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

Reason for change and expected benefits/business motivation:

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

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

PARAMETER TYPE	DESCRIPTION	CASE
…	…	…
Securities Movement Type	It specifies the type of securities movement. The exhaustive list of possible values is as follows: • DELI (deliver) • RECE (receive) • ZERO (settlement quantity is null)	1 and 2
…	…	…

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

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

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

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

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

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[1] Legal/business importance parameter was set to "MEDIUM" as the change allows more specific case 2 restrictions on securities, and thus positively impacts business operations of CSDs.
[2] Market implementation effort parameter was set to "LOW" as the change is optional for T2S Actors.
[3] Operational/technical risk parameter was set to "LOW" as the change does not introduce new features or processes. Instead, it streamlines existing processes.
[4] Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

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

Description of requested change:

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

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

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

Submitted annexes / related documents:

Outcome/Decisions:

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

Documentation to be updated:

Preliminary assessment:

Detailed assessment: