

T2S CHANGE REQUEST FORM		
<b>General Information (Origin of Request)</b> <input type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input checked="" type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
<b>Request raised by:</b> Clearstream	<b>Institute:</b> CSD	<b>Date raised:</b> 09/11/2022
<b>Request title:</b> T2S COSD logic should support partial release of instructions subject to COSD and partial COSD release		<b>Request No.:</b> T2S 0798 SYS
<b>Request type:</b> Common	<b>Classification:</b> Scope Enhancement	<b>Urgency:</b> Normal
<b>1. Legal/business importance parameter:</b> High <sup>1</sup>	<b>2. Market implementation efforts parameter:</b> Low <sup>2</sup>	
<b>3. Operational/Technical risk parameter:</b> Low <sup>3</sup>	<b>4. Financial impact parameter:</b> (provided by 4CB) <sup>4</sup>	
<b>Requestor Category:</b> CSD		<b>Status:</b> Proposed for a release

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

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

However, those mechanisms cannot be used for settlement processes where the Conditional Settlement (COSD) logic is involved. Namely,

- the COSD process considers only instructions where party hold is fully released,
- it only foresees blocking of the complete quantity / amount needed to settle the underlying instruction, and
- it only allows a complete COSD release, but not a partial one.

As a result, COSD logic in its current form is incompatible with partial settlement or partial release, and the underlying business processes such as settlement with an External CSD for securities issued outside of T2S, or DVP settlement in a non-T2S currency (where securities are settled within T2S but cash is settled outside) cannot benefit from the partial settlement and partial release logic of T2S. On the other hand, extension of such business processes to partial settlement and/or partial release is conceptually straightforward, provided the external condition can also be met for a partial quantity.

The settlement with an External CSD might serve as an example. In this case, the external condition to be met to release the COSD hold is the confirmation by the External CSD that the settlement in the External CSD was executed. With the current COSD implementation, the following process steps are applied<sup>5</sup>:

1. A COSD rule is configured to put any instruction where the External CSD is either Receiving or Delivering Depository on COSD hold.
2. On ISD, T2S applies COSD hold to the matched instructions.
3. Delivery instructions might be still on party hold at start of ISD. Then the Delivering T2S Actor releases the party hold on the instruction. Only full release of party hold is possible.
4. Once the instruction is released, T2S tries to block securities (for DVP instructions) or cash (for RVP instructions) according to the COSD rules.
5. Once the blocking is successful, T2S informs via a sese.024 status message with CDLR reason. This is the trigger for the T2S CSD to release their leg in the External CSD.
6. The settlement in the External CSD is **executed for the full quantity**, and a settlement confirmation is sent to the T2S CSD.
7. This is the trigger for the T2S CSD to **release the COSD hold** in T2S. Then the settlement in T2S is concluded.

<sup>1</sup> Legal/business importance parameter was set to "HIGH" as the change has a positive impact onto settlement efficiency for settlement flows what are settled with use of COSD logic.

<sup>2</sup> Market implementation effort parameter was set to "LOW" as the change is optional for any COSD Administering Party.

<sup>3</sup> Operational/technical risk parameter was set to "LOW" as the change is optional for any COSD Administering Party and does not affect any SLA.

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

<sup>5</sup> This is just a sketch of the process flow. In reality, different CSDs might have chosen different implementation options.

In case the **External CSD supports partial settlement**, and the T2S CSD leg in the External CSD is enabled for partial settlement, then there might be a partial settlement confirmation in step 6, with subsequent additional partial settlement confirmations until eventually a confirmation for the remaining quantity is received.

To reflect such partial settlement in T2S, T2S should offer the functionality to apply a **Partial COSD Release**:

6. The settlement in the External CSD is **executed for a partial quantity**, and a partial settlement confirmation (e.g., sese.025 with Partial Settlement Code "PAIN") is sent to the T2S CSD.
7. This is the trigger for the T2S CSD to **partially release the COSD hold** in T2S for the quantity that has settled. Then the settlement in T2S is concluded for the partially COSD released quantity.
8. The settlement in the External CSD is **executed for another partial quantity**, and a partial settlement confirmation (e.g., sese.025 with Partial Settlement Code "PAIN") is sent to the T2S CSD.
9. This is the trigger for the T2S CSD to **partially release the COSD hold** in T2S for the additional quantity that has settled. Then the settlement in T2S is concluded for the additional partially COSD released quantity.
10. Finally, the **remaining quantity is settled** in the External CSD, and a last partial settlement confirmation (e.g., sese.025 with Partial Settlement Code "PARC") is sent to the T2S CSD.
11. This is the trigger for the T2S CSD to **fully release the COSD hold** in T2S for the remaining quantity. Then the settlement in T2S is concluded for the remaining quantity.

In other words, with partial COSD release, it will be possible to reflect partial settlement in the External CSD correctly into T2S, by partially COSD releasing the quantity that has settled externally.

In case the External CSD also supports partial release logic (in addition to partial settlement), partial release in T2S can be combined with partial release in the External CSDs, via enhanced logic to **enable partial party hold release for instructions subject to COSD**. The following process steps would be executed:

1. A COSD rule is configured to put any instruction where the External CSD is either Receiving or Delivering Depository on COSD hold.
2. On ISD, T2S applies COSD hold to the matched instructions.
3. The T2S Actor **partially releases the party hold** on the instruction subject to COSD. This can only be done for DELI instructions.
4. Once the instruction is partially released, **T2S tries to block the partially released securities quantity**. Only full blocking of the partially released quantity is supported<sup>6</sup>.
5. Once the blocking of the partially released quantity is successful, T2S informs via a sese.024 status message with CDLR reason. This is the trigger for the **T2S CSD to partially release their leg in the External CSD**.
6. The settlement in the External CSD is **executed for the partially released quantity**, and a settlement confirmation is sent to the T2S CSD.
7. This is the trigger for the T2S CSD to **partially release the COSD hold** in T2S. Then the settlement in T2S is concluded for the partially released quantity, and the remaining instruction is put back on party hold.

It should be noted that in the case above, the External CSD might only partially settle the partially released quantity. Then the same approach is applied as in the first example: only the quantity settled in the External CSD is partially COSD released:

- T2S Actor partially releases quantity q1 on the instruction subject to COSD.
- T2S blocks quantity q1, and then the T2S CSD partially releases quantity q1 in the External CSD
- The External CSD settles quantity q2 < q1.
- Then the T2S CSD partially COSD releases quantity q2 < q1 in T2S.

In summary, by enhancing T2S COSD logic with functionality to partially release instructions subject to COSD, and to apply a partial COSD release subsequently, partial settlement and partial release logic can be enabled also for settlement with External CSDs.

#### Description of requested change:

T2S Conditional Settlement logic ("COSD logic") shall be upgraded to support partial release of instructions subject to COSD, and partial COSD release:

- It shall be possible to flag COSD rule sets for partial release.
- It shall be possible to partially release from Party Hold underlying settlement instructions subject to COSD logic. In this case, T2S shall attempt to block the partially released quantity.
- It shall be possible to partially release from COSD Hold underlying settlement instructions where a (potentially partial) quantity was blocked before. In this case, T2S shall settle the partially COSD released quantity.

<sup>6</sup> The option to partially block the partially released quantity was discarded, in order to keep the logic in line with current blocking logic.

**COSD Rule Management:** a “Partial Release” flag should be enabled on COSD rule set level, to indicate whether partial release of instructions subject to COSD hold and partial COSD release shall be supported or not.

- The partial release flag will enable partial release of instruction subject to COSD, and also partial COSD release. It is only possible to enable both options, or none of them.
  - Partial Release of instructions subject to COSD will trigger the COSD blocking of a partial securities quantity only (see below).
  - Partial COSD Release will allow to reflect partial fulfilment of the external condition (e.g., partial settlement in an External CSD) correctly in T2S (see below).
- The partial release flag can only be set on COSD rule sets which block securities only. It cannot be applied on COSD rule sets which block securities and cash, cash only, or which do not block any resource.
  - In line with current partial release logic, the partial release request will refer to the securities quantity only.
- Partial Party Hold Release of instructions subject to COSD is accepted in case all COSD rule sets applying block securities, and at least one of those COSD rule sets has the partial release flag activated. In any other case, it is rejected.
- Partial COSD Release is rejected in case there is more than one COSD rule left to be released.
- Partial COSD Release can only be applied if there is only one COSD rule to be released, or if there are several COSD rules but all except one have been already released.
  - Then the configuration of this (single or remaining) COSD rule determines whether Partial Release of Instruction subject to COSD and Partial COSD Release is possible or not.
    - If the partial release flag is not ticked, partial release attempts of the instruction subject to COSD hold or of the COSD hold are rejected.
    - If the partial release flag is ticked, then partial release of instructions subject to COSD hold and partial COSD release is possible.
  - The configuration of COSD rules which were previously released is not considered in this evaluation.
  - The COSD Administering Party must ensure that the COSD rules are released in the correct order to achieve the expected outcome.
- Default logic should be that COSD rule sets are not configured for partial release. This will limit cutover impact, and shield COSD Administering Parties that do not want to benefit from this feature from the change.

**Partial Party Hold Release for instructions subject to COSD hold:** Partial Party Hold release shall be enabled for instructions subject to COSD hold., i.e.

- If the COSD rule set is enabled for partial release, then the delivering party can apply, in addition to the full release of party hold, also a partial release of party hold for a sub-quantity.
  - Currently, T2S would prevent this scenario via business rule MMRI208 “*If the quantity present in a Release Instruction is lower than the Settlement Quantity stated in the referenced Settlement Instruction, no other holds must apply neither on the referenced Settlement Instruction nor on the counterpart.*” This logic must be adjusted to enable Partial Release of Party Hold also in cases where there is still a (single) COSD hold on the instruction.
- In case of partial release of party hold, T2S shall attempt a blocking of the partially released securities quantity.
  - In line with current blocking logic, this blocking attempt shall only be done for the complete partially released securities quantity.
  - This blocking is done via an Intra-Position Movement with the partially released quantity. It can settle independent from any partial settlement window and can be attempted immediately after the partial release of the instruction subject to COSD is applied.
  - If the blocking of the partially released quantity is successful, then T2S informs the T2S Actor via sese.024 with reason CDLR, including the information about the blocked quantity.
- Once an instruction subject to COSD hold is partially released, it is not possible for a T2S Actor to put such partially released instruction back on party hold. Similarly, it is also not possible to apply another partial release request or to fully release the instruction.
  - The Party Hold remains partially released until the partially released quantity has settled (and the remaining quantity equals original quantity minus settled partially released quantity). Then the Partial Release Indicator of the instruction is set to FALSE for the Party Hold by T2S.
  - Once the instruction is back on full Party Hold, then the T2S Actor can apply another partial release request, or he can fully release the Party Hold (for the remaining quantity).
- Once an instruction subject to COSD hold is partially released, this status must not be reverted by T2S.
  - Partial Release for instruction subject to COSD which has resulted in the blocking of securities shall not be cancelled at cutoff. Instead, the partial release shall be kept.
  - Partial Release for instruction subject to COSD which doesn't result in the blocking of securities due to lack of resources, shall be cancelled at cutoff and the instruction must be put back on

- party hold.
- In addition, in case the Intra-Position Movement to block the position cannot be generated, or it is cancelled during revalidation, then T2S shall revert the partial release, and put the instruction back on party hold.
- Other conditions that could lead to cancellation of the partial release (new hold, linkage, etc.) need to be prevented by corresponding business rules.

Partial Party Hold Release for instructions subject to COSD hold serves as a trigger to block the partially released security positions, but otherwise it does not trigger any partial settlement activity on the instruction. This is only done once the partial COSD release is applied.

- It should be noted that Partial Release of Party Hold for instructions subject to COSD will never lead to any cash blocking. First, COSD rule sets which would block cash cannot be enabled for this logic. And second, to apply a partial release of party hold all COSD rule sets applying must block securities. This implies there can only be securities blocking (if there would be additional COSD rule sets with cash blocking, those could only be released after cash blocking, and this would not occur without prior release of party hold).

**Partial COSD Release of COSD blocked position:** To be able to replicate a partial fulfilment of the external condition in T2S, partial release of COSD Hold shall be enabled for the COSD administering party.

- Partial COSD release is only possible for instructions subject to COSD rules that are enabled for partial release.
- Partial COSD release can only be applied on the securities quantity.
- The securities quantity to be partially COSD released must be less or equal to the securities quantity that is COSD blocked (whereby this can be the full quantity, or a partially released quantity, or a remaining blocked quantity after a partial settlement).
- Once a securities quantity is partially COSD released by the COSD Administering Party, T2S will attempt the settlement for the securities quantity that was partially COSD released, using the COSD blocked securities positions for this purpose. T2S will unblock the quantity that was partially COSD released and conclude the settlement of the underlying instruction with this quantity. This follows the logic implemented for full settlement after COSD Release, with the only difference that it is applied now for the partially released quantity only.
  - T2S will always settle the entire quantity that was partially COSD released.
  - In case the quantity that was partially COSD released and then settled is less than the quantity that is blocked, then the blocked quantity that was not used for the settlement shall remain blocked.
- Partial COSD Release might also occur in a situation where both securities and cash were (fully) blocked before, and then the COSD rule for the cash blocking was already released, so that only the COSD rule for the securities blocking remains to be released. If a partial COSD release is applied in this case, T2S shall apply attempt the settlement for the securities quantity that was partially released, and for the cash amount corresponding to the partially released securities quantity. T2S shall use blocked securities positions and corresponding blocked cash positions for this purpose.
  - In case the securities quantity that was partially COSD released and then settled is less than the securities quantity that is blocked, then the blocked quantity that was not used for the settlement shall remain blocked. The same applies for the blocked cash amount, i.e. the blocked cash amount not used for the settlement shall remain blocked.

Settlement in T2S will be triggered by the partial COSD release, and such partial COSD releases shall be treated similarly to the standard partial release case, i.e.:

- With current T2S logic, a settlement attempt after a partial release can only occur in the next partial settlement windows. With T2S CR-827 "*T2S should submit partially released instruction to settlement independent from T2S partial settlement windows*", settlement attempts are executed immediately after the partial release. The same logic shall also apply to instructions subject to partial COSD release, i.e., they shall be attempted immediately for a first settlement attempt, independently from any partial settlement window.
- After the partially COSD released quantity was settled, the remaining instruction is on COSD hold.
- If the partially COSD released quantity was not fully settled at the cutoff, the pending partial COSD release is cancelled and the instruction is put back on COSD hold, and can be partially COSD released again on the next business day.

In summary, COSD logic shall be enhanced to support partial release in the following way:

- Partial Release of Party Hold on instructions subject to COSD triggers that the partially released quantity is blocked, thus enabling the process step to fulfil the external condition for a partial quantity.
- Once the external condition is fulfilled for a partial quantity, then partial COSD release allows to reflect this on the instructions in T2S.

---

**Submitted annexes / related documents:**


---



---

**Outcome/Decisions:**


---

- \*CRG on 3 July 2024: the CRG agreed to request the preliminary assessment of CR-0798.
- \*CRG on 13 November 2024: the CRG agreed to recommend CR-0798 for authorisation by the T2S Steering Level.
- \*AMI-SeCo on 26 November 2024: the AMI-SeCo agreed with the CRG recommendation of CR-0798 for T2S Steering Level Authorisation.
- \*CSG on 26 November 2024: the CSG agreed to authorise CR-0798.
- \*NECSG on 26 November 2024: the NECSG agreed to authorise CR-0798.
- \*MIB on 5 December 2024: the MIB agreed to authorise CR-0798.
- \*PMG on 10 December 2024: the PMG agreed to launch the detailed assessment of CR-0798 with a view of scoping in R2026.JUN.

---

**Documentation to be updated:**


---



---

**Preliminary assessment:**


---

- **Financial impact: Very High**
- **Impacted modules: DWH (tbc), CRDM, INTF, LCMM, SETT**
- **Impact on other Eurosystem Services or Projects:** No impact on other Eurosystem Services (T2, TIPS) or projects (ECMS)
- **Risk analysis:** No risks have been identified during PA
- **Findings:**

**LCMM/SETT (common understanding):**

- CoSD rules on cash and CoSD rules on BOTH (cash and securities) are out of scope. Party Hold Partial Release for instructions subject to CoSD will never lead to any cash blocking.
- CoSD rules are configured with "Partial Release flag" set to NO by default.
- The partially party hold released quantity must be fully blocked at once. It won't be blocked in partials.
- Once the securities have been blocked, the partial party hold release can't be reverted, even after the cut-off.
- The partial CoSD release for instructions fully released from party hold can be performed for cash. It will be managed through a CoSD rule on Securities with "Partial Release flag" set to YES. The cash will be unblocked and settled proportionally to the partially CoSD release quantity
- T2S will always settle the entire quantity that was partially CoSD released.
- A partial CoSD release will be cancelled at the cut-off if the transaction has not settled due to lack of cash. The securities remain blocked.

**LCMM:**
**Validation of Party Hold Partial Release of instructions on CoSD Hold:**

- A Party Hold Partial Release, where the referenced Settlement Instruction or its counterpart is on CoSD hold will be accepted if all the CoSD rules fulfilled by the transaction are CoSD rules on securities, and at least one has the flag «Partial Release» set to YES. (see related open point 2).
- A new Party Hold Partial Release of an instruction on CoSD Hold will be rejected until the current Partial Release process has finished, i.e. until the quantity partially released has settled. The rejection is done in LCMM by using the value of the Partially Party Hold Release flag which is updated via an ad-hoc Status Update flow coming from SETT.

**Validation of CoSD Partial Release:**

- Partial CoSD release will be allowed only if there is just one CoSD rule left to be released, and it is flagged as "Partial Release" Yes.
- A new partial CoSD release will be rejected until the current partial release process has finished, i.e. until the quantity partially CoSD released has settled. The rejection is done in LCMM by using the value of a new 'Partially CoSD Hold Release Flag' to be created, which will be updated via an ad-hoc Status Update flow coming from SETT.
- In a Partial CoSD Release, the quantity indicated must be equal or less than the securities position of the referenced Settlement Instruction that is CoSD blocked. This check will be performed in the SETT domain.

#### **Cancellation of the Party Hold Partial Release of instructions on CoSD Hold:**

- After the blocking of the securities has taken place, it won't be possible to cancel the partial release.
- See open point 6.

#### **Impacts in T2S**

##### **CRDM**

- Data model of Conditional Securities Delivery has to be updated including the new flag
- DMT of CoSD rule has to be updated including the new flag
- New business rules must be introduced for CoSD rule set and rule in order to allow "Partial Release" as Yes only for rule sets with "Block on Security Side" set to Yes and "Block on Cash Side" set to No.

##### **LCMM**

- The logical data model has to be enhanced to be able to identify that the settlement instruction is under partial CoSD release process.
- The existing Partial Release functionality will be adapted so that Partial Release of the Party Hold of a Settlement Instruction on CoSD Hold is allowed under certain conditions.
- The existing CoSD Instruction Release functionality will be adapted so that Partial Release of CoSD is allowed under certain conditions.
- A new sub-function will be created in order to handle the validation and the processing of all the CoSD Release Instructions that come into the Maintenance Module with the intention of partial releasing from the CoSD Hold Settlement Instructions.
- Certain BRs which apply to a regular Partial Release of the Party Hold will need to be adapted in order to allow the Partial Release of instructions on CoSD Hold.
- Certain BRs which apply to the Partial Release of Party Hold, will be extended to also apply to the Partial CoSD Release.
- Some new BRs will need to be created specifically for Partial CoSD Release.
- The flows between LCMM and SETT will need to be updated to address the new possibilities in Partial Releases.
- T2S messages need to be updated in line with the messaging aspects agreed.
- U2A screens need to be updated accordingly

#### **Messaging aspects:**

- The logic requested by CR-823 for PREL reporting will be used:
  - Status Reason PREL will be used to report partial release.
    - If reported with PRSY, the partial release has been applied to the party hold.
    - If reported alone and the hold indicator CDEL appears, the partial release has been applied to the CoSD hold.
  - The partially released quantity will be informed in the PrtlyRlsdQty field. Depending on the scenario, this can either be the quantity partially released from Party Hold or the quantity partially released from COSD hold. If two quantities are partially released (from Party and from COSD Hold), then the quantity partially released from COSD hold will be reported.

- The quantity that remains pending to settle will always be informed in the usual SttlmQty field.
- The full flow of messages will be defined in during the DA.

**SETT**

- Add CoSD partial settlement indicator on settlement transaction in logical data model
- Add CoSD partially released indicator on settlement transaction in logical data model
- Add CoSD on hold quantity on settlement transaction in logical data model
- Add CoSD on hold amount on settlement transaction in logical data model
- Add the above attributes to relevant flows
- Verify if a CoSD hold is active on the instruction in case a partial party hold release is received from LCMM.
- Check if the settled CoSD released (partially or fully) quantity is equal or lower than the CoSD blocked quantity
- Prevent cancellation of pending partial party hold release for instructions subject to CoSD hold when triggered by link, new hold, change of partial settlement indicator
- Prevent cancellation of pending party hold release (partially or fully) for instructions subject to COSD hold at cut-off.
- Cancel pending CoSD hold release (full or partial) that remains pending at cut-off (e.g. due to lack of cash) and put the released quantity back on CoSD hold.

**T2S DWH**

A potential impact for T2S DWH AE can only be verified during the detailed assessment.

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

**LCMM:**

1. In the CR it is mentioned: "It cannot be applied on COSD rules which block securities and cash, cash only, or which do not block any resource." Could you please clarify to which scenario refers the COSD rules which do not block any resource?

*Clearstream feedback: in our understanding, it is possible to configure COSD rule sets where neither cash nor securities are blocked. We are not using this option, however. When Clearstream is defining COSD rule sets, there will always be a blocked resource, either securities or cash or both. But in our understanding, the option not to block any resource exists in T2S, and could be used, therefore we mentioned it in the CR798.*

2. In the CR it says: "Partial Release of instructions subject to COSD and Partial COSD Release is rejected in case there is more than one COSD rule left to be released" but we propose to implement it slightly different: Partial CoSD Release is rejected in case there are more than one CoSD rule left to be released. Partial party hold Release of instructions subject to CoSD is accepted if at least one of the rules applying has the flag « Partial release » set to yes. In addition, all the rules applying must be on securities. In any other case, the partial release will be rejected. Could you please confirm it is ok? (Another option could be to not allow partial release of party hold for instructions subject to CoSD if any of the rules applying has the flag « partial release » set to NO, which would be more restrictive.)

*Clearstream feedback: we confirm the proposed implementation is fine.*

3. In the CR it says: *Partial Release of instructions subject to COSD and Partial COSD Release can only be applied if there is only one COSD rule to be released, or if there are several COSD rules but all except one have been already released* but it will be implemented a slightly different, in line with point 2. Partial party hold Release of instructions subject to COSD can only be applied if at least one of the rules applying has the flag « Partial release » set to yes. In addition, all the rules applying must be on securities. Partial COSD Release can only be applied if there is only one COSD rule to be released and has the flag « Partial release » set to yes. Could you please confirm it is ok?

*Clearstream feedback: Confirmed.*

4. In the CR it says: "Only in case the Intra-Position Movement to block the position cannot be generated, or it is cancelled during revalidation, then T2S shall revert the partial release, and put the instruction back on

party hold.” Could you please clarify what you mean with «cannot be generated»? Is it that the SR remains unsettled?

*Clearstream feedback: we are referring to the step where T2S generates the Intra-Positions movement to block the securities. Theoretically, this step can fail, and this theoretical scenario is what we refer to. In reality, we do not expect that this step fails, and we are not even aware in which particular configuration it could fail. So this wording refers to the theoretical case that this step fails. We are not referring to the scenario where the Intra-Position Movement remains unsettled. In this case, T2S should attempt further the settlement, e.g. in case new incoming resources become available.*

5. In the CR it says: “...And second, to apply a partial release of party hold there can be only one COSD rule to be released”. But in line with points 2 and 3, this should be “And second, to apply a partial release of party hold all the rules applying must be on securities. Could you please confirm?

*Clearstream feedback: Confirmed.*

6. If, when reaching the cut-off, the Settlement Restriction which attempts to block the securities doesn't settle due to lack of resources, what should be the expected result? Should a cancellation of the Partial Release take place following the same rules as for the current partial release (i.e. automatically cancelled at the cut-off)?

*Clearstream feedback: Confirmed, in the particular case that the attempt to block the securities was not successful at the applicable cutoff, then the partial release of party hold (of an instruction subject to COSD) can be cancelled.*

*In this particular scenario, the securities were not blocked yet, and this means that the condition for Clearstream to initiate the external activities has not been reached yet.*

*Normally, this would be the sese.024 PEND/CLDR to confirm the blocking. But in this scenario, this message was not set yet. So it should be fine to cancel the partial release, and also the pending Intra Position Movement to block the securities. The client then needs to initiate the partial release again on the next business day, similar to the existing partial release logic.*

*However, in the scenario where the securities were blocked already, and the sese.024 PEND/CDLR was already sent, then it is not possible to cancel the partial release of party hold at cutoff. Then it must be kept also during cutoff. Background is that Clearstream has initiated the external activities already based on the confirmation of the blocking (via sese.024 PEND/CDLR), and then the blocked positions must be kept and must not be reverted. Else we would have a processing issue on Clearstream side that we initiate the external activity based on the confirmation of the blocking, but this precondition is no longer given in case of cancellation of partial release of party hold.*

*So, fine to proceed as suggested in the scenario where the blocking was not successful yet, and under the assumption that we have the same understanding on the items outlined in the bullets above.*

#### **SETT:**

- In the CR it is mentioned: “The Party Hold remains partially released until the partially released quantity has **settled**. Then the instruction is put back on **full** Party Hold by T2S.”
  - With **settled**, we assume that it means that the partial release has settled on the business transaction for the released quantity. Could you please confirm this assumption?

*Clearstream feedback: Confirmed. The released quantity has settled, and the not yet released quantity is still to be settled.*

- With **full**, we assume that it is meant that the partial release indicator will be set to false, and that the remaining quantity on hold equals [original quantity - settled partially released quantity]. Is our understanding correct?

*Clearstream feedback: Confirmed.*

#### **CRDM:**

- Do we have to add the “Partial Release” flag (possible value Yes/No) in the CoSD rule? Is this intended as a flag (checkbox) in the upper part of the rule and not as a new parameter type?

*Clearstream feedback: this flag should be added on COSD rule set level, on the same level as the “block on cash side” and “block on securities side” check boxes. So indeed a check box in the upper part (and not a new parameter in the rules table).*



- For all the existing rules before the introduction of this change request, we assume that the value 'No' should be used.

*Clearstream feedback: confirmed.*

- The introduction of this flag on Rule side would cause dependency with the attributes 'Block on Security Side' and 'Block on Cash Side' of CoSD rule set. It would be also possible to add this flag at rule set level meaning that this new attribute would apply to all the rules under that rule set.

*Clearstream feedback: as clarified under point 8, the partial release flag shall be defined on COSD rule set level. Then we need validations that the partial release flag can only be ticked if "block on securities side" is ticked, and "Block on Cash side" is not ticked.*

*The flag would not be part of the parameters in the rules table, as clarified under 8.*

**Detailed assessment:**

---