**Use of the Hold & Release functionality**

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| **Versioning** | Version | 2.0 |
| Publication date | April 6th, 2016 |

1. **Description of the existing practice & of the Impacts**

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| **Description of the existing practice** | Settlement instructions can today be pre-matched in Euroclear France. No Hold & Release functionality does exist today. |
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| **Description of the T2S impact** | The pre-matching functionality disappears. The Hold & Release functionality is implemented. |
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| **Description of the major issue** | Any custodian must be in capacity to receive and handle an instruction presented or to be presented in ‘hold’ or ‘release’.  This functionality can be deemed necessary as a custodian wishes to present in the settlement system an instruction without having a certainty on the corresponding stock of securities. This tool is available to meet the needs of the ‘Cahier des charges du teneur de compte conservateur’ published by AMF.  There can be specific cases requested by the investor, when he senses difficulties on the reception of securities or any other difficulty related to a particular transaction.  On the contrary, the use of this functionality can have damaging consequences on the settlement: the matching is no guarantee of the settlement on due date, as securities can be blocked as long as the instruction is not released and kept ‘on hold’.  The absence of use of the functionality can also be recommended for some activities. |
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| **Description of the roles and responsibilities of the actors involved**  **(OPTIONAL)** |  |
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| **Workflows**  **(OPTIONAL)** |  |
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| **Links with other market practices** |  |

1. **Recommended market practice**

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| **Recommended practice** | Participants propose not to have a market practice specific to the French market, but to stick instead to the position recalled in Frankfurt, whereby the Hold & Release functionality should keep its discretionary character in all cases.   * As a general rule, the use of this functionality should not be systematic, as it may entail settlement difficulties. * It should notably not be used in the following cases:   + Settlement instructions on UCITS;   + Settlement instructions resulting from corporate actions;   + Portfolio transfers;   + In case of conversions of securities requiring the use of ‘unilateral free of payment’ instructions (without matching). |
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| **Description of the roles and responsibilities of the actors involved**  **(OPTIONAL)** |  |
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| **Workflows**  **(OPTIONAL)** |  |

1. **IMPLEMENTATION**

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| **Implementation timeline** | **Before the migration to T2S** | | **Upon go live on T2S** | | **After the migration to T2S** | | |
|   Date: \_\_\_\_\_\_\_\_ | |   Date: 12/09/2016 | |   Date: \_\_\_\_\_\_\_\_ | | |
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| **Requirement for a specific test set** | Yes  | | | No  | | |