



EUROPEAN CENTRAL BANK
EUROSYSTEM

T2S CHANGE REQUEST FORM		
General Information (Origin of Request)		
<input checked="" type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Clearstream	Institute: CSD	Date raised: 26/03/2024
Request title: T2S Eligible Counterparty CSD Links should be at party level and no longer at security, Issuer CSD or country level		Request No.: T2S 0829 URD
Request type: Common	Classification: Scope Enhancement	Urgency: Normal
1. Legal/business importance parameter: Medium ¹		2. Market implementation efforts parameter: Medium ²
3. Operational/Technical risk parameter: Medium ³		4. Financial impact parameter: ⁴ Medium
Requestor Category: CSD		Status: Proposed for a Release

Reason for change and expected benefits/business motivation:

T2S was built to simplify, streamline, and boost cross-border settlement by implementing a common settlement platform for all markets. However, after more than 7 years of production, cross-border settlement activities still amount only for a low fraction of the overall activity. Significant progress has been made to set up links between markets, but in reality, a given T2S Actor is still far away from the possibility to settle any security issued in one T2S CSD with any counterparty in other T2S CSDs.

One of the impediments which have been identified in this context is the complex and time-consuming process to enable securities for cross border settlement, especially when new ISINs need to be configured, even if this is performed *on existing T2S Links*. (In case of new T2S Links, additional account setup of omnibus and mirror accounts is needed.):

- 1) First the ISIN needs to be created by the Issuer CSD.
- 2) Once the Investor CSD becomes aware of the ISIN creation on T2S, the Investor CSD needs to define mandatory MSAs on ISIN level in a first step, in case such mandatory MSAs are required.
- 3) Then the Investor CSD can configure Investor type Security CSD Links to enable the ISIN for cross border settlement.
- 4) Additionally, the Investor CSD needs to enable all potential counterparty CSDs as Eligible Counterparty CSDs for this ISIN. This can be done on ISIN level, but also on Issuer CSD level or country level. It should be noted that this setup is not only needed for the Technical Issuer CSD that was mentioned in the Investor type Security CSD Links, but also for all other CSDs having direct or relayed T2S links to the Issuer CSD in the ISIN.
- 5) Last but not least, the Investor CSD needs to contact all potential counterparty CSDs and ask them to configure the corresponding Eligible Counterparty CSD Links on their side. The counterparty CSDs might want to assess this request, and after such assessment was made, apply the configuration on their side.⁵

This process is time consuming, and it is highly questionable that the ISIN setup including all such steps can be done timely enough within a T+1 environment. As a result, all setup steps need to be assessed for potential to streamline the setup with a view on the upcoming T+1 requirements.

- This Change Request tackles the last two steps 4) and 5). It proposes a significant simplification that avoid

¹ Legal/business importance parameter was set to “Medium” as the change facilitates additional cross-border settlement flows.

² Market implementation effort parameter was set to “Medium” as as for some participants, the change could require some development efforts.

³ Operational/technical risk parameter was set to “Medium” as as some participants might need to assess the operational impact it might imply.

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

⁵ In case the counterparty CSDs apply a setup based on Issuer CSD, existing configuration might be sufficient to enable cross border settlement for the given ISIN. The Investor CSD would still need to be aware of the approach chosen by all potential counterparty CSDs, but then only the subgroup which applies a configuration per ISIN needs to be contacted.

this particular setup steps in the scenario that settlement between the Investor CSD and a given Counterparty CSD is already enabled for other ISINs.

- The first three steps need to be assessed as well. However, this is out of scope of this Change Request but to be tackled within the broader T+1 and harmonization discussion.

Current T2S Logic:

Today, an additional setup is needed where **for each ISIN which is made eligible for settlement in the Technical Issuer CSD and in the Investor CSD:**

- the Investor CSD must configure the Technical Issuer CSD as Eligible Counterparty CSD, and vice versa,
- the Technical Issuer CSD must configure the Investor CSD as Eligible Counterparty CSD.

Those two steps need to be repeated for all other potential counterparty CSDs, i.e. for all CSDs which have a direct or relayed T2S Link to the Issuer CSD. Similarly as above, both the Investor CSD and the counterparty CSD must apply the configuration on their side.

T2S verifies this setup for each combination of counterparty CSDs via validation rules MVIC307 and MVIC308, and if those rules are not met, the instructions are rejected or cancelled:

MVIC307	The CSD of the T2S Party of a Settlement Instruction must allow settlement with the CSD of the counterpart for the ISIN Code (either per security or per issuer CSD or per issue country) on the Intended Settlement Date and additionally on the current Business Day if the Intended Settlement Date is in the past.
MVIC308	The CSD of the counterpart of a Settlement Instruction must allow settlement with the CSD of the T2S Party for the ISIN Code (either per security or per issuer CSD or per issue country) on the Intended Settlement Date and additionally on the current Business Day if the Intended Settlement Date is in the past.

T2S allows to bundle the setup for groups of ISINs via a configuration “per issuer CSD” or “per issue country”, but even this bundling would require significant setup activities if a technical Issuer CSD supports not only issuer ISINs but also ISINs from various other markets for settlement.

- In case the counterparty CSD applies a setup per “Issuer CSD” or per “Issue country”, and the ISIN would be covered by this setup, then no additional setup step is needed for this particular counterparty CSD.
- However, to assess this, the Investor CSD needs to be aware (and up to date) on the approach chosen by the other CSDs for this particular ISIN, in order to assess whether this setup is already covered, or whether this setup needs to be requested from the counterparty CSD.
- This can get quite complex in case the setup covers ISINs from many Issuer CSDs, and Issuer Countries.
- And still the counterparty CSDs using ISIN as setup parameter would still need to be contacted.

Simplified T2S logic:

This whole setup shall be simplified by dropping the ISIN dependency. Namely, it shall only be possible in the future to configure another CSD as “generally” eligible counterparty CSD, and then this setup applies to any ISIN that is or that is made eligible for settlement in both involved CSDs.

- From an eligible counterparty CSD link perspective, ISIN is no longer taken into account in the validation. Once a CSD is configured as Eligible Counterparty CSD, it is generally eligible as counterparty, and this applies to any ISIN.

This implies that setup steps 4) and 5) are no longer needed within T2S, after a general eligibility between the counterparty CSDs was established. This is removing some configuration steps, and it also removes a dependency on the counterparty CSDs in step 5), and thereby supports the preparation of the setup processes for a T+1 environment.

It should be noted that setup steps 1) – 3) remain unchanged, in particular an ISIN specific setup is still needed for the Security CSD links in all affected CSDs.

- First, in the initial validation, T2S verifies that the ISIN in a settlement instruction is eligible for settlement in the related CSD, either as Issuer CSD or as Investor CSD.
- Later, in the matching and realignment process, it identifies for Investor CSDs the next CSD in the realignment chain and repeats the eligibility checks for this CSD. In case this CSD is also Investor CSD, it repeats such checks until an Issuer CSD is identified, or the realignment chain leaves T2S.
- In case of non-eligibility in any of the involved CSDs, the realignment chain cannot be built, and the instructions are cancelled.
- Thus, in a realignment chain, the ISIN must be eligible for settlement in all affected CSDs.

Setup-wise this means that:

- An Investor CSD, once enabled as Eligible Counterparty CSD, could have access to any ISIN being eligible in a given Technical Issuer CSD. No additional setup is needed for the Technical Issuer CSD.
- But the Investor CSD can still steer the ISIN scope of the Investor link via its own Security CSD links, i.e., it has still the control which ISINs to configure on this link.

Impact on potential cross border scenarios

Once this CR is implemented, T2S will enable cross border settlement between any two CSDs which have mutually established the counterparty CSD as “Eligible Counterparty CSD”.

The only remaining condition is that the ISIN is made eligible for settlement in both CSDs, and additionally in all other CSDs along the realignment chain, in case more than two CSDs are involved.

The table below shows some of the related scenarios for cross border settlement in T2S.

#	CSD A Role	CSD B Role	Condition for settlement
1	Issuer CSD in T2S	Investor CSD in T2s, with CSD A as Technical Issuer CSD in T2S.	ISIN eligible in both CSD A and CSD B
2	Issuer CSD in T2S	Investor CSD in T2s, with alternative Security CSD Link to CSD A as Technical Issuer CSD in T2S.	ISIN eligible in both CSD A and CSD B
3	Investor CSD in T2S, with CSD C as Technical Issuer CSD in T2S	Investor CSD in T2s, with CSD A as Technical Issuer CSD in T2S	ISIN eligible on CSD A, B and C (and potentially other CSDs, if C is not Issuer)
4	Investor CSD in T2S, with CSD C as Technical Issuer CSD in T2S	Investor CSD in T2S, with CSD C as Technical Issuer CSD in T2S	ISIN eligible on CSD A, B and C (and potentially other CSDs, if C is not Issuer)
5	Investor CSD in T2S, with CSD C as Technical Issuer CSD in T2S	Investor CSD in T2s, with alternative Security CSD Link to CSD A as Technical Issuer CSD in T2S.	ISIN eligible on CSD A, B and C (and potentially other CSDs, if C is not Issuer)
6	Investor CSD in T2S, with CSD C as Technical Issuer CSD, whereby CSD C has CSD E as Technical Issuer CSD in T2S	Investor CSD in T2S, with CSD D as Technical Issuer CSD, whereby CSD D has CSD E as Technical Issuer CSD in T2S	ISIN eligible on CSD A, B, C, D, E
7	Issuer CSD in T2S	Issuer CSD in T2S	ISIN eligible in both CSD A and CSD B. (CSD A or B can prevent this scenario via rejection rule for realignments on issuance accounts)
8	Issuer CSD in T2S	Investor CSD in T2S, with CSD D as Technical Issuer CSD. CSD D is External CSD , or has an Investor link to an External CSD	Rejected by T2S CR-0846 (CSD A can prevent this scenario via rejection rule for realignments on issuance accounts)
9	Investor CSD in T2S, with CSD C as Technical Issuer CSD in T2S. CSD C is Issuer, or has an Investor link to the Issuer CSD in T2S	Investor CSD in T2S, with CSD D as Technical Issuer CSD. CSD D is External CSD , or has an Investor link to an External CSD	Rejected by T2S CR-0846 (Issuer CSD in T2S can prevent this scenario via rejection rule for realignments on issuance accounts)
10	Investor CSD in T2S, with CSD C as Technical Issuer CSD. CSD C is External CSD , or has an Investor link to an External CSD	Investor CSD in T2S, with CSD D as Technical Issuer CSD in T2S CSD D is External CSD , or has an Investor link to an External CSD	ISIN eligible on CSD A, B, C, D.

With the new Simplified Logic of this Change Request,

- Scenarios 1) – 6) settle purely within T2S, and without the need to apply any additional configuration on Eligible Counterparty CSD side, provided that all counterparty CSDs are mutually generally eligible.
 - In these scenarios, there should be no reason why any of the involved CSDs should want to prevent settlement between the involved CSDs. This is where the CR provides the main simplification.
- Scenario 7) will also work without the need to apply any additional configuration. However, Issuer CSDs can prevent this scenario via case 1 rejection rules, if needed.
 - In case a CSD prevents such scenario today by not enabling the 2nd Issuer CSD as Eligible Counterparty CSD, it can use the case 1 rejection rule in the future.
- Scenarios 8) and 9) will be prevented by T2S CR-846. This CR has a dependency to CR-846 in this aspect

and should be implemented jointly with CR-846.

- In case a CSD prevents such scenario today by not enabling the Counterparty CSD as Eligible Counterparty, CR-846 solves the issue in the future.
- Scenario 10) will lead to two T2S Realignments affecting two different Inter-CSD accounts. Additional logic beyond T2S logic is needed on CSD side to cover those scenarios.
 - In case a CSD prevent such scenarios today by not enabling the Counterparty CSD as Eligible Counterparty CSD, it needs to apply different approaches in the future, e.g. use of Alternative Security CSD Links to turn such settlement into T2S internal settlement, or use of COSD rules to block settlement after matching until verification is done whether this scenario can be dealt with.

As can be seen, most scenarios are straightforward to handle in the future. Only in the last scenario, a deeper analysis is needed, in case CSDs still want to prevent such case after this CR is implemented.

Description of requested change:

A) Adjust validation logic for Eligible Counterparty CSD Links

Business rules MVIC307 and MVIC308 shall be updated as follows:

MVIC307	The CSD of the T2S Party of a Settlement Instruction must allow settlement with the CSD of the counterpart for the ISIN Code (either per security or per issuer CSD or per issue country) on the Intended Settlement Date and additionally on the current Business Day if the Intended Settlement Date is in the past.
MVIC308	The CSD of the counterpart of a Settlement Instruction must allow settlement with the CSD of the T2S Party for the ISIN Code (either per security or per issuer CSD or per issue country) on the Intended Settlement Date and additionally on the current Business Day if the Intended Settlement Date is in the past.

B) Adjust CRDM screens for query, creation and modification of Eligible Counterparty CSD Links

Eligibility type as parameter is no longer needed and can be dropped.

Similar changes to be applied to the corresponding A2A messages reda.026. Either "Eligibility type" to be made optional, or a qualifier to be added that describes unrestricted / full eligibility for any ISIN.

C) Cutover

On Cutover Date, all existing Eligible Counterparty CSD Links shall be automatically migrated into the new setup:

- All current Eligible Counterparty CSD Links to become automatically invalid (with Valid To = cutover date - 1)
- New Eligible Counterparty CSD Links to be automatically configured for each previously available data record:
 - For each combination of Investor/Investor Parent and Eligible Counterpart / Eligible Counterpart Parent that was active before (any ISIN scope), a new Eligible Counterparty CSD Link without ISIN dependency is created (with Valid From = cutover date).
 - Duplicates are filtered out.

In other words, any combination of Investor/Investor Parent and Eligible Counterpart / Eligible Counterpart Parent that was configured before for at least one ISIN shall also be configured after the cutover, but then without ISIN dependency, i.e., for all ISINs.

In order to provide an example for this, below you will find the extract from the UDFS explaining the configuration of eligible counterpart CSDs reference data. After it, a table has been included to show how the Eligible counterpart links will be populated with this change request in order to have the same output of the business validations.

1.2.2.4 Configuration of eligible counterparts CSDs

Each CSD (internal or external to T2S) must specify which CSDs it accepts as counterpart for settlement in T2S for a given period. CSDs can specify their eligible counterpart CSDs (and maintain this information in T2S) either on an individual basis (i.e. per securities), or by issuer CSD (internal or external to T2S) or by issue country specifying, in

addition, the date from/until which this relationship is valid. In this case, T2S can process a Settlement Instruction only if both counterpart CSDs have defined the other CSD as eligible counterpart for the relevant security. Each CSD is responsible for defining all the relevant eligible counterpart CSDs for itself and for all its external CSDs, i.e. for all its participants with party type "External CSD". For example:

CSD	COUNTERPART	ELEGIBILITY TYPE	LINK ID
CSD A	CSD B	Securities	XYZ
CSD B	CSD A	Securities	XYZ
CSD A	CSD B	Securities	HJK
CSD B	CSD A	Country	CC
CSD A	CSD B	Securities	MNO
CSD C	CSD D	Issuer CSD	CSD E
CSD D	CSD C	Issuer CSD	CSD E
CSD D	External CSD E	Securities	XYZ
External CSD E	CSD D	Securities	XYZ

With the first link, CSD A defines CSD B as eligible counterpart for settlement of XYZ securities, while with the second link CSD B defines CSD A as eligible counterpart for settlement of the same XYZ securities. As a consequence, T2S can process a Settlement Instruction between these two CSDs.

Under the assumption that HJK securities was issued in country CC, whereas security MNO was issued in a different country, T2S can only process a Settlement Instruction between CSD A and CSD B on HJK, T2S rejects the Settlement Instruction for a settlement between CSD A and CSD B on MNO securities (because only CSD A has defined CSD B as eligible counterpart for this security and not vice versa).

Finally, T2S would reject any Settlement Instruction between CSD A and CSD B on any other securities issued in country CC, as CSD A specifically defined CSD B as eligible counterpart only for security HJK.

The two rows of the table related to CSDs C and D illustrate an example of two CSDs defining each other as eligible counterpart for all the securities issued by CSD E. CSDs can set up this type of configuration when dealing with a country with multiple CSDs and having the need to restrict the counterpart eligibility to a specific CSD of this market. The last two rows of the table show the case of a CSD in T2S (D) defining an external CSD (E) as eligible counterpart for securities XYZ and vice versa.

Below the table with the eligible counterpart CSD links needed for the same output once this CR is implemented:

- CSD B is eligible counterparty CSD for CSD A, and vice versa. This is the case for all securities which are enabled for settlement in both CSD A and CSD B.
- If CSD A or CSD B enables additional securities for settlement, those are automatically enabled for settlement between CSD A and CSD B, provided they are supported for settlement in both CSDs. No additional configuration effort is needed.

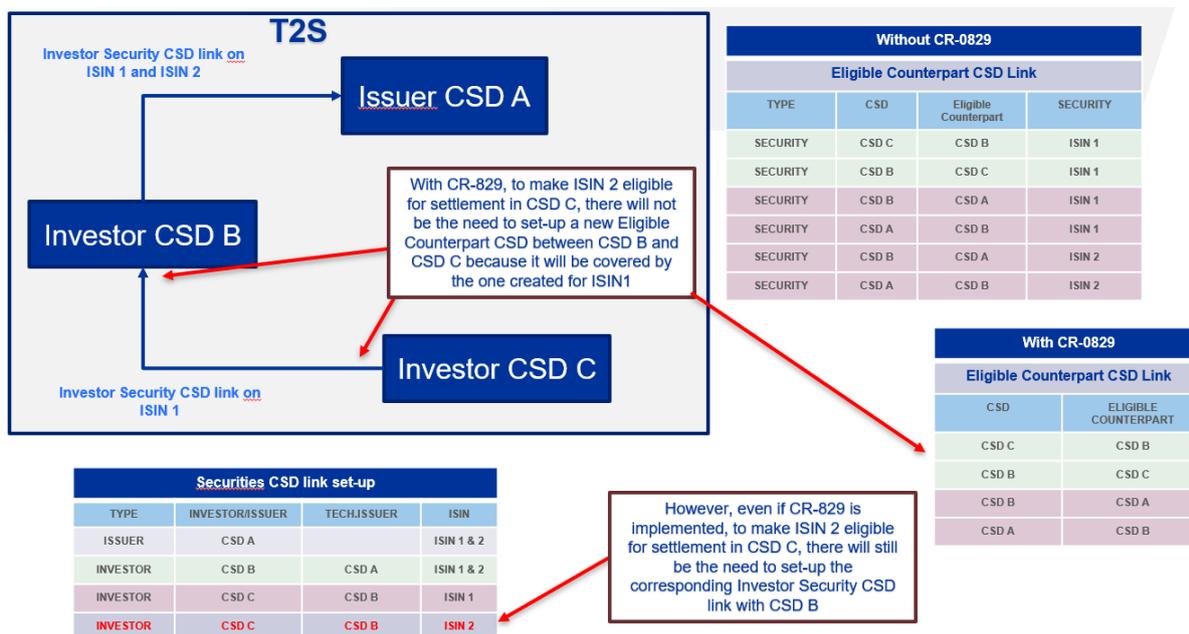
Similar logic applies for the combination of CSD C and CSD D, and also for the combination of CSD D and External CSD E. Other combinations are not supported, e.g. if CSD A wants to settle vs. CSD D, this is not supported yet. It would require an additional configuration as Eligible Counterparty CSD on both sides.

CSD	COUNTERPART
CSD A	CSD B
CSD B	CSD A
CSD C	CSD D
CSD D	CSD C
CSD D	External CSD E
External CSDE	CSD D

Finally, the following example explain the benefits that CR-0829 is expected to provide. Here, CSD B is an investor CSD for the foreign securities ISIN1 and ISIN2, issued by CSD A. Also, CSD C is an investor CSD on ISIN1 with the technical Issuer CSD B.

Without CR-0829, there is the need to set-up the Eligible Counterpart CSD links between CSD B and CSD A for ISIN1 and ISIN2. Also, the corresponding Eligible Counterpart CSD link between CSD C and CSD B for ISIN1 will be needed.

With CR-0829 implemented, the set-up of Eligible Counterpart CSD links between CSD B and CSD A will be reduced, since only one will be needed to cover the eligibility for ISIN 1 and ISIN 2. Additionally, if CSD C would want to settle ISIN2 with Counterparties in CSD B, the Eligible Counterpart CSD link created to cover the eligibility of ISIN1 will also cover the eligibility for ISIN2, hence, there will not be the need to create a new one. However, this does not mean that with this set-up ISIN2 will be eligible for settlement in CSD C because the corresponding Investor Security CSD link with CSD B will be needed.



Submitted annexes / related documents:

Outcome/Decisions:

- *CRG on 11 March 2025: the CRG agreed to launch the preliminary assessment of CR-0829.
- *CRG on 30 June 2025: the CRG agreed to recommend CR-0829 for Steering Level authorisation.
- *CSG on 25 July 2025: the CSG agreed to authorise CR-0829.

*NECSG on 25 July 2025: the NECSG agreed to authorise CR-0829.

*MIB on 31 July 2025: the MIB agreed to authorise CR-0829.

*PMG on 24 February 2026: the PMG agreed to launch the detailed assessment of CR-0829 with a view of scoping in R2027.NOV.

Documentation to be updated:

Preliminary assessment:

- **Financial Impact:** Medium
- **Impacted Modules:** CRDM, LCMM,SETT
- **Other security impact:** no
- **Impact on other Eurosystem Services (T2, TIPS) or projects (ECMS):** no
- **Risks:** no

Findings:

CRDM:

The impacted functionalities are:

- Eligibility Counterpart CSD Create/Update/Delete
- A2A message reda.026 EligibleCounterpartCSDCreationRequest
- DMT file format specification for Eligibility Counterpart CSD

GUI screens (New/Edit, Details, Search/list) and backend of Eligibility Counterpart CSD must be updated removing the following fields:

- Eligibility Type and Eligibility Type Information
- ISIN and Securities Name
- Country Code
- Issuer Parent BIC and Issuer BIC

The following Business rules must be removed:

- Create: DPC2071, DPC2080, DPC2100
- Delete: DPD2071, DPD2080, DPD2100

The following Business rules must be updated removing the checks on the eligibility types:

- Create: DPC2200
- Update: DPU2200

SETT:

- Since the <eligibility type> will no longer be a criteria for setting up eligible counterparty CSD links, settlement will need to modify some data accesses when it comes to the generation of auto-collateral templates and when it comes to the SOD replication of data from CRDM.

LCMM:

- The proposed change aims to simplify the current setup for configuring Eligible Counterparty CSDs in T2S. The current process requires ISIN-specific configurations for each eligible ISIN in both the Technical Issuer CSD and the Investor CSD. The new setup proposes a general eligibility configuration, removing the ISIN dependency.
- In LCMM, this means that the ISIN should no longer be considered in the validation for Eligible Counterparty CSD links. Business rules MVIC307 and MVIC308 must be updated to reflect the general eligibility configuration, and the validation logic for Eligible Counterparty CSD links needs to be adjusted to remove ISIN-specific checks.
- Also, depending on how the proposed change is implemented in CRDM, LCMM will need to adapt the way it accesses the necessary data for the validation and selection for revalidation processes.
- It is understood that the existence of a pair of records where a CSD accepts another CSD as counterpart for settlement in T2S, and vice-versa, means a general acceptance between these two CSDs to settle any security (i.e., the acceptance as eligible counterparty CSD is not linked to a particular security, or set of securities).
- No changes are required for the Securities CSD Link validations.
- The cutover procedure (migration from the old Eligible Counterparty CSD data object to the new one) will need to be carefully analysed/defined with participation of all the teams, including LCMM, during DA phase.
- Ad hoc and non-regression testing will be required.

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

CRDM:

reda.026 is an ISO base A2A message whose mandatory fields cannot be removed. For this reason, tags /Document/ElgblCntrptCSDCreReq/ElgblCntrptCSD/ElgbltyTp and /Document/ElgblCntrptCSDCreReq/ElgblCntrptCSD/ElgblCntrptId cannot be removed for the message. There are two alternatives:

1. In MyStandard usage guidelines, all these fields are marked as “not used in CRDM” in the Annotations. This would mean that the fields remain mandatory and must be filled in. The content of the fields must be compliant with the required data type, but no business checks are performed; for instance, the ISIN can be not linked to any existing security in CRDM, but it must respect the format ISINOct2015Identifier
2. The fields can be restricted to one of the possible choices. There are three possible choices for the Eligibility Type:
 - a. Country – CRTY
 - b. Issuer CSD ISCS
 - c. Securities – SECU

and three for the Eligibility Identification

- I. Country
- II. Financial Instrument Identification
- III. One between ‘Organisation Identification’ and ‘Combined Identification’

For Example, the fields ‘Eligibility Type’ can be restricted to Issuer CSD, while ‘Eligibility Identification’ can be restricted to ‘Organisation Identification’. This would mean that a message containing different choices (e.g. the Financial Instrument Identification) would be rejected. In any case, also the valid pattern would be not used for the creation of the Eligibility Counterpart CSD in CRDM.

Migration activities should be investigated, in particular, the effects of the closure and reopening of the links on SETT side.

On 9 September 2025, the CRG agreed to proceed with Option 1, given that it provides the flexibility to create the DMT file both manually (using the GUI) and automatically (using reda.026). The CRG also agreed to re-assess it in the future if updates to the base messages become necessary, for example, due to ISO Maintenance Release CRs impacting reda.026 or in response to increasing volumes.

Detailed assessment:
