

# Clearstream Banking

## CBF Customer Announcement **SWIFT Release November 2022 –** **Partial Release Functionality** Supporting Material

August 2022

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# T2S Partial Release Request functionality

## Summary of T2S functional description

Instruction Management	Settlement Procedure	Withdrawal Process	
<ul style="list-style-type: none"> <li>- Partial release is offered only for the delivery leg (DvP, FoP, DwP) when the ISD is reached</li> <li>- The underlying instruction must exist in T2S and is flagged as eligible for partial settlement</li> <li>- The quantity of the release instructions must be lower than the quantity in the existing instruction and comply with static data for MSU<sup>1)</sup> and SUM<sup>2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>- The settlement instruction                             <ul style="list-style-type: none"> <li>- Must be pending and matched</li> <li>- Is not applicable to CoSD or any other hold indicator</li> <li>- Is not involved in linking or pooling</li> </ul> </li> <li>- The counterparty leg must allow partial settlement</li> <li>- The cut-off time is not reached</li> </ul>	<ul style="list-style-type: none"> <li>- The partial release instruction will be cancelled and set back, if                             <ul style="list-style-type: none"> <li>- A new hold applies to the underlying instruction</li> <li>- Partial settlement indicator is set to "NPAR"</li> <li>- The partial settlement was not executed until the cut-off time on settlement day</li> </ul> </li> <li>- If the counterparty instruction has a cash threshold that will not be sufficient for the quantity</li> </ul>	<p><u>Time constraints:</u></p> <ul style="list-style-type: none"> <li>- Instructions were considered for the upcoming Partial Settlement Window</li> <li>- During the NTS First and Last cycle, partial settlement was executed in "Sequence 4" and modification requests have been queued for the next applicable processing window</li> <li>- Customers acting in ICP mode, needed to consider the usual "15 minutes" lead time</li> </ul>
<p>If the validation will fail the partial release instruction will be rejected</p>	<p>If the conditions are not fulfilled the partial release instruction will be denied</p>	<p>If so, the partial release process will be cancelled and a "Party Hold" will apply</p>	

1) MSU stands for Minimum Settlement Unit  
2) SUM stands for Settlement Unit Multiple

# CBF Service Offering for Partial Release

## Functional cornerstones at a glance

- 1 The existing Partial Settlement and Hold / Release functionalities as well as the services established by CBF will remain unchanged
- 2 Partial Release requests are subject to the settlement conditions of the Partial Settlement, that is the counterparty must agree on the Partial Settlement. The instruction allowed for Partial Settlement can settle with partially quantity of the partially released quantity
- 3 Partial Release requests will be accepted by CBF for domestic and cross-border OTC instructions, non-cleared Stock Exchange instructions or instructions initiated by a CCP. The instruction must not be subject to CBF recycling process
- 4 Partial Release requests can be initiated for delivery instructions via the automated connectivity channels and Clearstream Online functionality for the next partial settlement window, if ISD has been reached and the instruction is in status "on hold"
- 5 Partial Release requests will be accepted for a single business day. The instruction can be released, after T2S reported the end of "Start of Day" until the end of the related cut-off time for the settlement instruction
- 6 If a Partial Release request cannot be (fully) executed on the business day, the Partial Release process is stopped, and the underlying settlement instruction is set "on hold"
- 7 Partial Release requests and the related status reporting are reported to the customer and the counterparty

- CBF's functional design is based on T2S User Detailed Functional Description
- Since June 2020 CBF provides the service to customers acting in ICP mode

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# CBF Service Offering for Partial Release

## Guidelines for automated connectivity channels

- 1 Delivery instructions (MT542 / MT543) must be in status "on hold" before a Partial Release request can be released. Hereby, it is irrelevant whether the hold was initially reached using the function code "PREA" or subsequently using "MT530"
- 2 Partial Release requests can be initiated via "MT530 - Transaction Processing Command", only. In "Optional Repetitive Sequence C - Additional Information" the nominal and type must be specified in field "Quantity of Financial Instrument (36B)"
- 3 The status of Partial Release requests will be reported via MT548 using the field "Status Code (25D)" with the qualifier "TPRC" for processing change command status
- 4 Settlement confirmations resulting from Partial Release requests will be created with the same logic as for standard partial settlement
- 5 CBF reports the remaining quantity using the qualifier "PEND" on ISD and "PENF" when the ISD is already in the past. For both, the reason "PREL" is shown. The remaining released quantity is added in field "Quantity of Financial Instrument (36B)"
- 6 If a Partial Release request cannot be (fully) executed until cut-off time, the "withdrawal process" will be executed. The underlying instruction is set back "on hold" and MT548 will be transmitted without indicating the remaining quantity
- 7 If T2S cancels a Partial Release request, CBF will inform about the reason. The error code that was transmitted by T2S is provided in reason narrative with the label "/ERRC"

CBF presents the information via SWIFT, MQ and File Transfer

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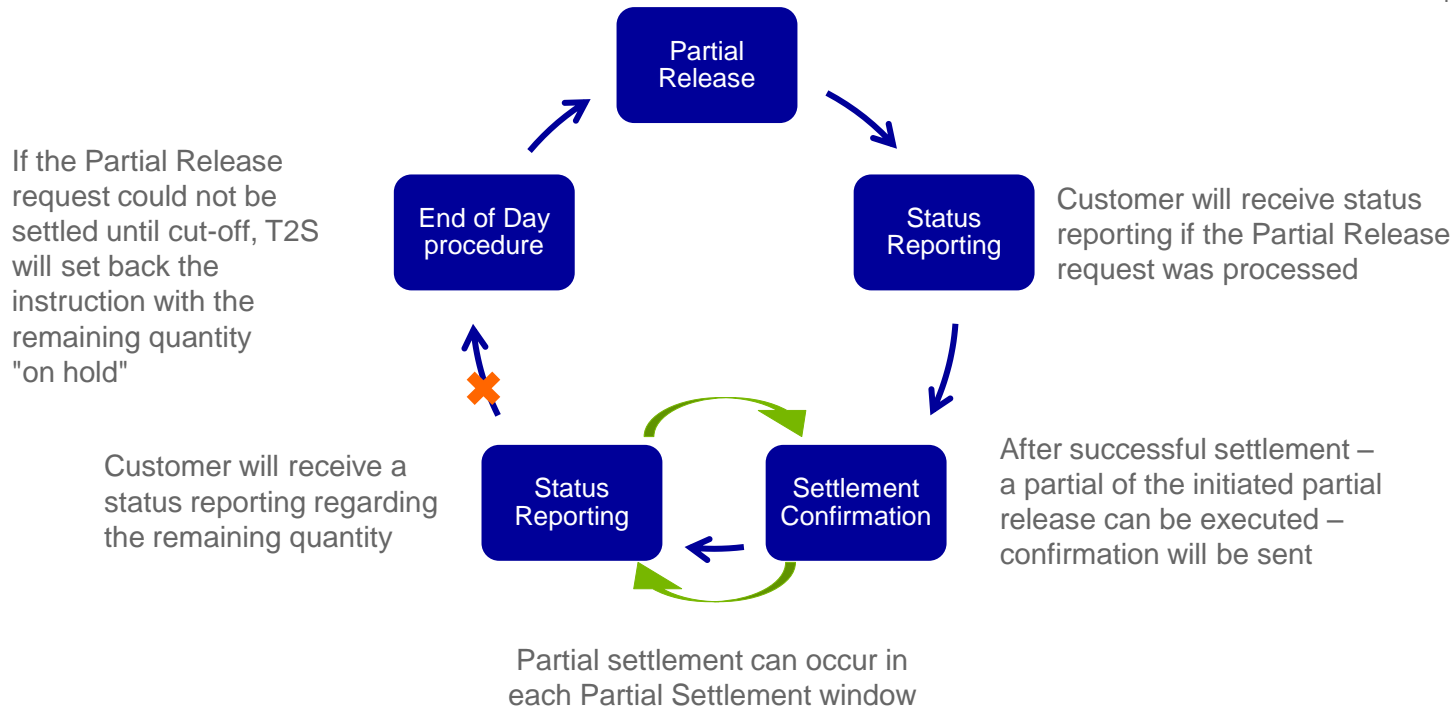
# CBF Service Offering for Partial Release

## Business flow and reporting

Based on an accepted pending instruction in status "on hold", customers can request partial release via MT530 or Clearstream Online functionality between SoD and EoD beginning with ISD

**Please note:**

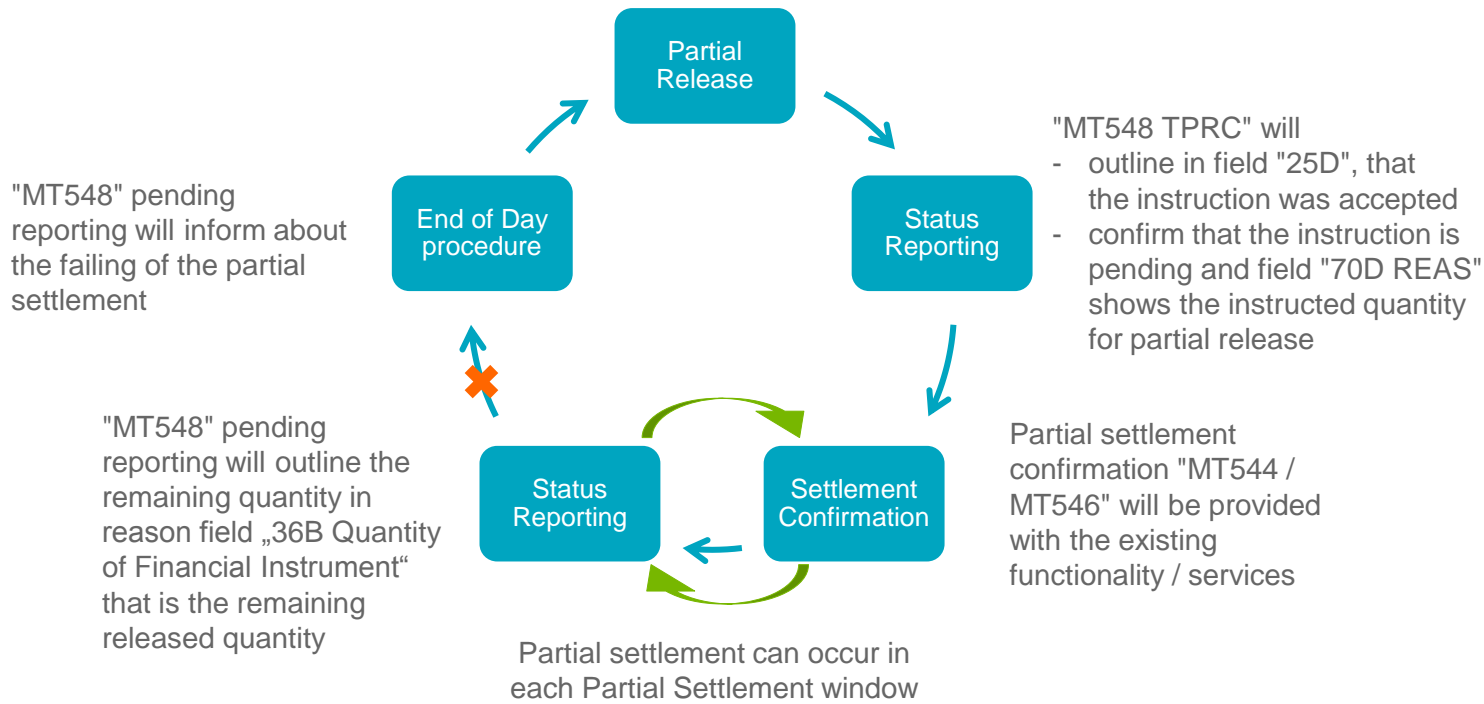
- CBF informs the customer and its counterparty about the Partial Release request and related processing



# CBF Service Offering for Partial Release

## ISO 15022 message flow as of November 2022

Based on the initial MT542 / MT543, partial release can be instructed via MT530 using "Optional Repetitive Sequence C Additional Information" defining the nominal and type in field "Quantity of Financial Instrument (36B)"



# CBF Service Offering for Partial Release

## Information about cancellation of partial release process

### T2S stops the partial release process, if

- A new hold on underlying or counterparty instruction was initiated
- A standard release of underlying instruction was provided
- The underlying or counterparty instruction is not flagged for partial settlement
- Instruction linking or pooling applies or will be requested by the customer or counterparty
- Matched partial settlement indicator is "PARC", and the released quantity is less than the quantity resulting from the cash threshold equivalent in the underlying settlement instruction

The settlement reason code is set back to "PREA/PRCY" depending on the scenario

### Usage of MT548

If "PREA / PRCY" is received for an instruction with a partial release, then the fields "partially released quantity" and "quantity remaining on hold" of instruction and counterparty instruction are initialised. MT548 will be transmitted indicating the quantity "0" using the label "/PRQT" in "70D REAS"

CBF will inform about the reason and provides in field "70D REAS" error code<sup>1)</sup> after label "/ERRC" transmitted by T2S

# Usage of Partial Release Functionality

## List of FAQs

No.	Customer's Questions	Answers by Clearstream
1	Is it possible to use all Partial Settlement windows existing during a business day for the Partial Release request?	Accepted Partial Release requests will be considered within all Partial Settlement Windows during the night time and day time processing.
2	Is it mandatory to flag an instruction as allowed for Partial Settlement before the Partial Release request can be transmitted?	Yes, there are two important prerequisites, the instruction must be set "on hold" and that "partial settlement" is allowed.
3	Will it be possible to request the Partial Release while creating the new instruction?	The instruction must first be accepted by T2S and ready for Life Cycle Management, before the Partial Release request can be initiated.
4	Which action is required by the counterparty?	In order to achieve Partial Settlement, the counterparty must have flagged the receipt instruction for partial settlement. This is a mandatory precondition. There is no need for further action by the counterparty with regard to Partial Release.
5	Is it possible to transmit several Partial Release requests at the same time of a single settlement instruction?	No, per settlement instruction one Partial Release request can be accepted. If the quantity shall be changed, the existing Partial Release request has to be withdrawn. That is, the underlying instruction has to be set "on hold".
6	Will the instruction reference used in MT530 for the Partial Release request be included in the status message of "MT548 TPRC"?	Yes, CBF reporting will include the references submitted by the customer.
7	Can a customer acting in DCP mode identify a Partial Release request set up in T2S using CASCADE functionality?	T2S does not support a copy functionality of sese.030. Hence, this information is not provided to CBF. However, status reporting provided via sese.024 is transmitted to CBF and will be considered in CASCADE instruction database
8	A Partial Release request is subject to partial settlement functionality. Is it possible to intervene in the running process?	Yes, the Partial Release request can be "reset". For example, a new hold can be sent or the partial settlement indicator can be changed to "NPAR".



