



BUSINESS PROCESS DESCRIPTION

Reference:	09.04.01/2011/004966
Author	ECB T2S Programme Office
Date:	22 June 2011
Version:	0.3
Status:	Draft



EUROPEAN CENTRAL BANK

EUROSYSTEM

1	1. INTRODUCTION.....	4
2	1.1 OBJECTIVE AND SCOPE.....	4
3	1.2 METHODOLOGY	5
4	1.2.1 Business Process Diagram	5
5	1.2.2 Business Process Description	9
6	1.2.3 T2S Service Description.....	10
7	1.2.4 Scenarios.....	11
8	1.2.5 Variations	12
9	2. CORE SETTLEMENT PROCESSES	15
10	2.1 INTRA-CSD SETTLEMENT [T2S.BPD.SETT.ICSD].....	15
11	2.2 CROSS-CSD SETTLEMENT (WITH CSD INSIDE T2S) [T2S.BPD.SETT.CCSD].....	26
12	2.3 EXTERNAL CSD SETTLEMENT (INVOLVING CSD OUTSIDE T2S) [T2S.BPD.ECSD].....	36
13	2.3.1 About External-CSD Settlement.....	36
14	2.3.2 External-CSD Settlement with both Investor CSDs in T2S and the Issuer CSD outside T2S	
15	[T2S.BPD.SETT.ECSD/Var. 1].....	39
16	2.3.3 External CSD Settlement with one Investor CSD in T2S and the Issuer CSD outside T2S	
17	[T2S.BPD.SETT.ECSD/Var. 2].....	50
18	3. SUPPORTING SETTLEMENT PROCESSES.....	62
19	3.1 RESERVATION OR BLOCKING OF SECURITIES POSITION [T2S.BPD.SETT.RBSP]	62
20	3.2 RESERVATION OR BLOCKING OF CASH BALANCE [T2S.BPD.SETT.RBCB]	69
21	3.3 HOLD OF SETTLEMENT INSTRUCTION [T2S.BPD.SETT.HOLD]	76
22	3.4 RELEASE OF SETTLEMENT INSTRUCTION [T2S.BPD.SETT.RELE]	82
23	3.5 CANCELLATION OF SETTLEMENT INSTRUCTION OR RESTRICTION [T2S.BPD.SETT.CINS]	89
24	3.6 REIMBURSEMENT OF AUTO-COLLATERALISATION [T2S.BPD.SETT.REAC]	96
25	4. ASSET SERVICES PROCESSES.....	100
26	4.1 REPURCHASE AGREEMENTS [T2S.BPD.SETT.REPO]	100
27	4.2 ISSUANCE OF SECURITIES [T2S.BPD.SETT.ISSU]	105
28	5. CORPORATE ACTIONS PROCESSES.....	113
29	5.1 DISTRIBUTIONS	113
30	5.1.1 Securities Distributions [T2S.BPD.SETT.SECD]	113
31	5.1.2 Cash Distributions [T2S.BPD.SETT.CSHD]	121
32	5.2 REORGANISATIONS	127
33	5.2.1 Mandatory Reorganisations [T2S.BP.SETT.MAND]	127
34	5.3 TRANSACTION MANAGEMENT	134

1	5.3.1	Market Claims [T2S.BPD.SETT.MCLA]	134
2	5.3.2	Transformations [T2S.BPD.SETT.TRAN]	142
3	6.	INBOUND LIQUIDITY TRANSFER PROCESSES	153
4	6.1	TRANSFER OF LIQUIDITY FROM RTGS TO T2S [T2S.BPD.LQMG.INBD]	153
5	7.	OUTBOUND LIQUIDITY TRANSFER PROCESSES	159
6	7.1	INTRADAY TRANSFER OF LIQUIDITY FROM T2S TO RTGS [T2S.BPD.LQMG.OTBD]	159
7	8.	STATIC DATA MAINTENANCE PROCESSES	167
8	8.1	MAINTENANCE OF SECURITIES [T2S.BPD.STDA.MSEC]	167
9	8.2	MAINTENANCE OF SECURITIES ACCOUNT [T2S.BPD.STDA.MSAC]	172
10	8.3	MANAGEMENT OF LIMITS [T2S.BPD.STDA.MLIM]	178
11	9.	STATIC DATA RESTRICTION PROCESSES	184
12	9.1	BLOCKING OF SECURITIES [T2S.BPD.STDA.BSEC]	184
13	9.2	BLOCKING OF SECURITIES ACCOUNT [T2S.BPD.STDA.BSAC]	188
14	10.	REPORTING AND QUERIES	194
15	10.1	REPORTS [T2S.BPD.INFO.REPT]	194
16	10.2	QUERIES [T2S.BPD.INFO.QUIRE]	195
17	11.	APPENDICES	199
18	11.1	LIST OF BPD PROCESSES	199
19	11.2	INDEX OF TABLES	201
20	11.3	INDEX OF FIGURES	205

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.

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

1.2 Methodology

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

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

1.2.1 Business Process Diagram

1.2.1.1 Scope and Limitations

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

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

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

This document focuses on the collaborative activities, as internal activities will differ widely across the different CSDs, Central Banks and their directly connected parties. Internal activities are displayed only to indicate to the reader the context within its institution's end-to-end business process. For the creation of institution-specific process documentation, each institution can enrich the business process individually with

1 more internal activities according to its target business process within its institution in order to depict the
2 complete end-to-end process.

3 Only parties with a direct connection to T2S are displayed. To give an example, CSD Participants who have
4 a direct connection (e.g. can receive messages) are displayed, those connected only via a CSD are not.
5 Similarly, Payment Banks indirectly connected to their Central Bank are not shown either.


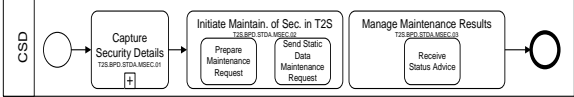
6 Consequently only communication flows between T2S and its directly connected parties are shown.
7 Communication of CSDs and Central Banks with their clients (regardless of whether they are directly or
8 indirectly connected) is not described.

9 **1.2.1.2 Business Process Modelling Notation**


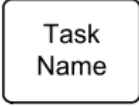
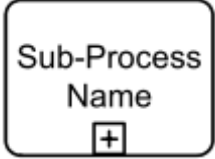
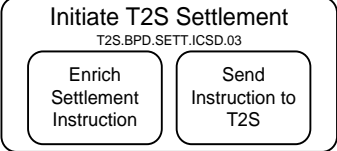




10 The design principles and graphical elements employed for the graphical depiction of Business Processes a
11 based on the Business Process Model and Notation (BPMN). BPMN was developed by the Object
12 Management Group (OMG) and is currently available in Version 2.0. The objective of BPMN is to “provide
13 a notation that is readily understandable by all business users, from the business analysts (...) to the technical
14 developers (...), and finally, to the business people who will manage and monitor those processes.”¹


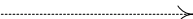


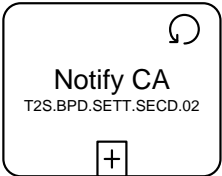
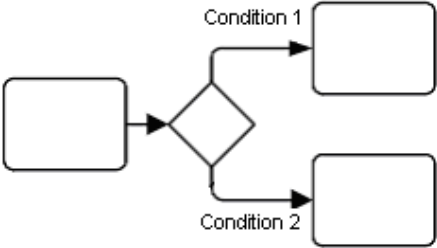
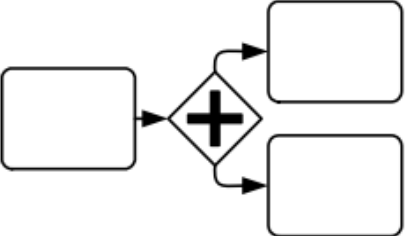
15 The following BPMN elements are used in this document:

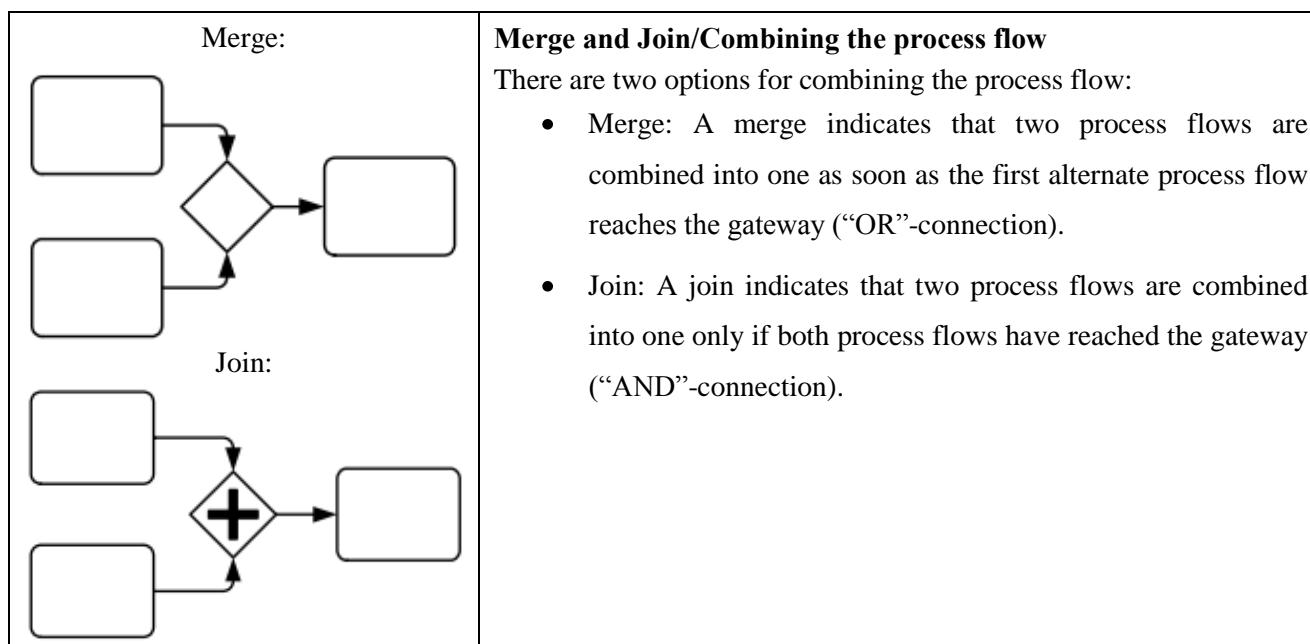
16 **Table 1-1: BPMN elements**

<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>
---	--

¹ 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> <ul style="list-style-type: none"> Task: An activity can depict a tasks i.e. an atomic unit of a process which cannot be divided any further Sub-process: An activity can be sub-process that could be divided into several tasks. <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> <ul style="list-style-type: none"> Start event: triggers a process End event: marks the end of a process Intermediate event: marks an intermediate step of a process e.g. when the process flow continues in another parties' pool.

	<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> <ul style="list-style-type: none"> • Decision: A decision indicates that the process can follow either one of two alternative process flows (“OR”-connection). • Fork: A fork indicates that the process will follow two process flows in parallel (“AND”-connection).



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:

Sample:

For processes:

T2S.BPD.SETT.ICSD – process type e.g. settlement process

T2S.BPD.SETT.ICSD – unique process reference

For sub-processes:

T2S.BPD.SETT.ICSD.01 – sub-process reference within a process

For tasks:

T2S.BPD.SETT.ICSD.01.01 – task reference within a sub-process

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

T2S Actors

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

3 *Sample:*

4 T2S Actors: Payment Bank

5 **Messages to/from T2S:**

6 The messages which are sent to or received from T2S are listed in a table along with a reference to UDFS
7 Chapter 3. Whether a message is actually sent from T2S to the T2S Party depends on the message
8 subscription configuration for the T2S Party.

9 **References to UDFS and GUI BFD**

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

11 *Sample:*

12 References:

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

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

15 **1.2.3 T2S Service Description**

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

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

- 19 • Settlement Service Class
- 20 • Liquidity Management Service Class
- 21 • Static Data Service Class
- 22 • Information Management Service Class

23 Services belonging to the Connectivity Service Class and Operations and Support Service Class are not
24 described in this document, as they provide overarching functionalities that cannot be attributed to a specific
25 business process. .

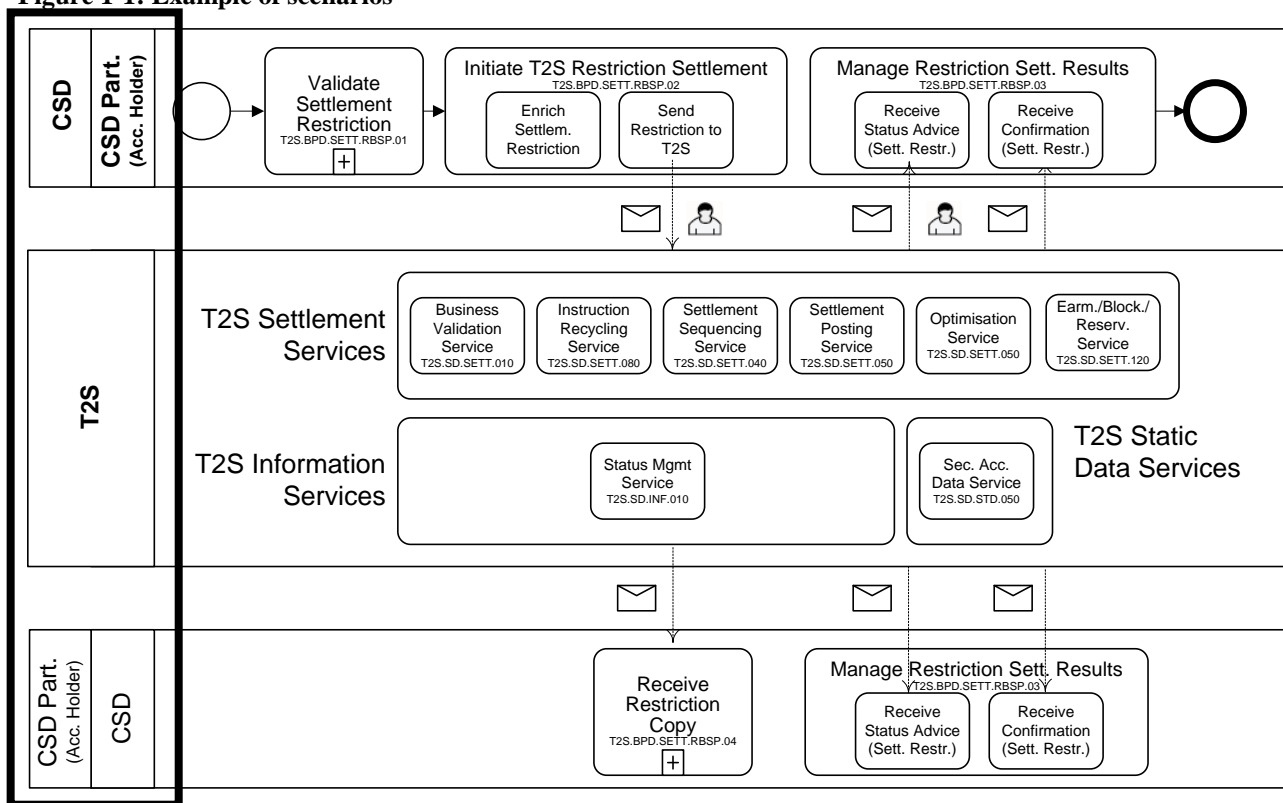
26 The specific use of a service within the context of the respective process is highlighted, whereas the general
27 service description is kept rather brief. However, references to the Service Description (SD) are included.

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.

Figure 1-1: Example of scenarios



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

- The CSD instructs T2S (and might receive messages)
- The CSD Participant and the Counterparty receive messages

Scenario B can be read as follows:

- The CSD Participant instructs T2S (and might receive messages)
- The CSD and the Counterparty receives messages

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

4 *Sample:*
5 The CSD [CSD Participant] enriches the settlement instruction.

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

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

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

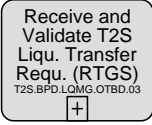

13 *Sample:*
14 T2S Actors: CSD and CSD Participant (Both Scenarios)
15 The CSD and CSD Participant receive status advice messages from T2S.

16 **1.2.5 Variations**

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

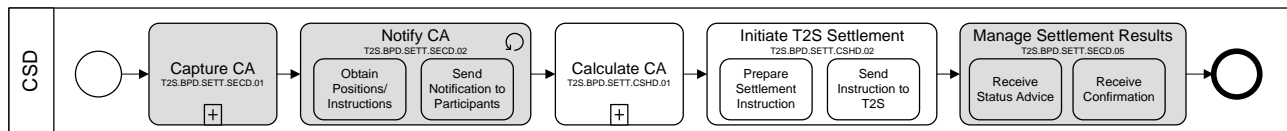
21 For variations of one process the base process is referenced to and only deviations from this base process or
22 specificities are pointed out and described.

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

	<p>Activities which remain the same (as in the base process) are greyed out in the Business Process Diagram and not described again.</p>
	<p>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).</p>

<div> <div>Receive notification</div> <div>T2S.BPD.SETT.CSHD.03</div> <div>+</div> </div>	<p>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.</p>
---	--

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



2

3 In the example (Figure 1-2**Error! Reference source not found.**) the activities which are greyed out do not

4 differ from the base process. They are not described again in the Business Process Description section of the

5 variation; instead the original (base process) reference ID is indicated for each greyed-out sub-process. The

6 reference ID can be used to find the corresponding description in the document. The activities which are

7 white are described in the Business Process Description section of the variation.

8

1 SETTLEMENT PROCESSES

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 Participant² (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:

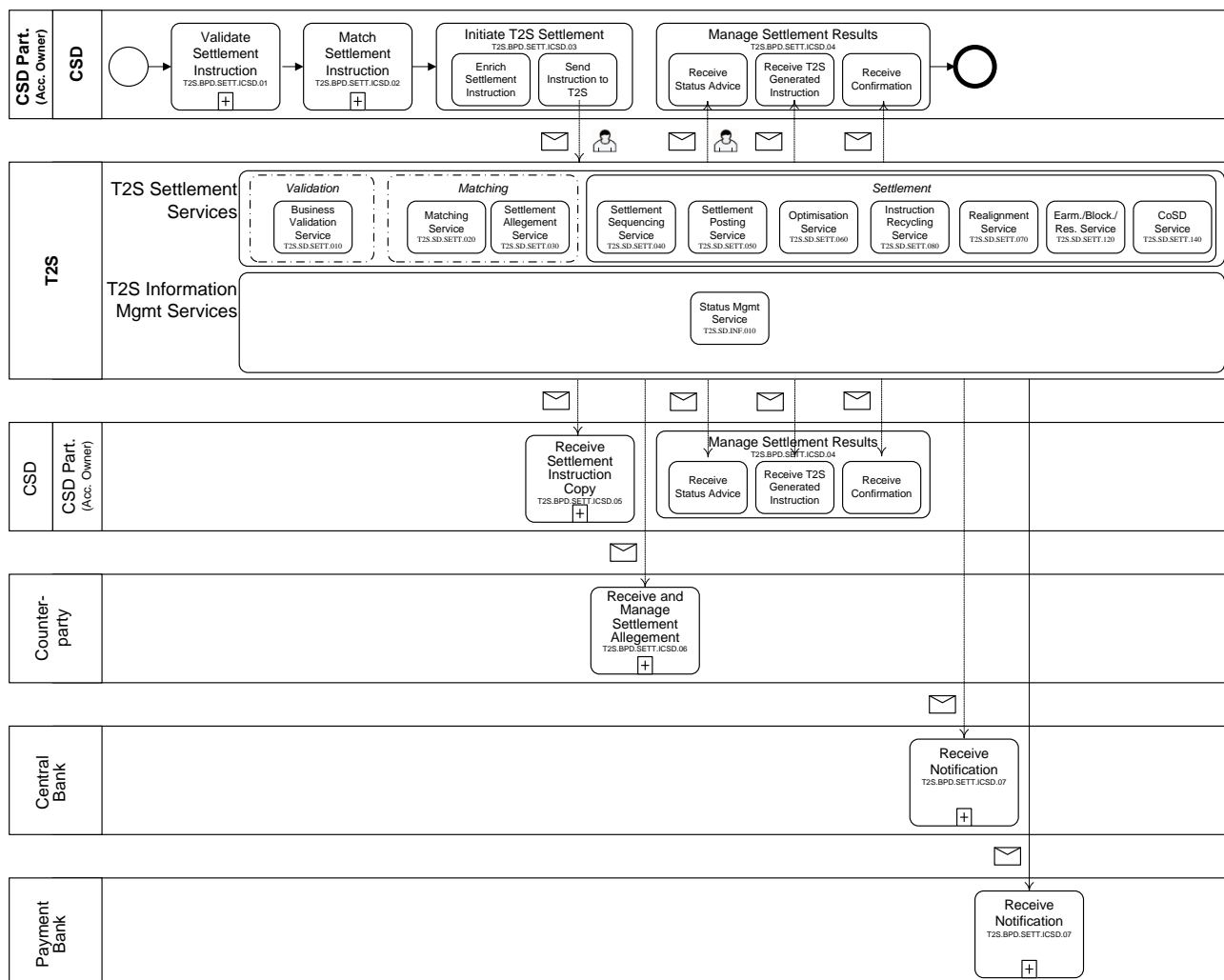
There are two scenarios for the instruction of T2S.

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

² 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)³.

4 **2.1.3.2 Match Settlement Instruction**

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

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

6 Based on the defined matching rules, the CSD [CSD Participant⁴] attempts to find a matching counterparty
7 settlement instruction.

8 This process is an optional step⁵ 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 intend to use T2S matching
11 services only.

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
22 types/cash balance types (e.g. deliver or receive into earmarked position type, deliver from a blocked or
23 reserved securities position using specific restriction references). The CSD [CSD Participant] also populates

³ 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).

⁴ 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.

⁵ Not all CSD Participants (such as CCP and stock exchanges) perform this step. CCP and stock exchanges transform matched trade into T2S settlement instructions.

other key parameters such as T2S process indicators (e.g. partial settlement indicator, hold/release indicator, 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 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.

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.

References:

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

2.1.3.4.1 Receive Status Advice

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

The CSD and CSD Participant receive status advice messages for every status change or reason code update to the settlement instruction within T2S.

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

- Conditional Securities Delivery (also called 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.
- CSD Validation Hold functionality allows the CSD to set-up predefined conditions and automatically hold settlement instructions for additional validation or processing by the CSD. The CSD releases the instructions for settlement in T2S once the validations or additional processes have been completed.
- 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. 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 CoSD processing,

- the CSD and CSD Participant receive a status advice (resulting from a “Condition Modification Instruction” created by T2S for CoSD processing) indicating that the settlement instruction was put on CoSD hold,
- 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 for the settlement instruction due to the change in status of the settlement instruction to CoSD hold.

For CSD Validation Hold processing,

- the CSD and CSD Participant receive a status advice for the settlement instruction indicating that the settlement instruction was put on CSD Validation Hold as well as the applicable restriction rule.

- 1 For Realignments processing,
- 2 • the CSD and CSD Participant receive T2S generated settlement instructions on mirror and omnibus
- 3 accounts. In certain scenarios of intra-CSD settlement when the participant accounts in the CSD are
- 4 mapped to different omnibus accounts in the Technical Issuer CSD, T2S determines and generates
- 5 settlement instructions for realigning the securities positions in the omnibus and mirror accounts.
- 6 For Restriction Rejection processing (CSD specific validations),
- 7 • the CSD and CSD Participant receive a status advice for the settlement instruction indicating that the
- 8 settlement instruction was rejected as well as the applicable restriction rule.
- 9 The CSD and CSD Participant receive the following messages from T2S:

10 **Table 2-2: 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
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
IntraBalanceMovementStatusAdviceV02	Camt.067.001.01	From T2S	CoSD Blocking of cash resources is not successful	3.3.3.21

- 11 Following the message reception, other internal activities might be conducted such as:
- 12 • aligning the status of the settlement instruction in the CSD or CSD Participant's systems with the
- 13 status in T2S,
- 14 • amending the settlement instruction,
- 15 • sending additional settlement instructions (e.g. in case of external CSD settlements),
- 16 • triggering notification to CSD Participants.

17 2.1.3.4.2 Receive T2S Generated Instruction

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

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

4 **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 ⁶
2	Settlement Restrictions (informed via Intra-position or Intra-balance ⁷ movement status advice or settlement confirmations)	Conditional Securities Delivery (CoSD) Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation

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

6 **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 to CoSD, auto-collateralisation or realignments.	3.3.8.11

7 **2.1.3.4.3 Receive Settlement Confirmation**

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

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

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

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

⁶ Auto-collateralisation process may also result in the movement of securities across CSDs. This will result in the creation of T2S generated settlement instructions for realignment of securities positions in the books of the intermediating CSD(s).

⁷ T2S sends 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.

- 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	3.3.8.5
IntraPositionMovementConfirmationV02	Semt.015.001.02	From T2S	CoSD Blocking of securities resources is successful or use of blocked or reserved securities have been used for settlement of the settlement instruction	3.3.7.4
IntraBalanceMovementConfirmationV01	Camt.068.001.01	From T2S	CoSD Blocking of cash resources is successful or blocked or reserved cash has been used for settlement of a settlement instruction	3.3.3.22

2.1.3.5 Receive Settlement Instruction Copy

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

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.

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

2 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

3 2.1.3.6 Receive and Manage Settlement Allegements

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

4 T2S Actors: Counterparty

5 The Counterparty may receive a settlement allegement if the matching in T2S is not successful. The
6 settlement allegement carries information on the settlement instruction by the CSD [CSD Participant].

7 The Counterparty may conduct additional tasks such as validating the settlement allegement received against
8 the pending settlement instructions its books and responding to the settlement allegement with a new
9 settlement instruction or amending an existing settlement instruction.

10 The Counterparty receives the following message from T2S:

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

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

12 2.1.3.7 Receive Notifications

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

13 T2S Actors: Payment Bank and Central Bank (Both scenarios)

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

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

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

2 **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

3

4 **2.1.4 Description of T2S Services**

5 **2.1.4.1 Settlement Services**

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

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

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

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

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

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

14 This T2S service creates allegement messages to the Counterparty, to inform the Counterparty that T2S
15 received a settlement instruction against 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 to a particular sequence and submits
19 them 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.

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

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

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

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

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

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

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

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

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. For intra-CSD settlements such realignment instructions are
22 only generated if the Investor CSD has set-up distinct omnibus accounts in the Technical Issuer CSD for the
23 participant accounts involved.

24 2.1.4.2 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.

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.

Trigger:

- The CSD receives instructions from its CSD Participants or third parties authorised by the CSD Participant to instruct on its behalf.
- The CSD Participant itself or third parties acting on behalf of the CSD Participant⁸ (e.g. acting as account operators or custodians) receive instructions from their clients (e.g. end investors or financial institutions).

Preconditions:

Before the start of a cross CSD settlement in T2S, each CSD must have completed the set-up of cross CSD links with other 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
- CSD Account links – specifies (depending on the participant account, if needed) the mirror, inter-CSD and omnibus accounts between an investor CSD and its technical Issuer CSD.
- Eligible Counterparty CSD – specifies that two CSDs allow settlement of a specific security or set of securities between each other

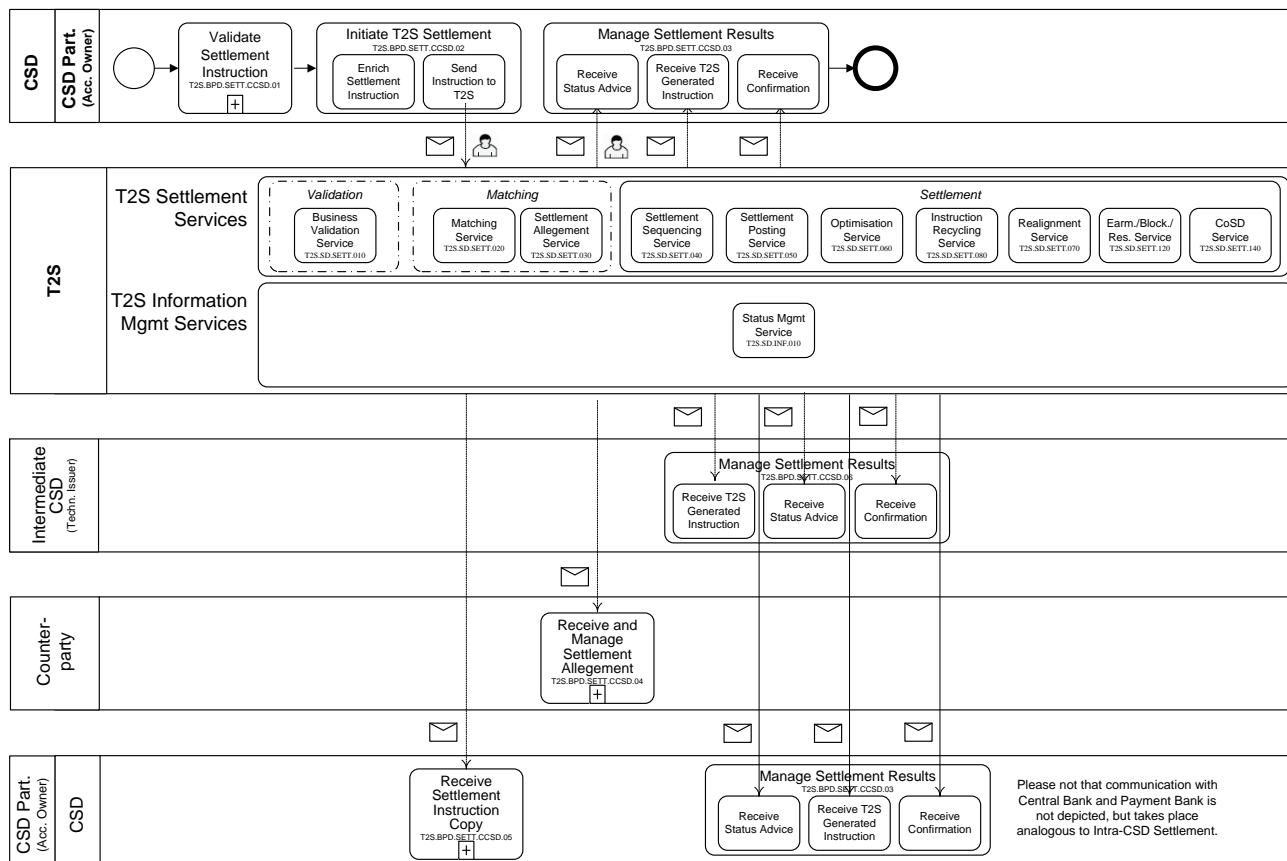
T2S Instructing Parties:

⁸Example 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.

- 1 There are two scenarios for the instruction of T2S.
- 2 • Scenario A: CSD instructs T2S
- 3 • Scenario B: CSD Participant instructs T2S

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

market practices or national regulations (if any)⁹. The CSD [CSD Participant] may also perform validations regarding securities settlement with the counterparty's CSD.

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

2.2.3.2 Initiate T2S Settlement

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

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

2.2.3.2.1 Enrich Settlement Instruction

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

The CSD [CSD Participant] enriches the settlement instructions with T2S specific information such as T2S securities account number, T2S dedicated cash account number 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 using the 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.) that influence the settlement processing in T2S, unless the default values are to be used for the instruction.

2.2.3.2.2 Send Instruction to T2S

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

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. The processing of settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement instruction.

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

⁹ 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 **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

2 **2.2.3.3 Manage Settlement Results**

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

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 Instruction” (Chapter 2.3)

11 **2.2.3.3.1 Receive Status Advice**

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

12 The CSD and CSD Participant receive status advice messages sent by T2S to indicate a status change or
13 reason code update for the settlement instruction within T2S. In addition to the status updates on the
14 settlement instruction sent by the CSD [CSD Participant], the CSD and CSD Participant also receive other
15 updates described below.

16 For Conditional Securities Delivery (CoSD) processing,

- 17 • the CSD and CSD Participant receive a status advice (resulting from a “Condition Modification
18 Instruction” created by T2S for CoSD processing) for applying the CoSD hold condition on the
19 settlement instruction,
- 20 • the CSD and CSD Participant receive a status advice for intra-position/intra-balance movement in
21 case the CoSD blocking of cash or securities resources is not successful,
- 22 • the CSD and CSD Participant receive a status advice due to the change in status of the settlement
23 instruction to CoSD hold.

24 For CSD Validation Hold processing,

- the CSD and CSD Participant receive a status advice for the settlement instruction indicating that the settlement instruction was put on CSD Validation Hold as well as the applicable restriction rule.

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.

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,
- 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 2-10: Messages from T2S [T2S.BPD.SETT.CCSD.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
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

2.2.3.3.2 Receive T2S Generated Instruction

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

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.

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 ¹⁰
2	Settlement Restrictions (informed via Intra-position or Intra-balance movement status advice)	Conditional Securities Delivery (CoSD) Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation

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

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 Realignments, CoSD or auto-collateralisation	3.3.8.11

2.2.3.3.3 Receive Settlement Confirmation

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

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

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,

¹⁰ Auto-collateralisation process may also result in cross border movement of securities across CSDs. This will result in creation of T2S generated settlement instructions for realignment of securities positions in the books of intermediating CSD(s).

- performing the registration of securities.

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

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	CoSD Blocking of securities resources is successful or use of blocked or reserved securities have been used for settlement of the settlement instruction	3.3.7.4
IntraBalanceMovementConfirmationV01	Camt.068.001.01	From T2S	CoSD Blocking of cash resources is successful or blocked or reserved cash has been used for settlement of a settlement instruction	3.3.3.22

2.2.3.4 Receive and Manage Settlement Allegement

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

T2S Actors: Counterparty

The Counterparty may receive a settlement allegement if the matching in T2S is not successful. The settlement allegement carries information on the settlement instruction by the CSD [CSD Participant].

The Counterparty may conduct additional tasks such as validating the settlement allegement received against the pending settlement instructions its books and responding to the settlement allegement with a new settlement instruction or amending an existing settlement instruction.

1 The Counterparty receives the following message from T2S:

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

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

3 **2.2.3.5 Receive Settlement Instruction Copy**

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

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

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

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

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

10 **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

11 **2.2.3.6 Manage Settlement Results**

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

12 T2S Actors: Intermediary CSD (both scenarios)

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

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

17 References:

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

2.2.3.7 Receive Notification

Reference ID	T2S.BPD.SETT.CCSD.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. 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).

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

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

2.2.4 Description of T2S Services

2.2.4.1 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.

- 1 **Matching Service (T2S.SD.SETT.020)**
- 2 This T2S service compares the details in the settlement instructions sent by the two parties (Buyer, Seller),
- 3 and matches the instructions. If T2S cannot match the instruction to any existing instruction within T2S, It
- 4 triggers the Settlement Allegation Service, after a pre-defined time limit.
- 5 **Settlement Allegation Service (T2S.SD.SETT.030)**
- 6 This T2S service creates allegation messages to the Counterparty, to inform the Counterparty that T2S
- 7 received a settlement instruction against them.
- 8 **Settlement Sequencing Service (T2S.SD.SETT.040)**
- 9 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
- 10 defined. This T2S service extracts all settlement instructions related a particular sequence and submits them
- 11 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 instructions.
- 14 **Optimisation Service (T2S.SD.SETT.060)**
- 15 This T2S service optimises the settlement of instructions, to maximise the volume and value of settlement.
- 16 T2S uses the optimisation procedures: Technical netting/optimisation algorithms, prioritisation, partial
- 17 settlement and auto-collateralisation.
- 18 **Instruction Recycling Service (T2S.SD.SETT.080)**
- 19 This T2S service recycles instructions that are unsettled in previous attempts.
- 20 **Earmarking, Blocking and Reservation Service (T2S.SD.SETT.120)**
- 21 This T2S service enables the use of restricted securities positions (blocked, reserved or earmarked) or cash
- 22 balances (blocked or reserved) in case the CSD or CSD Participant sends a settlement instruction with
- 23 references to the restricted securities positions or cash balances.
- 24 **Realignment Service (T2S.SD.SETT.070)**
- 25 This T2S service analyses the CSDs involved in a settlement transaction and determines the chain of
- 26 intermediating CSDs. If needed, this service automatically creates additional settlement instructions to
- 27 realign the books of all intermediating CSDs.
- 28 **Conditional Securities Delivery Service (T2S.SD.SETT.140)**
- 29 This T2S service validates the settlement instructions on the intended settlement date for CoSD rules defined
- 30 and set-up in T2S by the CSD. The settlement instruction is subject to CoSD if one or more CoSD rules
- 31 apply.

2.2.4.2 Information Management Services

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

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

2.3.1 About External-CSD Settlement

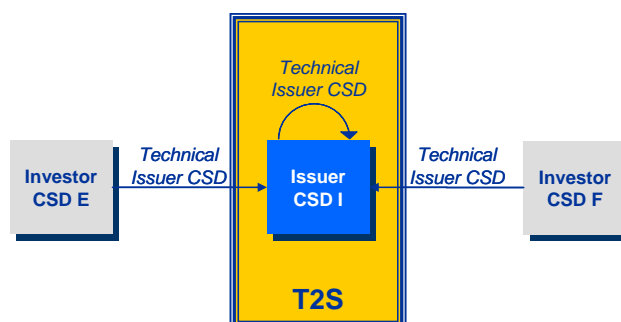
The concept of external-CSD settlement is specific to T2S. The external CSD settlement process refers to the transfer of securities positions between the securities accounts of participants belonging to two different CSDs (with direct or indirect CSD links with each other) wherein either one Investor 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 places 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 2.1 Intra-CSD Settlement [T2S.BPD.SETT.ICSD].

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

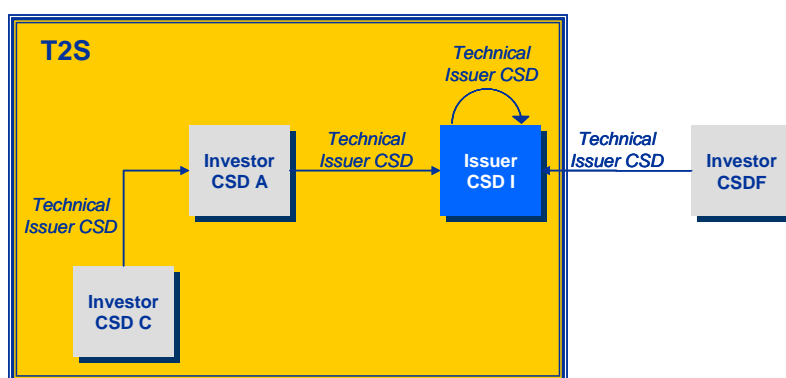


Business Scenario 2:

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

6 For details regarding the process flow of this scenario, refer to 2.2 Cross-CSD Settlement (with CSD inside
7 T2S) [T2S.BPD.SETT.CCSD].

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



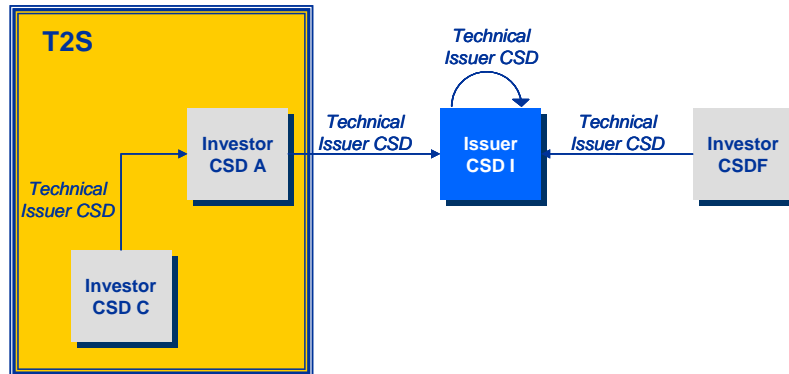
10 **Business Scenario 3:**

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

15 The settlement in T2S is conditional and depends on the settlement of the trade outside T2S (i.e. in the books
16 of the Issuer CSD). The Intermediary CSD that maintains link with the CSD outside T2S is called the *Last*
17 *CSD* in T2S. The Last CSD in T2S is responsible for the realignment of securities positions in the books of
18 CSDs outside T2S. In order to do so, the Last CSD must have set-up the Conditional Securities Delivery
19 (CoSD) rules in T2S. The CoSD process will ensure that the CSDs linked to the Issuer CSD (CSD A and
20 CSD F in the diagram below) can transfer the securities positions in the books of Issuer CSD before the
21 settlement takes place in T2S.

22 This scenario is described below under 2.3.3 External CSD Settlement with one Investor CSD in T2S and the
23 Issuer CSD outside T2S [T2S.BPD.SETT.ECSD/Var. 2].

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

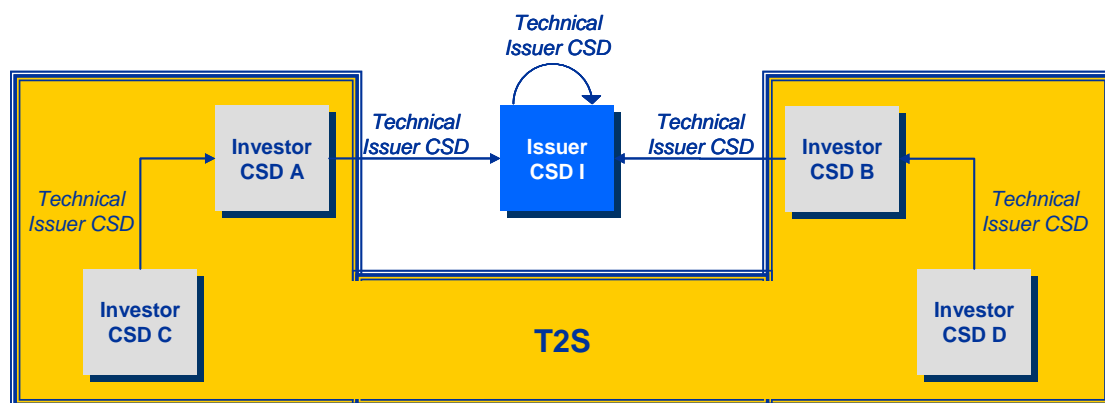


2
3 **Business Scenario 4:**

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. However, settlement in T2S is unconditional and
7 does not depend upon the status of realignment in the books of Issuer CSD.

8 This scenario is described below under 2.3.2 External-CSD Settlement with both Investor CSDs in T2S and
9 the Issuer CSD outside T2S [T2S.BPD.SETT.ECSD/Var. 1].

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



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

2.3.2.1 Overview

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

Trigger:

- The CSD receives instructions from its CSD Participant or third parties authorised by the CSD Participant to instruct on its behalf.
- The CSD Participant itself or third parties acting on behalf of the CSD Participant¹¹ (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).

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.

T2S Instructing Party:

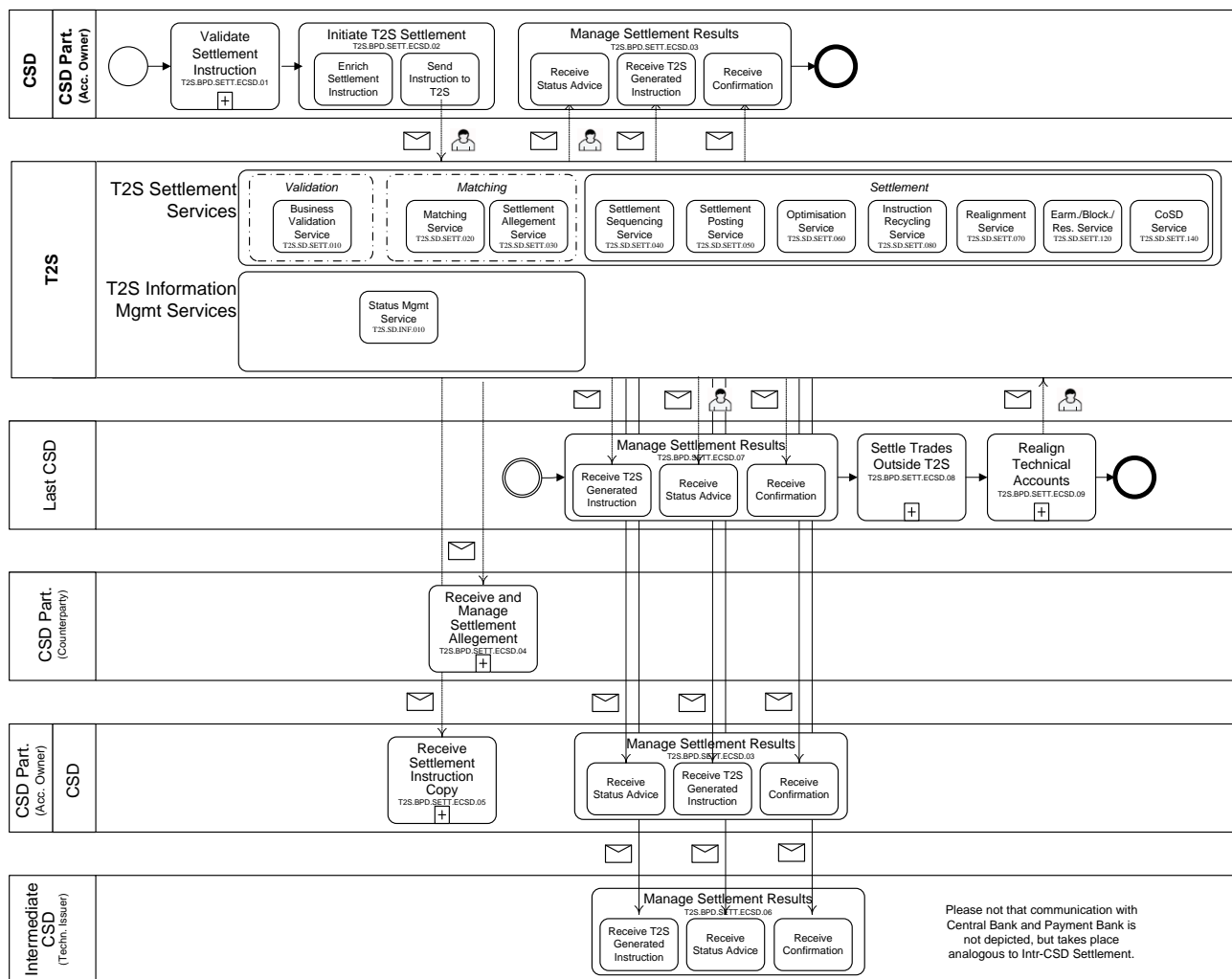
There are two scenarios for the instruction of T2S.

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

¹¹Example 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.

2.3.2.2 Business Process Diagram

Figure 2-7: 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
--------------	----------------------

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)¹². The CSD [CSD Participant] may also perform validations regarding securities settlement with the counterparty's CSD.

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

2.3.2.3.2 Initiate T2S Settlement

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

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

2.3.2.3.2.1 Enrich Settlement Instruction

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

The CSD [CSD Participant] enriches the settlement instructions with T2S specific information such as T2S securities account number, T2S dedicated cash account number 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 using the 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.) that influence the settlement processing in T2S, unless the default values are to be used for the instruction.

2.3.2.3.2.2 Send Settlement Instruction to T2S

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

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. The processing of settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement instruction.

¹² 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] sends the following message to T2S:

2 **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

3 **2.3.2.3.3 Manage Settlement Results**

Reference ID	T2S.BPD.SETT.ECSD.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 Settlement Instruction” (Chapter 2.3)

12 **2.3.2.3.3.1 Receive Status Advice**

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

13 The CSD and CSD Participant receive status advice messages sent by T2S to indicate a status change or
14 reason code update for the settlement instruction within T2S. In addition to the status updates on the
15 settlement instruction sent by the CSD [CSD Participant], the CSD and CSD Participant also receive other
16 updates described below.

17 For Conditional Securities Delivery (CoSD) processing,

- 18 • the CSD and CSD Participant receive a status advice (resulting from “Condition Modification
19 Instruction” created by T2S for CoSD processing) for applying the CoSD hold condition on the
20 settlement instruction,
- 21 • the CSD and CSD Participant receive a status advice for intra-position/intra-balance movement in
22 case the CoSD blocking of cash or securities resources is not successful,
- 23 • the CSD and CSD Participant receive a status advice due to the change in status of the settlement
24 instruction to CoSD hold.

25

- 1 For CSD Validation Hold processing,
- 2 • the CSD and CSD Participant receive a status advice for the settlement instruction that specifies that
- 3 the settlement instruction is on CSD Validation Hold and the applicable restriction rule.
- 4 For Realignments processing,
- 5 • the CSD and CSD Participant receive a status advice for T2S generated settlement instructions
- 6 For Restriction Rejection processing (CSD specific validations),
- 7 • the CSD and CSD Participant receive a status advice for the settlement instruction that specifies that
- 8 the settlement instruction is rejected and the applicable restriction rule.
- 9 Following the message reception, other internal activities might be conducted such as:
- 10 • aligning the status of the settlement instruction in the CSD's or CSD Participant's systems with the
- 11 status in T2S,
- 12 • amending the settlement instruction,
- 13 • sending additional settlement instructions,
- 14 • triggering notification to CSD Participants
- 15 The CSD and CSD Participant receive the following messages from T2S:

16 **Table 2-18: Messages from T2S [T2S.BPD.SETT.ECSD.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
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

17 **2.3.2.3.3.2 Receive T2S Generated Instruction**

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

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.

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
2	Settlement Restrictions (informed via Intra-position or Intra-balance movement status advice)	Conditional Securities Delivery (CoSD) Use of blocked or reserved securities or cash in the settlement instruction 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, CoSD or auto-collateralisation	3.3.8.11

2.3.2.3.3.3 Receive Settlement Confirmation

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

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:

1 **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	CoSD Blocking of securities resources is successful or use of blocked or reserved securities have been used for settlement of the settlement instruction	3.3.7.4
IntraBalanceMovementConfirmationV01	Camt.068.001.01	From T2S	CoSD Blocking of cash resources is successful or blocked or reserved cash has been used for settlement of a settlement instruction	3.3.3.22

 2 **2.3.2.3.4 Receive and Manage Settlement Allegement**

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

3 T2S Actors: Counterparty

 4 The Counterparty may receive a settlement allegement if the matching in T2S is not successful. The
 5 settlement allegement carries information on the settlement instruction by the CSD [CSD Participant].

 6 The Counterparty may conduct additional tasks such as validating the settlement allegement received against
 7 the pending settlement instructions its books and responding to the settlement allegement with a new
 8 settlement instruction or amending an existing settlement instruction.

9

1 The Counterparty receives the following messages from T2S:

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

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

3 **2.3.2.3.5 Receive Settlement Instruction Copy**

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

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

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

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

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

10 **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

11 **2.3.2.3.6 Manage Settlement Results**

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

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

18

2.3.2.3.7 Manage Settlement Results

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

T2S Actors: Last CSD (in T2S)

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

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

2.3.2.3.8 Settle Trades outside T2S

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

T2S Actors: Last CSD (in T2S)

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

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

2.3.2.3.9 Realign Technical Accounts in T2S

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

T2S Actors: Last CSD (in T2S)

The Last CSD creates and sends settlement instructions to T2S for realignment of securities positions in T2S which results in a movement of securities from the inter-CSD account to the mirror account and vice versa. This movement aligns the mirror account (i.e. account in the books of last intermediating CSD) with the omnibus account of the CSD (i.e. account in the books of its technical Issuer CSD).

2.3.2.3.10 Receive Notification

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

T2S Actors: Payment Bank and Central Bank

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

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

8 **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

9 2.3.2.4 Description of T2S Services

10 2.3.2.4.1 Settlement Services

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

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

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

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

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

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

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

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

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

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

8 This T2S service performs the provisioning and booking of the settlement instructions.

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

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

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

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

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

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

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

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

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

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

27 **2.3.2.4.2 Information Management Services**

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

28

29

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

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

5 2.3.3 External CSD Settlement with one Investor CSD in T2S and the Issuer CSD 6 outside T2S [T2S.BPD.SETT.ECSD/Var. 2]

7 2.3.3.1 Overview

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

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

18 Trigger:

- 19 • CSD(s) receive settlement instructions from the CSD Participants or third parties authorised by the
20 CSD Participant to instruct on their behalf. In some cases, the CSD Participants may authorise the
21 CSD itself to create settlement instructions on behalf of the CSD Participant.
- 22 • CSD Participants¹³ (acting as account operators or custodians and with privileges granted by their
23 CSD to instruct directly in T2S) receive settlement instructions from their clients (e.g. end investors
24 or financial institutions).

25 Preconditions:

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

- 28 • Security CSD Links – specifies for a CSD the eligibility of a security for settlement and the technical
29 Issuer CSD for the security. The last CSD in the delivering or receiving CSD chain in T2S must have
30 specified the external CSD as its Technical Issuer.

¹³ 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.

- 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.

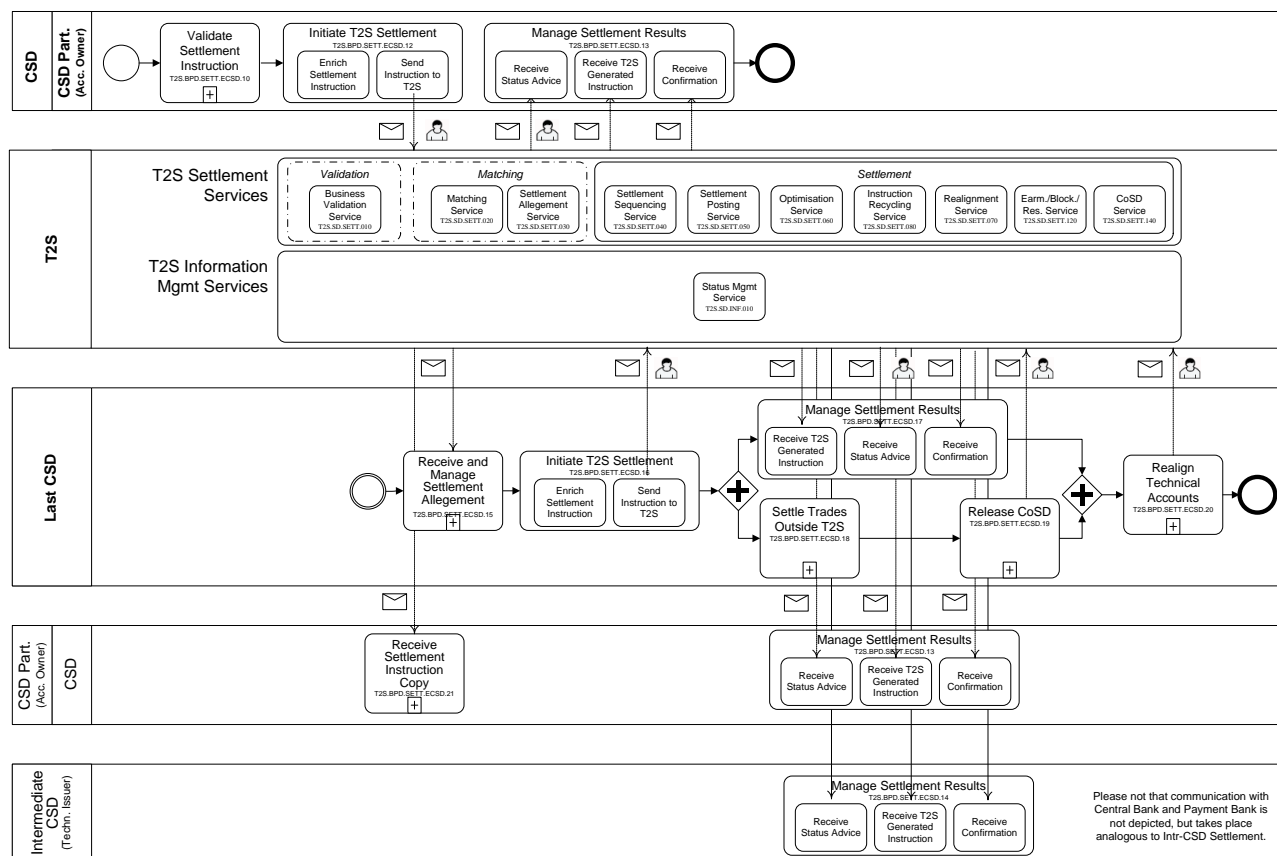
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

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

2.3.3.2 Business Process Diagram

Figure 2-8: 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
--------------	----------------------

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)¹⁴. 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
--------------	----------------------

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

2.3.3.3.2.1 Enrich Settlement Instruction

Reference ID	T2S.BPD.SETT.ECSD.12.01
--------------	-------------------------

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

¹⁴ 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.

Participant considers the intermediary holding a securities account in the first CSD outside T2S as their counterparty and instructs T2S.

2.3.3.3.2.2 Send Settlement Instruction to T2S

Reference ID	T2S.BPD.SETT.ECSD.12.02
--------------	-------------------------

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

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 the T2S. The processing of settlement instruction in T2S depends on the specified values of the T2S process indicators in the settlement instruction.

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

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

2.3.3.3.3 Manage Settlement Results

Reference ID	T2S.BPD.SETT.ECSD.13
--------------	----------------------

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.

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.

References:

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

20

2.3.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.SETT.ECSD.13.01
--------------	-------------------------

The CSD and CSD Participant receive status advice messages for every change of status or update of reason code to the settlement instruction within T2S. In addition to the status updates on the settlement instruction sent by the CSD [CSD Participant], the CSD and CSD Participant also receive other updates described below.

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 CSD Validation Hold processing,

- the CSD and CSD Participant receive a status advice for the settlement instruction that specifies that the settlement instruction is on CSD Validation Hold and the applicable restriction rule.

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.

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,
- amending the settlement instruction,
- sending additional settlement instructions,
- triggering notification to CSD Participants.

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

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

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
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

3 **2.3.3.3.3.2 Receive T2S Generated Instruction**

Reference ID	T2S.BPD.SETT.ECSD.13.02
--------------	-------------------------

4 The CSD and CSD Participant receive the messages for T2S generated instructions. T2S may generate
5 additional instructions due to various T2S processes triggered by the first settlement instruction.

6 **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
2	Settlement Restrictions (informed via Intra-position or Intra-balance movement status advice)	Conditional Securities Delivery (CoSD) Use of blocked or reserved securities or cash in the settlement instruction Auto-collateralisation

7

8

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

2 **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 Realignment, CoSD and auto-collateralisation	3.3.8.11

3 **2.3.3.3.3.3 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.ECSD.13.03
--------------	-------------------------

4 The CSD and CSD Participant receive and validate settlement confirmation messages for the settlement
5 instructions sent to T2S, T2S generated settlement instructions and Settlement Restrictions (in case
6 applicable).

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

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

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

14 **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

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraPositionMove mentConfirmation	Semt.015.001.02	From T2S	CoSD Blocking of securities resources is successful or use of blocked or reserved securities have been used for settlement of the settlement instruction	3.3.7.4
IntraBalanceMove mentConfirmation V01	Camt.068.001.01	From T2S	CoSD Blocking of cash resources is successful or blocked or reserved cash has been used for settlement of a settlement instruction	3.3.3.22

1 2.3.3.3.4 Manage Settlement Results

Reference ID	T2S.BPD.SETT.ECSD.14
--------------	----------------------

2 T2S Actors: Intermediary CSD

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

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

8 2.3.3.3.5 Initiate T2S Settlement

Reference ID	T2S.BPD.SETT.ECSD.16
--------------	----------------------

9 T2S Actors: Last CSD (in T2S)

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

14 References:

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

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

2.3.3.3.6 Manage Settlement Results

Reference ID	T2S.BPD.SETT.ECSD.17
--------------	----------------------

T2S Actors: Last CSD (in T2S)

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

The T2S generated realignment instructions owned by the Last CSD in T2S are subject to CoSD hold processing. Based on the CoSD processing condition, the CSD may receive status advices/confirmations for blocking of securities positions and/or cash balances.

The Last CSD stores T2S generated settlement instructions and may use them for instructing the settlement of securities positions with the counterparty (or counterparty's intermediary) in the books of Issuer CSD. In addition, the CSD updates the T2S generated settlement instruction upon receipt of status updates and confirmations from T2S.

The delivering CSD (or receiving CSD) in T2S will act as the Last CSD in T2S in case the delivering CSD (or receiving CSD) has a direct link with the Issuer CSD outside T2S.

2.3.3.3.7 Settle Trades outside T2S

Reference ID	T2S.BPD.SETT.ECSD.18
--------------	----------------------

T2S Actors: Last CSD (in T2S)

The Last CSD initiates the settlement outside T2S after receiving the realignment instructions on the technical account (i.e. the inter-CSD account) from T2S. The Last CSD creates and sends settlement instructions to the Issuer CSD (external to T2S) for settlement of securities positions with the counterparty (or counterparty's intermediary) in the books of Issuer CSD.

For instructing the Issuer CSD, the Last CSD may use the information contained in the realignment instructions received from T2S or refer to information received from the delivering/receiving CSD.

2.3.3.3.8 Release CoSD

Reference ID	T2S.BPD.SETT.ECSD.19
--------------	----------------------

T2S Actors: Last CSD (in T2S)

The Last CSD acts as the Administering Party for the CoSD condition (defined by the CSD) and initiates this process after the fulfilment of an external settlement condition. The AP may release or cancel the realignment instruction on CoSD hold.

2.3.3.3.9 Realign Technical Accounts in T2S

Reference ID	T2S.BPD.SETT.ECSD.20
--------------	----------------------

T2S Actors: Last CSD (in T2S)

The Last CSD process starts after the completion of securities settlement in T2S on the inter-CSD account in 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 vice versa in case of securities positions received by a CSD in T2S).

2.3.3.3.10 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 2-30: 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

2.3.3.3.11 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

1 updating cash registers of the Payment Bank/Central Bank and liquidity management activities (e.g. resulting
2 in a transfer of cash from or to T2S).

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

4 **Table 2-31: 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

5 **2.3.3.4 Description of T2S Services**

6 **2.3.3.4.1 Settlement Services**

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

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

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

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

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

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

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

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

19 Each settlement cycle contains a set of sequences. The type of instructions that a sequence processes are pre-
20 defined. This T2S service extracts all settlement instructions related a particular sequence and submits them
21 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.

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

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

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

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

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

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

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

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

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

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

23 2.3.3.4.2 Information Management Services

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

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

25 This T2S service sends the status of the instructions to the authorised T2S actors. The T2S actors must
26 subscribe to the status messages in order to receive them. Any change of status triggers the creation of status
27 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 Reservation or Blocking of Securities Position [T2S.BPD.SETT.RBSP]

3.1.1 Overview

This process describes the act of reserving or blocking a certain quantity of securities within a securities account. The CSD or CSD Participant (if directly connected) may reserve or block a securities position for the purpose of ensuring the settlement of a particular settlement instruction in the future, or to prevent the use of specific securities for settlement in order to perform a process (e.g. corporate action). The process of reserving or blocking a securities position results in a transfer from one securities position into another one. For details regarding the restriction of static data objects (e.g. securities accounts), refer to 9 Static Data Restriction Processes.

Trigger:

Instructing party receives details for reserving or blocking the securities position

Pre-condition:

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

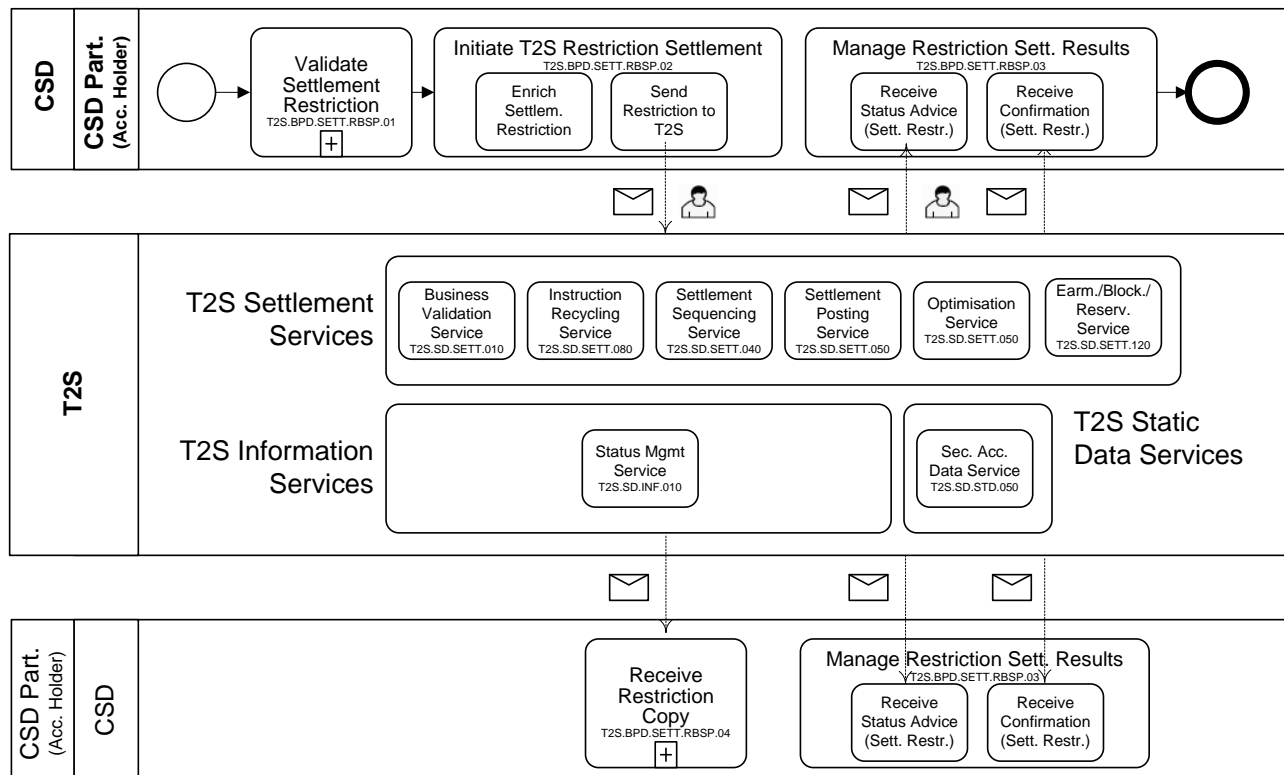
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

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

3.1.2 Business Process Diagram

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



3.1.3 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.

3.1.3.1 Validate Settlement Restriction

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

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).

3.1.3.2 Initiate T2S Restriction Settlement

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

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

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

References:

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

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

3.1.3.2.1 Enrich Settlement Restriction

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

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

- In the balance From, the allowed Restriction type Ids are the ones pertaining to “Deliverable” or “Earmarking” processing types.
- In the balance To, the allowed Restriction type Ids are the ones pertaining to the “Blocking” or “Reservation” processing types.

In case the CSD [CSD Participant] specifies a restriction reference¹⁵, the blocked or reserved securities position referred to in the balance To will be increased. If not, a new restricted securities position will be created.

Figure 3-2: Enrichment of Settlement Instruction [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

¹⁵ This restriction reference was provided in the confirmation of the set-up of the blocked or reserved securities position.

3.1.3.2.2 Send Restriction to T2S

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

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 either via A2A or via U2A.

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

Table 3-1: 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

3.1.3.3 Manage Restriction Settlement Results

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

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.

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.

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

3.1.3.3.1 Receive Status Advice (Settlement Restriction)

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

The CSD and CSD Participant can receive status advices notifying

- 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,
- Provision check failure of the settlement restriction on securities position

- The remaining to be settled quantity of a reservation that has partially settled

- A pending status for blocking

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's or CSD Participant's systems with the status in T2S,
- Triggering notification to CSD Participants if the CSD instructed on their behalf,
- Analysing the failed instruction or a failed provision check

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

Table 3-2: Messages from T2S [T2S.BPD.SETT.RBSP.03.01]

Message Name	ISO Code	To/From 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
IntraPositionMovementStatusAdvice/ "Partial settlement (unsettled part)"	semt.014.001.02	From T2S	Pending part of a reservation restriction that has partially settled	3.3.7.3
Pending	semt.014.001.02	From T2S	Blocking pending status	3.3.7.3

3.1.3.3.2 Receive Confirmation (Settlement Restriction)

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

The CSD and CSD Participant 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 or last 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'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 3-3: 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

3.1.3.4 Receive Restriction Copy

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

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

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

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

4 **Table 3-4: 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

5 **3.1.4 Description of T2S Services**

6 **3.1.4.1 Settlement Services**

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

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

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

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

11 Each settlement cycle contains a set of sequences. The types of instructions that a sequence processes are
12 pre-defined. This T2S service extracts all settlement restrictions related to a particular sequence and submits
13 them 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 restrictions, i.e. moves the
16 securities between the individual positions.

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

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

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

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

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

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

4 **3.1.4.2 Information services**

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

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

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

8 **3.2 Reservation or Blocking of Cash Balance [T2S.BPD.SETT.RBCB]**

9 **3.2.1 Overview**

10 This process describes the act of reserving or blocking a certain amount of cash within a Dedicated Cash
11 Account for a specific purpose to prevent that this amount is used. The Payment Bank could block cash in
12 order to ensure later settlement of a settlement instruction for instance. It results in a transfer from one cash
13 balance to another within the same dedicated cash account.

14 For details regarding the restriction of static data objects (e.g. Dedicated Cash Accounts), refer to 9 Static
15 Data Restriction Processes.

16 **Trigger:**

17 Instructing party receives details for reserving or blocking the cash balance

18 **Pre-conditions:**

- 19 • T2S dedicated cash account containing the cash balance to be reserved or blocked is known
- 20 • The restriction type to be used for the blocking/reservation is known
- 21 • Blocking or reservation reference is known, when an existing blocked or reserved balance should be
22 increased

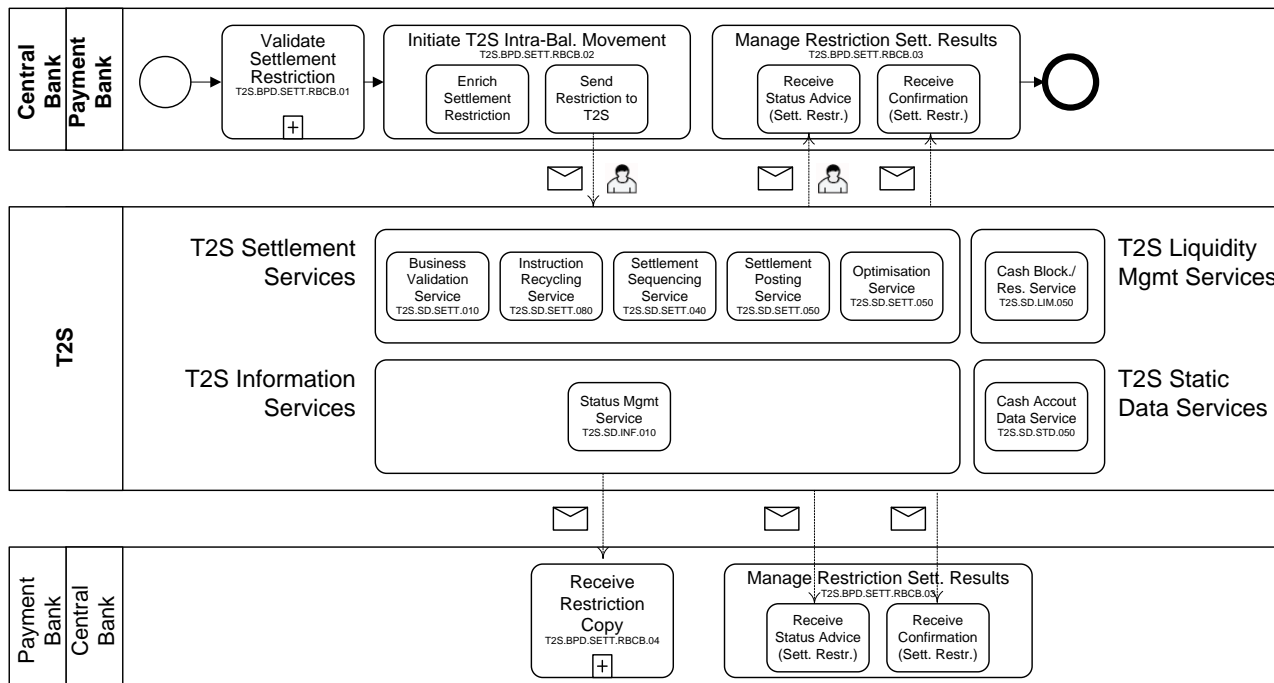
23 **T2S Instructing Party:**

24 There are two scenarios for the instruction of T2S.

- 25 • Scenario A: Payment Bank instructs T2S
- 26 • Scenario B: Central Bank instructs T2S

3.2.2 Business Process Diagram

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



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.

3.2.3.1 Validate Settlement Restriction

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

T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

The Payment Bank [Central Bank] checks all the details in the settlement restriction on cash balance against the reference data (maintained by the Central Bank or the Payment Bank if directly connected).

3.2.3.2 Initiate T2S Intra-Balance Movement

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

T2S Actors: Payment Bank (Scenario A)/Central Bank (Scenario B)

The Payment Bank [Central 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:

1 UDFS: Use Case “Send Settlement Restriction on Cash balance“(Chapter 2.5)

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

3 3.2.3.2.1 Enrich Settlement Restriction

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

4 The Payment Bank [Central Bank] enriches the settlement restriction on cash balance with T2S specific
5 information such as reference of the dedicated cash account, amount of cash to be blocked or reserved. The
6 balance From and balance To need to be filled with the restriction type Id already defined by the T2S
7 Operator, Central Bank or the Payment Bank.

8 In the balance From, the allowed Restriction type Id is the one pertaining to the “Deliverable” processing
9 type only.

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

12 In case the participant specifies a restriction reference¹⁶, the blocked or reserved cash balance referred to in
13 the balance To will be increased. If no restriction reference is specified, a new restricted balance will be
14 created.

15 **Figure 3-4: Enrichment of Settlement Instruction [T2S.BPD.SETT.RBCB.02.01]**

<i>Blocking</i>	Set-up	Increase	<i>Reservation</i>	Set-up	Increase
Balance FROM	“Deliverable”	“Deliverable”	Balance FROM	“Deliverable”	“Deliverable”
Balance TO	“Blocking”	“Blocking”	Balance TO	“Reservation”	“Reservation”
Restriction reference	<i>Empty</i>	REFXXX	Restriction reference	<i>Empty</i>	REFXXX

17 3.2.3.2.2 Send Restriction to T2S

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

18 The Payment Bank [Central Bank] converts the settlement restriction on cash balance enriched with T2S
19 specific information into the required message format and transmits it to T2S via A2A or U2A.

20

¹⁶ This restriction reference was provided in the confirmation of the set-up of the blocked or reserved balance.

1 The Payment Bank [Central Bank] sends the following message to T2S:

2 **Table 3-5: 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

3 **3.2.3.3 Manage Restriction Settlement results**

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

4 T2S Actors: Payment Bank and Central Bank (both scenarios)

5 The Payment Bank and the Central Bank receive the settlement related messages from T2S and initiate
6 related internal processes.

7 In both scenarios, the Payment Bank and the Central Bank receive the messages. When a Payment Bank
8 instructs T2S (Scenario A), the Central Bank can also receive these messages. Similarly, when the Central
9 Bank instructs T2S (Scenario B), the Payment Bank can also receive the messages.

10 References:

11 UDFS: Use Case „Send Settlement Restriction on Cash balance“ (Chapter 2.5)

12 GUI BFD: T2S.GUI.SESE.INX.0070, T2S.GUI.SESE.INX.0010, T2S.GUI.SESE.INX.0020,
13 T2S.GUI.SESE.INX.0030

14 **3.2.3.3.1 Receive Status Advice (Settlement Restriction)**

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

15 The Payment Bank and the Central Bank can receive status advices notifying

- 16 • Rejection of the settlement restriction on cash balance,
- 17 • Acceptance of the settlement restriction on cash balance,
- 18 • Eligibility failure of the settlement restriction on cash balance,
- 19 • Provision check failure of the settlement restriction on cash balance
- 20 • The remaining part of a reservation to be settled in case of partial settlement
- 21 • Pending status in case of blocking

22 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's or Payment Bank's systems with the status in T2S,
- triggering notification to Payment Banks in case the Central Bank instructed on their behalf,
- analysing the failed or rejected settlement restriction

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

Table 3-6: Messages from T2S [T2S.BPD.SETT.RBCB.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMovementStatusAdvice/ "Rejected"	camt.067.001.01	From T2S	Failed business validation	3.3.3.21
IntraBalanceMovementStatusAdvice/ "Accepted"	camt.067.001.01	From T2S	Positive business validation	3.3.3.21
IntraBalanceMovementStatusAdvice/ "Eligibility failure"	camt.067.001.01	From T2S	Eligibility failure	3.3.3.21
IntraBalanceMovementStatusAdvice/ "Intraday Restriction"	camt.067.001.01	From T2S	Intra-day restriction detected by T2S	3.3.3.21
IntraBalanceMovementStatusAdvice/ "Provision check failure"	camt.067.001.01	From T2S	Failed provision check	3.3.3.21
IntraBalanceMovementStatusAdvice/ Partial settlement (unsettled part)"	camt.067.001.01	From T2S	Partial settlement of a reservation (pending part)	3.3.3.21
IntraBalanceMovementStatusAdvice "Pending TBD"	camt.067.001.01	From T2S	Pending status for blocking	3.3.3.21

3.2.3.3.2 Receive Confirmation (Settlement Restriction)

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

The Payment Bank and the Central 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).

- 1 Following the message reception, other internal activities might be conducted such as:
- 2 • aligning the status of the settlement restriction on cash balance in the Central Bank or Payment
- 3 Bank's systems with the status in T2S,
- 4 • triggering notification to Payment Bank in case the CSD instructed on their behalf,
- 5 • storing the restriction reference transmitted by T2S for later use, increase, decrease of the
- 6 blocked/reserved cash balance.

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

8 **Table 3-7: Messages from T2S [T2S.BPD.SETT.RBCB.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
IntraBalanceMove mentConfirmation/ "Full settlement"	camt.068.001.01	From T2S	The cash blocking or reservation is fully settled	3.3.3.22
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

9 3.2.3.4 Receive Restriction Copy

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

- 10 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)
- 11 The Central Bank (Payment Bank) receives the copy of the inbound settlement restriction on cash balance
- 12 after it has been validated by T2S.
- 13 The Central Bank (Payment Bank) may conduct relevant internal processes such as:
- 14 • Creating the restriction instruction in its system
- 15 • Monitoring the lifecycle of the intra-balance movement
- 16

1 The Central Bank [Payment Bank] receives the following message from T2S:

2 **Table 3-8: 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

3 3.2.4 Description of T2S Services

4 3.2.4.1 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 type of instructions that a sequence processes are pre-
10 defined. This T2S service extracts all settlement restrictions related a particular sequence and submits them
11 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.

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

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

18 **Instruction recycling Service (T2S.SD.SETT.080)**

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

20 3.2.4.2 Information Management Services

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

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

22 This T2S service sends the status of the restrictions to the authorised T2S actors.

3.2.4.3 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

Cash Blocking and Reservation Service (T2S.SD.LIM.050)

This T2S service is responsible for the blocking or reservation of cash balance in a Dedicated Cash Account

3.3 Hold of Settlement Instruction [T2S.BPD.SETT.HOLD]

3.3.1 Overview

This process describes the act of putting an instruction on Hold. The CSD or CSD Participant (if directly connected) may use the Hold functionality to perform some regulatory checks or register the securities before releasing the instruction for settlement. Putting on Hold the instruction does not prevent matching but does prevent settlement.

For details regarding the release of instructions, refer to 3.4 Release of Settlement Instruction.

Trigger:

The CSD/CSD Participant receives details for putting on Hold the settlement instruction

Pre-condition:

The CSD/CSD Participant knows the reference of the instruction to be put on Hold

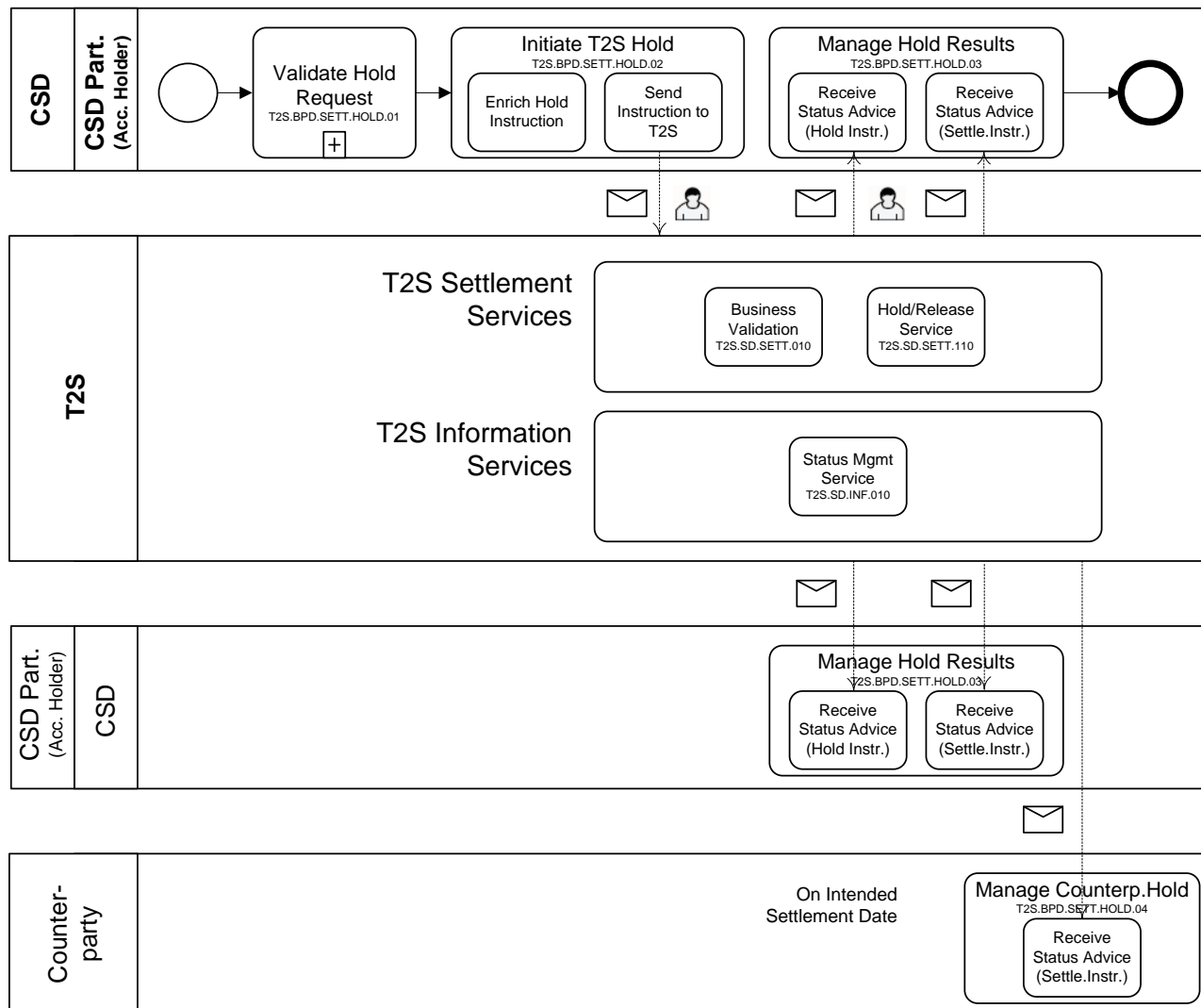
T2S Instructing Party:

There are two scenarios for the instruction of T2S.

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

3.3.2 Business Process Diagram

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



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.

3.3.3.1 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.

3.3.3.2 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

3.3.3.2.1 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.

- CSD can put an instruction on “CSD Hold”
- 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.

3.3.3.2.2 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 via either A2A or U2A.

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

Table 3-9: 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

3.3.3.3 Manage Hold Results

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

T2S Actors: CSD and CSD Participant (both Scenarios)

The CSD and CSD Participant receive the processing related messages from T2S and initiate related internal processes.

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.

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

3.3.3.3.1 Receive Status Advice (Hold Instruction)

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

The CSD and CSD Participant can receive status advices notifying:

- Rejection of the Hold Instruction,
- Acceptance of the Hold Instruction,
- Denial of the Hold Instruction or
- Execution of the Hold Instruction.

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:

23

1 **Table 3-10: 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	

2 **3.3.3.3.2 Receive Status Advice (Settlement instruction)**

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

3 The CSD and CSD Participant may receive status advice notifying that the settlement instruction referred to
 4 in the Hold Instruction is on Hold with the corresponding type of Hold that was specified in the Hold
 5 Instruction.

6 The type of Hold notified can be:

- 7
 - “Party Hold” or,
 8
 - “CSD Hold”

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

- 10
 - aligning the status of the settlement instruction in the CSD or CSD Participant’s systems with the
 11
 - status in T2S,
 12
 - triggering notification to CSD Participants in case the CSD instructed on their behalf

13

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

2 **Table 3-11: 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 **3.3.3.4 Manage Counterparty Hold**

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

4 T2S Actors: Counterparty

5 The Counterparty receives the status advice of a settlement instruction on intended settlement date, if the
6 instruction that is put on Hold is matched with the counterparty instruction.

7 References:

8 UDFS: Use Case "Send Hold/Release Instruction" (Chapter 2.10)

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

10 **3.3.3.4.1 Receive Status Advice (Settlement Instruction)**

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

11 The Counterparty may receive a status advice of a Settlement Instruction notifying that its counterparty
12 settlement instruction is on Hold. The Counterparty receives this notification if its instruction is matched at
13 the intended settlement date. The message reception initiates the relevant processes on the counterparty side.

14

1 The Counterparty receives the following message from T2S:

2 **Table 3-12: Messages from T2S [T2S.BPD.SETT.HOLD.04.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesSettlementTransactionStatus Advice/“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

3 3.3.4 Description of T2S Services

4 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 Hold instruction and ensures the fulfilment of defined rules pertaining to the
7 content of the fields.

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

9 This T2S service sets on Hold the targeted settlement instruction according to the relevant type of Hold
10 specified in the Hold instruction.

11 3.3.4.2 Information Management Services

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

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

13 This T2S service sends the processing/execution status of the Hold instruction and of the underlying
14 settlement instruction to the authorised T2S actors.

15 3.4 Release of Settlement Instruction [T2S.BPD.SETT.RELE]

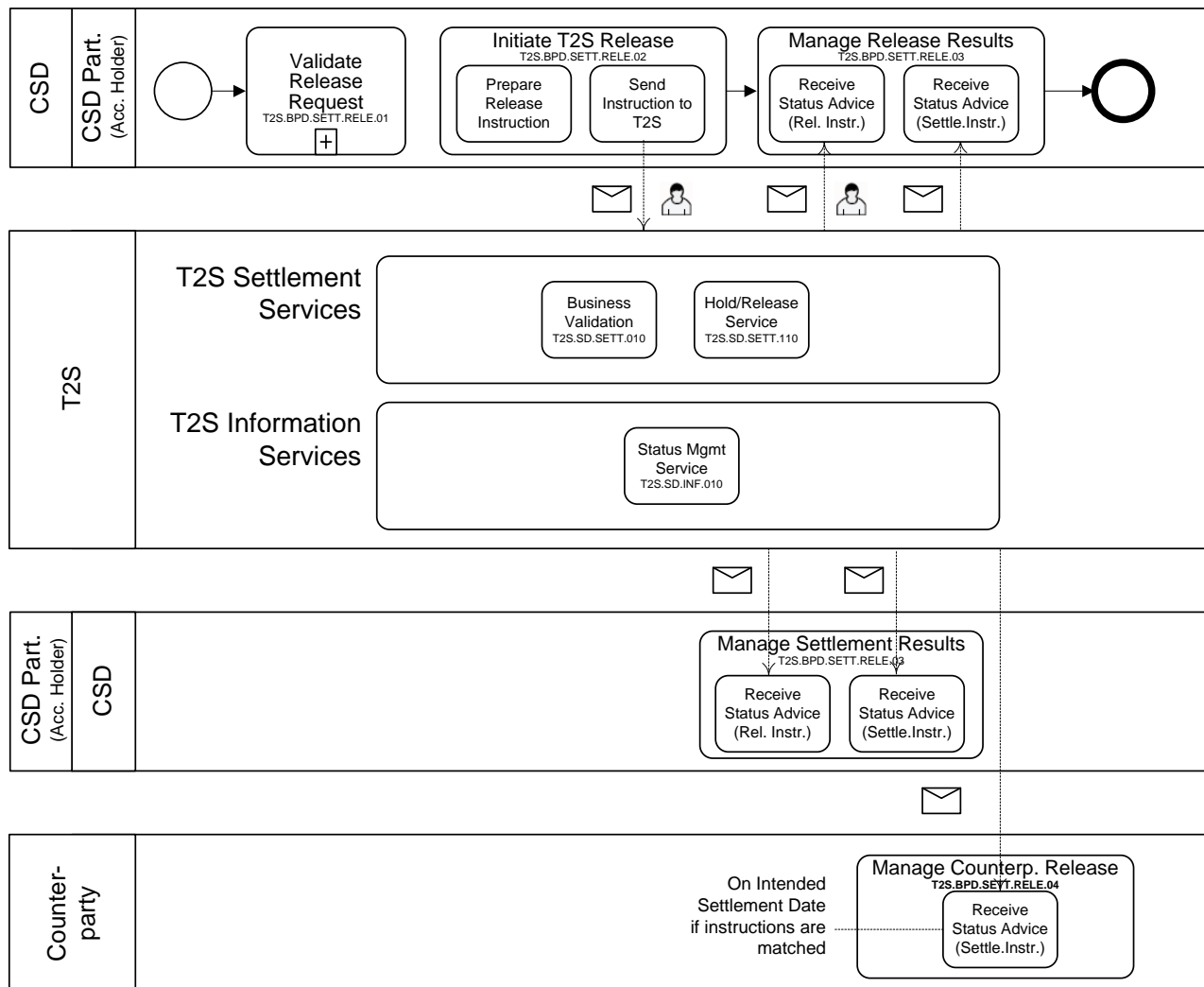
16 3.4.1 Overview

17 This process describes the act of releasing an instruction following its Hold. The CSD or CSD Participant (if
18 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 instructions, refer to 3.3 Hold of Settlement Instruction.
- 4 For details regarding restrictions on static data objects (e.g. securities), refer to 9 Static Data Restriction
5 Processes.
- 6 **Trigger:**
- 7 The CSD/CSD Participant receives details for releasing the settlement Instruction
- 8 **Pre-condition:**
- 9 The CSD/CSD Participant knows the reference of Instruction to be released
- 10 **T2S Instructing Party:**
- 11 There are two scenarios for the instruction of T2S.
- 12 • Scenario A: CSD instructs T2S
- 13 • Scenario B: CSD Participant instructs T2S

3.4.2 Business Process Diagram

Figure 3-6: Business Process Diagram [T2S.BPD.SETT.RELE]



3.4.3 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.

3.4.3.1 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.

3.4.3.2 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

3.4.3.2.1 Enrich 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.

3.4.3.2.2 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 via either A2A or U2A.

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

23

1 **Table 3-13: 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

2

3 **3.4.3.3 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 **3.4.3.3.1 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 Following the message reception, other internal activities might be conducted such as:

- 20
- aligning the status of the Release Instruction in the CSD or CSD Participant’s systems with the status
21 in T2S,
 - 22 • triggering notification to CSD Participants, e.g. if the CSD instructed on their behalf,
 - 23 • analysing the failed Release Instruction.

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

2 **Table 3-14: 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 Hold Instruction	

3 **3.4.3.3.2 Receive Status Advice (Settlement Instruction)**

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

4 The CSD and CSD Participant may receive status advice notifying the fact that the Settlement Instruction
5 referred to in the Release Instruction is “Released” for the type of Hold mentioned in the Release Instruction.

6 The instruction can be fully released or another Hold can remain.

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

- 8 • aligning the status of the settlement Instruction in the CSD’s or CSD Participant’s systems with the
9 status in T2S,
- 10 • triggering notification to CSD Participants, e.g. if the CSD instructed on their behalf.

11

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

2 **Table 3-15: 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 **3.4.3.4 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 **3.4.3.4.1 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 3-16: 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 3.4.4 Description of T2S Services

4 3.4.4.1 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 3.4.4.2 Information services

T2S Service Class	Information Services
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 3.5 Cancellation of Settlement Instruction or Restriction [T2S.BPD.SETT.CINS]

16 3.5.1 Overview

17 This process describes the act of cancelling a settlement instruction or restriction by means of a cancellation
18 instruction. T2S cancels a settlement restriction or an unmatched settlement instruction upon the reception of
19 a valid cancellation instruction from the CSD or CSD Participant. For matched settlement instructions T2S
20 requires a cancellation of both settlement instructions (i.e. two cancellation instructions). A cancellation

1 instruction has its own life cycle that is different from the one of a settlement instruction or settlement
2 restriction (i.e. it has its own statuses).

3 **Trigger:**

4 A CSD or CSD Participant identifies an error in an instruction previously sent.

5 **Preconditions:**

6 None

7 **T2S Instructing Party:**

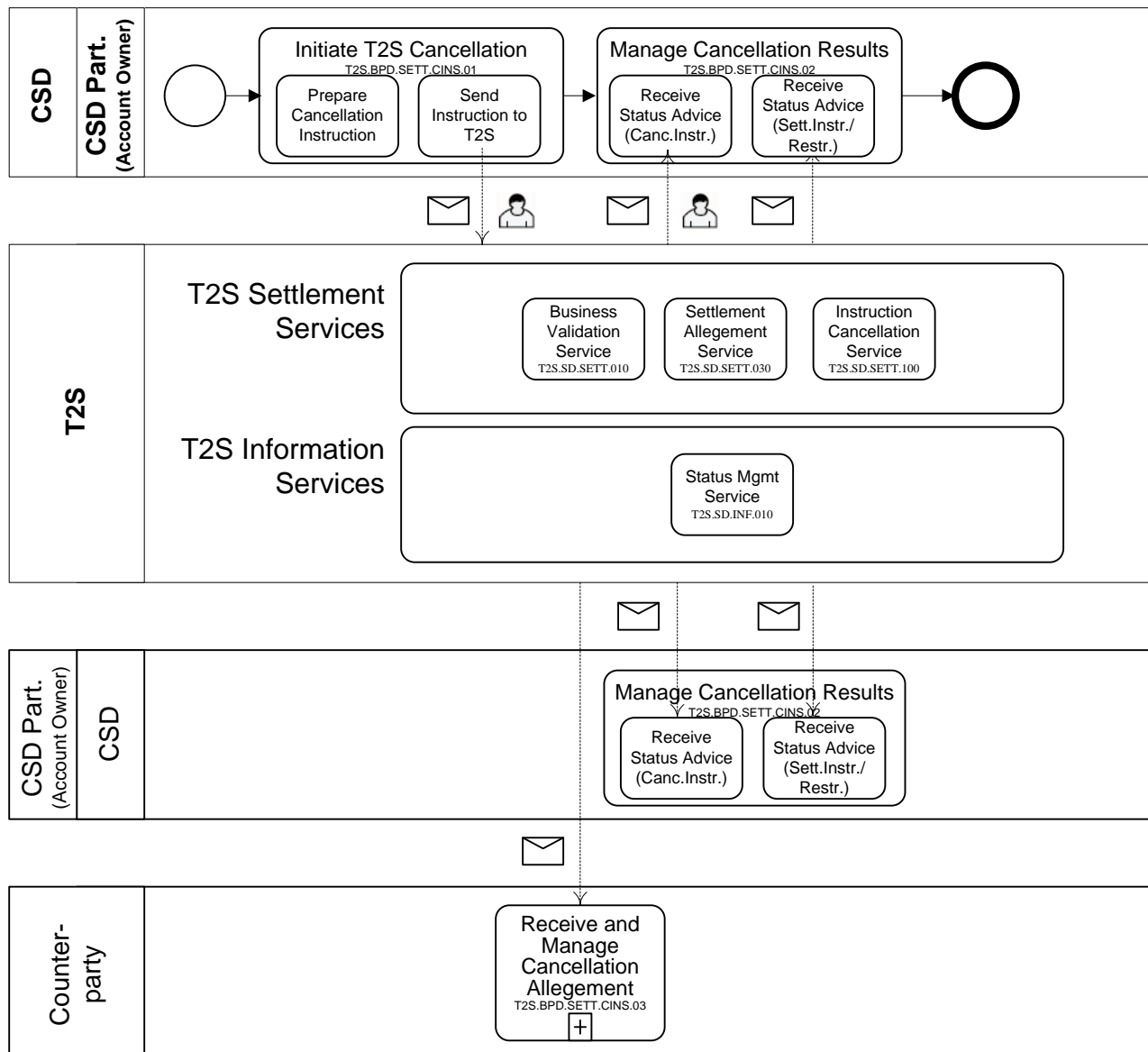
8 There are two scenarios for the instruction of T2S.

- 9 • Scenario A: CSD instructs T2S
- 10 • Scenario B: CSD Participant instructs T2S

11

3.5.2 Business Process Diagram

Figure 3-7: Business Process Diagram [T2S.BPD.SETT.CINS]



3

3.5.3 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.

3.5.3.1 Initiate T2S Cancellation

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

9 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 3.5.3.1.1 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 Depending on the to-be-cancelled instruction type (i.e. either settlement instruction or settlement restriction),
11 the message and the content that T2S requires is different. The cancellation instruction will include the
12 reference of the to-be-cancelled instruction so that T2S can unambiguously identify this instruction.

13 3.5.3.1.2 Send Instruction to T2S

Reference ID	T2S.BPD.SETT.CINS.01.02
--------------	-------------------------

14 The CSD [CSD Participant] sends the Cancellation Instruction to T2S.

15 For already matched settlement instruction where the counterparty is also the CSD Participant or the CSD
16 Participant has privileges to instruct on behalf of the counterparty), it is up to the CSD Participant either to
17 send an already matched cancellation instruction of the underlying pair of settlement instructions or to send
18 two cancellation instructions (i.e. one for each settlement instruction).

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

20 **Table 3-17: Messages to T2S [T2S.BPD.SETT.CINS.01.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesTransactionCancellationRequest	sese.027.001.02	To T2S	3.3.8.1

21 3.5.3.2 Manage Cancellation Results

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

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

1 The CSD and CSD Participant receive the status advice messages generated by T2S for the Cancellation
2 Instruction and for the Settlement Instruction or Restriction.

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 The fact that the settlement instruction is on hold or linked to another instruction does not prevent its
7 cancellation.

8 The fact that there is a cancellation instruction request of a matched settlement instruction does not prevent
9 settlement of the settlement instruction to take place.

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 3.5.3.2.1 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 any reason code update of the cancellation instruction’s
17 cancellation status (e.g. status advice message reporting that the cancellation is pending i.e. awaiting
18 confirmation from the counterparty)

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

20 **Table 3-18: 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.

24

3.5.3.2.2 Receive Status Advice (Settlement Instruction/Settlement Restriction)

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

The CSD and CSD Participant receive status advice messages for every change of the cancellation status to the referenced settlement instruction or restriction 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).

The CSD will 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 3-19: 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	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 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 (e.g. client of the CSD Participant)

3.5.3.3 Receive and Manage Cancellation Allegement

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

T2S Actors: Counterparty

The Counterparty receives the status advice message generated by T2S to report that a cancellation of the Settlement Instruction has been requested. Additionally, the Counterparty analyses whether a Cancellation Instruction of the Settlement Instruction is needed.

1 The Counterparty receives the following message from T2S:

2 **Table 3-20: 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	3.3.8.4

3 The message reports the statuses and relevant reason codes of a settlement instruction.

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

- 5 • aligning the status of the settlement instruction in the CSD Participant's systems with the status in
- 6 T2S,
- 7 • contacting the counterparty to understand the reason for a cancellation,
- 8 • triggering notification to third parties (e.g. client of the CSD Participant)

9 References:

10 UDFS: Use Case "Send Cancellation Instruction of a settlement instruction or settlement restriction on
11 securities position" (Chapter 2.11)

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

13 **3.5.4 Description of T2S Services**

14 **3.5.4.1 Settlement Services**

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

15 This T2S business service facilitates the settlement of securities sent to T2S by the CSD or CSD Participant
16 and the management of instruction within T2S.

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

18 This T2S service validates the cancellation instructions and ensures the fulfilment of defined rules pertaining
19 to the content of the fields in the cancellation instructions.

20

1 Cancellation Allegement Service Component (T2S.SD.SETT.032)

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 3.5.4.2 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 3.6 Reimbursement of Auto-collateralisation [T2S.BPD.SETT.REAC]

13 3.6.1 Overview

14 This process describes the act of executing the reimbursement of the auto-collateralisation previously taken
15 place in T2S. Auto-collateralisation in T2S facilitates settlement of transactions that would not have settled
16 otherwise due to lack of cash. Auto-collateralisation can take place between Central Bank and Payment Bank
17 (Central Bank collateralisation), or between a Payment Bank and its clients (client collateralisation).

18 When auto-collateralisation is triggered, T2S simultaneously creates reverse auto-collateralisation
19 instructions as well. These instructions are put on hold on the side of the Payment Bank (i.e. the collateral
20 giver in Central Bank collateralisation or respectively the collateral taker in client collateralisation) until they
21 are released.

22 The Payment Bank may initiate reimbursement¹⁷ of the auto-collateralisation by releasing the reverse auto-
23 collateralisation instructions in T2S.

24 Trigger:

25 Operational processes in the Payment Bank require reimbursement of auto-collateralisation

¹⁷ 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'.

1 **Pre-condition:**

2 Reverse auto-collateralisation instruction set on Hold

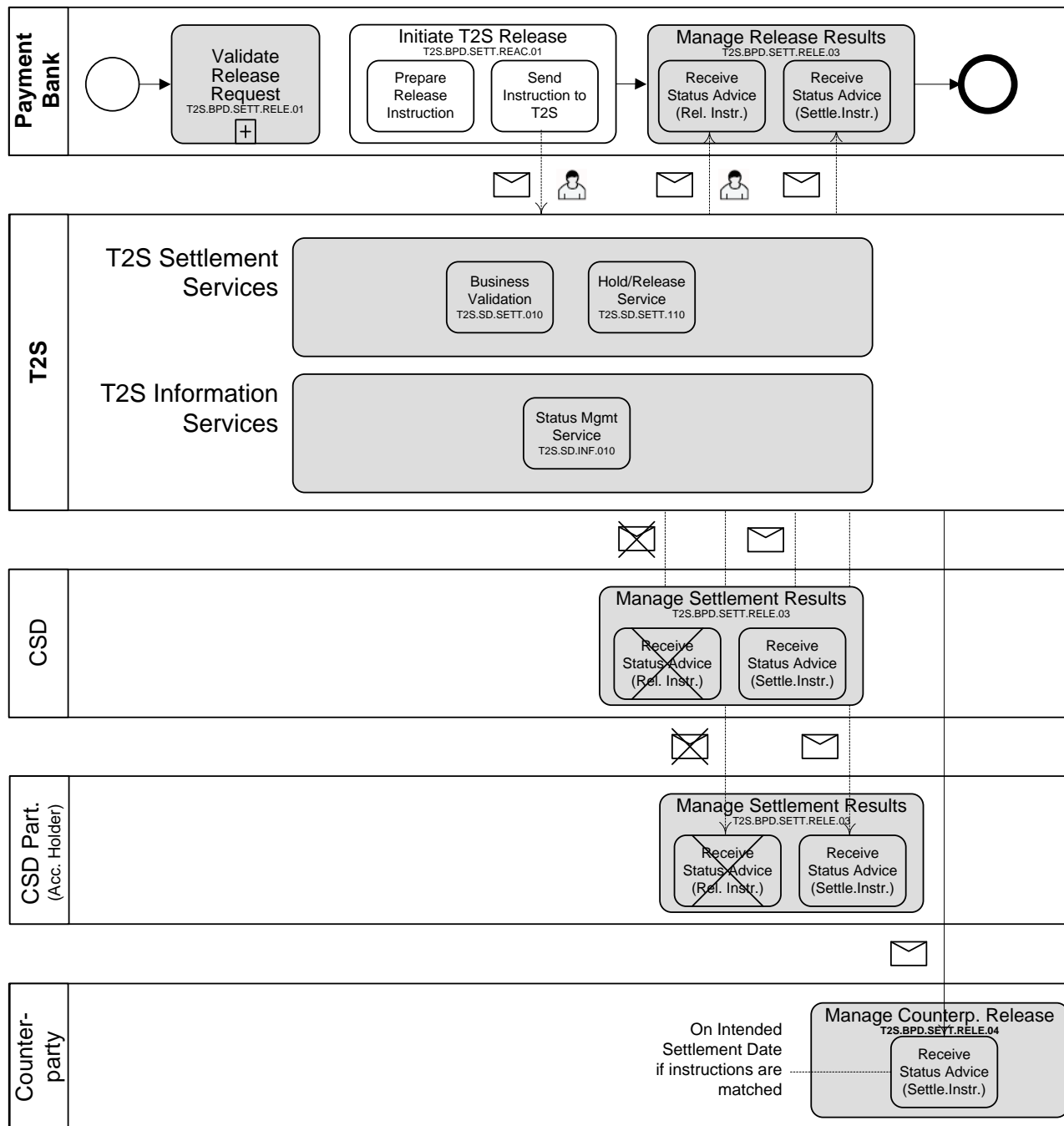
3 **T2S Instructing Party:**

4 Payment Bank

5 This process is a variation of the “Release of Settlement” process. The steps highlighted in the diagram
6 below require particular attention.

3.6.2 Business Process Diagram

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



3.6.3 Business Process Description

3.6.3.1 Initiate T2S Release

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

T2S Actors: Payment Bank

The Payment Bank 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

3.6.3.1.1 Enrich release instruction

Reference ID	T2S.BPD.SETT.REAC.01.01
--------------	-------------------------

The Payment Bank enriches the Release Instruction with T2S specific information such as reference of the reverse-auto-collateralisation settlement instruction to be released, T2S securities account number and the type of Release to be applied (as Party hold).

3.6.4 T2S Service Description

There is no deviation from the base process regarding the use of T2S Services.

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 “seller¹⁸” to buy back its securities used as collateral, at a later date from the “buyer¹⁹” 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

¹⁸ The “seller” is also referred as “borrower” or “cash taker”

¹⁹ 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
11 the 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.

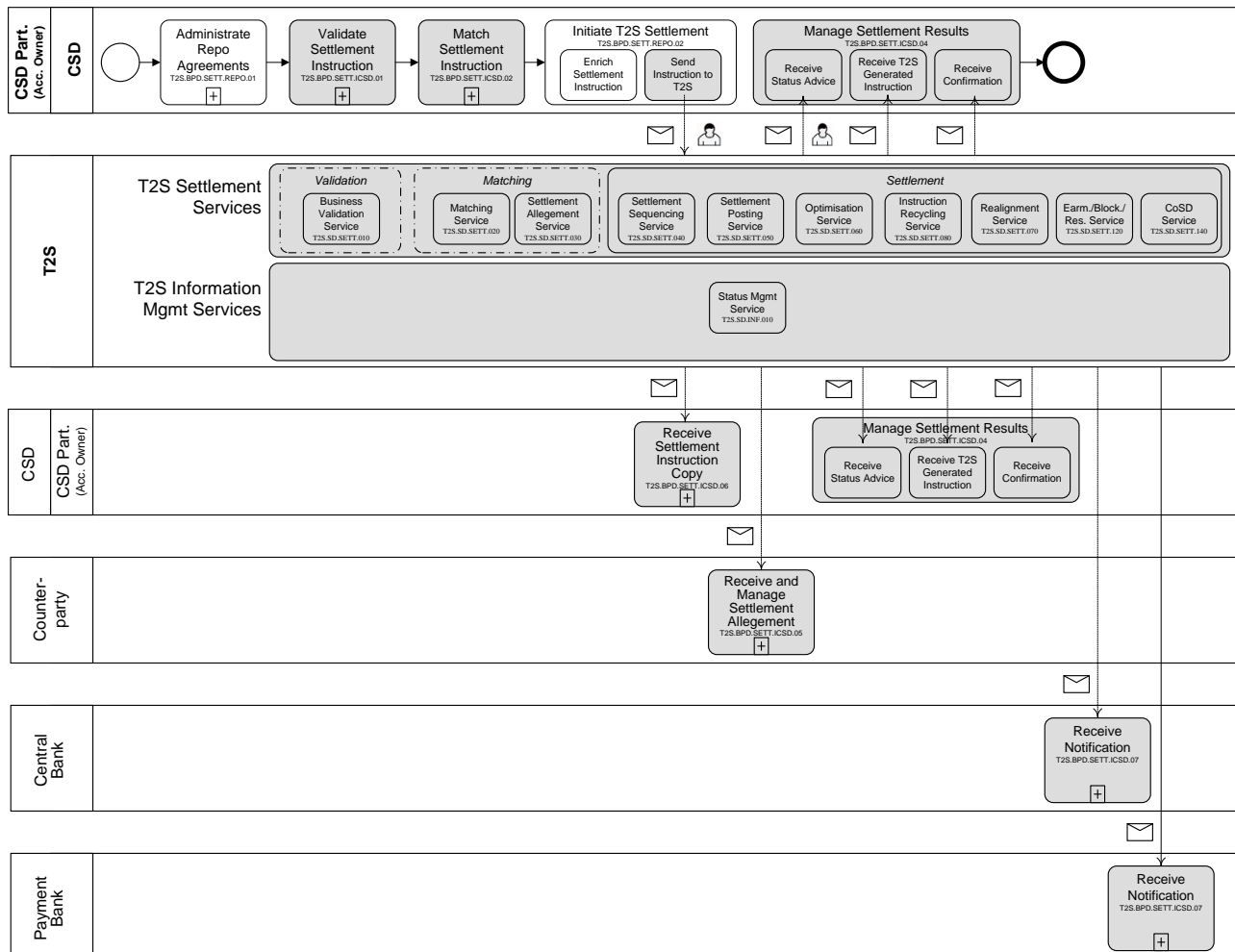
- 17 • Scenario A: CSD instructs T2S
- 18 • Scenario B: CSD Participant instructs T2S

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
--------------	----------------------

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

The CSD [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 terms and conditions of the opening/closing of a repo, the type of collaterals accepted and mutually agreeable interest rate charges with or without compensation needs.

1 The CSD, a Central Bank or Stock Exchange can maintain these repo agreements to facilitate repo
2 transaction settlement.

3 **4.1.3.2 Initiate T2S Settlement**

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

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

5 The CSD [CSD Participant] enriches the repo related settlement instruction with details required for
6 settlement processing in T2S and sends the settlement instruction to T2S for “Opening of a Repo” and for
7 “Closing of a Repo”.

8 The CSD [CSD Participant] prepares its relevant repo details such as collateral securities with its quantity,
9 cash amount, intended settlement date, counterparty details, etc. The CSD [CSD Participant] prepares
10 settlement instructions and instructs T2S.

11 There are different possibilities to instruct T2S for the “opening of a repo” and “closing of a repo”. The CSD
12 [CSD Participant] can send its settlement instructions for the closing leg(s) of a repo at the same or at a
13 different time than the opening leg(s).

14 References:

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

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

17 **4.1.3.2.1 Enrich Settlement Instruction**

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

18 The CSD [CSD Participant] prepares the Settlement Instruction for the opening of a repo/closing of a repo
19 related settlement instructions with the needed links as detailed below.

20 The CSD [CSD Participant] has different possibilities to instruct “opening of a repo” and “closing of a repo”
21 related instructions.

- 22 • Individual instructions of “opening leg(s) of a repo” or “closing leg(s) of a repo” without any linkage
23 information
- 24 • Linking together (all) “opening leg(s) of a repo” or (all) “closing leg(s) of a repo”
 - 25 ○ Settlement on an “All-or-none” basis for one or more instructions with a linked “WITH”
26 processing code
 - 27 ○ Settlement of one or more instructions with the usage of a “pool reference”
- 28 • Linking together “opening leg(s) of a repo” and “closing leg(s) of a repo”

- One or more of the “closing leg(s) of a repo” instructions can specify an “AFTE” link to the related “opening leg of a repo”.
- One or more of the “opening leg of a repo” instruction can specify a “BEFO” link to the related “closing leg of a repo” leg.
- Additionally, a “common repo reference” can specify in each of the “opening leg of a repo” and “closing leg of a repo” settlement instructions for the instructing parties to identify the repo as a single transaction. However T2S will not use the “common repo reference” in the validation and subsequent processing of such repo instructions.

The CSD [CSD Participant] can instruct T2S using the below types of settlement instructions and transaction types.

- One or more Deliver Against Payment instructions
- A single Payment Free of delivery instruction and one or more Free of Payment instructions
- One or more Deliver Against Payment and one or more Free of Payment

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

The instruction details used for the purpose of Repos are as below.

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

Instruction details for	From Cash provider		From Cash Taker		ISIN*	Settlement Quantity	Settlement Cash Amount
	Securities movement	Payment code	Securities movement	Payment code			
	RECE	FREE	DELI	FREE		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.

1 4.1.4 Description of T2S Services

2 There is no deviation from the base process regarding the use of T2S Services.

3 4.2 Issuance of Securities [T2S.BPD.SETT.ISSU]

4 4.2.1 Overview

5 This process describes the act of issuing a new security in the context of T2S. Issuance of securities is a
 6 procedure wherein the issuer²⁰ sells securities to the public for the first time, for which there does not yet
 7 exist a secondary market²¹ (in the case of equities this is known as Initial Public Offering “IPO”). This
 8 requires the issuer to market and distribute the securities, as well as determine the appropriate issuance price
 9 (in case of shares).

²⁰ i.e. governments, corporations or investment funds.

²¹ Secondary market is the financial market where previously issued securities are bought and sold. (there are many in the bibliography)

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:

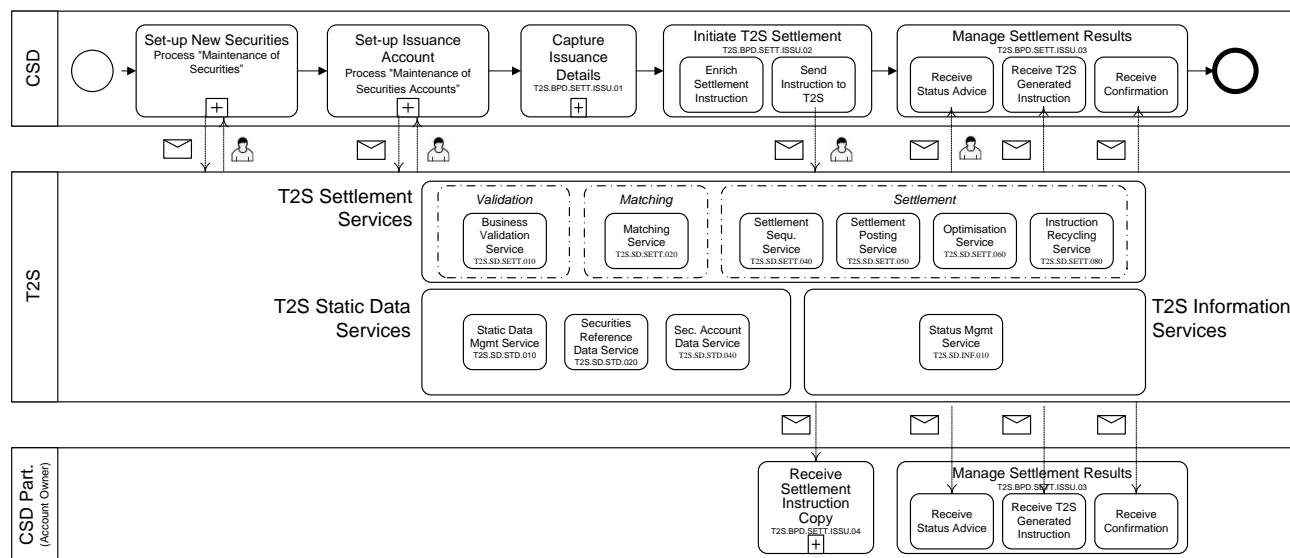
None

T2S Instructing Party:

CSD

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.

1 For details regarding the creation of securities static data, refer to 8.1 Maintenance of Securities.

2 **4.2.3.2 Maintenance of Securities Account**

3 This process involves the receipt of issuance account details for the set-up of a new issuance securities
4 account in the CSD systems and T2S. The issuance account in T2S must have the capability to store negative
5 values for securities positions.

6 Some issuers/issuer's agents may also require the set-up of an additional securities account for parking the
7 issued securities until final distribution orders are available for crediting the securities accounts of initial
8 owners.

9 This process is an optional step because an issuer/issuer's agent that already holds an issuance securities
10 account with the CSD (and in T2S), will most likely use the same issuance securities account for all the
11 securities it issues unless it needs to segregate the different ISINs for tax, regulatory or operational purposes.

12 For details regarding the creation of securities account static data, refer to 8.2 Maintenance of Securities
13 Account.

14 **4.2.3.3 Capture Issuance Details**

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

15 T2S Actors: CSD

16 The CSD receives the issuance information from the issuer/issuer's agent (i.e. CSD Participant) and validates
17 it.

18 The issuance information contains details such as the ISIN, the securities account of the initial owners, the
19 quantity of securities issued to each initial owner, etc. The CSD validates the issuance information against its
20 securities and securities account reference data.

21 **4.2.3.4 Initiate T2S Settlement**

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

22 T2S Actors: CSD

23 The CSD enriches the settlement instruction (i.e. instructions for issuance of new securities to initial owners)
24 with details required for settlement processing in T2S and sends the settlement instruction to T2S.

25 References:

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

1 GUI BFD²²: T2S.GUI.SESE.INX.0070

2 4.2.3.4.1 Enrich Settlement Instruction

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

3 The CSD enriches the settlement instructions with T2S specific information such as T2S securities account
4 numbers corresponding to the issuance and participant account numbers in the CSD, corporate action
5 reference identifier and delivery and receipt securities position types. Since the issuance process does not
6 require the CSD Participant to send settlement instructions for receipt of securities, this process will create an
7 already matched settlement instruction for settlement in T2S.

8 Based on the set-up of securities accounts by the issuer/issuer's agent for issuance of securities the CSD
9 sends

- 10 • In case of both issuance and distribution accounts: a settlement instruction to debit the issuance
11 account and credit the distribution account (issuance step) followed by one or more settlement
12 instructions to debit the distribution account and credit the initial holders' securities accounts
13 (distribution step). Settlement instructions in the distribution step may be instructed to settle
14 individually or on an "All-or-none" basis; or
- 15 • In case of only issuance accounts: settlement instructions to debit the issuance account and directly
16 credit the initial holders' securities accounts.

17 4.2.3.4.2 Send Settlement Instruction to T2S

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

18 The CSD converts the settlement instruction enriched with T2S specific information and T2S process
19 indicators into the required message format and transmit it to T2S.

20 The CSD sends the following message to T2S:

21 **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

22 The processing of settlement instruction in T2S depends on the specified values of the T2S process
23 indicators in the settlement instruction.

²² Use of U2A channel for sending settlement instructions for issuance of securities is very unlikely considering the volume of settlement instructions.

4.2.3.5 Manage Settlement Results

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

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
--------------	-------------------------

The CSD receives status advice messages for every change of status or update of reason code to the settlement instruction within T2S.

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,
- amending the settlement instruction,
- sending additional settlement instructions,
- triggering notification to CSD Participants

The CSD receives the following message from T2S:

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

4.2.3.5.2 Receive T2S Generated Instructions

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

The CSD receives the messages for T2S generated instructions. For settlement instructions pertaining to issuance of securities, T2S may generate additional instructions due to auto-collateralisation or the use of restricted resources (e.g. blocked or reserved cash balances) only.

1 The CSD receives the following message from T2S:

2 **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

3 **4.2.3.5.3 Receive Confirmations**

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

4 The CSD receives and validates settlement confirmation messages for the settlement instructions sent to T2S
5 and the T2S generated settlement instructions.

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

- 7
- aligning the status of the settlement instruction in the CSD or CSD Participant's books with the
 - status in T2S,
 - 8
 - 9 sending additional settlement instructions,
 - 10 triggering notification to CSD Participants to inform the availability of securities in their accounts
 - 11 performing the registration of securities (in case the registrar is involved after the CSD has started
 - 12 maintaining accounts of ownership),
 - 13 issuer/issuer's agent is informed so that they apply for listing of securities in exchange.

14 The CSD receives the following message from T2S:

15 **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

16 **4.2.3.6**

17

1 **4.2.3.7 Receive Settlement Instruction Copy**

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

2 T2S Actors: CSD Participant

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

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

7 **4.2.4 Description of T2S Services**

8 **4.2.4.1 Settlement Services**

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

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

10 This T2S service validates the settlement instruction received. T2S performs a specific validation for
11 issuance related settlement instructions sent by the CSD only wherein intended settlement date can be before
12 the securities issuance date.

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

14 This T2S service validates and recycles settlement instructions at the start of settlement day.

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

16 This T2S service selects and processes settlement instructions in a specific order (by transaction type) during
17 T2S night-time settlement window.

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

19 This T2S service performs the provisioning validations and posts the securities and cash to the respective
20 securities and cash accounts involved.

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

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

25

1 4.2.4.2 Information Management Services

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

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

3 This T2S service sends the status of the instructions to the authorised T2S actors. Any change of status
4 triggers the creation of status messages.

5 4.2.4.3 Static Data Services

T2S Service Class	Static Data Service Class
T2S Service Reference ID	T2S.SD.STD.010

6 Static Data Management Service (T2S.SD.STD.010)

7 This T2S service allows the T2S users to maintain their static data in T2S.

8 Securities Reference Data Service (T2S.SD.STD.020)

9 This T2S service allows management of static data related to the security reference data.

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

11 This T2S service allows management of static data related to the account reference data.

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 entity²³

Preconditions:

None

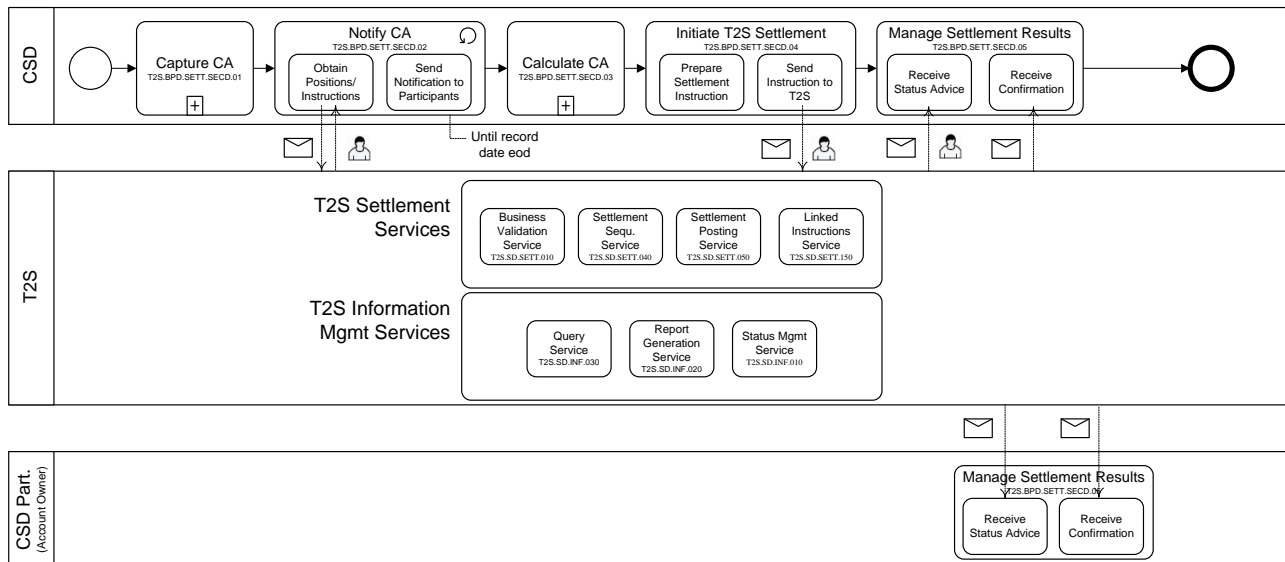
T2S Instructing Party:

CSD

²³ 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
--------------	----------------------

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
--------------	----------------------

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)²⁴ in the underlying security after the initial announcement.

²⁴ 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.

- 1 This sub-process is executed as long as the current date is on or before the CA record date.
- 2 Apart from the capture of a CA, this sub-process is also triggered by the amendment and cancellation of a
- 3 CA.
- 4 References:
- 5 UDFS: Use Case “Send Query” (Chapter 2.18), Use Case “Receive Report” (Chapter 2.19)
- 6 GUI BFD: T2S.GUI.SESE.INX.0070

7 **5.1.1.3.2.1 Obtain positions pending instructions**

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

- 8 This CSD obtains the securities positions and pending settlement instructions on the underlying ISIN of the
- 9 CA.

10 The CSD has two options for receiving T2S information:

- 11 • Option 1: the CSD receives these details through predefined reports generated by T2S at close of
- 12 business of settlement day (End of Day reporting) and/or
- 13 • Option 2: the CSD queries T2S by specifying the underlying ISIN as a filter criterion

14 In option 1:

- 15 • the CSD queries T2S for securities positions related to the underlying ISIN;
- 16 • the CSD queries T2S for pending settlement instructions related to the underlying ISIN²⁵

17 In option 2:

- 18 • based on its report subscription set up in T2S, the CSD receives periodical and delta statements of
- 19 holdings, statements and delta statements of pending instructions reports;
- 20 • the CSD filters the reports in order to extract details relevant to the underlying ISIN.

21 In the cross-CSD scenario, both the issuer and the investor CSDs will perform this activity of obtaining

22 securities positions and pending settlement instructions from T2S.

23 The CSD sends and receives the following messages to/from T2S:

24

²⁵ 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 **5.1.1.3.2.2 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 **5.1.1.3.3 Calculate CA entitlements**

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 5.3.1 Market Claims.

12 **5.1.1.3.4 Initiate T2S Settlement**

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

13 T2S Actors: CSD

14 Precondition: Necessary securities proceeds are available to the CSD

1 The CSD initiates the settlement instructions to T2S for distributing securities²⁶ entitlements to its
2 participants.

3 References:

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

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

6 5.1.1.3.4.1 Prepare Instruction

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

7 Prior to the start of the business (Night-Time Settlement sequence 1) on Payment Date, the CSD creates the
8 settlement instructions for distributing the securities to the entitled position holders.

9 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

10 5.1.1.3.4.2 Send instruction to T2S

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

11 At the latest by the start of business on the payment date (prior to Night-Time Settlement sequence 1) the
12 CSD sends the settlement instructions to T2S.

13 In a CSD link arrangement, both the Issuer CSD and the investor CSD perform this process in order to
14 generate entitlements for their participants:

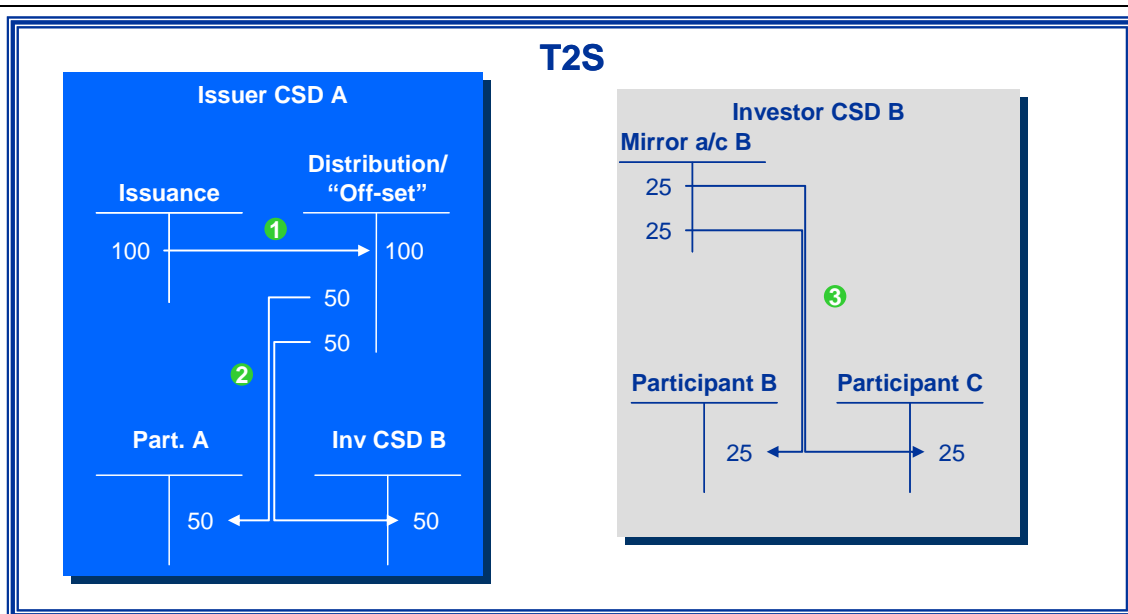
- 15 • The Issuer CSD sends to T2S settlement instructions for issuance and distribution of additional
16 underlying securities. Depending on the Issuer CSD’s account structures, securities are typically
17 created by the usage of an Issuance and a Distribution (or “off-set”) account. The Distribution
18 account is debited and participants’ accounts are credited (steps 1 and 2 in Figure 5-2)
- 19 • The investor CSD being a participant of the Issuer CSD receives the proceeds of the securities
20 distribution in its omnibus account in the Issuer CSD. In its turn, the investor CSD should ensure that
21 these proceeds are distributed within its own books to the securities accounts of its own participants
22 (step 3 in Figure 5-2)

23 The CSD has the possibility to send all settlement instructions related to a specific securities distribution
24 event to settle on an “All-or-none” basis.

²⁶ 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)

- 1 The CSD also has the option to send the securities issuance and all the securities distribution settlement
- 2 instructions related to a specific CA, to settle on an “All or none” basis.

3 **Figure 5-2: Securities Distribution in the context of T2S [T2S.BPD.SETT.SECD.04.02]**



- 4
- 5 Step 1: The Issuer CSD A initiates the issuance process of a EUR 100 securities distribution. The procedure
- 6 resembles a “primary market” operation. Securities are created by the usage of an Issuance and a Distribution
- 7 (or “off-set”) account.
- 8 Step 2: The Issuer CSD A distributes the securities entitlements to its own participants. The distribution
- 9 account is debited and participants’ accounts are credited accordingly. Investor CSD B does not differ from a
- 10 standard CSD A participant. Investor CSD B receives in its omnibus account in the CSD A, the proceeds of
- 11 the securities distribution (EUR 50).
- 12 Step 3: Investor CSD B distributes the securities entitlements to the two relevant participants (EUR 25 each).
- 13 Mirror account is debited and investor CSD B participants’ accounts are credited accordingly.
- 14 In T2S, as in cross-CSD CA processing today, movements 2 and 3 are not dependant upon the checking of a
- 15 central mechanism. Investor CSD B like any other participant of Issuer CSD A, may or may not wait for the
- 16 final settlement of movement 2 before initiate movement 3 in its own books. Movement 2 is not a
- 17 prerequisite of movement 3.

18

1 The CSD sends the following message to T2S:

2 **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

3 **5.1.1.3.5 Manage Settlement Results**

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

4 T2S Actors: CSD and CSD Participant

5 The CSD and CSD Participant receive the settlement related messages from T2S and initiate related internal
6 processes.

7 References:

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

9 **5.1.1.3.5.1 Receive Status Advice**

Reference ID	T2S.BPD.SETT.SECD.05.01
--------------	-------------------------

10 This CSD and CSD Participant receive status advice messages for every change of status or update of reason
11 code to the settlement instruction within T2S.

12 The CSD and CSD Participant receive the following message from T2S:

13 **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

14 **5.1.1.3.5.2 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.SECD.05.02
--------------	-------------------------

15 The CSD and CSD Participant receive the settlement confirmation messages from T2S for the settlement
16 instructions that the CSD sent to T2S.

17

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.
- 21 • Delta statement of holdings – This report includes changes in the quantity of securities positions, i.e.
22 the net quantity which has been debited or credited on the reported positions since the creation of the
23 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.

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 CSD²⁷. It covers both the domestic and the cross CSD scenarios.

The processes described are in line with the CAJWG and T2S CA standards.

Trigger:

CSD receives cash distribution event details from relevant entity

Preconditions:

None

T2S Instructing Party:

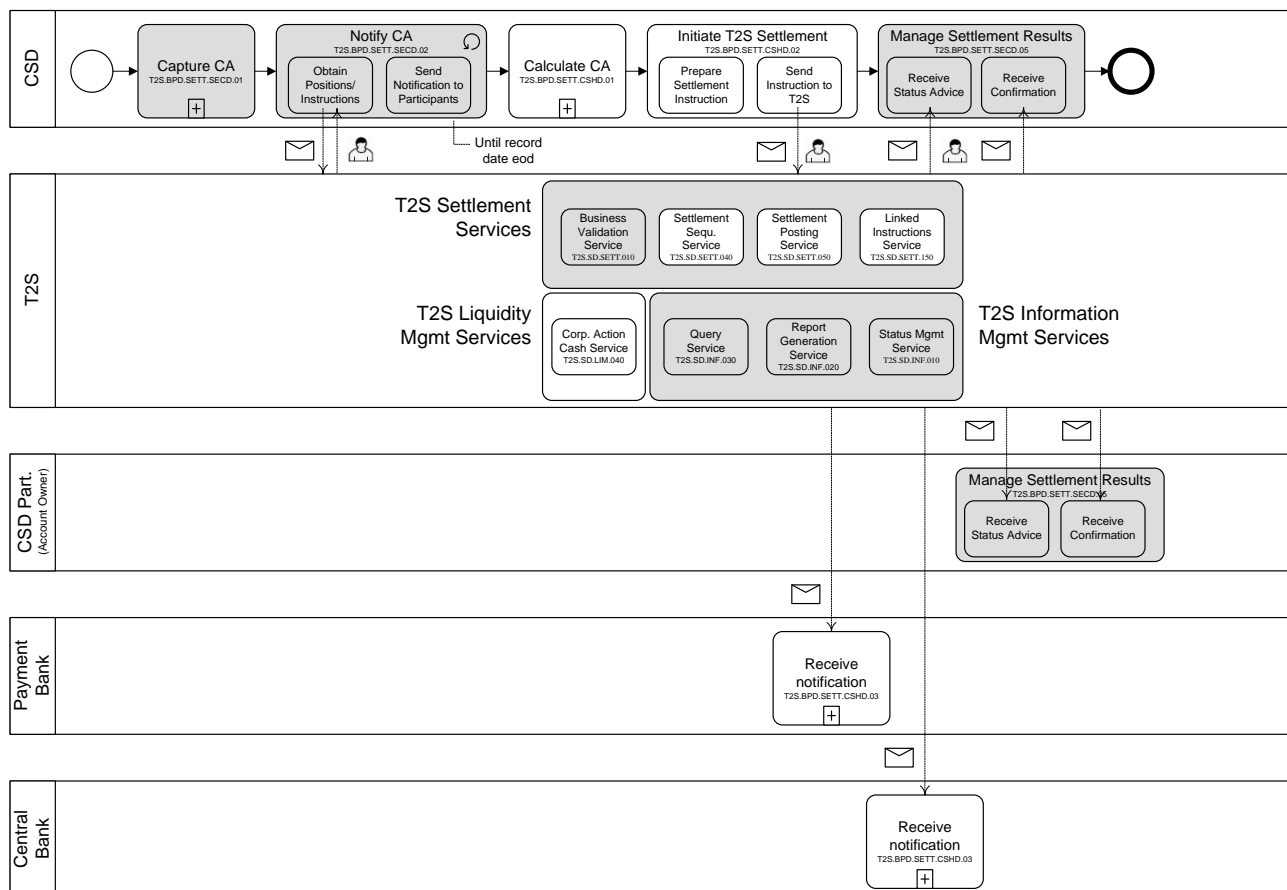
CSD

This process is a variation of the "Securities Distribution" process. The steps highlighted in the diagram below require particular attention.

²⁷ 'CSD' refers to both Issuer CSD and investor CSD, unless specifically mentioned otherwise.

5.1.2.2 Business Process Diagram

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



5.1.2.3 Business Process Description

5.1.2.3.1 Calculate CA

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

T2S Actors: CSD

In certain registered markets, the T2S Actor can also be an issuer's agent (as a CSD Participant).

The CSD calculates the CA entitlements based on securities positions at the close of business of the CA record date. The CSD will handle the CA entitlements on the pending settlement instructions as market claims.

For details regarding market claims, refer to 5.3.1 Market Claims.

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

5.1.2.3.2.1 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).²⁸

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
- DVP instruction for receipt of cash

²⁸ In case of currencies not eligible in T2S, cash payments will take place outside T2S

- 1 The instructions should contain the following information (non-exhaustive list of details):
- 2 • the DCA of the CSD or any other T2S party distributing the cash proceeds;
 - 3 • the DCA²⁹ of the CSD Participant (receiving the cash proceeds);
 - 4 • the Securities account³⁰ of the CSD or the T2S party distributing the cash proceeds;
 - 5 • the Securities account of the CSD Participant which receives the cash proceeds;
 - 6 • the underlying securities (i.e. ISIN);
 - 7 • the (securities) settlement quantity as zero;
 - 8 • the cash amount.

9 **5.1.2.3.2.2 Send instruction to T2S**

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

10 At the latest by the start of business on the payment date (prior to Night-Time Settlement sequence 1) the
11 CSD sends the settlement instructions to T2S.

12 In a CSD link arrangement (cross-CSD settlement) both the Issuer CSD and the investor CSD will perform
13 this process in order to generate the cash entitlements for their respective CSD Participants.

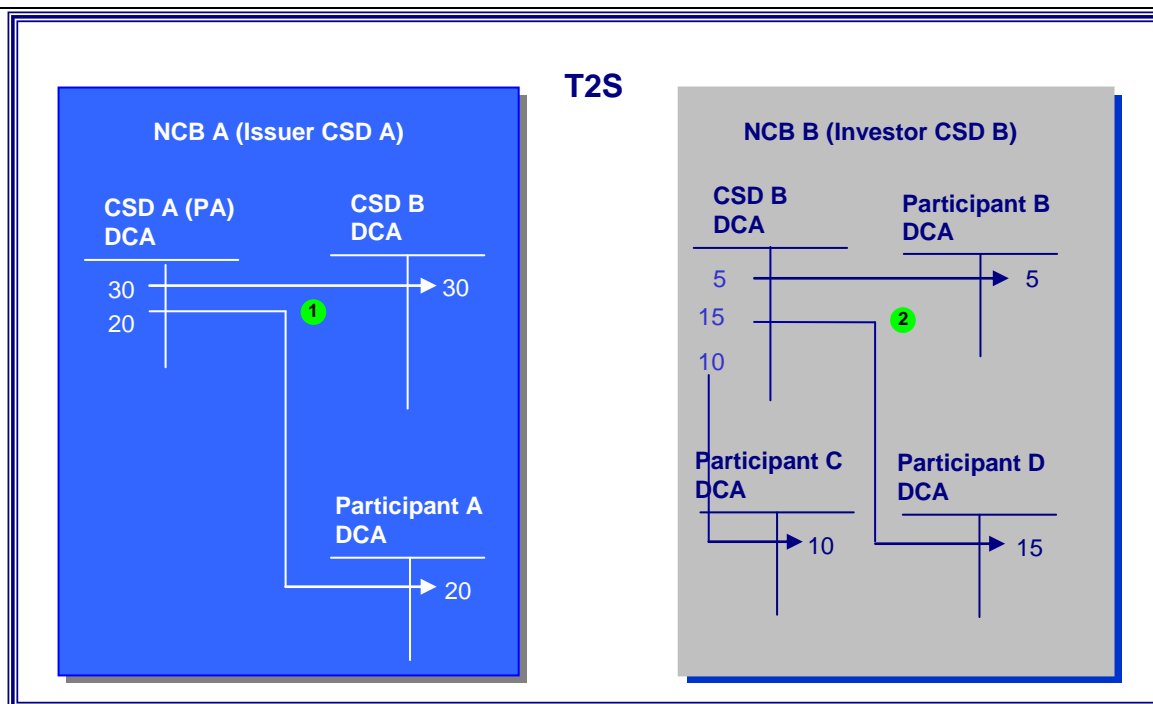
- 14 • For distribution of cash to its participants, the Issuer CSD sends settlement instructions to T2S. T2S
15 debits the dedicated cash account of the issuer/issuer's agent and credits the CSD Participants' cash
16 accounts (step 1 in Figure 5-4).
- 17 • The investor CSD being a participant of the Issuer CSD receives the cash proceeds in its DCA. In
18 turn, the investor CSD should ensure that these proceeds are distributed within its own books to the
19 DCAs of its own participants (step 2 in Figure 5-4).

20 The CSD has the possibility to send all cash-distribution settlement instructions to settle on an "All or none"
21 basis in T2S.

²⁹ If DCA is not specified in the settlement instruction, T2S will use the default DCA linked to the securities account.

³⁰ 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 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 5-6: 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 5.1.2.3.3 Receive and Manage Notification

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

13 T2S Actors: Central Bank and Payment Bank

14 The Central Bank and Payment Bank receive the posting notifications from T2S, when the cash amount is
15 credited/debited from the DCA owned by the Central Bank/Payment Bank.

- 1 If the CSD Participant's Payment Bank has set up a standing instruction to move cash proceeds to an RTGS
- 2 account (outside T2S), T2S will create an immediate liquidity transfer.
- 3 The relevant Central Bank and Payment Bank will receive the status advices for this liquidity transfer.
- 4 The Central Bank and Payment Bank receive the following messages from T2S:

5 **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

6 **5.1.2.4 Description of T2S Services**

- 7 There is no deviation from the base process regarding the use of T2S Services, except the following.

8 **5.1.2.4.1 Liquidity management services**

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

9 **Corporate Action Cash Service (T2S.SD.LIM.040)**

- 10 This T2S service facilitates T2S actors to manage the CA generated liquidity they receive in their T2S
- 11 DCAs. The T2S actors can decide if this liquidity should:
 - 12 • stay in the T2S DCA , or
 - 13 • be moved to an RTGS account outside T2S

- 14 The service facilitates the creation of a standing instruction to specify this option, and executes the
- 15 instruction by creating an immediate liquidity transfer order.

16

17

1 **5.2 Reorganisations**

2 A reorganisation is a CA event whereby the underlying security is replaced with proceeds.

3 **5.2.1 Mandatory Reorganisations [T2S.BP.SETT.MAND]**

4 **5.2.1.1 Overview**

5 This process describes the act of undertaking a mandatory reorganisation in T2S. Mandatory reorganisation
6 is a reorganisation that affects in all cases the underlying security (e.g. stock split, redemption). This process
7 replaces the underlying securities fully or partly with one or more resources (cash only, securities only, both
8 cash and securities).

9 This section covers the standard steps in a reorganisation within the context of a CSD settling mandatory
10 reorganisations in T2S.

11 This process covers both the domestic and the cross-CSD environment (since a cross-CSD reorganisation
12 consists of two domestic reorganisations, one referring to the Issuer CSD reorganising the securities and the
13 other to the investor CSD reorganising the securities for its own participants).

14 The processes described are in line with the CAJWG and T2S CA standards.

15 **Trigger:**

16 The CSD receives the mandatory reorganisations event details from relevant entity

17 **Preconditions:**

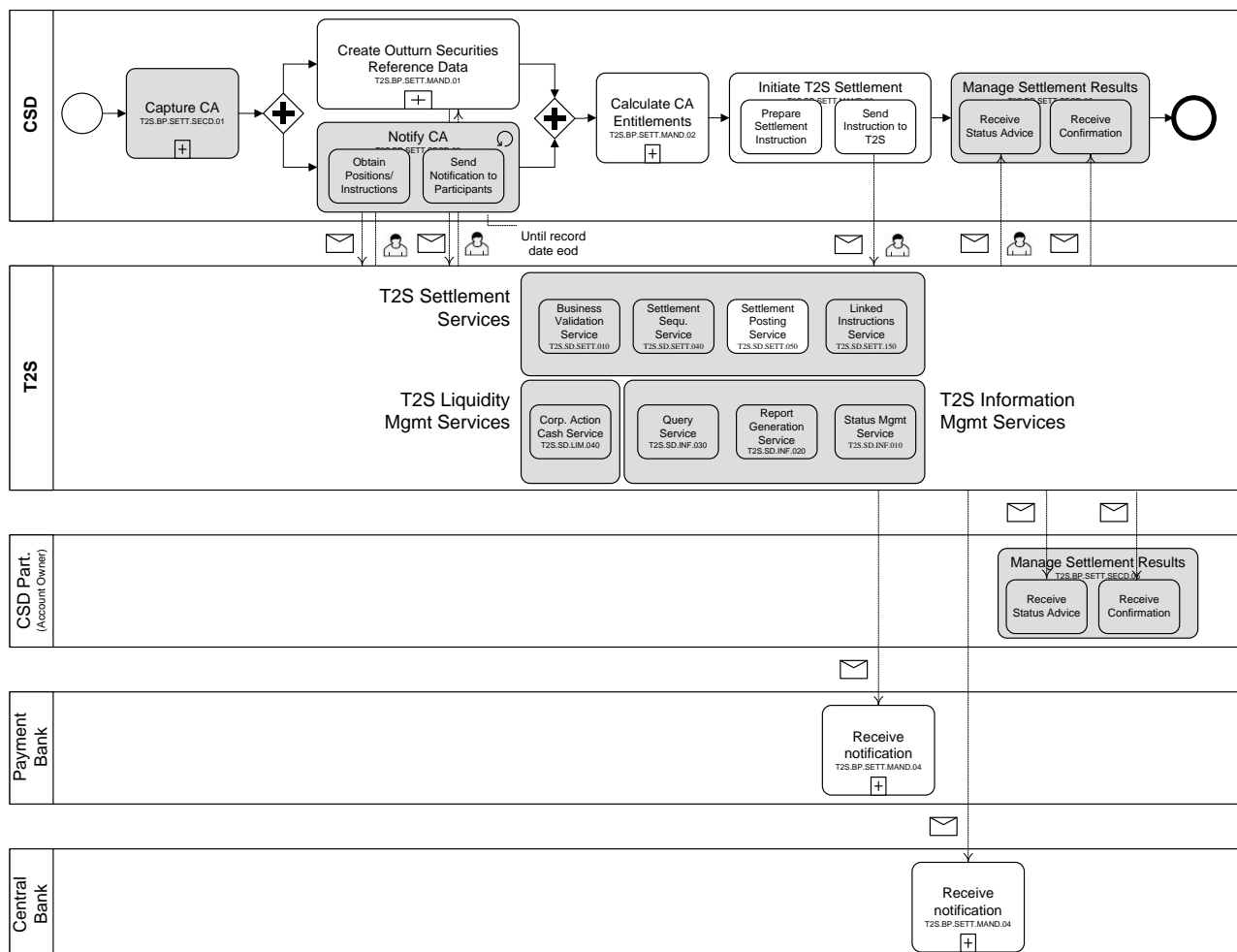
18 None

19 **T2S Instructing Party:**

20 CSD

1 5.2.1.2 Business Process Diagram

2 **Figure 5-5: Business Process Diagram [T2S.BP.SETT.MAND]**



4 5.2.1.3 Business Process Description

5 5.2.1.3.1 Create Outturn Securities Reference Data

Reference ID	T2S.BP.SETT.MAND.01
--------------	---------------------

6 T2S Actors: CSD

7 Precondition: Availability of the ISIN code of the outturn securities

8 The CSD initiates the creation of new outturn securities in T2S, if the mandatory reorganisation involves
9 distribution of securities³¹.

10 For details regarding the creation of securities static data, refer to 8.1 Maintenance of Securities.

³¹ According to CAJWG standard 16 of mandatory reorganisation, a new ISIN should be allocated to each outturn securities

5.2.1.3.2 Calculate CA

Reference ID	T2S.BP.SETT.MAND.02
--------------	---------------------

T2S Actors: CSD

This process is triggered once the CSD receives information on final holdings in the underlying ISIN.

The CSD calculates the CA entitlements based on the securities positions held at the close of business of the record date and based on the CA details.

This sub-process is executed as long as the current date is on or before the CA record date.

5.2.1.3.3 Initiate T2S Settlement

Reference ID	T2S.BP.SETT.MAND.03
--------------	---------------------

T2S Actors: CSD

Precondition: Necessary CA proceeds are available to the CSD

The CSD initiates the settlement instructions to T2S for CA reorganisations. This process involves the creation of the settlement instructions necessary for the removal of underlying securities and credit of outturn securities and/or cash, depending upon the CA reorganisation event details.

The CSD will handle the re-organisations on the pending settlement transactions as ‘Transformations’, for details refer to 5.3.2 Transformations [T2S.BPD.SETT.TRAN].

References:

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

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

5.2.1.3.3.1 Prepare Instruction

Reference ID	T2S.BP.SETT.MAND.03.01
--------------	------------------------

The CSD creates the settlement instruction for removal³² of underlying securities and the crediting of outturn securities and /or cash to the entitled position holders.

The CSD creates ‘already matched’ instructions. The indicative instruction type (from CSD’s/issuer’s/issuer’s agent’s perspective) for each type of CA proceeds is as below

Table 5-8: Settlement Instruction Types for Mandatory Reorganisation [T2S.BP.SETT.MAND.03.01]

Proceeds type	Instruction Type	ISIN	Quantity	Amount
---------------	------------------	------	----------	--------

³² 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 5.2.1.3.3.2 Send instruction to T2S

Reference ID	T2S.BP.SETT.MAND.03.02
--------------	------------------------

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.

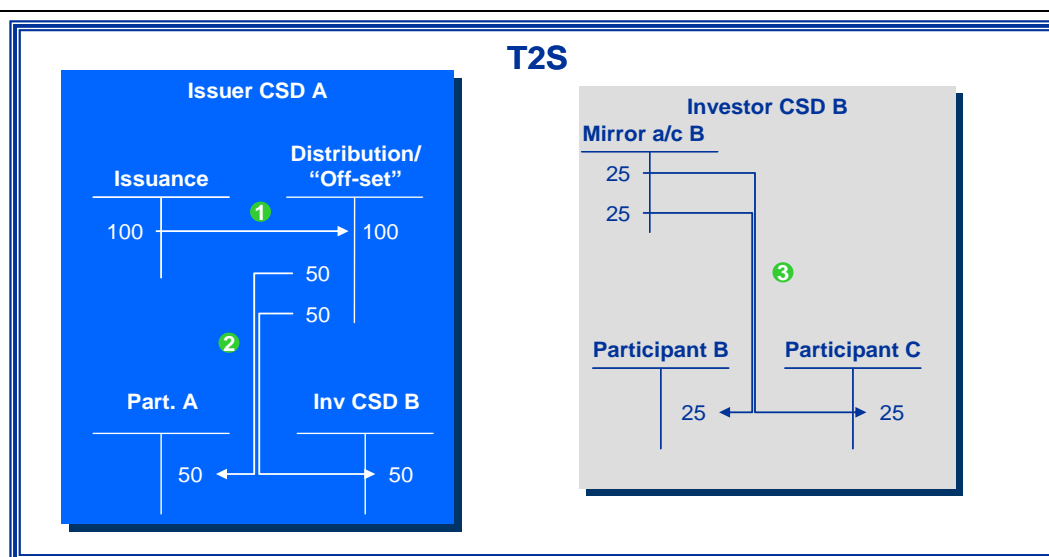
9 The Issuer CSD sends to T2S settlement instructions either for the removal of the underlying securities, the
10 issuance and distribution of outturn securities and/or credit of cash. Based on the market specific operational
11 procedures, the Issuer CSD may define an account structure consisting of 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 5-6: 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.
- 22 • For cash credit, the Issuer CSD instructs debit of cash from the T2S dedicated cash account of the
23 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 5-7: 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 Distribution in the context of T2S [T2S.BP.SETT.MAND.03.02]

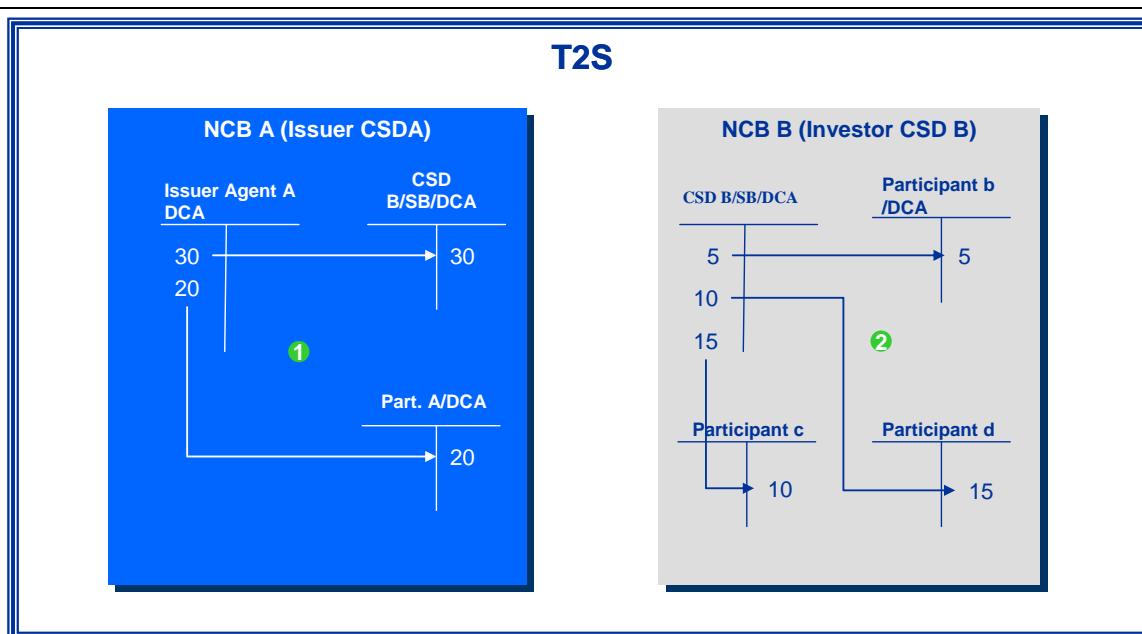


Step 1: The Issuer CSD A initiates the issuance process of a 100 securities distribution. The procedure resembles a “primary market” operation. Issuer CSD creates securities by the usage of an Issuance and a Distribution (or “off-set”) account.

Step 2: The Issuer CSD A distributes the outturn securities to its own participants. Issuer CSD A instructs the debit of distribution account and credit of participants’ accounts. 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 (50 securities).

Step 3: Investor CSD B distributes the securities entitlements to the two relevant participants (25 securities each). Investor CSD B instructs debit of Mirror account and credit of investor CSD B participants’ accounts.

1 **Figure 5-7: 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 5.2.1.3.4 Receive Notification

Reference ID	T2S.BP.SETT.MAND.04
--------------	---------------------

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.

1 If the CSD Participant's Payment Bank has set up a standing instruction to move cash proceeds to an RTGS
2 account (outside T2S), T2S will create an immediate liquidity transfer. The relevant Central Bank and the
3 Payment bank will receive the status advices for this liquidity transfer.

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

5 **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

6 **5.2.1.4 Description of T2S Services**

7 There is no deviation from the base process regarding the use of T2S services, except the following.

8 **5.2.1.4.1 Settlement Services**

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

9 **Settlement Posting Service (T2S.SD.LIM.040)**

10 This T2S service performs the provisioning and booking of the settlement instructions. For the securities
11 issuance process, it allows the Issuance securities account to become negative. It considers the technical
12 netting effect during provision check and proposes all relevant settlement instructions for settlement on an
13 "All or None" basis.

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)³³) 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

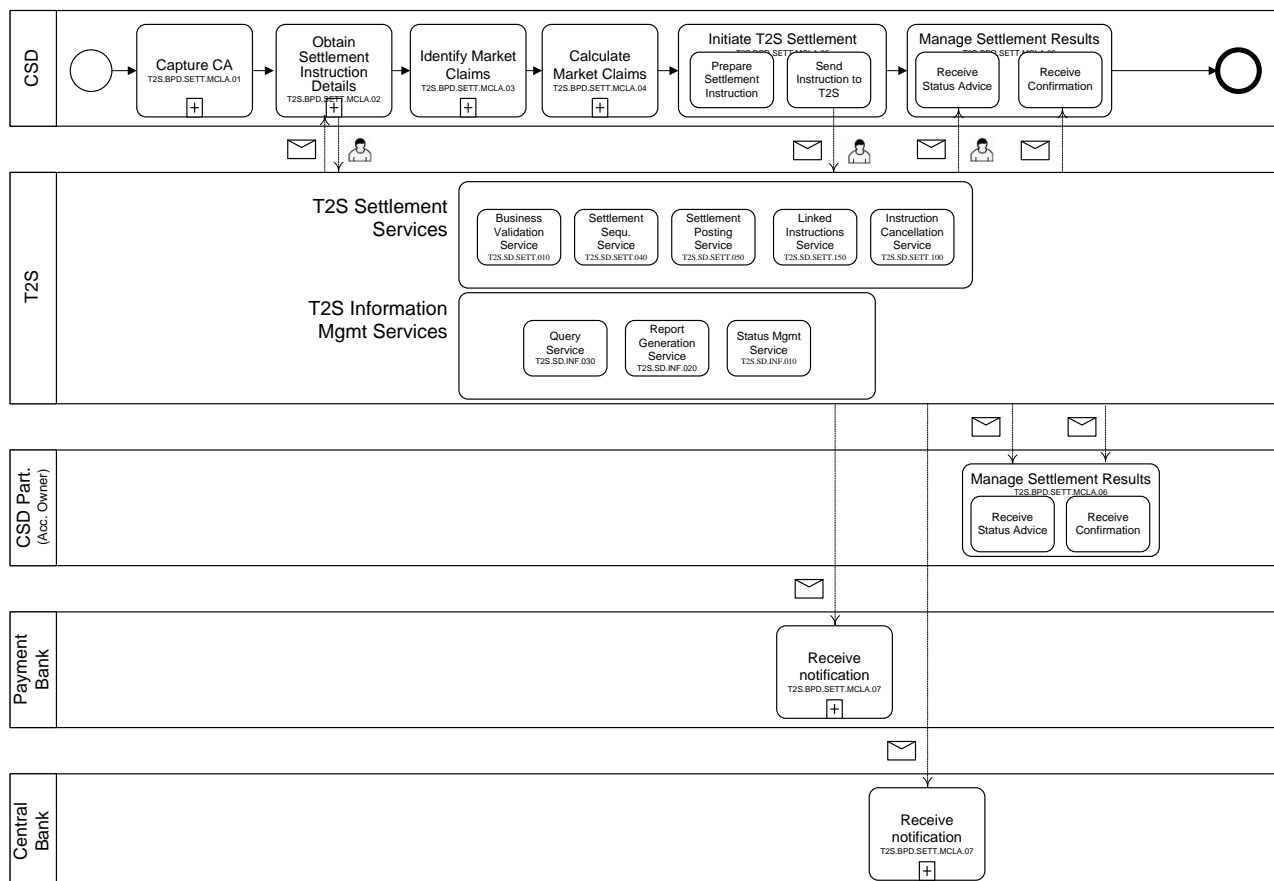
19 **T2S Instructing Party:**

20 CSD

³³ 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 5-8: 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
--------------	----------------------

6 T2S Actors: CSD (IOC)³⁴

7 The CSD (IOC) receives the distributions CA details from the relevant entities

8 5.3.1.3.2 Receive Settlement Instruction Details

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

9 T2S Actors: CSD (IOC)

10 Precondition: CA details are available to CSD (CSD (IOC))

³⁴ 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). The CSD (IOC) uses the settlement instruction details
5 (e.g. trade date, intended and actual settlement date, ex and cum indicators, status) to identify the settlement
6 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 5-11: 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 For details regarding reporting and queries, refer to 10 Reporting And Queries.

2 References:

3 UDFS: Use Case “Send Query” (Chapter 2.18), Use Case “Receive Report” (Chapter 2.19)

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

5 5.3.1.3.3 Identify market claims

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

6 T2S Actors: CSD (IOC)

7 Precondition: CSD (IOC) receives settlement instructions data at the close of business of the CA record date
8 from T2S. And current date is within 20 business days from the record date.

9 The CSD (IOC) identifies and calculates the market claims based on the details of the settlement instructions
10 consolidated in the process Receive Instruction Details. The CSD (IOC) sends to T2S, settlement instructions
11 for processing of market claims for securities and cash distributions.

12 The CSD (IOC) will identify³⁵ the underlying transaction eligible for market claims:

- 13 • after the close of business on the record date of the CA event and
- 14 • during the rest of the market claims detection period (20 T2S business days after the record date) for
15 the matched settlement instructions sent to T2S.

16 Market claims identification rules

17 In line with the T2S CA standards, the CSD (IOC) will identify market claims based on a set of parameters
18 corresponding to the attributes in a settlement instruction.

- 19 • Opt-out indicator³⁶ in the settlement instruction: The CSD (IOC) will exclude a settlement
20 instruction with an opt-out indicator set to “Yes” from market claims processing.
- 21 • Status of the settlement instruction: The CSD (IOC) will only include in the market claims detection
22 process settlement instructions in matched status³⁷ set to “Yes” and settlement status set to
23 “Unsettled” or “Settled”.

³⁵ As per the T2S CA standards, the maximum period for claim detection will be 20 T2S business days from the record date.

³⁶ 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 realignments³⁸ should not be subject³⁹ 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.

³⁷ Refer UDFS section 1.6.4.1.3 'Status management process'.

³⁸ The process of moving positions between omnibus accounts within a technical Issuer CSD, as a result of movement of positions between the participants' accounts

³⁹ As market claims are also considered as settlement instructions in T2S, T2S identifies and creates realignments required for market claims as well.

Cross CSD settlements and Market Claims

In the cross CSD scenario the CSD (IOC)s owning the underlying settlement instructions related to the T2S generated realignment instructions will raise the relevant market claims for their participants.

Following the matching of the two market claims instructions sent to T2S by the CSD (IOC)s, T2S will create the relevant realignment instructions. (Between the accounts of all CSDs included in the link chain). The Issuer CSD will exclude the T2S generated realignment instructions from the market claims identification process.

5.3.1.3.4 Calculate market claims

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

After the identification of settlement instructions that require market claims generation, the CSD (IOC) will calculate the market claim quantity (i.e. securities positions) and the claim cash amount based on the CA event details and the securities settlement quantity in the underlying transaction. This activity also handles fractional market claims based on the information in the CA details.

5.3.1.3.5 Initiate T2S Settlement

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

T2S Actors: CSD (IOC)

During this process, the CSD (IOC) initiates the settlement instructions to T2S for market claims.

References:

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

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

5.3.1.3.5.1 Prepare Instruction

Reference ID	T2S.BPD.SETT.MCLA.05.01
--------------	-------------------------

During this activity the CSD (IOC) creates the settlement instructions related to market claims.

According to the T2S CA standards, the CSD (IOC) will create the market claims related settlement instructions with the following details:

- Special ISO Transaction Type Code – This code (‘CLAI’) is required to identify market claims related settlement instruction
- Reference 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).

Table 5-12: 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
	RFP	Outturn ISIN	Securities entitlement on the underlying transaction	Zero

5.3.1.3.5.2 Send instruction to T2S

Reference ID	T2S.BPD.SETT.MCLA.05.02
--------------	-------------------------

The CSD (IOC) sends settlement instructions to T2S. Depending on the CA event (i.e. type of distribution), an CSD (IOC) may send either

- Settlement instructions for credit of securities only; and/or
- Settlement instructions for credit of cash

The CSD (IOC) sends the following message to T2S:

In case the instructing parties of the underlying settlement instructions cancel their respective settlement instructions bilaterally, the CSD (IOC)s⁴⁰ may also cancel the corresponding market claims. As per standard T2S cancellation procedures, matched market claims instructions are subject to bilateral cancellation whereas unmatched market claims are subject to unilateral cancellation.

CSD (IOC)s can modify the process condition indicators⁴¹ on the market claims (if required) as per the standard T2S procedures

Table 5-13: 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

5.3.1.3.6 Manage Settlement Results

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

T2S Actors: CSD (IOC) and CSD Participant

During this sub-process the CSD (IOC) and CSD Participant receive from T2S the settlement related messages and initiates related internal processes.

References:

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

5.3.1.3.7 Receive Status Advice

Reference ID	T2S.BPD.SETT.MCLA.06.01
--------------	-------------------------

During this activity the CSD (IOC) and CSD Participant receives the status advice messages for every change of status or reason code update to the settlement instruction within T2S.

⁴⁰ If the CSD specifies the settlement instruction (the market claim) as modifiable by its participant, participant may cancel the settlement instruction (the market claim),

⁴¹ Refers to indicators affecting the processing of the instruction. e.g. partial settlement, priority indicator.

1 The CSD (IOC) and CSD Participant receive the following message from T2S:

2 **Table 5-14: 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

3 **5.3.1.3.7.1 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.MCLA.06.02
--------------	-------------------------

4 During this activity the CSD (IOC) and CSD Participant receives from T2S the settlement confirmation
5 messages for the settlement instructions sent to T2S by the CSD (IOC).

6 The CSD (IOC) and CSD Participant receive the following message from T2S:

7 **Table 5-15: 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

8 **5.3.2 Transformations [T2S.BPD.SETT.TRAN]**

9 **5.3.2.1 Overview**

10 This process describes the act of handling transformations in T2S. Transformation is a process by which the
11 pending transactions (on or after record date/market deadline) are cancelled and replaced by new transactions
12 in accordance with the terms of the reorganisation.

13 In line with the CAJWG market standards, the following types of CA events lead to the transformation of a
14 pending transaction:

- 15 • Mandatory reorganisations
- 16 • Mandatory reorganisations with options (with or without a valid buyer election) as a single event or
17 as the second part of the distribution event with options;
- 18 • Voluntary reorganisations where a valid buyer protection has been agreed (if the service is offered by
19 the CSD).

20 The processes described are in line with the CAJWG and T2S CA standards.

21 **Trigger:**

1 This process is executed by the CSD (IOC)s at the end of Record Date or by the end of market deadline of
2 the CA

3 **Preconditions:**

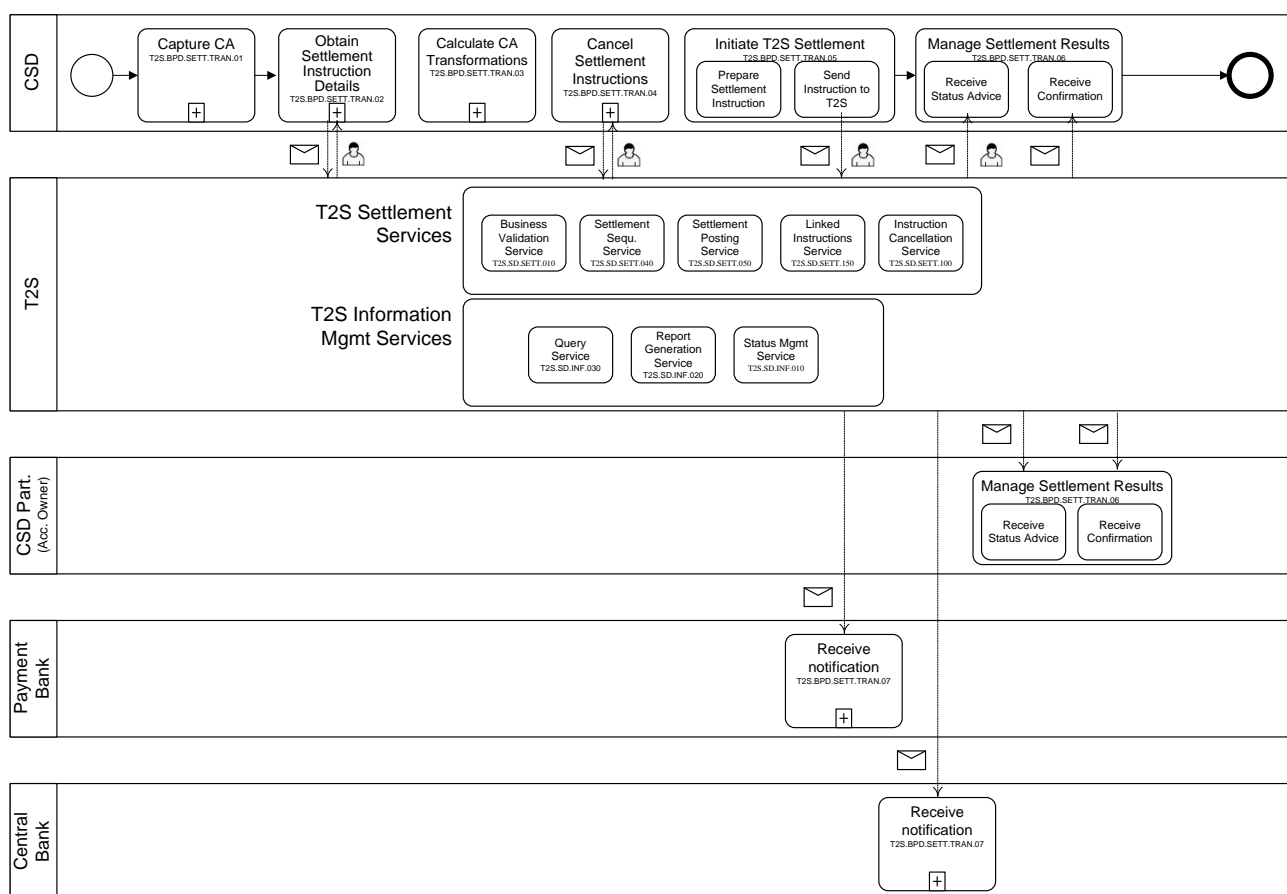
4 None

5 **T2S Instructing Party:**

6 CSD

7 **5.3.2.2 Business Process Diagram**

8 **Figure 5-9: Business Process Diagram [T2S.BPD.SETT.TRAN]**



10 **5.3.2.3 Business Process Description**

11 **5.3.2.3.1 Capture CA**

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

12 The CSD (IOC) captures the reorganisation CA details sent by the relevant entities (CA announcement).

13

5.3.2.3.2 Receive Instruction Details

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

T2S Actors: CSD (IOC)⁴² (also possible: CCP)

Precondition: CA details are available to CSD (IOC) [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 deadline⁴³ 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'

The CSD (IOC) [CCP] sends and receives the following messages to/from T2S:

Table 5-16: 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	-	-

⁴² 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.

⁴³ As per CAJWG definition

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
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

1 References:

2 UDFS: Use Case “Send Query” (Chapter 2.18), Use Case “Receive Report” (Chapter 2.19)

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

4 5.3.2.3.3 Calculate CA Transformations

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

5 T2S Actors: CSD (IOC) (also possible: CCP)

6 Precondition: Latest settlement instructions data from T2S is available at the close of business of the CA
7 record date or the CA market deadline date and the instruction is eligible for transformation

8 The CSD (IOC) [CCP] calculates the CA transformations based on the pending settlement instructions in the
9 underlying securities at the close of business of the CA record/market deadline date

10 In line with the T2S CA standards, during this process the CSD (IOC) [CCP] calculates the CA
11 transformations depending upon the type of the following transformation events:

12 **Transformation into new securities with single or multiple outturns:**

13 Based on the CA details (i.e. conversion ratios between the outturn securities and underlying securities) and
14 the settlement quantity (underlying securities) of the pending settlement instruction, the CSD (IOC) [CCP]’s
15 calculate the settlement quantity of the outturn.

16 **Transformation into cash:**

17 Based on the CA details (rates provided by the issuer/issuer’s agent) and the settlement quantity (underlying
18 securities) of the pending settlement instruction, CSD (IOC) [CCP]’s calculate the cash outturn

19

1 Treatment of fractions:

2 If the settlement quantity (outturn securities) of the transformed settlement instruction results in fraction and
3 the issuer/issuer's agent does not compensate fractions in cash, then the CSD (IOC)s/CCPs round down the
4 settlement quantity (outturn securities) to the nearest whole number.

5 If the issuer/issuer's agent compensates fractions in cash, then the CSD (IOC) [CCP]'s create an additional
6 PFOD settlement instruction with the same characteristics as the underlying settlement instruction and sets
7 the settlement quantity of the outturn securities to zero. The cash amount calculated equals the number of
8 residual fractions multiplied by the "compensation price" as announced by the issuer/issuer's agent.

9 5.3.2.3.4 Cancel Settlement Instructions

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

10 T2S Actors: CSD (IOC) (also possible: CCP)

11 The CSD (IOC) [CCP] initiates cancellation of pending settlement instructions on the underlying ISIN.

12 For details regarding the cancellation of instructions, refer to 3.5 Cancellation of Settlement Instruction or
13 Restriction.

14 The table below lists the possible CSD (IOC) [CCP] actions in T2S.

15 **Table 5-17 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 ⁴⁴	CSD (IOC)s/CCPs can cancel the settlement instruction unilaterally ⁴⁵

⁴⁴ 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).

⁴⁵ 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) 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) 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 ⁴⁶
T2S Actor	Party Hold/ CSD Hold/ CSD Validation Hold	CSD (IOC) instructs T2S for the cancellation of the pending settlement instructions (on hold)
T2S (settlement instructions for realignment in cross-CSD settlement scenarios)	Same status as the corresponding underlying settlement instruction sent by T2S Actor	<p>CSD (IOC)s/CCPs cannot cancel the T2S generated settlement instructions intended for realignment in cross CSD environment.</p> <p>T2S cancels the realignment instructions when the CSD (IOC)s/CCPs instruct cancellation of the corresponding business instructions.</p>

⁴⁶ 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 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 5-18: 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)

5 The CSD (IOC) [CCP] initiates the settlement instructions in outturn securities to T2S.

6 References:

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

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

9 **5.3.2.3.5.1 Prepare Instruction**

Reference ID	T2S.BPD.SETT.TRAN.05.01
--------------	-------------------------

10 The CSD (IOC) [CCP] creates the settlement instructions related to the outturn securities and/or cash.

1 Transformation into new securities with single or multiple outturns

2 For single outturns, The CSD (IOC) [CCP] creates settlement instructions (outturn securities) with the same
3 characteristics (e.g. trade date, cash consideration) as those of the original settlement instructions (underlying
4 securities). Only the following fields in respect with the terms of the reorganisation can change:

- 5 • the quantity of securities;
- 6 • the ISIN;
- 7 • the settlement date (SD)

8 For multiple outturns (i.e. multiple new ISINs being generated by the transformation process), the CSD
9 (IOC) [CCP] creates multiple settlement instructions. The new settlement instructions do not settle as linked
10 settlement in T2S. The transformed instructions should retain the same characteristics (e.g. trade date) as the
11 original settlement instruction (underlying securities). Only the following fields in respect with the terms of
12 the reorganisation can change:

- 13 • the quantity of securities;
- 14 • the cash consideration should be allocated to the transformed transactions according to the securities
15 ratios provided by the issuer/issuer's agent
- 16 • The ISIN
- 17 • The settlement date (SD)

18 Transformation into cash

19 According to the T2S CA standards, CSD (IOC) [CCP] should create the cash transfer(s) settlement
20 instructions with the same characteristics as those of the original settlement instruction of the underlying
21 securities. If the settlement instruction (underlying securities) was against payment, two new instructions
22 (Payment Free of Delivery - PFODs), in opposite directions, will be created.

- 23 • Settlement instruction for the settlement amount
- 24 • Settlement instruction for the cash outturn

25 CSD (IOC) [CCP] should not link the two settlement instructions. CSD (IOC)s [CCP] create only one
26 transfer for the cash outturn, if the original settlement instruction (underlying securities) was free of
27 payment.

28 Treatment of fractions

29 If the settlement quantity (outturn securities) of the reinstructed settlement instruction results in fraction and
30 the issuer/issuer's agent does not compensate fractions in cash, then the CSD (IOC) [CCP] create the
31 settlement instructions with the settlement quantity (outturn securities) rounded down to the nearest whole

1 number. If the issuer/issuer's agent compensates fractions in cash, then the CSD (IOC) [CCP] create an
2 additional settlement instruction with the same characteristics as those of the original settlement instruction
3 (underlying securities) and set the settlement quantity of the outturn securities to zero.

4 **5.3.2.3.5.2 Send instruction to T2S**

Reference ID	T2S.BPD.SETT.TRAN.05.02
--------------	-------------------------

5 The CSD (IOC) [CCP] sends settlement instructions in outturn securities and/or cash to T2S, at the close of
6 business of the CA record/market deadline date.

7 The CSD (IOC) [CCP] sends the following message to T2S:

8 **Table 5-19: 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

9 **5.3.2.3.6 Manage Settlement Results**

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

10 T2S Actors: CSD (IOC) (also possible: CCP) and CSD Participant

11 The CSD (IOC) [CCP] and CSD Participant receives the settlement related messages from T2S and initiate
12 related internal processes.

13 References:

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

15 **5.3.2.3.6.1 Receive Status Advice**

Reference ID	T2S.BPD.SETT.TRAN.06.01
--------------	-------------------------

16 The CSD (IOC) [CCP] and CSD Participant receive status advice messages for every change of status or
17 update of reason code to the settlement instruction within T2S.

18 The CSD (IOC) [CCP] and CSD Participant receives the following message from T2S:

19 **Table 5-20: 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

1 **5.3.2.3.6.2 Receive Settlement Confirmation**

Reference ID	T2S.BPD.SETT.TRAN.06.02
--------------	-------------------------

2 The CSD (IOC) [CCP] and CSD Participant receive settlement confirmation messages for the settlement
3 instructions sent to T2S by the CSD (IOC) [CCP].

4 The CSD (IOC) [CCP] and CSD Participant receive the following message from T2S:

5 **Table 5-21: 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

6

1

LIQUIDITY MANAGEMENT PROCESSES

6. INBOUND LIQUIDITY TRANSFER 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

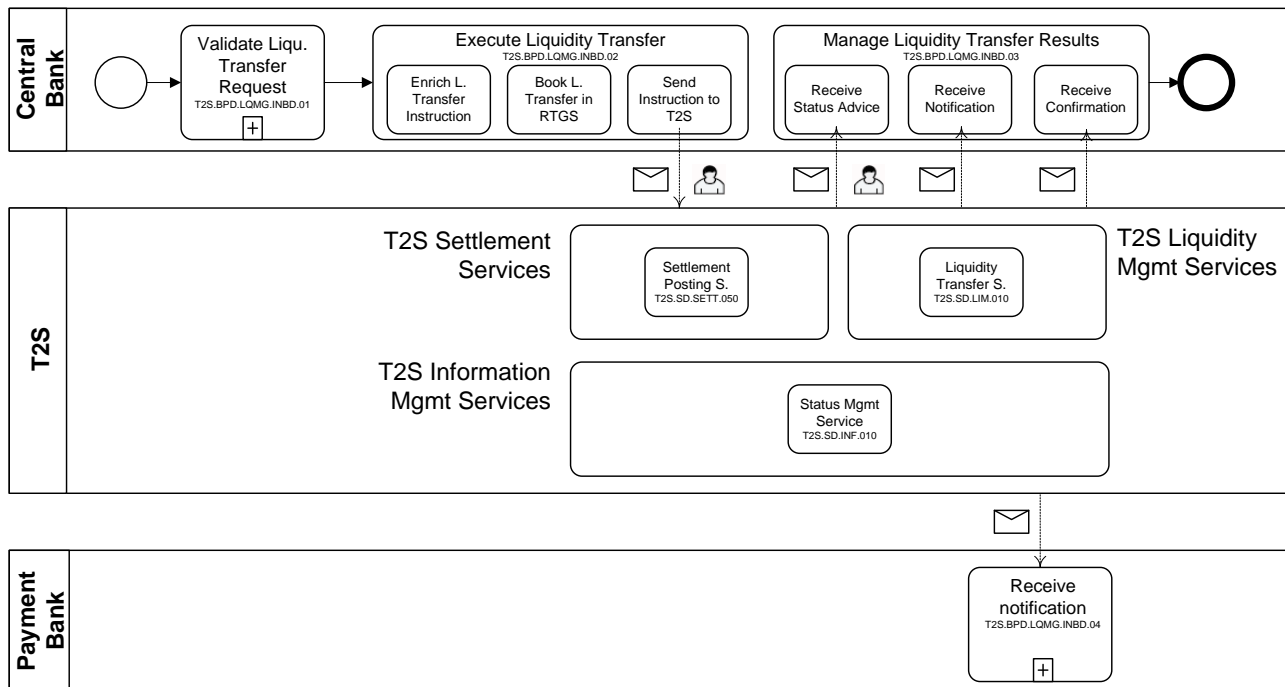
T2S Instructing Party:

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
--------------	----------------------

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
--------------	----------------------

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)

6.1.3.2.1 Enrich Liquidity Transfer Request

Reference ID	T2S.BPD.LQMG.INBD.02.01
--------------	-------------------------

The Central Bank enriches the liquidity transfer instructions with specific information such as account numbers, amounts, etc. It might want to use the query facilities in the RTGS system or T2S to get the necessary information.

6.1.3.2.2 Book Liquidity Transfer in RTGS

Reference ID	T2S.BPD.LQMG.INBD.02.02
--------------	-------------------------

The Central Bank performs the booking between RTGS account and the T2S dedicated transit account, for the transfer amount in the RTGS system.

6.1.3.2.3 Send Request to T2S

Reference ID	T2S.BPD.LQMG.INBD.02.03
--------------	-------------------------

The Central Bank converts the liquidity transfer enriched with specific information into the required message format and transmits it to T2S as an A2A message.

The Central Bank sends the following message to T2S:

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

6.1.3.3 Manage Liquidity Transfer Results

Reference ID	T2S.BPD.LQMG.INBD.03
--------------	----------------------

T2S Actors: Central Bank

The Central Bank receives the liquidity transfer related messages from T2S and initiates related internal processes.

References:

UDFS: Use Case “Execution of Liquidity Transfer from RTGS to T2S” (Chapter 2.15)

6.1.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.LQMG.INBD.03.01
--------------	-------------------------

The Central Bank receives status advice messages in case of rejection of the Liquidity Transfer Request in T2S.

- 1 Following the message reception, other internal activities might be conducted such as:
- 2 • aligning the status of the liquidity transfer instruction in the Central Bank's systems with the status in
- 3 T2S;
- 4 • triggering notification to their relevant clients.

5 The Central Bank receives the following message from T2S:

6 **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

7 6.1.3.3.2 Receive Notification

Reference ID	T2S.BPD.LQMG.INBD.03.02
--------------	-------------------------

8 The Central Bank receives alert and posting notifications when the liquidity transfer is booked in T2S.

- 9 Following the message reception, other internal activities might be conducted such as:
- 10 • aligning the status of the liquidity transfer instruction in the Central Bank's or Payment Bank's
- 11 systems with the status in T2S;
- 12 • triggering notification to their relevant clients.

13 The Central Bank receives the following messages from T2S:

14 **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
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 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 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.

18

1 **6.1.4.2 Settlement Services**

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

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

3 This T2S Service performs the provisioning and booking of the liquidity transfer instruction between the
 4 RTGS dedicated transit account and the T2S dedicated cash account, for the transfer amount.

5 **6.1.4.3 Information Management Services**

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

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

7 This T2S Service performs the status management for the instructions and triggers the notifications to all
 8 involved parties.

1 7. OUTBOUND LIQUIDITY TRANSFER PROCESSES

2 7.1 Intraday Transfer of Liquidity from T2S to RTGS [T2S.BPD.LQMG.OTBD]

3 7.1.1 Overview

4 This process describes the act of transferring liquidity from a Dedicated Cash Account in T2S to the RTGS
5 system. A Central Bank and/or a Payment Bank can have a dedicated cash account in T2S to facilitate
6 securities settlement for itself or to its clients to which it provides cash settlement services. For these
7 purposes, a Central Bank and/or a Payment Bank funds liquidity in its dedicated cash account in T2S from a
8 cash account in RTGS (either its own or its liquidity provider).

9 At any moment in time during a settlement day in T2S, it may be required for a Central Bank and/or a
10 Payment Bank to transfer the liquidity from its T2S dedicated cash account to an RTGS cash account (either
11 its own or its liquidity provider) due to its liquidity needs in the RTGS system.

12 The Payment Bank has three options to initiate a liquidity transfer in T2S, where a user in the Payment
13 Bank/Central Bank can capture the transfer via T2S GUI (or) T2S can create it based on an instruction from
14 a Payment Bank/Central Bank.

- 15 • As an immediate liquidity transfer for immediate execution or
- 16 • As a predefined liquidity transfer for a delayed execution or
- 17 • As a standing liquidity transfer for a delayed and repeated execution

18 **Trigger:**

19 This process starts when the Payment Bank/Central Bank intends to transfer liquidity from its T2S dedicated
20 cash account to an RTGS cash account.

- 21 • Either the Central Bank receives liquidity transfer related details from its Payment Bank to instruct
22 on its behalf, or
- 23 • The Payment Bank as T2S dedicated cash account operator instructs the liquidity transfers directly in
24 T2S.

25 **Preconditions:**

26 None

27 **T2S Instructing Party:**

28 There are two scenarios for the instruction of T2S.

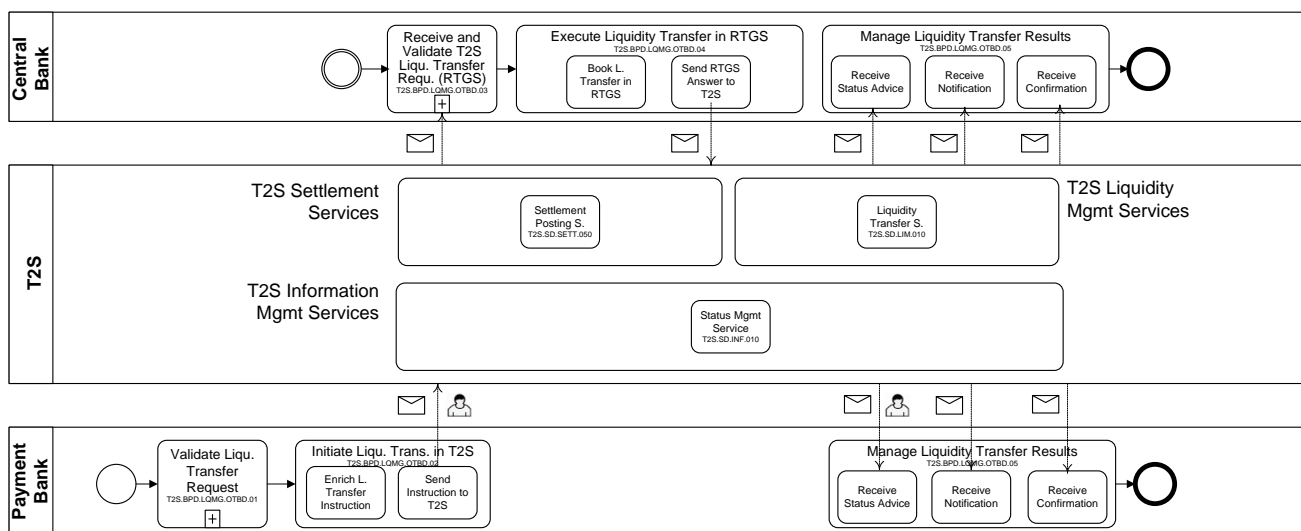
- 29 • Scenario A: Payment Bank instructs T2S

- Scenario B: Central Bank instructs T2S

7.1.2 Business Process Diagram

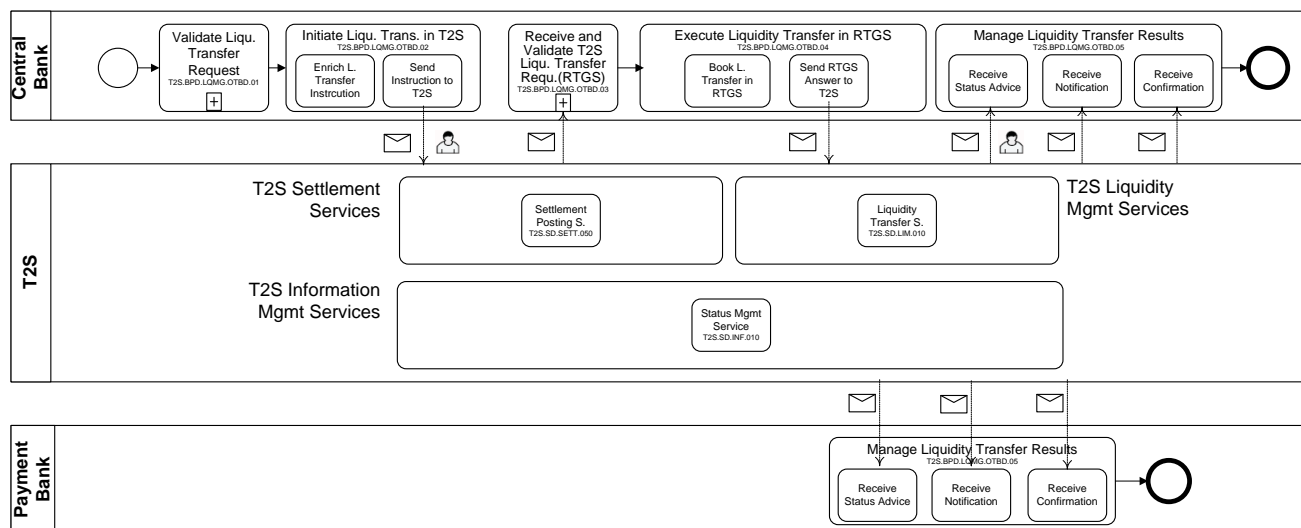
Scenario A: Payment Bank instructs T2S

Figure 7-1: Business Process Diagram [T2S.BPD.LQMG.OTBD/Scen. A]



Scenario B: Central Bank instructs T2S

Figure 7-2: Business Process Diagram [T2S.BPD.LQMG.OTBD/Scen. B]



7.1.3 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.

7.1.3.1 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.

7.1.3.2 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 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

7.1.3.2.1 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.

7.1.3.2.2 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 7-1: 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

7.1.3.3 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 7-2: 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

7.1.3.4 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)

7.1.3.4.1 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.

7.1.3.4.2 Send RTGS answer to T2S

Reference ID	T2S.BPD.LQMG.OTBD.04.02
--------------	-------------------------

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:

19

1 **Table 7-3: 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 **7.1.3.5 Manage Liquidity Transfer results**

Reference ID	T2S.BPD.LQMG.OTBD.05
--------------	----------------------

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 **7.1.3.5.1 Receive Status Advice**

Reference ID	T2S.BPD.LQMG.OTBD.05.01
--------------	-------------------------

10 The Central Bank and Payment Bank receive status advice messages for every change of status code to 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 the Payment Bank’s systems with the status
14 in T2S;
- 15 • triggering notification to their relevant clients.

16 The Central Bank and Payment Bank receive the following message from T2S:

17 **Table 7-4: 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, acceptance or status change of an outbound liquidity transfer	3.3.3.12

18 **7.1.3.5.2**

19

7.1.3.5.3 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 the Payment Bank’s 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 7-5: 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

7.1.3.5.4 Receive Confirmations

Reference ID	T2S.BPD.LQMG.OTBD.05.03
--------------	-------------------------

The Central Bank and Payment Bank [Central Bank only] receive and validate 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

The Central Bank and Payment Bank [Central Bank only] receive the following message from T2S:

Table 7-6: 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

7.1.3.6 Description of T2S Services

7.1.3.6.1 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. It also sends an outbound liquidity transfer instruction to the RTGS and subsequently processes the answer from the RTGS system.

7.1.3.6.2 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 RTGS dedicated transit account and the T2S dedicated cash account, for the transfer amount.

7.1.3.6.3 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.

8. STATIC DATA MAINTENANCE PROCESSES

8.1 Maintenance of Securities [T2S.BPD.STDA.MSEC]

8.1.1 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 security. 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 CSD).

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 Maintain 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).

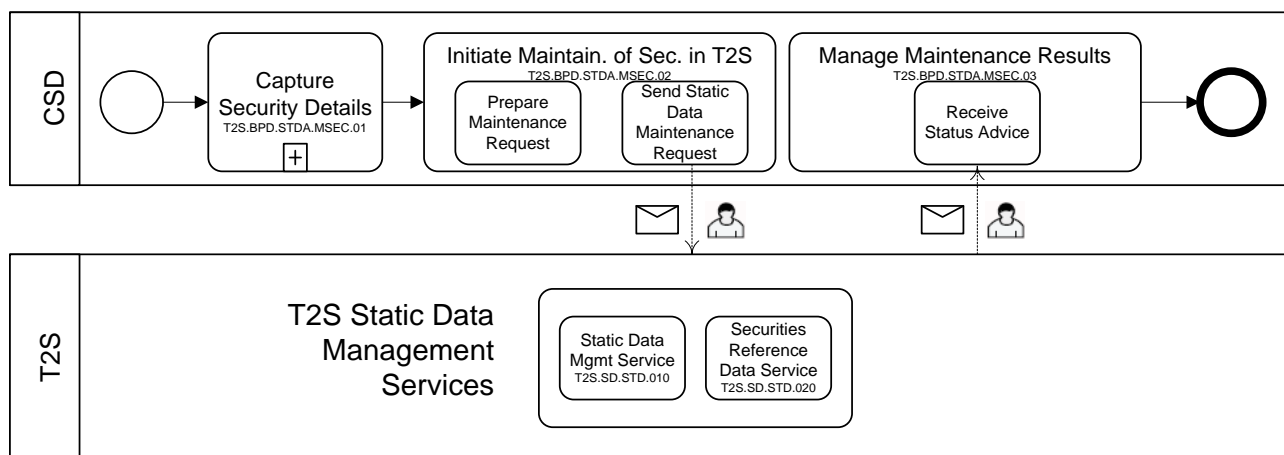
Preconditions:

None

1 **T2S Instructing Party:**
2 CSD

3 8.1.2 Business Process Diagram

4 **Figure 8-1: Business Process Diagram [T2S.BPD.STDA.MSEC]**



6 8.1.3 Business Process Description

7 8.1.3.1 Capture Security Details

Reference ID	T2S.BPD.STDA.MSEC.01
--------------	----------------------

8 T2S Actors: CSD

9 The CSD collects maintenance details of the securities from the issuer, market data vendors, or other market
10 intermediaries providing information on the securities reference data.

11 The CSD may also conduct more steps such as validation and comparison of data received from multiple
12 sources to produce the master copy of the securities reference data.

13 8.1.3.2 Initiate Maintenance of Securities in T2S

Reference ID	T2S.BPD.STDA.MSEC.02
--------------	----------------------

14 T2S Actors: CSD

15 The CSD uses the securities details previously captured to create a maintenance instruction (i.e. Security
16 Creation Request, Security Maintenance Request or Security Deletion Request) for T2S and sends the
17 instruction to T2S.

18 References:

19 UDFS: Use Case "Maintain SD" (Chapter 2.20)

1 GUI BFD: T2S.GUI.SDSE.SEC.0060, T2S.GUI.SDSE.SEC.0040, T2S.GUI.SDSE.SEC.0050

2 **8.1.3.2.1 Preparation Maintenance Request**

Reference ID	T2S.BPD.STDA.MSEC.02.01
--------------	-------------------------

3 The CSD collects the securities maintenance details and prepares the securities maintenance instruction.

4 **Creation of new securities**

5 The creation of securities reference data is performed by a CSD. By creating new security reference data in
6 T2S this CSD accepts the role of a Securities Maintaining Entity for this security.

7 Securities can be created intraday wherein the issuance date can be current business date or a future business
8 date.

9 If a CSD defined mandatory market specific attributes, then they must be included in the request for set-up of
10 new securities in T2S.

11 **Amendment of securities reference data**

12 The CSD that has the role of the Securities Maintaining Entity for a security can update the security's
13 reference data.

14 The Security Maintenance Request can be sent intraday only as of a future business date (with the exception
15 of updates to the minimum/multiple settlement unit)

16 The intraday modification of key details such as issuance date and maturity date will trigger a real-time
17 validation of all pending settlement instructions for this security.

18 The change of the Securities Maintaining Entity, i.e. handing over the role from one CSD to another CSD
19 can be only be performed by the T2S Operator.

20 **Deletion of securities**

21 The CSD that has the role of the Securities Maintaining Entity for a security can perform the logical deletion
22 of the security's reference data.

23 A logical deletion of securities reference data is only allowed for a future business date, if the maturity date
24 is in the past and there are no pending settlement instructions for this security.

25 **8.1.3.2.2 Send Static Data Maintenance Request**

Reference ID	T2S.BPD.STDA.MSEC.02.02
--------------	-------------------------

26 The CSD formats the maintenance instruction depending upon the type of maintenance action (i.e. create,
27 update or delete) with T2S specific securities reference data and sends the maintenance instruction to the
28 T2S.

1 The CSD sends the following message to T2S:

2 *For creation of reference data*

3 **Table 8-1: Messages to T2S [T2S.BPD.STDA.MSEC.02.02/Creation]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecurityCreationRequestV01	Reda.006.001.01	To T2S	3.3.6.1

4 *For amendment of securities reference data*

5 **Table 8-2: 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

6 *For deletion of securities reference data*

7 **Table 8-3: 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

8

9 **8.1.3.3 Manage Maintenance Results**

Reference ID	T2S.BPD.STDA.MSEC.03
--------------	----------------------

10 The CSD receives status advice messages from T2S.

11 **8.1.3.3.1 Receive Securities Maintenance Instruction Status Advice**

12 The CSD receives the securities maintenance instruction status advice and may trigger other internal
 13 activities such as update of the CSD system, amend the securities maintenance instruction, trigger
 14 notification to its participants or start sending settlement instructions for a newly created security and define
 15 eligible counterpart CSD for the security in T2S.

16

1 The CSD receives the following message from T2S:

2 *For creation of reference data*

3 **Table 8-4: 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	success, delay or failure of creating the security reference data	3.3.6.3

4 *For amendment of securities reference data*

5 **Table 8-5: 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	success, delay or failure of updating the security reference data	3.3.6.23

6 *For deletion of securities reference data*

7 **Table 8-6: 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	success, delay or failure of (logically) deleting the security reference data	3.3.6.24

8 8.1.4 Description of T2S Services

9 8.1.4.1 Static Data Management Services

T2S Service Class	Static Data Management Service Class
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 Securities Reference Data Service (T2S SD.STD.020)

13 This T2S service allows management of static data related to the Static Data Maintenance Request reference
14 data.

8.2 Maintenance of Securities Account [T2S.BPD.STDA.MSAC]

8.2.1 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.

Preconditions:

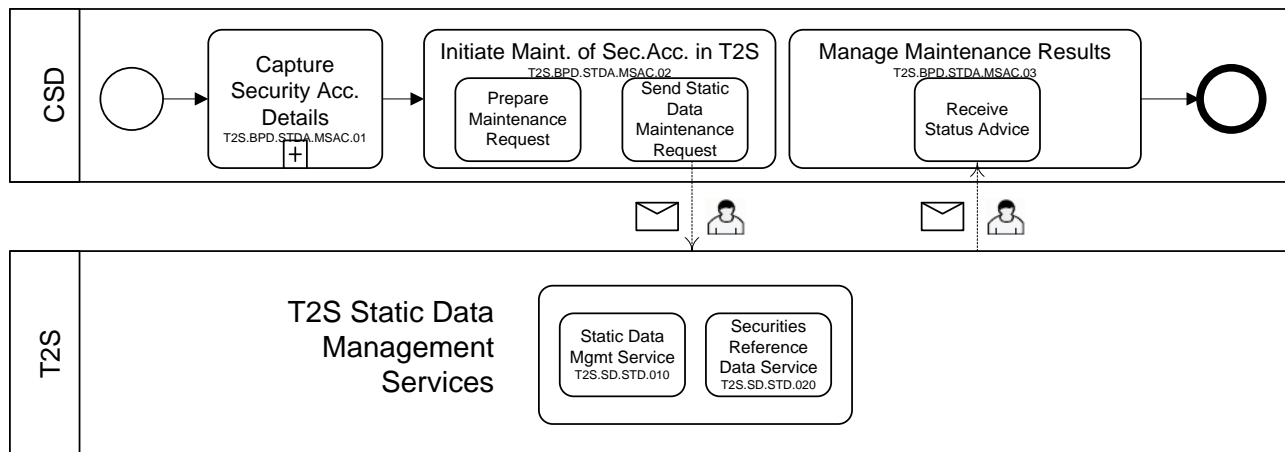
None

T2S Instructing Party:

CSD

8.2.2 Business Process Diagram

Figure 8-2: Business Process Diagram [T2S.BPD.STDA.MSAC]



8.2.3 Business Process Description

8.2.3.1 Capture Securities Account Details

Reference ID	T2S.BPD.STDA.MSAC.01
--------------	----------------------

T2S Actors: CSD

The CSD collects the securities account data that T2S requires for creating or updating a securities account in T2S. The Securities account data⁴⁷ includes:

- Securities account details (account type, negative position, opening/closing dates, hold and release default);
- CSD/CSD Participant that owns the Securities Account;
- Securities Account Restrictions the earmarking or blocking, if any;
- T2S Dedicated cash account(s) to which the securities account should be linked, if any.

8.2.3.2 Initiate Maintenance of Securities Account in T2S

Reference ID	T2S.BPD.STDA.MSAC.02
--------------	----------------------

T2S Actors: CSD

The CSD uses the securities account details from the data received in the Capture Securities Account Details step to create a maintenance instruction (i.e. Security Account Creation Request, Security Account Maintenance Request or Security Account Deletion Request) for T2S and sends the instruction to T2S.

⁴⁷ 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)

This holds true for all the securities account details except for the T2S Dedicated cash account(s) to which the securities account is linked. Maintenance of the links to the T2S dedicated cash accounts is initiated in a separate step “Maintenance of link between Securities and Cash Accounts” (T2S.BPD.STDA.CSAC.040).

References:

UDFS: Use Case “Maintain SD” (Chapter 2.20)

GUI BFD: T2S.GUI.SDSE.SAC.0070, T2S.GUI.SDSE.SAC.0040, T2S.GUI.SDSE.SAC.0050, T2S.GUI.SDSE.SAC.0060

8.2.3.2.1 Prepare Maintenance Request

Reference ID	T2S.BPD.STDA.MSAC.02.01
--------------	-------------------------

The CSD collects the securities account maintenance details and prepares the securities account maintenance instruction.

Creation of new securities account

Securities account can be created as of the current or a future business day (i.e. the opening date can be current business date).

If the CSD defined any mandatory market specific attributes, then the related values must be included in the creation request to T2S.

Amendment of securities account reference data

The CSD, to which the security account belongs, can update the securities account’s reference data.

The intraday modification of some key details (e.g. closing date or negative position flag) will trigger a real-time validation of all pending settlement instructions for this security account.

Changing the account owner of a securities account is only possible in U2A mode via the T2S GUI.

Deletion of securities account

The CSD, to which the security account belongs, can perform a (logical) deletion of the securities account.

A (logical) deletion of the securities account is only allowed as of a future business date. In addition the securities accounts must be closed and there must be no pending settlement instructions for this security account.

8.2.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.MSAC.01.02
--------------	-------------------------

The CSD formats the maintenance instruction depending upon the type of maintenance action (i.e. create, update or delete) with T2S specific securities account reference data and sends the maintenance instruction to T2S.

The CSD sends the following message to T2S:

For creation of reference data

Table 8-7: 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

For amendment of securities account reference data

Table 8-8: 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

For deletion of securities account reference data

Table 8-9: 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

8.2.3.3 Manage Maintenance Results of Securities Account

Reference ID	T2S.BPD.STDA.MSAC.03
--------------	----------------------

T2S Actors: CSD

The CSD receives the status advice from T2S, which might trigger other internal activities.

8.2.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.MSAC.03.01
--------------	-------------------------

The CSD receives the status advices informing about the processing results of the securities account maintenance instruction.

1 This may trigger other internal activities such as updates in the CSD system, amendment of the securities
2 account maintenance instruction, notification to its participants or free-of-payment settlement instructions for
3 a newly created securities account as well as definition of CSD Account links for the securities account in
4 T2S.

5 The CSD receives the following message from T2S:

6 *For maintenance of securities account reference data*

7 **Table 8-10: Messages from T2S [T2S.BPD.STDA.MSAC.03.01]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesAccountS tatusAdviceV01	Reda.020.001.01	From T2S	success, delay or failure of maintaining the securities account reference data	3.3.6.14

8 **8.2.3.4 Initiate Maintenance of link between Securities and Cash Accounts**

Reference ID	T2S.BPD.STDA.MSAC.04
--------------	----------------------

9 T2S Actors: CSD

10 The CSD uses the securities account details from the data received in the Capture Securities Account Details
11 step to create a maintenance instruction for T2S and sends T2S a Static Data Maintenance Request to
12 maintain the links between the T2S Dedicated cash accounts and the securities account.

13 References:

14 UDFS: Use Case “Maintain SD” (Chapter 2.20)

15 GUI BFD: Amend Securities Account Details (T2S.GUI.SDSE.SAC.0040)

16 **8.2.3.4.1 Prepare Maintenance Request**

Reference ID	T2S.BPD.STDA.MSAC.04.01
--------------	-------------------------

17 The CSD formats the maintenance instruction depending upon the type of maintenance action (i.e. create,
18 update or delete) needed for the links between the T2S dedicated cash accounts and securities accounts and
19 sends the maintenance instruction to T2S.

20 **8.2.3.4.2 Send Request to T2S**

Reference ID	T2S.BPD.STDA.MSAC.04.02
--------------	-------------------------

21 The CSD sends the Static Data Maintenance Request to T2S.

22

1 The CSD sends the following message to T2S:

2 *For maintenance of link between Securities and Cash Accounts*

3 **Table 8-11: Messages to T2S [T2S.BPD.STDA.MSAC.04.02]**

Message Name	ISO Code	To/From T2S	UDFS Chapter
To be defined	To be defined	To T2S	

4 **8.2.3.5 Manage Maintenance Results of link**

Reference ID	T2S.BPD.STDA.MSAC.05
--------------	----------------------

5 T2S Actors: CSD

6 The CSD receives the securities account maintenance instruction status advice and may trigger other internal
7 activities such as update of the CSD system, trigger notification to its participants or start sending against
8 payment settlement instructions.

9 The CSD receives the following messages from T2S:

10 *For maintenance of link between Securities and Cash Accounts*

11 **Table 8-12: Messages from T2S [T2S.BPD.STDA.MSAC.05]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
To be defined	To be defined	From T2S	success, delay or failure of maintaining the links between cash accounts and a securities account	

12 **8.2.3.6 Description of T2S Services**

13 **8.2.3.6.1 Static Data Management Services**

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

14 **Static Data Management Service (T2S SD.STD.010)**

15 This T2S service allows the T2S users to maintain their static data in T2S.

16 **Securities account Data Service (T2S SD.STD.040)**

17 This T2S service allows management of static data related to the securities account reference data.

8.3 Management of Limits [T2S.BPD.STDA.MLIM]

8.3.1 Overview

This process describes the act of administrating limits in T2S. The Central Bank and its Payment Banks (and any other authorised T2S Actors) needs to manage the below mentioned limits in T2S to control and monitor the usage of its liquidity in T2S by its clients:

- auto-collateralisation limit
- external guarantee limit
- client-collateralisation limit
- unsecured limit

The need to set or reset such limits is realised for reasons as mentioned below

- A client of a Central Bank or a Payment Bank becomes an eligible/ineligible party for auto-collateralisation or client-collateralisation respectively
- A client of a Payment Bank has an arrangement with its Payment Bank to have an external guarantee limit and/or an unsecured limit to be used in T2S for the purposes of securities settlement, which needs to be managed by the Payment Bank
- An eligible party (i.e. a client of an Central Bank or of a Payment Bank) has changes to its credit worthiness as its credit rating by the rating agencies could have implications to its available limits in T2S
- An eligible party has used its available limits in T2S but failed to reimburse its liquidity provider

The privileged T2S Actors can use the below mentioned limit maintenance facilities to set or reset the limits in T2S as per their needs

- create limit
- 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

1 **Preconditions:**

2 None

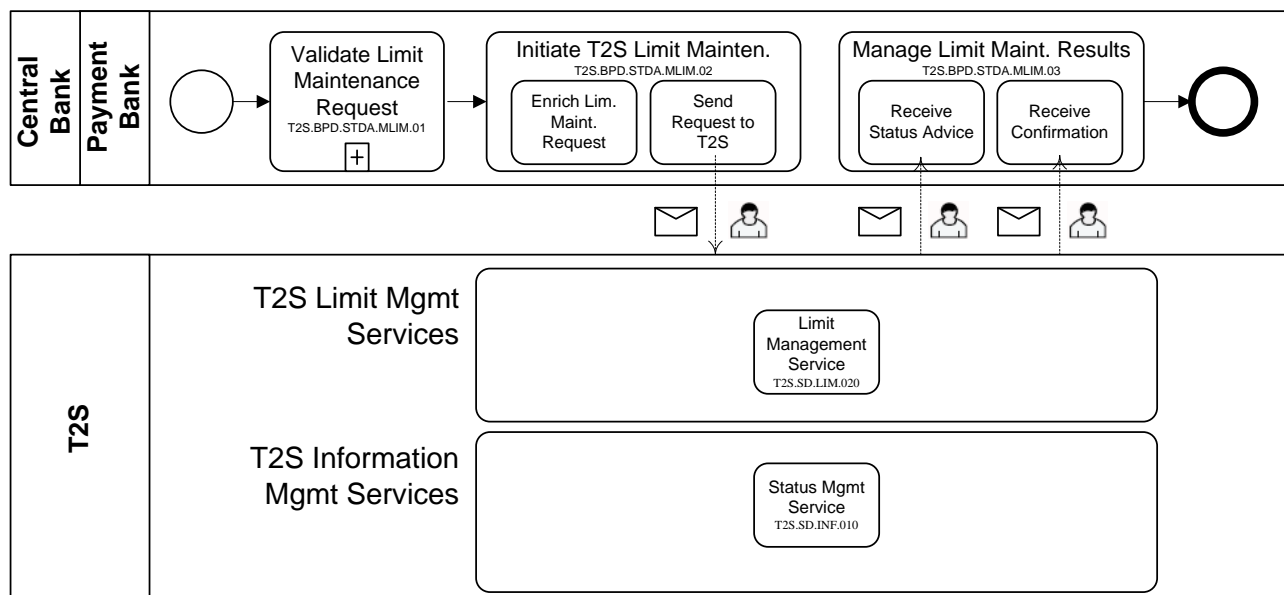
3 **T2S Instructing Party:**

4 There are two scenarios for the instruction of T2S.

- 5 • Scenario A: Central Bank instructs T2S
- 6 • Scenario B: Payment Bank instructs T2S

7 **8.3.2 Business Process Diagram**

8 **Figure 8-3: Business Process Diagram [T2S.BPD.STDA.MLIM]**



10 **8.3.3 Business Process Description**

11 This Business Process Description is applicable to Scenario A and B unless otherwise noted. For the purpose

12 of readability, the actor names in the text refer to Scenario A with the Scenario B actor indicated in square

13 brackets.

14 **8.3.3.1 Validate Limit Maintenance request**

Reference ID	T2S.BPD.STDA.MLIM.01
--------------	----------------------

15 T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

16 The Central Bank [Payment Bank] checks all the details related to limit maintenance against the reference

17 data (maintained by the Central Bank or Payment Bank) and may perform additional checks/validations.

8.3.3.2 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

8.3.3.2.1 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.

8.3.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.MLIM.02.02
--------------	-------------------------

The Central Bank [Payment Bank] converts the limit maintenance request into the required message format and transmits it to T2S as a message (or) capture the limit maintenance request via the T2S GUI. The processing of the limit maintenance request in T2S depends on the values specified in the request.

The Central Bank [Payment Bank] sends the following message to T2S:

Table 8-13: 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

8.3.3.3 Manage Limit maintenance results

Reference ID	T2S.BPD.STDA.MLIM.03
--------------	----------------------

T2S Actors: Central Bank (Scenario A)/Payment Bank (Scenario B)

1 The Central Bank [Payment Bank] receives the limit maintenance related messages, as responses from T2S
2 and initiates related internal processes, for a limit maintenance request sent to T2S via a message.

3 When the Central Bank [Payment Bank] places a limit maintenance request via the T2S GUI, the flow of
4 status advices and confirmations as messages to the Central Bank or Payment Bank does not apply. The
5 results of the validation/processing are available in the T2S GUI.

6 References:

7 UDFS: Use Case “Maintain Static data” (Chapter 2.20)

8 GUI BFD: See section 4.13 to query and maintain limits in T2S via the T2S GUI

9 8.3.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.MLIM.03.01
--------------	-------------------------

10 The Central Bank [Payment Bank] receives status advice messages for every change of status code to the
11 limit maintenance request in T2S as a result of the validation/processing of the static data maintenance
12 request.

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

- 14 • aligning the status of the limit maintenance request in the Central Bank’s or Payment bank’s systems
15 with the status in T2S;
- 16 • triggering notification to their relevant clients.

17 The Central Bank [Payment Bank] receives the following message from T2S:

18 **Table 8-14: 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

19 8.3.3.3.2 Receive Confirmations

Reference ID	T2S.BPD.STDA.MLIM.03.02
--------------	-------------------------

20 The Central Bank [Payment Bank] receives and validates the confirmations of the limit maintenance request,
21 sent by T2S to the Central Bank.

22 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 8-15: 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

8.3.4 Description of T2S Services

8.3.4.1 Liquidity Management Services

T2S Service Class	Liquidity Management Service Class
T2S Service Reference ID	T2S.SD.LIM

Limit Management Service (T2S.SD.LIM 020)

This T2S service performs the validation and execution of the limit maintenance request (i.e. to create/update/delete limits) from the Central Bank/Payment Bank.

This service is triggered by the receipt of a limit maintenance request from an Central Bank or its Payment Bank.

This service will perform the following steps

- Validation of the request based on the current static data in T2S.
- T2S may "reject" the request after its technical or business validations.
- T2S may accept the request but may "queue" the request until the maintenance window or the night-time settlement sequence is completed in the T2S settlement day
- T2S may "complete" the limit maintenance request by executing create/update/delete of the limit(s) as applicable to the clients of Central Bank/Payment Bank(s) to set or reset limits. Consequently, this service will initiate a revalidation of the pending transactions and/or dynamic reimbursement processes in T2S based on the utilisation and headroom availability.

1 **8.3.4.2 Information Management Services**

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

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

3 This T2S service performs the status management for the limit maintenance request and triggers the
4 notifications to all involved parties based on the relevant message subscriptions.

5

9. STATIC DATA RESTRICTION PROCESSES

9.1 Blocking of Securities [T2S.BPD.STDA.BSEC]

9.1.1 Overview

This process describes the act of blocking 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).

Trigger:

Business reason to block securities are identified by the CSD

Preconditions

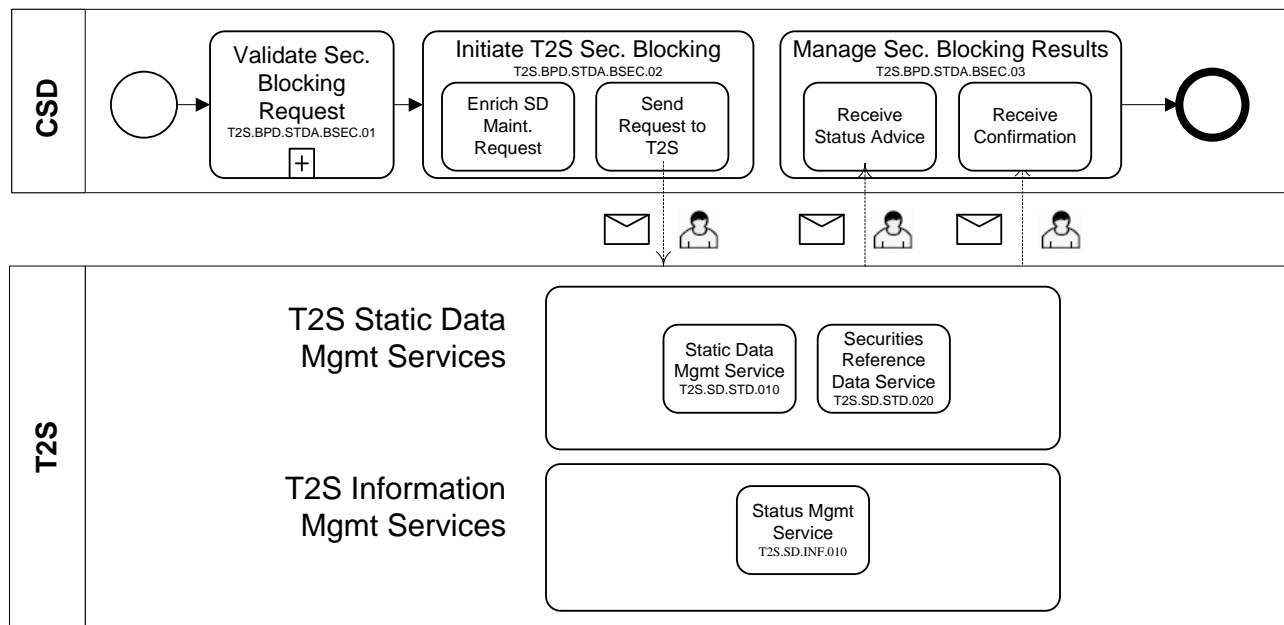
The restriction types related to blocking of securities are setup in T2S by the relevant CSD (or the T2S Operator)

T2S Instructing Party:

CSD

9.1.2 Business Process Diagram

Figure 9-1: Business Process Diagram [T2S.BPD.STDA.BSEC]



9.1.3 Business Process Description

9.1.3.1 Validate Security Blocking Request

Reference ID	T2S.BPD.STDA.BSEC.01
--------------	----------------------

T2S Actors: CSD

The CSD checks all the details related to blocking of securities against the reference data (maintained by the CSD) and may perform additional checks/validations.

9.1.3.2 Initiate T2S Security Blocking

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).

References:

UDFS: Use Case “Restrict Static data” (Chapter 2.21)

GUI BFD: See section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

9.1.3.2.1 Enrich Static Data Maintenance Request

Reference ID	T2S.BPD.STDA.BSEC.02.01
--------------	-------------------------

The CSD enriches the blocking of securities request with specific information such as

- the security as ISIN
- restriction type in T2S for blocking of securities
- validity period of the blocking with valid from and valid till timestamps. (Here, the request in T2S could be place with valid from timestamp only)

The CSD may want to use the query facilities in the CSD system or T2S to get the necessary information.

9.1.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.BSEC.02.02
--------------	-------------------------

The CSD converts the blocking of securities request into the required message format and transmits it to T2S as a message (or) capture the blocking of securities request via the T2S GUI. The processing of the “blocking of securities” maintenance request in T2S depends on the values specified in the request.

The CSD sends the following message to T2S:

Table 9-1: 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

9.1.3.3 Manage Securities Blocking Results

Reference ID	T2S.BPD.STDA.BSEC.03
--------------	----------------------

T2S Actors: CSD

The CSD receives the blocking of securities maintenance related messages, as responses from T2S and initiates related internal processes, for a “blocking of securities” maintenance request sent to T2S via a message.

When the CSD places a “blocking of securities” maintenance 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/processing will be shown in the T2S GUI only.

References:

UDFS: Use Case “Restrict Static data” (Chapter 2.21)

1 GUI BFD: See section 4.10 to query and maintain “Intraday Restrictions” in T2S via the T2S GUI

2 9.1.3.3.1 Receive Status Advice

Reference ID	T2S.BPD.STDA.BSEC.03.01
--------------	-------------------------

3 This activity receives status advice messages for every change of status code to the “blocking of securities”
4 maintenance request in T2S for the results of the validation/processing of the static data maintenance request.

5 Subsequent to receiving such messages triggers other internal activities as mentioned below

- 6 • aligning the status of the “blocking of securities” maintenance request in the CSD’s systems with the
7 status in T2S;
- 8 • triggering notification to their relevant clients.

9 The CSD receives the following message from T2S:

10 **Table 9-2: 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” maintenance request	3.3.6.23

11 9.1.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.BSEC.03.02
--------------	-------------------------

12 The CSD receives and validates the confirmation of the processing of “blocking of securities” maintenance
13 request, sent by T2S to the CSD.

14 Subsequent to receiving such messages triggers other internal activities as mentioned below:

- 15 • aligning the status of the “blocking of securities” maintenance request in the CSD’s books with the
16 status in T2S,
- 17 • triggering notification to their relevant clients

18

1 The CSD receives the following message from T2S:

2 **Table 9-3: 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” maintenance request	3.3.6.23

3 **9.1.4 Description of T2S Services**

4 **9.1.4.1 Static Data Management Services**

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

5 **Static Data Management Service (T2S.SD.STD 010)**

6 This T2S service allows the T2S users to maintain their static data in T2S.

7 **Securities Reference Data Service (T2S.SD.STD 020)**

8 This T2S service allows the “blocking of securities”. This service facilitates the CSD to block a security in
9 T2S and thus prevent settlement for this security within the books of this CSD.

10 **9.1.4.2 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 performs the status management for the “blocking of securities” request and triggers the
13 notifications to all involved parties based on the relevant message subscriptions.

14 **9.2 Blocking of Securities Account [T2S.BPD.STDA.BSAC]**

15 **9.2.1 Overview**

16 This process describes the act of blocking a securities account in T2S. A CSD or CSD Participant in T2S
17 may need to block the securities account to prevent processing of settlement instructions on the securities
18 account. As a result, T2S will not consider the settlement instructions on the blocked securities accounts for
19 settlement purpose.

This facility will be available at any time during a settlement day in T2S. This procedure takes place by putting a restriction on the static data object “securities account”.

Trigger:

A business reason to a block securities account is identified

Preconditions

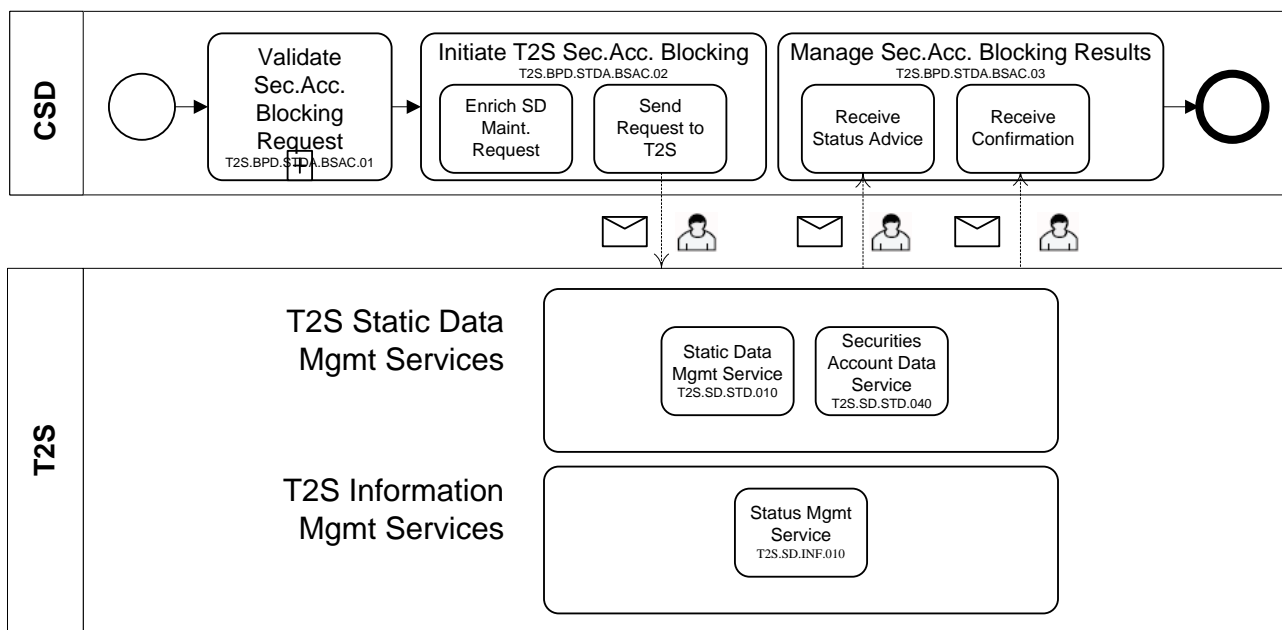
The restriction types related to blocking of securities account are setup in T2S by the relevant CSD (or the T2S Operator)

T2S Instructing Party:

CSD

9.2.2 Business Process Diagram

Figure 9-2: Business Process Diagram [T2S.BPD.STDA.BSAC]



9.2.3 Business Process Description

9.2.3.1 Validate Securities Account Blocking Request

Reference ID	T2S.BPD.STDA.BSAC.01
--------------	----------------------

T2S Actors: CSD

The CSD checks all the details related to blocking of securities account against the reference data (maintained by the CSD) and may perform additional checks and validations.

9.2.3.2 Initiate T2S Securities Account Blocking

Reference ID	T2S.BPD.STDA.BSAC.02
--------------	----------------------

T2S Actors: CSD

The CSD enriches the 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 blocking request in T2S using the T2S GUI (U2A).

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

9.2.3.2.1 Enrich Static Data Maintenance Request

Reference ID	T2S.BPD.STDA.BSAC.02.01
--------------	-------------------------

The CSD enriches the blocking of securities account request with specific information such as

- securities account number in T2S
- restriction type in T2S for blocking of securities account
- validity period of the blocking with valid from and valid till timestamps. (Here, the request in T2S could be place with valid from timestamp only.)
- reason for blocking of the securities account

The CSD might want to use the query facilities in the CSD system or T2S to get the necessary information.

9.2.3.2.2 Send Request to T2S

Reference ID	T2S.BPD.STDA.BSAC.02.02
--------------	-------------------------

The CSD converts the blocking of securities account request into the required message format and transmits it to T2S as an A2A message or by capturing the blocking of securities account request via the T2S GUI (U2A).

The CSD sends the following message to T2S:

Table 9-4: Messages to T2S [T2S.BPD.STDA.BSAC.02.02]

Message Name	ISO Code	To/From T2S	UDFS Chapter
SecuritiesAccountModificationRequest	reda.023.001.01	To T2S	3.3.6.17

9.2.3.3 Manage Securities Account Blocking Results

Reference ID	T2S.BPD.STDA.BSAC.03
--------------	----------------------

T2S Actors: CSD

The CSD receives the blocking of securities account related messages, as responses from T2S and initiates related internal processes.

When the CSD places a 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

9.2.3.3.1 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 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 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 9-5: Messages from T2S [T2S.BPD.STDA.BSAC.03.01]

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesAccountStatusAdvice/“Rejected” or “Queued” status	reda.020.001.01	From T2S	T2S rejects/queues the securities account blocking request	3.3.6.14

9.2.3.3.2 Receive Confirmation

Reference ID	T2S.BPD.STDA.BSAC.03.02
--------------	-------------------------

1 The CSD receives and validates the confirmation of the processing of blocking of securities account request,
2 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 account request in the CSD's books with the status in
5 T2S,
- 6 • triggering notification to their relevant clients

7 The CSD receives the following message from T2S:

8 **Table 9-6: Messages from T2S [T2S.BPD.STDA.BSAC.03.02]**

Message Name	ISO Code	To/From T2S	Event	UDFS Chapter
SecuritiesAccountStatusAdvice/"completed" status	reda.020.001.01	From T2S	T2S successfully completes the processing of the securities account blocking request	3.3.6.14

9 9.2.4 Description of T2S Services

10 9.2.4.1 Static Data Management Services

T2S Service Class	Static Data Management Service Class
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 Account Data Service (T2S.SD.STD 040)

14 This T2S service allows management of blocking of securities account. This service facilitates the CSD to
15 block securities account in T2S, when receiving a securities account modification request.

16 9.2.4.2 Information 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 performs the status management for the blocking of securities account request and triggers
19 the notifications to all involved parties.

20

1

INFORMATION MANAGEMENT PROCESSES

10. REPORTING AND QUERIES

10.1 Reports [T2S.BPD.INFO.REPT]

10.1.1 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 and are then triggered based on an business or time event in T2S. 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.

Pre-conditions:

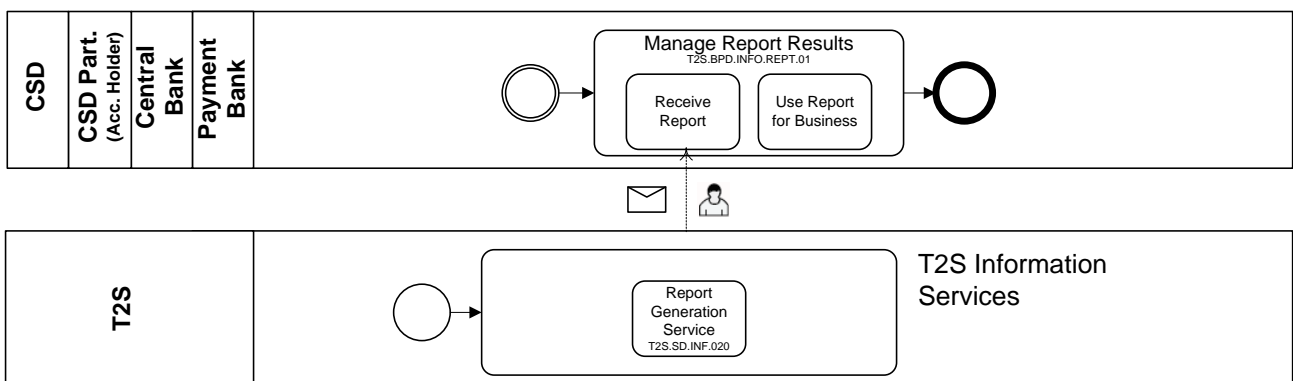
The report has been configured

T2S Instructing Party:

None; this process is triggered within T2S upon a business or time-based event.

10.1.2 Business Process Diagram

Figure 10-1: Business Process Diagram [T2S.BPD.INFO.REPT]



10.1.3 Business Process Description

10.1.3.1 Manage Report results

Reference ID	T2S.BPD.INFO.REPT.01
--------------	----------------------

T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

1 The CSD/CSD Participant/Central Bank/Payment Bank receives the report from T2S and initiates related
2 internal processes.

3 References:

4 UDFS: Use Case “Receive report” (Chapter 2.19)

5 **10.1.3.1.1 Receive report**

Reference ID	T2S.BPD.INFO.REPT.01.01
--------------	-------------------------

6 The CSD/CSD Participant/Central Bank/Payment Bank receives from T2S the report containing the latest
7 available data for the report type configured.

8 **10.1.3.1.2 Use report results for business process**

Reference ID	T2S.BPD.INFO.REPT.01.02
--------------	-------------------------

9 The CSD/CSD Participant/Central Bank/Payment Bank extracts the relevant data from the report in order to
10 perform the underlying business process on the participant’s side such as:

- 11 • starting a reconciliation of data
- 12 • storing the data for audit purposes
- 13 • transmitting the information or parts of it to indirectly connected participants

14 **10.1.4 Description of T2S Services**

15 **10.1.4.1 Information Management Services**

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

16 **Report Generation Service (T2S.SD.INF.020)**

17 This T2S service is responsible for the generation of reports according to the configured report subscription.
18 Reports can also be retrieved via queries for a certain interval after their generation.

19 **10.2 Queries [T2S.BPD.INFO.QURE]**

20 **10.2.1 Overview**

21 This process describes the act of querying T2S. CSDs and CSD Participants as well as Central Banks and
22 Payment Banks may use queries and/or reports to obtain data from T2S as part of a larger end-to-end
23 business process or in order to perform internal activities such as reconciliation, or as part of regulatory/audit
24 requirements. Queries allow the retrieval of data based on pre-defined set of queries and search criteria in a

request/response way. T2S provides a range of predefined query types such as securities positions, cash balance, static data, settlement instructions, etc.

Trigger:

T2S Actor identifies need for information, which can be obtained via query

Pre-condition:

None

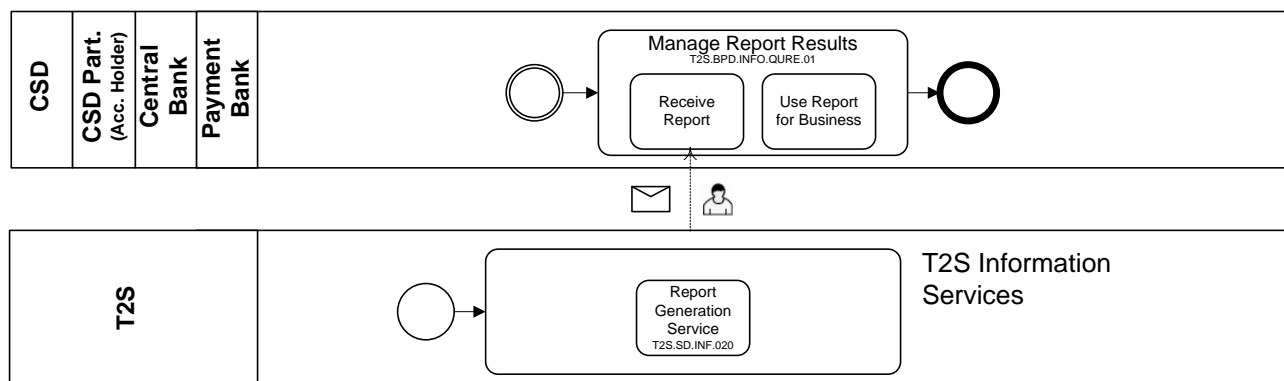
T2S Instructing Party:

There are four scenarios for the instruction of T2S.

- CSD instructs T2S
- CSD Participant instructs T2S
- Central Bank instructs T2S
- Payment Bank instructs T2S

10.2.2 Business Process Diagram

Figure 10-2: Business Process Diagram [T2S.BPD.INFO.QURE]



10.2.3 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.

10.2.3.1 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.)

10.2.3.1.1 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.

10.2.3.1.2 Send Query to T2S

Reference ID	T2S.BPD.INFO.QURE.01.02
--------------	-------------------------

The CSD (CSD Participant/Central Bank/Payment Bank) converts the query into the required message format and transmits the query request to T2S via A2A or U2A.

10.2.3.2 Manage Query Results

Reference ID	T2S.BPD.INFO.QURE.02
--------------	----------------------

T2S Actors: CSD/CSD Participant/Central Bank/Payment Bank

The CSD (CSD Participant/Central Bank/Payment Bank) receives query response message from T2S and initiates related internal processes.

References:

UDFS: Use Case “Send query” (Chapter 2.18.)

10.2.3.2.1 Receive Query Response

Reference ID	T2S.BPD.INFO.QURE.02.01
--------------	-------------------------

The CSD (CSD Participant/Central Bank/Payment Bank) will receive from T2S:

- a rejection of the previously sent query notifying a failure in the query processing (e.g. due to an invalid parameter) or,
- the query result providing the latest available data in accordance with the used search criteria

The reception of the Query Response triggers for instance an analysis after a failed query, or initiates the use of the data received.

10.2.3.2.2 Use Query Results for Business

Reference ID	T2S.BPD.INFO.QURE.02.02
--------------	-------------------------

The CSD (CSD Participant/Central Bank/Payment Bank) extracts the relevant data from the query response in order to perform the underlying business process such as:

- starting a reconciliation of data
- storing the data for audit purposes
- transmitting the information or parts of it to indirectly connected participants

10.2.4 Description of T2S Services

10.2.4.1 Query services

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

Query Service (T2S.SD.INF.030)

This T2S service is responsible for the processing of queries according to the access rights of the user.

11. APPENDICES

11.1 List of BPD Processes

Table 11-1: List of BPD processes

No.	Process	BPD Version
	Core Settlement Processes	
1	Intra-CSD Settlement	0.2
2	Cross-CSD Settlement (with CSD inside T2S)	0.3
3	External CSD Settlement (with CSD outside T2S)	0.3
	Supporting Settlement Processes	
4	Reservation or Blocking of Securities Position	0.2
5	Unreservation or Unblocking of Securities Position	0.4
6	Earmarking of Securities Position	0.4
7	Reserve or Blocking of Cash Balance	0.3
8	Unreservation or Unblocking of Cash Balance	0.4
9	Hold of Settlement Instruction	0.3
10	Release of Settlement Instruction	0.3
11	Cancellation of Settlement Instruction or Restriction	0.3
12	Amendment of Settlement Instruction	0.4
13	Reimbursement of Auto-collateralisation	0.3
14	Administration of CoSD	0.4
15	Account Allocation	0.4
16	Pledging of Securities	0.4
	Asset Services Processes	
17	Repurchase Agreements	0.3
18	Issuance of Securities	0.3
19	Securities Lending	0.4
20	Back-to-back Trades	0.4
21	Basket Trades	0.4
22	Coupon Stripping	0.4
23	Coupon Reattachment	0.4
24	Buy In / Sell Out	0.4
25	Mark-up / Mark-down	0.4
26	Fundshare Subscription	0.4
27	Fundshare Settlement	0.4
28	Account Transfer of Securities	0.4
	Corporate Actions Processes	
	Distributions	
29	Securities Distributions	0.2
30	Cash Distributions	0.3
31	Distributions with Options	0.4
	Reorganisations	
32	Mandatory Reorganisations	0.3
33	Mandatory Reorganisations with Options	0.4
34	Voluntary Reorganisations	0.4

	Transaction Management	
35	Market Claims	0.3
36	Transformations	0.3
37	Buyer Protection	0.4
	Liquidity Management Processes	
38	Transfer of Liquidity from RTGS to T2S	0.3
39	Intraday Transfer of Liquidity from T2S to RTGS	0.2
40	MLP Transfer of Liquidity from T2S to RTGS	0.4
41	EOD Cash Processing	0.4
	Static Data Maintenance Processes	
42	Maintenance of Securities	0.3
43	Maintenance of Securities Account	0.3
44	Maintenance of CSD Participant Data	0.4
45	Maintenance of Payment Bank Data	0.4
46	Maintenance of Dedicated Cash Account	0.4
47	Maintenance of External RTGS Account	0.4
48	Maintenance of Restrictions	0.4
49	Maintenance of Message Subscription	0.4
50	Maintenance of CoSD Parameters	0.4
51	Maintenance of Cross-CSD Settlement Link and Securities Eligibility	0.4
52	Maintenance of Report Subscription	0.4
53	Maintenance of Multiple Liquidity Providers	0.4
54	Maintenance of Standing / Predefined Liquidity Transfer Order	0.4
55	Maintenance of System User	0.4
56	Maintenance of Auto-Collateralisation Eligibility	0.4
57	Maintenance of Securities Valuations	0.4
58	Maintenance of Market Specific Attributes	0.4
59	Management of Limits	0.3
60	Management of Roles and Privileges	0.4
	Static Data Restriction Processes	
61	Blocking of Securities	0.3
62	Unblocking of Securities	0.4
63	Blocking of Securities Account	0.3
64	Unblocking of Securities Account	0.4
65	Blocking of Party	0.4
66	Unblocking of Party	0.4
67	Blocking of Dedicated Cash Account	0.4
68	Unblocking of Dedicated Cash Account	0.4
	Reporting And Queries	
69	Reports	0.3
70	Queries	0.3
	Operations and Support Processes	
71	Invoicing of CSDs and NCBs	0.4
72	Access to Archived Data	0.4
73	Approval or Revoke of Requests subject to the 4-eyes-principle	0.4

11.2 Index of Tables

TABLE 1-1: BPMN ELEMENTS.....	6
TABLE 1-2: BPMN ELEMENTS FOR VARIATIONS.....	12
TABLE 2-1: MESSAGES TO T2S [T2S.BPD.SETT.ICSD.03.02]	18
TABLE 2-2: MESSAGES FROM T2S [T2S.BPD.SETT.ICSD.04.01].....	20
TABLE 2-3: MAPPING OF T2S GENERATED INSTRUCTION AND T2S PROCESSES [T2S.BPD.SETT.ICSD.04.02]	21
TABLE 2-4: MESSAGES FROM T2S [T2S.BPD.SETT.ICSD.04.02].....	21
TABLE 2-5: MESSAGES FROM T2S [T2S.BPD.SETT.ICSD.04.03].....	22
TABLE 2-6: MESSAGES FROM T2S [T2S.BPD.SETT.ICSD.05].....	23
TABLE 2-7: MESSAGES FROM T2S [T2S.BPD.SETT.ICSD.06].....	23
TABLE 2-8: MESSAGES FROM T2S [T2S.BPD.SETT.ICSD.07].....	24
TABLE 2-9: MESSAGES TO T2S [T2S.BPD.SETT.CCSD.02.02]	29
TABLE 2-10: MESSAGES FROM T2S [T2S.BPD.SETT.CCSD.03.01]	30
TABLE 2-11: MAPPING OF T2S GENERATED INSTRUCTION AND T2S PROCESSES [T2S.BPD.SETT.CCSD.03.02]	31
TABLE 2-12: MESSAGES FROM T2S [T2S.BPD.SETT.CCSD.03.02]	31
TABLE 2-13: MESSAGES FROM T2S [T2S.BPD.SETT.CCSD.03.03]	32
TABLE 2-14: MESSAGES FROM T2S [T2S.BPD.SETT.CCSD.04]	33
TABLE 2-15: MESSAGES FROM T2S [T2S.BPD.SETT.CCSD.05]	33
TABLE 2-16: MESSAGES FROM T2S [T2S.BPD.SETT.CCSD.07]	34
TABLE 2-17: MESSAGES TO T2S [T2S.BPD.SETT.ECSD.02.02]	42
TABLE 2-18: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.03.01].....	43
TABLE 2-19: MAPPING OF T2S GENERATED INSTRUCTION AND T2S PROCESSES [T2S.BPD.SETT.ECSD.03.02]	44
TABLE 2-20: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.03.02].....	44
TABLE 2-21: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.03.03].....	45
TABLE 2-22: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.04].....	46
TABLE 2-23: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.05].....	46
TABLE 2-24: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.10].....	48
TABLE 2-25: MESSAGES FORM T2S [T2S.BPD.SETT.ECSD.12.02].....	53
TABLE 2-26: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.13.01].....	55
TABLE 2-27: MAPPING OF T2S GENERATED INSTRUCTION AND T2S PROCESSES [T2S.BPD.SETT.ECSD.13.02]	55
TABLE 2-28: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.13.02].....	56
TABLE 2-29: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.13.03].....	56
TABLE 2-30: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.21].....	59
TABLE 2-31: MESSAGES FROM T2S [T2S.BPD.SETT.ECSD.22].....	60
TABLE 3-1: MESSAGES TO T2S [T2S.BPD.SETT.RBSP.02.02]	65
TABLE 3-2: MESSAGES FROM T2S [T2S.BPD.SETT.RBSP.03.01]	66

1	TABLE 3-3: MESSAGES FROM T2S [T2S.BPD.SETT.RBSP.03.02]	67
2	TABLE 3-4: MESSAGES FROM T2S [T2S.BPD.SETT.RBSP.04]	68
3	TABLE 3-5: MESSAGES TO T2S [T2S.BPD.SETT.RBCB.02.02]	72
4	TABLE 3-6: MESSAGES FROM T2S [T2S.BPD.SETT.RBCB.03.01]	73
5	TABLE 3-7: MESSAGES FROM T2S [T2S.BPD.SETT.RBCB.03.02]	74
6	TABLE 3-8: MESSAGES FROM T2S [T2S.BPD.SETT.RBCB.04]	75
7	TABLE 3-9: MESSAGES TO T2S [T2S.BPD.SETT.HOLD.02.02]	78
8	TABLE 3-10: MESSAGES FROM T2S [T2S.BPD.SETT.HOLD.03.01]	80
9	TABLE 3-11: MESSAGES FROM T2S [T2S.BPD.SETT.HOLD.03.02]	81
10	TABLE 3-12: MESSAGES FROM T2S [T2S.BPD.SETT.HOLD.04.01]	82
11	TABLE 3-13: MESSAGES TO T2S [T2S.BPD.SETT.RELE.02.02]	86
12	TABLE 3-14: MESSAGES FROM T2S [T2S.BPD.SETT.RELE.03.01]	87
13	TABLE 3-15: MESSAGES FROM T2S [T2S.BPD.SETT.RELE.03.02]	88
14	TABLE 3-16: MESSAGES FROM T2S [T2S.BPD.SETT.RELE.04.01]	89
15	TABLE 3-17: MESSAGES TO T2S [T2S.BPD.SETT.CINS.01.02]	92
16	TABLE 3-18: MESSAGES FROM T2S [T2S.BPD.SETT.CINS.02.01]	93
17	TABLE 3-19: MESSAGES FROM T2S [T2S.BPD.SETT.CINS.02.02]	94
18	TABLE 3-20: MESSAGES FROM T2S [T2S.BPD.SETT.CINS.03]	95
19	TABLE 4-1: REPO TRANSACTION TYPES [T2S.BPD.SETT.REPO.02.01]	104
20	TABLE 4-2: REPO INSTRUCTION DETAILS [T2S.BPD.SETT.REPO.02.01]	104
21	TABLE 4-3: MESSAGES TO T2S [T2S.BPD.SETT.ISSU.02.02]	108
22	TABLE 4-4: MESSAGES FROM T2S [T2S.BPD.SETT.ISSU.03.01]	109
23	TABLE 4-5: MESSAGES FROM T2S [T2S.BPD.SETT.ISSU.03.02]	110
24	TABLE 4-6: MESSAGES FROM T2S [T2S.BPD.SETT.ISSU.03.03]	110
25	TABLE 5-1: MESSAGES TO AND FROM T2S [T2S.BPD.SETT.SECD.02.01]	116
26	TABLE 5-2: MESSAGES TO T2S [T2S.BPD.SETT.SECD.04.02]	119
27	TABLE 5-3: MESSAGES FROM T2S [T2S.BPD.SETT.SECD.05.01]	119
28	TABLE 5-4: MESSAGES FROM T2S [T2S.BPD.SETT.SECD.05.02]	120
29	TABLE 5-5: SETTLEMENT INSTRUCTION TYPES FOR CASH DISTRIBUTION [T2S.BPD.SETT.CSHD.02.01]	123
30	TABLE 5-6: MESSAGES TO T2S [T2S.BPD.SETT.CSHD.02.02]	125
31	TABLE 5-7: MESSAGES FROM T2S [T2S.BPD.SETT.CSHD.03]	126
32	TABLE 5-8: SETTLEMENT INSTRUCTION TYPES FOR MANDATORY REORGANISATION [T2S.BP.SETT.MAND.03.01] ...	129
33	TABLE 5-9: MESSAGES TO T2S [T2S.BP.SETT.MAND.03.02]	132
34	TABLE 5-10: MESSAGES FROM T2S [T2S.BP.SETT.MAND.04]	133
35	TABLE 5-11: MESSAGES TO AND FROM T2S [T2S.BPD.SETT.MCLA.02]	136
36	TABLE 5-12: SETTLEMENT INSTRUCTION TYPES FOR MARKET CLAIMS [T2S.BPD.SETT.MCLA.05.01]	140
37	TABLE 5-13: MESSAGES TO T2S [T2S.BPD.SETT.MCLA.05.02]	141

1	TABLE 5-14: MESSAGES FROM T2S [T2S.BPD.SETT.MCLA.06.01]	142
2	TABLE 5-15: MESSAGES FROM T2S [T2S.BPD.SETT.MCLA.06.02]	142
3	TABLE 5-16: MESSAGES TO AND FROM T2S [T2S.BPD.SETT.TRAN.02]	144
4	TABLE 5-17 CSD (IOC) [CCP] ACTIONS IN T2S [T2S.BPD.SETT.TRAN.04]	146
5	TABLE 5-18: MESSAGES TO AND FROM T2S [T2S.BPD.SETT.TRAN.04]	148
6	TABLE 5-19: MESSAGES TO T2S [T2S.BPD.SETT.TRAN.05.02]	150
7	TABLE 5-20: MESSAGES FROM T2S [T2S.BPD.SETT.TRAN.06.01]	150
8	TABLE 5-21: MESSAGES FROM T2S [T2S.BPD.SETT.TRAN.06.02]	151
9	TABLE 6-1: MESSAGES TO T2S [T2S.BPD.LQMG.INBD.02.03]	155
10	TABLE 6-2: MESSAGES FROM T2S [T2S.BPD.LQMG.INBD.03.01]	156
11	TABLE 6-3: MESSAGES FROM T2S [T2S.BPD.LQMG.INBD.03.02]	156
12	TABLE 6-4: MESSAGES FROM T2S [T2S.BPD.LQMG.INBD.03.03]	157
13	TABLE 7-1: MESSAGES TO T2S [T2S.BPD.LQMG.OTBD.02.02]	161
14	TABLE 7-2: MESSAGES FROM T2S [T2S.BPD.LQMG.OTBD.03]	162
15	TABLE 7-3: MESSAGES TO T2S [T2S.BPD.LQMG.OTBD.04.02]	163
16	TABLE 7-4: MESSAGES FROM T2S [T2S.BPD.LQMG.OTBD.05.01]	163
17	TABLE 7-5: MESSAGES FROM T2S [T2S.BPD.LQMG.OTBD.05.02]	164
18	TABLE 7-6: MESSAGES FROM T2S [T2S.BPD.LQMG.OTBD.05.03]	165
19	TABLE 8-1: MESSAGES TO T2S [T2S.BPD.STDA.MSEC.02.02/CREATION]	170
20	TABLE 8-2: MESSAGES TO T2S [T2S.BPD.STDA.MSEC.02.02/AMENDMENT]	170
21	TABLE 8-3: MESSAGES TO T2S [T2S.BPD.STDA.MSEC.02.02/DELETION]	170
22	TABLE 8-4: MESSAGES FROM T2S [T2S.BPD.STDA.MSEC.03/CREATION]	171
23	TABLE 8-5: MESSAGES FROM T2S [T2S.BPD.STDA.MSEC.03/AMENDMENT]	171
24	TABLE 8-6: MESSAGES FROM T2S [T2S.BPD.STDA.MSEC.03/DELETION]	171
25	TABLE 8-7: MESSAGES TO T2S [T2S.BPD.STDA.MSAC.01.02/CREATION]	175
26	TABLE 8-8: MESSAGES TO T2S [T2S.BPD.STDA.MSAC.01.02/AMENDMENT]	175
27	TABLE 8-9: MESSAGES TO T2S [T2S.BPD.STDA.MSAC.01.02/DELETION]	175
28	TABLE 8-10: MESSAGES FROM T2S [T2S.BPD.STDA.MSAC.03.01]	176
29	TABLE 8-11: MESSAGES TO T2S [T2S.BPD.STDA.MSAC.04.02]	177
30	TABLE 8-12: MESSAGES FROM T2S [T2S.BPD.STDA.MSAC.05]	177
31	TABLE 8-13: MESSAGES TO T2S [T2S.BPD.STDA.MLIM.02.02]	180
32	TABLE 8-14: MESSAGES FROM T2S [T2S.BPD.STDA.MLIM.03.01]	181
33	TABLE 8-15: MESSAGES FROM T2S [T2S.BPD.STDA.MLIM.03.02]	182
34	TABLE 9-1: MESSAGES TO T2S [T2S.BPD.STDA.BSEC.02.02]	186
35	TABLE 9-2: MESSAGES FROM T2S [T2S.BPD.STDA.BSEC.03.01]	187
36	TABLE 9-3: MESSAGES FROM T2S [T2S.BPD.STDA.BSEC.03.02]	188
37	TABLE 9-4: MESSAGES TO T2S [T2S.BPD.STDA.BSAC.02.02]	190

1	TABLE 9-5: MESSAGES FROM T2S [T2S.BPD.STDA.BSAC.03.01]	191
2	TABLE 9-6: MESSAGES FROM T2S [T2S.BPD.STDA.BSAC.03.02]	192
3	TABLE 11-1: LIST OF BPD PROCESSES.....	199
4		

1	11.3 Index of Figures	
2	FIGURE 1-1: EXAMPLE OF SCENARIOS	11
3	FIGURE 1-2: EXAMPLE OF A VARIATION	13
4	FIGURE 2-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.ICSD].....	16
5	FIGURE 2-2: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.CCSD].....	27
6	FIGURE 2-3: EXTERNAL-CSD SETTLEMENT - BUSINESS SCENARIO 1	36
7	FIGURE 2-4: EXTERNAL-CSD SETTLEMENT - BUSINESS SCENARIO 2	37
8	FIGURE 2-5: EXTERNAL-CSD SETTLEMENT - BUSINESS SCENARIO 3	38
9	FIGURE 2-6: EXTERNAL-CSD SETTLEMENT - BUSINESS SCENARIO 4	38
10	FIGURE 2-7: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.ECSD/VAR. 1].....	40
11	FIGURE 2-8: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.ECSD/VAR. 2].....	51
12	FIGURE 3-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.RBSP]	63
13	FIGURE 3-2: ENRICHMENT OF STELMENT INSTRUCTION [T2S.BPD.SETT.RBSP.02.01]	64
14	FIGURE 3-3: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.RBCB]	70
15	FIGURE 3-4: ENRICHMENT OF SETTLEMENT INSTRUCTION [T2S.BPD.SETT.RBCB.02.01]	71
16	FIGURE 3-5: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.HOLD]	77
17	FIGURE 3-6: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.RELE]	84
18	FIGURE 3-7: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.CINS].....	91
19	FIGURE 3-8: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.REAC]	98
20	FIGURE 4-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.REPO].....	102
21	FIGURE 4-2: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.ISSU]	106
22	FIGURE 5-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.SECD].....	114
23	FIGURE 5-2: SECURITIES DISTRIBUTION IN THE CONTEXT OF T2S [T2S.BPD.SETT.SECD.04.02].....	118
24	FIGURE 5-3: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.CSHD]	122
25	FIGURE 5-4: CASH DISTRIBUTION IN THE CONTEXT OF T2S [T2S.BPD.SETT.CSHD.02.02].....	125
26	FIGURE 5-5: BUSINESS PROCESS DIAGRAM [T2S.BP.SETT.MAND].....	128
27	FIGURE 5-6: SECURITIES DISTRIBUTION IN THE CONTEXT OF T2S [T2S.BP.SETT.MAND.03.02].....	131
28	FIGURE 5-7: CREDIT OF CASH IN THE CONTEXT OF T2S [T2S.BP.SETT.MAND.03.02]	132
29	FIGURE 5-8: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.MCLA]	135
30	FIGURE 5-9: BUSINESS PROCESS DIAGRAM [T2S.BPD.SETT.TRAN]	143
31	FIGURE 6-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.LQMG.INBD].....	154
32	FIGURE 7-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.LQMG.OTBD/SCEN. A].....	160
33	FIGURE 7-2: BUSINESS PROCESS DIAGRAM [T2S.BPD.LQMG.OTBD/SCEN. B].....	160
34	FIGURE 8-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.STDA.MSEC]	168
35	FIGURE 8-2: BUSINESS PROCESS DIAGRAM [T2S.BPD.STDA.MSAC].....	173
36	FIGURE 8-3: BUSINESS PROCESS DIAGRAM [T2S.BPD.STDA.MLIM]	179

1	FIGURE 9-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.STDA.BSEC]	185
2	FIGURE 9-2: BUSINESS PROCESS DIAGRAM [T2S.BPD.STDA.BSAC].....	189
3	FIGURE 10-1: BUSINESS PROCESS DIAGRAM [T2S.BPD.INFO.REPT]	194
4	FIGURE 10-2: BUSINESS PROCESS DIAGRAM [T2S.BPD.INFO.QURE]	196