EUROPEAN CENTRAL BANK

EUROSYSTEM

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:** 25/03/2024
Request title: T2S should no longer release cash restrictions related to COSD blocking at real-time closure		**Request No.:** T2S 0828 URD
Request type: Common	**Classification:** Scope Enhancement	**Urgency:** Normal
1. Legal/business importance parameter: High[1]		**2. Market implementation efforts parameter:** Low[2]
3. Operational/Technical risk parameter: Low[3]		**4. Financial impact parameter:**[4] Medium
Requestor Category: CSD		**Status:** Allocated to a Release

Reason for change and expected benefits/business motivation:

T2S COSD logic provides an efficient mechanism to manage settlement flows extending across different settlement systems such as External Settlement where External CSDs are configured as Technical Issuer CSDs.

For such flows, T2S COSD process is used to block securities or cash on a T2S SAC or DCA, which is normally the condition that must be fulfilled to trigger the external settlement activities. Once the external settlement is confirmed, the blocked positions are used to conclude the corresponding settlement in T2S.

For the cash blocking process, one additional element needs to be considered: during Real-Time Settlement Closure phase, T2S releases all cash settlement restrictions for COSD blocked cash and attempts to re-generate them on the next Business Day only. This process was needed to prepare the originally implemented "mandatory cash sweep" to put the cash balance on a DCA to zero prior to T2S EOD.

Until the COSD related cash blocking is re-generated on the next BD, it is no longer ensured that settlement on T2S can be concluded in case external settlement is confirmed. To avoid processing issues, CSDs must implement a complex and cumbersome deadline management process to avoid that any External Settlement is executed during such phases.

With T2S CR-0709 "*Make the mandatory automated cash sweep at 17:45 optional, produce general ledger file and automatically rebook failed liquidity transfers to original DCA*", it is now possible to keep cash balances on T2S DCAs during T2S EOD.

This new option shall be used to deactivate the process to release all cash settlement restrictions for COSD blocked cash during Real-Time Closure phase, and instead to keep such COSD blocked cash on the DCA during T2S EOD.

If T2S will then block cash via the T2S COSD process, it is continuously ensured that this cash can be used to conclude the settlement on T2S after the external settlement was confirmed. This streamlines external settlement processes at CSD level, and it will have a positive impact on settlement efficiency and penalties.

[1] Legal/business importance parameter was set to "HIGH" as the change has a positive impact onto settlement efficiency for external settlement flows.
[2] Market implementation effort parameter was set to "LOW" as the change does not require implementation efforts on the T2S Actor's side.
[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

Description of requested change:

COSD blocked cash balances shall no longer be automatically released by T2S. Instead, they shall be kept on the DCA at EOD at T2S, so that they remain available to secure settlement of the instructions subject to COSD.

The change should be applicable both for euro and non-euro T2S currencies[5], in a configurable way. A new attribute domain or another configuration tool, configured by the T2S Operator, should be implemented to allow for non-euro NCBs, providing their currency for CeBM settlement on T2S, to decide whether COSD blocked cash restrictions shall remain on the DCA during T2S EOD, until they are eventually released by the COSD Administering Party via the COSD Release process.

This configurable functionality will make possible that if a non-euro currency is not migrated to T2 and needs to mandatorily sweep the cash at EOD back to their RTGS system, the CoSD blocking balances are still released at EOD. With this approach, any new NCB migrating a currency to T2S will be able to take full benefit of this functionality without any software change in T2S.

EOD Cash Management

T2S EOD Cash Management Process shall be adjusted to exclude COSD blocked cash balances from the process "*Release of un-used cash Settlement Restriction*" that is executed during real-time settlement closure.

- During Real-Time Settlement Closure, T2S shall no longer release cash restrictions for COSD blocked cash balances.
- Instead, the COSD blocked cash restrictions shall remain on the DCA during T2S EOD, until they are eventually released by the COSD Administering Party via the COSD Release process.
- COSD blocked cash restrictions shall also be excluded from the optional cash sweep. If such end-of-day Liquidity Transfer is configured, the LT shall not consider any COSD blocked cash balance.
- The process where T2S regenerates the equivalent COSD blocked cash Settlement Restrictions for the next settlement day is no longer needed and shall be dropped as well.

Cancellations

In case of cancellations, same logic applies as currently:

- In case the instructions subject to COSD are cancelled, T2S decreases the blocked position/balance automatically.
- Only in case a COSD rule applies on a T2S generated realignment, then T2S does not automatically decrease the blocked position/balance. Decreases of the COSD blocking are handled later by the CSD or the NCB managing the accounts where resources are blocked. CSD and NCB gather the agreement of all involved administering parties before instructing the decrease with Settlement Restrictions.

This logic is not affected by the change of EOD Cash Management logic requested above.

However, if cancellations of instructions with a COSD rule on a T2S generated realignment occur between DVP cutoff and start of NTS on the next business day, then there is no need for the NCB to manage the decrease of the blocked balance, since by design, at the time of the cancellation, the blocked cash balance is zero anyway . In the future this is no longer the case, since COSD blocked cash balances are no longer released after DVP cutoff, and NCBs would need to manage the decrease of the blocked cash balance in such (rare) cases.

Revalidation logic

In case the revalidation of one of the settlement instructions subject to COSD fails (e.g., in case of change of default DCA due to business rule SPRC008 "*Business Instruction is cancelled because the Default Cash Account has changed, and the business instruction is under CoSD process*"), then T2S cancels all instructions of the COSD group.

- The decrease of COSD blocking related to cancelled Settlement Instructions is handled later by the CSD and the NCB managing the accounts where resources are blocked after the agreement of all involved administering parties.

Today, this case can occur for ad hoc revalidations, but it cannot occur for revalidation at change of business day, as today all blocked balances are released prior to change of business day.

In the future, COSD blocked cash balances are kept at change of business day, and in case T2S cancels the underlying settlement instructions during revalidation, then NCBs would need to manage the decrease of the blocked cash balances in such additional cases.

[5] It should be noted that for DKK, the change should also be implemented but only after the implementation of T2S-0794-SYS 'T2S settlement day processes for DKK'.

Impact of T2S Change Requests CR-0813

This change request was raised to sweep any remaining cash from a DCA at EOD if the DCA was closed. It is assumed that this would also apply to COSD blocked cash balances, should they still exist on such a DCA.

In such very rare and exceptional cases, the COSD blocked cash balances shall be transferred to the NCB without change of position type, and the NCB would need to manage the decrease of the blocked cash balances in agreement with the COSD administering parties.

It is assumed that such scenarios should be extremely rare, as the NCBs would normally align with the COSD Administering Parties well in advance when the closure of a DCA is planned and there are still COSD blocked cash balances on the DCA.

Impact on Monetary policy operations.

Due to the fact that CoSD blocked balances will not be freely available for the NCBs and PBs at Real Time Closure Period anymore, an impact on the monetary policy processes has been identified since these balances should be excluded from the calculation of Minimum Reserves and from Automatic Marginal Lending processes.

For this purpose, all the CoSD blocked balances should be reported within the general ledger file sent to T2-CLM at EOD.

In order to cope with this impact, the T2-CR-153 has been raised and will need to be implemented together with T2S-0828-URD.

Out of the scope of this change request.

The release of other unused cash restrictions, such as blocking, and reservation are outside of the scope of this change request.

Submitted annexes / related documents:

T2S-0813-SYS Cash Sweep for closed accounts with remaining Liquidity (europa.eu)

Outcome/Decisions:

*ECB on 25 March 2024: the ECB team checked the completeness of the CR template, assigned change request number CR-0828 and informed the CR initiator.
*CRG on 28 November 2024: the CRG agreed to launch the preliminary assessment of CR-0828.
*CRG on 20 May 2025: the CRG addressed the questions raised by 4CB in the preliminary assessment and agreed to recommend CR-0828 for Steering Level authorisation. The CRG agreed to raise an action point to update the scope of CR-0813 so that it covers the future situation once CR-0828 is implemented.
*CSG on 28 May 2025: the CSG agreed to authorise CR-0828.
*NECSG on 28 May 2025: the NECSG agreed to authorise CR-0828.
*AMI-SeCo on 28 May 2025: the AMI-SeCo agreed with the CRG recommendation of CR-0828 for T2S Steering Level Authorisation.
*MIB on 2 June 2025: the MIB agreed to authorise CR-0828.
*PMG on 28 May 2025: the PMG agreed to request the detailed assessment of CR-0828 in view of R2026.JUN.
*CRG on 23 September 2025: the CRG agreed to recommend to the PMG the inclusion of CR-0828 in the scope of R2026.NOV.
*OMG on 23 September 2025: the OMG identified no operational impact from the implementation of CR-0828 with R2026.NOV.
*PMG on 23 September 2025: the PMG agreed to recommend the inclusion of CR-0828 in the scope of R2026.NOV, subject to a positive CRG recommendation.
*CSG on 02 October 2025: The CSG approved the inclusion of CR-0828 in the scope of R2026.NOV.
*NECSG on 02 October 2025: The NECSG approved the inclusion of CR-0828 in the scope of R2026.NOV.
*MIB on 03 October 2025: The MIB approved the inclusion of CR-0828 in the scope of R2026.NOV.

Documentation to be updated:

URD for R2026.NOV

CoSD recycling

Reference ID	T2S.09.240

If at the end of the day, T2S does not receive any release or cancellation instruction, the original settlement instruction shall be recycled for the following settlement day based on the T2S recycling rules (i.e. securities should remain blocked and the delivery instruction should remain on hold and the blocking of cash will be reattempted for the next T2S settlement day unless the currency has been configured to not release the cash at End of day). For cash, depending on the configuration for the currency, either the cash shall remain blocked (in the same way as securities remain blocked) or the cash shall be released as part of the EOD process. If the cash is released during the EOD process, the blocking of cash shall be reattempted for the next T2S settlement day.

T2S GFS

2.1 Introduction

2.1.1 Objective and scope of T2S

Daytime period

The following processes, which are also known as end of day procedures throughout the T2S documentation, are managed at the end of the daytime period:

For the end of day cash restrictions release, the Standardisation and Preparation to Settlement module of the Settlement domain:

- Releases any blocked (~~including~~ Except CoSD blocking) or reserved cash amount not used during the current settlement day,
- Releases any CoSD blocking cash amount not used during the current settlement day, only if the configuration at the currency level allows it,
- Regenerates only cash settlement restrictions corresponding to CoSD blocking with an intended settlement date value equal to the next settlement day, if they were previously released;

Automatic release and regeneration of unused CoSD restriction on cash balances

All unused blockings (except CoSD blockings) or reservations on cash balances are automatically released during the EOD processing in order to be used for the intraday credit reimbursements and/or to be rebalanced to the related RTGS account.
If related to a CoSD blocking, the release is done in a configurable way only for the T2S currencies which are not migrated to T2 and subject to the mandatory cash sweep at EOD towards their RTGS system. CoSD blockings released ~~they~~ are then regenerated at the beginning of the next settlement day using incoming cash on the considered T2S Dedicated cash account.
For the release, a Settlement Transaction is created (and the related settlement restriction) for each Detailed Cash Restriction (i.e. using the related Restriction Reference) with an available amount in order to transfer this amount back to the deliverable cash balance as a decrease of the existing detailed cash restriction.
Simultaneously, in case of CoSD blocking and only if the release is allowed for the currency, the regeneration is prepared with the creation of opposite Settlement Transactions (and the related settlement restriction) for the same amount from the deliverable cash balance to the restricted one, as an increase of the existing detailed cash restrictions (i.e. using the Restriction Reference initially generated at the set-up).
At the beginning of the next settlement day, the regenerated CoSD blocking Settlement Restriction are sent for a settlement attempt, simultaneously to the first incoming Liquidity Transfers on the considered cash balance.

Cut-off and EOD/SOD processing
Two functions are described under Cut-off and EOD/SOD processing:

Upon receiving cut-off events from the Scheduling module, the Cut-Off Processing function (function 7) performs consecutively, among the Settlement Transactions concerned by the cut-off event, the following actions:

- Submits to at least one settlement attempt the Settlement Transactions whose related Settlement Instructions have entered T2S before the concerned cut-off time (check done via the transaction's Applicable Instruction Entry Date/Time), and then, suspends all the remaining unsettled ones,

- Suspends all created Settlement Transactions whose related Settlement Instructions have entered T2S after the concerned cut-off time, and stops their integration into collections;

Upon receiving different events from the Scheduling module, the EOD/SOD Processing function (function 8) handles consecutively:

- At the end of day:

- The automatic cash restriction release for all remaining blocking and reservation restrictions ~~as well as the regeneration for the next settlement day, only of the CoSD blockings released~~,
- The cash restriction release for the remaining CoSD blocking restrictions as well as their regeneration for the next settlement day, only if the configuration set up at the currency level allows it,
- The stop of creation of collections,

- At the start of day: creates, if not already created in the continuous process, the Settlement Transactions corresponding to Settlement Instructions, Settlement Restrictions and liquidity information, received in the Standardisation and Preparation to Settlement module,
- At the beginning of daytime, the daytime settlement processing, with the triggering of the creation of collections.

Step 1 - End of Day release of unused cash restrictions

At the receipt of the Event (EOD cash restriction release) from the Scheduling module, the EOD/SOD Processing function of the Standardisation and Preparation to Settlement module selects the Detailed Cash Restrictions which have not been used.
For each selected Detailed Cash Restriction, the EOD/SOD Processing function:

Only for COSD Blocking Detailed Cash Restriction, checks whether the currency is eligible or not to the mandatory cash sweep. The following actions below must be skipped in case of CoSD Blocking if the currency is not configured to be eligible to the mandatory cash sweep;

Creates a Settlement Restriction SR1 to release this Detailed Cash Restriction for the current settlement day;

Only for released COSD Blocking, creates a Settlement Restriction SR2 to regenerate the released COSD Blocking, with an intended settlement date set to the next settlement day;

Sends the Instruction Status Information related to the Settlement Restrictions created SR1 and SR2 to the Status Management module;

Sends the Settlement Restriction SR1 created to the Settlement Transaction Manager function of the Standardisation and Preparation to Settlement module.

Upon receipt of the Instruction Status Information, the Status Management module sends to the Interface domain the necessary data for the information of the involved T2S Parties, including the administering parties in case of CoSD blocking, (depending on their message subscriptions) about the creation of the Settlement Restrictions SR1 and SR2.

T2S UDFS (T2S_UDFS_R2025.JUN)

TABLE 48 - PROCESSES DURING THE REAL-TIME SETTLEMENT CLOSURE

T2S PROCESSES	DESCRIPTION OF THE PROCESSES
Release of un-used cash Set-	For the unused cash restrictions: **I** T2S releases all the unused blocked and reserved ~~and CoSD blocked~~ cash restrictions;

tlement Restrictions	**l** T2S releases the unused CoSD blocked cash restrictions only if the currency is configured to support the mandatory cash sweep at EOD; **l** Only for released CoSD blocked cash Settlement Restrictions, T2S regenerates them ~~equivalent CoSD blocked cash Settlement Restrictions~~ for the next settlement day. In parallel, T2S performs the following: **l** Settlement of: – Settlement Instructions other than the ones for which cut-off is reached; – Reverse collateral Settlement Instructions related to reimbursement of intraday auto-collateralisation; – Securities Settlement Restrictions; – All liquidity transfers (i.e. inbound, internal and outbound); **l** Execution of static data maintenance instructions; **l** Execution of Amendment Instructions, Cancellation Instructions and Hold/Release/Partial Release Instructions; **l** Generation of reports triggered by business or time events;

1.6.1.10.3 Realignment process

Validity of T2S generated realignment Settlement Instructions

Once generated, the T2S realignment Settlement Instructions, are subject to other T2S processes as any 1other Settlement Instruction[237]. Furthermore, in order to ensure the consistency of the realignment process, the following principles are implemented:

l Validation: T2S does not create T2S generated realignment Settlement Instruction if at least one of them does not successfully pass the business validations. In case the realignment application process fails to create the whole set of requested T2S generated realignment Settlement Instructions, the process does not generate any T2S generated realignment Settlement Instructions and cancels the original business Settlement Instructions.

l Revalidation: T2S revalidates the generated realignment Settlement Instructions when they are recycled or impacted by a reference data update and hence, may cancel them (See section Revalidation process [257]). When T2S cancels a realignment Settlement Instruction, T2S cancels the whole set of generated Settlement Instructions and their underlying business Settlement Instructions. If at least one generated realignment Settlement Instruction fulfils a CoSD rule, NCBs and CSDs would need to manage manually the decrease of the CoSD blocked cash balances and/or positions if any.

1.6.1.12 Conditional Settlement:

CoSD cancellation by T2S Actor for cross and external CSD settlement

As for intra settlement, in case of cross and external CSD settlement, the Cancellation Instruction can be instructed by the involved CSD or administering parties.

If the CoSD rules only apply to the business Settlement Instructions, the cancellation rules are the same as the rules used in case of intra CSD settlement with the decrease of the CoSD blocking handled automatically.

If at least one CoSD rule applies on a T2S generated realignment Settlement Instruction of the CoSD group, the cancellation rules are identical but without automatic decrease of CoSD blocking. Decreases of the CoSD blocking resources (securities or cash in the case where the End of Day cash sweep is not mandatory for the DCA currency)

are handled later by the CSD or the NCB managing the accounts where resources are blocked. CSD and NCB gather the agreement of all involved administering parties before instructing the decrease with Settlement Restrictions.

Real-time closure period / impact on Conditional Settlement

During the real-time closure period, before triggering the automatic reimbursement of any pending intraday credit provided by central bank, T2S releases ~~all~~ unused cash restrictions (See section End of Day Cash Management [591]). This process includes the release of cash blocked through CoSD blocking on cash balance (See section Execution of Standing and Predefined Liquidity Transfer Orders from T2S to RTGS) when the configuration set up for the currency of the cash balance allows the automatic End of Day release. Namely, the automatic release of CoSD blocked cash restrictions is specific to the DCA for which the cash sweep is mandatory.
To that purpose, a new T2S generated end of day cash release Settlement Restriction is created for each CoSD blocking on cash balance. It transfers the amount back to the deliverable cash balance as a decrease of the restriction reference created during CoSD activation:

1.6.2.3 End of Day Cash Management:

1.6.2.3.1 Concept

End of day (EOD) Cash Management is the process of releasing unused cash restrictions, reimbursing pending intraday credits and transferring each balance deviating from zero at the end of a Settlement Day to a pre-defined RTGS account also referred to as "automated cash sweep".
Starting with the go live of CLM T2S will not initiate an "automated cash sweep" for Euro denominated Dedicated Cash Accounts. T2S Users have the possibility to make use of a second optional cash sweep for their Euro denominated Dedicated Cash Accounts.

1.6.2.3.2 Overview

At the realtime settlement closure period T2S considers two cash aspects on a T2S Dedicated Cash Account, whether there are still pending credits to be reimbursed and if there is available cash on the T2S Dedicated Cash Account.
The situation on the accounts at the end of a settlement day can be one of the following:
l No intraday credit was provided by an CB during the settlement day;
l Intraday credit was provided by an CB during the settlement day and the cash on the T2S Dedicated Cash Account is sufficient to fully reimburse the pending intraday credit provided by the CB;
l Intraday credit was provided by a CB during the settlement day but there is insufficient or no cash on the T2S Dedicated Cash Account to reimburse the pending intraday credit provided by the CB.

As ~~all~~ some T2S Dedicated Cash Accounts must have a balance of zero at the end of any settlement day, via the EOD Cash Management process ("automated cash sweep", optional or mandatory):
l All the unused cash restrictions (i.e. blocking~~, CoSD blocking~~ or reservation) are released;
l Some unused CoSD blocking cash restrictions are released in a configurable way, depending on whether the currency is eligible to the mandatory cash sweep or not;
l All pending intraday credits provided by a central bank are reimbursed;
l If there is a balance deviating from zero on the T2S Dedicated Cash Account the balance is transferred to the respective RTGS accounts. T2S Central Bank cash accounts may have a negative balance.

1.6.2.3.3 EOD Cash Management Process

At the realtime settlement closure period, T2S automatically transfers liquidity of all T2S Dedicated Cash Accounts to the relevant RTGS accounts in the RTGS system (e.g. TARGET2) (via "automated cash sweep", mandatory or optional)).
In order to empty all cash balances of each T2S Dedicated Cash Account, the following three steps are processed successively in the context of EOD Cash Management (see relevant flows in section End-of-Day Cash Management):
l Release of ~~all~~ unused blocking or reservation cash restrictions;
l Release of unused CoSD blocking cash restrictions for which the configuration for the currency allows it;
l Reimbursement of pending intraday credits provided by central banks;
l Transfer of the cash balances to the respective RTGS accounts.

Release of ~~all~~ unused cash restrictions

For additional information on the management of restricted cash balances quoted below please refer to process Cash Blocking and Reservation.
T2S automatically releases the unused cash restrictions by:
l Releasing all unused cash restrictions related to blocking and reservation;
l Releasing unused cash restrictions related to CoSD blocking when the configuration for the currency allows it;
l Cancelling all cash reservations having a pending part;
l Generating increase of cash CoSD blocking for the next settlement day following their release.

Releasing ~~all~~ unused cash restrictions
All restricted cash balances related to blocking or reservation are emptied by transferring the restricted cash to the deliverable cash balance of the considered T2S Dedicated Cash Account.
In the specific case of restricted cash balances related to CoSD blocking, they are emptied only if the currency of the considered T2S Dedicated Cash Account is configured to support the End of Day automatic release.
A specific configuration is set up in T2S as a negative value on an attribute domain stored in reference data, allowing to identify the T2S settlement Currency(ies) for which CoSD blocked balances are automatically released at End of Day.
If the "automated cash sweep" is optional for a given T2S currency, the CoSD blocked cash balances will not be automatically released even if the responsible NCB has opted for the cash sweep.
This automatic rebalancing is performed for all existing restriction references and if the following condition is fulfilled:

CONDITION	RULES
Existence of an unused amount	The "Remaining amount" of the restriction reference is different from zero at the realtime settlement closure period.
An Attribute Domain in reference data must allow the release of CoSD blocked restrictions	For CoSD cash blocking, the currency must be eligible to the mandatory cash sweep and configured with a positive value in the dedicated attribute domain. Also the missing configuration of a currency is interpreted as automatic release for that currency.

T2S then generates a Settlement Restriction for each restriction reference which fulfils this condition (See section Cash Blocking and Reservation.
These T2S generated Settlement Restrictions are then processed by the Posting application process (See section Posting [297]). In case of cash CoSD blocking, the reason code associated to the settlement status of the related Settlement Instruction on which a CoSD rule applied is updated from the "CoSD release awaiting from Administering Party" reason code into "CoSD blocking of the referenced Settlement Instruction not settled yet". It avoids any CoSD release until the Settlement Restriction increasing again the cash CoSD blocking (see below) is settled. (See section Conditional Settlement)

Generating increase of cash CoSD blocking for the next settlement day
In case of cash CoSD blocking and if the CoSD blocked cash restriction was actually released, the amount rebalanced to empty the T2S Dedicated Cash Account at the end of day has to be re-blocked on the next settlement day.
This additional increase is performed for existing restriction references if the following conditions are fulfilled:

For the restriction references which meet these conditions, T2S generates the Settlement Restriction for the increase (See section Cash Blocking and Reservation [606]). These T2S generated Settlement Restrictions are processed at the next settlement date by the posting application process (See section Posting [297]). When they settle the reason code associated to the settlement status of the Settlement Instruction, on which a CoSD rule applied, is updated into "CoSD release pending from Administering Party". This reason code allows again the administering party to send their CoSD release. (See section Conditional Settlement [446])

1.6.2.5 Cash Blocking and Reservation

1.6.2.5.2 Overview

Configuration of T2S settlement currencies not allowed to the CoSD cash restriction release

A specific configuration is set up in T2S as an attribute domain stored in reference data, to identify the T2S settlement Currency(ies) for which CoSD blocked balances are not automatically released at End of Day.
T2S settlement currencies for which the "automated cash sweep" remains mandatory at End of Day should be configured with a positive value or not be configured. If the "automated cash sweep" is optional for a given T2S currency, the CoSD blocked cash balances will not be automatically emptied even if the responsible NCB has opted for the optional cash sweep.

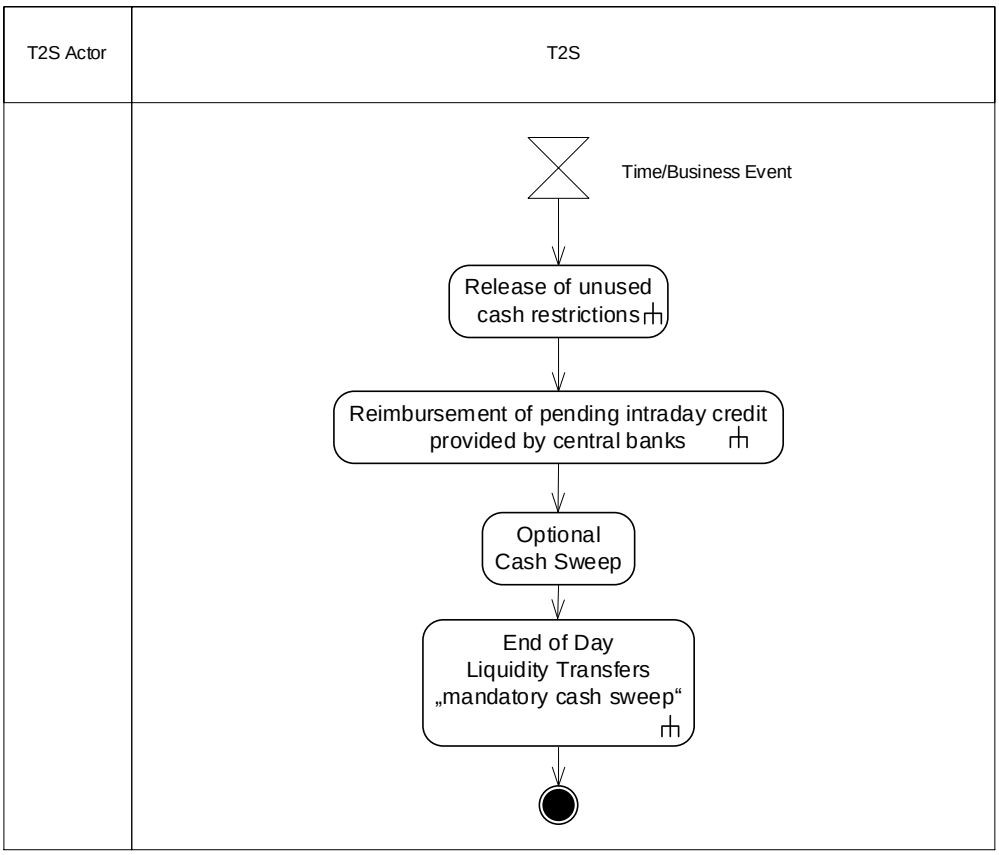
Configuration of cash balances

Once the cash account (See section T2S dedicated cash accounts in T2S [90]) and the restriction type (See section Restriction types [39]) are configured in the static data, the T2S Actor has to create the cash balance for the related cash account and restriction type.
Only the cash balances to be debited need to be configured, including the cash balance for the restriction type corresponding to deliverable cash balance.
The cash balances to be credited, if they do not exist yet, are automatically created by T2S during the settlement process, with the relevant account and restriction type.
Since cash balances are segregated by restriction type, several cash balances related to the same restriction processing can exist for a cash account (several blockings, several reservations) but each of them having a different restriction type Id.
The following diagram illustrates the configuration of cash balances used for blocking and reservation on a cash account.

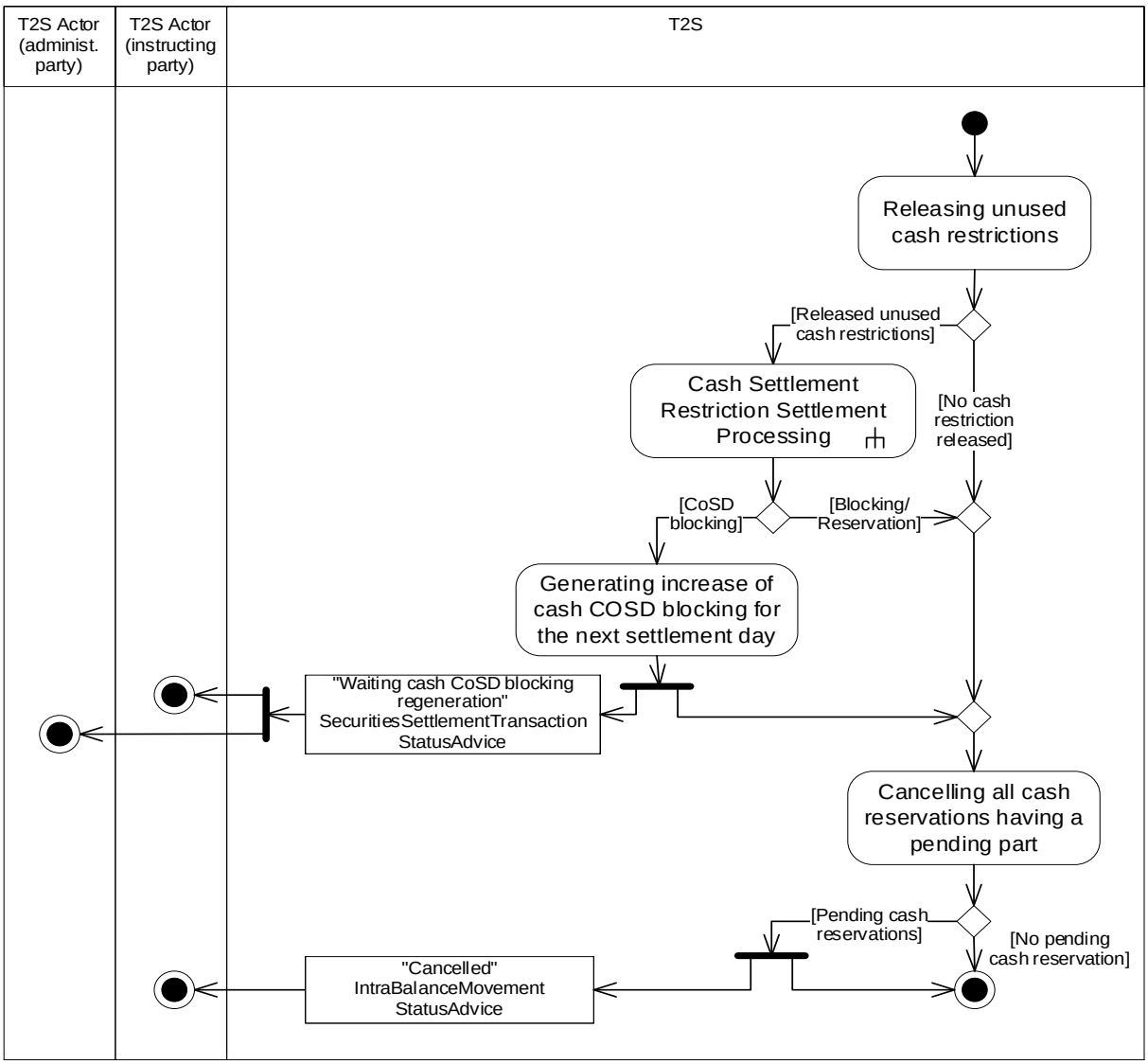
2.17 End-of-Day Cash Management

2.17.2 Activity Diagram

2.17.2 Activity Diagram



2.17.2.1 Release of ~~all~~ unused cash restrictions



Releasing ~~all~~ unused cash restrictions

T2S identifies the restrictions references in restricted cash balances (i.e. blocking, CoSD blocking or reservation) not used during the current settlement day, in order to transfer the restricted cash to the deliverable cash balance of the considered T2S dedicated cash account. In the specific case of CoSD blocking, only the CoSD blocked restrictions with a currency configured in T2S as enabled to be automatically released at End of Day are actually released.
This process may result in the detection of the following settlement contexts:
l [Released unused blocked or reserved cash restrictions] For each unused restrictions references in restricted cash balances, T2S creates an additional T2S generated Settlement Restrictions corresponding to the transfers from the restricted cash balances to the deliverable cash balances. The T2S generated Settlement Restrictions are then

processed for a settlement attempt. and an automatic regeneration can be created according to the related restriction type processing:

– **[CoSD blocking]** In case of restriction reference related to a CoSD Blocking, T2S generates an automatic increase for the next settlement day:

– **[Blocking/reservation]** In case of restriction reference related to a blocking or a reservation, no automatic increase regeneration is created and T2S continues with its processing.

l [Released unused CoSD blocked cash restrictions] For each unused restrictions references in CoSD blocked cash balances, T2S checks if the currency of the involved DCA is configured to support the End of Day cash restriction release. If the currency is enabled to (i.e. eligible to the mandatory cash sweep), then T2S creates an additional T2S generated Settlement Restriction corresponding to the transfers from the CoSD blocked cash balances to the deliverable cash balances. The T2S generated Settlement Restrictions are then processed for a settlement attempt and an automatic regeneration is created for an automatic increase at the next settlement day.
l [No cash restriction released] When there is no remaining unused restriction references in restricted cash balances, T2S continues with its processing.

Generating increase of cash CoSD blocking for the next settlement day

In case of restriction references related to cash balances for CoSD blocking, and only if the currency of the involved DCA is configured to support the automatic End of Day release, then T2S automatically generates an increase Settlement Restriction to re-block the released amount at the beginning of the next settlement day.
For this aim, T2S creates an additional T2S generated CoSD blocking Settlement Restrictions to increase the cash restrictions for the next settlement day (See section Send Settlement Restriction on Cash Balance [781]).

Preliminary assessment:

- **Financial Impact:** Medium
- **Impacted Modules:** SETT, CRDM, REM, INTF
- **Other security impact:** no
- **Impact on other Eurosystem Services (T2, TIPS) or projects (ECMS):** yes, the corresponding T2 adaptations are considered in T2-0153-SYS. No impact on TIPS and ECMS.
- **Risks:** no

Findings:

SETT:

It is assumed that the new functionality will rely on a parameter setup in CRDM at the currency level.
The assumption is that for each currency in T2S (including the Euro currency), this parameter will indicate whether the cash sweep is mandatory or not. For non-euro currencies for which the cash sweep would be mandatory, the CR-828 functionality should not be applicable and the cash blocked in CoSD will be released at EOD.

The new logic with the CR-828 will be based on the new flag stored in CRDM. According to the value of this parameter:

- Either the CoSD blocked cash resources will be released at EoD and new CoSD regeneration Settlement Restrictions created for D+1 (if the cash sweep remains mandatory for the currency),
- Or the CoSD blocked cash resources will be kept on the CoSD cash sub-balances (if the cash sweep is optional for the currency) even if owner of the DCA has opted for the cash sweep.

In case of Cancel (by the CSD or by the system), of settlement instructions subject to CoSD, new cases of manual release by CSDs or NCBs of cash CoSD blocked balances need to be managed and documented (specifically when it occurs between the IDVP and the NTS start).

The process of generation of the General Ledger file (the generic process as well as the backup process managed by SETT) needs to be updated in order to add the information related to the CoSD blocked cash resources.

SDD updates will be needed.

CRDM:

Configuration of Attribute domain "Blocked CoSD List", containing the T2S Settlement Currency whose cash balances are not automatically released at End Of Day. For Currencies not reported into the list, the current behaviour of CoSD blocking balances released at EOD applies.

LCMM:

- No software changes are needed in LCMM, and no testing is foreseen.
- SDD updates might be needed, a thorough review will be performed during DA.

REM:

- SDD updates might be needed regarding General Ledger including a new field for the CoSD blocked Balances. Thorough review will be performed during DA.
- Test the new field from REM perspective.

INTF:

- Update of camt.053 to include the new information for the General Ledger

Open issues/ questions to be clarified by the originator:

- [Question] Regarding the Impact of the Change Request CR-0813, the CR needs to clarify the expected behaviour in the case where the NCB or Payment Bank would not sweep the remaining cash from a DCA with CoSD blocked resources.
  [CRG Answer]
  - CR813 says this cash transfer for closed accounts is mandatory. And in such case, the COSD blocked cash should also be swept, but the "COSD blocked" nature should be kept during the sweep, i.e. it should be swept into another "COSD Blocked" cash position which is now with the NCB. And then the NCB should not just unblock, but align with the COSD Administering Party prior to unblocking on the next steps.
  - In our view, the scenario of blocked cash at DCA closure should be an exceptional scenario. If a cash account shall be closed, normally business activities are scaled down prior to this closure. No new instructions are sent any longer, and pending instructions are cancelled. In case a cancellation is requested for the T2S instruction subject to the COSD rule, then this triggers the COSD Administering Party to attempt cancellation of the External Settlement Instruction in the External CSD. Once this is confirmed, the COSD Administering Party triggers the cancellation of the related T2S instructions. Then the reason for cash blocking is no longer given, and the cash can be released.
  - Only in case this process is not successful, and the External Instruction is not cancelled yet, then the cash blocking must not be released. In this case, the NCB needs to get in contact with the COSD Administering Party and agree on the next steps. Normally, the COSD Administering Party would try to cancel the External Settlement Instruction in the External CSD, and then inform the NCB that cash can be released. Only in case this was not possible, and the External Instruction settled instead, then the COSD Administering Party has purchased the securities in the External CSD, and the cash was blocked to support this purchase. In this case, the cash needs to be transferred to the COSD Administering Party.
  - This is purely an operational process: alignment between NCB managing the blocked cash on the closed DCA, and Clearstream in the role of COSD Administering Party is needed.

- [Question] Name of the Attribute domain to be confirmed

[CRG Answer]

- We would prefer a name which is a bit more descriptive on the business background, e.g. domain “COSD Blocked Cash No Release”

- [Question] Does the attribute domain contain the Currency Code only or also the BIC of the NCB is needed? [CRG Answer]

  - Currency Code only, namely at least EUR.
  - DCAs might be held with any NCB in T2S, and if some NCBs support this feature while others do not, then the situation gets unmanageable from a COSD Administering Party perspective. For some DVP instructions, cash would remain blocked, for others not, and this is not even visible in the settlement instructions if default DCAs are used. This would not work. So, the flag should only contain the currency, and then the same logic shall be applied for the whole currency.

Detailed assessment:

T2S Specific Components		Common Components	
LCMM		**Common Reference Data Management**	
	Instructions validation		Party data management
	Status management		Securities data management
	Instruction matching		Cash account data management
	Instructions maintenance		Securities account data management
	Penalty Mechanism	X	Rules and parameters data management
			Access rights management
Settlement		**CRDM business interface**	
X	Standardisation and preparation to settlement		Report management
	Night-time Settlement		Query management
	Daytime Recycling and optimisation		Communication
	Daytime Validation, provisioning & booking		Outbound Processing
	Auto-collateralisation		Inbound Processing
Liquidity Management			
	Outbound Information Management		
	NCB Business Procedures		
	Liquidity Operations		
Statistics and archive			
	Short term statistical information		Legal archiving
			Data Warehouse
T2S Interface		**Eurosystem Single Market Infrastructure Gateway**	
X	Communication		Communication
	Outbound Processing		Outbound Processing
	Inbound Processing		Inbound Processing
T2S information management			
X	Report management		
	Query management		
Operational Services			

	Data Migration (T2S DMT)		Data Migration (CRDM DMT)
	MOP Contingency Templates		Business Day Management
			Business Day Management business interface
			Billing
			Billing business interface
			Operational and Business Monitoring

Impact on major documentation		
Document	**Chapter**	**Change**
Impacted GFS chapter	2.1.1 Objective and scope of T2S - Daytime period	Adaption of wording.
Impacted UDFS chapter	TABLE 48 - PROCESSES DURING THE REAL-TIME SETTLEMENT CLOSURE 1.6.1.10.3 Realignment process 1.6.1.12 Conditional Settlement: 1.6.2.3.1 Concept 1.6.2.3.2 Overview 1.6.2.3.3 EOD Cash Management Process 1.6.2.5.2 Overview 2.17 End-of-Day Cash Management 2.17.2 Activity Diagram 2.17.2.1 Release of all unused cash restrictions	Adaptation of wording and flow graphics to fit adaptation of cash restriction release process
Impacted URD chapter	9.2.4 Conditional securities deliveries – CoSD recycling	Adaption of wording.
Additional deliveries for Message Specification (UDFS, MyStandards, MOP contingency templates)	MyStandards: Camt.053 ICL UG	Schema Change: - Increase Multiplicity of Message Element /Document/BkToCstmrStmt/Stmt/Bal from current [2..2] to [2..4] to provide both “overall” and “blocked” balance values for opening and closing balances in the General Ledger File - Unprune Element /Document/BkToCstmrStmt/Stmt/Bal/Tp/SubTp and its child element /Document/BkToCstmrStmt/Stmt/Bal/Tp/SubTp/Cd, new Multiplicity of SubTp = [0..1], Multiplicity of Child Element Cd = [1..1] - Inclusion of Code ‘BLKD’ for usage in unpruned Subtype/Code element
UHB	--	No impact
External training materials	--	No impact
Other impacted documentation (FA Sch. 05, FA Sch. 07)	--	No impact
Impacted GDPR message/ screen fields	--	No impact

Links with other requests				
Links	Reference		Title	

OVERVIEW OF THE IMPACT OF THE REQUEST ON THE T2S SYSTEM AND ON THE PROJECT
Summary of functional, development, infrastructure and migration impacts
SETT:

The requirement of the CR is to render configurable the current End of Day process triggering automatically the release of unused cash restrictions blocked under CoSD and their regeneration at the next Business Date,
With this CR, it will be possible to configure in T2S under a new attribute domain ("COSD Blocked Cash Automatic Release") stored in reference data, a list of T2S settlement currencies with the indication of whether the CoSD blocked cash balances should be released automatically at EoD (value 'Y') or if they should remain on the DCA during EoD until they are released by the CoSD Administering Party via the CoSD Release process (value 'N').
The new functionality will apply only to CoSD blocked cash restrictions and will not impact the management of blocked and reserved cash restrictions during the End of Day.
With this change, T2S settlement currencies for which the "automated cash sweep" remains mandatory at End of Day will be configured with the indicator value set to 'Y' in the new attribute domain. Regarding the currencies eligible to the optional cash sweep (indicator value set to 'N'), the unused CoSD blocked cash balances will not be released at EOD even if the responsible NCB has opted for the cash sweep.
Based on the new configuration, all T2S currencies will be stored in the new attribute domain:

- If the currency is configured with the indicator value 'N', then no release should be triggered and of course, no regeneration for the next Business Date should be done.
- If the currency is configured in the new attribute domain with the indicator value 'Y', then the current process should be kept unchanged (release of the CoSD cash restriction + decrease of the detailed cash restriction to the deliverable + regeneration of a new cash restriction increases for the next Business Date).

It is assumed that if a currency is not present in the new attribute domain "COSD Blocked Cash Automatic Release", SETT will consider it is eligible for the mandatory cash sweep and therefore unused CoSD cash restrictions should be automatically released.

CRDM:

The acknowledgement of the T2S Settlement Currency whose cash balances (in D, current business day) are or are not automatically released at End of Day will be realised with new attribute domain "COSD Blocked Cash Automatic Release" configured by the T2S Operator. The attribute domain contains a list of currency codes and the indication whether the cash sweep is mandatory (value 'Y') or whether the automatic release is not performed at the end of day. The missing configuration of a currency is interpreted as value 'Y' for that currency, i.e. automatic release.
Only the configuration of a new attribute domain and the related communications with other modules are envisaged.

REM:

Balances with CoSD blocking status for both opening and closing balances will be included in the General Ledger File. For this, several schema changes will be introduced to the camt.053 ICL UG which used for the General Ledger File as well as the DKK-CB Balance Snapshot introduced in T2S-CR 794. The changes are only relevant for the General Ledger File and will not affect the DKK-CB Balance Snapshot.

As a summary, below it is covered the different scenarios before and after the implementation of CR-0828:

Case		Mandatory Cash Sweep	CRDM attribute "CoSD blocked cash automatic release"	Type of Cash Restrictions		Comment
				Blocking/Reservation cash restrictions	CoSD cash restrictions	
1	Before CR-0828	Y	-	Released	Released	
2		N	-	Released	Released	
3	With CR-0828	Y	Y' OR not configured	Released	Released (+ regeneration of CoSD cash restrictions in D+1)	
4		Y	N	Released	Released (+ regeneration of CoSD cash restrictions in D+1)	Although the CRDM attribute is set to 'N', the CoSD will be released since there is a mandatory sweep.
5		N	Y' OR not configured	Released	Released (+ regeneration of CoSD cash restrictions in D+1)	
6		N	N	Released	Not released	

Main Cost Drivers

- Amendment of the CoSD functionalities in SETT, CRDM (new AD and communication with impacted modules) and REM (update of the GL file): 48%
- Functional tests to validate the correct SW update: 31%
- Update of the internal and external specifications: 8%

Impact on other TARGET Services and projects

The necessary adaptations for T2 are addressed in T2-0153-SYS. No impact on TIPS and ECMS.

Summary of project risk

No risks have been identified during detailed assessment.

Security analysis

No adverse effects have been identified during detailed assessment.

Other impacts (yes/no)

No.

DG - MARKET INFRASTRUCTURE & PAYMENTS

14 August 2025

Cost assessment on Change Requests

T2S-828-URD – T2S should no longer release cash restrictions related to COSD blocking at real-time closure			
One-off	Assessment costs* - Preliminary - Detailed	 2,000.00 10,000.00	 Euro Euro
One-off	Development costs	275,104.74	Euro
Annual	Operational costs - Maintenance costs - Running costs	 26,245.36 -	 Euro Euro

*The relevant assessment costs will be charged regardless of whether the CR is implemented (Cf. T2S Framework Agreement, Schedule 7, par. 5.2.3).