case of Scenario A, the Payment Bank receives and validate settlement confirmations for the liquidity transfers sent by T2S.

- 1 Following the message reception, other internal activities might be conducted such as:
- 2 • aligning the status of the liquidity transfer instruction in its books with the status in T2S,
 - 3 • triggering notification to their relevant clients
- 4 In case of Scenario B, only the Central Bank receives the confirmation messages.

5 **Table 6-10: Messages from T2S [T2S.BPD.LQMG.OTBD.05.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	T2S informs the status of the liquidity transfer to the relevant Payment Banks	3.3.3.2

6 6.2.3.6 Description of T2S Services

7 6.2.3.6.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

8 **Liquidity Transfer Service (T2S.SD.LIM.010)**

9 This T2S service performs the validation and initiation of settlement for liquidity transfer sent to T2S. It also
10 sends an outbound liquidity transfer instruction to the RTGS and subsequently processes the answer from the
11 RTGS system.

12 6.2.3.6.2 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

13 **Settlement Posting Service (T2S.SD.SETT.050)**

14 This T2S service performs the provisioning and booking of the liquidity transfer instructions between RTGS
15 dedicated transit account and the T2S dedicated cash account, for the transfer amount.

16 6.2.3.6.3 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

17
18

1 Status Management Service (T2S.SD.INF 010)

2 This T2S service performs the status management for the instructions and triggers the notifications to all
3 involved parties.

4 **6.3 Multiple Liquidity Provider Transfer of Liquidity from T2S to RTGS** 5 **[T2S.BPD.LQMG.MLPT]**

6 **6.3.1 Overview**

7 This process describes the transfer from T2S to liquidity to multiple liquidity providers. A Central Bank
8 and/or a Payment Bank can have a dedicated cash account in T2S to facilitate securities settlement for itself
9 or to its client(s) to which it provides cash settlement services. For these purposes, a Central Bank and/or a
10 Payment Bank funds liquidity in its dedicated cash account in T2S. Funding of the T2S dedicated cash
11 accounts can be from one or more liquidity providers in the RTGS, at the start of a business day in T2S.

12 The funds available in a T2S dedicated cash account prior to the start of night-time settlement will be made
13 available for the settlement of transactions in night-time settlement sequences. A Payment Bank in T2S can
14 decide to reimburse the funds to its relevant liquidity providers towards the end of the night-time settlement
15 (i.e. with settlement sequence Y) based on a prioritised sequence of reimbursement, the actual liquidity
16 transfers from these providers and the current balance on the T2S dedicated cash account.

17 This process is a variation of the process “Intraday Transfer of Liquidity from T2S to RTGS
18 [T2S.BPD.LQMG.OTBD]”. The steps highlighted in the diagram below require particular attention.

19 **Trigger:**

20 The multiple liquidity provider reimbursement related liquidity transfers are triggered at the night-time
21 settlement in T2S during settlement sequence Y.

22 **Precondition:**

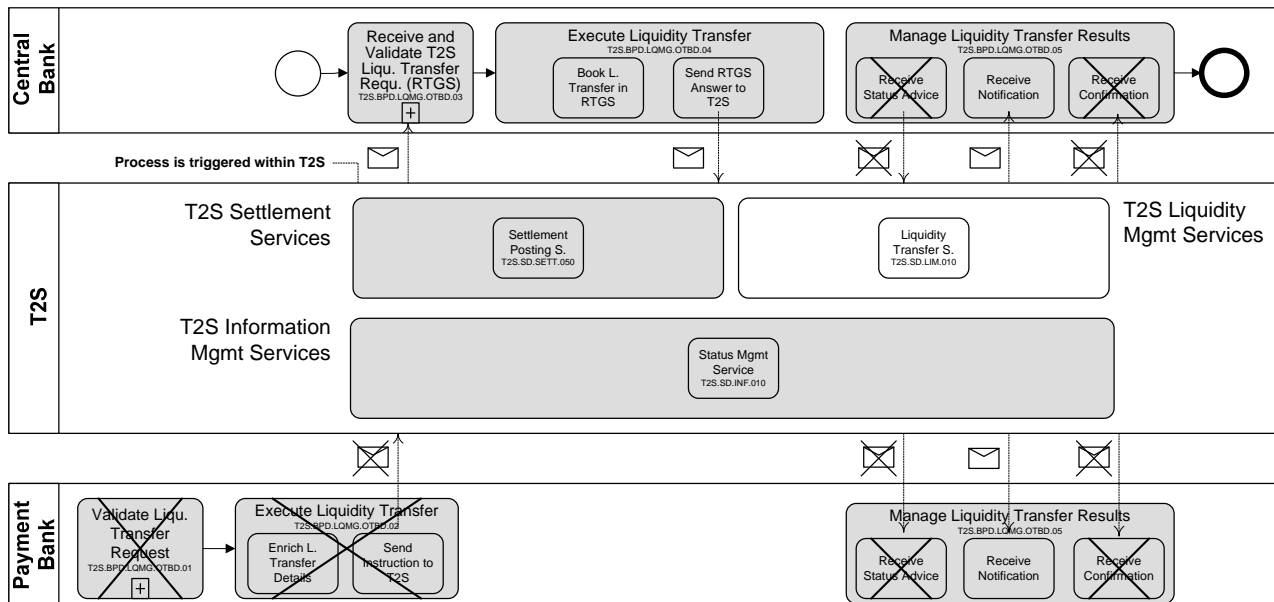
23 The multiple liquidity provider reimbursement is setup in T2S static data.

24 **T2S Instructing Party:**

25 Central Bank

6.3.2 Business Process Diagram

Figure 6-4: Business Process Diagram [T2S.BPD.LQMG.MLPT]



6.3.3 Business Process Description

The processing of multiple liquidity provider related liquidity transfers is triggered from within T2S. The following processes and activities of the base process are therefore not applicable.

- Validate Liquidity Transfer request
- Execute Liquidity Transfer in T2S
- Manage Liquidity Transfer results (Receive Status Advice, Receive confirmations)

References:

UDFS: Use Case “Maintain Static Data” (Chapter 2.20; for SD object as “Liquidity Transfer Order”)

GUI BFD: Section 4.12 “Multiple Liquidity Providers”

6.3.4 Description of T2S Services

6.3.4.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

1 **Liquidity Transfer Service (T2S.SD.LIM.010)**

2 This T2S service performs the generation of a liquidity transfer based on standing liquidity transfer orders
3 when processing night-time settlement sequence Y. It also initiates the settlement of the generated
4 liquidity transfer. It also sends an outbound liquidity transfer instruction to the RTGS and subsequently
5 processes the answer from the RTGS system.

6 For the remaining T2S services involved there is no deviation from the base process.

7 **6.4 Transfer of Liquidity within T2S [T2S.BPD.LQMG.INLT]**

8 **6.4.1 Overview**

9 This process describes the act of transferring Liquidity within T2S. A Central Bank and/or a Payment Bank
10 can have one or more dedicated cash accounts in T2S to facilitate securities settlement for itself or to its
11 client(s) to which it provides cash settlement services. Trade settlement, Repo, Securities lending and
12 borrowing, reimbursement of intraday credit due to securities settlement are typical examples of such
13 securities settlement. For this purpose, a Central Bank and/or a Payment Bank can manage funds between
14 T2S dedicated cash accounts, after an inflow of funds.

15 At any moment in time during a settlement day in T2S it may be required for a Central Bank and/or a
16 Payment Bank to transfer the liquidity from its T2S dedicated cash account to another T2S dedicated cash
17 account, either its own (or) linked to the same RTGS account. The Central Bank or Payment Bank can
18 instruct T2S via an immediate liquidity credit transfer.

19 **Trigger:**

20 This process starts when the Payment Bank or Central Bank intends to transfer liquidity from its T2S
21 dedicated cash account to another T2S dedicated cash account.

- 22 • Either the Central Bank receives liquidity transfer related details from its Payment Bank to instruct
23 on its behalf, or
- 24 • The Payment Bank or Central Bank as T2S dedicated cash account operator instructs the liquidity
25 transfers directly in T2S.

26 **Precondition:**

27 None

28

1 T2S Instructing Party:

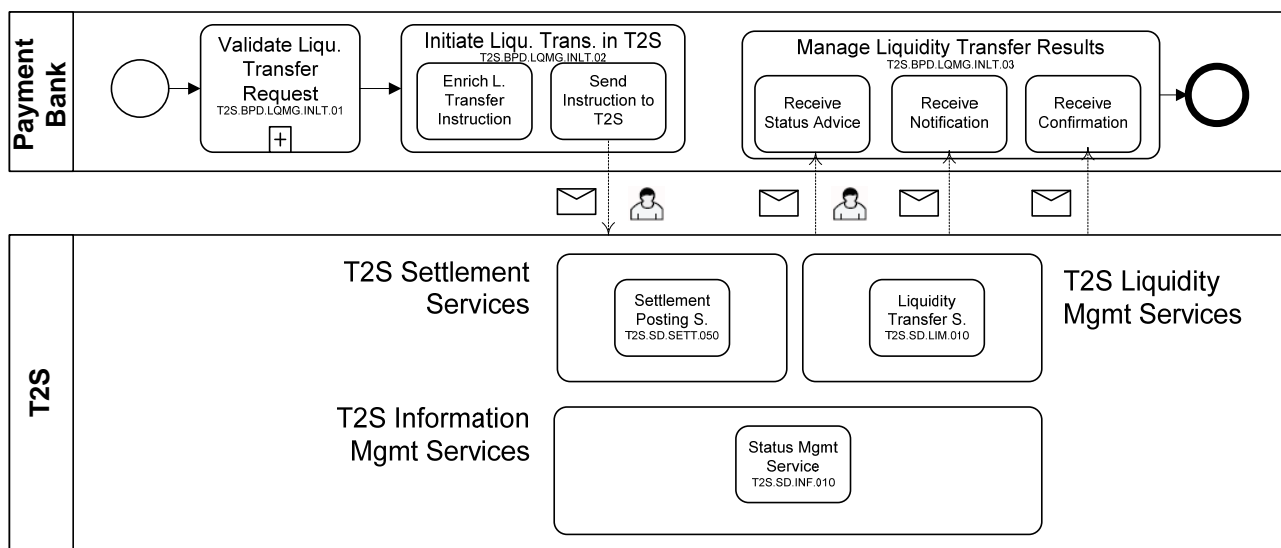
2 There are two scenarios for the instruction of T2S.

- 3 • Scenario A: Payment Bank instructs T2S⁹⁶
- 4 • Scenario B: Central Bank instructs T2S on behalf of the Payment Bank

5 6.4.2 Business Process Diagram

6 Scenario A: Payment Bank instructs T2S

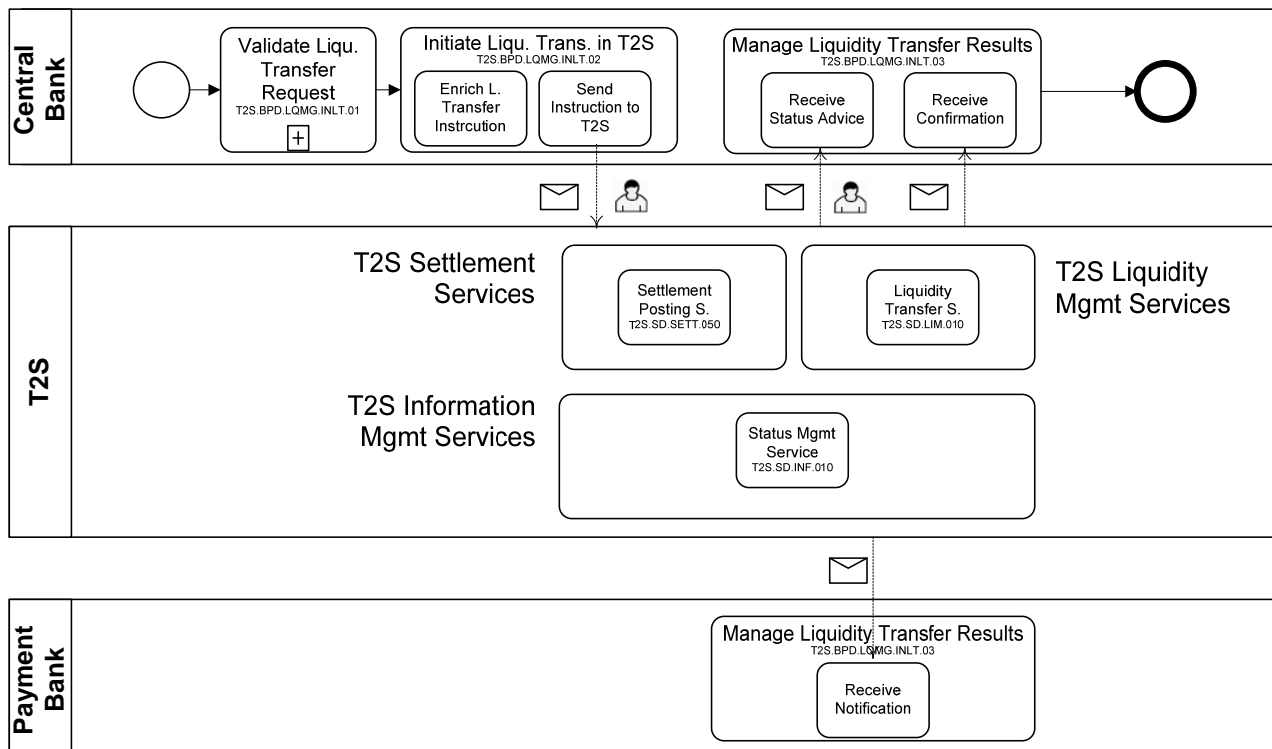
7 **Figure 6-5: Business Process Diagram [T2S.BPD.LQMG.INLT/Scen. A]**



⁹⁶ This scenario is applicable for the case when Central Bank instructs for its own

1 Scenario B: Central Bank instructs T2S on behalf of the Payment Bank

2 **Figure 6-6: Business Process Diagram [T2S.BPD.LQMG.INLT/Scen. B]**



6.4.3 Business Process Description

5 This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose
6 of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square
7 brackets.

6.4.3.1 Validate Liquidity Transfer request

Reference ID	T2S.BPD.LQMG.INLT.01
--------------	----------------------

9 T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

10 The Payment Bank [Central Bank] checks all the details related to liquidity transfer against the reference
11 data (maintained by the Central Bank or Payment Bank) and may perform additional checks/validations.

6.4.3.2 Initiate Liquidity Transfer in T2S

Reference ID	T2S.BPD.LQMG.INLT.02
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13 T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

The Payment Bank [Central Bank] enriches the liquidity transfer instruction with details required for transfer of liquidity within T2S and sends the liquidity transfer instruction to T2S via an A2A message or directly enters it using the T2S GUI (U2A).

References:

UDFS: Use Case “Send Immediate Liquidity Transfer” (Chapter 2.13)

GUI BFD: T2S.GUI.LMSE.INX.0040

6.4.3.2.1 Enrich Liquidity Transfer Instruction

Reference ID	T2S.BPD.LQMG.INLT.02.01
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The Payment Bank [Central Bank] enriches the liquidity transfer instructions with specific information such as account numbers, amounts, etc. The Payment Bank [Central Bank] might want to use the query facilities in the RTGS system or T2S to get the necessary information.

6.4.3.3 Send Instruction to T2S

Reference ID	T2S.BPD.LQMG.INLT.02.02
--------------	-------------------------

The Payment Bank [Central Bank] converts the liquidity transfer enriched with specific information into the required message format and sends it to T2S.

The instruction of T2S is also possible via the T2S GUI.

The Payment Bank [Central Bank] sends the following message to T2S:

Table 6-11: Messages to T2S [T2S.BPD.LQMG.OTBD.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
LiquidityCreditTransfer	camt.050.001.03	To T2S	3.3.3.13

6.4.3.4 Manage Liquidity Transfer results

Reference ID	T2S.BPD.LQMG.OTBD.05
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T2S Actors: Central Bank and Payment Bank (both scenarios)

The Central Bank and Payment Bank receive the liquidity transfer related messages from T2S and initiate related internal processes.

Additionally, the central bank and Payment Bank can also query on the liquidity transfer details via T2S GUI.

References:

UDFS: Use Case “Send Immediate Liquidity Transfer” (Chapter 2.13)

GUI BFD: T2S.GUI.LMSE.INX.0010, T2S.GUI.LMSE.INX.0020, T2S.GUI.LMSE.INX.0030

6.4.3.4.1 Receive Status Advice

Reference ID	T2S.BPD.LQMG.OTBD.05.01
--------------	-------------------------

In case of Scenario A, the Payment Bank receives status advice messages for acceptance or rejection of the liquidity transfer instruction within T2S. Following the message reception, other internal activities might be conducted such as:

- aligning the status of the liquidity transfer instruction in its systems with the status in T2S;
- triggering notification to their relevant clients.

If T2S has been instructed via the T2S GUI the status is shown on the screen.

In case of Scenario B, the Central Bank receives the status advice messages.

The Payment Bank [Central Bank] receives the following message from T2S:

Table 6-12: Messages from T2S [T2S.BPD.LQMG.OTBD.05.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	Rejection or acceptance of an internal liquidity transfer	3.3.3.12

6.4.3.5 Receive Notifications

Reference ID	T2S.BPD.LQMG.OTBD.05.02
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In both scenarios, the Payment Bank receives posting notifications and potentially floor and ceiling notifications when the liquidity transfer is booked in T2S. Following the message reception, other internal activities might be conducted such as:

- aligning the status of the liquidity transfer instruction in the Payment Bank’s systems with the status in T2S;
- triggering notification to their relevant clients.

The Payment Bank receives the following messages from T2S:

Table 6-13: Messages from T2S [T2S.BPD.LQMG.OTBD.05.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
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Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Return Account	camt.004.001.05	From T2S	Cash balance after the posting on the T2S dedicated cash account is below the floor or above the ceiling thresholds set-up for the dedicated cash account	3.3.3.2
BankToCustomerDebitCreditNotification	camt.054.001.02	From T2S	Confirmation of the debit or credit cash posting on a T2S dedicated cash account	3.3.3.17

6.4.3.6 Receive Confirmations

Reference ID	T2S.BPD.LQMG.OTBD.05.03
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In case of Scenario A, the Payment Bank receives and validates settlement confirmations for the liquidity transfers sent by T2S.

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the liquidity transfer instruction in the Central Bank or Payment Bank's books with the status in T2S,
- triggering notification to their relevant clients

In case of Scenario B, the Central Bank receives the confirmation message.

The Payment Bank [Central Bank] receives the following message from T2S:

Table 6-14: Messages from T2S [T2S.BPD.LQMG.OTBD.05.03]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	T2S informs the status of the liquidity transfer to the relevant Payment Banks	3.3.3.2

6.4.4 Description of T2S Services

6.4.4.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

Liquidity Transfer Service (T2S.SD.LIM.010)

This T2S service performs the validation and initiation of settlement for liquidity transfer sent to T2S.

6.4.4.2 Settlement Services

T2S Service Class	Settlement Service Class
T2S Service Reference ID	T2S.SD.SETT

Settlement Posting Service (T2S.SD.SETT.050)

This T2S service performs the provisioning and booking of the liquidity transfer instructions between the T2S dedicated cash accounts, for the transfer amount.

6.4.4.3 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

Status Management Service (T2S.SD.INF 010)

This T2S service performs the status management for the instructions and triggers the notifications to all involved parties.

6.5 End of Day Cash Management [T2S.BPD.LQMT.EODC]

6.5.1 Overview

This process describes the End of Day Cash Management in T2S. A Central Bank and/or a Payment Bank can have a dedicated cash account in T2S to facilitate securities settlement for itself or to its client(s) to which it provides cash settlement services. For these purposes, a Payment Bank funds liquidity in its dedicated cash account in T2S from a cash account in RTGS (either its own or its liquidity provider). Securities settlement in T2S can involve the use of auto-collateralisation facilities between a Payment Bank in T2S and its Central Bank. For every such auto-collateralisation, T2S generates the equivalent reimbursement instructions and holds it for a future release from the Payment Bank, during the business day.

At the end of a T2S business day, T2S performs the following steps as part of cash management to retransfer all the cash from T2S to the RTGS. T2S identifies this process as the “End of day cash management”.

- release of all unused cash restrictions such as cash blockings, cash reservations
- reimbursement of any pending intraday credit provided by central banks to its Payment Banks
- optional cash sweep from T2S to RTGS via liquidity credit transfer
- end of day liquidity transfers to retransfer all remaining cash from a T2S dedicated cash account/ central bank cash account to its relevant linked RTGS account

Trigger:

- Completion of “DVP cut-off” and the “cash restriction cut-off” events in T2S for a defined currency and the relevant Central Bank(s) receive related status information on T2S settlement day
- The end-of-day cash sweep is triggered at 5.45 p.m. CET in T2S

This process starts when the “DVP cut-off” and the “cash restriction cut-off” completes in T2S. T2S initiates the end-of-day cash management procedures as part of “real time settlement closure period” scheduled between “real-time settlement period” and “end of day period”.

Preconditions:

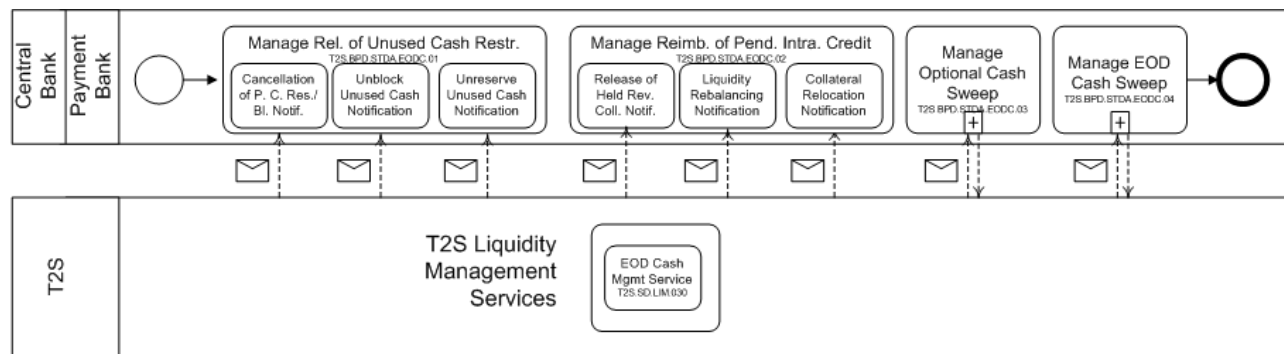
- Central Bank and Payment Bank as CSD Participant(s) needs to have securities account(s) with its relevant CSD(s)
- Central Bank must have defined the collateralisation procedure

T2S Instructing Party:

There are two scenarios for the instruction of T2S:

- Scenario A: Central Bank instructs T2S
- Scenario B: Payment Bank instructs T2S

6.5.2 Business Process Diagram



- 1 The processes are depicted from the cash parties' perspective only.
- 2 The Central Bank pool includes the RTGS and Central Bank Management System.

3 **6.5.3 Business Process Description**

4 **6.5.3.1 Manage release of unused cash restrictions**

Reference ID	T2S.BPD.STDA.EODC.01
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- 5 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)
- 6 This process starts when the “DVP cut-off” and “cash restriction cut-off” process completes in T2S and
- 7 Central Bank receives the status notification for a settlement day.
- 8 The Central Bank [Payment Bank] receives messages from T2S as a result of the T2S internal processes
- 9 related to the release of unused cash restrictions.
- 10 For details regarding the unreservation and unblocking of a cash balances refer to process “Unreservation or
- 11 Unblocking of Cash Balance [T2S.BPD.SETT.UUCB]”.
- 12 References:
- 13 UDFS: Use Case “End-of-day cash management” (Chapter 2.17)

14 **6.5.3.1.1 Cancellation of pending cash blockings⁹⁷/ reservations notifications**

Reference ID	T2S.BPD.STDA.EODC.01.01
--------------	-------------------------

- 15 The Central Bank [Payment Bank] receives the status advices for the cancellation of cash blockings/
- 16 reservations which have a pending part and checks all the details related to such cash blockings/ reservations
- 17 (with a restriction reference in T2S) and zero the pending balance in its books.
- 18 The Central Bank [Payment Bank] receives the following messages from T2S:

19 **Table 6-15: Messages from T2S [T2S.BPD.STDA.EODC.01.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentStatusAdvice V01	Camt.067.001.01	From T2S	Status “Cancelled”	3.3.3.21

20 **6.5.3.1.2 Unblock unused cash notifications**

⁹⁷ AG has approved the change request (CR283), to disallow partial blocking of securities positions for corporate action purpose.

Reference ID	T2S.BPD.STDA.EODC.01.02
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1 The Central Bank [Payment Bank] receives the confirmations related to unblocking of cash (including
2 COSD) in T2S, to update its books.

3 The Central Bank [Payment Bank] receives the following messages from T2S:

4 **Table 6-16: Messages from T2S [T2S.BPD.STDA.EODC.01.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentConfirmation V01	Camt.068.001.01	From T2S	Status “Settlement”	3.3.3.22

5 **6.5.3.1.3 Un-reserve unused cash notifications**

Reference ID	T2S.BPD.STDA.EODC.01.03
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6 The Central Bank [Payment Bank] receives the confirmations of cash un-reservations in T2S, to update its
7 books.

8 The Central Bank [Payment Bank] receives the following messages from T2S:

9 **Table 6-17: Messages from T2S [T2S.BPD.STDA.EODC.01.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentConfirmation V01	Camt.068.001.01	From T2S	Status “Settlement”	3.3.3.22

10 **6.5.3.2 Manage reimbursement of any pending intraday credit**

Reference ID	T2S.BPD.STDA.EODC.02
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11 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

12 This process starts when the “release of all unused cash restrictions” process completes in T2S. Kindly note
13 that all the movements of securities and/or cash in the above mentioned process can occur on an “all-or-
14 none” basis.

15 The Central Bank [Payment Bank] receives messages from T2S as a result of the T2S internal processes
16 related to the reimbursement of pending intraday credit.

17 For details on the management of auto-collateralisation, refer to process “Management of Auto-
18 Collateralisation [T2S.BPD.SETT.ACOL]”.

1 References:

2 UDFS: Use Case “End-of-day cash management” (Chapter 2.17)

3 6.5.3.2.1 “Release” of held reverse collateral notifications

Reference ID	T2S.BPD.STDA.EODC.02.01
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4 The Central Bank [Payment Bank] receives the “release” confirmations of held reverse collateral instructions
5 when T2S automatically releases these instructions related to any pending intraday credit in T2S.

6 The Central Bank [Payment Bank] bank can adjust its books on the reimbursement of the collaterals and cash
7 when the reverse collateral instruction settles along with other movements, if any, referred in below sections.

8 The Central Bank [Payment Bank] receives the following messages from T2S:

9 Table 6-18: Messages from T2S [T2S.BPD.STDA.EODC.02.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementConditionModificationStatusAdviceV02	Sese.031.001.01	From T2S	Status “Executed”	3.3.8.10
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.01	From T2S	Status “No hold remains”	3.3.8.4

10 6.5.3.2.2 “Liquidity rebalancing” notifications

Reference ID	T2S.BPD.STDA.EODC.02.02
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11 The Central Bank [Payment Bank] receives the “liquidity rebalancing” related posting notifications, alert
12 notifications for floor/ ceiling violations, when T2S settles the movement of needed cash from other T2S
13 DCAs of the same Payment Bank to the T2S DCA in need of cash to settle its reimbursements.

14 The Central Bank [Payment Bank] bank can adjust its books on the cash when the liquidity rebalancing
15 related movements settles along with other movements, if any, referred in below sections.

16 The Central Bank [Payment Bank] receives the following messages from T2S:

17

1 **Table 6-19: Messages from T2S [T2S.BPD.STDA.EODC.02.02].**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
BankToCustomerDebitCreditNotificationV02	Camt.054.001.02	From T2S	For “Debit notification”/ “Credit notification”	3.3.3.17
ReturnAccountV05	Camt.004.001.05	From T2S	For alert notification due to violation of floor/ ceiling limits	3.3.3.2

2 **6.5.3.2.3 “Collateral relocation” notifications**

Reference ID	T2S.BPD.STDA.EODC.02.03
--------------	-------------------------

3 The Central Bank [Payment Bank] receives the “collateral relocation” related generation notifications and its
 4 settlement confirmations, when T2S performs additional collateralisation as “collateral relocation” between
 5 the Central Bank and the Payment Bank equivalent to the cash drawn (i.e. intraday credit utilised) from the
 6 central bank cash account. (T2S performs the additional collateralisation when the liquidity rebalancing
 7 process does not yield the needed cash to complete the reimbursement.)

8 The below messages are sent by T2S when performing the “collateral relocation”. Additionally, T2S can
 9 send the one or more of the below messages for the purposes such as realignment also.

10 The Central Bank [Payment Bank] receives the following messages from T2S:

11 **Table 6-20: Messages from T2S [T2S.BPD.STDA.EODC.02.03].**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionGenerationNotificationV02	Sese.032.001.02	From T2S	Generation of “Collateral” relocation instruction	3.3.8.11
SecuritiesSettlementTransactionConfirmationV02	Sese.025.001.02	From T2S	“Settlement” of the generated collateral relocation instruction in case of repo/ pledge model	3.3.8.5
SecuritiesSettlementTransactionStatusAdviceV02	Sese.024.001.02	From T2S	For “partial settlement (unsettled part)”	3.3.8.4

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMove mentConfirmation V02	Semt.015.001.02	From T2S	“Settlement” of the generated collateral relocation instruction in case of pledge-sub model	3.3.7.4

1 The intraday credit utilised in T2S is translated into the equivalent intraday credit utilisation in the RTGS for
2 the relevant Payment Bank, with the following activities:

- 3 • the collateral mobilisation related processes in CMS to identify Payment Banks involved and process
- 4 collateral relocation settlement confirmations from T2S
- 5 • inform relevant RTGS for intraday credit utilisation updates for the respective Payment Bank

6 **6.5.3.3 Manage optional cash sweep**

Reference ID	T2S.BPD.STDA.EODC.03
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7 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

8 The process steps to execute an optional cash sweep in T2S are same as the process steps to execute the
9 “multiple liquidity provider” facility. This process depends on the setup of the “standing liquidity transfer
10 orders” by the relevant Payment Bank.

11 The Central Bank [Payment Bank] receives the posting notifications and alert notifications for violation of
12 floor/ ceiling limits during every cash sweep.

13 For details regarding the multiple liquidity provider transfers of liquidity taking place at the end of night-
14 time settlement, refer to process “Multiple Liquidity Provider Transfer of Liquidity from T2S to RTGS
15 [T2S.BPD.LQMG.MLPT]”.

16 The Central Bank [Payment Bank] receives the following messages from T2S:

17 **Table 6-21: Messages from T2S [T2S.BPD.STDA.EODC.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
LiquidityCreditTra nsferV03	Camt.050.001.03	From T2S	“Settlement” of generated liquidity credit transfer in T2S	3.3.3.13

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
ReceiptV03	Camt.025.001.03	From T2S	Receipt of an RTGS Answer by T2S (to the outbound liquidity transfer sent from T2S to RTGS)	3.3.3.12
ReceiptV03	Camt.025.001.03	From T2S	As an information to the Central Bank when the RTGS sends an “invalid” or a “rejection” as an RTGS Answer	3.3.3.12
ReturnAccountV05	camt.004.001.05	From T2S	Floor or a ceiling violation when a cash posting occurs on a T2S dedicated cash account	3.3.3.2
BankToCustomerDebitCreditNotificationV02	camt.054.001.02	From T2S	Confirmation of the debit or credit cash posting on a T2S dedicated cash account	3.3.3.17

1 6.5.3.4 Manage end-of-day cash sweep

Reference ID	T2S.BPD.STDA.EODC.04
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2 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

3 The “end-of-day” cash sweep starts at 5.45 p.m. CET in T2S. The process steps to execute end-of-day cash
4 sweep in T2S are same as the process steps to execute “Multiple liquidity provider” facility with the
5 difference that the liquidity transfer generated in T2S depends on the end-of-day link configured on the T2S
6 dedicated cash account. This liquidity transfer can be of two types

7 A liquidity credit transfer for a transfer of any positive cash balance from a T2S DCA to its linked RTGS
8 account

9 A liquidity debit transfer for a transfer of any negative cash balance from the central bank cash account to its
10 linked RTGS account

11 The Central Bank [Payment Bank] receives posting notifications and alert notifications for violation of floor/
12 ceiling limits during processing of every such liquidity transfer.

1 For details regarding the multiple liquidity provider transfers of liquidity taking place at the end of night-
2 time settlement, refer to process “Multiple Liquidity Provider Transfer of Liquidity from T2S to RTGS
3 [T2S.BPD.LQMG.MLPT]”.

4 **Table 6-22: Messages from T2S [T2S.BPD.STDA.EODC.04]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
LiquidityCreditTransferV03	Camt.050.001.03	From T2S	“Settlement” of generated liquidity credit transfer in T2S	3.3.3.13
ReceiptV03	Camt.025.001.03	From T2S	Receipt of an RTGS Answer by T2S (to the outbound liquidity transfer sent from T2S to RTGS)	3.3.3.12
ReceiptV03	Camt.025.001.03	From T2S	As an information to the Central Bank when the RTGS sends an “invalid” or a “rejection” as an RTGS Answer	3.3.3.12
ReturnAccountV05	camt.004.001.05	From T2S	Floor or a ceiling violation when a cash posting occurs on a T2S dedicated cash account	3.3.3.2
BankToCustomerDebitCreditNotificationV02	camt.054.001.02	From T2S	Confirmation of the debit or credit cash posting on a T2S dedicated cash account	3.3.3.17

5 6.5.4 Description of T2S Services

6 6.5.4.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

7
8

- 1 **End of day (EOD) cash management service (T2S.SD.LIM.030)**
- 2 This T2S service of liquidity management performs the end of day cash management related processes and
- 3 activities, by using the relevant services in T2S such as “cash blocking and reservation services”, “Liquidity
- 4 transfer service”, “Limit management service”, etc.
- 5 For the remaining T2S services involved, refer to the processes indicated in the activities above.
- 6

1 STATIC DATA PROCESSES

7. STATIC DATA MAINTENANCE PROCESSES

7.1 Maintenance of Securities [T2S.BPD.STDA.MSEC]

7.1.1 Overview

This process describes the act of creating, updating and deleting securities static data in T2S. The Securities Reference Data stores information about securities in T2S. This business object stores a standardised set of details required for settlement and auto-collateralisation in T2S only. T2S allows CSDs to store additional market-specific attributes for each security⁹⁸. The market-specific attributes can be included in reports for informational purpose or used for set-up of processing rules. The Securities Reference Data consists of the securities name, ISIN code and other essential information required for settlement processing in T2S (e.g. issuance date, maturity date, settlement unit multiple, etc).

The Securities Reference Data in T2S is required for processes such as validation of incoming settlement instructions, inclusion in reports generated by T2S and set-up of processing restrictions in T2S based on specific attributes of the securities.

The Securities Reference Data business object is referenced by the T2S business validation service in business processes that make use of the core settlement services of T2S (e.g. intra and cross CSD settlements) as well as in other business processes that depend on the static data stored in T2S (e.g. securities lending and borrowing, pledge).

After the CSD acting as a Securities Maintaining Entity has set-up a new security, other CSDs can make the security available for settlement for its CSD Participants (description may be found in the business process on the Maintain Cross-CSD Settlement Link and Securities Eligibility).

In addition, Central Banks can make the security eligible for auto-collateralisation for its Payment Banks and provide a price for the new security (description may be found in the business process on Maintenance of Securities Valuation)

The securities maintenance process includes all technical activities to maintain the static data information of a security, (i.e. creation, update, and deletion of securities reference data) depending on whether the data already exists and the intended result.

Trigger:

CSD receives a maintenance request of a security from its CSD Participant, a CSD in T2S or a third party (issuer, agent of the issuer).

⁹⁸ Market-specific attributes defined by a CSD (independently of whether the CSD is a Securities Maintaining Entity for the Security or not) are only accessible for this CSD.

1 Preconditions:

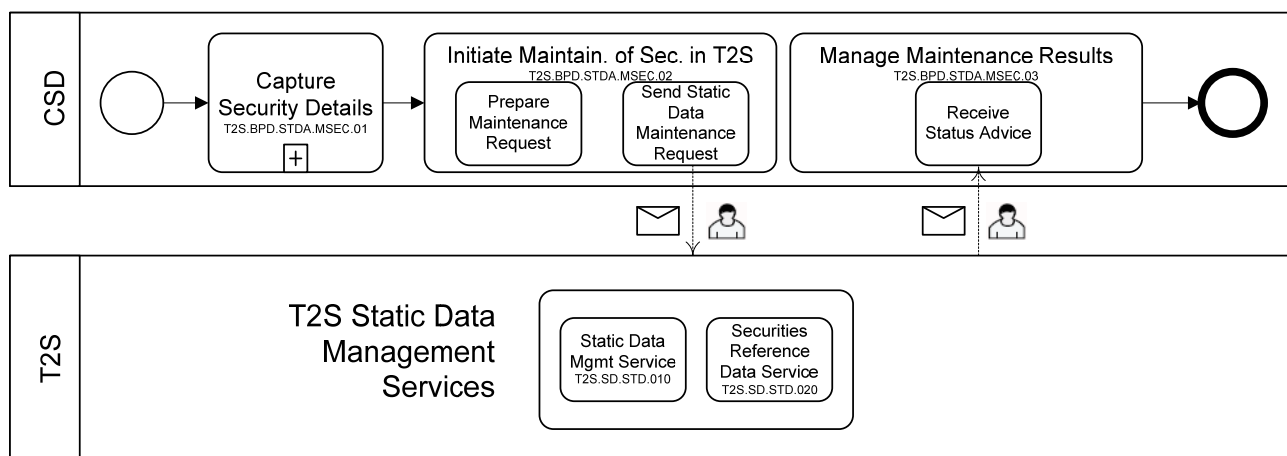
2 None

3 T2S Instructing Party:

4 CSD

5 7.1.2 Business Process Diagram

6 Figure 7-1: Business Process Diagram [T2S.BPD.STDA.MSEC]



8 7.1.3 Business Process Description

9 7.1.3.1 Capture Security Details

Reference ID	T2S.BPD.STDA.MSEC.01
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10 T2S Actors: CSD

11 The CSD collects maintenance details of the securities from the issuer, market data vendors, or other market
12 intermediaries providing information on the securities reference data.

13 The CSD may also conduct more steps such as validation and comparison of data received from multiple
14 sources to produce the master copy of the securities reference data.

15 7.1.3.2 Initiate Maintenance of Securities in T2S

Reference ID	T2S.BPD.STDA.MSEC.02
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16 T2S Actors: CSD

17 The CSD uses the securities details previously captured to create a maintenance instruction (i.e. Security
18 Creation Request, Security Maintenance Request or Security Deletion Request) for T2S and sends the
19 instruction to T2S.

1 References:

2 UDFS: Use Case “Maintain SD” (Chapter 2.20)

3 GUI BFD: T2S.GUI.SDSE.SEC.0060, T2S.GUI.SDSE.SEC.0040, T2S.GUI.SDSE.SEC.0050

4 7.1.3.2.1 Preparation Maintenance Request

Reference ID	T2S.BPD.STDA.MSEC.02.01
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5 The CSD collects the securities maintenance details and prepares the securities maintenance instruction.

6 *Creation of new securities*

7 The creation of securities reference data is performed by a CSD. By creating new security reference data in
8 T2S this CSD does not become a Securities Maintaining Entity for this security automatically (the process to
9 become a Securities Maintaining Entity is described in the business process on the Maintain Cross-CSD
10 Settlement Link and Securities Eligibility).

11 Securities can be created intraday wherein the issuance date can be in the past, current business date or a
12 future business date.

13 If a CSD defined mandatory market specific attributes, then they must be included in the request for set-up of
14 new securities in T2S. The CSD could include optional market specific attributes as well in any case.

15 *Amendment of securities reference data*

16 The CSD that has the role of the Securities Maintaining Entity for a security can update the security’s
17 reference data.

18 The CSD that has not the role of the Securities Maintaining Entity for a security can only add/amend market-
19 specific attributes for its on use.

20 The Security Maintenance Request can be sent intraday only as of a future business date (with the exception
21 of updates to the minimum/multiple settlement unit).

22 The intraday modification of minimum/multiple settlement unit will trigger a real-time validation of all
23 pending settlement instructions for this security.

24 If a blocked restriction applying on a Security is removed by the CSD intraday (or the validity is ended), T2S
25 will recycle the transactions previously considered ineligible because of the blocking. If a new blocked
26 restriction is created, T2S will make the relevant transactions ineligible when the blocking becomes active.

27 *Deletion of securities*

28 The CSD that has the role of the Securities Maintaining Entity for a security can perform the logical deletion
29 of the security’s reference data.

A logical deletion of securities reference data is only allowed for a future business date, if the maturity date is in the past and there are no pending settlement instructions for this security.

7.1.3.2.2 Send Static Data Maintenance Request

Reference ID	T2S.BPD.STDA.MSEC.02.02
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The CSD formats the maintenance instruction depending upon the type of maintenance action (i.e. create, update or delete) with T2S specific securities reference data and sends the maintenance instruction to the T2S.

The instruction of T2S is also possible via the T2S GUI.

The CSD sends the following message to T2S:

For creation of security reference data

Table 7-1: Messages to T2S [T2S.BPD.STDA.MSEC.02.02/Creation]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecurityCreationRequest V01	Reda.006.001.01	To T2S	3.3.6.1

For amendment of securities reference data

Table 7-2: Messages to T2S [T2S.BPD.STDA.MSEC.02.02/Amendment]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesMaintenanceRequestV01	Reda.007.001.01	To T2S	3.3.6.2

For deletion of securities reference data

Table 7-3: Messages to T2S [T2S.BPD.STDA.MSEC.02.02/Deletion]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesDeletionRequestV01	Reda.013.001.01	To T2S	3.3.6.7

7.1.3.3 Manage Maintenance Results

Reference ID	T2S.BPD.STDA.MSEC.03
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The CSD receives status advice messages from T2S.

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7.1.3.3.1 Receive Securities Maintenance Instruction Status Advice

The CSD receives the securities maintenance instruction status advice and may trigger other internal activities such as update of the CSD system, amend the securities maintenance instruction, define itself as Security Maintenance Entity if required, define eligible counterpart CSDs for the security in T2S, and trigger notification to its participants or start sending settlement instructions for a newly created security.

If T2S has been instructed via the T2S GUI the status is shown on the screen.

The CSD receives the following message from T2S:

For creation of reference data

Table 7-4: Messages from T2S [T2S.BPD.STDA.MSEC.03/Creation]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecurityCreationStatusAdviceV01	Reda.008.001.01	From T2S	Maintenance request is “queued”, “rejected” or “completed”	3.3.6.3

For amendment of securities reference data

Table 7-5: Messages from T2S [T2S.BPD.STDA.MSEC.03/Amendment]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesMaintenanceStatusAdviceV01	Reda.029.001.01	From T2S	Maintenance request is “queued”, “rejected” or “completed”	3.3.6.23

For deletion of securities reference data

Table 7-6: Messages from T2S [T2S.BPD.STDA.MSEC.03/Deletion]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesDeletionStatusAdviceV01	Reda.030.001.01	From T2S	Maintenance request is “queued”, “rejected” or “completed”	3.3.6.24

7.1.4 Description of T2S Services

7.1.4.1 Static Data Management Services

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S SD.STD

Static Data Management Service (T2S SD.STD.010)

This T2S service allows the T2S users to maintain their static data in T2S.

Securities Reference Data Service (T2S SD.STD.020)

This T2S service allows management of static data related to the Static Data Maintenance Request reference data.

7.2 Maintenance of Securities Account [T2S.BPD.STDA.MSAC]

7.2.1 Overview

This process describes the act of creating, updating and deleting T2S Securities Account Reference Data required for processing and booking operations in T2S. T2S allows CSDs to store additional market-specific attributes for each security account. The market-specific attributes can be included in reports for informational purpose or used for setting-up processing rules.

The Securities Account Reference Data in T2S is required for processes such as validation of incoming settlement instructions and set-up of processing restrictions in T2S based on specific attributes of the securities account. The data can be retrieved via the T2S GUI (U2A) or via A2A queries and reports.

The Securities Account Reference Data business object is referenced by the T2S business validation service in business processes that make use of the core settlement services of T2S (e.g. intra and cross CSD settlements) as well as in other business processes that depend on the static data stored in T2S.

Each T2S Securities Account is attributed legally and technically to only one CSD. The T2S Securities Account concept covers all types of securities accounts (e.g. issuance account, mirror account, omnibus account).

The securities account maintenance process includes all technical activities to maintain the static data information of a security account, (i.e. creation, update, and deletion of securities account reference data) depending on whether the data already exists and what the intended result is.

Trigger:

CSD receives a request for maintaining a security account.

1 Preconditions:

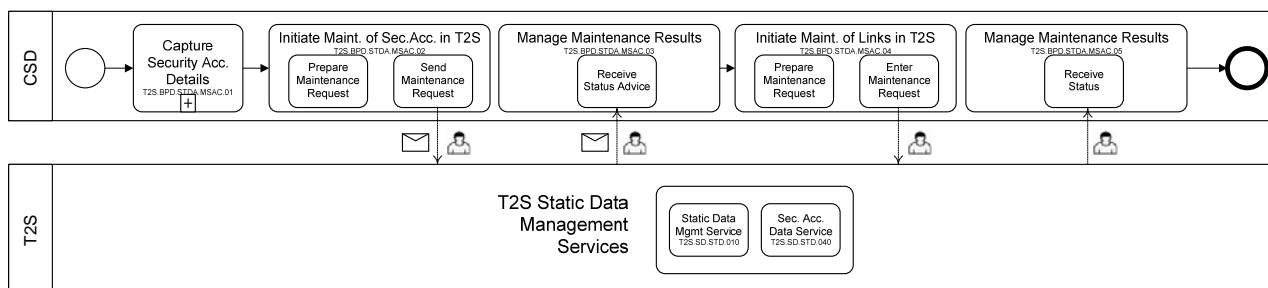
2 None

3 T2S Instructing Party:

4 CSD

5 7.2.2 Business Process Diagram

6 Figure 7-2: Business Process Diagram [T2S.BPD.STDA.MSAC]



8 7.2.3 Business Process Description

9 7.2.3.1 Capture Securities Account Details

Reference ID	T2S.BPD.STDA.MSAC.01
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10 T2S Actors: CSD

11 The CSD collects the securities account data that T2S requires for creating or updating a securities account in
12 T2S. The Securities account data⁹⁹ includes:

- 13 • Securities account details (account type, negative position, opening/closing dates, hold and release
14 default, End Investor Account Flag);
- 15 • CSD/CSD Participant that owns the Securities Account;
- 16 • Securities Account Restrictions the earmarking or blocking, if any;
- 17 • T2S Dedicated cash account(s) to which the securities account should be linked, if any;
- 18 • Market-specific attributes if applicable.

19 7.2.3.2 Initiate Maintenance of Securities Account in T2S

Reference ID	T2S.BPD.STDA.MSAC.02
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⁹⁹ Further information about the description of the attributes for a securities account reference data may be found in the T2S User Requirements Document (requirement T2S.16.590)

1 T2S Actors: CSD

2 The CSD uses the securities account details from the data received in the Capture Securities Account Details

3 step to create a maintenance instruction (i.e. Security Account Creation Request, Security Account

4 Maintenance Request or Security Account Deletion Request) for T2S and sends the instruction to T2S.

5 This holds true for all the securities account details except for the T2S Dedicated cash account(s) to which

6 the securities account is linked. Maintenance of the links to the T2S dedicated cash accounts is initiated in a

7 separate step “Maintenance of link between Securities and Cash Accounts” (T2S.BPD.STDA.MSAC.04).

8 References:

9 UDFS: Use Case “Maintain SD” (Chapter 2.20)

10 GUI BFD: T2S.GUI.SDSE.SAC.0070, T2S.GUI.SDSE.SAC.0040, T2S.GUI.SDSE.SAC.0050,

11 T2S.GUI.SDSE.SAC.0060

12 7.2.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MSAC.02.01
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13 The CSD collects the securities account maintenance details and prepares the securities account maintenance

14 instruction.

15 *Creation of new securities account*

16 Securities account can be created as of the current or a future business day (i.e. the opening date can be

17 current business date).

18 If the CSD defined any mandatory market specific attributes, then the related values must be included in the

19 creation request to T2S. The CSD could include optional market specific attributes as well in any case.

20 *Amendment of securities account reference data*

21 The CSD, to which the security account belongs, can update the securities account’s reference data.

22 The intraday modification of minimum/multiple settlement unit will trigger a real-time validation of all

23 pending settlement instructions for this security account.

24 If a blocked restriction applying on a Security Account is removed by the CSD intraday (or the validity is

25 ended), T2S will recycle the transactions previously considered ineligible because of the blocking. If a new

26 blocked restriction is created, T2S will make the relevant transactions ineligible when the blocking becomes

27 active.

1 The CSD can update the relationship between a CSD Participant and a Securities Account in the T2S GUI
2 (U2A) only¹⁰⁰.

3 *Deletion of securities account*

4 The CSD, to which the security account belongs, can perform a (logical) deletion of the securities account.

5 A (logical) deletion of the securities account is only allowed as of a future business date. In addition the
6 securities accounts must be closed and there must be no pending settlement instructions for this security
7 account.

8 **7.2.3.2.2 Send Request to T2S**

Reference ID	T2S.BPD.STDA.MSAC.01.02
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9 The CSD formats the maintenance instruction depending upon the type of maintenance action (i.e. create,
10 update or delete) with T2S specific securities account reference data and sends the maintenance instruction to
11 T2S.

12 The instruction of T2S is also possible via the T2S GUI.

13 The CSD sends the following message to T2S:

14 *For creation of reference data*

15 **Table 7-7: Messages to T2S [T2S.BPD.STDA.MSAC.01.02/Creation]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesAccountCreationRequestV01	Reda.018.001.01	To T2S	3.3.6.12

16 *For amendment of securities account reference data*

17 **Table 7-8: Messages to T2S [T2S.BPD.STDA.MSAC.01.02/Amendment]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesAccountModificationRequestV01	Reda.023.001.01	To T2S	3.3.6.17

18

19

¹⁰⁰ Change of party securities account relationship in T2S may be used as a mechanism by CSD and custodian banks to affect portfolio transfers.

1 *For deletion of securities account reference data*

2 **Table 7-9: Messages to T2S [T2S.BPD.STDA.MSAC.01.02/Deletion]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesAccountDeletionRequestV01	Reda.032.001.01	To T2S	3.3.6.26

3 **7.2.3.3 Manage Maintenance Results of Securities Account**

Reference ID	T2S.BPD.STDA.MSAC.03
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4 T2S Actors: CSD

5 The CSD receives the status advice from T2S, which might trigger other internal activities.

6 **7.2.3.3.1 Receive Status Advice**

Reference ID	T2S.BPD.STDA.MSAC.03.01
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7 The CSD receives the status advices informing about the processing results of the securities account
8 maintenance instruction.

9 If T2S has been instructed via the T2S GUI the status is shown on the screen.

10 This may trigger other internal activities such as updates in the CSD system, amendment of the securities
11 account maintenance instruction, notification to its participants or free-of-payment settlement instructions for
12 a newly created securities account as well as definition of CSD Account links for the securities account in
13 T2S.

14 The CSD receives the following message from T2S:

15 *For maintenance of securities account reference data*

16 **Table 7-10: Messages from T2S [T2S.BPD.STDA.MSAC.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesAccountStatusAdviceV01	Reda.020.001.01	From T2S	Maintenance request is “queued”, “rejected” or “completed”	3.3.6.14

17 **7.2.3.4 Initiate Maintenance of Link between Securities and Cash Accounts**

Reference ID	T2S.BPD.STDA.MSAC.04
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- 1 T2S Actors: CSD
- 2 After the creation of a new Securities Account, the CSD uses the data received in the Capture Securities
- 3 Account Details process or subsequent request from a CSD Participant to create or update links between the
- 4 Securities Account and T2S Dedicated Cash Accounts. The update or creation of this link is only possible in
- 5 the T2S GUI (U2A).
- 6 A pre-requisite for this process is the definition of party BIC(s) eligible to use the T2S Dedicated Cash
- 7 Account for cash settlement purposes. The Central Bank owning the T2S Dedicated Cash Account is
- 8 responsible for the maintaining the list of party BIC(s) in T2S static data.
- 9 References:
- 10 GUI BFD: T2S.GUI.SDSE.SAC.0040

11 7.2.3.4.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MSAC.04.01
--------------	-------------------------

- 12 The CSD prepares the maintenance request depending on the type of maintenance action (i.e. create, update
- 13 or delete).

14 7.2.3.4.2 Enter Request to T2S

Reference ID	T2S.BPD.STDA.MSAC.04.02
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- 15 The CSD enters the Static Data Maintenance Request in the T2S GUI (U2A).

16 7.2.3.5 Manage Maintenance Results of Link

Reference ID	T2S.BPD.STDA.MSAC.05
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- 17 T2S Actors: CSD
- 18 The CSD receives the results of validation/ processing of the request in the T2S GUI (U2A) and the result
- 19 may trigger other internal activities such as update of the CSD system, trigger notification to its participants
- 20 or start sending against payment settlement instructions.

21 7.2.3.6 Description of T2S Services

22 7.2.3.6.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

1 **Static Data Management Service (T2S SD.STD.010)**

2 This T2S service allows the T2S users to maintain their static data in T2S.

3 **Securities account Data Service (T2S SD.STD.040)**

4 This T2S service allows management of static data related to the securities account reference data.

5 **7.3 Maintenance of CSD Participant [T2S.BPD.STDA.MPTY]**

6 **7.3.1 Overview**

7 This process describes the act of creating, updating and deleting CSD Participant Reference Data in T2S.

8 The CSD Participant Reference Data in T2S is required for the usage of any securities-related services in
9 T2S e.g. cash services, securities settlement and auto-collateralisation in central bank money. T2S allows
10 CSDs to store additional market-specific attributes for each CSD Participant. The market-specific attributes
11 can be included in reports for informational purpose or used for set-up of processing rules.

12 The data can be retrieved via the T2S GUI (U2A) or via A2A queries and reports.

13 Each CSD Participant is attributed legally and technically to only one CSD.

14 The CSD Participant maintenance process includes all technical activities to maintain the static data
15 information of a CSD Participant, (i.e. creation, update, and deletion of CSD Participant reference data).

16 **Trigger:**

17 CSD receives a request for maintaining a CSD Participant details in T2S.

18 **Preconditions:**

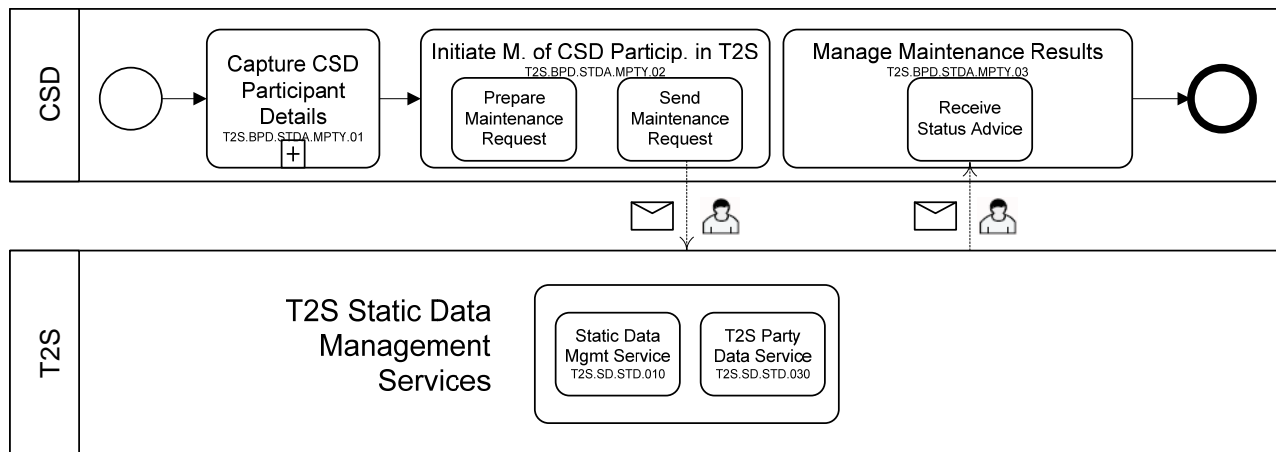
19 None

20 **T2S Instructing Party:**

21 CSD

7.3.2 Business Process Diagram

Figure 7-3: Business Process Diagram [T2S.BPD.STDA.PTYC]



7.3.3 Business Process Description

7.3.3.1 Capture CSD Participant Details

Reference ID	T2S.BPD.STDA.MPTY.01
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T2S Actors: CSD

The CSD collects the CSD Participant data that T2S requires for creating or updating and deleting a CSD Participant in T2S upon request of the CSD Participant. The CSD Participant data¹⁰¹ includes:

- CSD Participant details with its related validity start (short and long name with Valid from Date, party code, address, technical address, opening/closing dates, "CSD Participant" as party type);
- Market-specific attributes if applicable;
- Restriction details, if the Payment Bank has to be block or unblock and its validity period.

7.3.3.2 Initiate Maintenance of CSD Participant in T2S

Reference ID	T2S.BPD.STDA.MPTY.02
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T2S Actors: CSD

The CSD uses the CSD Participant details from the data gathered in the Capture CSD Participant Details process to create a maintenance instruction (i.e. CSD Participant Creation Request, CSD Participant Maintenance Request or CSD Participant Deletion Request) for T2S and sends the instruction to T2S.

¹⁰¹ Further information about the description of the attributes for Party Reference Data may be found in the T2S User Requirements Document (requirement T2S.16.550)

1 References:

2 UDFS: Use Case “Maintain SD” (Chapter 2.20)

3 GUI BFD: T2S.GUI.SDSE.PTY.0010, T2S.GUI.SDSE.PTY.0020, T2S.GUI.SDSE.PTY.0030,
4 T2S.GUI.SDSE.PTY.0040, T2S.GUI.SDSE.PTY.0050, T2S.GUI.SDSE.PTY.0060

5 7.3.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MPTY.02.01
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6 The CSD prepares the CSD Participant maintenance instruction.

7 *For creation of CSD Participant reference data*

8 CSD Participant can be created as of the current or a future business day (i.e. the opening date can be current
9 business date).

10 If a CSD defined mandatory market specific attributes, then they must be included in the request for set-up of
11 new CSD Participant in T2S. The CSD could include optional market specific attributes as well in any case.

12 *For amendment of CSD Participant reference data*

13 The CSD, to which the CSD Participant belongs, can update the CSD Participant’s reference data.

14 Modification of CSD Participant’s reference data will trigger a revalidation of the relevant pending
15 settlement instructions.

16 If a blocked restriction applying on a CSD Participant is removed by the CSD intraday (or the validity is
17 ended), T2S will recycle the transactions previously considered ineligible because of the blocking. If a new
18 blocked restriction is created, T2S will make the relevant transactions ineligible when the blocking becomes
19 active.

20 In order to amend a CSD Participant in U2A, the CSD has to query it first.

21 *For deletion of CSD Participant reference data*

22 The CSD, to which the CSD Participant belongs, can perform a (logical) deletion of the CSD Participant.

23 A (logical) deletion of the CSD Participant is only allowed if the validity of the CSD Participant is closed
24 and there is no link with a Securities Account, Security CSD Link and CSD Account Link.

25 The CSD can restore a deleted CSD Participant.

26 In order to delete a CSD Participant in U2A, the CSD has to query it first.

27 7.3.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.MPTY.01.02
--------------	-------------------------

1 The CSD formats the maintenance instruction depending upon the type of maintenance action (i.e. create,
2 update or delete) with T2S specific CSD Participant reference data and sends the maintenance instruction to
3 T2S.

4 The instruction of T2S is also possible via the T2S GUI.

5 The CSD sends the following message to T2S:

6 *For creation of CSD Participant reference data*

7 **Table 7-11: Messages to T2S [T2S.BPD.STDA.MPTY.01.02/Creation]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyCreationRequestV01	reda.014.001.01	To T2S	3.3.6.8

8 *For amendment of CSD Participant reference data*

9 **Table 7-12: Messages to T2S [T2S.BPD.STDA.MPTY.01.02/Amendment]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyModificationRequestV01	reda.022.001.01	To T2S	3.3.6.16

10 *For deletion of CSD Participant reference data*

11 **Table 7-13: Messages to T2S [T2S.BPD.STDA.MPTY.01.02/Deletion]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyDeletionRequestV01	reda.031.001.01	To T2S	3.3.6.25

12 7.3.3.3 Manage Maintenance Results

Reference ID	T2S.BPD.STDA.MPTY.03
--------------	----------------------

13 T2S Actors: CSD

14 The CSD receives messages from T2S, which might trigger other internal activities.

15 7.3.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.MPTY.03.01
--------------	-------------------------

16 The CSD receives the status advices informing about the processing results of the CSD Participant
17 maintenance instruction.

- 1 If T2S has been instructed via the T2S GUI the status is shown on the screen.
- 2 This may trigger other internal activities such as updates in the CSD system, notification to the CSD
- 3 Participant.
- 4 In addition, the party administrator of the CSD could grant the relevant privileges to the party administrator
- 5 of the CSD Participant (see BPD on Maintenance of Roles and Privileges).
- 6 The CSD receives the following message from T2S:

7 **Table 7-14: Messages from T2S [T2S.BPD.STDA.MPTY.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
PartyStatusAdvice V01	reda.016.001.01	From T2S	CSD Participant maintenance request is “queued”, “rejected” or “completed”	3.3.6.10

8 7.3.3.4 Description of T2S Services

9 7.3.3.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

10 **Static Data Management Service (T2S SD.STD.010)**

11 This T2S service allows the T2S users to maintain their static data in T2S.

12 **T2S Party Data Service (T2S SD.STD.030)**

13 This T2S service allows the management of static data related to the CSD Participant reference data.

14 7.4 Maintenance of Payment Bank [T2S.BPD.STDA.MPBK]

15 7.4.1 Overview

16 This process describes the act of creating, updating and deleting Payment Bank Reference Data in T2S.

17 The Payment Bank Reference Data in T2S is required for settlement and auto-collateralisation in central

18 bank money. The data can be retrieved via the T2S GUI (U2A) or via A2A queries and reports. T2S allows

19 Central Banks to store additional market-specific attributes for each Payment Bank. The market-specific

20 attributes can be included in reports for informational purpose or used for set-up of processing rules.

21 Each Payment Bank is attributed legally and technically to only one Central Bank.

1 The Payment Bank maintenance process includes all technical activities to maintain the static data
2 information of a Payment Bank.

3 **Trigger:**

4 Central Bank receives a request for maintaining a Payment Bank details in T2S.

5 **Preconditions:**

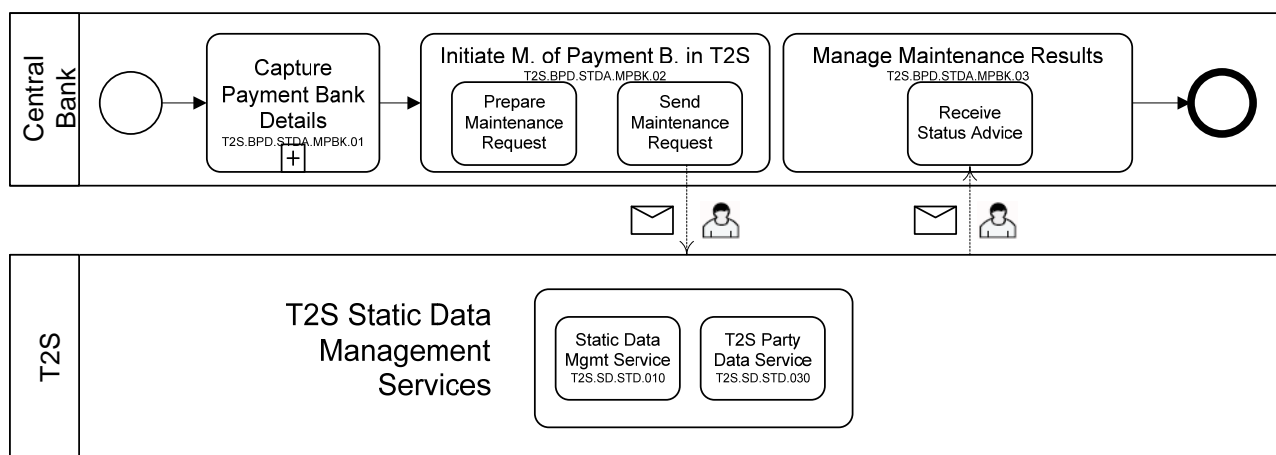
6 None

7 **T2S Instructing Party:**

8 Central Bank

9 **7.4.2 Business Process Diagram**

10 **Figure 7-4: Business Process Diagram [T2S.BPD.STDA.MPBK]**



12 **7.4.3 Business Process Description**

13 **7.4.3.1 Capture Payment Bank Details**

Reference ID	T2S.BPD.STDA.MPBK.01
--------------	----------------------

14 T2S Actors: Central Bank

15 The Central Bank collects the Payment Bank data that T2S requires for creating or updating a Payment Bank
16 in T2S upon request of the Payment Bank.

17 **7.4.3.2 Initiate Maintenance of Payment Bank in T2S**

Reference ID	T2S.BPD.STDA.MPBK.02
--------------	----------------------

18 T2S Actors: Central Bank

The Central Bank uses the Payment Bank details from the data gathered in the Capture Payment Bank Details process to create a maintenance instruction (i.e. Payment Bank Creation Request, Payment Bank Maintenance Request or Payment Bank Deletion Request) for T2S and sends the instruction to T2S.

References:

UDFS: Use Case “Maintain SD” (Chapter 2.20)

GUI BFD: T2S.GUI.SDSE.PTY.0010, T2S.GUI.SDSE.PTY.0020, T2S.GUI.SDSE.PTY.0030, T2S.GUI.SDSE.PTY.0040, T2S.GUI.SDSE.PTY.0050, T2S.GUI.SDSE.PTY.0060

7.4.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MPBK.02.01
--------------	-------------------------

The Central Bank prepares the Payment Bank maintenance instruction.

The Payment Bank data¹⁰² includes:

- Payment Bank details with its related validity start (short and long name, party code, address, technical address, opening/closing dates, “Payment Bank” as party type);
- Market-specific attributes if applicable;
- Restriction details, if the Payment Bank is blocked and its validity period.

Creation of Payment Bank reference data

Payment Bank can be created as of the current or a future business day (i.e. the opening date can be current business date).

If a Central Bank defined mandatory market specific attributes, then they must be included in the request for set-up of new Payment Bank in T2S. The Central Bank could include optional market specific attributes as well in any case.

Amendment of Payment Bank reference data

The Central Bank, to which the Payment Bank belongs, can update the Payment Bank’s reference data.

Modification of Payment Bank’s reference data will not trigger a real-time validation of pending settlement instructions.

If a blocked restriction applying on a Payment Bank is removed by the Central Bank intraday (or the validity is ended), T2S will recycle the transactions previously considered ineligible because of the blocking. If a

¹⁰² Further information about the description of the attributes for Party reference data may be found in the T2S User Requirements Document (requirement T2S.16.550)

1 new blocked restriction is created, T2S will make the relevant transactions ineligible when the blocking
2 becomes active.

3 In order to amend a Payment Bank in U2A, the Central Bank has to query it first.

4 *Deletion of Payment Bank reference data*

5 The Central Bank, to which the Payment Bank belongs, can perform a (logical) deletion of the Payment
6 Bank.

7 A (logical) deletion of the Payment Bank is only allowed if the Payment Bank is closed and there is no link
8 with a Securities Account, T2S Dedicated Cash Account and External RTGS Account.

9 The Central Bank can restore a deleted Payment Bank.

10 In order to delete a Payment Bank in U2A, the Central Bank has to query it first.

11 **7.4.3.2.2 Send Request to T2S**

Reference ID	T2S.BPD.STDA.MPBK.01.02
--------------	-------------------------

12 The Central Bank formats the maintenance instruction depending upon the type of maintenance action (i.e.
13 create, update or delete) with T2S specific Payment Bank reference data and sends the maintenance
14 instruction to T2S.

15 The instruction of T2S is also possible via the T2S GUI.

16 The Central Bank sends the following message to T2S:

17 *For creation of reference data*

18 **Table 7-15: Messages to T2S [T2S.BPD.STDA.MPBK.01.02/Creation]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyCreationRequestV01	reda.014.001.01	To T2S	3.3.6.8

19 *For amendment of Payment Bank reference data*

20 **Table 7-16: Messages to T2S [T2S.BPD.STDA.MPBK.01.02/Amendment]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyModificationRequestV01	reda.022.001.01	To T2S	3.3.6.16

21

22

1 For deletion of Payment Bank reference data

2 **Table 7-17: Messages to T2S [T2S.BPD.STDA.MPBK.01.02/Deletion]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyDeletionRequestV01	reda.031.001.01	To T2S	3.3.6.25

3 **7.4.3.3 Manage Maintenance Results of Payment Bank**

Reference ID	T2S.BPD.STDA.MPBK.03
--------------	----------------------

4 T2S Actors: Central Bank

5 The Central Bank receives the status advice from T2S, which might trigger other internal activities.

6 **7.4.3.3.1 Receive Status Advice**

Reference ID	T2S.BPD.STDA.MPBK.03.01
--------------	-------------------------

7 The Central Bank receives the status advices informing about the processing results of the Payment Bank
8 maintenance instruction.

9 If T2S has been instructed via the T2S GUI the status is shown on the screen.

10 This may trigger other internal activities such as updates in the Central Bank system, notification to the
11 Payment Bank.

12 In addition, the Central Bank may continue defining the auto-collateralisation parameters and close links for
13 the Payment Bank in U2A or A2A. For details regarding the set-up of auto-collateralisation rules, refer to
14 process “Maintenance of Auto-Collateralisation Eligibility [T2S.BPD.STDA.MACE]”. Moreover, the party
15 administrator of the Central Bank could also grant the relevant privileges to the party administrator of the
16 Payment Bank.

17 The Central Bank receives the following message from T2S:

18 **Table 7-18: Messages from T2S [T2S.BPD.STDA.MPBK.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
PartyStatusAdviceV01	reda.016.001.01	From T2S	Payment Bank maintenance request is “queued”, “rejected” or “completed”	3.3.6.10

7.4.3.4 Description of T2S Services

7.4.3.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

Static Data Management Service (T2S SD.STD.010)

This T2S service allows the T2S users to maintain their static data in T2S.

T2S Party Data Service (T2S SD.STD.030)

This T2S service allows the management of static data related to the Payment Bank reference data.

7.5 Maintenance of Dedicated Cash Account [T2S.BPD.STDA.MDCA]

7.5.1 Overview

This process describes the act of creating, updating and deleting T2S Dedicated Cash Account Reference Data in T2S.

The Dedicated Cash Account Reference Data in T2S is required for the liquidity provision for securities settlement services in T2S. The data can be retrieved via the T2S GUI (U2A) or via A2A queries and reports.

Each T2S Dedicated Cash Account is attributed legally and technically to only one Central Bank. The T2S Dedicated Cash Account concept covers all types of Dedicated Cash Accounts (i.e. T2S Central Bank Account, T2S Dedicated Cash Account and RTGS Dedicated Transit Account).

The Dedicated Cash Account maintenance process includes all technical activities to maintain the static data information of a Dedicated Cash Account, (i.e. creation, update, and deletion of Dedicated Cash Account reference data).

Trigger:

Central Bank receives a request for maintaining a Dedicated Cash Account.

Preconditions:

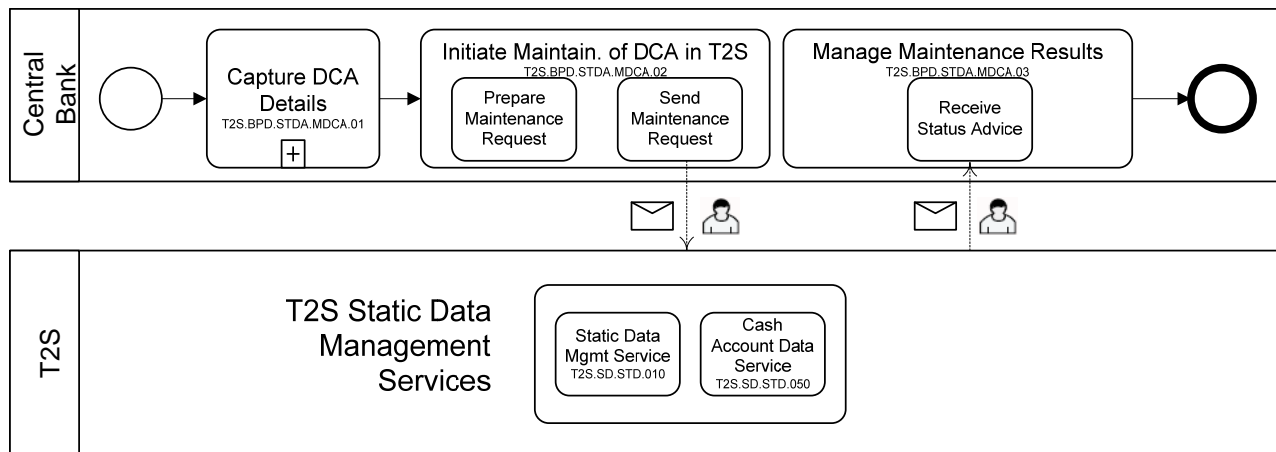
None

T2S Instructing Party:

Central Bank

7.5.2 Business Process Diagram

Figure 7-5: Business Process Diagram [T2S.BPD.STDA.MDCA]



7.5.3 Business Process Description

7.5.3.1 Capture Dedicated Cash Account Details

Reference ID	T2S.BPD.STDA.MDCA.01
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T2S Actors: Central Bank

The Central Bank collects the Dedicated Cash Account data that T2S requires for creating or updating a Dedicated Cash Account in T2S upon request of the Payment Bank. The Dedicated Cash Account data¹⁰³ includes:

- T2S Dedicated Cash Account details (account type, currency; opening/closing date; floor/ceiling notification amounts);
- Payment Bank that owns the T2S dedicated Cash Account;
- External RTGS Account to which the account is linked for end-of-day cash sweep purposes;
- T2S Dedicated Cash Account Restriction if the account is blocked and its validity period.

7.5.3.2 Initiate Maintenance of Dedicated Cash Account in T2S

Reference ID	T2S.BPD.STDA.MDCA.02
--------------	----------------------

T2S Actors: Central Bank

¹⁰³ Further information about the description of the attributes for a Dedicated Cash Account reference data may be found in the T2S User Requirements Document (requirement T2S.16.600)

1 The Central Bank uses the Dedicated Cash Account details from the data received in the Capture Dedicated
2 Cash Account Details step to create a maintenance instruction (i.e. Dedicated Cash Account Maintenance
3 Request) for T2S and sends the instruction to T2S.

4 References:

5 UDFS: Use Case “Maintain SD” (Chapter 2.20)

6 GUI BFD: T2S.GUI.SDSE.DCA.0010, T2S.GUI.SDSE.DCA.0020, T2S.GUI.SDSE.DCA.0030,
7 T2S.GUI.SDSE.DCA.0040, T2S.GUI.SDSE.DCA.0050, T2S.GUI.SDSE.DCA.0060

8 **7.5.3.2.1 Prepare Maintenance Request**

Reference ID	T2S.BPD.STDA.MDCA.02.01
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9 The Central Bank collects the Dedicated Cash Account maintenance details and prepares the Dedicated Cash
10 Account maintenance instruction.

11 *For creation of Dedicated Cash Account reference data*

12 Dedicated Cash Account can be created as of the current or a future business date (i.e. the opening date can
13 be current business date).

14 *For amendment of Dedicated Cash Account reference data*

15 The Central Bank, to which the Dedicated Cash Account belongs, can update the Dedicated Cash Account’s
16 reference data.

17 Modification of the closing date of a Dedicated Cash Account will trigger a revalidation of pending
18 settlement instructions that included this account.

19 If a blocked restriction applying on a Dedicated Cash Account is removed by the Central Bank intraday (or
20 the validity is ended), T2S will recycle the transactions previously considered ineligible because of the
21 blocking. If a new blocked restriction is created, T2S will make the relevant transactions ineligible when the
22 blocking becomes active.

23 Changing the account owner of a Dedicated Cash Account is only possible in U2A mode via the T2S GUI
24 and as of a future date.

25 In order to amend a Dedicated Cash Account in U2A, the Central Bank has to query it first.

26 *For deletion of Dedicated Cash Account reference data*

27 The Central Bank, to which the Dedicated Cash Account belongs, can perform a (logical) deletion of the
28 Dedicated Cash Account.

A (logical) deletion of the Dedicated Cash Account is only allowed as of a future business date. In addition the Dedicated Cash Account must not have any link with a Payment Bank/Central Bank, must not be linked to any liquidity transfer order and must be closed or have an opening date greater than the current date.

The Central Bank can restore a deleted Dedicated Cash Account.

In order to delete a Dedicated Cash Account in U2A, the Central Bank has to query it first.

7.5.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.MDCA.01.02
--------------	-------------------------

The Central Bank formats the maintenance instruction depending upon the type of maintenance action (i.e. create, update or delete) with T2S specific Dedicated Cash Account reference data and sends the maintenance instruction to T2S.

The instruction of T2S is also possible via the T2S GUI.

The Central Bank sends the following message to T2S:

For creation of Dedicated Cash Account reference data

Table 7-19: Messages to T2S [T2S.BPD.STDA.MDCA.01.02/Creation]

Message Name	ISO Code	To/From T2S	UDFS Chapter
AccountOpeningRequest V01	acmt.007.001.01	To T2S	3.3.1.1

For amendment of Dedicated Cash Account reference data

Table 7-20: Messages to T2S [T2S.BPD.STDA.MDCA.01.02/Amendment]

Message Name	ISO Code	To/From T2S	UDFS Chapter
AccountExcludedManda teMaintenanceRequestV 01	acmt.015.001.01	To T2S	3.3.1.4

For deletion of Dedicated Cash Account reference data

Table 7-21: Messages to T2S [T2S.BPD.STDA.MDCA.01.02/Deletion]

Message Name	ISO Code	To/From T2S	UDFS Chapter
AccountClosingRequest V01	acmt.019.001.01	To T2S	3.3.1.5

7.5.3.3 Manage Maintenance Results

Reference ID	T2S.BPD.STDA.MDCA.03
--------------	----------------------

T2S Actors: Central Bank

The Central Bank receives the status advice from T2S, which might trigger other internal activities.

7.5.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.MDCA.03.01
--------------	-------------------------

The Central Bank receives the status advices informing about the processing results of the Dedicated Cash Account maintenance instruction.

If T2S has been instructed via the T2S GUI the status is shown on the screen.

This may trigger other internal activities such as updates in the Central Bank system, amendment of the Dedicated Cash Account maintenance instruction, and notification to the Payment Bank.

In addition, the Central Bank and Payment Bank may continue defining the auto-collateralisation related configuration (i.e. limit management, eligible counterparties, securities account for auto-collateralisation). For details regarding the set-up of auto-collateralisation rules, refer to process “Maintenance of Auto-Collateralisation Eligibility [T2S.BPD.STDA.MACE]”. For details regarding limit management, refer to process “Management of Limits [T2S.BPD.STDA.MLIM]”.

The Central Bank receives the following messages from T2S:

Table 7-22: Messages from T2S [T2S.BPD.STDA.MDCA.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
AccountRequestAcknowledgementV01	acmt.010.001.01	From T2S	T2S Dedicated Cash Account maintenance request is “queued” or “completed”	3.3.1.2
AccountRequestRejectionV01	acmt.011.001.01	From T2S	“rejection” of a T2S Dedicated Cash Account maintenance request	3.3.1.3

7.5.3.4 Description of T2S Services

7.5.3.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

Static Data Management Service (T2S SD.STD.010)

This T2S service allows the T2S users to maintain their static data in T2S.

Cash Account Data Service (T2S SD.STD.050)

This T2S service allows the management of static data related to the Dedicated Cash Account reference data.

7.6 Maintenance of External RTGS Account [T2S.BPD.STDA.MRAC]

7.6.1 Overview

This process describes the act of creating, updating and deleting External RTGS Account Reference Data using the T2S Graphical User Interface (GUI) – U2A communication mode.

The External RTGS Account Reference Data in T2S is required for

- The definition of T2S dedicated cash accounts;
- transferring liquidity from T2S dedicated cash account to an RTGS account via an outbound liquidity transfer;
- the validation of internal liquidity transfers connected to the same RTGS account;
- and the retransfer of liquidity from the T2S dedicated cash accounts to the RTGS systems at the end of the day.

The data can be retrieved via the T2S GUI.

The External RTGS Account Reference Data business object is referenced by the Liquidity transfer service in business processes of liquidity management. Each External RTGS Account is attributed legally and technically to only one Central Bank.

The External RTGS Account maintenance process includes all technical activities to maintain the static data information of an External RTGS Account, (i.e. creation, update, and deletion of External RTGS Account reference data).

Trigger:

- The Central Bank receives a request to create a T2S Dedicated Cash Account that is linked to a central bank money account opened in the books of a Central Bank in a RTGS outside T2S and the latter account has not already been created by the Central Bank in T2S.
- The Central Bank wants either to delete or edit the details of an External RTGS Account (e.g. to add or update a restriction on the Account)

Preconditions:

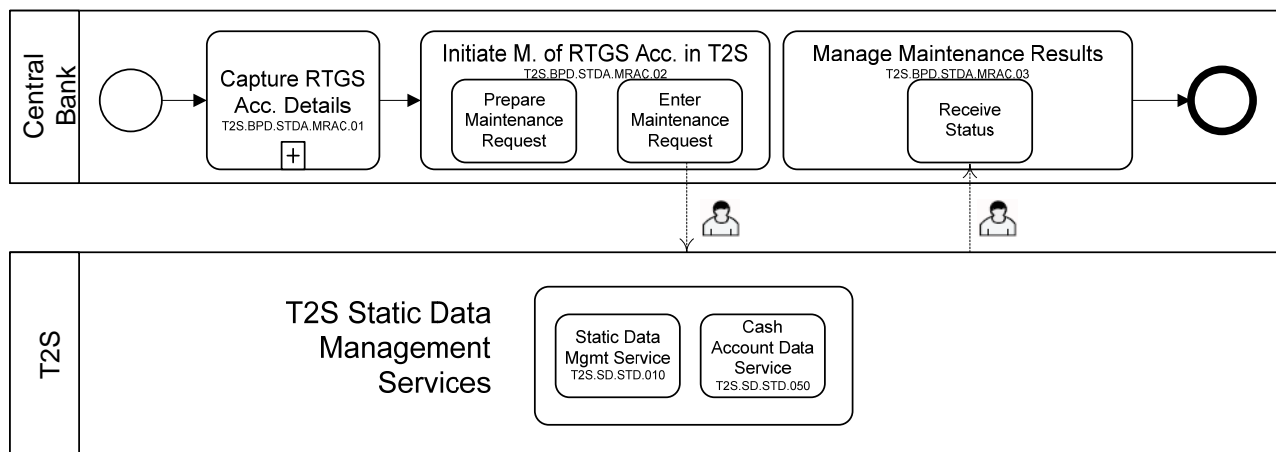
None

T2S Instructing Party:

Central Bank

7.6.2 Business Process Diagram

Figure 7-6: Business Process Diagram [T2S.BPD.STDA.MRAC]



7.6.3 Business Process Description

7.6.3.1 Capture External RTGS Account Details

Reference ID	T2S.BPD.STDA.MRAC.01
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T2S Actors: Central Bank

The Central Bank collects the External RTGS Account data that T2S requires for creating or updating an External RTGS Account in T2S. The External RTGS Account data¹⁰⁴ includes:

¹⁰⁴ Further information about the description of the attributes for a Dedicated Cash Account reference data may be found in the T2S User Requirements Document (requirement T2S.16.655)

- External RTGS account details (RTGS system outside T2S to which the account belongs; account reference in the RTGS system outside T2S; currency);
- External RTGS Account Restriction if the RTGS account is (to be) blocked and its validity period.

7.6.3.2 Initiate Maintenance of External RTGS Account in T2S

Reference ID	T2S.BPD.STDA.MRAC.02
--------------	----------------------

T2S Actors: Central Bank

The Central Bank uses the External RTGS Account details from the data received in the Capture External RTGS Account Details step to enter the data and submit the request in the T2S GUI (U2A).

References:

GUI BFD: T2S.GUI.SDSE.RGA.0010, T2S.GUI.SDSE.RGA.0020, T2S.GUI.SDSE.RGA.0030, T2S.GUI.SDSE.RGA.0040, T2S.GUI.SDSE.RGA.0050, T2S.GUI.SDSE.RGA.0060

7.6.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MRAC.02.01
--------------	-------------------------

The Central Bank enriches the External RTGS Account maintenance request.

For creation of external RTGS account reference data

External RTGS Account is created as of the current business date.

For amendment of external RTGS account reference data

The Central Bank, to which the External RTGS Account belongs, can update the External RTGS Account's reference data intraday.

Modification of External RTGS Account's reference data will not trigger a real-time validation of pending settlement instructions.

If a blocked restriction applying on a External RTGS Account is removed by the Central Bank intraday (or the validity is ended), T2S will recycle the transactions previously considered ineligible because of the blocking. If a new blocked restriction is created, T2S will make the relevant transactions ineligible when the blocking becomes active.

In order to amend an External RTGS Account, the Central Bank has to query it first.

For deletion of external RTGS account reference data

The Central Bank, to which the External RTGS Account belongs, can perform a (logical) deletion of the External RTGS Account.

1 A (logical) deletion of the External RTGS Account is only allowed as of the current business date. T2S does
2 not allow the deletion if there is an active link with at T2S Dedicated Cash Account, and it is defined in a
3 current standing liquidity transfer order.

4 The Central Bank can restore a deleted External RTGS Account.

5 In order to delete an External RTGS Account, the Central Bank has to query it first.

6 **7.6.3.2.2 Enter Maintenance Request**

Reference ID	T2S.BPD.STDA.MRAC.01.02
--------------	-------------------------

7 The Central Bank captures the maintenance instruction request in T2S via the T2S GUI.

8 **7.6.3.3 Manage Maintenance Results**

Reference ID	T2S.BPD.STDA.MRAC.03
--------------	----------------------

9 T2S Actors: Central Bank

10 The Central Bank can view the results of validation/processing of the request in the T2S GUI.

11 **7.6.3.3.1 Receive status**

Reference ID	T2S.BPD.STDA.MRAC.03.01
--------------	-------------------------

12 The Central Bank views the results of validation/processing of the request in the T2S GUI. The Central Bank
13 might trigger other internal activities such as updates in the Central Bank system, and the creation or
14 maintenance of the relevant T2S Dedicated Cash Accounts.

15 **7.6.4 Description of T2S Services**

16 **7.6.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

17 **Static Data Management Service (T2S SD.STD.010)**

18 This T2S service allows the T2S users to maintain their static data in T2S.

19 **Cash Account Data Service (T2S SD.STD.050)**

20 This T2S service allows management of static data related to the External RTGS Account reference data.

7.7 Maintenance of Message Subscription [T2S.BPD.STDA.MMSG]

7.7.1 Overview

This process describes the act of creating, updating and deleting message subscriptions in T2S.

CSDs, Central banks and their directly connected parties may need a variety of information from T2S in the form of messages, reports and queries to conduct its daily business activities. Such needs can be for its asset and custodial services, cash settlement services, securities settlement services, corporate actions, securities lending and borrowing, money market settlement, etc.

T2S in its current scope provides a facility to choose the messages CSDs, Central Banks and their participants wish to receive from T2S via message subscriptions. T2S will not send any message not subscribed beforehand. All changes in message subscription need to be conducted using the T2S GUI. Only CSDs and Central Banks can configure the message subscription on their own behalf or on behalf of their participants.

Trigger:

The CSD identifies the need to create, update or remove message subscriptions.

Preconditions:

None

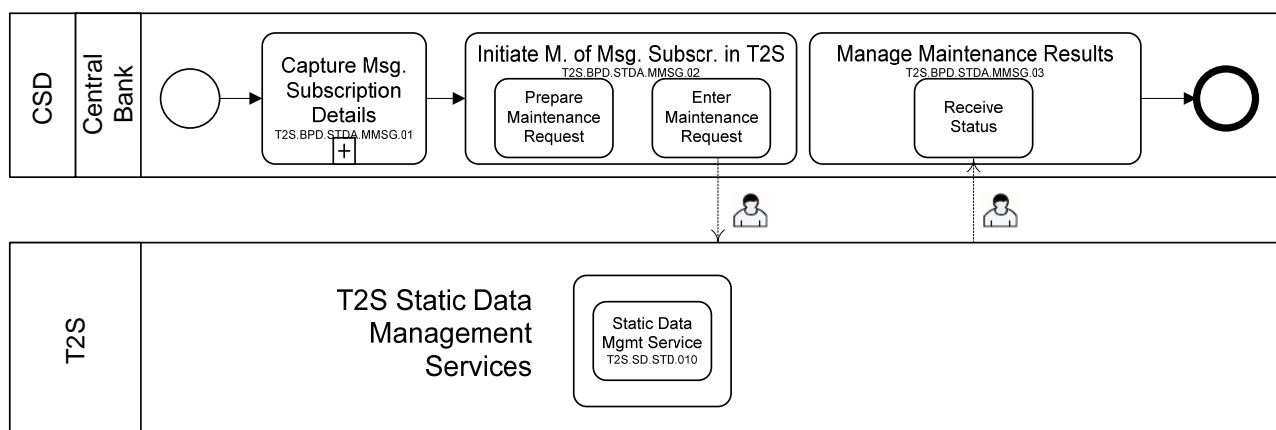
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S (on its own behalf or on behalf of its participants)
- Scenario B: Central Bank instructs T2S (on its own behalf or on behalf of its participants)

7.7.2 Business Process Diagram

Figure 7-7: Business Process Diagram [T2S.BPD.SETT.MMSG]



7.7.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

7.7.3.1 Capture message subscription details

Reference ID	T2S.BPD.SETT.MMSG.01
--------------	----------------------

T2S Actors: CSD (Scen.A) / Central Bank (Scen.B)

The CSD [Central Bank] verifies incoming maintenance requests from its clients and captures them.

7.7.3.1.1 Initiate Maintenance of Message Subscription in T2S

Reference ID	T2S.BPD.SETT.MMSG.02
--------------	----------------------

T2S Actors: CSD (Scen.A) / Central Bank (Scen.B)

The CSD [Central Bank] initiates the creation/update/removal of message subscriptions via the T2S GUI. It is not possible to send messages for the maintenance of message subscriptions.

References:

T2S GUI: T2S.GUI.INSE.MSB.0010, T2S.GUI.INSE.MSB.0020, T2S.GUI.INSE.MSB.0030, T2S.GUI.INSE.MSB.0040, T2S.GUI.INSE.MSB.0050, T2S.GUI.INSE.MSB.0060

7.7.3.1.1.1 Prepare Maintenance Request

Reference ID	T2S.BPD.SETT.MMSG.02.01
--------------	-------------------------

The CSD collects all information necessary to create/update/remove a message subscription.

7.7.3.1.1.2 Enter Maintenance Request

Reference ID	T2S.BPD.SETT.MMSG.02.02
--------------	-------------------------

The CSD [Central Bank] enters the data required by T2S into the T2S GUI.

The CSD [Central Bank] can specify its message subscription needs for push mode information by setting values for different criteria in T2S and a determined validity period. The CSD [Central Bank] can subscribe to any message or any copy of any message, according to its access rights (including "power of attorney"). In this case, copy refers to a message sent to a party (who is neither the instructing party, nor the counterparty to the instruction) communicating the exact same information as that sent to the instructing party/counterparty to the instruction. T2S allows CSD [Central Bank] and its directly connected parties to

1 include or exclude one or several message subscription criteria but still subscribe to all the messages for the
2 remaining criteria.

3 **7.7.3.1.2 Manage Maintenance Results**

Reference ID	T2S.BPD.SETT.MMSG.03
--------------	----------------------

4 T2S Actors: CSD (Scen.A) / Central Bank (Scen.B)

5 The CSD [Central Bank] views the on-screen message about the approval or rejection of the maintenance
6 request to initiate any further processing.

7 References:

8 T2S GUI: T2S.GUI.INSE.MSB.0010, T2S.GUI.INSE.MSB.0020, T2S.GUI.INSE.MSB.0030,
9 T2S.GUI.INSE.MSB.0040, T2S.GUI.INSE.MSB.0050, T2S.GUI.INSE.MSB.0060

10 **7.7.4 Description of T2S Services**

11 **7.7.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S.SD.STD

12 **Static Data Management Service (T2S.SD.STD.010)**

13 This T2S service facilitates the CSD/Central Bank to create/update/remove a message subscription in T2S
14 upon receipt of a maintenance request for message subscriptions. This service will:

- 15 • validate the request based on the current static data in T2S
- 16 • T2S may “reject” the request after its validation due to failure in technical or business validations.
- 17 • T2S may “complete” the maintenance request by executing it.

18 **7.8 Maintenance of Report Subscription [T2S.BPD.STDA.MREP]**

19 **7.8.1 Overview**

20 This process describes the act of creating, updating and deleting report subscriptions in T2S.

21 T2S Actors such as CSDs, Central Banks and their directly connected parties may need a variety of
22 information from T2S in the form of messages, reports and queries to conduct its daily business activities.
23 Such needs can be for its asset and custodial services, cash settlement services, securities settlement services,
24 corporate actions, securities lending and borrowing, money market settlement, etc.

25 T2S in its current scope provides a facility to choose the reports they do or do not wish to receive from T2S.

T2S will not send any report not subscribed beforehand by the CSD, Central Bank or directly connected T2S party concerned. All changes in report subscription need to be conducted using the T2S GUI.

Trigger:

The T2S Actor identifies the need to create, update or remove report subscriptions.

Preconditions:

None

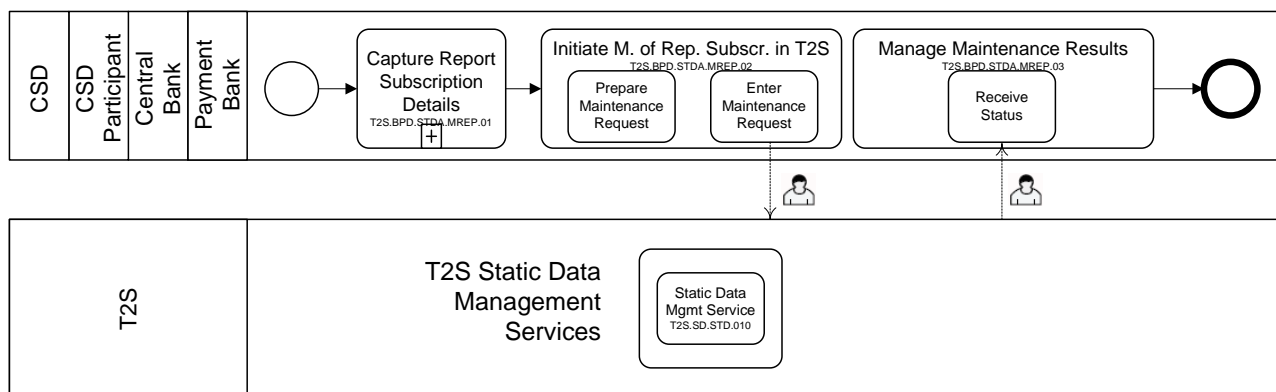
T2S Instructing Party:

There are four scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S
- Scenario B: CSD Participant instructs T2S
- Scenario C: Central Bank instructs T2S
- Scenario D: Payment Bank instructs T2S

7.8.2 Business Process Diagram

Figure 7-8: Business Process Diagram [T2S.BPD.SETT.MMSG]



7.8.3 Business Process Description

This Business Process Description is applicable to all scenarios unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the other scenarios' actors indicated in square brackets.

7.8.3.1 Capture Report Subscription Details

Reference ID	T2S.BPD.SETT.MREP.01
--------------	----------------------

T2S Actors: CSD (Scen.A)/CSD Participant (Scen.B)/Central Bank (Scen.C)/Payment Bank (Scen.D)

1 The CSD [CSD Participant/Central Bank/Payment Bank] verifies incoming maintenance requests.

2 **7.8.3.1.1 Initiate Maintenance of Report Subscription in T2S**

Reference ID	T2S.BPD.SETT.MREP.02
--------------	----------------------

3 T2S Actors: CSD (Scen.A)/CSD Participant (Scen.B)/Central Bank (Scen.C)/Payment Bank (Scen.D)

4 The CSD [CSD Participant/Central Bank/Payment Bank] initiates the creation/update/removal of message
5 subscriptions via the T2S GUI. It is not possible to send messages for the maintenance of report
6 subscriptions.

7 References:

8 T2S GUI: T2S.GUI.INSE.RPT.0010, T2S.GUI.INSE.RPT.0020, T2S.GUI.INSE.RPT.0030,
9 T2S.GUI.INSE.RPT.0040, T2S.GUI.INSE.RPT.0060

10 **7.8.3.1.1.1 Prepare Maintenance Request**

Reference ID	T2S.BPD.SETT.MREP.02.01
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11 The CSD [CSD Participant/Central Bank/Payment Bank] collects all information necessary to
12 create/update/remove a report subscription.

13 **7.8.3.1.1.2 Enter Maintenance Request**

Reference ID	T2S.BPD.SETT.MREP.02.02
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14 The CSD [CSD Participant/Central Bank/Payment Bank] enters the data required by T2S into the T2S GUI.

15 The CSD [CSD Participant/Central Bank/Payment Bank] can specify the relevant reports needs for a time or
16 event driven reporting by setting values for different report subscription criteria such as full or delta reports,
17 push/pull mode, etc. T2S will generate reports based on the report subscriptions, for those who have
18 subscribed for.

19 Additionally, this service gives the CSDs [CSD Participants/Central Banks/Payment Banks] the possibility to
20 subscribe to any report with the intended list of recipients, according to their access rights. In this case, the
21 recipients will receive a copy of the original report generated for the subscriber.

22 **7.8.3.1.2 Manage Maintenance Results**

Reference ID	T2S.BPD.SETT.MREP.03
--------------	----------------------

23 T2S Actors: CSD (Scen.A)/CSD Participant (Scen.B)/Central Bank (Scen.C)/Payment Bank (Scen.D)

1 The CSD [CSD Participant/Central Bank/Payment Bank] views the on-screen message about the approval or
2 rejection of the maintenance request.

3 References:

4 T2S GUI: T2S.GUI.INSE.RPT.0010, T2S.GUI.INSE.RPT.0020, T2S.GUI.INSE.RPT.0030,
5 T2S.GUI.INSE.RPT.0040, T2S.GUI.INSE.RPT.0060

6 **7.8.4 Description of T2S Services**

7 **7.8.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S.SD.STD

8 **Static Data Management Service (T2S.SD.STD.010)**

9 This T2S service facilitates the T2S Actor to create/update/remove a message subscription in T2S upon
10 receipt of a maintenance request for message subscriptions. This service will:

- 11 • validate the request based on the current static data in T2S
- 12 • T2S may “reject” the request after its validation due to failure in technical or business validations.
- 13 • T2S may “complete” the maintenance request by executing it.

14 **7.9 Maintenance of Roles [T2S.BPD.STDA.MROL]**

15 **7.9.1 Overview**

16 This process describes the act of creating, updating and deleting roles in T2S.

17 T2S uses privileges to grant T2S Actors access to T2S functionality. Examples of possible privileges in T2S
18 are “add security”, “delete security”, “update security” and “display security”, etc. Similarly, examples of
19 possible roles which can be configured by CSDs, Central Banks other authorized T2S parties are “Securities
20 management”, “Party management” etc.

21 Roles are used to group individual privileges for easier maintenance. T2S Actors can create/ update/ remove
22 roles for themselves or on behalf of their clients.

23 The privileges can be maintained by the T2S Operator only.

24 **Trigger:**

25 The T2S Actor identifies the need to create, update or remove roles configured in T2S.

26 **Preconditions:**

1 None

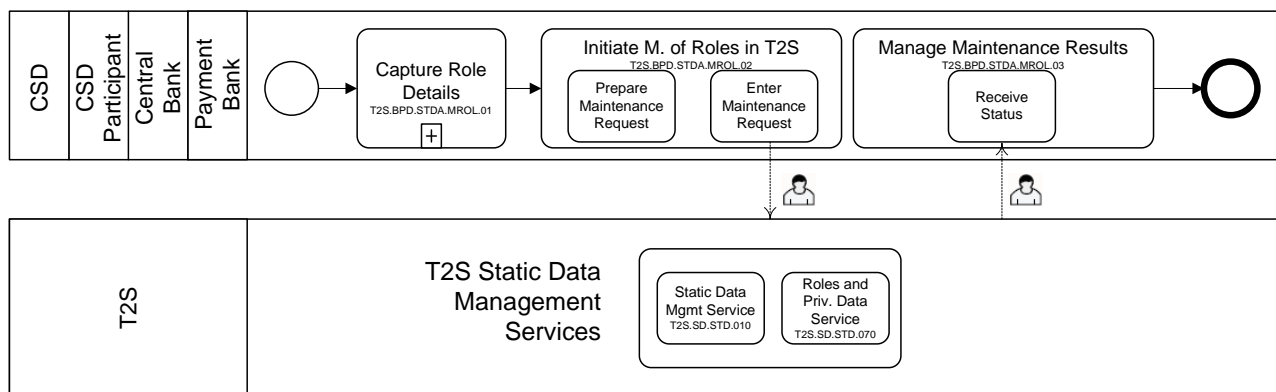
2 T2S Instructing Party:

3 There are four scenarios for the instruction of T2S.

- 4 • Scenario A: CSD instructs T2S
- 5 • Scenario B: CSD Participant instructs T2S
- 6 • Scenario C: Central Bank instructs T2S
- 7 • Scenario D: Payment Bank instructs T2S

8 7.9.2 Business Process Diagram

9 **Figure 7-9: Business Process Diagram [T2S.BPD.SETT.MROL]**



10

11 7.9.3 Business Process Description

12 This Business Process Description is applicable to all scenarios unless otherwise noted. For the purpose of
 13 readability, the actor names in the text refer to Scenario A with the other scenarios' actors indicated in square
 14 brackets.

15 7.9.3.1 Capture Role Details

Reference ID	T2S.BPD.SETT.MROL.01
--------------	----------------------

16 T2S Actors: CSD, CSD Participant, Central Bank, Payment Bank

17 The CSD [CSD Participant, Central Bank, Payment Bank] queries the list of available roles and privileges as
 18 well as the current configuration of their roles in T2S via the T2S GUI.

19 References:

20 T2S GUI: T2S.GUI.SDSE.PRI.0010, T2S.GUI.SDSE.PRI.0020, T2S.GUI.SDSE.ROL.0010,
 21 T2S.GUI.SDSE.ROL.0020, T2S.GUI.SDSE.ROL.0030, T2S.GUI.SDSE.ROL.0040,
 22 T2S.GUI.SDSE.ROL.0050

7.9.3.2 Initiate Maintenance in T2S

Reference ID	T2S.BPD.SETT.MROL.02
--------------	----------------------

T2S Actors: CSD, CSD Participant, Central Bank, Payment Bank

The CSD [CSD Participant, Central Bank, Payment Bank] initiates the creation/update/removal of roles.

References:

T2S GUI: T2S.GUI.SDSE.PRI.0010, T2S.GUI.SDSE.PRI.0020, T2S.GUI.SDSE.ROL.0010,
T2S.GUI.SDSE.ROL.0020, T2S.GUI.SDSE.ROL.0030, T2S.GUI.SDSE.ROL.0040,
T2S.GUI.SDSE.ROL.0050, T2S.GUI.SDSE.ROL.0060

7.9.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.SETT.MROL.02.01
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The CSD [CSD Participant, Central Bank, Payment Bank] identifies the necessary updates and gathers all information necessary to create/update/remove the corresponding roles.

7.9.3.3 Enter Maintenance Request

Reference ID	T2S.BPD.SETT.MROL.02.02
--------------	-------------------------

The CSD [CSD Participant, Central Bank, Payment Bank] enters the data required by T2S into the T2S GUI.

7.9.3.4 Manage Maintenance Results

Reference ID	T2S.BPD.SETT.MROL.03
--------------	----------------------

T2S Actors: CSD, CSD Participant, Central Bank, Payment Bank

The CSD [CSD Participant, Central Bank, Payment Bank] views the on-screen message about the approval or rejection of the maintenance request, to perform any further processing.

References:

T2S GUI: T2S.GUI.SDSE.ROL.0010, T2S.GUI.SDSE.ROL.0020, T2S.GUI.SDSE.ROL.0030,
T2S.GUI.SDSE.ROL.0040, T2S.GUI.SDSE.ROL.0050, T2S.GUI.SDSE.ROL.0060

7.9.3.5 Manage Maintenance Results

Reference ID	T2S.BPD.SETT.MROL.03.01
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The CSD [CSD Participant, Central Bank, Payment Bank] views the status of the processing in the T2S GUI.

7.9.4 Description of T2S Services

7.9.4.1 Static Data Management Services

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S.SD.STD

Static Data Management Service (T2S.SD.STD.010)

This T2S service facilitates T2S actors to create/update/remove roles in T2S upon receipt of a maintenance request.

Roles and Privileges Data Service (T2S.SD.STD.070)

This T2S service facilitates T2S actors to create/update/remove roles (with or without its privileges in T2S), when receiving the relevant maintenance requests.

7.10 Maintenance of Restrictions [T2S.BPD.STD.MRES]

7.10.1 Overview

This process describes the act of creating, updating and deleting restriction in T2S as accessible to CSDs and Central Banks via T2S GUI.

The T2S restriction concept covers three aspects:

Case 1: Definition and set-up of restrictions for settlement instructions and settlement restrictions, i.e. “rejection” and “CSD Validation Hold”

The CSD can create restrictions so that T2S performs additional validations on the settlement instructions and settlement restrictions on securities sent by itself or its participants (e.g. CSD Participants). These additional validations can result in the “rejection” of the settlement instruction or settlement restriction on securities position, or it can result in the settlement instruction to be set on “CSD Validation Hold”¹⁰⁵ by T2S. The validation in T2S is based on a set of rules for which parameter type values have been defined in static data. Market specific attributes for parties, securities and securities account can also be used as parameters for the rules.

The Central Bank can similarly define restrictions so that T2S performs additional validations on the settlement restriction on cash balance sent by itself or its participants (e.g. Payment Banks). These additional validations can only result in the “rejection” of the settlement restriction on cash balance based on a set of rules for which some parameter types values have been defined in static data. Market specific attributes for parties can also be used as parameters for the rules.

¹⁰⁵ “CSD Validation Hold” is not applicable to settlement restriction on securities (also not for settlement restriction on cash balance)

1 *Case 2: Definition and set-up of restrictions for securities account, securities, party, T2S dedicated cash*
2 *account and RTGS account (i.e. Intra-day restrictions)*

3 The CSDs can define restrictions for the following objects: securities account, security, party. These
4 restrictions do not require the set-up of matrix of rules with a set of parameter types except for the securities
5 object for which the ISO transaction code can be used. They are applied to the relevant static data object via
6 static data maintenance requests for intra-day restriction. (E.g. blocking of an ISIN, blocking of a securities
7 account, blocking of a CSD Participant)

8 The Central Banks can define restrictions for the following objects: T2S dedicated cash account, party and
9 RTGS account. These restrictions do not require either the set-up of matrix of rules with a set of parameter
10 types. They are as well applied to the object via static data maintenance requests for intra-day restrictions
11 (e.g. blocking of T2S dedicated cash account, blocking of Payment Bank, blocking of RTGS account).

12 For details regarding restrictions on static data objects, refer to section “Static Data Restriction Processes”.

13 *Case 3: Definition and set-up of restrictions for securities position and cash balance*

14 The CSD can define restrictions applying on the securities position object. These restrictions are used to
15 segregate the holdings on a given securities account. Different processing type such as “blocking”,
16 “reservation” or “earmarking” can be used. These restrictions do not necessitate the set-up of set of rules.

17 The Central Bank can define restrictions applying on the cash balance object. These restrictions are used to
18 segregate the balance on a given dedicated cash account. Different processing type such as “blocking” and
19 “reservation” can be created. These restrictions do not necessitate the set-up of set of rules.

20 For details regarding the reservation or blocking of a securities position, refer to process “Reservation or
21 Blocking of Securities Position [T2S.BPD.SETT.RBSP]”.

22 For details regarding the reservation or blocking of cash balance, refer to process “Reservation or Blocking
23 of Cash Balance [T2S.BPD.SETT.RBCB]”.

24 For details regarding the earmarking of a securities position, refer to process “Earmarking of Securities
25 Position [T2S.BPD.SETT.EARM]”.

26 **Trigger:**

27 The CSD or Central Bank identifies the need to create, amend or delete a restriction type, its details, its rules
28 or parameter values either for additional specific validations, intra-day restrictions or specific sub-
29 position/balance.

30 **Preconditions:**

31 In case of maintenance or deletion of existing restriction type, the restriction type needs to be known in T2S.

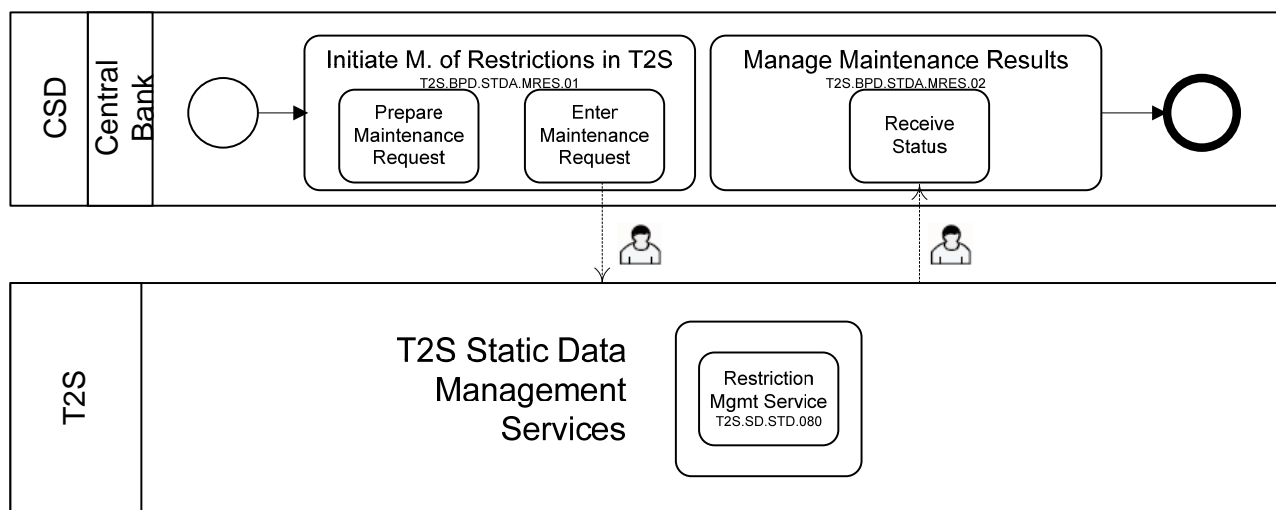
1 T2S Instructing Party:

2 There are two scenarios for the instruction of T2S.

- 3 • Scenario A: CSD instructs T2S
- 4 • Scenario B: Central Bank instructs T2S

5 7.10.2 Business Process Diagram

6 **Figure 7-10: Business Process Diagram [T2S.BPD.STDA.MRES]**



8 7.10.3 Business Process Description

9 This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose
 10 of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square
 11 brackets.

12 7.10.3.1 Initiate Maintenance of Restrictions in T2S

Reference ID	T2S.BPD.STD.MRES.01
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13 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

14 The CSD [Central Bank] enriches the maintenance request with details required for the static data processing
 15 in T2S and sends the static data maintenance instruction to T2S via GUI. No messages are available for the
 16 creation of restriction in T2S.

17 References:

18 GUI BFD: T2S.GUI.SDSE.RST.0010, T2S.GUI.SDSE.RST.0020, T2S.GUI.SDSE.RST.0030,
 19 T2S.GUI.SDSE.RST.0040, T2S.GUI.SDSE.RST.0050, T2S.GUI.SDSE.RST.0060,
 20 T2S.GUI.SDSE.RST.0070, T2S.GUI.SDSE.RST.0080, T2S.GUI.SDSE.RST.0090,

1 T2S.GUI.SDSE.RST.0100, T2S.GUI.SDSE.RST.0110, T2S.GUI.SDSE.RST.0120,
2 T2S.GUI.SDSE.RST.0130.

3 7.10.3.1.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STD.MRES.01.01
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4 The CSD [Central Bank] can create, update or delete restriction types. It may use the queries in T2S to view
5 existing restriction type details and the rules matrix associated when relevant.

6 The CSD [Central Bank] can enhance the maintenance request with the details (such as T2S party identifiers,
7 market specific attributes, etc), as needed for T2S.

8 **Table 7-23: Restriction Process Types and Objects Available for Case 1**

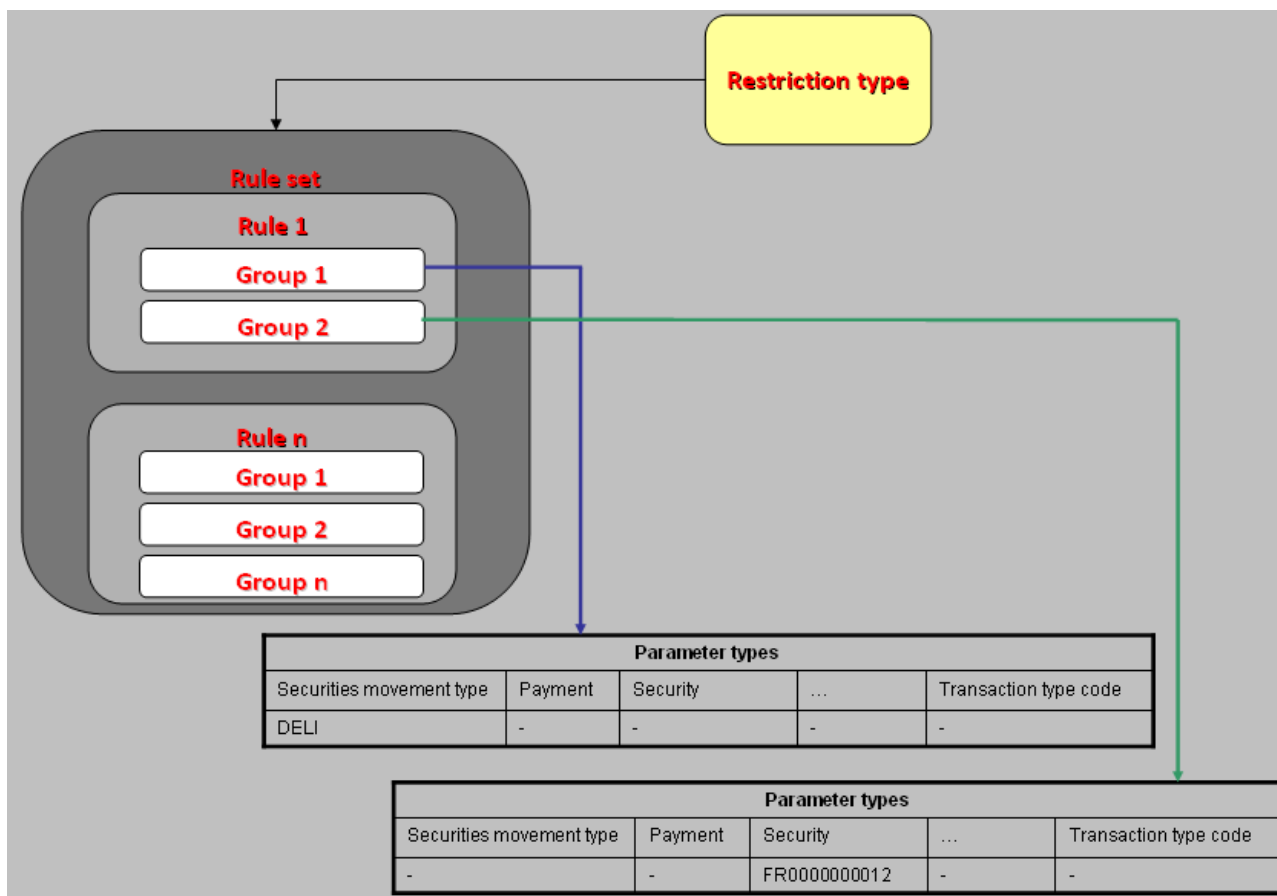
Restriction processing	Object	Actor
Rejection	Settlement instruction	CSD
	Restriction on securities position	CSD
	Restriction on cash balance	Central Bank
CSD Validation Hold	Settlement instruction	CSD

9 *For creation of restrictions*

10 The CSD [Central Bank] creates a restriction by defining a restriction type code and a description, selecting
11 the required processing type and relevant object. It also specifies the validity dates of the restriction type as
12 well as whether the restriction type created is a positive or negative one, i.e. whether T2S applies the
13 restriction based on the parameters that will be defined in the rule(s) (positive) or not (negative).

14 In a second step the CSD [Central Bank] creates a rule set that will include the rules and criteria for the
15 possible triggering of the restriction type. Within a rule the CSD [Central Bank] can define multiple groups.

1 **Figure 7-11: Rule Sets in T2S**



2

3 If the CSD [Central Bank] creates multiple rules, a rule matrix and the sequence in which the rules will be
4 checked is created.

5 *For modification of restrictions*

6 The CSD [Central Bank] can modify the parameter type's values for the groups; change the validity dates of
7 a restriction type, the negative/positive parameter of the restriction type, text description of a restriction type.
8 It can also add rule(s) to an existing restriction type rule matrix, add group(s) to an existing rule and change
9 the sequencing of the rules.

10 *For deletion of restrictions*

11 The CSD [Central Bank] can delete a restriction type; delete rule(s) and/or group(s) of a restriction type rule
12 matrix.

13 **Table 7-24: Restriction Process Types and Objects Available for Case 2**

Restriction processing	Object	Actor
Blocking	Party	CSD/Central

	Security	Bank ¹⁰⁶
	Securities account	CSD
	T2S Dedicated cash account	CSD
	RTGS account	Central Bank
		Central Bank

- 1 *For creation of restrictions*
- 2 The CSD [Central Bank] creates a restriction by defining a restriction type code and description for the
- 3 “blocking” on the relevant object and set the validity dates of the restriction.
- 4 No rules have to be defined by the CSD [Central Bank], these restrictions are applied via static data
- 5 maintenance requests on the object for which the restriction was set-up. However for restrictions “case 2” on
- 6 Security, it is possible to define a rule based on the ISO transaction type code of the settlement instruction.
- 7 *For modification of restrictions*
- 8 The CSD [Central Bank] can modify the validity dates of the restriction type and its description.
- 9 *For deletion of restrictions*
- 10 The CSD [Central Bank] can delete the restriction type.

11 **Table 7-25: Restriction Process Types and Objects Available for Case 3**

Restriction processing	Object	Actor
Blocking	Securities position	CSD
	Cash balance	Central Bank
Reservation	Securities position	CSD
	Cash balance	Central Bank
Earmarking	Securities position	CSD

- 12 *For creation of restrictions*
- 13 The CSD [Central Bank] creates a restriction by defining a restriction type code, validity dates and
- 14 description. It also specifies the processing type of the restriction type and the relevant object for which the
- 15 restriction applies to.

¹⁰⁶ For their own parties

1 To use these restrictions the CSD [Central Bank] will use settlement instructions, settlement restrictions on
2 securities position or cash balance. Also static data updates are used in the case of earmarking of a securities
3 account.

4 *For modification of restrictions*

5 The CSD [Central Bank] can modify the validity dates of the restriction and its description.

6 *For deletion of restrictions*

7 The CSD [Central Bank] can delete the restriction type.

8 **7.10.3.1.2 Enter Maintenance Request**

Reference ID	T2S.BPD.STD.MRES.01.02
--------------	------------------------

9 The CSD [Central Bank] enters the restriction maintenance details and submit the request to T2S via the
10 GUI.

11 **7.10.3.2 Manage Results**

Reference ID	T2S.BPD.STD.MRES.02
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12 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

13 The CSD [Central Bank] views the on-screen message about the validation and processing result of the
14 restriction maintenance request.

15 The CSD [Central Bank] initiates the relevant process on its side based on the outcome of the GUI answer.

16 **7.10.4 Description of T2S Services**

17 **7.10.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S.SD.STD

18 **Restriction management service (T2S.SD.STD 080)**

19 This T2S service is responsible for the maintenance of restriction types in T2S via T2S GUI. This service
20 covers the creation, maintenance and deletion of restriction types and their associated rules and matrices
21 where applicable.

7.11 Maintenance of CoSD Parameters [T2S.BPD.STDA.MCOS]

7.11.1 Overview

This process describes the act of creating, updating and deleting Conditional Securities Delivery (CoSD) rules in T2S. CoSD process allows the CSD to handle exceptions wherein the securities settlement is allowed to take place in T2S upon fulfilment of a settlement condition outside T2S only. For example, free of payment settlement in T2S can be coordinated with cash settlement outside T2S using the CoSD functionality.

The CoSD rules are required for identification of settlement instructions that must settle upon successful completion of an additional action or external condition(s) only. The CSD is responsible for the set-up and maintenance of CoSD rules applicable on the settlement instructions owned by the CSD. The CSD must define a date-dependent configuration of CoSD rules and is allowed to modify the CoSD rules intraday. However, the changes to CoSD rules are effective as of a future date only.

The Administrating Party is an entity that manages the COSD process and ensures the completion of external condition for the settlement of CoSD impacted settlement instruction in T2S. The CoSD process may require the blocking of resources in T2S before the Administrating Party can initiate the completion of external condition. The Administration Type refers to the CoSD processing condition involving cash only, securities only or both cash and securities.

CoSD Rule is a logical set of parameters (one or more) that determine whether a CoSD applies to a settlement instruction. For each CoSD Rule, the CSD may set-up one or more values for a set of parameter(s). A CoSD Rule Matrix refers to a group of values for a CoSD Rule. The CSD may define one or more CoSD Rules and group the CoSD Rules together by Administrating Party and Administration Type. A CoSD Rule Set refers to a group of CoSD Rules and provides the CSD the flexibility to sequence the rules within the rule set.

T2S validates the instruction on its intended settlement date or current business date (whichever is later) for applying CoSD rules. The CoSD analysis process analyses all COSD Rule Sets configured by a CSD during the CoSD analysis of a settlement instruction owned by the respective CSD. The CoSD Rules in a CoSD Rule Set are analyzed in the sequence specified in the CoSD Rule Set configuration.

The CoSD maintenance process includes all technical activities to maintain the static data information of CoSD (i.e. creation, update, and deletion) depending on whether the data already exists and the intended result.

For details regarding the administration of a Conditional Securities Delivery, refer to process “Administration of Conditional Securities Delivery [T2S.BPD.SETT.COSD]”.

1 Trigger:

2 The CSD has identified that certain securities settlement instructions require the fulfilment of an external
3 condition for settlement in T2S

4 Preconditions:

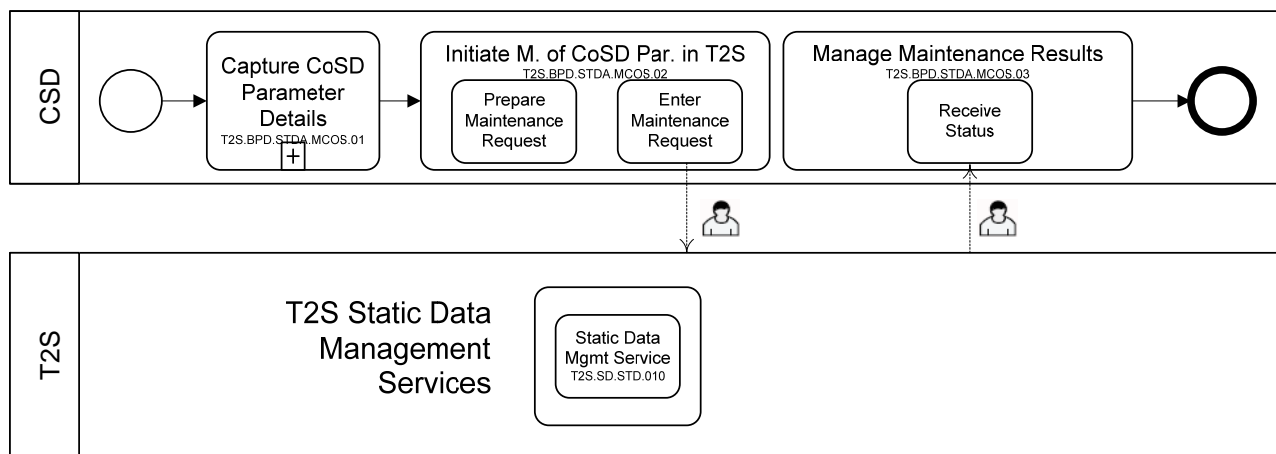
5 The CSD must determine the Administrating Party for each CoSD Rule Set and ensure that the
6 Administrating Party has been set-up in T2S.

7 T2S Instructing Party:

8 CSD

9 7.11.2 Business Process Diagram

10 **Figure 7-12: Business Process Diagram [T2S.BPD.STDA.MCOS]**



12 7.11.3 Business Process Description

13 7.11.3.1 Capture CoSD Parameter Details

Reference ID	T2S.BPD.STDA.MCOS.01
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14 T2S Actors: CSD

15 For set-up of CoSD rules in T2S, the CSD must determine the list of configuration parameters and associated
16 values that will uniquely identify the business transaction(s) subjected to CoSD process. Depending upon the
17 external condition to be validated, the CSD determines the Administrating Party and Administration Type. In
18 case of multiple CoSD Rules in a CoSD Rule Set, the CSD also has to determine the sequence in which T2S
19 must validate the CoSD Rules.

20 Core principles for setting up CoSD rules:

- 21 • CoSD Rule Set is unique for a CSD, Administrating Party and Administration Type. This means

- Multiple CoSD Rule Sets for a CSD are possible
- Each CoSD Rule Set consists of CoSD Rules administered by a single Administrating Party for a specific Administration Type only
- A CoSD Rule Set is date dependent
- CoSD Rules define the sequence in which T2S will apply a logical set of parameters to determine whether a conditional securities delivery applies. The more restrictive CoSD Rule(s) must be sequenced before the relatively broader CoSD Rules
- CoSD Rules Matrix will define the specific parameter values within a rule that T2S will compare to identify whether T2S shall generate a conditional securities delivery

7.11.3.2 Initiate Maintenance of COSD rules in T2S

Reference ID	T2S.BPD.STDA.MCOS.02
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T2S Actors: CSD

The CSD initiates the maintenance of CoSD rules via the T2S GUI. It is not possible to send messages for maintenance of CoSD rule details.

References:

GUI BFD: T2S.GUI.SDSE.COS.0060, T2S.GUI.SDSE.COS.0050, T2S.GUI.SDSE.COS.0040

7.11.3.2.1 Enter CoSD Maintenance Request

Reference ID	T2S.BPD.STDA.MCOS.02.01
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The CSD enters the CoSD Rule details via T2S GUI and submits the CoSD maintenance request for T2S processing.

For creation of CoSD Rule Sets

The CSD may set-up new CoSD Rules Set by

- naming a CoSD Rule Set,
- defining CoSD Rules and CoSD Rule Matrix (rules and the corresponding matrix defining the specific parameter values within a rule) that T2S applies to settlement instruction to identify its settlement as conditional,
- specifying the Administrating party and
- defining whether T2S shall block securities positions, cash amount or both when an instruction is marked for conditional delivery (Administration Type).

1 *For amendment of CoSD Rule Sets*

2 The CSD may amend existing CoSD Rule Set by

- 3 • adding rules (rule parameters and associated matrix of parameter values within a CoSD rule);
- 4 • deleting rules;
- 5 • reorder the sequence of CoSD rules for a conditional securities delivery;
- 6 • amend the Administrating Party;
- 7 • and amend the Administration Type.

8 *For deletion of CoSD Rule Sets*

9 The CSD may delete a CoSD Rule Set.

10 **7.11.3.3 Manage Maintenance Results**

Reference ID	T2S.BPD.STDA.MCOS.03
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11 T2S Actors: CSD

12 The CSD views in the results in the T2S GUI.

13 **7.11.3.4 Receive status**

Reference ID	T2S.BPD.STDA.MCOS.03.01
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14 The CSD views the on-screen message about the completion or rejection of the CoSD maintenance request.

15 Other internal activities might be conducted.

16 **7.11.4 Description of T2S Services**

17 **7.11.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

18 **Static Data Management Service (T2S SD.STD.010)**

19 This T2S service allows the T2S users to maintain their static data in T2S.

7.12 Maintenance of Cross-CSD Settlement Link and Securities Eligibility [T2S.BPD.STDA.MCSL]

7.12.1 Overview

This process describes the act of creating, updating and deleting cross CSD settlement links and securities eligibility static data in T2S.

The Security CSD Link business object stores information about the security's settlement eligibility in T2S. A CSD in T2S must set-up in T2S static data, the securities eligible for settlement in the respective CSD. This business object also stores information regarding the Securities Maintaining Entity for a security.

The Security CSD Link, CSD Account Link and Eligible Counterpart CSD business objects store information about the cross CSD settlement links. Apart from the securities settlement eligibility details, the Security CSD Link business object also stores information about the bilateral links between the CSDs for settlement of a specific security. CSDs in T2S can be categorised as Investor CSD and Issuer CSD. An Investor CSD may maintain either direct or indirect links with the Issuer CSD. In case the Investor CSD maintains a direct link with the Issuer CSD, then the Issuer CSD is defined as the Technical Issuer CSD for the Investor CSD for a specific security. In case of indirect links, an Investor CSD may use another Investor CSD that has a direct link with the Issuer CSD, as its Technical Issuer CSD and thereby maintain an indirect link with the Issuer CSD. An Issuer CSD on the other hand, acts as a Technical Issuer CSD for itself.

The CSD Account Link business object stores information about the relationship between the Investor CSD and its Technical Issuer CSD accounts (i.e., participant, mirror and inter-CSD accounts in Investor CSD and omnibus account in Technical Issuer CSD). During a cross CSD settlement involving participants of the two CSDs that have a direct / indirect link with each other, T2S automatically realigns the securities positions held in the participant and technical accounts. There is no need of additional procedures to be carried out by the involved CSDs for realignment of securities positions.

The Eligible Counterpart CSD business object stores information about the eligibility of settlement between two CSD for a specific security or set of securities grouped by country of issuance.

All the business objects described above are required for enabling intra-CSD and cross CSD settlements in T2S. T2S instruction validation process references the Eligible Counterpart CSD business object for cross CSD settlements and the Security CSD Link business object to determine the eligibility of security for settlement in the CSD. T2S realignment process references the Security CSD Link and CSD Account Link business object for building the realignment chain between the selling and buying CSDs.

The cross CSD settlement links and securities eligibility maintenance process includes all technical activities to maintain the static data information of cross CSD settlement links and securities eligibility (i.e. creation, update, and deletion) depending on whether the data already exists and the intended result.

1 **Trigger:**

2 For the set-up of a security's CSD settlement eligibility in T2S,

- 3 • For an Issuer CSD or a Securities Maintaining Entity "SME" (an Investor CSD in case the Issuer
- 4 CSD is outside T2S), this process is initiated along with the process of securities creation in T2S
- 5 • For an Investor CSD (other than the "SME"), this process is initiated when a new security is
- 6 available for settlement in the CSD books

7 For the set-up of cross CSD settlement links in T2S,

- 8 • The CSD establishes contractual agreement with the other CSD(s) for providing cross CSD securities
- 9 settlement services.

10 **Preconditions:**

11 For the set-up a security's CSD settlement eligibility in T2S, the prerequisite is the existence of securities
 12 reference data in T2S. For CSD links involving CSD outside T2S, the Investor or Issuer CSD in T2S that
 13 maintains direct link with the CSD outside T2S must complete the set-up of the CSD outside T2S as an
 14 External CSD¹⁰⁷ in T2S.

15 For cross CSD settlement link information, the prerequisite within T2S is the creation of mirror and inter-
 16 CSD accounts in Investor CSD and omnibus account in Technical Issuer CSD. In addition, the two CSDs
 17 must have a contractual relationship with each other outside T2S.

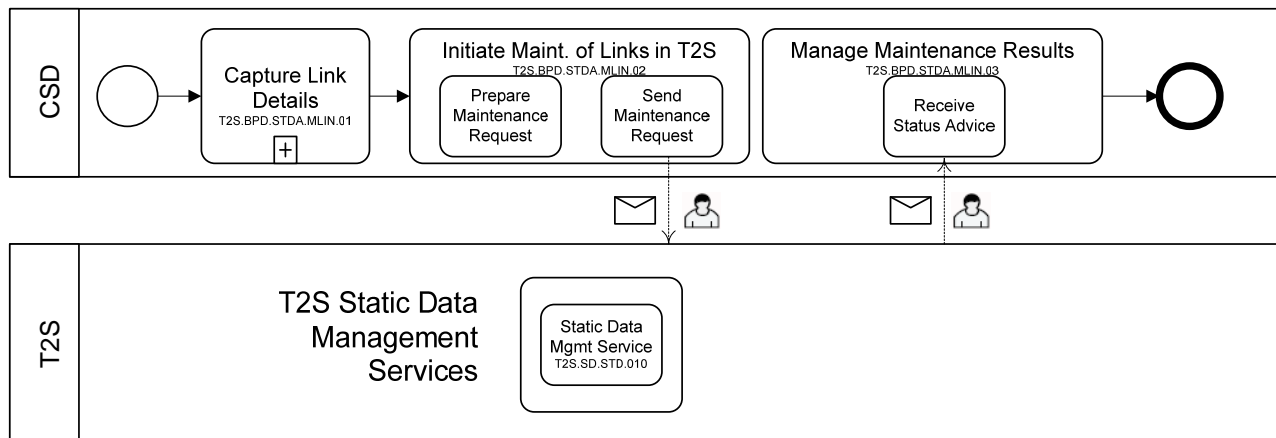
18 **T2S Instructing Party:**

19 CSD

¹⁰⁷ External CSDs are CSDs that do not exist in T2S at level 2 of the T2S party hierarchy data model. Such CSD are defined as *External CSD* (i.e. CSD Participant type) by the CSD in T2S that maintain direct links with them.

7.12.2 Business Process Diagram

Figure 7-13: Business Process Diagram [T2S.BPD.STDA.MCSL]



7.12.3 Business Process Description

7.12.3.1 Capture Link Details

Reference ID	T2S.BPD.STDA.MCSL.01
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T2S Actors: CSD

For a security's settlement eligibility in a CSD, the CSD performs all procedures to meet its business, legal and regulatory requirements for allowing a security to settle in its books. The CSD may also specify itself as the Securities Maintaining Entity for the security in the Security CSD Link business object. The CSD may also conduct additional steps to determine the Technical Issuer CSD for a security. While the Issuer CSD(s) of a security is the Technical Issuer CSD for itself, an Investor CSD (in T2S) has to identify the Technical Issuer CSD for a specific security¹⁰⁸.

For cross CSD settlement links, the CSD (acting as Investor CSD) collects information about the relationship between the securities account(s) in the Investor CSD books and the Technical Issuer CSD¹⁰⁹. The CSD ensures that the securities accounts have been set-up in the respective CSDs and the contractual agreement(s) necessary for bilateral links between the CSDs have been completed and are effective.

For set-up of eligible counterpart CSDs in T2S, the CSD identifies all the counterpart CSDs with whom its participants can settle trades for specific security or a group of securities by issuance country. It is not

¹⁰⁸ In case the Technical Issuer CSD is outside T2S, then the Investor CSD has to set-up the Technical Issuer CSD as a party in T2S at the Level 3 of the T2S party hierarchy data model with party type as *External CSD*. For Investor CSDs outside T2S, the Technical Issuer CSD (in T2S) has to set-up the Investor CSD as a party in T2S at the Level 3 of the T2S party hierarchy data model with party type as *External CSD* (see BPD on *Maintenance of Parties*)

¹⁰⁹ Depending upon whether the Investor CSD or its Technical Issuer CSD is in T2S or out of T2S, some securities accounts may not exist in T2S

1 necessary that direct links exist between the counterparty CSDs. There may be single or multiple CSDs
2 acting as intermediary CSD between the counterparty CSDs.

3 **7.12.3.2 Initiate Maintenance of Links in T2S**

Reference ID	T2S.BPD.STDA.MCSL.02
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4 T2S Actors: CSD

5 The CSD uses the cross-CSD settlement link and securities settlement eligibility details to create a
6 maintenance instruction for the business objects (i.e. Security CSD Link, CSD Account Link and Eligible
7 Counterpart CSD) and sends the instruction to T2S.

8 References:

9 UDFS: Use Case “Maintain SD” (Chapter 2.20)

10 GUI BFD:

11 *For creation of link reference data*

12 Security CSD Link (T2S.GUI.SDSE.SCL.0060)

13 CSD Account Link (T2S.GUI.SDSE.CSA.0060)

14 Eligible Counterpart CSD (T2S.GUI.SDSE.ECC.0060)

15 *For amendment of link reference data*

16 Security CSD Link (T2S.GUI.SDSE.SCL.0040)

17 CSD Account Link (T2S.GUI.SDSE.CSA.0040)

18 Eligible Counterpart CSD (T2S.GUI.SDSE.ECC.0040)

19 *For deletion of link reference data*

20 Security CSD Link (T2S.GUI.SDSE.SCL.0050)

21 CSD Account Link (T2S.GUI.SDSE.CSA.0050)

22 Eligible Counterpart CSD (T2S.GUI.SDSE.ECC.0050)

23 **7.12.3.2.1 Preparation Maintenance Request**

Reference ID	T2S.BPD.STDA.MCSL.02.01
--------------	-------------------------

24 The CSD collects the cross CSD settlement link maintenance details and prepares the cross CSD settlement
25 link maintenance instruction.

- 1 *For creation of link reference data*
- 2 The creation of cross CSD settlement link is performed by a CSD.
- 3 All the business objects related to cross CSD settlement links can be created intraday wherein the valid from
- 4 date can be a future business date only.
- 5 The CSD Account Link business object can be created in the U2A mode only while the Eligible Counterpart
- 6 CSD and Security CSD Link¹¹⁰ business objects can be created in both U2A and A2A modes.
- 7 In case the CSD has defined a mandatory market specific attribute for a security and does not provide any
- 8 value for the attribute during security creation, T2S will reject the creation of a new Security CSD link.
- 9 *For amendment of link reference data*
- 10 The amendment of cross CSD settlement links is performed by the CSD.
- 11 All the business objects related to cross CSD settlement links can be amended intraday wherein the valid
- 12 from date can be a future business date only.
- 13 The Security CSD Link¹¹¹, CSD Account Link and Eligible Counterpart CSD business objects can be
- 14 amended in U2A mode only.
- 15 *For deletion of link reference data*
- 16 The deletion of cross CSD settlement links is performed by the CSD.
- 17 All the business objects related to cross CSD settlement links can be deleted intraday wherein the valid from
- 18 date can be a future business date only.
- 19 The Security CSD Link, CSD Account Link and Eligible Counterpart CSD business objects can be deleted in
- 20 U2A mode only.

21 **7.12.3.2.2 Send Static Data Maintenance Request**

Reference ID	T2S.BPD.STDA.MCSL.02.02
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- 22 For the creation of Eligible Counterpart CSD and Security CSD Link¹¹² reference data the maintenance
- 23 activities can be initiated via A2A mode. In this case, the CSD formats the maintenance instruction

¹¹⁰ T2S URD CR 294 enables the creation and maintenance of Security CSD Links via A2A message. The message specifications for implementing the change request are yet to be developed.

¹¹¹ The change of the Securities Maintaining Entity, i.e. handing over the role from one CSD to another CSD can be only be performed by the T2S Operator.

¹¹² T2S URD CR 294 enables the creation and maintenance of Security CSD Links via A2A message. The message specifications for implementing the change request are yet to be developed.

1 depending upon the type of maintenance action (i.e. creation of Eligible Counterparty CSD) and sends the
2 maintenance instruction to the T2S.

3 For maintenance activities initiated via U2A mode, the CSD enter details and submit the maintenance
4 request online.

5 The CSD sends the following message to T2S:

6 **Table 7-26: Messages to T2S [T2S.BPD.STDA.MCSL.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
EligibleCounterpartCSD CreationRequestV01	reda.026.001.01	To T2S	3.3.6.20

7 7.12.3.3 Manage Maintenance Results

Reference ID	T2S.BPD.STDA.MCSL.03
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8 T2S Actors: CSD

9 The CSD receives status advice messages from T2S or views the status in the T2S GUI.

10 7.12.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.MCSL.03.01
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11 For the creation of Eligible Counterpart CSD and Security CSD Link¹¹³ reference data the maintenance
12 activities can be initiated via A2A mode. In this case, the CSD receives the maintenance instruction status
13 advice.

14 For maintenance activities initiated via U2A mode, the CSD views the status of the maintenance request in
15 the T2S GUI.

16 The CSD receives the following message from T2S:

17 **Table 7-27: Messages from T2S [T2S.BPD.STDA.MCSL.03]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
EligibleCounterpart CSDStatusAdvice V01	reda.044.001.01	From T2S		3.3.6.38

¹¹³ T2S URD CR 294 enables the creation and maintenance of Security CSD Links via A2A message. The message specifications for implementing the change request are yet to be developed.

1 7.12.4 Description of T2S Services

2 7.12.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

3 Static Data Management Service (T2S SD.STD.010)

4 This T2S service allows the T2S users to maintain their static data in T2S.

5 7.13 Maintenance of Multiple Liquidity Providers [T2S.BPD.STDA.MMLP]

6 7.13.1 Overview

7 This process describes the act of creating, updating and deleting Multiple Liquidity Provider data in T2S. A
 8 Central Bank and/or a Payment Bank can have a dedicated cash account in T2S to facilitate securities
 9 settlement for itself or to its client(s) to which it provides cash settlement services. Some examples of such
 10 securities settlement are trade settlement, Repo, Securities lending and borrowing, etc. For these purposes, a
 11 Central Bank and/or a Payment Bank funds liquidity in its dedicated cash account in T2S. Such a funding of
 12 the T2S dedicated cash accounts can be from one or more liquidity providers in the RTGS, at the start of a
 13 business day in T2S. The funds available in a T2S dedicated cash account prior to the start of night-time
 14 settlement (NTS) will be made use for the settlement of transactions in night-time settlement sequences.

15 A Payment Bank in T2S can optionally decide to reimburse the funds (up to the maximum originally lent) to
 16 its relevant liquidity providers towards the end of the night-time settlement (i.e. with settlement sequence Y)
 17 based on relevant standing liquidity transfers and a prioritised sequence of reimbursement via order link set.

18 **Trigger:**

19 Need of a Payment Bank for an automated retransfer funds at the end of night-time settlement in T2S to the
 20 liquidity providers in RTGS

21 **Preconditions:**

22 The needed standing liquidity transfer orders are defined in T2S

23 **T2S Instructing Party:**

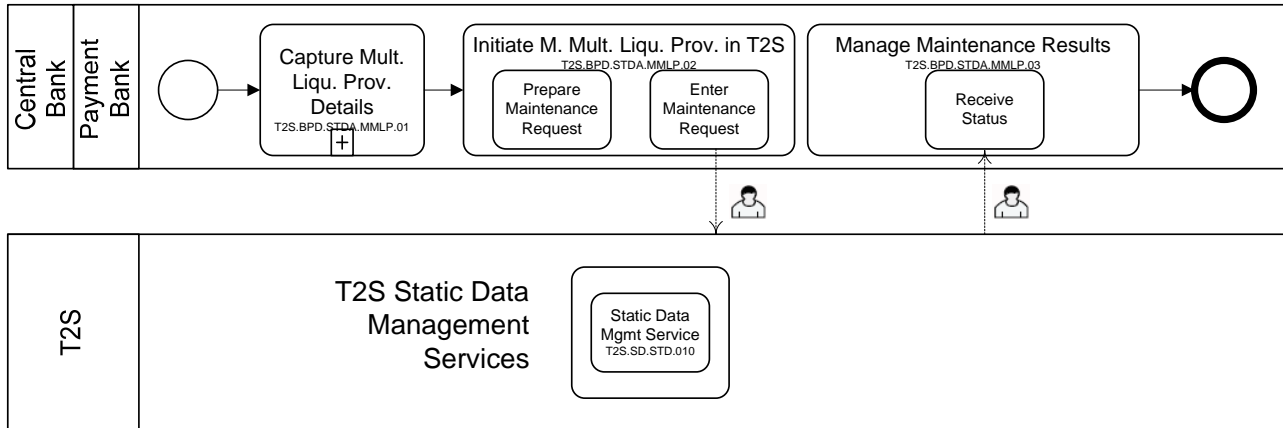
24 There are two scenarios for the instruction of T2S.

- 25 • Scenario A: Central Bank instructs T2S
- 26 • Scenario B: Payment Bank instructs T2S

27

7.13.2 Business Process Diagram

Figure 7-14: Business Process Diagram [T2S.BPD.STDA.MMLP]



7.13.3 Business Process Description

7.13.3.1 Capture Multiple Liquidity Provider Maintenance Request

Reference ID	T2S.BPD.STDA.MMLP.01
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] decides to create, modify or delete multiple liquidity provider details in T2S static data. These details include

- Standing liquidity transfer orders
- Order link set¹¹⁴

The Central Bank [Payment Bank] checks all the details received from its clients against the reference data maintained by itself and may perform additional checks/validations using query facilities in RTGS and/or T2S.

7.13.3.2 Initiate Maintenance of Order Link Set in T2S

Reference ID	T2S.BPD.STDA.MMLP.02
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] enriches the maintenance of order link set request with details required in T2S and placing the maintenance request in T2S using the T2S GUI.

¹¹⁴ The order link set includes a set of standing liquidity transfer orders with a defined sequence of execution during the reimbursement of multiple liquidity provider process

1 References:

2 GUI BFD: See section 4.12 to query and maintain “Order link set” in T2S via the T2S GUI,
 3 T2S.GUI.SDSE.MLP.0010, T2S.GUI.SDSE.MLP.0020, T2S.GUI.SDSE.MLP.0030,
 4 T2S.GUI.SDSE.MLP.0040, T2S.GUI.SDSE.MLP.0050, T2S.GUI.SDSE.MLP.0060

5 7.13.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MMLP.02.01
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6 The Central Bank [Payment Bank] identifies and enriches the maintenance request using specific information
 7 such as

- 8 • the T2S party identifiers
- 9 • the debit T2S dedicated cash accounts (of the Payment Bank) and credit RTGS accounts (of the
 10 liquidity providers to be reimbursed)
- 11 • the identification of the standing liquidity transfer orders
- 12 • sequence of execution of standing liquidity transfer orders

13 The Central Bank [Payment Bank] might want to use the query facilities in RTGS and/or T2S to get the
 14 necessary information.

15 7.13.3.2.2 Enter Maintenance Request

Reference ID	T2S.BPD.STDA.MMLP.02.02
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16 The Central Bank [Payment Bank] converts the maintenance request enriched with specific information to
 17 the format specified by T2S and captures the maintenance request via the T2S GUI. The processing of the
 18 “order link set” maintenance request in T2S depends on the values specified in the request.

19 7.13.3.3 Manage Maintenance results

Reference ID	T2S.BPD.STDA.MMLP.03
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20 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

21 The Central Bank [Payment Bank] can view the status in the T2S GUI.

22 References:

23 GUI BFD: See section 4.12 to query and maintain “Order link set” in T2S via the T2S GUI,
 24 T2S.GUI.SDSE.MLP.0010, T2S.GUI.SDSE.MLP.0020, T2S.GUI.SDSE.MLP.0030,
 25 T2S.GUI.SDSE.MLP.0040, T2S.GUI.SDSE.MLP.0050, T2S.GUI.SDSE.MLP.0060

7.13.3.4 Receive Status

Reference ID	T2S.BPD.STDA.MMLP.03.01
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The Central Bank [Payment Bank] receives the status of the validation and processing in the T2S GUI and initiates relevant internal processes.

7.13.4 Description of T2S Services

7.13.5 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

Static Data Management Service (T2S.SD.STD 010)

This T2S service allows the T2S users to maintain their static data in T2S.

7.14 Maintenance of Standing/Predefines Liquidity Transfer Orders [T2S.BPD.STDA.MLTO]

7.14.1 Overview

This process describes the act of creating, updating and deleting data on Standing/redefined Liquidity Transfer Orders in T2S. A Payment Bank as a client of a Central Bank can have a dedicated cash account in T2S to facilitate securities settlement for itself or to its client(s) to which it provides cash settlement services. Some examples of such securities settlement are trade settlement, Repo, Securities lending and borrowing, etc. For these purposes, a Payment Bank funds liquidity in its dedicated cash account in T2S. Such a funding of the T2S dedicated cash accounts can be from one or more liquidity providers in the RTGS, for use in securities settlement, at any time during a business day in T2S.

A Payment Bank in T2S can optionally decide to retransfer the funds to its relevant liquidity providers at any time (e.g. 3.00 p.m. CET) or on the occurrence of a business event during a business day. Some examples of the business events are:

- “Corporate action rebalancing liquidity (CARL)” where the cash proceeds resulting on a T2S dedicated cash account due to a corporate action has to retransferred to the relevant RTGS account
- Similarly “monetary policy operation” where the cash proceeds resulting on a T2S dedicated cash account due to a monetary policy operation has to retransferred to the relevant RTGS account
- “End of night-time settlement” for reimbursement of multiple liquidity providers
- “End of automatic reimbursement of auto-collateralisation”

T2S facilitates the Payment Bank for such a need with the maintenance of standing or predefined liquidity transfer orders.

- When a Payment Bank needs such a retransfer of funds to occur only once, then it can setup a predefined liquidity transfer order
- When a Payment Bank needs such a retransfer of funds to occur repetitively, it can setup a standing liquidity transfer order (Only one per day for a given time/event per DCA)

The maintenance activities shall include creation/ update/ deletion of such liquidity transfer orders in T2S. This process covers such needs as “Maintain standing/ predefined liquidity transfer orders” with the standard steps within the context of a Central Bank.

Trigger:

The Central Bank or Payment Bank identifies the need of an automated retransfer of funds from a T2S dedicated cash account to an RTGS account.

Precondition:

None

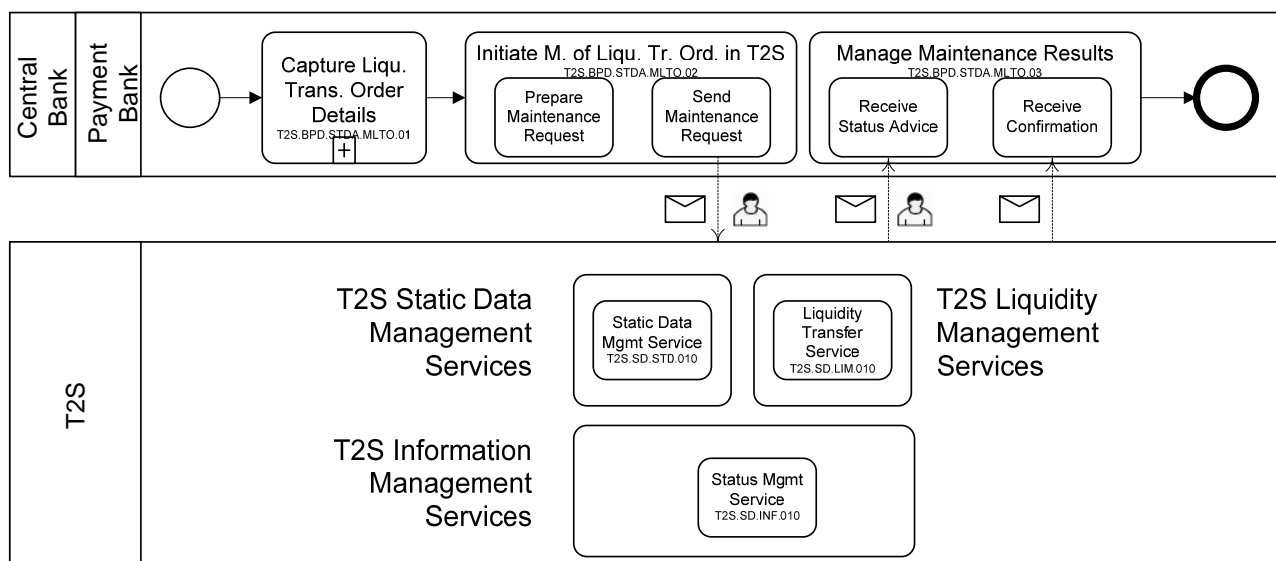
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

- Scenario A: Central Bank instructs T2S
- Scenario B: Payment Bank instructs T2S

7.14.2 Business Process Diagram

Figure 7-15: Business Process Diagram [T2S.BPD.STDA.MLTO]



7.14.3 Business Process Description

7.14.3.1 Capture Liquidity Transfer Order Details

Reference ID	T2S.BPD.STDA.MLTO.01
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

This process starts when the Central Bank [Payment Bank] decides to create, modify or delete¹¹⁵ predefined or standing liquidity transfer orders intending to retransfer liquidity from a T2S dedicated cash account of a Payment Bank in T2S to an RTGS account.

The Central Bank [Payment Bank] checks all the details received from its clients related to maintenance of liquidity transfer order against the reference data maintained by itself and may perform additional checks/validations using query facilities in RTGS and/or T2S.

7.14.3.2 Initiate Maintenance of Liquidity Transfer Order in T2S

Reference ID	T2S.BPD.STDA.MLTO.02
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] enriches the maintenance of liquidity transfer order request with details required in T2S and sends the maintenance request to T2S using an A2A message (or) by placing the maintenance request in T2S using the T2S GUI via U2A.

References:

UDFS: Use Case “Maintain Static Data” (Chapter 2.20)

GUI BFD: See section 4.11 to query and maintain “Liquidity Transfer Orders” in T2S via the T2S GUI, T2S.GUI.SDSE.LTO.0010, T2S.GUI.SDSE.LTO.0020, T2S.GUI.SDSE.LTO.0030, T2S.GUI.SDSE.LTO.0040, T2S.GUI.SDSE.LTO.0050, T2S.GUI.SDSE.LTO.0060

7.14.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MLTO.02.01
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The Central Bank [Payment Bank] enriches the maintenance request with specific information such as

- the T2S party identifiers
- the T2S dedicated cash account as the debit account

¹¹⁵ Deletion of a predefined or standing liquidity transfer order is possible via U2A only

- the RTGS account as the credit account
- the specific transferable amount (or) all cash indicator
- type of order (i.e. predefined or standing order)
- trigger event (i.e. either a time or business event trigger)

The Central Bank [Payment Bank] might want to use the query facilities in RTGS and/or T2S to get the necessary information.

7.14.3.2.2 Send Maintenance Request

Reference ID	T2S.BPD.STDA.MLTO.02.02
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The Central Bank [Payment Bank] converts the maintenance request enriched with specific information to the format specified by T2S and transmits it to T2S.

The instruction of T2S is also possible via the T2S GUI.

The processing of the “predefined or standing liquidity transfer order” maintenance request in T2S depends on the values specified in the request.

The Central Bank [Payment Bank] sends the following message to T2S:

Table 7-28: Messages to T2S [T2S.BPD.STDA.MLTO.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
ModifyStandingOrder	Camt.024.001.04	To T2S	3.3.3.11

7.14.3.3 Manage Maintenance Results

Reference ID	T2S.BPD.STDA.MLTO.03
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] receives the maintenance related messages (subject to message subscriptions), as responses from T2S and can initiate related internal processes.

References:

UDFS: Use Case “Maintain Static Data” (Chapter 2.20)

GUI BFD: See section 4.11 to query and maintain “Liquidity Transfer Orders” in T2S via the T2S GUI, T2S.GUI.SDSE.LTO.0010, T2S.GUI.SDSE.LTO.0020, T2S.GUI.SDSE.LTO.0030, T2S.GUI.SDSE.LTO.0040, T2S.GUI.SDSE.LTO.0050, T2S.GUI.SDSE.LTO.0060

7.14.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.MLTO.03.01
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The Central Bank [Payment Bank] receives status advice messages for every change of status code to the “predefined or standing liquidity transfer order” maintenance request in T2S for the results of the validation/processing of the static data maintenance request.

If T2S has been instructed via the T2S GUI the status is shown on the screen.

Subsequently, other internal activities might be conducted such as:

- aligning the status of the “predefined or standing liquidity transfer order” maintenance request in the Central Bank or the Payment Bank’s systems with the status in T2S;
- triggering notification to their relevant clients.

The Central Bank [Payment Bank] receives the following message from T2S:

Table 7-29: Messages from T2S [T2S.BPD.STDA.MLTO.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	Camt.025.001.03	From T2S	T2S “Rejects” or “Queues” the “predefined or standing liquidity transfer order” maintenance request	3.3.3.12

7.14.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.MLTO.03.02
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The Central Bank [Payment Bank] receives and validates the confirmation of the processing of “predefined or standing liquidity transfer order” maintenance request.

Subsequently, other internal activities might be conducted such as:

- aligning the status of the maintenance request in the Central Bank or the Payment Bank’s books with the status in T2S,
- triggering notification to their relevant clients.

The Central Bank [Payment Bank] receives the following message from T2S:

1 **Table 7-30: Messages from T2S [T2S.BPD.STDA.MLTO.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	Camt.025.001.03	From T2S	T2S “completes” the “predefined or standing liquidity transfer order” maintenance request	3.3.3.12

2 **7.14.4 Description of T2S Services**

3 **7.14.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

4 **Static Data Management Service (T2S.SD.STD 010)**

5 This T2S service allows the T2S users to maintain their static data in T2S.

6 **7.14.4.2 Liquidity Management Services**

T2S Service Class	Liquidity Management Services
T2S Service Reference ID	T2S SD.LIM

7 **Liquidity Transfer Service (T2S.SD.LIM 010)**

8 This T2S service facilitates the T2S users to maintain their “predefined or standing liquidity transfer order”
9 static data in T2S.

10 **7.14.4.3 Information Management Services**

T2S Service Class	Information Management Services
T2S Service Reference ID	T2S.SD.INF

11 **Status Management Service (T2S.SD.INF 010)**

12 This T2S service performs the status management for the “predefined or standing liquidity transfer order”
13 maintenance request and triggers the notifications to all involved parties based on the relevant message
14 subscriptions.

1 **7.15 Maintenance of Auto-Collateralisation Eligibility [T2S.BPD.STDA.MACE]**

2 **7.15.1 Overview**

3 This process describes the act of creating, updating and deleting data referring to auto-collateralisation
 4 eligibility in T2S. Central Banks, its Payment Banks and clients of Payment Banks can use the auto-
 5 collateralisation facilities in T2S to facilitate the securities settlement transactions, when there is lack of cash.
 6 The credit provider must identify the eligible clients (i.e. Payment Banks/ clients of Payment Banks) to use
 7 the facility in T2S.

- 8 • T2S triggers auto-collateralisation with central banks when a Payment Bank lacks cash to process a
 9 Settlement Instruction.
- 10 • T2S triggers auto-collateralisation with Payment Banks (otherwise known as client-collateralisation)
 11 for the owner of a securities account involved in a Settlement Instruction, when the client of the
 12 Payment Bank lacks external guarantee headroom.

13 Central Banks and Payment Banks are responsible for defining the eligibility for auto-collateralisation
 14 purpose. The setup of the auto-collateralisation feature in T2S includes the configuration and maintenance
 15 of:

- 16 • Auto-collateralisation rules i.e. maximum credit percentage, the type of collateralisation procedure,
 17 information specifying whether the Central Bank uses the maximum credit percentage for calculation
 18 in monetary policy operations;
- 19 • Eligible Counterparties i.e. a list of “eligible parties” to which a Central Bank or a Payment Bank can
 20 provide auto-collateralisation facilities in T2S;
- 21 • Securities auto-collateralisation eligibility for the “eligible assets”, i.e. the specification of which
 22 financial instruments are eligible as collateral against provision of credit in a given currency;
- 23 • Securities valuation, i.e. the specification of the prices¹¹⁶ that T2S can use for the valuation of
 24 securities positions, when triggering the auto-collateralisation process for the relevant currency;
- 25 • Close-links, i.e. the specification of securities not used as collateral by a party (having a close link
 26 with the issuer of the securities) in an auto-collateralisation process though it might be eligible.

27 Additionally, Central Banks and Payment Banks can also maintain concentration limits for a list of eligible
 28 assets. T2S in its current scope does not support the processing of such information on concentration limits.

1 For details regarding the management of auto-collateralisation within the settlement process, refer to process
2 “Management of Auto-Collateralisation [T2S.BPD.SETT.ACOL]”.

3 **Trigger:**

4 The following triggers can initiate this business process

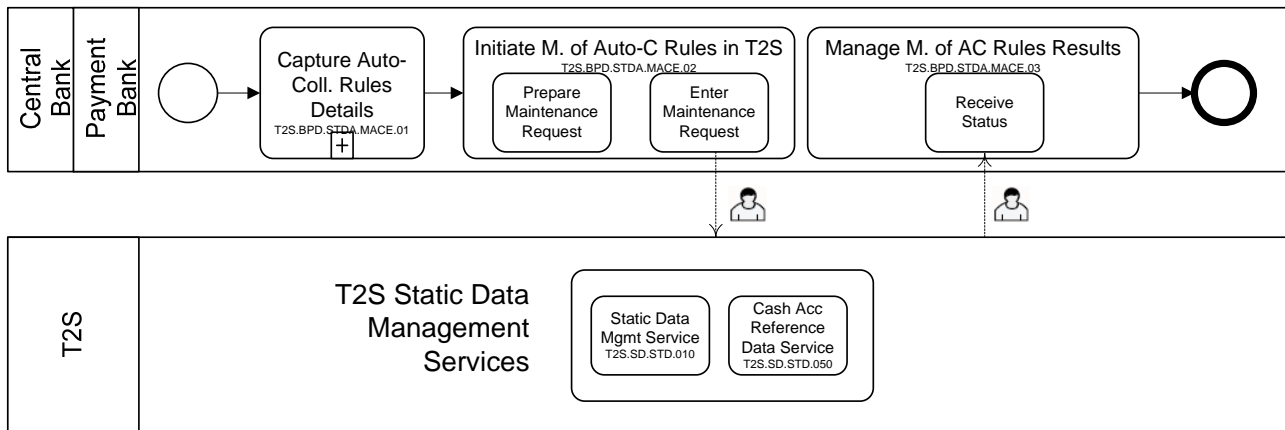
- 5 • A Central Bank may need to manage the auto-collateralisation eligibility information in T2S due to
6 the following reasons
 - 7 ○ Its Payment Bank needs a certain maintenance of its auto-collateralisation (i.e. client-
8 collateralisation) rules
 - 9 ○ A client of a Central Bank or Payment Bank needs auto-collateralisation facilities in T2S
- 10 • A Central Bank and/or the Payment Banks can provide the following information on a daily basis,
11 either directly or indirectly via a collateral management system (e.g. CCBM2) to T2S. Further they
12 can update this information only when changes occur or when it receives a certain update from its
13 sources
 - 14 ○ securities auto-collateralisation eligibility
 - 15 ○ close-links information
 - 16 ○ securities prices for valuation purposes

17 This involves the below sub-processes, which take place independently of each other

- 18 • Maintenance of auto-collateralisation rules
- 19 • Maintenance of eligible counterparties
- 20 • Maintenance of securities auto-collateralisation eligibility
- 21 • Maintenance of securities prices for valuation purposes
- 22 • Maintenance of close-links information

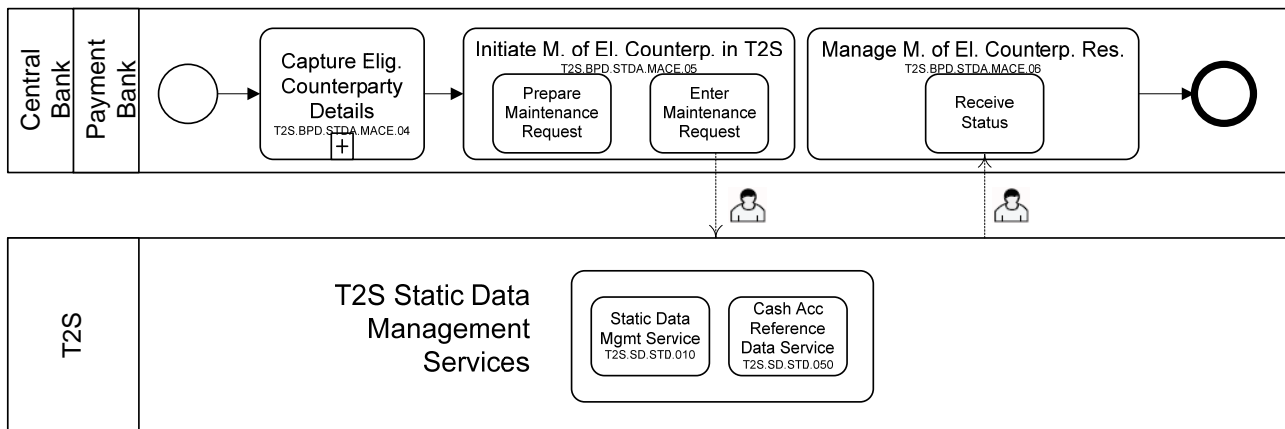
23 **7.15.2 Business Process Diagram**

24 *Maintenance of auto-collateralisation rules*



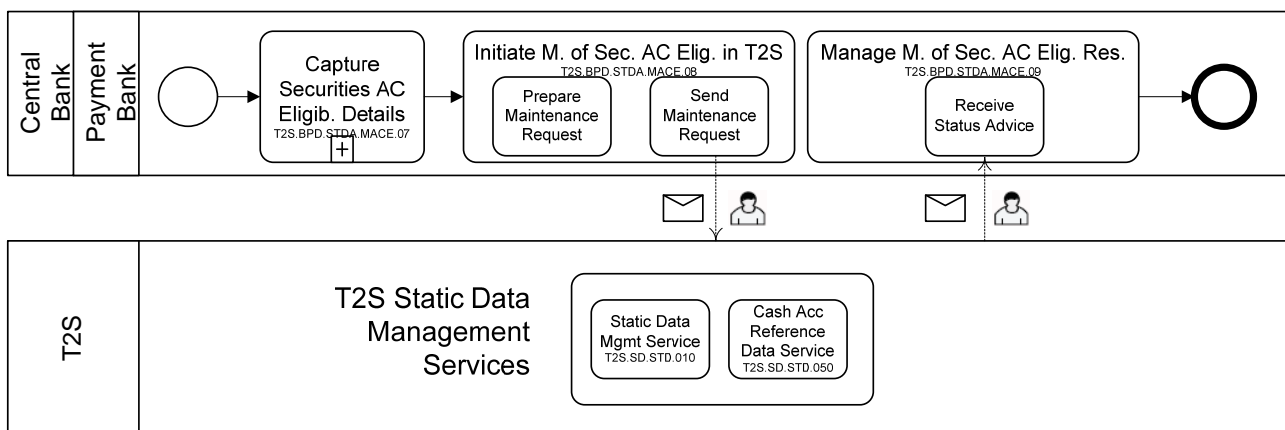
1

2 Maintenance of eligible counterparties



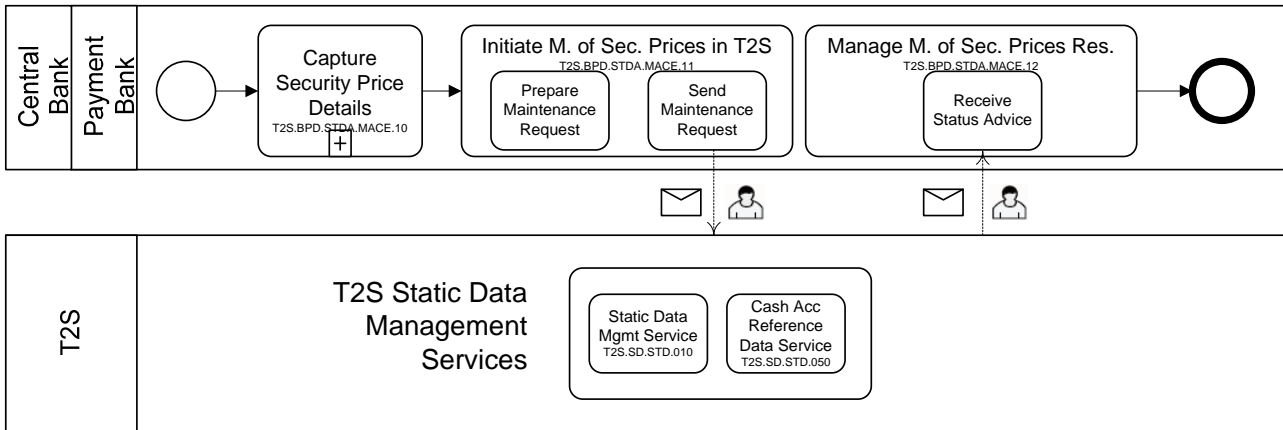
3

4 Maintenance of securities auto-collateralisation eligibility



5

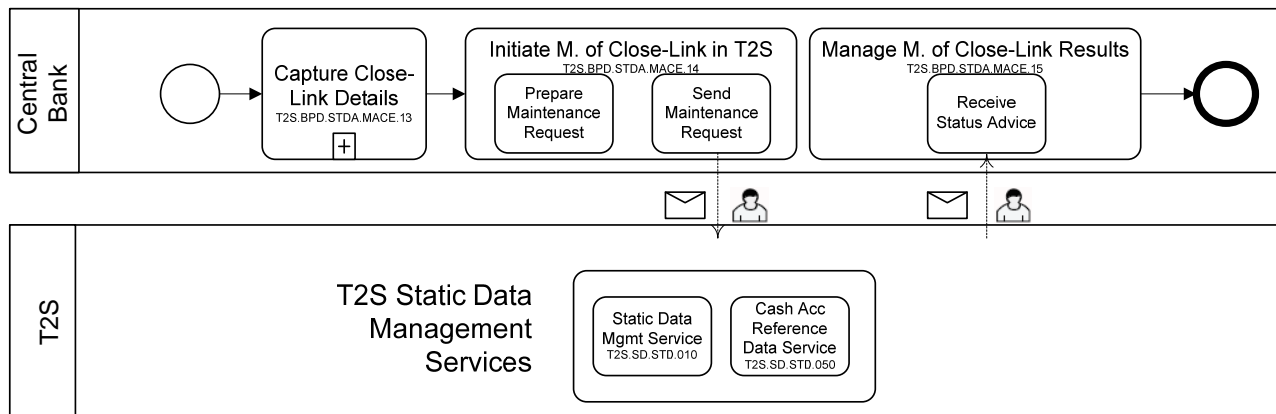
6 Maintenance of securities prices for valuation purposes



1

2

1 Maintenance of close-links information



3 7.15.3 Business Process Description

4 7.15.3.1 Maintenance of Auto-Collateralisation Rules in T2S

5 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

6 This process starts when a Central Bank [Payment Bank] intends to maintain (i.e. create/ update/ delete) the
 7 auto-collateralisation rules in T2S for its market, either for itself or for its Payment Bank being a credit
 8 provider. The collateralisation rules includes the collateralisation procedure as “repo” or “pledge” or
 9 “pledge-sub” as allowed by the central bank in its market for the purpose of auto-collateralisation with its
 10 Payment Banks. However for the client-collateralisation, “repo” is the only collateralisation procedure
 11 allowed in T2S.

12 References:

13 GUI BFD: “Collateralisation Eligibility” (Chapter 4.7)

14 7.15.3.1.1 Capture Auto-Collateralisation Rules Details

Reference ID	T2S.BPD.STDA.MACE.01
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15 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

16 The Central Bank [Payment Bank] receives the auto-collateralisation related information from other sources
 17 in the Central Bank [Payment Bank] or from its Payment Bank(s) prior to setup in T2S.

18 The Central Bank [Payment Bank] validates for the correctness of this information. The Central Bank
 19 [Payment Bank] can further enrich the auto-collateralisation related information with any other needed
 20 information (e.g. T2S Party identifier) prior to setup in T2S.

21

7.15.3.1.2 Initiate Maintenance of Auto-Collateralisation Rules in T2S

Reference ID	T2S.BPD.STDA.MACE.02
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] uses the details to create a maintenance instruction for the maintenance of auto-collateralisation rules.

References:

GUI BFD: T2S.GUI.SDSE.COL.0010, T2S.GUI.SDSE.COL.0020, T2S.GUI.SDSE.COL.0030, T2S.GUI.SDSE.COL.0040, T2S.GUI.SDSE.COL.0050, T2S.GUI.SDSE.COL.0060, T2S.GUI.SDSE.COL.0070

7.15.3.1.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MACE.02.01
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The Central Bank [Payment Bank] collects the auto-collateralisation rules maintenance details and prepares the maintenance instruction.

For creation of auto-collateralisation rules

The Central Bank [Payment Bank] creates the auto-collateralisation rules either for itself or for its Payment banks as the credit provider. T2S allows the Central Bank to create these rules intraday.

For amendment of auto-collateralisation rules

The Central Bank [Payment Bank] can amend the auto-collateralisation rules for its market. T2S allows the Central Bank to amend these rules intraday.

For deletion of auto-collateralisation rules

The Central Bank [Payment Bank] can perform the logical deletion of the auto-collateralisation rules data. T2S allows the Central Bank [Payment Bank] to delete these rules intraday.

7.15.3.1.2.2 Enter Maintenance Request

Reference ID	T2S.BPD.STDA.MACE.02.02
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The Central Bank [Payment Bank] initiates the maintenance instruction depending on the type of maintenance action (i.e. create, update or delete) with T2S specific reference data, in T2S GUI.

24

7.15.3.1.3 Manage Maintenance Results

Reference ID	T2S.BPD.STDA.MACE.03
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] receives results of the maintenance from T2S.

7.15.3.1.3.1 Receive Status

Reference ID	T2S.BPD.STDA.MACE.03.01
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The Central Bank [Payment Bank] can view the results of the processing in the T2S GUI. The Central Bank [Payment Bank] can subsequently update its internal applications for reasons such as amending the auto-collateralisation rules or cascade the information to its market participants.

7.15.3.2 Maintenance of Eligible Counterparties in T2S

T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

This process starts when a client of a Central Bank [Payment Bank] needs to use auto-collateralisation or client-collateralisation facilities in T2S.

References:

GUI BFD: Chapters “Amend T2S Dedicated Cash Account Details”, “Display Securities Account(s) or Party(ies) Linked to T2S Dedicated Cash Account” or “Limits”

7.15.3.2.1 Capture eligible counterparty details

Reference ID	T2S.BPD.STDA.MACE.04
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] receives the information related to eligible counterparties from other sources in the Central Bank [Payment Bank] or from its Payment Bank(s) prior to setup in T2S.

The Central Bank [Payment Bank] validates for the correctness of this information. It can further enrich the information with any other needed information (e.g. T2S Party identifier, Limits) prior to setup in T2S.

7.15.3.2.2 Initiate maintenance of eligible counterparties in T2S

Reference ID	T2S.BPD.STDA.MACE.05
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] uses the details from the data received in the previous step to create a maintenance instruction. This activity relates to a maintenance activity in T2S of the list of parties authorised to use a T2S dedicated cash account, initiated via U2A by a user of a Central Bank [Payment Bank]. Further, the Central Bank [Payment Bank] can setup limits to its authorised clients.

References:

UDFS: Use Case “Maintain Static Data” (Chapter 2.20)

GUI BFD: T2S.GUI.SDSE.DCA.0010, T2S.GUI.SDSE.DCA.0020, T2S.GUI.SDSE.DCA.0030, T2S.GUI.SDSE.DCA.0040, T2S.GUI.SDSE.DCA.0070, T2S.GUI.SDSE.DCA.0080, T2S.GUI.SDSE.LMT.0010, T2S.GUI.SDSE.LMT.0020, T2S.GUI.SDSE.LMT.0030, T2S.GUI.SDSE.LMT.0040, T2S.GUI.SDSE.LMT.0050, T2S.GUI.SDSE.LMT.0060

7.15.3.2.2.1 Prepare maintenance request

Reference ID	T2S.BPD.STDA.MACE.05.01
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The Central Bank [Payment Bank] collects its list of eligible counterparties maintenance details and prepares the maintenance instruction with “Amendment of T2S dedicated cash account details” for the addition or deletion of eligible counterparties authorized to use a T2S dedicated cash account. T2S allows the owner of T2S dedicated cash account to add or delete the parties that are eligible to use the T2S dedicated cash account for the cash leg settlement of securities settlement instructions.

Further, the Central Bank [Payment Bank] collects the details of the limits to be setup for each of its eligible counterparties and prepares the maintenance instruction with “Add/ Amend limits”.

7.15.3.2.2.2 Enter maintenance request

Reference ID	T2S.BPD.STDA.MACE.05.02
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The Central Bank [Payment Bank] initiates the maintenance instruction(s) with T2S specific reference data to maintain the set of eligible counterparties via T2S GUI.

7.15.3.2.3 Manage maintenance of eligible counterparty results

Reference ID	T2S.BPD.STDA.MACE.06
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] receives results of the maintenance from T2S.

1 7.15.3.2.3.1 Receive status

Reference ID	T2S.BPD.STDA.MACE.06.01
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2 The Central Bank [Payment Bank] views the results of the processing in the T2S GUI. The Central Bank
3 [Payment Bank] can subsequently update its internal applications for reasons such as amending the list of
4 eligible counterparties or cascade the information to its market participants.

5 7.15.3.3 Maintenance of Securities Auto-Collateralisation Eligibility in T2S

6 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

7 This process starts when a Central Bank intends to maintain (i.e. create/ update/ delete) the list of securities
8 eligible for auto-collateralisation in a specific currency in T2S for its market. Either it can perform such
9 maintenance for itself or for its Payment Bank being a credit provider.

10 References:

11 UDFS: Use Case “Maintain Static Data” (Chapter 2.20)

12 GUI BFD: “Collateralisation Eligibility” (Chapter 4.7)

13 7.15.3.3.1 Capture Securities for auto-collateralisation details

Reference ID	T2S.BPD.STDA.MACE.07
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14 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

15 The Central Bank [Payment Bank] receives information on one or more securities as eligible or ineligible for
16 auto-collateralisation in a specific currency, from other sources in the Central Bank [Payment Bank] or from
17 its Payment Bank(s) prior to setup in T2S. The Central Bank [Payment Bank] validates for the correctness of
18 this information.

19 The Central Bank [Payment Bank] further enriches the list of securities for auto-collateralisation related
20 information with any other needed information (e.g. T2S Party identifier) prior to setup in T2S.

21 7.15.3.3.2 Initiate maintenance of securities for auto-collateralisation in T2S

Reference ID	T2S.BPD.STDA.MACE.08
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22 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

23 The Central Bank [Payment Bank] initiates the maintenance of the eligible securities for auto-
24 collateralisation, via U2A or via A2A.

25

1 References:

2 UDFS: Use Case “Maintain SD” (Chapter 2.20)

3 GUI BFD: T2S.GUI.SDSE.COL.0010, T2S.GUI.SDSE.COL.0020, T2S.GUI.SDSE.COL.0030,
4 T2S.GUI.SDSE.COL.0040, T2S.GUI.SDSE.COL.0050, T2S.GUI.SDSE.COL.0060,
5 T2S.GUI.SDSE.COL.0070

6 7.15.3.3.2.1 Prepare maintenance request

Reference ID	T2S.BPD.STDA.MACE.08.01
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7 The Central Bank [Payment Bank] collects the details on securities eligible (or ineligible) for auto-
8 collateralisation maintenance details and prepares the maintenance instruction.

9 *For creation of new list of securities for auto-collateralisation*

10 The Central Bank [Payment Bank] creates the list of securities eligible for auto-collateralisation via U2A or
11 A2A, either for itself or for its Payment Banks as the credit provider. T2S allows the Central Bank [Payment
12 Bank] to create this list intraday.

13 *For amendment of the list of securities for auto-collateralisation*

14 The Central Bank [Payment Bank] can amend the list of securities for auto-collateralisation via U2A only.
15 T2S allows the Central Bank [Payment Bank] to amend this list, intraday.

16 *For deletion of one or more securities from the list of securities for auto-collateralisation rules*

17 The Central Bank [Payment Bank] can perform the logical deletion of the list of securities for auto-
18 collateralisation via U2A only. T2S allows the Central Bank [Payment Bank] to delete one or more securities
19 from this list, intraday.

20 7.15.3.3.2.2 Send maintenance request

Reference ID	T2S.BPD.STDA.MACE.08.02
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21 The Central Bank [Payment Bank] formats the maintenance instruction for the creation of eligible securities
22 reference data with T2S specific securities reference data and sends the maintenance instruction to T2S.

23 For amendment and deletion of data (and alternatively for its creation), the Central Bank [Payment Bank]
24 enters the request in the T2S GUI.

25 The Central Bank [Payment Bank] sends the following message to T2S:

26

1 *For creation of eligible securities reference data*

2 **Messages to T2S [T2S.BPD.STDA.MACE.08.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
EligibleSecuritiesCreationRequestV01	Reda.025.001.01	To T2S	3.3.6.19

3 **7.15.3.3.3 Manage maintenance of securities for auto-collateralisation results**

Reference ID	T2S.BPD.STDA.MACE.09
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4 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

5 The Central Bank [Payment Bank] receives status advice messages from T2S.

6 **7.15.3.3.3.1 Receive status advice**

Reference ID	T2S.BPD.STDA.MACE.09.01
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7 The Central Bank [Payment Bank] receives the status advice or views the results of the processing in the T2S
 8 GUI. The Central Bank [Payment Bank] can subsequently update its internal applications for reasons such as
 9 amending the eligible securities maintenance instruction or cascade the information to its market
 10 participants.

11 The Central Bank [Payment Bank] receives the following message from T2S:

12 *For creation of eligible securities reference data*

13 **Table 7-31: Messages from T2S [T2S.BPD.STDA.MACE.09.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
CollateralDataStatsAdviceV01	Reda.028.001.01	From T2S	success, delay or failure of creating the eligible securities reference data	3.3.6.22

14 **7.15.3.4 Maintenance of Securities Prices for Valuation Purposes in T2S**

15 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

16 This process starts when a Central Bank [Payment Bank] as credit provider intends to provide the collateral
 17 prices (i.e. including haircut) for its list of eligible securities for auto-collateralisation.

18 T2S expects a daily price feed in the respective currency for every financial instrument defined eligible for
 19 auto-collateralisation by the credit provider, for the purposes of securities valuation. If the Central Bank

[Payment Bank] provides credit in multiple currencies, then it has to provide daily price feeds for each of these currencies.

References:

UDFS: Use Case “Maintain Static Data” (Chapter 2.20)

GUI BFD: Chapter “Securities Valuation” (Chapter 4.3)

7.15.3.4.1 Capture securities price details

Reference ID	T2S.BPD.STDA.MACE.10
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] receives securities price information for one or more securities identified as eligible for auto-collateralisation in a specific currency, from other sources in a Central Bank [Payment Bank] or from its Payment Bank(s) prior to setup in T2S. The Central Bank [Payment Bank] validates for the correctness of this information such as haircuts, etc. Further, the Central Bank [Payment Bank] can enrich the securities price information with any other needed information (e.g. evaluate a dirty price) prior to setup in T2S.

7.15.3.4.2 Initiate maintenance of securities prices in T2S

Reference ID	T2S.BPD.STDA.MACE.11
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T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] initiates the maintenance (i.e. create/ update/ delete) of security prices in T2S, via U2A or A2A.

References:

UDFS: Use Case “Maintain SD” (Chapter 2.20)

GUI BFD: T2S.GUI.SDSE.SVA.0010, T2S.GUI.SDSE.SVA.0020, T2S.GUI.SDSE.SVA.0030, T2S.GUI.SDSE.SVA.0040, T2S.GUI.SDSE.SVA.0050

7.15.3.4.2.1 Prepare maintenance request

Reference ID	T2S.BPD.STDA.MACE.11.01
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The Central Bank [Payment Bank] collects the details on securities prices for eligible securities for auto-collateralisation and prepares the maintenance instruction.

1 *For creation of securities prices reference data*

2 The Central Bank [Payment Bank] creates the list of eligible securities with its prices in the respective
3 currency as eligible for auto-collateralisation via A2A or U2A. T2S allows Central Bank [Payment Bank] to
4 create this list intraday and at least once a day. T2S will make use of the latest available prices during
5 collateral valuation.

6 *For amendment of securities prices reference data*

7 The Central Bank [Payment Bank] can amend the securities prices of eligible securities for auto-
8 collateralisation via U2A only. T2S allows the Central Bank [Payment Bank] to amend this list during the
9 Start-of-Day period. T2S will use any later submissions of maintenance, as valid as of the next day only.

10 *For deletion of securities prices reference data*

11 The Central Bank [Payment Bank] can perform the logical deletion of the securities prices for the list of
12 eligible securities for auto-collateralisation via U2A only. T2S allows the Central Bank [Payment Bank] to
13 delete securities prices of one or more eligible securities, intraday. T2S will make use of the latest available
14 prices during collateral valuation.

15 **7.15.3.4.2.2 Send maintenance request**

Reference ID	T2S.BPD.STDA.MACE.11.02
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16 The Central Bank [Payment Bank] formats the maintenance instruction for the creation of securities price
17 reference data with T2S specific securities reference data and sends the maintenance instruction to T2S.

18 For amendment and deletion of data (and alternatively for its creation), the Central Bank [Payment Bank]
19 enters the request in the T2S GUI.

20 The Central Bank [Payment Bank] sends the following message to T2S:

21 *For creation of securities prices reference data*

22 **Messages to T2S [T2S.BPD.STDA.MACE.11.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
CollateralValueCreation RequestV01	Reda.024.001.01	To T2S	3.3.6.18

23 **7.15.3.4.3 Manage maintenance of securities prices results**

Reference ID	T2S.BPD.STDA.MACE.12
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24 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

1 The Central Bank [Payment Bank] receives status advice messages from T2S.

2 7.15.3.4.3.1 Receive status advice

Reference ID	T2S.BPD.STDA.MACE.12.01
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3 The Central Bank [Payment Bank] receives the status advice or views the results of the processing in the T2S
4 GUI. The Central Bank [Payment Bank] can subsequently update its internal applications for reasons such as
5 amending the securities prices or related information or cascade the information to its market participants.

6 The Central Bank [Payment Bank] receives the following message from T2S:

7 *For creation of securities prices reference data*

8 **Table 7-32: Messages from T2S [T2S.BPD.STDA.MACE.12.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
CollateralDataStats AdviceV01	Reda.028.001.01	From T2S	success, delay or failure of creating the securities prices of eligible securities reference data	3.3.6.22

9 7.15.3.5 Maintenance of close-links information in T2S

10 T2S Actors: Central Bank

11 This process starts when a Central Bank as credit provider intends to provide the list of securities not
12 acceptable as collateral, from a party having a close-link with the issuer of the securities, though the
13 securities might be eligible for other parties in T2S.

14 References:

15 UDFS: Use Case “Maintain Static Data” (Chapter 2.20)

16 GUI BFD: Chapter “Close Links” (Chapter 4.14)

17 7.15.3.5.1 Capture close-link details

Reference ID	T2S.BPD.STDA.MACE.13
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18 T2S Actors: Central Bank

19 The Central Bank receives close links information for one or more securities identified as eligible for auto-
20 collateralisation, from other sources in a Central Bank prior to setup in T2S. The Central Bank validates for
21 the correctness of this information.

1 The Central Bank further enriches the close links information with any other needed information (e.g. T2S
2 Party identifier) prior to setup in T2S.

3 **7.15.3.5.2 Initiate maintenance of close-links in T2S**

Reference ID	T2S.BPD.STDA.MACE.14
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4 T2S Actors: Central Bank

5 The Central Bank initiates the maintenance of close links.

6 References:

7 UDFS: Use Case “Maintain SD” (Chapter 2.20)

8 GUI BFD: T2S.GUI.SDSE.CLK.0010, T2S.GUI.SDSE.CLK.0020, T2S.GUI.SDSE.CLK.0030,
9 T2S.GUI.SDSE.CLK.0040, T2S.GUI.SDSE.CLK.0050

10 **7.15.3.5.2.1 Prepare maintenance request**

Reference ID	T2S.BPD.STDA.MACE.14.01
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11 The Central Bank collects the details on close-links involving eligible securities for auto-collateralisation and
12 a T2S Party and further prepares the maintenance instruction.

13 *For creation of close-links reference data*

14 The Central Bank creates the list of close-links via U2A or A2A. T2S allows the Central Bank to create this
15 list intraday.

16 *For amendment of the close-links reference data*

17 The Central Bank can amend the close-links information via U2A only. T2S allows the Central Bank to
18 amend this list, intraday.

19 *For deletion of close-links reference data*

20 The Central Bank can perform the logical deletion of the close-links via U2A only. T2S allows the Central
21 Bank to delete close-links, intraday.

22 **7.15.3.5.2.2 Send maintenance request**

Reference ID	T2S.BPD.STDA.MACE.14.01
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23 The Central Bank formats the maintenance instruction for creation of close-links reference data with T2S
24 specific securities reference data and sends the maintenance instruction to T2S.

1 For amendment and deletion of data (and alternatively for its creation), the Central Bank enters the request in
2 the T2S GUI.

3 The Central Bank sends the following message to T2S:

4 *For creation of close-links reference data*

5 **Messages to T2S [T2S.BPD.STDA.MACE.14.01]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
CloseLinkCreationRequestV01	Reda.027.001.01	To T2S	3.3.6.21

6 **7.15.3.5.3 Manage maintenance of close links results**

Reference ID	T2S.BPD.STDA.MACE.15
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7 T2S Actors: Central Bank

8 The Central Bank receives status advice messages from T2S.

9 **7.15.3.5.3.1 Receive status advice**

Reference ID	T2S.BPD.STDA.MACE.15.01
--------------	-------------------------

10 The Central Bank received a status advice or views the results of the processing in the T2S GUI. It can
11 subsequently update its internal applications for reasons such as amending the close-link maintenance
12 instruction or cascade the information to its market participants.

13 The Central Bank receives the following message from T2S:

14 *For creation of close-links reference data*

15 **Table 7-33: Messages from T2S [T2S.BPD.STDA.MACE.15.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
CollateralDataStatsAdviceV01	Reda.028.001.01	From T2S	success, delay or failure of creating the close-links reference data	3.3.6.22

16 **7.15.3.5.4 Description of T2S Services**

17 **7.15.3.5.5 Static Data Management Services**

T2S Service Class	Static Data Management Services
-------------------	---------------------------------

T2S Service Reference ID	T2S SD.STD
--------------------------	------------

1 Static Data Management Service (T2S SD.STD.010)

2 This T2S service allows the T2S users to maintain their static data in T2S.

3 Cash account Reference Data Service (T2S SD.STD.050)

4 This T2S service allows management of static data for the auto-collateralisation eligibility details related to
5 cash account reference data.

6 7.16 Maintenance of Market Specific Attributes [T2S.BPD.STD.MMSA]

7 7.16.1 Overview

8 This process describes the act of creating, updating and deleting Market Specific Attributes in T2S as
9 accessible to CSDs and Central Banks in the T2S GUI.

10 T2S allows CSDs and Central Banks to define for their market, additional attributes for the Security, Party
11 and Securities account reference data. The Central Banks are only allowed to define Market Specific
12 Attributes for the Party object.

- 13 • The values for these market specific attributes should be defined at the time of the migration of data
14 in T2S.
- 15 • T2S also offers the possibility to create some Market Specific Attributes at any time once a CSD
16 [Central Bank] has migrated its data, in which case the CSD or Central Bank is responsible to
17 migrate the values for the Market Specific Attributes for the Securities, Party and Securities Account
18 which are already defined in T2S.

19 These market specific attributes can then be used for information purposes and/or for validation purposes.
20 Additional validations can be defined by the CSD or Central Bank via the set-up of restrictions in order to be
21 able to “reject” or “hold” an instruction based on a set of rules/parameter values (including its defined market
22 specific attributes) defined in the T2S static data.

23 If a CSD or Central Bank has defined mandatory Market Specific Attributes for a given object, it has to
24 specify a value for it when creating the relevant object in static data. Otherwise the static data creation
25 request will be rejected. For instance the security maintaining CSD needs to provide the Market Specific
26 Attributes(s) it has defined as mandatory when creating the ISIN in T2S.

27 If a CSD or Central Bank wants to modify an existing Market Specific Attributes and change the cardinality
28 from optional to mandatory, it needs to update the relevant static data objects via maintenance requests in
29 order to provide a value for the Market Specific Attributes before submitting the maintenance of the Market
30 Specific Attributes via the GUI.

1 With regards to security Market Specific Attributes, an investor CSD that has created Market Specific
2 Attributes(s) for its own securities should also fill these values for securities for which it creates a Security
3 CSD link (if the Market Specific Attributes is defined as mandatory). Otherwise the Security CSD link
4 creation request will be rejected.

5 If a Market Specific Attributes requires its values to be defined as a fixed list, T2S will check that at the time
6 the CSD or Central Bank provides the Market Specific Attributes value when creating a static data object
7 (security, party, securities account), the value is valid with regards to the list of values defined for the
8 relevant attribute domain.

9 To provide a value of Market Specific Attributes for a given object, the CSD or Central Bank needs to use
10 the related static data maintenance functions, for instance Security Creation or Maintenance request to
11 provide the Market Specific Attributes value for a given ISIN.

12 For details, refer to processes “Maintenance of Securities [T2S.BPD.STDA.MSEC]”, “Maintenance of
13 Securities Account [T2S.BPD.STDA.MSAC]”, “Maintenance of CSD Participant
14 [T2S.BPD.STDA.MPTY]”, “Maintenance of Payment Bank [T2S.BPD.STDA.MPBK]”.

15 For details regarding the use of Market Specific Attributes for the set-up of restriction rules, refer to process
16 “Management of Restrictions [T2S.BPD.STDA.MRES]”.

17 **Trigger:**

18 The CSD or Central Bank identifies the need to create, amend or delete a market specific attribute for
19 Security, Securities account or Party¹¹⁷ entities in T2S.

20 **Preconditions:**

21 None

22 **T2S Instructing Party:**

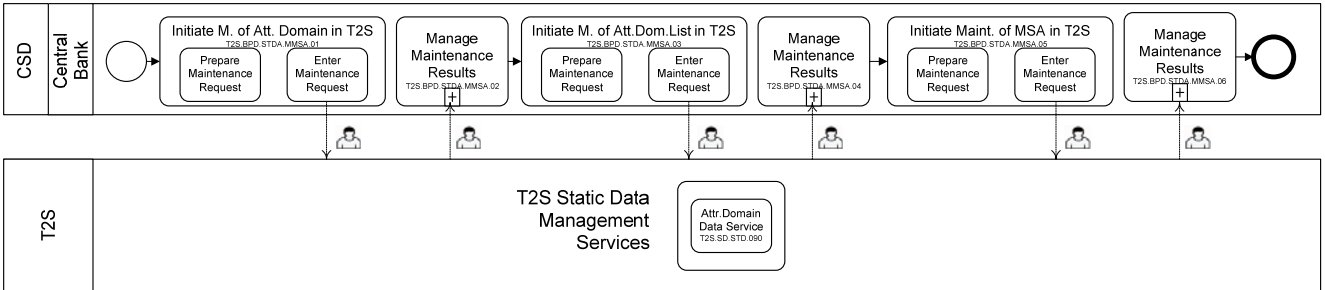
23 There are two scenarios for the instruction of T2S.

- 24 • Scenario A: CSD instructs T2S
- 25 • Scenario B: Central Bank instructs T2S

¹¹⁷ Only Party object is available for Central Bank market specific attribute definition

7.16.2 Business Process Diagram

Figure 7-16: Business Process Diagram [T2S.BPD.STD.MMSA]



7.16.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

7.16.3.1 Maintain Attribute Domain

7.16.3.1.1 Initiate Maintenance of Attribute Domain in T2S

Reference ID	T2S.BPD.STD.MMSA.01
--------------	---------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] enriches the maintenance request with details required for the static data processing in T2S and sends the static data maintenance instruction to T2S via GUI and views the result of the maintenance.

References:

GUI BFD: T2S.GUI.SDSE.ADN.0010, T2S.GUI.SDSE.ADN.0020, T2S.GUI.SDSE.ADN.0030, T2S.GUI.SDSE.ADN.0040, T2S.GUI.SDSE.ADN.0050, T2S.GUI.SDSE.ADN.0060

7.16.3.1.1.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STD.MMSA.01.01
--------------	------------------------

The CSD [Central Bank] can create, update or delete an attribute domain. Depending on the required action it may use the queries in T2S to view existing attribute domain details.

It is not necessary to create an attribute domain if the CSD [Central Bank] wishes to create a Market Specific Attributes for which there is no need of pre-defined list of values. In this case the CSD [Central Bank] can directly create the Market Specific Attributes.

- 1 *For creation of attribute domain data*
- 2 For creation of an attribute domain, the CSD [Central Bank] needs to specify the following information:
- 3 • Domain name
 - 4 • Domain description
 - 5 • Format
 - 6 • Minimum length
 - 7 • Maximum length
 - 8 • Case

- 9 *For modification of attribute domain data*
- 10 The CSD [Central Bank] can modify an existing attribute domain it has created.

- 11 *For deletion of attribute domain data*
- 12 The CSD [Central Bank] can delete an attribute domain that it has previously defined.

13 **7.16.3.1.1.2 Enter Maintenance Request**

Reference ID	T2S.BPD.STD.MMSA.01.02
--------------	------------------------

- 14 The CSD [Central Bank] enters the attribute domain maintenance details and submit the request to T2S via
- 15 the GUI.

16 **7.16.3.1.2 Manage Maintenance Results**

Reference ID	T2S.BPD.STD.MMSA.02
--------------	---------------------

- 17 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)
- 18 The CSD [Central Bank] views the on-screen message about the execution or rejection of the attribute
- 19 domain maintenance request.
- 20 It triggers the relevant processes on the CSD [Central Bank] side based on the result of the maintenance.

21 **7.16.3.2 Maintain attribute domain list of valid values**

22 **7.16.3.2.1 Initiate Maintenance of Attribute Domain List in T2S**

Reference ID	T2S.BPD.STD.MMSA.03
--------------	---------------------

- 23 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

1 The CSD [Central Bank] enriches the maintenance request with details required for the static data processing
 2 in T2S and sends the static data maintenance instruction to T2S via GUI and receive the result of the
 3 maintenance. No messages are available for the maintenance of attribute domain list of valid values in T2S.

4 References:

5 GUI BFD: T2S.GUI.SDSE.ADN.0010, T2S.GUI.SDSE.ADN.0020, T2S.GUI.SDSE.ADN.0030,
 6 T2S.GUI.SDSE.ADN.0040, T2S.GUI.SDSE.ADN.0050, T2S.GUI.SDSE.ADN.0060

7 **7.16.3.2.1.1 Prepare Maintenance Request**

Reference ID	T2S.BPD.STD.MMSA.03.01
--------------	------------------------

8 The CSD [Central Bank] can create, update or delete an attribute domain list of valid values. Depending on
 9 the required action it may use the queries in T2S to view existing attribute domain list of values details.

10 It is not necessary to create an attribute domain list of values if the CSD [Central Bank] wishes to create a
 11 Market Specific Attributes for which there is no need of pre-defined list of values. In this case the CSD
 12 [Central Bank] can directly create the Market Specific Attributes.

13 *For creation of list*

14 CSD [Central Bank] can create a list of valid values for a given attribute domain.

15 *For modification of list*

16 CSD [Central Bank] can modify the list of valid values for a given attribute domain.

17 *For deletion of list*

18 CSD [Central Bank] can delete an existing value out of a list for a given attribute domain.

19 **7.16.3.2.1.2 Enter Maintenance Request**

Reference ID	T2S.BPD.STD.MMSA.03.02
--------------	------------------------

20 The CSD [Central Bank] enters the attribute domain list of values maintenance details and submit the request
 21 to T2S via the GUI.

22 **7.16.3.2.2 Manage Maintenance Results**

Reference ID	T2S.BPD.STD.MMSA.04
--------------	---------------------

23 The CSD [Central Bank] views the on-screen message about the execution or rejection of the attribute
 24 domain list of value maintenance request.

25 It triggers the relevant processes on the CSD [Central Bank] side based on the result of the maintenance.

7.16.3.3 Maintain Market Specific Attribute

7.16.3.3.1 Initiate Maintenance of Market Specific Attribute in T2S

Reference ID	T2S.BPD.STD.MMSA.05
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T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] enriches the maintenance request with details required for the static data processing in T2S and sends the static data maintenance instruction to T2S via GUI and receive the result of the maintenance. No messages are available for the maintenance of Market Specific Attribute in T2S.

References:

GUI BFD: T2S.GUI.SDSE.MSD.0010, T2S.GUI.SDSE.MSD.0020, T2S.GUI.SDSE.MSD.0030, T2S.GUI.SDSE.MSD.0040, T2S.GUI.SDSE.MSD.0050, T2S.GUI.SDSE.MSD.0060

7.16.3.3.1.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STD.MMSA.05.01
--------------	------------------------

The CSD [Central Bank] can create, update or delete a Market Specific Attribute. Depending on the required action it may use the queries in T2S to view existing Market Specific Attribute details.

For creation of attribute data

In the case where the Market Specific Attribute to be created needs to have a set of pre-defined values, it is necessary to create first an Attribute Domain and in a second step to create the valid list of values for the Attribute domain. (See two previous processes)

In the case where the Market Specific Attribute doesn't require a pre-defined list of values, the CSD [Central Bank] can directly create the Market Specific Attributes and specify the format expected (minimum length, maximum length, case) in a generic manner in the Market Specific Attribute entity. In this case, there is no need to refer to an existing Attribute Domain when creating the Market Specific Attributes, i.e. the two previous processes can be skipped. In this case the CSD [Central Bank] defines for the Market Specific Attributes itself the relevant attribute pattern.

The CSD [Central Bank] needs to specify as well some other types of information such as the static data object type on which the Market Specific Attributes applies, whether the Market Specific Attributes is mandatory or optional, whether the Market Specific Attributes value must be unique or not. This last attribute actually defines whether there is a need to refer to an attribute domain and to its list of values or not.

For modification of attribute data

CSD [Central Bank] can modify the Market Specific Attributes details via GUI.

1 *For deletion of attribute data*

2 CSD [Central Bank] can delete an existing Market Specific Attributes via GUI.

3 **7.16.3.3.1.2 Enter Maintenance Request**

Reference ID	T2S.BPD.STD.MMSA.05.02
--------------	------------------------

4 The CSD [Central Bank] enters the Market Specific Attribute maintenance details and submit the request to
5 T2S via the GUI.

6 **7.16.3.3.2 Manage Maintenance Results**

Reference ID	T2S.BPD.STD.MMSA.06
--------------	---------------------

7 The CSD [Central Bank] views the on-screen message about the execution or rejection of the Market
8 Specific Attribute maintenance request.

9 It triggers the relevant processes on the CSD [Central Bank] side based on the result of the maintenance.

10 **7.16.4 Description of T2S Services**

11 **7.16.4.1 Static data Services**

T2S Service Class	Static data Service Class
T2S Service Reference ID	T2S.SD.STD

12 Attribute Domain Data Service (Market-specific attributes) (T2S SD.STD 090)

13 This T2S service is responsible for the maintenance of attribute domains, their list of valid values and the
14 definition of market specific attributes.

15 **7.17 Maintenance of System User [T2S.BPD.STDA.MUSE]**

16 **7.17.1 Overview**

17 This process describes the act of maintaining system user details in T2S. A system user can be an individual
18 or an application that can communicate with T2S using a login name and authorisation credentials. Each
19 system user data in T2S receives individual grants of privileges determining how this system user is allowed
20 to interact with T2S.

21 Administrative system users for CSDs and Central Banks are created by the T2S operator initially. These
22 system users will have sufficient privileges to create the business users for their own CSD/Central Bank as
23 well as administrative and business users for their participants.

Trigger:

A CSD, CSD Participant, Central Bank or Payment Bank needs to create or maintain system user in T2S

Preconditions:

None

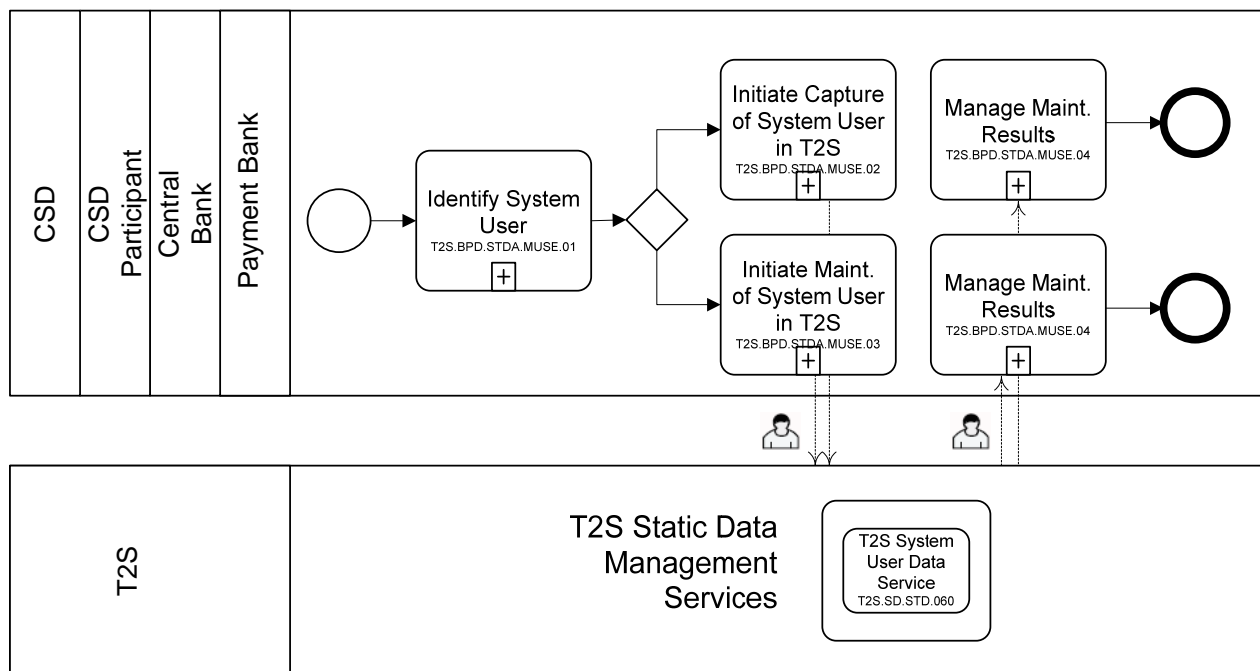
T2S Instructing Party:

There are four scenarios for the instruction of T2S.

- CSD instructs T2S
- CSD Participant instructs T2S
- Central Bank instructs T2S
- Payment Bank instructs T2S

7.17.2 Business Process Diagram

Figure 7-17: Business Process Diagram [T2S.BPD.STDA.MUSE]



7.17.3 Business Process Description

7.17.3.1 Identify System User

Reference ID	T2S.BPD.STDA.MUSE.01
--------------	----------------------

T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

1 The CSD [CSD Participant, Central Bank, Payment Bank] identifies whether a new user has to be created or
2 an existing user details has to be updated in T2S.

3 **7.17.3.2 Initiate Capture of System User in T2S**

Reference ID	T2S.BPD.STDA.MUSE.02
--------------	----------------------

4 T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

5 An administrative system user in the CSD [CSD Participant, Central Bank, Payment Bank] captures the
6 details of the T2S system user to be created in T2S. A creation of new system users is only possible via the
7 T2S GUI (U2A).

8 References:

9 GUI BFD: T2S.GUI.SDSE.ROL.0090

10 **7.17.3.3 Initiate Maintenance of System User in T2S**

Reference ID	T2S.BPD.STDA.MUSE.03
--------------	----------------------

11 T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

12 An administrative user of the CSD [CSD Participant, Central Bank, Payment Bank] can query the details of
13 the system user, as they are stored in T2S, to assess the necessary updates.

14 An administrative user of the CSD [CSD Participant, Central Bank, Payment Bank] performs the necessary
15 updates by either changing the status of the system user (i.e. for delete, unlock, lock) or updating the system
16 user's attributes (i.e. for updates, changing privileges).

17 References:

18 GUI BFD: T2S.GUI.SDSE.USR.0010, T2S.GUI.SDSE.USR.0020, T2S.GUI.SDSE.USR.0030,
19 T2S.GUI.SDSE.USR.0040, T2S.GUI.SDSE.USR.0060

20 **7.17.3.4 Manage Maintenance Results**

Reference ID	T2S.BPD.STDA.MUSE.04
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21 T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

22 The CSD [CSD Participant, Central Bank, Payment Bank] receives, via GUI, the response messages as a
23 result of the initiated maintenance request or the system user capture request. In case the response is an error,
24 the business actor could correct the details in the GUI screen and initiate the maintenance/capture request
25 again.

1 7.17.4 Description of T2S Services

2 7.17.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

3 T2S System User Data Service (T2S SD.STD 060)

4 This T2S service allows the T2S privileged users to maintain their system users in T2S.

5 7.18 Management of Limits [T2S.BPD.STDA.MLIM]

6 7.18.1 Overview

7 This process describes the act of administrating limits in T2S. The Central Bank and its Payment Banks (and
8 any other authorised T2S Actors) needs to manage the below mentioned limits in T2S to control and monitor
9 the usage of its liquidity in T2S by its clients:

- 10 • auto-collateralisation limit
- 11 • external guarantee limit
- 12 • client-collateralisation limit
- 13 • unsecured limit

14 The need to set or reset such limits is realised for reasons as mentioned below

- 15 • A client of a Central Bank or of a Payment Bank becomes an eligible/ineligible party for auto-
16 collateralisation or client-collateralisation respectively
- 17 • A client of a Payment Bank has an arrangement with its Payment Bank to have an external guarantee
18 limit and/or an unsecured limit to be used in T2S for the purposes of securities settlement, which
19 needs to be managed by the Payment Bank
- 20 • An eligible party (i.e. a client of an Central Bank or of a Payment Bank) has changes to its credit
21 worthiness as its credit rating by the rating agencies could have implications to its available limits in
22 T2S
- 23 • An eligible party has used its available limits in T2S but failed to reimburse its liquidity provider

24 The privileged T2S Actors can use the below mentioned limit maintenance facilities to set or reset the limits
25 in T2S as per their needs

- 26 • create limit
- 27 • update limit

- delete limit

These facilities will be available at any time during a settlement day in T2S for all privileged T2S Actors.

Trigger:

This process starts when the Payment Bank/Central Bank intends to set or reset the limits in T2S for its clients.

- Central Bank(s) receive liquidity usage details from T2S and/or its Payment Banks
- Payment banks receive liquidity usage details from T2S and/or its clients

Preconditions:

None

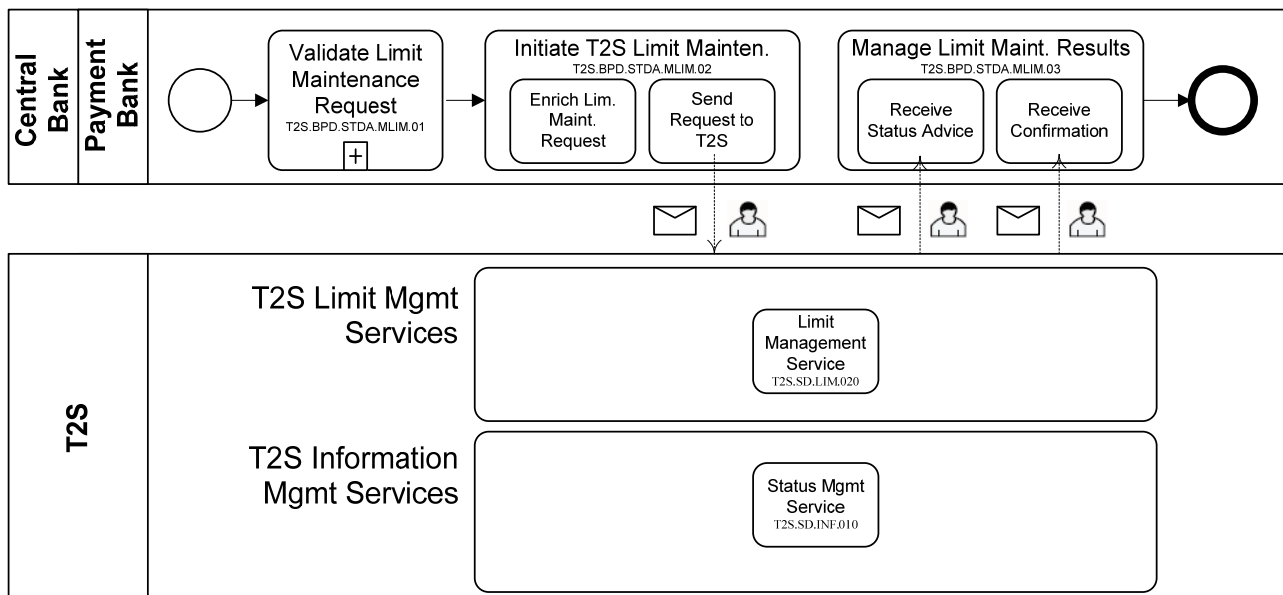
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

- Scenario A: Central Bank instructs T2S (for its own or on behalf of the Payment Bank)
- Scenario B: Payment Bank instructs T2S

7.18.2 Business Process Diagram

Figure 7-18: Business Process Diagram [T2S.BPD.STDA.MLIM]



7.18.3 Business Process Description

This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square brackets.

7.18.3.1 Validate Limit Maintenance request

Reference ID	T2S.BPD.STDA.MLIM.01
--------------	----------------------

T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] checks all the details related to limit maintenance against the reference data (maintained by the Central Bank or Payment Bank) and may perform additional checks/validations.

7.18.3.2 Initiate T2S Limit Maintenance

Reference ID	T2S.BPD.STDA.MLIM.02
--------------	----------------------

T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

The Central Bank [Payment Bank] enriches the limit maintenance request with details required for setting or resetting one or more limits in T2S and sends the limit maintenance request to T2S via a message (or) place the limit maintenance request via the T2S GUI.

References:

UDFS: Use Case “Maintain Static data” (Chapter 2.20)

GUI BFD: See section 4.13 to query and maintain limits in T2S via the T2S GUI

7.18.3.2.1 Enrich Limit Maintenance Request

Reference ID	T2S.BPD.STDA.MLIM.02.01
--------------	-------------------------

The Central Bank [Payment Bank] enriches the limit maintenance request with specific information such as account numbers, currency, limit amounts, type of limit, etc.

The Central Bank [Payment Bank] might want to use the query facilities in the RTGS system or T2S to get the necessary information.

7.18.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.MLIM.02.02
--------------	-------------------------

1 The Central Bank [Payment Bank] converts the limit maintenance request into the required message format
 2 and transmits it to T2S as a message (or) capture the limit maintenance request via the T2S GUI. The
 3 processing of the limit maintenance request in T2S depends on the values specified in the request.

4 The Central Bank [Payment Bank] sends the following message to T2S:

5 **Table 7-34: Messages to T2S [T2S.BPD.STDA.MLIM.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
ModifyLimit	camt.011.001.05	To T2S	3.3.3.7
DeleteLimit	camt.012.001.05	To T2S	3.3.3.8

6 **7.18.3.3 Manage Limit maintenance results**

Reference ID	T2S.BPD.STDA.MLIM.03
--------------	----------------------

7 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

8 The Central Bank [Payment Bank] receives the limit maintenance related messages, as responses from T2S
 9 and initiates related internal processes, for a limit maintenance request sent to T2S via a message.

10 When the Central Bank [Payment Bank] places a limit maintenance request via the T2S GUI, the flow of
 11 status advices and confirmations as messages to the Central Bank or Payment Bank does not apply. The
 12 results of the validation/processing are available in the T2S GUI.

13 References:

14 UDFS: Use Case “Maintain Static data” (Chapter 2.20)

15 GUI BFD: See section 4.13 to query and maintain limits in T2S via the T2S GUI

16 **7.18.3.3.1 Receive Status Advice**

Reference ID	T2S.BPD.STDA.MLIM.03.01
--------------	-------------------------

17 The Central Bank [Payment Bank] receives status advice messages for every change of status code to the
 18 limit maintenance request in T2S as a result of the validation/processing of the static data maintenance
 19 request.

20 If T2S has been instructed via the T2S GUI the status is shown on the screen.

21 Following the message reception, other internal activities might be conducted such as:

- 22 • aligning the status of the limit maintenance request in the Central Bank’s or Payment bank’s systems
 23 with the status in T2S;

- triggering notification to their relevant clients.

The Central Bank [Payment Bank] receives the following message from T2S:

Table 7-35: Messages from T2S [T2S.BPD.STDA.MLIM.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	T2S sends a “rejection” (or) “queued” status of an limit maintenance request	3.3.3.12

7.18.3.3.2 Receive Confirmations

Reference ID	T2S.BPD.STDA.MLIM.03.02
--------------	-------------------------

The Central Bank [Payment Bank] receives and validates the confirmations of the limit maintenance request, sent by T2S to the Central Bank.

Following the message reception, other internal activities might be conducted such as:

- aligning the status of the limit maintenance request in the Central Bank’s or Payment Bank’s books with the status in T2S,
- triggering notification to their relevant clients

The Central Bank [Payment Bank] receives the following message from T2S:

Table 7-36: Messages from T2S [T2S.BPD.STDA.MLIM.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
Receipt	camt.025.001.03	From T2S	T2S sends “completed” status of an limit maintenance request	3.3.3.12

7.18.4 Description of T2S Services

7.18.4.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

Limit Management Service (T2S.SD.LIM 020)

- 1 This T2S service performs the validation and execution of the limit maintenance request (i.e. to
2 create/update/delete limits) from the Central Bank/Payment Bank.
- 3 This service is triggered by the receipt of a limit maintenance request from an Central Bank or its Payment
4 Bank.
- 5 This service will perform the following steps
- 6 • Validation of the request based on the current static data in T2S.
 - 7 • T2S may “reject” the request after its technical or business validations.
 - 8 • T2S may accept the request but may “queue” the request until the maintenance window or the night-
9 time settlement sequence is completed in the T2S settlement day
 - 10 • T2S may “complete” the limit maintenance request by executing create/update/delete of the limit(s)
11 as applicable to the clients of Central Bank/Payment Bank(s) to set or reset limits. Consequently, this
12 service will initiate a revalidation of the pending transactions and/or dynamic reimbursement
13 processes in T2S based on the utilisation and headroom availability.

14 7.18.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

15 Status Management Service (T2S.SD.INF 010)

- 16 This T2S service performs the status management for the limit maintenance request and triggers the
17 notifications to all involved parties based on the relevant message subscriptions.

8. STATIC DATA RESTRICTION PROCESSES

8.1 (Un)Blocking of Securities [T2S.BPD.STDA.BSEC]

8.1.1 Overview

This process describes the act of blocking and unblocking a security in T2S. CSDs in T2S (i.e. Investor CSDs and Issuer CSDs) may need to block the securities for specific purposes. This might be

- to prevent processing of settlement instructions (trades, Repo, lending and borrowing, reimbursements, etc) or
- to prevent processing for other purposes such as corporate action, completion of issuance activities, redemptions, securities conversion, annual general meetings, etc.

Such a blocking of securities is applicable only to the sphere of responsibility of the CSD setting the blocking (without creating an impact to other participating CSDs in T2S).

The securities can also be blocked when the securities are being created. For details regarding the creation of securities, refer to process “Maintenance of Securities [T2S.BPD.STDA.MSEC]”.

CSDs in T2S would normally need to unblock a previously blocked security (i.e. ISIN) to restore normal processing of settlement instructions such as trades, Repo, lending and borrowing, reimbursements, etc and/or settlement restrictions such as intra-position movements. CSDs would need to restore such normal processing, when the need for blocking of that security (i.e. ISIN) expires (e.g. completion of processing of a corporate action, etc).

Trigger:

- Blocking: Business reason to block securities are identified by the CSD
- Unblocking: Business reason to block securities is no longer valid

Preconditions

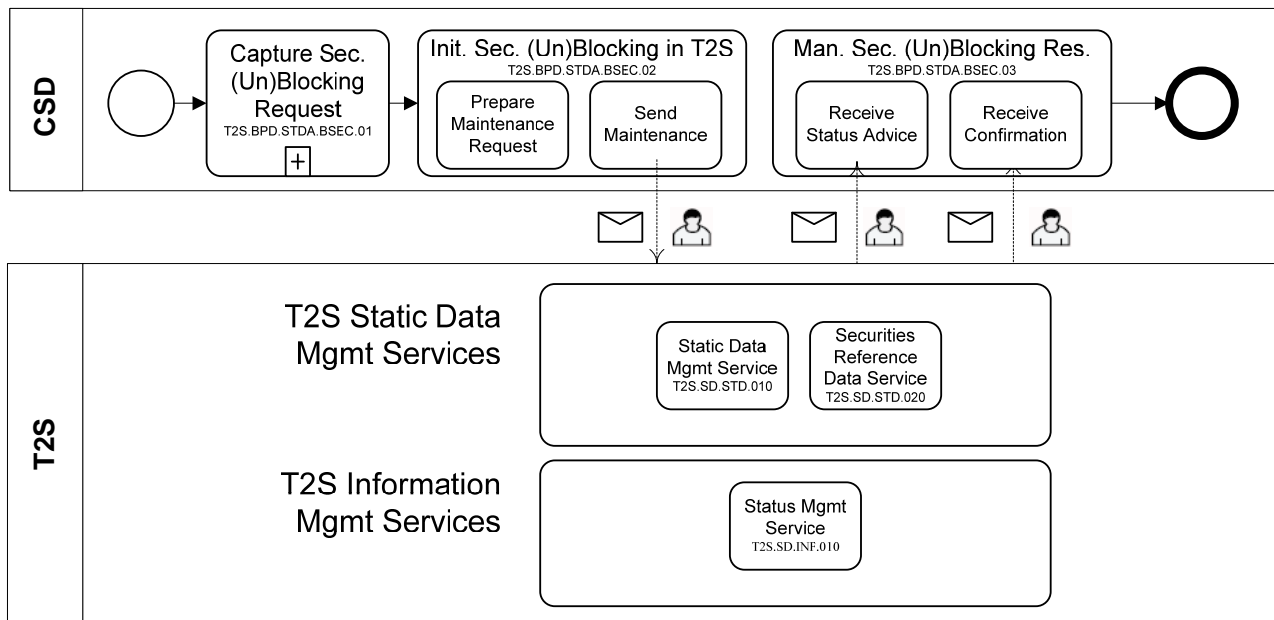
The restriction types related to blocking of securities are setup in T2S by the relevant CSD (or the T2S Operator)

T2S Instructing Party:

CSD

8.1.2 Business Process Diagram

Figure 8-1: Business Process Diagram [T2S.BPD.STDA.BSEC]



8.1.3 Business Process Description

8.1.3.1 Capture Security (Un)Blocking Request

Reference ID	T2S.BPD.STDA.BSEC.01
--------------	----------------------

T2S Actors: CSD

The CSD checks all the details related to (un)blocking of securities against the reference data (maintained by the CSD) and may perform additional checks/validations.

For the unblocking of securities, these checks can include the validation of the “valid till” of the blocking request originally placed in T2S, as the “valid till” may need to be updated [if not specified (or) was incorrectly specified, when the security (i.e. ISIN) was originally blocked in T2S] or may not need to be updated.

8.1.3.2 Initiate Security (Un)Blocking in T2S

Reference ID	T2S.BPD.STDA.BSEC.02
--------------	----------------------

T2S Actors: CSD

The CSD enriches the blocking of securities request with details required in T2S and sends the blocking of securities request to T2S using an A2A message or by placing the blocking request in T2S using the T2S GUI (U2A).

1 References:

2 UDFS: Use Case “Restrict Static data” (Chapter 2.21)

3 GUI BFD: See section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

4 8.1.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.BSEC.02.01
--------------	-------------------------

5 *For blocking of securities*

6 The CSD enriches the blocking of securities request with specific information such as

- 7 • the security as ISIN
- 8 • restriction type in T2S for blocking of securities
- 9 • validity period of the blocking with valid from and valid till timestamps. (For blocking, the request
- 10 in T2S could be place with valid from timestamp only)

11 The CSD may want to use the query facilities in the CSD system or T2S to get the necessary information.

12 *For unblocking of securities*

13 The unblocking request takes the form of either updating the value of field “valid till” of an existing blocking
14 or deleting the blocking. T2S will add or update such a value to define the time of expiry of the blocking
15 request of the security (i.e. ISIN), after successful processing of the unblocking request.

16 8.1.3.2.2 Send Maintenance Request

Reference ID	T2S.BPD.STDA.BSEC.02.02
--------------	-------------------------

17 The CSD converts the (un)blocking of securities request into the required message format and transmits it to
18 T2S as a message (or) capture the (un)blocking of securities request via the T2S GUI.

19 **Table 8-1: Messages to T2S [T2S.BPD.STDA.BSEC.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesMaintenanceRequest	reda.007.001.01	To T2S	3.3.6.2

20 8.1.3.3 Manage Securities (Un)Blocking Results

Reference ID	T2S.BPD.STDA.BSEC.03
--------------	----------------------

21 T2S Actors: CSD

1 The CSD receives the blocking of securities maintenance related messages, as responses from T2S and
2 initiates related internal processes, for a “blocking of securities” maintenance request sent to T2S via a
3 message.

4 When the CSD places a “blocking of securities” maintenance request via the T2S GUI, the flow of status
5 advices and confirmations as messages to the CSD does not apply. The results of the validation/processing
6 will be shown in the T2S GUI only.

7 References:

8 UDFS: Use Case “Restrict Static data” (Chapter 2.21)

9 GUI BFD: See section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

10 8.1.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.BSEC.03.01
--------------	-------------------------

11 This activity receives status advice messages for every change of status code to the “blocking of securities”
12 maintenance request in T2S for the results of the validation/processing of the static data maintenance request.

13 Subsequent to receiving such messages triggers other internal activities as mentioned below

- 14 • aligning the status of the “blocking of securities” or “unblocking of securities” maintenance request
- 15 in the CSD’s systems with the status in T2S;
- 16 • triggering notification to their relevant clients.

17 The CSD receives the following message from T2S:

18 **Table 8-2: Messages from T2S [T2S.BPD.STDA.BSEC.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesMaintenanceStatusAdvice	reda.029.001.01	From T2S	T2S “Rejects” or “Queues” the “blocking of securities” or “unblocking of securities” maintenance request	3.3.6.23

19 8.1.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.BSEC.03.02
--------------	-------------------------

1 The CSD receives and validates the confirmation of the processing of “blocking of securities” or
2 “unblocking of securities” maintenance request, sent by T2S to the CSD.

3 Subsequent to receiving such messages triggers other internal activities as mentioned below:

- 4 • aligning the status of the “blocking of securities” or “unblocking of securities” maintenance request
5 in the CSD’s books with the status in T2S,
- 6 • triggering notification to their relevant clients

7 The CSD receives the following message from T2S:

8 **Table 8-3: Messages from T2S [T2S.BPD.STDA.BSEC.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesMaintenanceStatusAdvice	reda.029.001.01	From T2S	T2S “completes” the “blocking of securities” or “unblocking of securities” maintenance request	3.3.6.23

9 **8.1.4 Description of T2S Services**

10 **8.1.4.1 Static Data Management Services**

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

11 **Static Data Management Service (T2S.SD.STD 010)**

12 This T2S service allows the T2S users to maintain their static data in T2S.

13 **Securities Reference Data Service (T2S.SD.STD 020)**

14 This T2S service allows the “blocking of securities”. This service facilitates the CSD to block a security in
15 T2S and thus prevent settlement for this security within the books of this CSD.

16 **8.1.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

17

18

1 **Status Management Service (T2S.SD.INF 010)**

2 This T2S service performs the status management for the “blocking of securities” request and triggers the
3 notifications to all involved parties based on the relevant message subscriptions.

4 **8.2 (Un)Blocking of Securities Account [T2S.BPD.STDA.BSAC]**

5 **8.2.1 Overview**

6 This process describes the act of blocking and unblocking a securities account in T2S. A CSD or CSD
7 Participant in T2S may need to block the securities account to prevent processing of settlement instructions
8 on the securities account. As a result, T2S will not consider the settlement instructions on the blocked
9 securities accounts for settlement purpose.

10 This facility will be available at any time during a settlement day in T2S. This procedure takes place by
11 putting a restriction on the static data object “securities account”.

12 CSDs in T2S would normally need to unblock a previously blocked securities account to restore normal
13 processing of relevant settlement instructions (such as trades, Repo, lending and borrowing, reimbursements,
14 etc) and/or settlement restrictions such as intra-position movements. CSDs would need to restore such
15 normal processing, when the need for blocking of a securities account is no longer valid.

16 **Trigger:**

- 17 • Blocking: A business reason to a block securities account is identified
- 18 • Unblocking: Business reason to block securities account is no longer valid

19 **Preconditions**

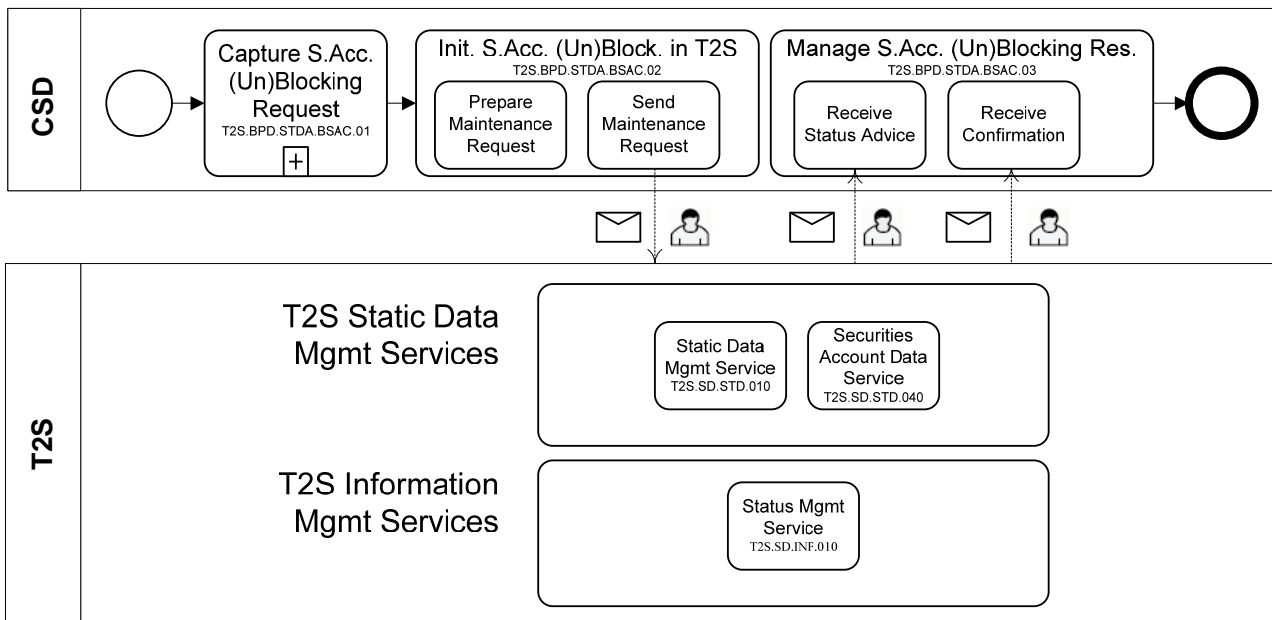
20 The restriction types related to blocking of securities account are setup in T2S by the relevant CSD (or the
21 T2S Operator)

22 **T2S Instructing Party:**

23 CSD

8.2.2 Business Process Diagram

Figure 8-2: Business Process Diagram [T2S.BPD.STDA.BSAC]



8.2.3 Business Process Description

8.2.3.1 Capture Securities Account (Un)Blocking Request

Reference ID	T2S.BPD.STDA.BSAC.01
--------------	----------------------

T2S Actors: CSD

The CSD checks all the details related to (un)blocking of securities account against the reference data (maintained by the CSD) and may perform additional checks and validations.

For the unblocking of securities position, these checks can include the validation of the “valid till” of the blocking request originally placed in T2S, as the “valid till” may need to be updated [if not specified (or) was incorrectly specified, when the securities account was originally blocked in T2S] or may not need to be updated.

8.2.3.2 Initiate Securities Account (Un)Blocking in T2S

Reference ID	T2S.BPD.STDA.BSAC.02
--------------	----------------------

T2S Actors: CSD

The CSD enriches the (un)blocking of securities account request with details required in T2S and sends the blocking of securities account request to T2S using an A2A message or by placing the (un)blocking request in T2S using the T2S GUI (U2A).

1 References:

2 UDFS: Use Case “Restrict Static data” (Chapter 2.21) with the maintenance request as
3 “SecuritiesAccountModificationRequest”

4 GUI BFD: Section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

5 8.2.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.BSAC.02.01
--------------	-------------------------

6 *For blocking of securities position*

7 The CSD enriches the blocking of securities account request with specific information such as

- 8 • securities account number in T2S
- 9 • restriction type in T2S for blocking of securities account
- 10 • validity period of the blocking with valid from and valid till timestamps. (For blocking, the request
11 in T2S could be place with valid from timestamp only.)
- 12 • reason for blocking of the securities account

13 The CSD might want to use the query facilities in the CSD system or T2S to get the necessary information.

14 *For unblocking of securities position*

15 The unblocking request takes the form of updating the value of field “valid till” of an existing blocking. T2S
16 will update such a value to define the time of expiry of the blocking request of the securities account, after
17 successful processing of the unblocking request

18 8.2.3.2.2 Send Maintenance Request

Reference ID	T2S.BPD.STDA.BSAC.02.02
--------------	-------------------------

19 The CSD converts the (un)blocking of securities account request into the required message format and
20 transmits it to T2S as an A2A message or by capturing the blocking of securities account request via the T2S
21 GUI (U2A).

22 The CSD sends the following message to T2S:

23 **Table 8-4: Messages to T2S [T2S.BPD.STDA.BSAC.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesAccountModifi cationRequest	reda.023.001.01	To T2S	3.3.6.17

8.2.3.3 Manage Securities Account (Un)Blocking Results

Reference ID	T2S.BPD.STDA.BSAC.03
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T2S Actors: CSD

The CSD receives the (un)blocking of securities account related messages, as responses from T2S and initiates related internal processes.

When the CSD places a (un)blocking of securities account request via the T2S GUI, the flow of status advices and confirmations as messages to the CSD does not apply. The results of the validation and processing are will be shown in the T2S GUI only.

References:

UDFS: Use Case “Restrict Static data” (Chapter 2.21) with the maintenance request as “SecuritiesAccountModificationRequest”

GUI BFD: Section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

8.2.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.BSAC.03.01
--------------	-------------------------

The CSD receives status advice messages for every change of status code to the (un)blocking of securities account request in T2S for the results of the validation and processing of the static data maintenance request.

Subsequent to receiving such messages triggers other internal activities as mentioned below

- aligning the status of the (un)blocking of securities account request in the CSD’s systems with the status in T2S;
- triggering notification to their relevant clients.

The CSD receives the following message from T2S:

Table 8-5: Messages from T2S [T2S.BPD.STDA.BSAC.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesAccountStatusAdvice/“Rejected” or “Queued”	reda.020.001.01	From T2S	T2S “rejects” or “queues” the “blocking of securities account” or “unblocking of securities” request	3.3.6.14

8.2.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.BSAC.03.02
--------------	-------------------------

The CSD receives and validates the confirmation of the processing of (un)blocking of securities account request, sent by T2S to the CSD.

Subsequent to receiving such messages triggers other internal activities as mentioned below:

- aligning the status of the (un)blocking of securities account request in the CSD's books with the status in T2S,
- triggering notification to their relevant clients

The CSD receives the following message from T2S:

Table 8-6: Messages from T2S [T2S.BPD.STDA.BSAC.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesAccountStatusAdvice/"completed"	reda.020.001.01	From T2S	T2S successfully "completes" the "blocking of securities account" or "unblocking of securities account" request	3.3.6.14

8.2.4 Description of T2S Services

8.2.4.1 Static Data Management Services

T2S Service Class	Static Data Management Service Class
T2S Service Reference ID	T2S SD.STD

Static Data Management Service (T2S.SD.STD 010)

This T2S service allows the T2S users to maintain their static data in T2S.

Securities Account Data Service (T2S.SD.STD 040)

This T2S service allows management of blocking of securities account. This service facilitates the CSD to block securities account in T2S, when receiving a securities account modification request.

8.2.4.2 Information Services

T2S Service Class	Information Management Service Class
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T2S Service Reference ID	T2S.SD.INF
--------------------------	------------

1 **Status Management Service (T2S.SD.INF 010)**

2 This T2S service performs the status management for the blocking of securities account request and triggers
3 the notifications to all involved parties.

4 **8.3 (Un)Blocking of Party [T2S.BPD.SETT.BPRT]**

5 **8.3.1 Overview**

6 This process describes the act of blocking and unblocking one or several parties in T2S. CSDs and Central
7 Banks in T2S may need to block T2S parties for specific purposes. This might be because

8 CSD wants to prevent settlement of settlement instructions from a specific or all of its participants in T2S.
9 The blocking of a CSD automatically blocks all of its own securities accounts and securities accounts of all
10 of its participants from settlement. Similarly blocking of CSD Participant automatically blocks all of its own
11 securities accounts from settlement

12 Central Bank wants to prevent cash leg settlement processing of instructions (settlement instruction/ liquidity
13 transfer) for any of its Payment Banks in T2S. The blocking of a Central Bank automatically blocks all of its
14 own DCAs, DCAs of all of its Payment Banks from settlement. Similarly blocking of a Payment Bank
15 automatically blocks all of its own DCAs from settlement

16 A party can also be blocked during its creation in T2S. For details regarding the creation of a party, refer to
17 process “Maintenance of CSD Participant [T2S.BPD.STDA.MPTY]”.

18 CSDs/ Central Banks initiate unblocking of party in T2S when the need for blocking of that party is no more
19 (e.g. Bankruptcy of a participant, etc.). The CSD/ Central Bank could also initiate unblocking of itself.

20 Alternatively, in case a ‘valid till’ timestamp is specified by CSD or Central Bank in the initial ‘blocking of
21 party’ request to T2S, T2S unblocks the party on reaching the ‘valid till’ timestamp.

22 **Trigger:**

- 23 • Blocking: Business reason to block party is identified by the CSD or Central Bank
- 24 • Unblocking: Business reason to block party is no longer valid

25 **Preconditions:**

26 The restriction types related to blocking of party are setup in T2S by the relevant CSD or Central Bank (or
27 the T2S Operator)

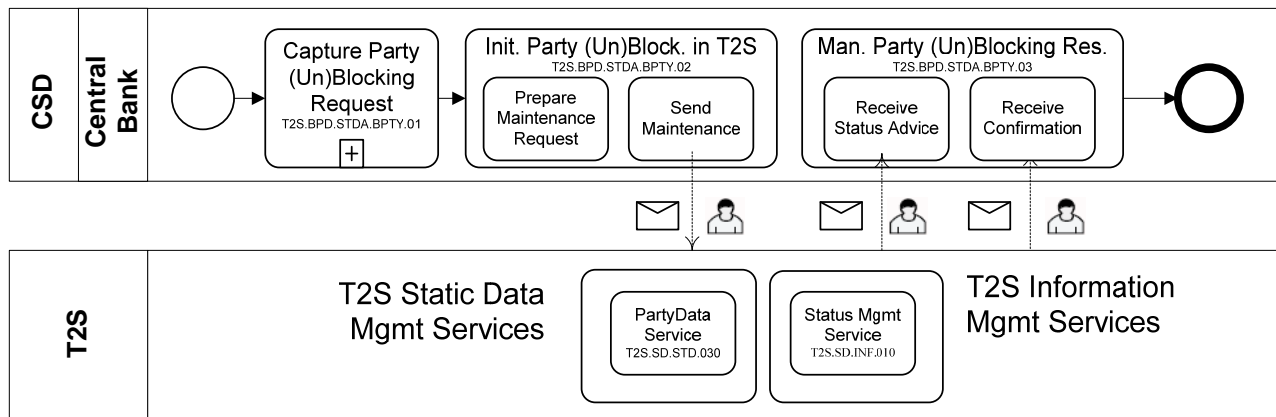
28 **T2S Instructing Party:**

29 There are two scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S
- Scenario B: Central Bank instructs T2S

8.3.2 Business Process Diagram

Figure 8-3: Business Process Diagram [T2S.BPD.STDA.BPTY]



8.3.3 Business Process Description

8.3.3.1 Capture Party (Un)Blocking Request

Reference ID	T2S.BPD.STDA.BPTY.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] checks all the details related to (un)blocking of party against the reference data (maintained by the CSD [Central Bank]) and may perform additional checks/ validations.

8.3.3.2 Initiate Party (Un)Blocking in T2S

Reference ID	T2S.BPD.STDA.BPTY.02
--------------	----------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] enriches the blocking of party request with details required in T2S. The CSD [Central Bank] initiates blocking of party by sending the blocking request to T2S using an A2A message or by placing the blocking request in T2S using the T2S GUI (U2A).

References:

UDFS: Use Case "Restrict Static data" (Chapter 2.21)

1 GUI BFD: T2S.GUI.SDSE.RES.0010, T2S.GUI.SDSE.RES.0020, T2S.GUI.SDSE.RES.0030,
2 T2S.GUI.SDSE.RES.0040

3 8.3.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.BPTY.02.01
--------------	-------------------------

4 *For blocking of party*

5 The CSD [Central Bank] enriches the blocking of party request with specific information such as

- 6 • the BIC of the party to be blocked by which it is identified in T2S;
- 7 • restriction type in T2S for blocking of parties;
- 8 • validity period of the blocking with valid from and valid till timestamps. (For blocking, the request
9 in T2S could be place with valid from timestamp only)

10 The CSD [Central Bank] may want to use the query facilities in their system or T2S to get the necessary
11 information.

12 *For unblocking of party*

13 The CSD [Central Bank] can achieve unblocking of party in T2S in two ways.

- 14 • By deleting the blocking restriction on the party in T2S. In this case the party will be unblocked by
15 T2S immediately.
- 16 • By updating the 'valid till' timestamp in the previously placed 'blocking of party' request. In this
17 case the party will be unblocked by T2S on reaching the 'valid till' timestamp.

18 8.3.3.2.2 Send Maintenance Request

Reference ID	T2S.BPD.STDA.BPTY.02.02
--------------	-------------------------

19 The CSD [Central Bank] converts the blocking of party request enriched with specific information to the
20 format specified by T2S and transmits it to the T2S platform as a message (or) capture the blocking of party
21 request via the T2S GUI.

22 The CSD [Central Bank] sends the following message to T2S:

23 **Table 8-7: Messages to and from T2S [T2S.BPD.STDA.BPTY.02.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
PartyModificationRequestV01	reda.022.001.01	To T2S	3.3.6.16

8.3.3.3 Manage Party (Un)Blocking Results

Reference ID	T2S.BPD.STDA.BPTY.03
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T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

Subsequent to the CSD [Central Bank]’s request to T2S for (un)blocking of party the CSD [Central Bank] receives messages from T2S as responses. The CSD [Central Bank] could then initiate the related internal processes based on these responses.

When the CSD [Central Bank] places a (un)blocking of party modification request via the T2S GUI, the flow of status advices and confirmations as messages to the CSD [Central Bank] does not apply. The results of the validation/ processing will be shown in the T2S GUI only.

References:

UDFS: Use Case “Restrict Static data” (Chapter 2.21)

GUI BFD: T2S.GUI.SDSE.RES.0010, T2S.GUI.SDSE.RES.0020, T2S.GUI.SDSE.RES.0030, T2S.GUI.SDSE.RES.0040

8.3.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.BPTY.03.01
--------------	-------------------------

The CSD [Central Bank] receives status advice messages for every change of status to the (un)blocking of party modification request in T2S.

Subsequently, such messages could trigger other internal activities as mentioned below:

- aligning the status of the (un)blocking of party modification request in the CSD’s or Central Bank’s systems with the status in T2S;
- triggering notification to their relevant clients.

The CSD [Central Bank] receives the following message from T2S:

Table 8-8: Messages form T2S [T2S.BPD.STDA.BPTY.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
PartyStatusAdvice V0.1	reda.016.001.01	From T2S	The “Blocking or Party” or “Unblocking of Party” request is “rejected” or “queued” by T2S	3.3.6.10

8.3.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.BPTY.03.02
--------------	-------------------------

The CSD [Central Bank] receives the confirmation of the processing of (un)blocking of party modification request in T2S.

Subsequently, such messages could trigger other internal activities:

- aligning the status of the (un)blocking of party modification request in the CSD [Central Bank]'s systems with the status in T2S;
- triggering notification to their relevant clients.

The CSD [Central Bank] receives the following message from T2S:

Table 8-9: Messages form T2S [T2S.BPD.STDA.BPTY.03.02]

Name	ISO Code	To/From T2S	Event	UDFS Chapter
PartyStatusAdvice V0.1	reda.016.001.01	From T2S	T2S “completes” the “blocking of parties” pr “unblocking of party” modification request	3.3.6.10

8.3.4 Description of T2S Services

8.3.4.1.1 Static Data Management Services

T2S Service Class	Static Data Services
T2S Service Reference ID	T2S.SD.STD

T2S party data service (T2S.SD.STD 030)

This T2S service allows the “blocking of party”. This service facilitates the CSD or Central Bank to block a party in T2S and thus prevent settlements of instructions from this party within the books of this CSD or Central Bank.

8.3.4.2 Information Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

Status Management Service (T2S.SD.INF 010)

This T2S service performs the status management for the blocking of securities account request and triggers the notifications to all involved parties.

8.4 (Un)Blocking of T2S Dedicated Cash Accounts [T2S.BPD.STDA.BDCA]

8.4.1 Overview

This process describes the act of blocking and unblocking dedicated cash accounts in T2S. Central Banks may need to block dedicated cash accounts in T2S to prevent the settlement (such as trades, repo, corporate actions, intra-balance movements, etc) on these accounts.

The T2S dedicated cash account can also be blocked when the cash account is being created. For details regarding the creation of a dedicated cash account, refer to process “Maintenance of Dedicated Cash Account [T2S.BPD.STDA.MDCA]”.

Central Banks in T2S would normally need to unblock a previously blocked T2S dedicated cash account to restore normal processing of relevant instructions (such as trades, Repo, lending and borrowing, reimbursements, etc) and/or settlement restrictions such as intra-balance movements. Central Banks would need to restore such normal processing, when the need for blocking of a T2S dedicated cash account is no longer valid.

Trigger:

- Blocking: Business reason to block dedicated cash accounts is identified by the Central Bank
- Unblocking: Business reason to block dedicated cash account is no longer valid

Preconditions

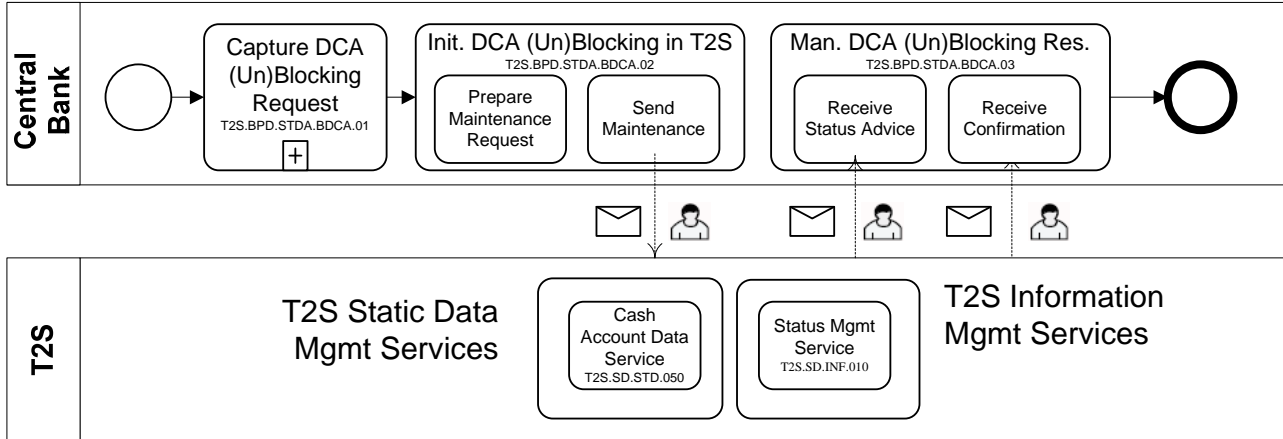
The restriction types related to blocking of dedicated cash accounts have been setup in T2S by the relevant Central Bank

T2S Instructing Party:

Central Bank

8.4.2 Business Process Diagram

Figure 8-4: Business Process Diagram [T2S.BPD.STDA.BDCA]



8.4.3 Business Process Description

8.4.3.1 Capture Dedicated Cash Account (Un)Blocking Request

Reference ID	T2S.BPD.STDA.BDCA.01
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T2S Actors: Central Bank

The Central Bank checks all the details related to (un)blocking of T2S dedicated cash account against the reference data (maintained by the Central Bank) and may perform additional checks and validations.

8.4.3.2 Initiate Dedicated Cash Account (Un)Blocking in T2S

Reference ID	T2S.BPD.STDA. BDCA.02
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T2S Actors: Central Bank

The Central Bank enriches the (un)blocking of T2S dedicated cash account request with details required in T2S and sends the blocking of T2S DCA request to T2S using an A2A message (or) by placing the blocking request in T2S using the T2S GUI (U2A).

References:

UDFS: Use Case “Restrict Static data” (Chapter 2.21)

GUI BFD: Section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

T2S.GUI.SDSE.RES.0010, T2S.GUI.SDSE.RES.0020, T2S.GUI.SDSE.RES.0030,
T2S.GUI.SDSE.RES.0040, T2S.GUI.SDSE.RES.0050, T2S.GUI.SDSE.RES.0060

8.4.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA. BDCA.02.01
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For blocking of dedicated cash account

The Central Bank identifies the applicable restriction type and enriches the blocking of dedicated cash account request accordingly.

The Central Bank enriches the blocking of T2S DCA request with specific information such as

- T2S dedicated cash account number in T2S
- restriction type in T2S for blocking of T2S DCA
- validity period of the blocking with valid from and valid till timestamps. (For blocking the request in T2S could be place with valid from timestamp only.)

The Central Bank might want to use the query facilities in the Central Bank or T2S to get the necessary information

For unblocking of dedicated cash account

The unblocking request takes the form of updating the value of field “valid till” of an existing blocking. T2S will update such a value to define the time of expiry of the blocking request of the T2s dedicated cash account, after successful processing of the unblocking request.

8.4.3.2.2 Send Maintenance Request

Reference ID	T2S.BPD.STDA.BDCA.02.02
--------------	-------------------------

The Central Bank converts the (un)blocking of dedicated cash account maintenance request into the required message format and transmits it to T2S as an A2A message or by capturing the blocking of T2S dedicated cash account via T2S GUI (U2A).

The Central Bank sends the following message to T2S:

Table 8-10: Messages to T2S [T2S.BPD.STDA.BDCA.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
AccountExcludedManda teMaintenanceRequestV 01	acmt.015.001.01	To T2S	3.3.1.4

8.4.3.3 Manage Dedicated Cash Account (Un)Blocking Results

Reference ID	T2S.BPD.STDA.BDCA.03
--------------	----------------------

- 1 T2S Actors: Central Bank
- 2 The Central Bank receives the (un)blocking of dedicated cash account maintenance related messages, as
3 responses from T2S and initiates related internal processes.
- 4 When the Central Bank places a (un)blocking of T2S DCA request via the T2S GUI, the flow of status
5 advices and confirmations as messages to the Central Bank does not apply. The results of the validation and
6 processing will be shown in the T2S GUI only.
- 7 References:
- 8 UDFS: Use Case “Restrict Static data” (Chapter 2.21)
- 9 GUI BFD: Section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI
- 10 T2S.GUI.SDSE.RES.0010, T2S.GUI.SDSE.RES.0020, T2S.GUI.SDSE.RES.0030,
11 T2S.GUI.SDSE.RES.0040, T2S.GUI.SDSE.RES.0050, T2S.GUI.SDSE.RES.0060

12 8.4.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.BDCA.03.01
--------------	-------------------------

- 13 The Central Bank receives status advice messages for every change of status code to the (un)blocking of
14 dedicated cash account maintenance request in T2S for the results of the validation/processing of the static
15 data maintenance request.
- 16 Subsequent to receiving such messages triggers other internal activities might be conducted such as:
- 17 • aligning the status of the blocking of dedicated cash account maintenance request in the Central
18 Bank’s systems with the status in T2S;
 - 19 • triggering notification to their relevant clients.
- 20 The Central Bank receives the following message from T2S:

21 **Table 8-11: Messages from T2S [T2S.BPD.STDA.BDCA.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
AccountRequestRe jectionV01	acmt.011.001.01	From T2S	T2S “Rejects” the “blocking of dedicated cash account” or “unblocking of dedicated cash account” maintenance request	3.3.1.3

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
AccountRequestAcknowledgementV01	Acmt.010.001.01	From T2S	T2S “queues” the “blocking of dedicated cash account” or “unblocking of dedicated cash account” maintenance request	3.3.1.2

8.4.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.BDCA.03.02
--------------	-------------------------

The Central Bank receives and validates the confirmation of the processing of (un)blocking of dedicated cash account maintenance request.

Subsequent to receiving such messages triggers other internal activities as mentioned below:

- aligning the status of the blocking of dedicated cash account maintenance request in the Central Bank’s books with the status in T2S,
- triggering notification to their relevant clients

The Central Bank receives the following message from T2S:

Table 8-12: Messages from T2S [T2S.BPD.STDA.BDCA.03.02]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
AccountRequestAcknowledgementV01	acmt.010.001.01	From T2S	T2S “completes” the “blocking of dedicated cash account” or “unblocking of dedicated cash account” maintenance request	3.3.1.2

8.4.4 Description of T2S Services

8.4.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

1 **Cash Account Data service (T2S.SD.STD.050)**

2 This T2S service facilitates the creation and maintenance of the T2S dedicated cash account data.

3 **8.4.4.2 Information Management Services**

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

4 **Status Management Service (T2S.SD.INF 010)**

5 This T2S service performs the status management for the “blocking of dedicated cash account” request and
6 triggers the notifications to all involved parties based on the relevant message subscriptions.

7 **8.5 (Un)Blocking of RTGS Account [T2S.BPD.STD.BRTG]**

8 **8.5.1 Overview**

9 This process describes the act of blocking and unblocking an RTGS account in T2S. Central Banks in T2S
10 may need to block RTGS accounts for different purposes (e.g. bankruptcy of a Payment Bank). T2S does not
11 allow any settlement on T2S dedicated cash accounts linked to an RTGS account in blocked status, except
12 for those due to Liquidity transfers. For instance as soon as the blocking is processed by T2S, all pending
13 settlement instructions using dedicated cash accounts (for credit or debit) linked to the RTGS account will
14 become ineligible.

15 It is also possible to block an RTGS account directly at the time of its creation. For details regarding the
16 creation of a RTGS account, refer to process “Maintenance of External RTGS Account
17 [T2S.BPD.STDA.MRAC]”.

18 Central Banks in T2S may need to unblock RTGS accounts because a previous blocking is not relevant
19 anymore and settlement on the linked dedicated cash account can be resumed for settlement instructions and
20 settlement restrictions on cash balance.

21 Alternatively, when blocking an RTGS account by applying the restriction via maintenance request, a valid
22 to date/time can be specified. In the case it is specified and that the date/time is reached, T2S unblocks the
23 RTGS account automatically.

24 **Trigger:**

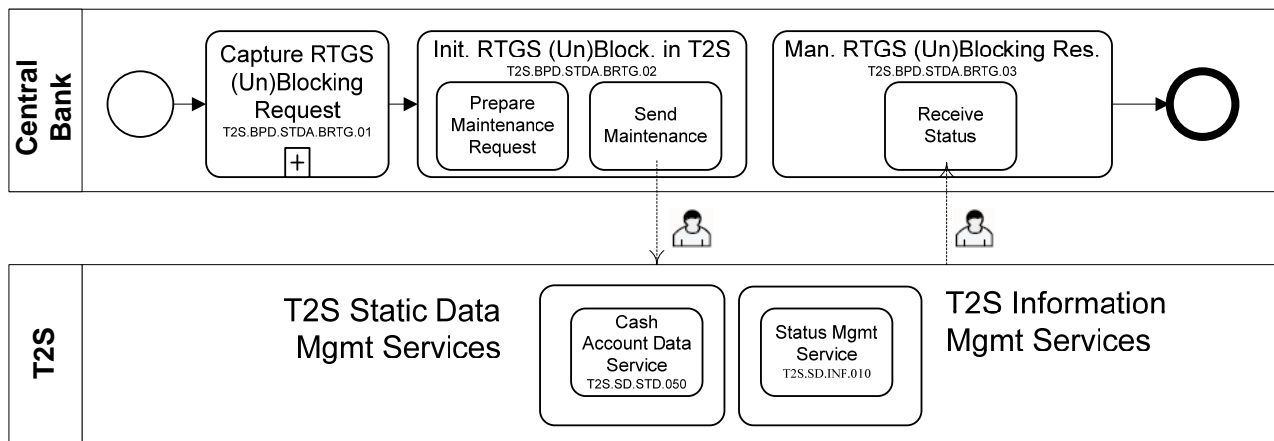
- 25 • Blocking: Business reason to block an RTGS account is identified by Central Bank (e.g. block all
26 Payment Banks DCAs)
- 27 • Unblocking: Business reason to block RTGS account is no longer valid

28 **Preconditions:**

- 1 The restriction types related to blocking of RTGS account are setup in T2S by the relevant Central Bank
- 2 **T2S Instructing Party:**
- 3 Central Bank

4 8.5.2 Business Process Diagram

5 **Figure 8-5: Business Process Diagram [T2S.BPD.STD.BRTG]**



7 8.5.3 Business Process Description

8 8.5.3.1 Capture RTGS Account (Un)Blocking Request

Reference ID	T2S.BPD.STD.BRTG.01
--------------	---------------------

9 T2S Actors: Central Bank

- 10 The Central Bank checks all the details related to the (un)blocking of RTGS account against the reference
- 11 data (maintained by the Central Bank) and may perform additional checks/ validations.

12 8.5.3.2 Initiate RTGS Account (Un)Blocking in T2S

Reference ID	T2S.BPD.STD.BRTG.02
--------------	---------------------

13 T2S Actors: Central Bank

- 14 The Central Bank enriches the (un)blocking of RTGS request with details required in T2S and sends the
- 15 request via T2S GUI (U2A).

16 References:

- 17 GUI BFD: T2S.GUI.SDSE.RGA.0010, T2S.GUI.SDSE.RGA.0020, T2S.GUI.SDSE.RGA.0030,
- 18 T2S.GUI.SDSE. RGA.0040

8.5.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STD.BRTG.02.01
--------------	------------------------

For blocking of RTGS account

The Central Bank enriches the blocking of RTGS account request with specific information such as:

- the identifier of the RTGS account to be blocked
- restriction type in T2S for blocking of RTGS account;
- validity period of the blocking with valid from and valid till timestamps. (For blocking the request in T2S could be place with valid from timestamp only.)

The Central Bank may want to use the query facilities in their system or T2S to get the necessary information.

For unblocking of RTGS account

The Central Bank may remove the blocking with immediate effect or at a specific date and time in future depending upon the business need. There are two ways with which Central Bank can unblock a RTGS account.

- Modification of Validity date via maintenance request: In case the Central Bank knows in advance at what point in time the restriction should be removed, then it can send a maintenance request to modify the Valid To Date/Time of the relevant blocking restriction. When the time specified will be reached, T2S will remove the blocking from the RTGS account.
- Deletion of the restriction via maintenance request: Otherwise, if the Central Bank needs to unblock immediately the RTGS account, it can delete the restriction via maintenance request as well.

8.5.3.2.2 Enter Maintenance Request

Reference ID	T2S.BPD.STD.BRTG.02.02
--------------	------------------------

The Central Bank enters the (un)blocking of RTGS request enriched with specific information via the T2S GUI. No messages are available to (un)block an RTGS account.

8.5.3.3 Manage RTGS Account (Un)Blocking Results

Reference ID	T2S.BPD.STD.BRTG.03
--------------	---------------------

T2S Actors: Central Bank

The Central Bank views the status of the processing in the T2S GUI.

8.5.3.3.1 Receive Status

Reference ID	T2S.BPD.STD.BRTG.03.01
--------------	------------------------

The Central Bank is notified via screen about the validation/ processing results of the maintenance request via the GUI.

Subsequently, other internal activities might be conducted such as:

- aligning the status of the maintenance instruction;
- triggering notification to relevant clients;
- launching analysis after a rejected maintenance request.

8.5.4 Description of T2S Services

8.5.4.1.1 Static Data Management Services

T2S Service Class	Static Data Services
T2S Service Reference ID	T2S.SD.STD

Cash account data service (T2S.SD.STD 050)

This T2S service is responsible for the dedicated cash account reference data management and linked entities.

8.5.4.1.2 Information Management Services

T2S Service Class	Information services
T2S Service Reference ID	T2S.SD.INF

Status management service (T2S.SD.INF 010)

This T2S service is responsible for notifying the Central Bank about the status of the blocking request for the RTGS account.

1

INFORMATION MANAGEMENT PROCESSES

9. REPORTING AND QUERIES

9.1 Reports [T2S.BPD.INFO.REPT]

9.1.1 Overview

This process describes the act of obtaining reports from T2S. CSDs and CSD Participants as well as Central Banks and Payment Banks may use reports to obtain data from T2S as part of a larger end-to-end business process or in order to perform internal activities such as reconciliation, or as part of their regulatory/audit requirements.

Reports need to be configured in advance via the report configuration by the CSDs and Central Banks and are then triggered based on a business or a time event in T2S.

When configuring the report, the user can choose to either receive it via A2A message, or to retrieve it via GUI.

The latest available data is retrieved. T2S provides a range of predefined reports for different data objects such as securities positions, cash balance, static data, settlement instructions, etc.

Trigger:

The business or time-based event configured for the report has been reached.

Preconditions:

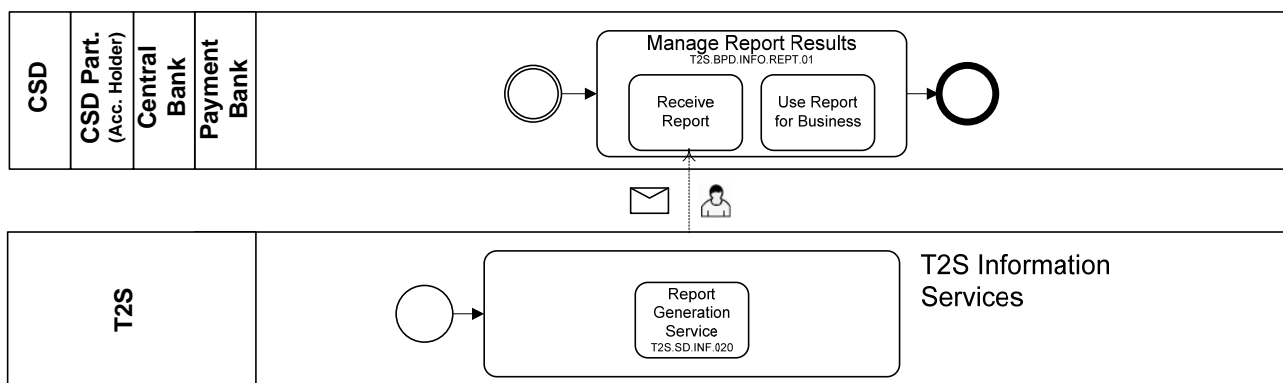
The report has been configured

T2S Instructing Party:

T2S Actors are only recipients.

9.1.2 Business Process Diagram

Figure 9-1: Business Process Diagram [T2S.BPD.INFO.REPT]



9.1.3 Business Process Description

9.1.3.1 Manage Report results

Reference ID	T2S.BPD.INFO.REPT.01
--------------	----------------------

T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

The CSD/CSD Participant/Central Bank/Payment Bank receives the report¹¹⁸ from T2S and initiates related internal processes.

References:

UDFS: Use Case “Receive report” (Chapter 2.19)

GUI BFD: T2S.GUI.INSE.RPT.0070, T2S.GUI.INSE.RPT.0080, T2S.GUI.INSE.RPT.0090

9.1.3.1.1 Receive report

Reference ID	T2S.BPD.INFO.REPT.01.01
--------------	-------------------------

The CSD/CSD Participant/Central Bank/Payment Bank receives from T2S the report containing the latest available data for the report type configured.

9.1.3.1.2 Use report results for business process

Reference ID	T2S.BPD.INFO.REPT.01.02
--------------	-------------------------

The CSD/CSD Participant/Central Bank/Payment Bank extracts the relevant data from the report in order to perform the underlying business process on the participant’s side such as:

- starting a reconciliation of data
- storing the data for audit purposes
- transmitting the information or parts of it to indirectly connected participants

9.1.4 Description of T2S Services

9.1.4.1 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S.SD.INF

¹¹⁸ Either retrieved via GUI or sent via A2A message depending on report configuration set-up

1 **Report Generation Service (T2S.SD.INF.020)**

2 This T2S service is responsible for the generation of reports according to the configured report subscription.
3 Reports can also be retrieved via queries for a certain interval after their generation.

4 **9.2 Queries [T2S.BPD.INFO.QURE]**

5 **9.2.1 Overview**

6 This process describes the act of querying T2S. CSDs and CSD Participants as well as Central Banks and
7 Payment Banks may use queries and/or reports to obtain data from T2S as part of a larger end-to-end
8 business process or in order to perform internal activities such as reconciliation, or as part of regulatory/audit
9 requirements. Queries allow the retrieval of data based on pre-defined set of queries and search criteria in a
10 request/response way. T2S provides a range of predefined query types such as securities positions, cash
11 balance, static data, settlement instructions, etc.

12 Generally, all queries are processed in real time. Exceptions occur during the maintenance window and
13 during the night-time period. Queries sent in A2A mode during the maintenance window are queued and
14 answered afterwards. It is not possible to send queries in U2A mode during the maintenance window.
15 Balance queries sent in A2A mode during sequences of the night-time period are queued and answered
16 afterwards. It is not possible to send balance queries in U2A mode during a sequence.

17 **Trigger:**

18 T2S Actor identifies need for information, which can be obtained via query

19 **Pre-condition:**

20 None

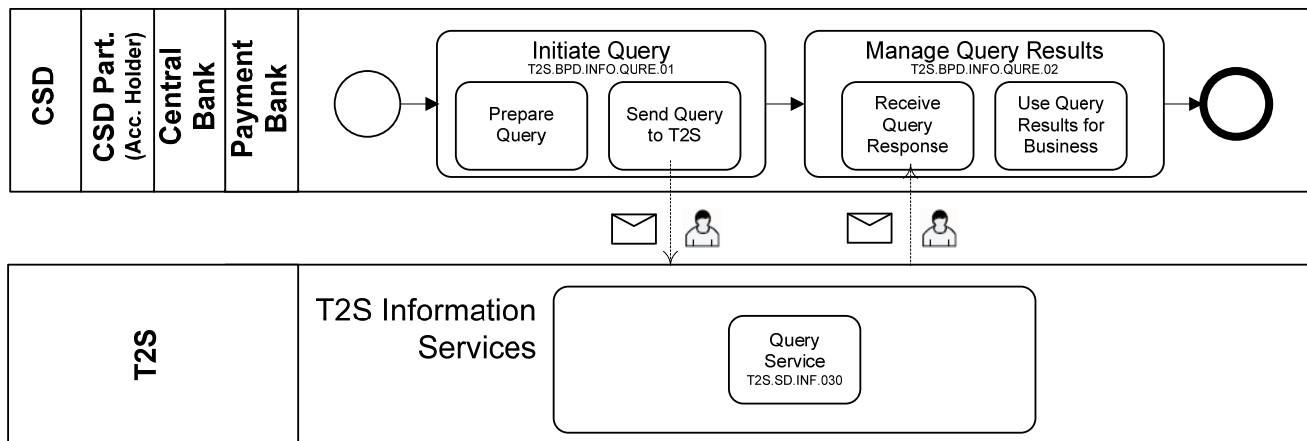
21 **T2S Instructing Party:**

22 There are four scenarios for the instruction of T2S.

- 23 • CSD instructs T2S
- 24 • CSD Participant instructs T2S
- 25 • Central Bank instructs T2S
- 26 • Payment Bank instructs T2S

9.2.2 Business Process Diagram

Figure 9-2: Business Process Diagram [T2S.BPD.INFO.QURE]



9.2.3 Business Process Description

This Business Process Description is applicable to all scenarios, unless otherwise noted. For the purpose of readability, the actor names in the text refer to Scenario A only.

9.2.3.1 Initiate Query

Reference ID	T2S.BPD.INFO.QURE.01
--------------	----------------------

T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

The CSD (CSD Participant/Central Bank/Payment Bank) selects the search criteria for the query according to the information requested for the business process, formats it in the format expected by T2S and transmits the query via A2A or U2A.

References:

UDFS: Use Case "Send query" (Chapter 2.18.)

9.2.3.1.1 Prepare Query

Reference ID	T2S.BPD.INFO.QURE.01.01
--------------	-------------------------

The CSD (CSD Participant/Central Bank/Payment Bank) identifies the query type to be used, selects the appropriate search criteria according to the information need of the participant.

9.2.3.1.2 Send Query to T2S

Reference ID	T2S.BPD.INFO.QURE.01.02
--------------	-------------------------

1 The CSD (CSD Participant/Central Bank/Payment Bank) converts the query into the required message
2 format and transmits the query request to T2S via A2A or U2A.

3 **9.2.3.2 Manage Query Results**

Reference ID	T2S.BPD.INFO.QURE.02
--------------	----------------------

4 T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

5 The CSD (CSD Participant/Central Bank/Payment Bank) receives query response message from T2S and
6 initiates related internal processes.

7 References:

8 UDFS: Use Case “Send query” (Chapter 2.18.)

9 **9.2.3.2.1 Receive Query Response**

Reference ID	T2S.BPD.INFO.QURE.02.01
--------------	-------------------------

10 The CSD (CSD Participant/Central Bank/Payment Bank) will receive from T2S:

- 11 • a rejection of the previously sent query notifying a failure in the query processing (e.g. due to an
12 invalid parameter) or,
- 13 • the query result providing the latest available data in accordance with the used search criteria

14 The reception of the Query Response triggers for instance an analysis after a failed query, or initiates the use
15 of the data received.

16 **9.2.3.2.2 Use Query Results for Business**

Reference ID	T2S.BPD.INFO.QURE.02.02
--------------	-------------------------

17 The CSD (CSD Participant/Central Bank/Payment Bank) extracts the relevant data from the query response
18 in order to perform the underlying business process such as:

- 19 • starting a reconciliation of data
- 20 • storing the data for audit purposes
- 21 • transmitting the information or parts of it to indirectly connected participants

1 9.2.4 Description of T2S Services

2 9.2.4.1 Query services

T2S Service Class	Information Services
T2S Service Reference ID	T2S.SD.INF

3 Query Service (T2S.SD.INF.030)

4 This T2S service is responsible for the processing of queries according to the access rights of the user.

5

1

OPERATIONS AND SUPPORT PROCESSES

10. OPERATIONS AND SUPPORT PROCESSES

10.1 Invoicing of CSDs and Central Banks [T2S.BPD.SUPP.INVO]

10.1.1 Overview

This process describes invoicing of CSDs and Central Banks.

Trigger:

End of Invoicing period is reached

Preconditions:

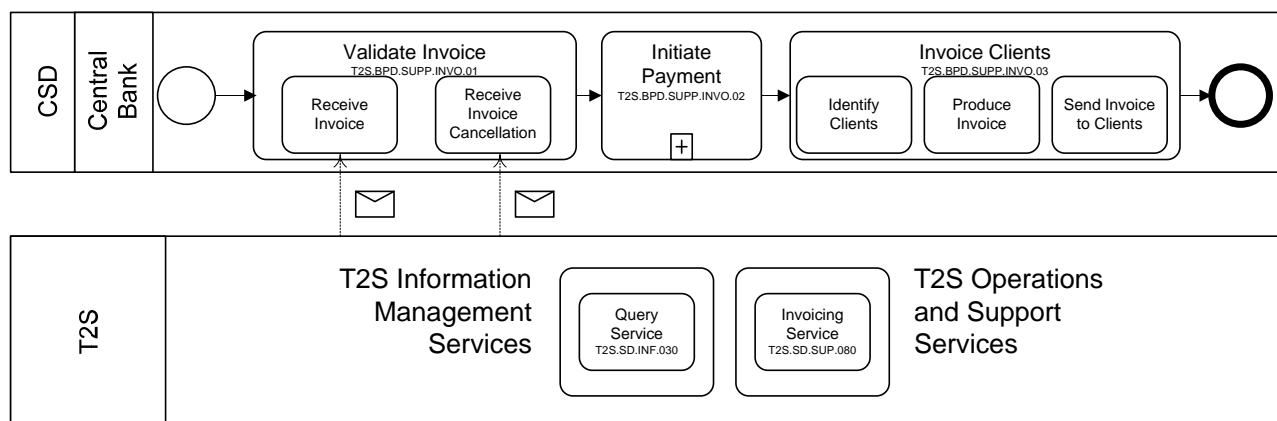
None

T2S Instructing Party:

T2S Actors do not instruct T2S for this process, but are recipients of messages.

10.1.2 Business Process Diagram

Figure 10-1: Business Process Diagram [T2S.BPD.SUPP.INVO]



10.1.3 Business Process Description

10.1.3.1 Validate Invoice

Reference ID	T2S.BPD.SUP.INVO.01
--------------	---------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

This process receives the cumulative invoice from T2S and validates the invoice for further processing, or receives an invoice cancellation triggered by the T2S operator should the previously sent invoice contain errors.

References:

UDFS: Use Cases “Receive Invoice” (Chapter 2.24) and “Receive Invoice Cancellation” (Chapter 2.25)

10.1.3.1.1 Receive Invoice

Reference ID	T2S.BPD.SUPP.INVO.01.01
--------------	-------------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] receives the cumulative invoice from T2S. It triggers on the CSD [Central Bank] side the process of validating the invoice against the expected amount to be billed for the period covered by the invoice.¹¹⁹ The output of this activity is either to initiate the payment if the CSD [Central Bank] validates the invoice, or receive the invoice cancellation from T2S (triggered by the T2S operator) in case of rejection of the invoice.

The invoice sent by T2S covers the following non-exhaustive information:

- Invoice reference
- Period covered by the invoice and payment due date
- Total amount of the invoice in EUR
- Total amount per service category in EUR
- Total number of items per service category
- Price per item unit in EUR
- Total amount per item in EUR

The CSD [Central Bank] receives the following message from T2S:

Table 10-1: Messages from T2S [T2S.BPD.SUPP.INVO.01.01]

Name	ISO Code	From/To T2S	Event	UDFS Chapter
BillingReport “Invoice”	Camt.077.001.01	From T2S	Invoice processing completed after the end of the billing period	3.3.3.30

10.1.3.1.2 Receive Invoice Cancellation

Reference ID	T2S.BPD.SUPP.INVO.01.02
--------------	-------------------------

The CSD [Central Bank] receives the invoice cancellation from T2S, if the T2S operator cancels a previously sent invoice due to errors detected by the T2S Operator, CSD or Central Bank. The invoice cancellation

¹¹⁹ T2S sends monthly invoices. The T2S operator can exceptionally also send invoices for periods shorter than the monthly period based on request from the CSD or Central Bank.

1 refers to the previously sent erroneous invoice and otherwise contains the same information as the cancelled
2 invoice.

3 The CSD [Central Bank] receives the following message form T2S:

4 **Table 10-2: Messages from T2S [T2S.BPD.SUPP.INVO.01.02]**

Name	ISO Code	From/To T2S	Event	UDFS Chapter
BillingReport “Invoice cancellation”	Camt.077.001.01	From T2S	Cancellation of the invoice by the T2S Operator	3.3.3.30

5 10.1.3.2 Initiate Payment

Reference ID	T2S.BP.SUPP.INVO.02
--------------	---------------------

6 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

7 The CSD [Central Bank] initiates the payment in EUR for the previously validated invoice via Target2. The
8 exact procedure will be defined later in the process.

9 10.1.3.3 Invoice Clients

Reference ID	T2S.BPD.SUPP.INVO.03
--------------	----------------------

10 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

11 The CSD [Central Bank] produces the invoices for the clients of the CSDs and Central Banks.

12 References:

13 UDFS: Use Case “Send Query” (Chapter 2.18)

14 GUI BFD: T2S.GUI.OSSE.BIL.0010, T2S.GUI.OSSE.BIL.0020, T2S.GUI.OSSE.BIL.0030

15 10.1.3.3.1 Identify Clients

Reference ID	T2S.BPD.SUPP.INVO.03.01
--------------	-------------------------

16 The CSD [Central Bank] identifies the respective amounts to be billed to its clients. The CSD or Central
17 Bank can either use its own data or use the information in the invoice from T2S or request additional
18 information from the T2S system via query¹²⁰.

¹²⁰ The Itemised billing data query allows retrieving the detail of a previously received invoice per CSD or Central Bank client, it allows as well to receive this information per Securities Account or Dedicated cash account.. See UDFS section 3.3.3.29 and 3.3.3.30.

10.1.3.3.2 Produce Invoice

Reference ID	T2S.BPD.SUPP.INVO.03.02
--------------	-------------------------

The CSD [Central Bank] compiles the data retrieved and produces invoices for its clients.

10.1.3.3.3 Send Invoice To Clients

Reference ID	T2S.BPD.SUPP.INVO.03.03
--------------	-------------------------

The CSD [Central Bank] sends the invoice to its client in the format specified by their bilateral agreement which triggers the payment on the client's side.

10.1.4 Description of T2S Services

10.1.4.1 Operations and Support Services

T2S Service Name	Operation and Support Service Class
T2S Service Reference ID	T2S SD.SUP

Invoicing Services (T2S SD.SUP 080)

This T2S service is responsible for the creation of invoice and the handling of validation/cancellation of the latter. It provides billing data to the CSDs and Central Banks.

10.1.4.2 Information Management Services

T2S Service Class	Information Management Service Class
T2S Service Reference ID	T2S SD.INF 030

Query Service (T2S SD.INF 030)

This T2S service allows the T2S actors to query detailed information about the billable events on the T2S platform that can be attributed to specific clients or accounts.

10.2 Access to Archived Data [T2S.BPD.SUPP.ARCH]

10.2.1 Overview

This process describes the act of retrieving archived data from the T2S Operator. T2S archives the files and instructions three months after they reach their final status. The archived data include static and transactional data.

The CSD or Central Bank can send a request to T2S operator, with the details of the data they require. T2S operator will retrieve the requested archived data from the T2S system, and send it to the requesting CDS or Central Bank.

Trigger:

The CSD or Central Bank realised the need to access specific archived data.

Preconditions:

None

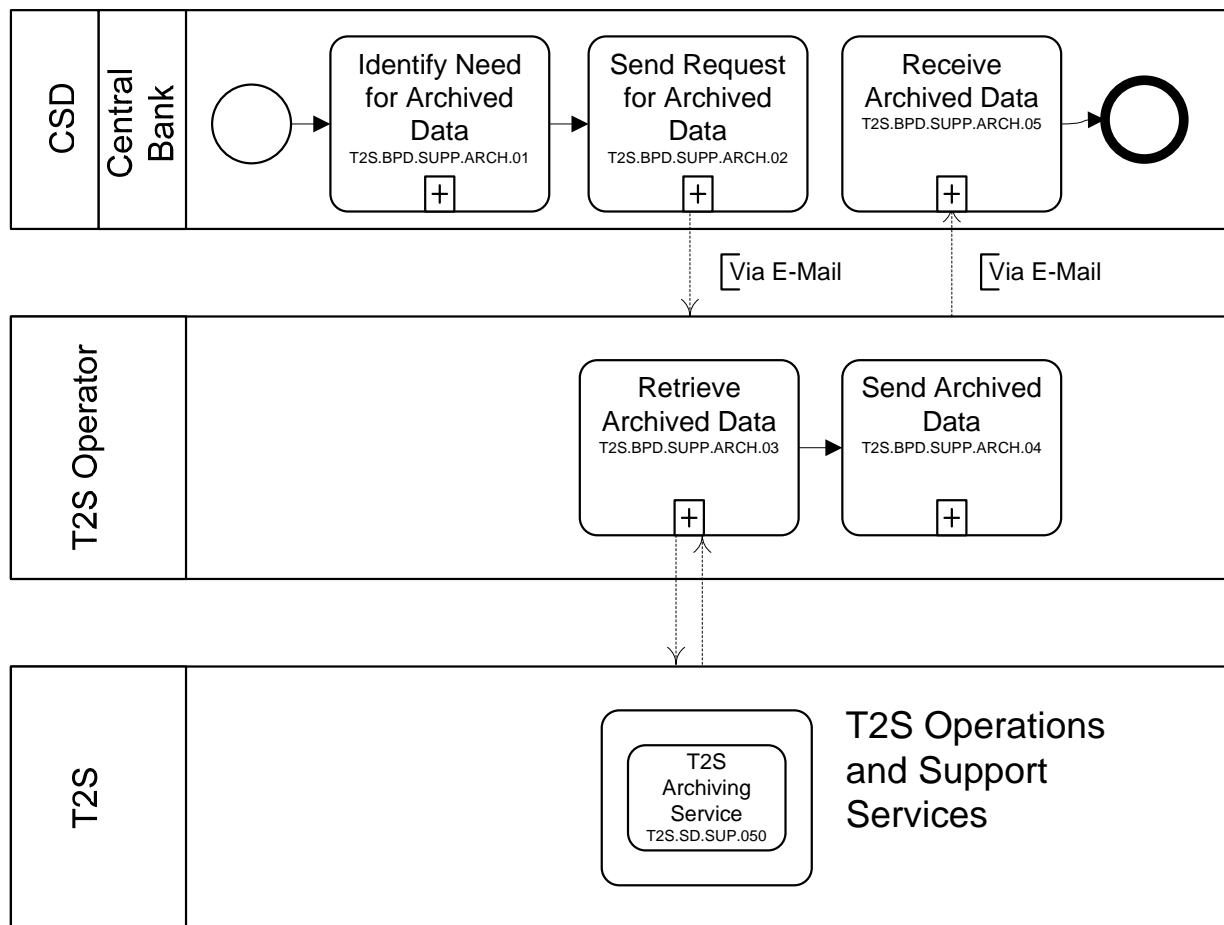
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

- Scenario A: CSD instructs T2S
- Scenario B: Central Bank instructs T2S

10.2.2 Business Process Diagram

Figure 10-2: Business Process Diagram [T2S.BPD.SUPP.ARCH]



10.2.3 Business Process Description

10.2.3.1 Identify Need For Archived Data

Reference ID	T2S.BPD.SUPP.ARCH.01
--------------	----------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] identifies the need for retrieving archived data from T2S. This could be because of a request for data e.g. from regulatory authorities or from its participants, and the CSD [Central Bank] does not have the required data in its own books.

10.2.3.2 Send Request For Archived Data

Reference ID	T2S.BPD.SUPP.ARCH.02
--------------	----------------------

T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)

The CSD [Central Bank] prepares a precise definition/description of the required data, and sends a request to T2S for the archived data. The archived data request will be outside of the T2S system (e.g. e-mail, fax etc).

10.2.3.3 Retrieve Archived Data

Reference ID	T2S.BPD.SUPP.ARCH.03
--------------	----------------------

T2S Actors: T2S Operator

The T2S Operator retrieves the archived data from the T2S archive based on the request parameters creating one or more files.

10.2.3.4 Send Archived Data

Reference ID	T2S.BPD.SUPP.ARCH.04
--------------	----------------------

T2S Actors: T2S Operator

The T2S Operator sends a notification that the retrieved archived data is available to the requesting CSD [Central Bank]. Depending on the size of data both sides agree on the best way to transfer the archived data to the requesting CSD [Central Bank].

Alternatively, the T2S Operator could send information to the CSD [Central Bank] stating, that there is no archived data, which is compliant with the specified criteria.

10.2.3.5 Receive Archived Data

Reference ID	T2S.BPD.SUPP.ARCH.05
--------------	----------------------

- 1 T2S Actors: CSD (Scenario A)/Central Bank (Scenario B)
- 2 The CSD [Central Bank] receives the archived data from the T2S Operator.

3 10.2.4 Description of T2S Services

4 10.2.4.1 Static Data Management Services

T2S Service Class	Static Data Management Services
T2S Service Reference ID	T2S SD.STD

5 T2S Archiving service (T2S SD.SUP 050)

- 6 This T2S service archives static and dynamic data that has reached its final status.

7 10.3 Approval or Revocation of Requests Subject to the Four-Eye-Principle 8 [T2S.BPD.SUPP.FEYE]

9 10.3.1 Overview

- 10 This process describes the act of approving or revoking a request that is subject to the Four-Eye-Principle.
- 11 The request can be either a static data request or a dynamic¹²¹ data request.

12 T2S allows the administrators of CSD, CSD Participants, Central Bank and Payment Banks to define for the
13 privileges they grant to the users falling under their responsibility a binary setting that specifies whether the
14 privilege and its associated functionality in T2S is subject to 4 eye principle.

15 Only the requests submitted in U2A can be subject to the Four-Eye-Principle. The Four-Eye-Principle is not
16 applicable to privileges related to queries and reports. Yet, the Four-Eye-Principle related privileges can
17 include any functionality related to static data or transactional data in T2S.

18 For example a CSD administrator could define that the privilege “send settlement instruction” should be
19 subject to 4 eye principle when granting this privilege to one of its user. This action would result in a two
20 step approach when this user send a settlement instruction to T2S, i.e. the instruction will be validated by
21 T2S once a second user of the CSD will have “approved” the request. The second user can as well revoke the
22 request in case the action is not allowed. After the second user as approved the request, the life cycle of the
23 request is the same as for Two-Eye-Principle requests.

24 It must be possible for an authorised T2S system user to

- 25
 - identify all static and dynamic data changes awaiting approvals;

¹²¹ For instance transactional requests

- search for specific static and dynamic data changes;
- search and display historic change information, both approved and rejected changes;
- and approve and reject static and dynamic data changes.

Trigger:

Some actions have been performed by a user of a CSD, CSD Participant, Central Bank or Payment Bank that requires approval by a second user of the same entity.

Pre-condition:

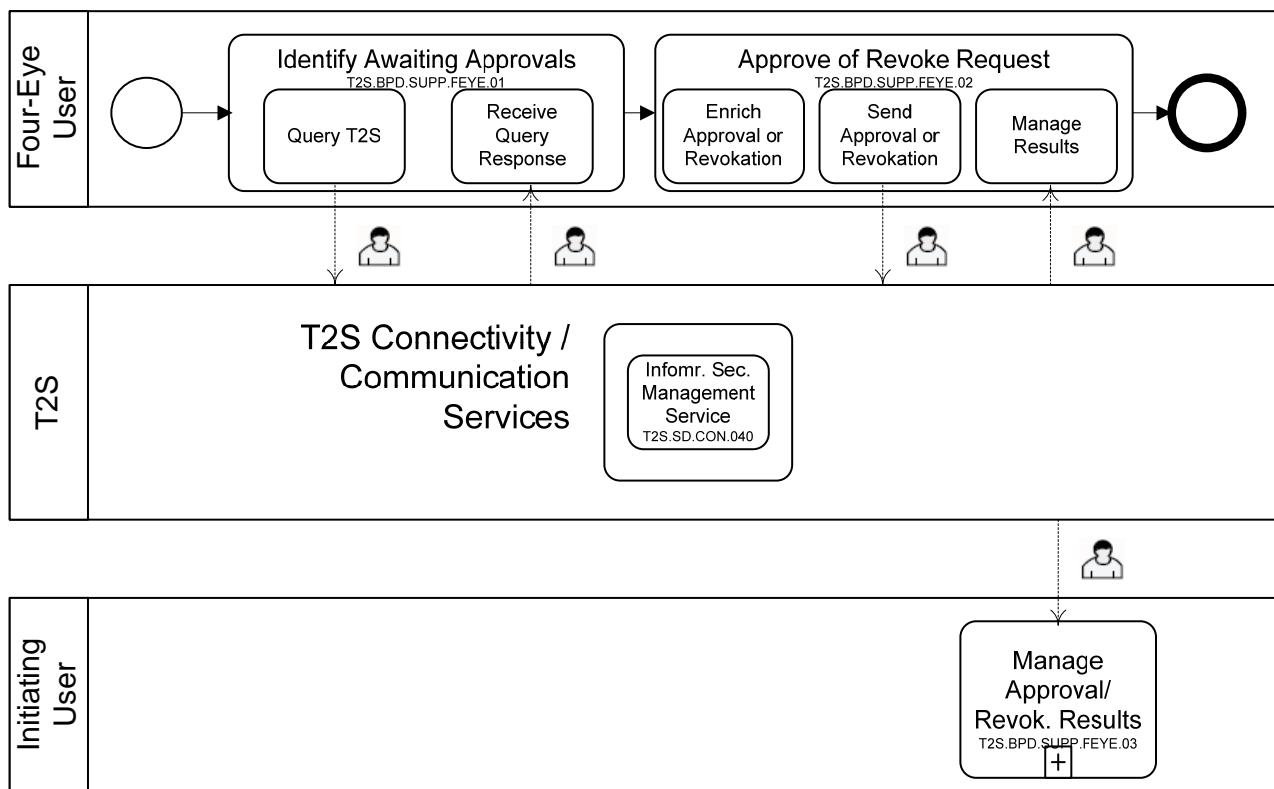
Roles and privileges properly defined in T2S.

T2S Instructing Party:

The so-called “Four Eye User” instructs T2S.

10.3.2 Business Process Diagram

Figure 10-3: Business Process Diagram [T2S.BPD.SUPP.FEYE]



10.3.3 Business Process Description

10.3.3.1 Identify Awaiting Approvals

Reference ID	T2S.BPD.SUPP.FEYE.01
--------------	----------------------

T2S Actors: Four Eye User¹²²

The Four Eye User identifies the request(s) pending for its approval via queries available via the T2S GUI.

No messages are available for these activities in T2S.

References:

GUI BFD: T2S.GUI.OSSE.APR.0010, T2S.GUI.OSSE.APR.0020, T2S.GUI.OSSE.APR.0030

10.3.3.1.1 Query T2S

Reference ID	T2S.BPD.SUPP.FEYE.01.01
--------------	-------------------------

The Four Eye User selects the search criteria relevant for the query it wants to perform and enters into T2S

GUI the relevant search criteria and submits the request.

It is possible to identify changes awaiting approval by:

- The type of data (e.g. static data or dynamic data)
- The period in which the request was made;
- The user account of the person who performed an update;
- And by a specific mnemonic (e.g. ISIN, account number).

10.3.3.1.2 Received Query Response

Reference ID	T2S.BPD.SUPP.FEYE.01.02
--------------	-------------------------

The Four Eye User receives on its screen the query results or an error. In case of multiple pending approval requests, a list will be provided. It is possible to see the details for each of the pending request.

The T2S response triggers the relevant process on the four eye user side, for instance:

- Submitting a new query in case of error or no result found
- Initiating analysis for approval or revocation of the pending request(s)

¹²² User belongs to either a CSD, CSD Participant, Central Bank or Payment Bank.

10.3.3.2 Approve or Revoke Pending Request

Reference ID	T2S.BPD.SUPP.FEYE.02
--------------	----------------------

T2S Actors: Four Eye User

The Four Eye User analyses whether the submitted request(s) can be approved and submit the approval via the T2S GUI. If not the four eye user revokes the pending request.

References:

GUI BFD: T2S.GUI.OSSE.APR.0040

10.3.3.2.1 Enrich Approval or Revocation

Reference ID	T2S.BPD.SUPP.FEYE.02.01
--------------	-------------------------

The Four Eye User analyses whether the pending requests can be approved for further processing in T2S. It can use other queries in T2S to get additional information, or use information in its system.

10.3.3.2.2 Send Approval or Revocation

Reference ID	T2S.BPD.SUPP.FEYE.02.02
--------------	-------------------------

The Four Eye User submits the approval or revocation via the T2S GUI.

10.3.3.2.3 Manage Result

Reference ID	T2S.BPD.SUPP.FEYE.02.03
--------------	-------------------------

The Four Eye User receives the T2S response for the previous submission.

It triggers the relevant processes on the 4 eye user side.

10.3.3.3 Manage Approval or Revocation Results

Reference ID	T2S.BPD.SUPP.FEYE.03
--------------	----------------------

T2S Actors: Initiating User

The Initiating User is notified via GUI of the result of the four eye validation. It triggers the relevant processes on the initiating user side. For instance:

- In case of approval, it will trigger the further processing in T2S of the submitted request
- In case of revocation, it will trigger an analysis as to know why the request wasn't accepted, it could result in the submission of a new request.

1 10.3.4 Description of T2S Services

2 10.3.4.1 Connectivity / Communication Services

T2S Service Class	Connectivity / Communication Service Class
T2S Service Reference ID	T2S.SD.CON

3 Information Security Management Service (T2S SD.CON 040)

4 This T2S service is responsible for the management of request subject to the four eye principle.

1

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