



Insights on Configuration of Restriction Types in T2S

June 2014

T2S Programme Office
European Central Bank





Scope of the Presentation

- The presentation aims to address following key questions related to restriction types in T2S
 - What are restriction types and why are they required in T2S?
 - How to setup restriction types in the T2S static data?
 - How are the various restriction types processed?
 - What are the best practices and key considerations while configuring the restriction types in T2S?



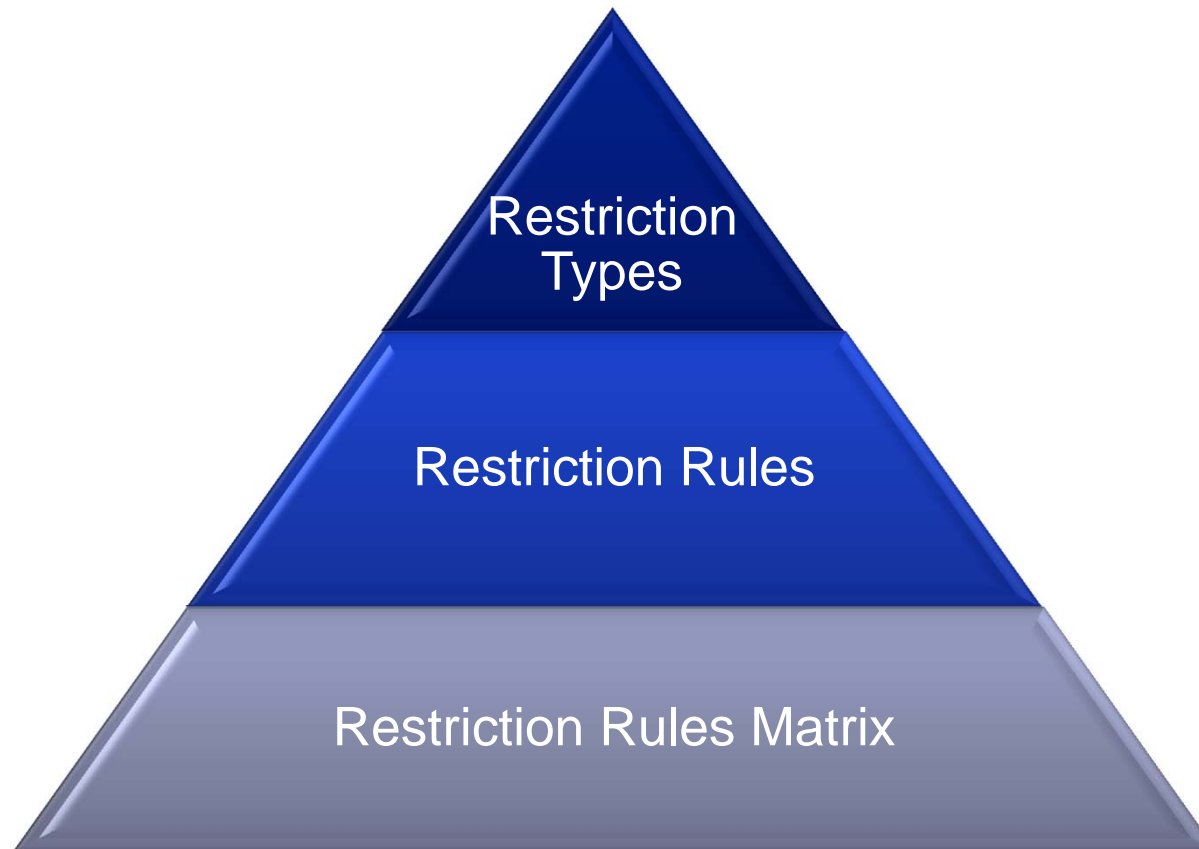
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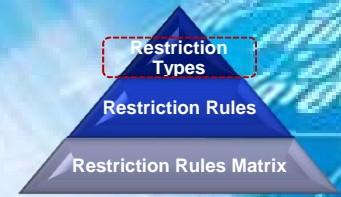
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Restriction Types in T2S

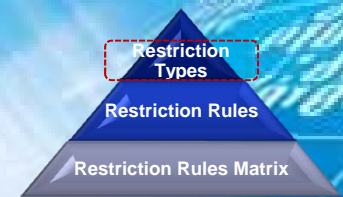
Restriction Framework in T2S





What are restriction types? Why are restriction types required in T2S?

- T2S is a lean settlement platform built with an objective to achieve harmonised securities account structures as well as harmonised validations and processing of settlement instructions
- However, T2S also support the CSDs and NCBs with the capability to provide specific validations and processing of settlement instructions to fulfil legal, regulatory and supervisory requirements in the markets that they service
- Restriction type is a tool in T2S which enables the CSDs and NCBs to define their own market specific processing requirements



Who can configure restriction types in T2S?

- CSDs, NCBs and T2S Operator can define restriction types T2S

CSD

- CSDs can define their own restriction types to support their market specific requirements
- Restriction types defined by CSDs will apply only on the objects within the scope of the CSD (e.g. securities accounts within CSDs own books, settlement instructions of its own participants)

NCB

- NCBs can define their own restriction types to support their market specific requirements
- Restriction types defined by NCBs will apply only on the objects within the scope of the NCB (e.g. T2S DCAs within NCBs own books)

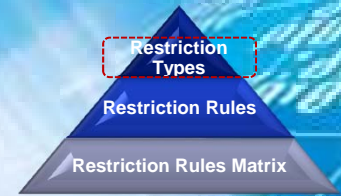
T2S Operator

- T2S Operator can define harmonised restriction types at system level
- Restriction types defined by T2S Operator will apply to all CSDs and NCBs in T2S (e.g. Restriction type for blocked securities position for conditional settlement will be same for all CSDs in T2S)



Restriction Types in T2S

Three Cases for Restriction Types



The concept of restriction types is used in T2S with reference to three different contexts

Case One

Acceptance/rejection of Settlement Instructions and Settlement Restrictions at business validation level

Case Two

Intraday restrictions on parties, securities and securities accounts, external RTGS accounts and T2S dedicated cash accounts to block settlement

Case Three

Restricted securities positions or Restricted cash balances

How are restriction types defined?

- Each restriction type is defined by the following elements:

Attribute	Description	Examples
Name	Restriction type code to identify in T2S	RT01
Description	Description of the restriction type	Rejection of settlement instruction on specific party
Object restriction type	T2S static data object to which the restriction applies	Party
Restriction processing type	Resulting action of the restriction type	Blocking
Restriction rules	A groups of parameters which specifies the criteria to check whether a restriction type has to be triggered or not	Rule to identify Instructions on "ISIN-X" and ISO transaction code "CORP"
Positive/negative parameter set	whether to apply or skip the restriction type on an object when restriction rule satisfies	Positive or Negative

What is an object restriction type?

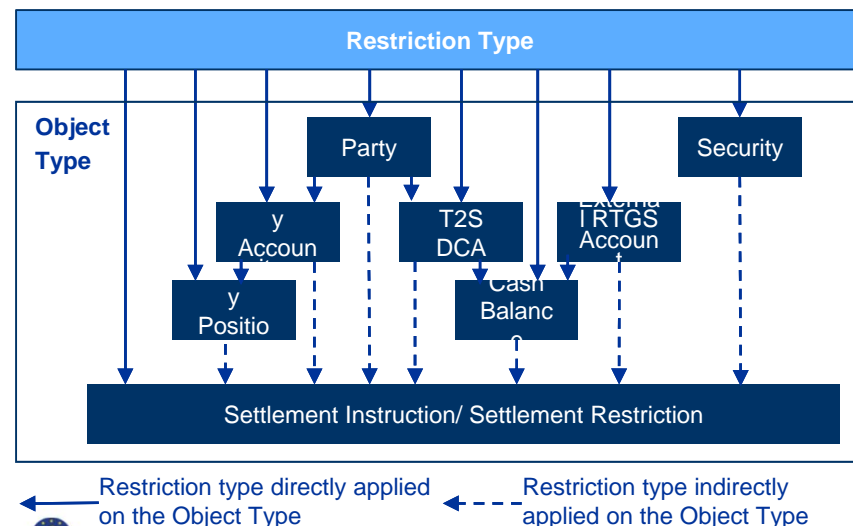
- The object restriction type specifies the **“Sphere of influence”** of the restriction type i.e. a T2S object on which the restriction type will be applied
- Various possible object restriction type are Security, Party, Security account, T2S DCA, External RTGS account, Security position, Cash balance, Settlement restriction and Settlement restriction

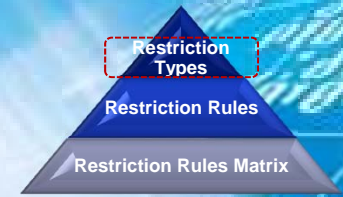
Examples: Object restriction types

1. Reject “settlement instruction” from CSD participant with ISO code CNCB

2. Block settlement on specific “security”

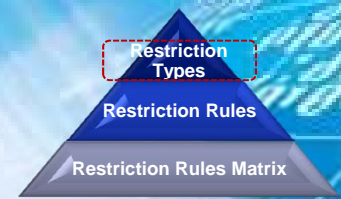
In the second example though the restriction is applied on the “Security”, it will block all the “settlement instructions” on that security





What is the restriction processing type?

- Restriction processing type implies “resulting action” of the restriction type
- Various possible resulting actions (on the applicable T2S object type) due to the restriction type are,
 - **Reject** a settlement instruction or restriction
 - **Hold** a settlement instruction automatically
 - **Block** a party, securities account, security or T2S dedicated cash account from settlement
 - **Block** a cash balance or securities position for a specific purpose
 - **Reserve** a cash balance or securities position for a specific purpose
 - **Earmark** a securities position or cash balance for a specific purpose

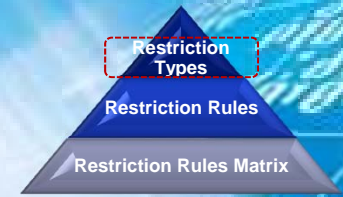


Can every “restriction processing type” be applied on all “Object type”?

- No, only certain combinations are possible, as given below

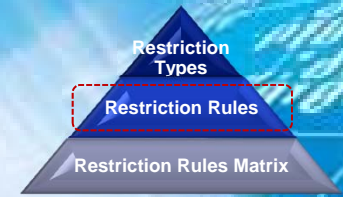
Sphere of influences		Resulting actions →				
		Rejection	CSD Validation Hold	Blocking	Reservation	Earmarking
Case One	Settlement Instruction	✓	✓	✗	✗	✗
	Settlement Restriction	✓	✗	✗	✗	✗
Case Two	Securities	✗	✗	✓	✗	✗
	Securities account	✗	✗	✓	✗	✗
	T2S dedicated cash account	✗	✗	✓	✗	✗
	External RTGS account	✗	✗	✓	✗	✗
	Party	✗	✗	✓	✗	✗
Case Three	Securities position	✗	✗	✓	✓	✓
	Cash balance	✗	✗	✓	✓	✗

Note: Restriction case two will indirectly impact settlement instructions referring to the object being blocked



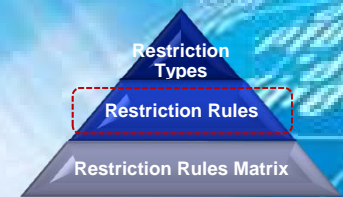
What are Negative and Positive Restriction Types ?

- Positive restriction types are used to define the conditions to apply the restriction
 - e.g. a CSD defining a positive restriction rule to reject all the instructions including the central bank operations related ISO transaction code “CNCB” sent by a CSD participant
- Negative restriction types are used to define exceptions in which no restrictions should apply
 - e.g. a CSD setting an intraday restriction on an ISIN of negative parameter with ISO transaction code “CORP” preventing settlement of any instruction on that ISIN except those related to corporate actions with ISO transaction code “CORP”



What are Market-Specific Attributes? Why are they required?

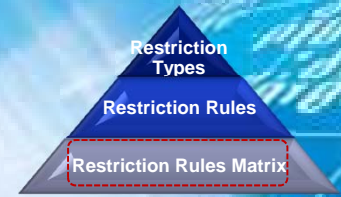
- In addition to the standard set of static data, each CSD and each CB can define its own specific attributes for its parties, and each CSD can do the same for its securities and securities accounts.
- MSAs can be used:
 - For informational purposes (and possibly to use them in other applications or processes) or
 - For the configuration of restriction types (case 1 restrictions only)



What are restriction rules?

- Restriction rules are groups of parameters which specifies the criteria that T2S uses to check whether a restriction type has to be triggered or not.
 - Rules must be defined for case 1 restrictions
 - Rules can be defined for case 2 restrictions
 - Rules can not be defined for case 3 restrictions
- Restriction rules can be defined using,
 - Standard set of T2S attributes (for Case 1 and 2)*
(e.g. security, party, ISO transaction code, etc.)
 - Market specific attributes (for Case 1 only)

* Refer Annex for the list of applicable attributes for case 1 and 2 restrictions



- A restriction rule can be defined using a single parameter of a group of parameters
- Each restriction rule has a flexibility to define one or more distinct parameter values for the group of parameters
- A restriction rule matrix defines an occurrence of a valid set of distinct parameter values, specifying the actual criteria against which the T2S validate a settlement instruction to determine if a restriction type applies

Example: Restriction Rule Matrix

Restriction rule R12345 has been defined for the parameters Party and Security with two groups of distinct values

Group 1: Party = "PartA" and Security = "ISINX" Group 2: Party = PartB and Security = "ISINY"

Rule	Valid From	Valid To	Party	Security account	Security	T2S DCA
R12345	2015-06-22		PartA		ISINX	
			PartB		ISINY	



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Case Three Restriction Types Overview

- Case three restriction type are,
 - restricted securities position within a security account and
 - restricted cash balances within a T2S dedicated cash account
- Restricted securities positions or restricted cash balances creates segregated positions and balances in securities account and T2S DCA respectively, to be used for the specific processes
- Case three restriction type can be set up and used in the instructions only from the next business day, at the earliest
- Case three restriction type can be applied on
 - “Securities position ” with processing type as “Blocking” or “Reservation” or “Earmarking”
 - “Cash balance” with processing type as “Blocking” or “Reservation”

Note : Case three restriction types can be used further to configure Case one and Case two restriction types, therefore the presentation explains the case three restriction types before case one and two.



Case Three Restriction Types

Use of Case Three Restriction Types in T2S

- CSDs and NCBs can configure the case three restriction types for the specific purposes, for example:
 - Blocked securities/cash for corporate actions processing
 - Earmarked securities for tri-party collateral management services
 - Blocked securities for registered securities processing
- T2S Operator use case three restriction types for some of the specific purposes to create the restricted securities positions or cash balances automatically including:
 - Blocked securities for Conditional Securities Delivery
 - Earmarked securities for auto-collateralisation



Case Three Restriction Types Static Data Set-up

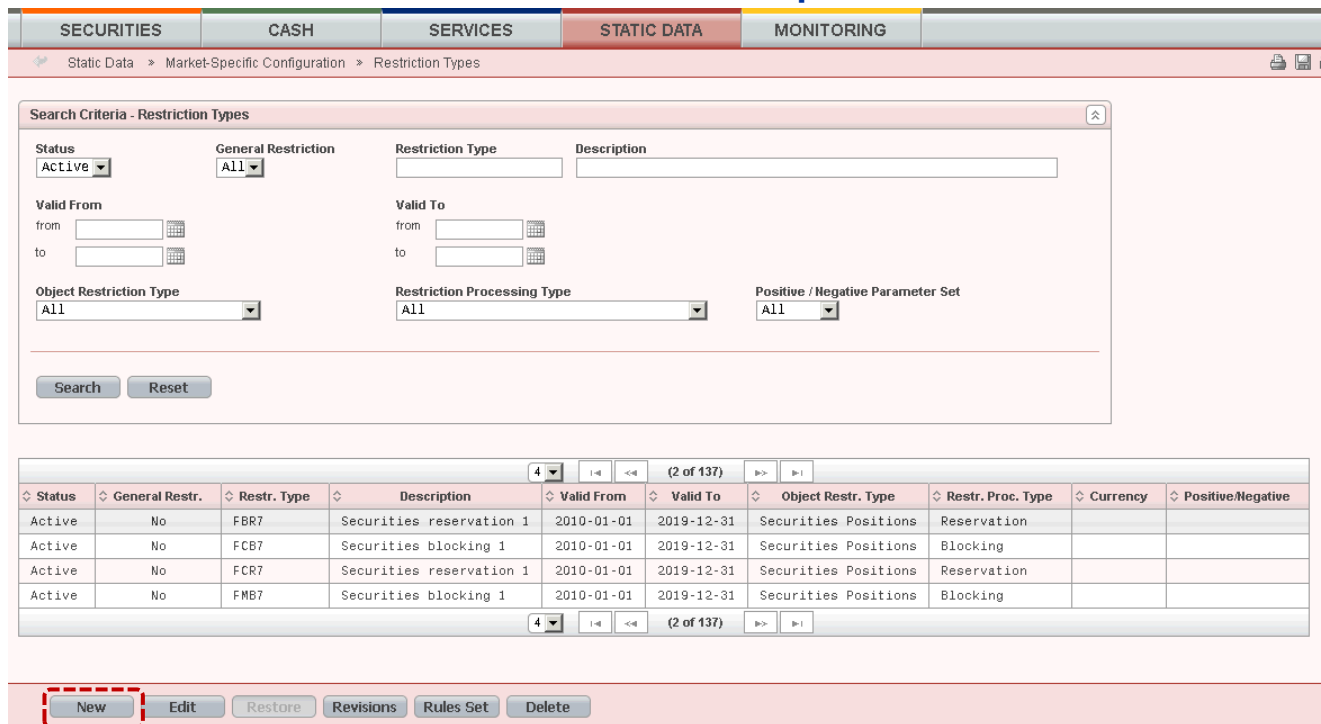
Step	T2S Actor	Action	Note	Mode
1	CSD/ NCB	Create a New Restriction Type	This action result in creation of new restriction type on securities position/Cash balance in T2S for a CSD/NCB.	U2A

Case Three Restriction Types

Configuration of Case Three Restriction Type (1/3)

Step 1a: Go to the restriction types – search/list screen: *Static Data >> Market-Specific Configuration >> Restriction Types*

UHB Screen sample



Search Criteria - Restriction Types

Status: Active | General Restriction: All | Restriction Type: | Description: |

Valid From: from: | to: | | Valid To: from: | to: |

Object Restriction Type: All | Restriction Processing Type: All | Positive / Negative Parameter Set: All

Search Reset

Status	General Restr.	Restr. Type	Description	Valid From	Valid To	Object Restr. Type	Restr. Proc. Type	Currency	Positive/Negative
Active	No	FBR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FCB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		
Active	No	FCR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FMB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		

New Edit Restore Revisions Rules Set Delete

Step 1b: Click on the new button. *The restriction type – new screen is displayed. (on next slide)*



Case Three Restriction Types

Configuration of Case Three Restriction Type (2/3)

Step 1c: Enter all mandatory information in the 'Edit Restriction Type' screen

Field name	Mandatory/ Optional	Field Description
Restriction Type	M	Enter 4 character restriction type code. CSDs/NCBs cannot use the same code which is already defined by them or T2S Operator.
Description	M	Enter the description of the restriction type to clearly identify the purpose of the restriction type
Valid from	M	Enter the date from which the restriction type is valid. The 'Valid from' date must be later than current business date.
Valid to	O	Enter the date until which the restriction type is valid. The 'Valid to' date must be later than the current business date. Its an optional field.
Object Restriction Type	M	Select any of following object restriction type from drop-down list, depending on the purpose of the case three restriction type. <ul style="list-style-type: none">• Cash balance• Securities position
Restriction Processing Type	M	Select any of following restriction processing type from drop-down list, depending on the purpose of the case three restriction type. <ul style="list-style-type: none">• Blocking• Reservation• Earmarking
Currency	O	Enter the currency linked to the restriction type. Its an optional field.
Positive/ Negative Parameter Set	M	The default value is 'Positive'.



Case Three Restriction Types

Configuration of Case Three Restriction Type (3/3)

Step 1c: Enter all mandatory information in the 'Edit Restriction Type' screen - *Example*

UHB Screen sample

Field description

Field name	Mandatory / Optional	Value
Restriction Type	M	BL05
Description	M	Cash Blocking 05
Valid from	M	2013-01-01
Valid to	O	2019-12-31
Object Restriction Type	M	Cash Balance
Restriction Processing Type	M	Blocking
Currency	O	
Positive/ Negative Parameter Set	M	Positive

In above example, BL05 is a Case 3 restriction type created to block cash balance within a T2S DCA

Step 1d: Click on the submit button. A new restriction type has been created.



Case Three Restriction Types

Processing of restriction

- The processing of Case three restriction types does not require the configuration of restriction rules in the static data of T2S.
- Processing of Case three restriction type triggers, when T2S Actor instructs T2S (via A2A or U2A), specifying a restriction type which has been already defined in the static data of T2S
 - with a Settlement Restriction to set-up, increase, and decrease a blocking and reservation
 - with a Settlement Restriction or a Settlement Instruction to set-up, increase, and decrease an earmarking
 - with a Settlement Instruction to use a blocking, reservation or earmarking

Actions on restricted Positions/Balances	Restriction Types				
	Securities Positions			Cash Balances	
	Blocking	Reservation	Earmarking	Blocking	Reservation
Set-up	semt.013	semt.013	semt.013 / sese.023	camt.066	camt.066
Increase	semt.013	semt.013	semt.013 / sese.023	camt.066	camt.066
Decrease	semt.013	semt.013	semt.013 / sese.023	camt.066	camt.066
Use	sese.023	sese.023	sese.023	sese.023	sese.023

U2A screens

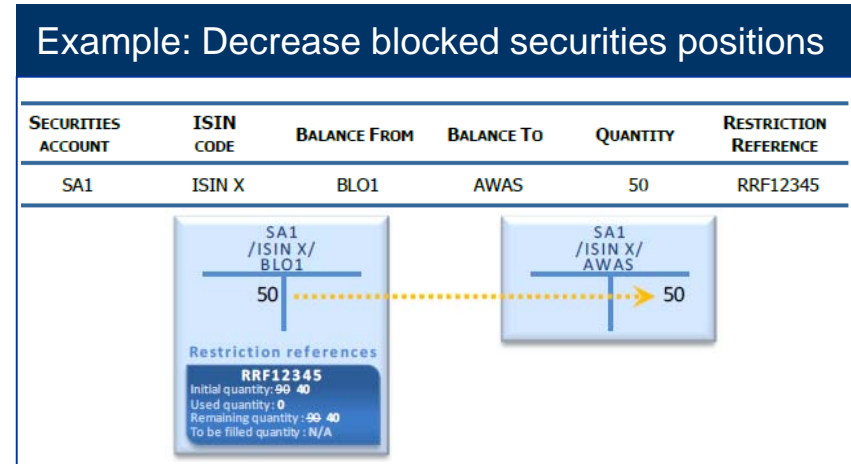
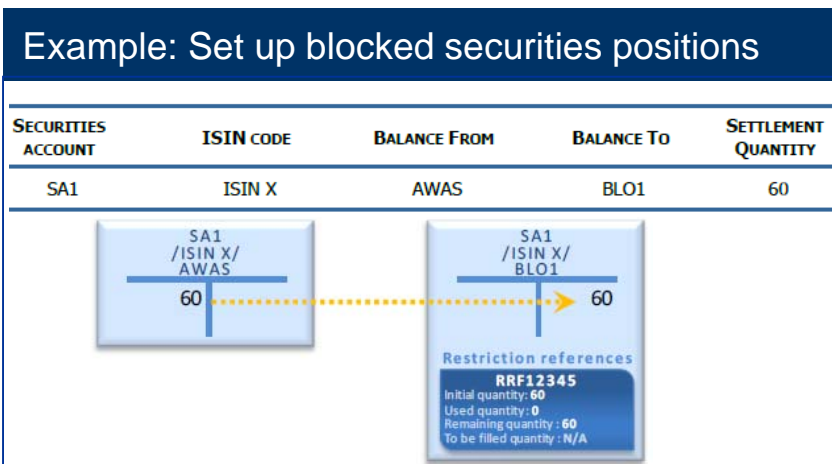
- Settlement Instructions: Securities >> Settlement >> Settlement Instruction >> *Settlement instructions new* screen
- Settlement Restriction on securities: Securities >> Settlement >> Intra-Position Movements >> *Intra position movements new* screen
- Settlement Restriction on cash: Cash >> Settlement >> Intra-Balance Movements >> *Intra-balance movements new* screen



Case Three Restriction Types

Securities Blocking Process – Set up, Increase or Decrease

- T2S Actor can set-up new blocked securities positions by instructing Settlement Restriction, specifying a restriction type for securities blocking
 - If the holding of the securities position is not sufficient to fully settle the Settlement Restriction, it cannot be settled partially and remain unsettled till recycled
 - When the Settlement Restriction is booked, T2S updates the involved securities positions and generates a new restriction reference.
 - T2S sends the restriction reference, created for the new blocking, in the settlement confirmation
- T2S Actor can increase or decrease already created blocked securities positions by instructing Settlement Restriction, specifying a restriction type and restriction reference*



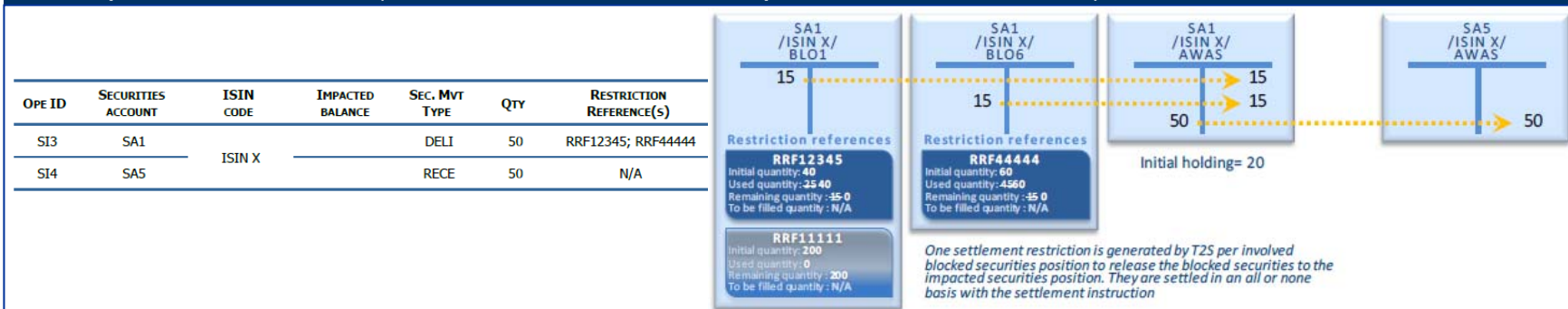
* Restriction reference cannot be deleted by T2S Actor and it can be decreased to zero if not required anymore. T2S will purge restriction references with zero securities positions periodically



Case Three Restriction Types Securities Blocking Process – Use

- T2S Actor can use already created blocked securities positions for the settlement by instructing Settlement Instructions, specifying a restriction type and restriction reference
- Direct debit
 - Use of blocked securities position without possibility to complement with other securities position
 - In this case the impacted balance indicates only the blocked securities position and all the restriction references mentioned have to belong to this single blocked securities position
- Indirect debit
 - Use of blocked securities position complemented with deliverable or earmarked position
 - In this case, all restriction references can belong to several blocked securities positions, and the securities position used for the complement has to be the deliverable securities position or an earmarked securities position

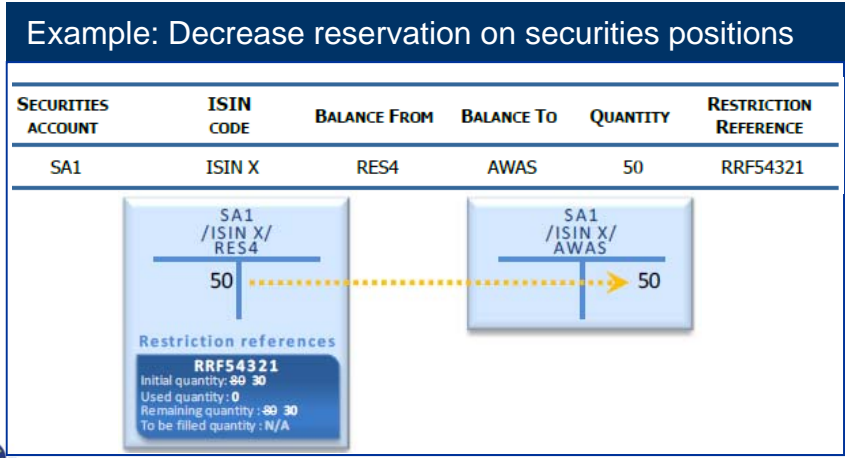
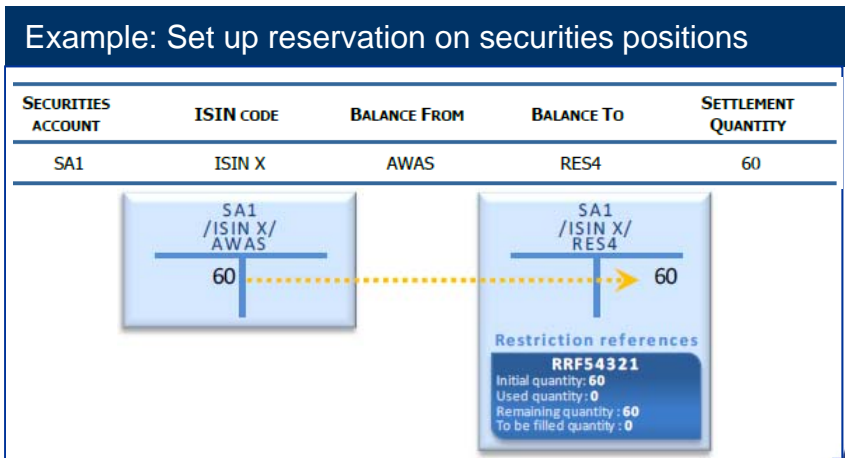
Example: Indirect debit (use of blocked securities position for settlement)



Case Three Restriction Types

Securities Reservation Process – Set up, Increase or Decrease

- T2S Actor can set-up new reservation of securities positions by instructing Settlement Restriction, specifying a restriction type for securities reservation
 - If the holding of the securities position is not sufficient to fully settle the Settlement Restriction, T2S books the available quantity as partial settlement and is complemented with future pre-emption.
 - When the Settlement Restriction is booked, T2S updates the involved securities positions and generates a new restriction reference.
 - T2S sends the restriction reference, created for the new reservation, in the settlement confirmation of the Settlement Restriction.
- T2S Actor can increase or decrease already created reservation of securities positions by instructing Settlement Restriction, specifying a restriction type and restriction reference



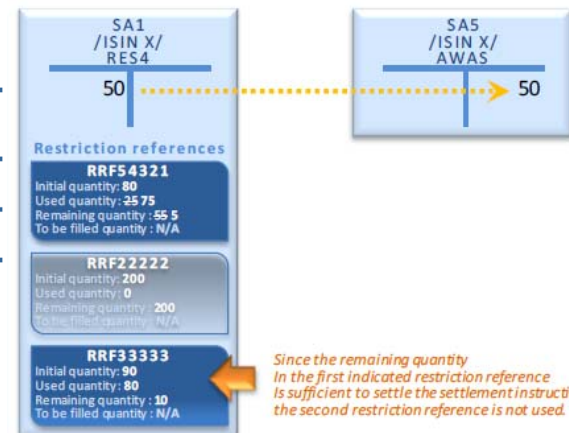
Case Three Restriction Types

Securities Reservation Process – Use

- T2S Actor can use already created reserved securities positions for the settlement by instructing Settlement Instructions, specifying a restriction type and restriction reference
- Direct debit
 - Use of reserved securities position without possibility to complement with other securities position
 - In this case the impacted balance indicates only the reserved securities position and all the restriction references mentioned have to belong to this single reserved securities position
- Indirect debit
 - Use of reserved securities position complemented with deliverable or earmarked position
 - In this case, all restriction references can belong to several reserved securities positions, and the securities position used for the complement has to be the deliverable securities position or an earmarked securities position

Example: Direct debit (use of reserved securities position for settlement)

OPE ID	SECURITIES ACCOUNT	ISIN CODE	IMPACTED BALANCE	SEC. MVT TYPE	QTY	RESTRICTION REFERENCE(S)
SI5	SA1	ISIN X	RES4	DELI	50	RRF54321; RRF33333
SI6	SA5		AWAS	RECE	50	N/A



Case Three Restriction Types

Securities Earmarking Process – Set up, Increase or Decrease

- T2S Actor can set-up new or increase earmarked securities positions by instructing Settlement Restriction or Settlement Instruction, specifying a restriction type for securities earmarking
 - If the holding of the securities position is not sufficient to fully settle the Settlement Restriction, T2S books the available quantity as partial settlement and is not complemented with a further settlement
 - When the Settlement Restriction is booked, T2S updates the involved securities positions and do NOT generate any restriction reference.
- T2S Actor can decrease already created reservation of securities positions by instructing Settlement Restriction, specifying a restriction type

Example: Set up earmarking on securities position instructing Settlement Instruction

OPE ID	SECURITIES ACCOUNT	ISIN CODE	IMPACTED BALANCE	SEC. MVT TYPE	QUANTITY
S17	SA1	ISIN X	AWAS	DELI	50
S18	SA5		EEUR	RECE	50



Example: Decrease earmarked securities position

SECURITIES ACCOUNT	ISIN CODE	BALANCE FROM	BALANCE TO	SETTLEMENT QUANTITY
SA1	ISIN X	EEUR	AWAS	50



Case Three Restriction Types

Securities Earmarking Process – Use

- T2S Actor can use already created earmarked securities positions for the settlement by instructing Settlement Instructions, specifying a restriction type
- Use of earmarked securities position includes **Direct debit only**, without possibility to complement with other securities position
- The impacted balance indicates only the earmarked securities position

Example: Direct debit (use of earmarked securities position for settlement)

OPE ID	SECURITIES ACCOUNT	ISIN CODE	IMPACTED BALANCE	SEC. MVT TYPE	QUANTITY
SI9	SA1	ISIN X	EEUR	DELI	50
SI0	SA5		AWAS	RECE	50

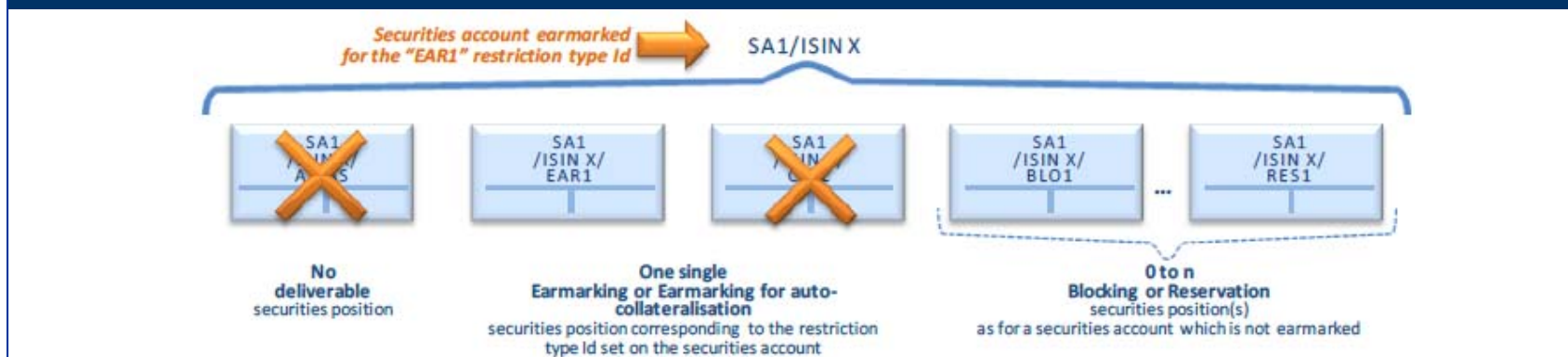


Case Three Restriction Types

Earmarking at Security Account Level

- To simplify the way to instruct its Securities Account, a T2S Actor can earmark a Securities Account at the Securities Account level
- Security account can be earmarked by instructing security account modification request (via A2A or U2A), specifying the Restriction type for Earmarking
- If earmarking is done at the securities account level for a specific purpose, it will NOT be possible to earmark securities at position level (in the same account), for a different purpose
- For a Earmarked Securities Account, all pre-existing Securities Positions related to other restriction type (deliverable or any other earmarking) cannot be used anymore

Example: Earmarking at Security Account Level





Case Three Restriction Types

Cash Blocking Process – Set up, Increase or Decrease

- T2S DCA Owner can set-up new blocked cash balance by instructing Settlement Restriction, specifying a restriction type for cash blocking
 - If the cash balance is not sufficient to fully settle the Settlement Restriction, it cannot be settled partially and remain unsettled till recycled
 - When the Settlement Restriction is booked, T2S updates the involved cash balance and generates a new restriction reference.
 - T2S sends the restriction reference, created for the new cash blocking, in the settlement confirmation of the Settlement Restriction.
- T2S DCA Owner can increase or decrease already created blocked cash balance by instructing Settlement Restriction, specifying a restriction type and restriction reference

Example: Set up blocked cash Balance

T2S DEDICATED CASH ACCOUNT	BALANCE FROM	BALANCE TO	AMOUNT
DCA1	DLVR	BLO1	60

Restriction references	
RRF12345	
Initial amount : 60	
Used amount : 0	
Remaining amount : 60	
To be filled amount : N/A	

Example: Decrease blocked cash balance

T2S DEDICATED CASH ACCOUNT	BALANCE FROM	BALANCE TO	QUANTITY	RESTRICTION REFERENCE
DCA1	BLO1	DLVR	50	RRF12345

Restriction references	
RRF12345	
Initial amount : 90 40	
Used amount : 0	
Remaining amount : 90 40	
To be filled amount : N/A	

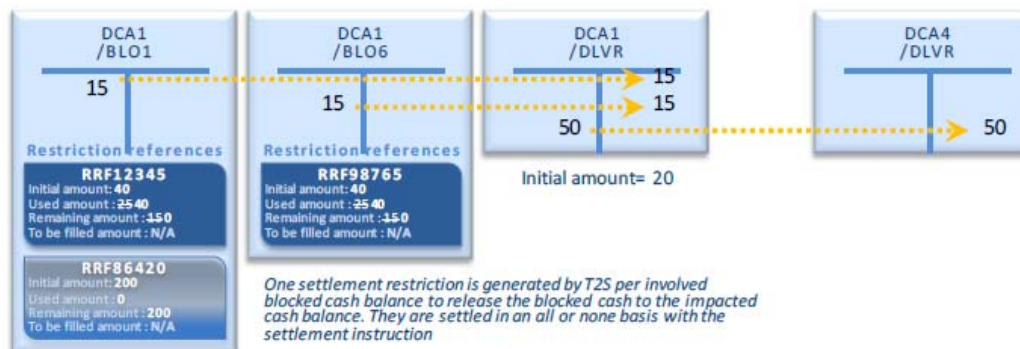
Case Three Restriction Types

Cash Blocking Process – Use

- T2S DCA Owner or Client of Payment Bank can use already created blocked cash balances for the settlement by instructing Settlement Instructions, specifying a restriction type and restriction reference
- Use of blocked cash balances includes **Indirect debit only**, which can be complemented with deliverable cash balance
- In this case, all restriction references in the settlement instruction can belong to several blocked cash balances, and it can be complemented the deliverable cash balance

Example: Indirect debit (use of blocked cash balance for settlement)

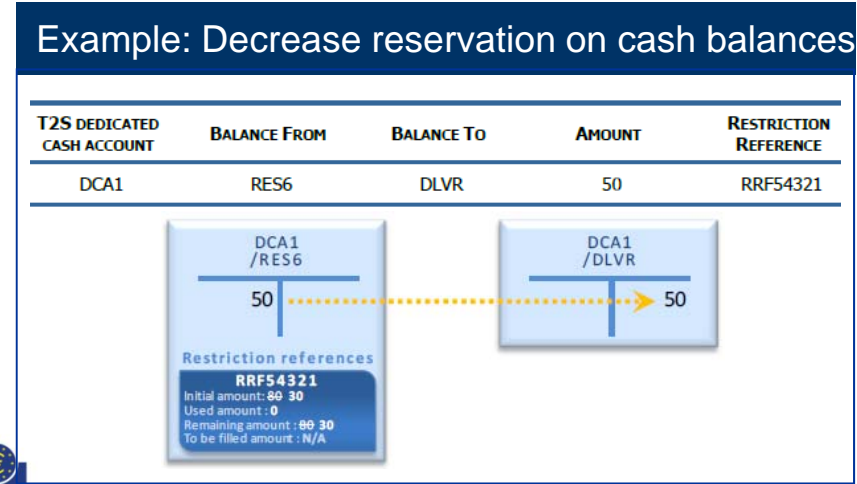
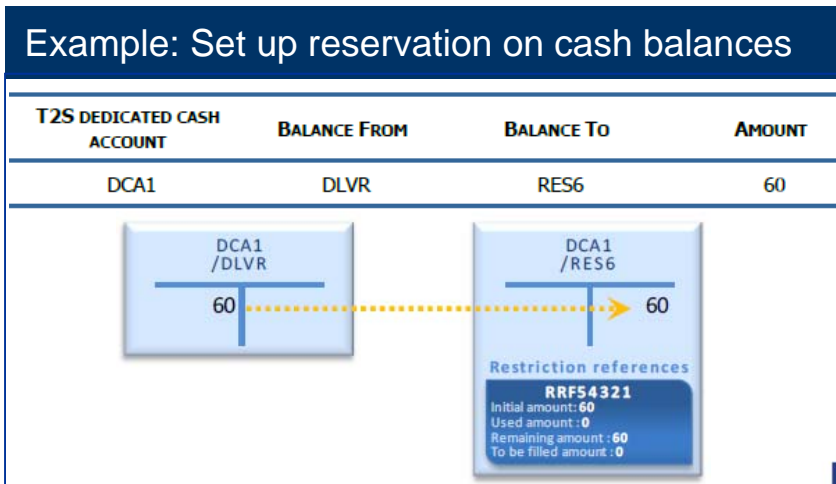
OPE ID	T2S DEDICATED CASH ACCOUNT	CREDIT/DEBIT INDICATOR	AMOUNT	RESTRICTION REFERENCE(S)
SI1	DCA 4	CRDT	50	
SI2	DCA 1	DBIT	50	RRF12345; RRF98765



Case Three Restriction Types

Cash Reservation Process – Set up, Increase or Decrease

- T2S DCA Owner can set-up new reservation of cash balance by instructing Settlement Restriction, specifying a restriction type for cash balance
 - If the cash balance is not sufficient to fully settle the Settlement Restriction, T2S books the available amount as partial settlement and is complemented with future pre-emption.
 - When the Settlement Restriction is booked, T2S updates the involved cash balance and generates a new restriction reference.
 - T2S sends the restriction reference, created for the new reservation, in the settlement confirmation of the Settlement Restriction.
- T2S DCA Owner can increase or decrease already created reservation of cash balances by instructing Settlement Restriction, specifying a restriction type and restriction reference



Case Three Restriction Types Cash Reservation Process – Use

- T2S DCA Owner or Client of Payment Bank can use already created reserved cash balances for the settlement by instructing Settlement Instructions, specifying a restriction type and restriction reference
- Use of reserved cash balances includes **Indirect debit only**, which can be complemented with deliverable cash balance
- In this case, all restriction references in the settlement instruction can belong to several reserved cash balances, and it can be complemented the deliverable cash balance

Example: Direct debit (use of reserved cash balance for settlement)

OPE ID	T2S DEDICATED CASH ACCOUNT	CREDIT/DEBIT INDICATOR	AMOUNT	RESTRICTION REFERENCE(S)
SI3	DCA4	CRDT	50	
SI4	DCA1	DBIT	50	RRF54321; RRF98765

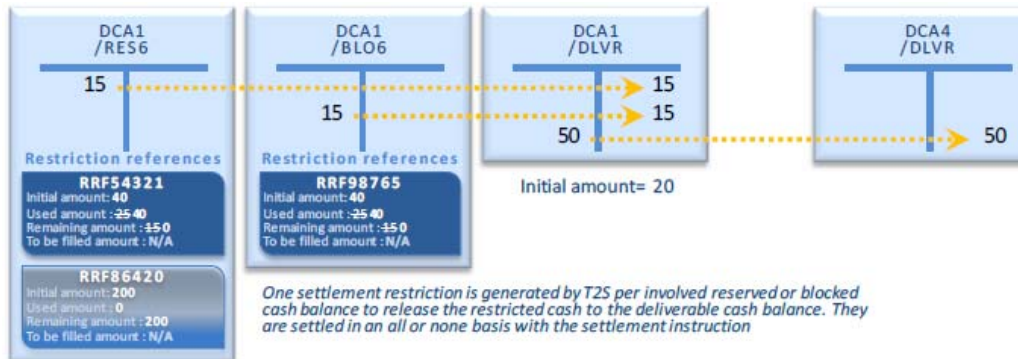




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3 Case One Restriction Type

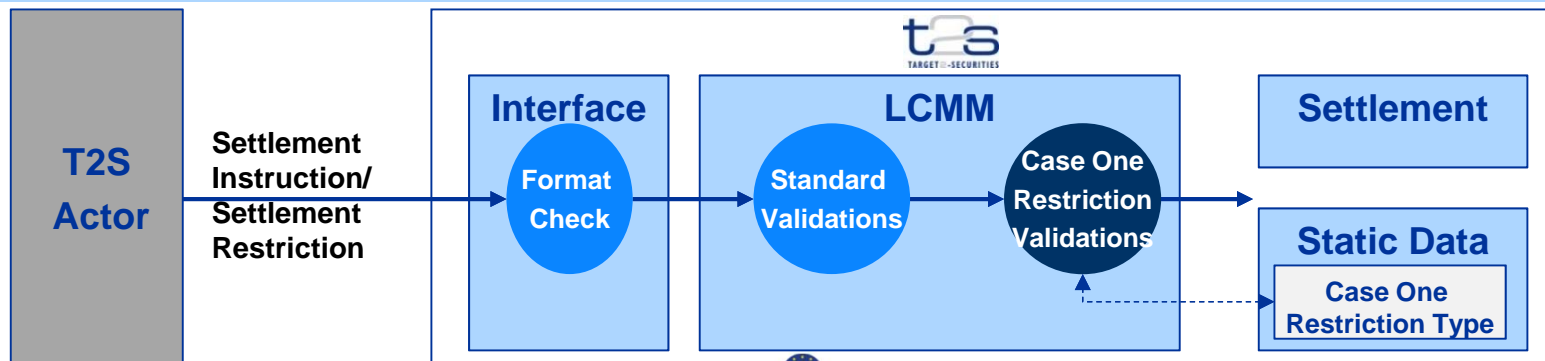
4 Case Two Restriction Type

5 Best Practices for Configuring Restriction Types

6 Annex

Case One Restriction Types Overview

- Case one restriction type are used to define market specific process validations for settlement instructions (or settlement restrictions)
 - Case one restriction types are checked during the validation of the incoming settlement instruction (or settlement restriction)
 - Case one restriction type and restriction rules can be set up from the next business day, at the earliest. Considering first to define the restriction type and then the rules, the complete set-up would require at least two days.
- Case one restriction type can be applied on
 - “Settlement instruction” with processing type as “Rejection” or “CSD Validation Hold”
 - “Settlement restriction” with processing type as “Rejection”





Case One Restriction Types

Use of case one restriction types in T2S

- CSDs and NCBs can configure the case one restriction types for specific purposes, for example:
 - Reject settlement instructions from DCPs on restricted securities such as Registered securities
 - Hold settlement instructions for particular securities due to regulatory requirements
 - Reject settlement instructions for particular party due to insolvency

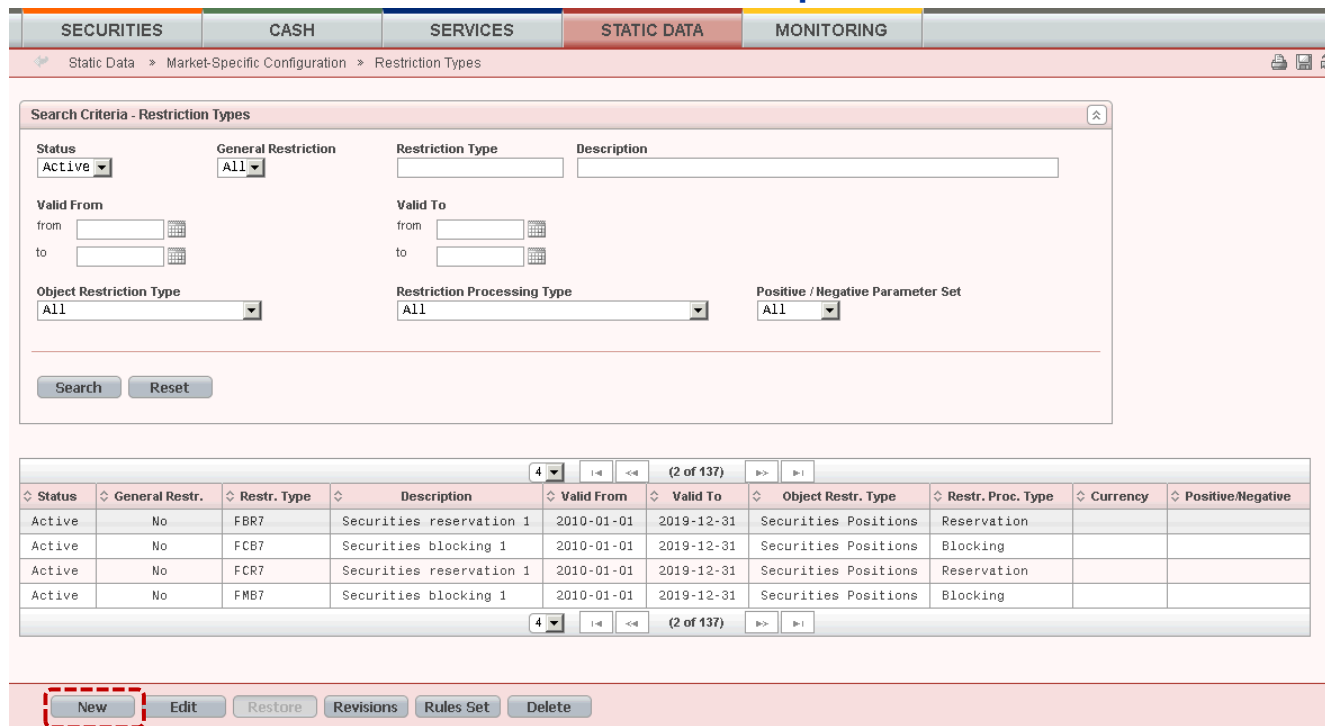
Step	T2S Actor	Action	Note	Mode
1	CSD/ NCB	Create a New Restriction Type	This action result in creation of new restriction type in T2S for a CSD /NCB.	U2A
2	CSD/ NCB	Configure a Restriction Type Rule Set	Once defined the features of the restriction type, the CSD/NCB must specify a rule set including all the criteria for the possible triggering of the restriction type	U2A

Case One Restriction Types

Step1- Configuration of Case One Restriction Type (1/3)

Step 1a: Go to the restriction types – search/list screen: *Static Data >> Market-Specific Configuration >> Restriction Types*

UHB Screen sample



Status	General Restr.	Restr. Type	Description	Valid From	Valid To	Object Restr. Type	Restr. Proc. Type	Currency	Positive/Negative
Active	No	FBR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FCB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		
Active	No	FCR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FMB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		

Step 1b: Click on the new button. *The restriction type – new screen is displayed. (on next slide)*



Case One Restriction Types

Step1- Configuration of Case One Restriction Type (2/3)

Step 1c: Enter all mandatory information in the 'Edit Restriction Type' screen

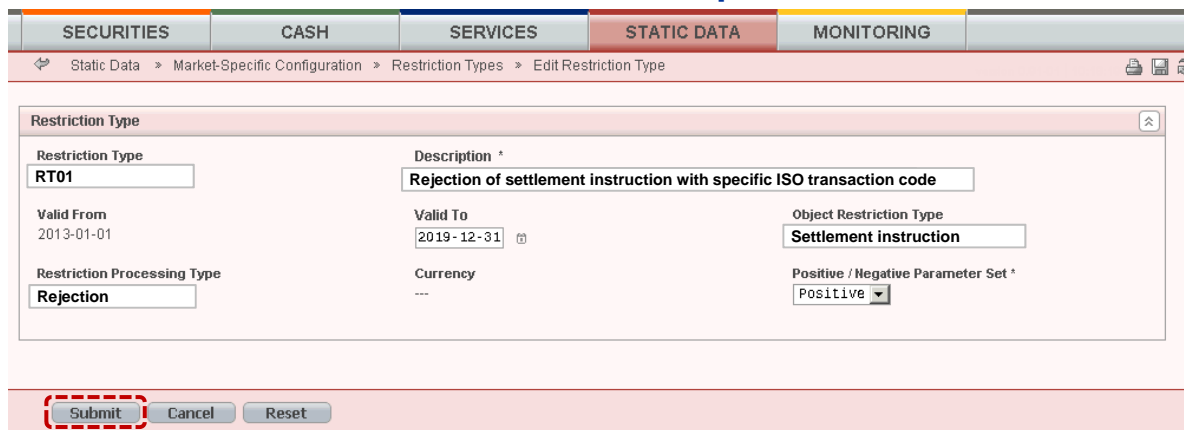
Field name	Mandatory/ Optional	Field Description
Restriction Type	M	Enter 4 character restriction type code. CSDs/NCBs cannot use the same code which is already defined by them or T2S Operator.
Description	M	Enter the description of the restriction type to clearly identify the purpose of the restriction type
Valid from	M	Enter the date from which the restriction type is valid. The 'Valid from' date must be later than current business date.
Valid to	O	Enter the date until which the restriction type is valid. The 'Valid to' date must be later than the current business date. Its an optional field.
Object Restriction Type	M	Select any of following object restriction type from drop-down list, depending on the purpose of the case three restriction type. <ul style="list-style-type: none"> • Settlement Instruction • Securities Restriction
Restriction Processing Type	M	Select any of following restriction processing type from drop-down list, depending on the purpose of the case three restriction type. <ul style="list-style-type: none"> • Rejection • CSD Validation Hold
Currency	O	Enter the currency linked to the restriction type. Its an optional field.
Positive/ Negative Parameter Set	M	Select whether the rules of the restriction type represent a positive or negative set of parameters

Case One Restriction Types

Step1- Configuration of Case One Restriction Type (3/3)

Step 1c: Enter all mandatory information in the 'Edit Restriction Type' screen - *Example*

UHB Screen sample



In above example, RT01 is a Case 1 restriction type created to reject settlement instruction with specific ISO transaction code from particular party

Field description

Field name	Mandatory / Optional	Value
Restriction Type	M	RT01
Description	M	Rejection of settlement instruction with specific ISO transaction code
Valid from	M	2013-01-01
Valid to	O	2019-12-31
Object Restriction Type	M	Settlement Instruction
Restriction Processing Type	M	Rejection
Currency	O	
Positive/ Negative Parameter Set	M	Positive

Step 1d: Click on the submit button. A new restriction type has been created.

Case One Restriction Types

Step 2- Configuration of Restriction Type Rule Set (1/3)

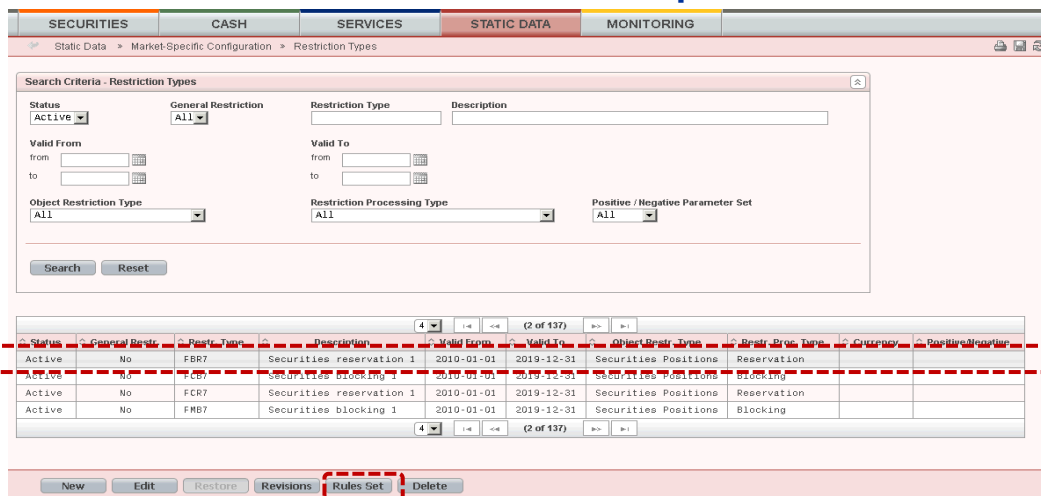
Step 2a: Go to the restriction types – search/list screen: *Static Data >> Market-Specific Configuration >> Restriction Types*

Step 2b: Enter all search criteria known to you about the restriction type for which you want to configure a restriction type rule set.

Step 2c: Click on the *search* button. A list containing the search results is displayed on the screen.

Step 2d: Select the relevant restriction type by clicking on an entry in the list.

UHB Screen sample



The screenshot shows the 'Static Data > Market-Specific Configuration > Restriction Types' screen. It features a search criteria form with fields for Status (Active), General Restriction (All), Restriction Type, Description, Valid From, Valid To, Object Restriction Type (All), Restriction Processing Type (All), and Positive / Negative Parameter Set (All). Below the form is a table with the following data:

Status	General Restr.	Restr. Type	Description	Valid From	Valid To	Object Restr. Type	Restr. Proc. Type	Currency	Restr. Detail
Active	No	FBR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FCB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		
Active	No	FCR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FMB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		

At the bottom of the screen, there is a toolbar with buttons: New, Edit, Restore, Revisions, Rules Set, and Delete. The 'Rules Set' button is highlighted with a red dashed box.

Step 2e: Click on the *rule set* button. The *restriction type rule - details* screen is displayed (on next slide)



Case One Restriction Types

Step 2- Configuration of Restriction Type Rule Set (2/3)

Step 2f: Click on the *new* button. The *restriction type rule - new* screen is displayed (on next slide)

UHB Screen sample

Navigation: Static Data > Market-Specific Configuration > Restriction Types > Restriction Type Rule Set > Restriction Type Rule Details

Restriction Type

Restriction Type	Description
RT01	Rejection of settlement instruction with specific ISO transaction code

Restriction Type Rule

Status	Restriction Type Rule	Sequence Number	Valid from	Valid to
Active	601506	1	2014-04-16	9999-12-31

Group	Securities Movement Type	Payment	Transaction Identification	Party Type (of the Account Owner)	Party Type (of the Instr. Party)	Party	Security	Matching Status	Debited Pos/Balance	Credited Pos/Balance	Securities Account	T2S DCA	Credit/Debit Indicator	Country of issuance	T2S DCA Type	Settlement Currency
a									AWAS	DLVR						

Buttons: Edit (highlighted), Restore, Revisions, Delete

Case One Restriction Types

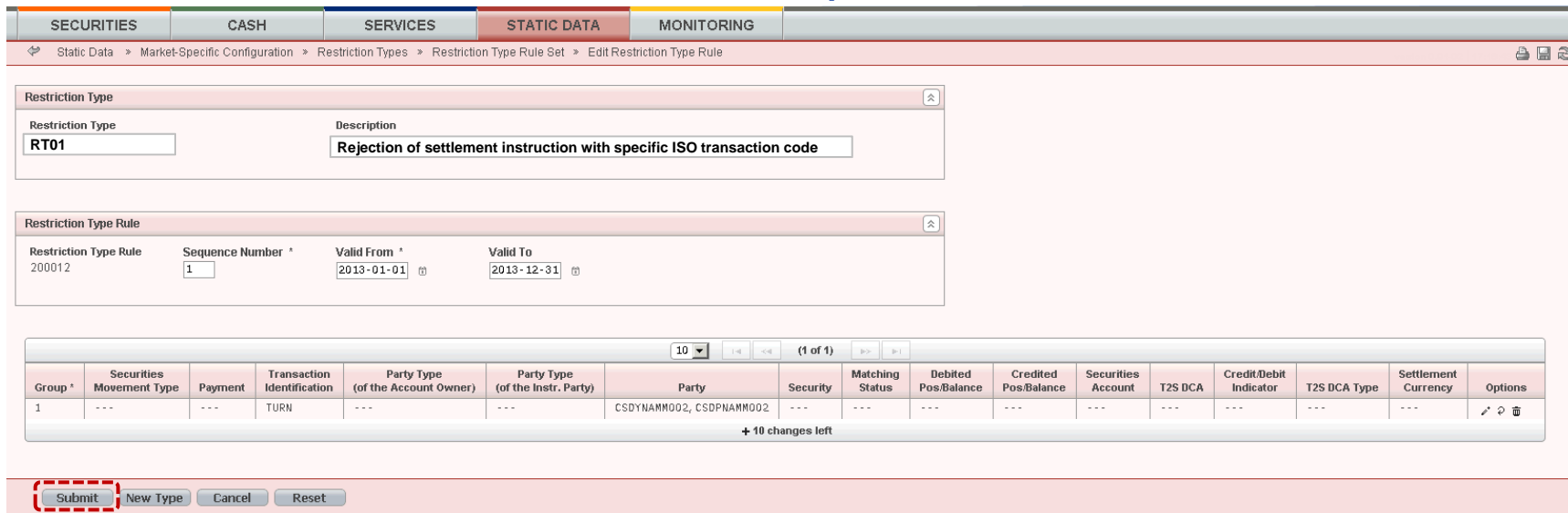
Step 2- Configuration of Restriction Type Rule Set (3/3)

Step 2g: Enter the relevant information in the 'Restriction Type Rule' frame

Step 2h: Click on the *add row* icon

Step 2i: Enter all relevant information in order to define a group

UHB Screen sample



Static Data > Market-Specific Configuration > Restriction Types > Restriction Type Rule Set > Edit Restriction Type Rule

Restriction Type

Restriction Type	Description
RT01	Rejection of settlement instruction with specific ISO transaction code

Restriction Type Rule

Restriction Type Rule	Sequence Number *	Valid From *	Valid To
200012	1	2013-01-01	2013-12-31

Group *	Securities Movement Type	Payment	Transaction Identification	Party Type (of the Account Owner)	Party Type (of the Instr. Party)	Party	Security	Matching Status	Debited Pos/Balance	Credited Pos/Balance	Securities Account	T2S DCA	Credit/Debit Indicator	T2S DCA Type	Settlement Currency	Options
1	---	---	TURN	---	---	CSDYNAMM002, CSDPNAMM002	---	---	---	---	---	---	---	---	---	

+ 10 changes left

Submit New Type Cancel Reset

- In above example, Restriction type rule 200012 is created for Case 1 restriction type RT01.
- Restriction type rule 200012 is configured with parameters ISO transaction code = TURN and Party = CSDYNAMM002, CSDPNAMM002.

Step 2j: 14. Click on the *submit* button. The new restriction type rule set has been created.



Case One Restriction Types

Processing of restrictions (1/3)

- In the context of the validations, T2S checks whether an instruction fulfils a Rejection restriction or a CSD Validation Hold restriction defined by the relevant CSD or CB involved in its settlement in the following order:

1. Rejection:

- a) Negative parameter: in case one of its rules is fulfilled, the instruction satisfies the exception, therefore it is not rejected and no subsequent checks are performed for Rejection restrictions.
- b) Positive parameter: in case one of its rules is fulfilled, no subsequent checks are performed for any restriction type and the instruction is rejected.

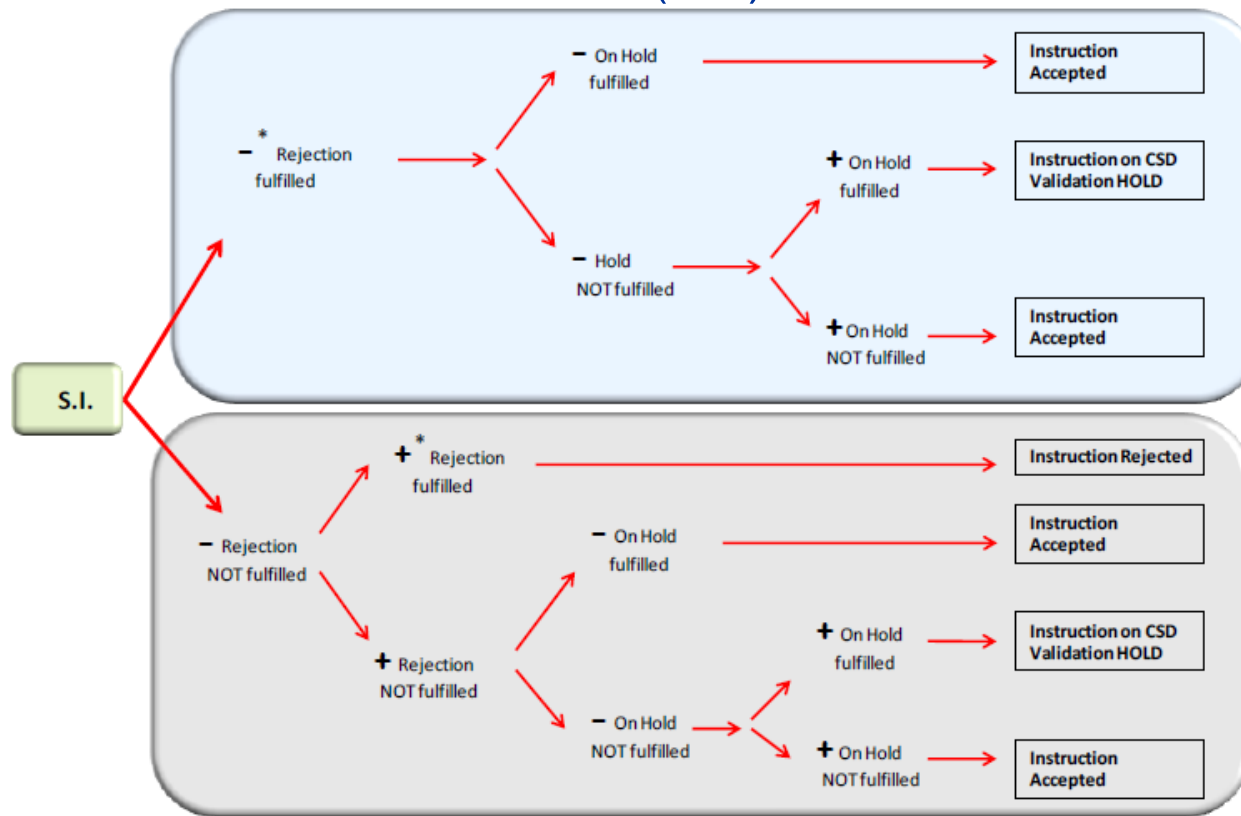
2. CSD Validation Hold:

- a) Negative parameter: in case one of its rules is fulfilled, the Settlement Instruction satisfies the exception, therefore it is not put on CSD Validation Hold and no subsequent checks are performed for any restriction type;
- b) Positive parameter: in case one of its rules is fulfilled no subsequent checks are performed for any restriction type and the Settlement Instruction is accepted on hold by setting its CSD Validation Hold status to “Yes”.

Case One Restriction Types

Processing of restrictions (2/3)

T2S follows the below sequence for checking the restrictions that apply in a Settlement Instruction (S.I.)



* - Stands for a Restriction with Negative parameter

* + Stands for a Restriction with Positive parameter



Case One Restriction Types

Processing of restrictions (3/3)

- As soon as T2S detects an applicable restriction, the validation stops and the remaining rules for of restriction types with the same object type and restriction processing type (i.e. either Rejection or CSD Validation Hold) are not verified anymore.
- The fact that negative parameters are always checked first has an impact on the way the rules need to be set-up
- T2S checks the relevant information contained either **directly** in the instruction or in Static Data retrieved from the information contained in the instruction (for MSAs) against the criteria included in the rule.
- If a restriction rule contains MSAs, an additional **indirect check** needs to be performed:
 1. T2S will extract the MSA values for the specific business objects
 2. T2S will perform validations by comparing the MSA values in the restriction rules to the MSA values of the business objects.



Case One Restriction Types

Revalidation of Instructions for the New Rules

In case of a creation of a new restriction rule, T2S revalidates the instructions as follows,

1. Creation of a new rule of a rejection restriction (positive or negative)
 - T2S revalidate Settlement Instructions and Settlement Restriction that have not already fulfilled a rejection restriction with negative value
2. Creation of a new rule of a CSD Validation Hold restriction with positive value
 - T2S revalidate Settlement Instructions that have not already fulfilled a CSD Validation Hold restriction with negative value and that are not on CSD Validation Hold
3. Creation of a new rule of a CSD Validation Hold restriction with negative value
 - T2S revalidate Settlement Instructions that have not already fulfilled a CSD Validation Hold restriction with negative value (including also those that are on CSD Validation Hold)

Note: Update or Deletion of a case three Restriction type case will also trigger revalidation of impacted settlement instructions

Case One Restriction Types

Example 1- Configuration of Case One Restriction Type (1/3)

- **Scenario: Settlement instructions fulfilling any of the below criteria should be put on CSD Validation hold**
 - The securities movement type of the instruction is “Receive” and the relevant party is either Party ABC or Party XYZ or
 - The exchanged financial instrument is identified by ISIN 1 or
 - The Instructing Party is a CSD participant and the securities movement type of the instruction is “Receive” and the payment type is “Free of Payment” or
 - The Instructing Party is a CSD participant and the securities movement type of the instruction is “Deliver” and the payment type is “Against Payment”.



Case One Restriction Types

Example 1- Configuration of Case One Restriction Type (2/3)

Step 1: Configuration of new restriction type in T2S with following details

SECURITIES CASH SERVICES **STATIC DATA** MONITORING

Static Data > Market-Specific Configuration > Restriction Types > Edit Restriction Type

Restriction Type

Restriction Type RT01	Description * This restriction applies on settlement instructions and sets the CSD validation status to "Hold" when triggered	
Valid From 2013-01-01	Valid To 2019-12-31	Object Restriction Type Settlement instruction
Restriction Processing Type CSD Validation Hold	Currency ---	Positive / Negative Parameter Set * Positive

Submit Cancel Reset



Case One Restriction Types

Example 1- Configuration of Restriction Type Rule Set (3/3)

Step II: Configuration of Restriction Type Rule Set in T2S with following details

Rule Set	Valid From	Valid To	Securities Movement Type	Payment	Transaction Identification	Party Type (of the account owner)	Party Type (of the instructing party)	Party	Security	Matching Status	Debited Position/Balance	Credited Position/Balance	Securities Account	T2S Dedicated Cash Account	Credit Debit Indicator	Country of Issuance	T2S Dedicated Cash Account Type	Settlement Currency
Rule 1	2016-04-01	2016-06-30	RECE					ABC										
			RECE					XYZ										
Rule 2	2016-04-01	2016-06-30							ISIN 1									
Rule 3	2016-04-01	2016-06-30	RECE	FREE			CSD Part											
			DELI	APMT			CSD Part											

The securities movement type of the instruction is "Receive" and the relevant party is either Party ABC or Party XYZ

The exchanged financial instrument is identified by ISIN 1

The Instructing Party is a CSD participant, the securities movement type is "Receive" and the payment type is "Free of Payment"

The Instructing Party is a CSD participant, the securities movement type is "Deliver" and the payment type is "Against Payment".



Case One Restriction Types

Example 2- Restriction Validations for Multiple Restrictions(1/2)

Restriction types defined in Static Data by CSD A



RESTRICTION TYPE	POSITIVE/NEGATIVE PARAMETER	RULES	SECURITIES MOVEMENT TYPE	INSTRUCTING PARTY	MARKET SPECIFIC SECURITIES ACCOUNT ATTRIBUTE (BOTH)	SECURITY	MARKET SPECIFIC SECURITIES ATTRIBUTE
Rejection	Negative	Rule 1	DELI		TYPE 1	ISIN X	
Rejection	Positive	Rule 2	DELI		TYPE 2	ISIN X	
CSD Validation Hold	Negative	Rule 3	DELI	CSD A	TYPE 1		STRIP
		Rule 4	DELI		TYPE 3		
CSD Validation Hold	Positive	Rule 5	DELI		TYPE 1		STRIP

Settlement Instruction sent by CSD A



	SECURITIES MOVEMENT TYPE	INSTRUCTING PARTY	SECURITIES ACCOUNT	MARKET SPECIFIC SECURITIES ACCOUNT ATTRIBUTE (BOTH)	SECURITY	MARKET SPECIFIC SECURITIES ATTRIBUTE
Settlement Instruction	DELI	Party A	ABC	TYPE 1	ISIN X	STRIP

Case One Restriction Types

Example 2- Restriction Validation for Multiple Restrictions(2/2)

- T2S verifies if any of the restrictions set by CSD A applies over the Settlement Instruction by checking whether it fulfils their restriction rules. The following table shows the result of the check

RESTRICTION TYPE	POSITIVE/ NEGATIVE PARAMETER	RULES	SECURITIES MOVEMENT TYPE	INSTRUCTING PARTY	MARKET SPECIFIC SECURITIES ACCOUNT ATTRIBUTE (BOTH)	SECURITY	MARKET SPECIFIC SECURITIES ATTRIBUTE	RESULT
Settlement Instruction			DELI	Party A	TYPE 1	ISIN X	STRIP	
Rejection	Negative	Rule 1	DELI		TYPE 1	ISIN X		✓
Rejection	Positive	Rule 2	DELI		TYPE 2	ISIN X		Not checked
CSD Validation Hold	Negative	Rule 3	DELI	CSD A	TYPE 1		STRIP	✗
		Rule 4	DELI		TYPE 3			✗
CSD Validation Hold	Positive	Rule 5	DELI		TYPE 1		STRIP	✓

The Settlement Instruction fulfils Rule 1, for Negative Rejection

As the settlement instruction already fulfils the negative Rejection restriction, and no further Rejection restrictions are checked

The Settlement Instruction does not fulfil Rule 3 and Rule 4

The Settlement Instruction fulfil Rule 5 for Positive CSD Validation Hold

The instruction is accepted with CSD Validation



Case One Restriction Types

Limitations on Usage

Following limits have been defined for maximum overall number of group of parameters for the active rule sets and distinct values for each parameter within each rule

- i. Rules: **max 5000***
- ii. Distinct parameter values per parameter type: **max 100****
- iii. The market-specific attributes(MSA) applicable for restriction types configurations : **max 10**
- iv. MSA per restriction type rule : **max 5**

Please refer T2S change request T2S_390_SYS for more details
https://www.ecb.europa.eu/paym/t2s/progress/pdf/crg/T2S_0390_SYS.pdf

* Limit of 5000 rules together for case one and case two restriction rules

** Also applicable to case two restriction rules



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2 Case Three Restriction Type

3 Case One Restriction Type

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5 Best Practices for Configuring Restriction Types

6 Annex



Case Two Restriction Types Overview

- Case two restriction type can be used to define intraday restriction on parties, securities and securities accounts, external RTGS accounts and T2S dedicated cash accounts to block settlement
 - Intraday restrictions are verified on the intended settlement day prior to settlement as part of the settlement “Eligibility check process”
 - Case two restriction types and restriction rules can be set up as valid from the next business day, at the earliest. However, the active restriction type can be applied immediately (i.e. intraday) to block settlement on relevant object
- Case two restriction type can be applied on
 - “Securities” with processing type “Blocking”
 - “Securities account” with processing type “Blocking”
 - “T2S dedicated cash account” with processing type “Blocking”
 - “External RTGS account” with processing type “Blocking”
 - “Party” with processing type “Blocking”



Case Two Restriction Types

Use of case two restriction types in T2S

- CSDs and NCBs can configure the case two restriction types for the specific purposes, for example:
 - Block settlement on securities on which corporate actions (e.g. partial redemption) are under process
 - Block settlement for particular party due to insolvency

Case Two Restriction Types

Static Data Set-up

Step	T2S Actor	Action	Note	Mode
1	CSD/ NCB	Create a New Restriction Type	This action result in creation of new restriction type in T2S for a CSD /NCB.	U2A
2	CSD/ NCB	Configure a Restriction Type Rule Set*	Once defined the features of the restriction type, the CSD must specify a rule set including all the criteria for the possible triggering of the restriction type	U2A

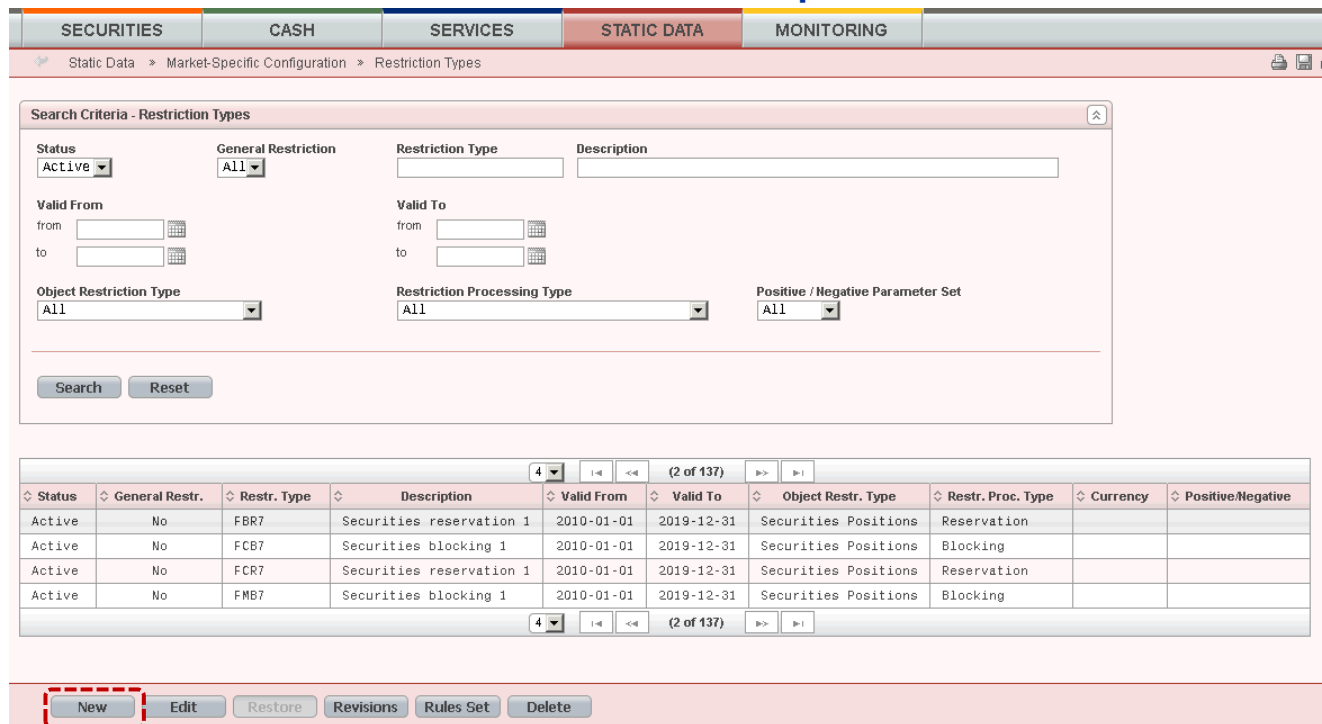
* Step 2 of configuring restriction rule set for case two restriction is optional. If CSD/NCB don't configure the restriction rule set, then all settlement instruction on the relevant object will be blocked, without any filtering.

Case Two Restriction Types

Step1- Configuration of Case Two Restriction Type (1/3)

Step 1a: Go to the restriction types – search/list screen: *Static Data >> Market-Specific Configuration >> Restriction Types*

UHB Screen sample



The screenshot shows the 'Restriction Types' search and list interface. At the top, there are tabs for SECURITIES, CASH, SERVICES, STATIC DATA, and MONITORING. The current view is 'Static Data > Market-Specific Configuration > Restriction Types'. Below the navigation is a search criteria form with fields for Status (Active), General Restriction (All), Restriction Type, Description, Valid From, Valid To, Object Restriction Type (All), Restriction Processing Type (All), and Positive / Negative Parameter Set (All). Search and Reset buttons are present. Below the form is a table with 10 columns: Status, General Restr., Restr. Type, Description, Valid From, Valid To, Object Restr. Type, Restr. Proc. Type, Currency, and Positive/Negative. The table contains four rows of data. At the bottom, there are buttons for New, Edit, Restore, Revisions, Rules Set, and Delete. The 'New' button is highlighted with a red dashed box.

Status	General Restr.	Restr. Type	Description	Valid From	Valid To	Object Restr. Type	Restr. Proc. Type	Currency	Positive/Negative
Active	No	FBR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FCB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		
Active	No	FCR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FMB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		

Step 1b: Click on the new button. *The restriction type – new screen is displayed. (on next slide)*



Case Two Restriction Types

Step1- Configuration of Case Two Restriction Type (2/3)

Step 1c: Enter all mandatory information in the 'Edit Restriction Type' screen

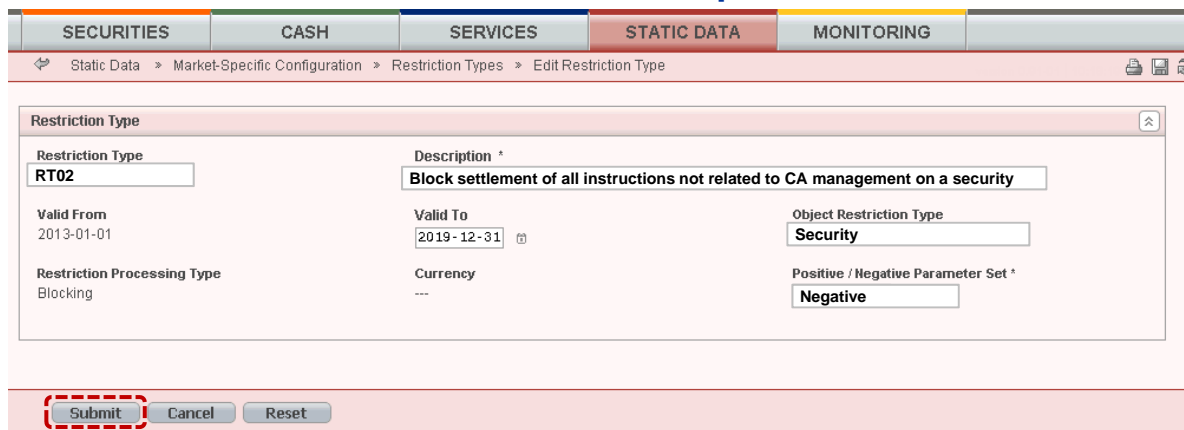
Field name	Mandatory/Optional	Field Description
Restriction Type	M	Enter 4 character restriction type code. CSDs/NCBs cannot use the same code which is already defined by them or T2S Operator.
Description	M	Enter the description of the restriction type to clearly identify the purpose of the restriction type
Valid from	M	Enter the date from which the restriction type is valid. The 'Valid from' date must be later than current business date.
Valid to	O	Enter the date until which the restriction type is valid. The 'Valid to' date must be later than the current business date. Its an optional field.
Object Restriction Type	M	Select any of following object restriction type from drop-down list, depending on the purpose of the case three restriction type. <ul style="list-style-type: none"> • Securities • Securities account • T2S dedicated cash account • External RTGS account • Party
Restriction Processing Type	M	Select any of following restriction processing type from drop-down list, depending on the purpose of the case three restriction type. <ul style="list-style-type: none"> • Blocking
Currency	O	Enter the currency linked to the restriction type. Its an optional field.
Positive/ Negative Parameter Set	M	Select whether the rules of the restriction type represent a positive or negative set of parameters

Case Two Restriction Types

Step1- Configuration of Case Two Restriction Type (3/3)

Step 1c: Enter all mandatory information in the 'Edit Restriction Type' screen - *Example*

UHB Screen sample



In above example, RT02 is a Case Two restriction type created to block settlement of all instruction not related to CA management on a security

Field description

Field name	Mandatory / Optional	Value
Restriction Type	M	RT02
Description	M	Block settlement of all instructions not related to CA management on a security
Valid from	M	2013-01-01
Valid to	O	2019-12-31
Object Restriction Type	M	Security
Restriction Processing Type	M	Blocking
Currency	O	
Positive/ Negative Parameter Set	M	Negative

Step 1d: Click on the submit button. A new restriction type has been created.

Case Two Restriction Types

Step 2- Configuration of Restriction Type Rule Set (1/3)

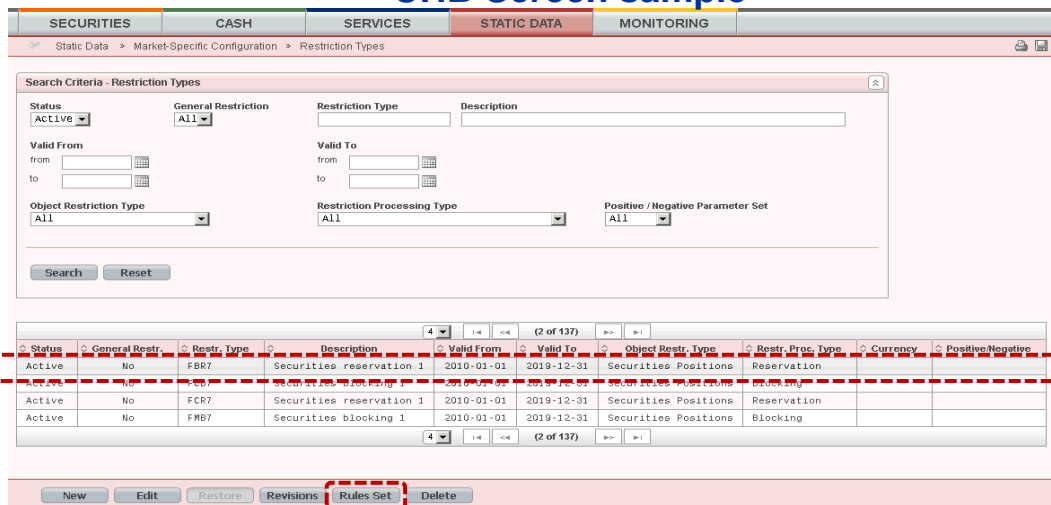
Step 2a: Go to the restriction types – search/list screen: *Static Data >> Market-Specific Configuration >> Restriction Types*

Step 2b: Enter all search criteria known to you about the restriction type for which you want to configure a restriction type rule set.

Step 2c: Click on the *search* button. A list containing the search results is displayed on the screen.

Step 2d: Select the relevant restriction type by clicking on an entry in the list.

UHB Screen sample



The screenshot shows the 'Search Criteria - Restriction Types' interface. It includes search filters for Status, General Restriction, Restriction Type, Description, Valid From, Valid To, Object Restriction Type, Restriction Processing Type, and Positive / Negative Parameter Set. Below the filters is a table with the following data:

Status	General Restr.	Restr. Type	Description	Valid From	Valid To	Object Restr. Type	Restr. Proc. Type	Currency	Positive/Negative
Active	No	FBR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FBR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FCR7	Securities reservation 1	2010-01-01	2019-12-31	Securities Positions	Reservation		
Active	No	FMB7	Securities blocking 1	2010-01-01	2019-12-31	Securities Positions	Blocking		

At the bottom of the screen, there is a navigation bar with buttons: New, Edit, Restore, Revisions, **Rules Set**, and Delete. The 'Rules Set' button is highlighted with a red dashed box.

Step 2e: Click on the *rule set* button. The *restriction type rule - details* screen is displayed



Case Two Restriction Types

Step 2- Configuration of Restriction Type Rule Set (2/3)

Step 2f: Click on the *new* button. The *restriction type rule - new* screen is displayed (on next slide)

UHB Screen sample

The screenshot shows the UHB interface with the following components:

- Navigation Tabs:** SECURITIES, CASH, SERVICES, STATIC DATA (selected), MONITORING
- Breadcrumbs:** Static Data > Market-Specific Configuration > Restriction Types > Restriction Type Rule Set > Restriction Type Rule Details
- Restriction Type Section:**
 - Field: Restriction Type (Value: RT02)
 - Field: Description (Value: Block settlement of all instructions not related to CA management on a security)
- Restriction Type Rule Section:**

Status	Restriction Type Rule	Sequence Number	Valid from	Valid to
Active	601506	1	2014-04-16	9999-12-31
- Main Data Table:**

Group	Securities Movement Type	Payment	Transaction Identification	Party Type (of the Account Owner)	Party Type (of the Instr. Party)	Party	Security	Matching Status	Debited Pos/Balance	Credited Pos/Balance	Securities Account	T2S DCA	Credit/Debit Indicator	Country of issuance	T2S DCA Type	Settlement Currency
a									AWAS	DLVR						
- Buttons:** Edit (highlighted), Restore, Revisions, Delete

Case Two Restriction Types

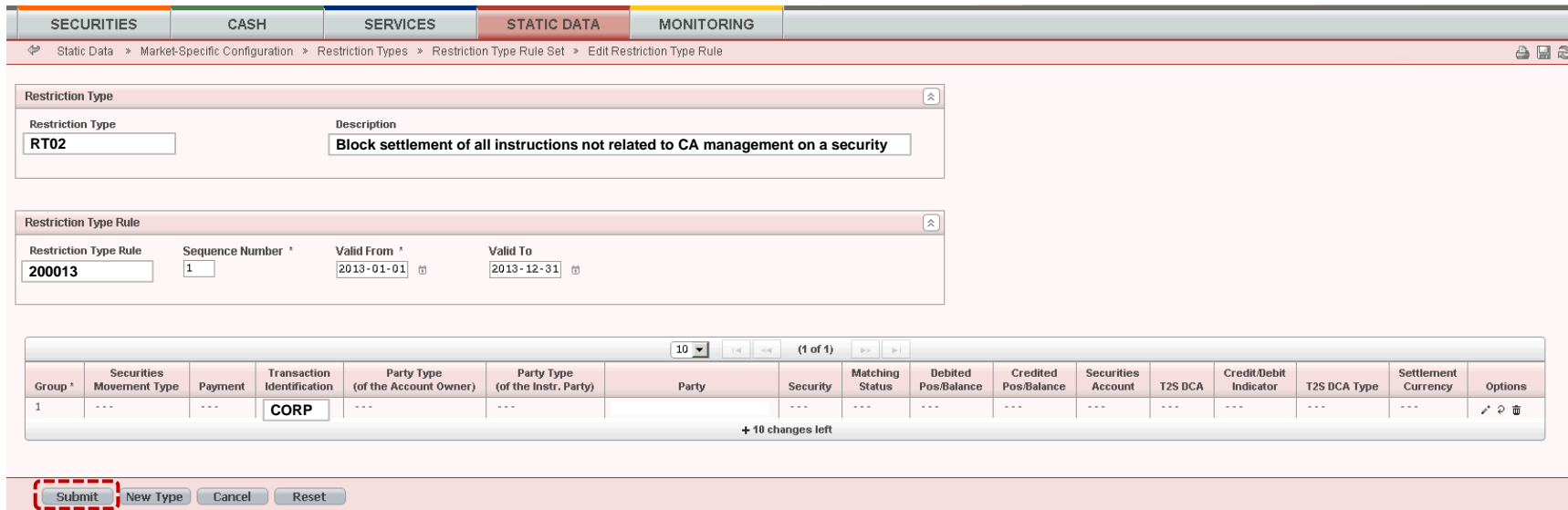
Step 2- Configuration of Restriction Type Rule Set (3/3)

Step 2g: Enter the relevant information in the 'Restriction Type Rule' frame

Step 2h: Click on the *add row* icon

Step 2i: Enter all relevant information in order to define a group

UHB Screen sample



Static Data > Market-Specific Configuration > Restriction Types > Restriction Type Rule Set > Edit Restriction Type Rule

Restriction Type

Restriction Type: **RT02** Description: **Block settlement of all instructions not related to CA management on a security**

Restriction Type Rule

Restriction Type Rule: **200013** Sequence Number: **1** Valid From: **2013-01-01** Valid To: **2013-12-31**

Group *	Securities Movement Type	Payment	Transaction Identification	Party Type (of the Account Owner)	Party Type (of the Instr. Party)	Party	Security	Matching Status	Debited Pos/Balance	Credited Pos/Balance	Securities Account	T2S DCA	Credit/Debit Indicator	T2S DCA Type	Settlement Currency	Options
1	---	---	CORP	---	---		---	---	---	---	---	---	---	---	---	

+ 10 changes left

Submit New Type Cancel Reset

- In above example, Restriction type rule 200013 is created for Case two restriction type RT02
- Restriction type rule 200013 is configured with parameters ISO transaction code = CORP

Step 2j: Click on the *submit* button. The new restriction type rule set has been created.



Case Two Restriction Types

Processing of restrictions (1/2)

- Once case two Restriction Type and Restriction Rules are set in T2S static data, the CSD must apply this Restriction Type to the specific object, in order to make it effective
- The CSD/NCB should apply intraday restriction on the relevant object by sending static data update request on the respective object via A2A or U2A (e.g. Security Maintenance Request in case of Intraday restriction on Security)
- Once applied, intraday restriction will block the settlement on the restricted object
- This blocking takes place at the level of the eligibility process, however T2S keeps on validating and matching (and possibly sending allegements for) all settlements instructions related to the restricted object
- The relevant CSD/NCB must use the same mechanism, i.e. a static data update, also to remove an intraday restriction on a given object



Case Two Restriction Types

Processing of restrictions (2/2)

- Restriction type and restriction rules can be set up and applied only from the next business day at the earliest
- Intraday restrictions can be applied or removed immediately by specifying fixed values of date time in the relevant static data update request
 - To apply an immediate restriction, the value “1000-01-01T00:01:00” shall be used as the Valid From value for the restriction.
 - To remove immediately a restriction, the value “9999-12-31T23:59:00” shall be used as the Valid To value for the restriction.
- Intraday restriction can be setup specifying a timestamp for the expiration of the restriction, then T2S attempts a recycling of all the blocked transactions just after the specified timestamp occurred, without the need for the relevant CSD/CB to remove explicitly the intraday restriction with a static data update.

Case Two Restriction Types

Example - Configuration of Case Two Restriction Type (1/2)

- Scenario: Block settlement of all settlement instructions not related to corporate actions or market claims on a security XXABCDEFGHIJ
 - The transaction identification is either “CORP” or “CLAI”

Step 1: Configuration of new restriction type in T2S with following details

SECURITIES	CASH	SERVICES	STATIC DATA	MONITORING
Static Data > Market-Specific Configuration > Restriction Types > Edit Restriction Type				
Restriction Type				
Restriction Type RTCA		Description * Block settlement of all settlement instructions not related to CA management process		
Valid From 2013-01-01		Valid To 2019-12-31	Object Restriction Type Securities	
Restriction Processing Type Blocking		Currency ---	Positive / Negative Parameter Set * Negative	
Submit Cancel Reset				



Case One Restriction Types

Example - Configuration of Restriction Type Rule Set (2/2)

Step II: Configuration of Restriction Type Rule Set in T2S with following details

Rule Set	Valid From	Valid To	Securities Movement Type	Payment	Transaction Identification	Party Type (of the account owner)	Party Type (of the instructing party)	Party	Security	Matching Status	Debited Position/Balance	Credited Position/Balance	Securities Account	T2S Dedicated Cash Account	Credit Debit Indicator	Country of Issuance	T2S Dedicated Cash Account Type	Settlement Currency	
Rule 1	2015-08-01	2015-12-31			CORP														
					CLAI														

The ISO Transaction code of the settlement instruction is either "CORP" or "CLAI"

Step III: Send Security maintenance request to apply intraday restriction

- Send reda.007 for "ISIN = XXABCDEFGHIJ", "Restriction type = RTCA"



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1. To avoid undesired outcome, CSDs should assess impact of configuration of restriction types on cross border settlement with other CSDs
2. Exercise due diligence for configuration of Negative or Positive restriction types
3. Considering limitations* on number of MSAs, CSDs should combine MSAs with a few values to optimise the usage of MSAs

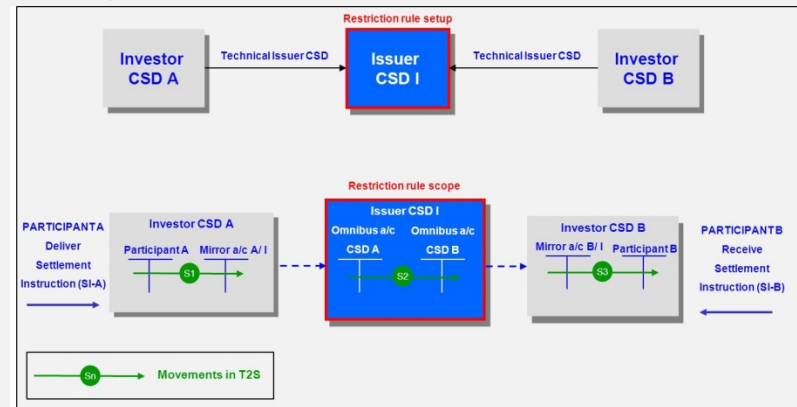
* A CSD can define maximum of 10 MSAs and use maximum 5 MSAs in a single restriction rule

Potential Issue

- Restriction rules defined by a CSD only apply within its own data scope, which also includes the omnibus accounts of the other CSDs in its books. As a result, restriction rules set up by Issuer CSD may adversely affect a transaction involving an Investor CSD

Example

- Issuer CSD I has set up case one restriction type to reject settlement instructions applies to all its accounts
- SI-A and SI-B are outside the scope of the restriction rule setup by the Issuer CSD.
- The T2S generated settlement instructions created on omnibus accounts at the Issuer CSD will be affected by the rule, which may prevent settlement of the transaction



Best Practice

- CSDs should analyse impact of configuring any restriction type on cross border settlement with other CSDs and harmonise such restriction types to avoid adverse results



Best Practices for Configuring Restriction Types

Precise usage of Negative or Positive Parameter

Potential Issue

- CSDs can configure combination of positive and negative restriction types to support different market specific processes. The processing sequence of negative and positive restriction types may create a conflict if the restriction rules for different restriction types have not been configured correctly to filter the settlement instructions.

Example

- CSD has set up restriction types for two processes as follows
Process A: RT11 (Positive restriction for Rejection)
Process B: RT21 (Positive restriction for Rejection) and RT22 (Negative restriction for Rejection)
- Settlement instruction SI-1 can fulfil both RT11 and R22 as per the defined restriction rules
- In this case a SI-1 will be accepted due to exception define by the RT22 as it will be checked first, and it will not be further checked for any applicable restriction type, which will result into ignoring the restriction type R11 with positive parameter, adversely impacting process A

Best Practice

- CSDs should analyse collective impact of restriction types with negative and positive parameter to avoid conflicting scenarios



Best Practices for Configuring Restriction Types

Combine MSAs with a Few Values

Potential Issue

- A CSD can define maximum of 10 MSAs for restriction types configurations and use maximum of 5 MSA per restriction type rule. CSDs may require a lot of MSAs with few distinct values, resulting into of need more number such attributes to be set in T2S

Example

- CSD I requires MSA on a security including information on the tax status and nationality
- Tax status and Nationality each 3 distinct values
- For a given MSA used as a parameter type in a restriction type, T2S allows setting up to 100 distinct values
- Two MSAs can be combined into a single MSA representing both attributes together

TAX STATUS	NATIONALITY	COMBINED MSA VALUE
Exempted	Domestic	Exempted-Domestic
Exempted	Foreign	Exempted-Foreign
Exempted	N/A	Exempted-N/A
Not Exempted	Domestic	Not Exempted-Domestic
Not Exempted	Foreign	Not Exempted-Foreign
Not Exempted	N/A	Not Exempted-N/A
N/A	Domestic	N/A-Domestic
N/A	Foreign	N/A-Foreign

Best Practice

- CSDs should combine different MSAs with a few possible values into one to optimize the existing process (without altering it), by reducing the number of MSAs needed for configuring restrictions, thereby “freeing up” MSAs for other usages by the CSDs.



Thank you for your attention

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Case one restriction types

Applicable Restriction Parameters

- Following table gives applicable restriction parameters for settlement instructions and settlement restrictions

SETTLEMENT INSTRUCTION / SETTLEMENT RESTRICTION	PARTY	PARTY TYPE (OF THE INSTRUCTING PARTY)	PARTY TYPE (OF THE ACCOUNT OWNER)	SECURITY	SECURITIES MOVEMENT TYPE	PAYMENT	TRANSACTION IDENTIFICATION	MARKET-SPECIFIC SECURITY ATTRIBUTE	MARKET-SPECIFIC SECURITIES ACCOUNT ATTRIBUTE	MARKET-SPECIFIC PARTY ATTRIBUTE	MATCHING STATUS	DEBITED POSITION/BALANCE	CREDITED POSITION/BALANCE	SECURITIES ACCOUNT	T2S DEDICATED CASH ACCOUNT	CREDIT DEBIT INDICATOR	COUNTRY OF ISSUANCE	T2S DEDICATED CASH ACCOUNT TYPE	SETTLEMENT CURRENCY
Settlement Instruction	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Intra-position Movement Instruction	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	Yes	Yes	Yes	No	No	Yes	No	No
Intra-balance Movement Instruction	Yes	Yes	Yes	No	No	No	No	No	No	Yes	No	Yes	Yes	No	Yes	No	No	Yes	Yes

Case two restriction types

Applicable Restriction Parameters and Objects

- Following table gives applicable restriction parameter and object restriction type for case two restriction types

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
One or more market-specific securities account attributes	No	No	No	No	No
Debited Position/Balance	No	Yes	No	No	No
Credited Position/Balance	No	Yes	No	No	No
Securities Transaction Type (Transaction identification)	Yes	Yes	Yes	Yes	Yes
Securities Account	No	No	No	No	Yes
Cash Account	No	No	No	No	Yes
Credit Debit Indicator	No	No	Yes	Yes	No
Settlement Currency	No	No	No	No	Yes
Party	Yes	Yes	Yes	No	No