



EUROPEAN CENTRAL BANK

EUROSYSTEM

# Potential need for a market practice on the use of the partial release functionality in T2S – HSG conclusions

AMI-SeCo Meeting

2 July 2019

## Background / previous AMI-SeCo conclusions:

- The conclusions of the workshop on Partial Release were presented to the AMI-SeCo on 20 November 2018
- While workshop participants saw no need to define a best market practice on Partial Release or on Partial Settlement, different views were expressed in the AMI-SeCo on the need for market practices
- The AMI-SeCo agreed to refer this issue to the HSG for further discussion of the need for agreed market practices on partial release

## Outcome of HSG discussion:

- HSG agreed that a coordinated use of partial release would have very little effect if there is no coordination on use / acceptance of partial settlement
- Analysis needs to continue focusing on the root causes of significant proportion of the T2S community not using / not accepting partial settlement
- The need to continue the analysis and the necessary data (if available) will be flagged to the CSG.

## Extract from findings of CSG workshop:

Prerequisites for the successful execution of partial release requests are the use of Party Hold and acceptance of Partial Settlement in the first place

- **Today, about 41% of T2S transactions (in volume) qualify for Partial Settlement (and Partial Release). In value, transactions eligible to Partial Settlement represent 65% of the total value of transactions.**
- The ineligibility of transactions to partial settlement is closely linked to the use of the flag NPAR on at least one leg of the transaction
- The proportion of ineligible transactions varies a lot per market: **in 6 CSDs more than half of the transactions are eligible for partial settlement (50%-75%). In 10 CSDs practically no transaction is eligible for partial settlement (0%-5%)**

Eligibility of transactions to Partial settlement (Week2-September 2018)

CSD (in no particular order)	Eligible to partial settlement (volume)	Not eligible to partial settlement (volume)	Eligible to partial settlement (value)	Not eligible to partial settlement (value)
1	58%	42%	81%	19%
2	32%	68%	20%	80%
3	0%	100%	0%	100%
4	59%	41%	66%	34%
5	50%	50%	70%	30%
6	62%	38%	58%	42%
7	74%	26%	61%	39%
8	57%	43%	51%	49%
9	14%	86%	4%	96%
10	0%	100%	0%	100%
11	33%	67%	0%	100%
12	4%	96%	4%	96%
13	26%	74%	40%	60%
14	0%	100%	0%	100%
15	8%	92%	0%	100%
16	0%	100%	0%	0%
17	0%	100%	0%	100%
18	0%	100%	0%	100%
19	0%	100%	0%	100%
20	27%	73%	33%	67%
21	0%	100%	0%	100%