



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2-0153-SYS - T2 should exclude CoSD blocked cash balances from the sub- balances accounting for monetary policy operations

T2-CG meeting
26 June 2025

target | T2
services



T2-0153-SYS - T2 should exclude CoSD blocked cash balances from the sub-balances accounting for monetary policy operations

Status: Ongoing detailed assessment

Background:

- **Conditional settlement Delivery (CoSD)** is a T2S functionality that makes possible to **block securities and cash** if a transaction fulfils a CoSD rule. The purpose is to ensure that an external settlement (in a non-EUR currency and/or with External CSDs) takes place only when resources are available and blocked in T2S for the subsequent settlement
- **With the new T2S CR-0828, T2S is changing the blocking behaviour of these funds, which a consequence on the MRR regulation*.**
- Funds that will be blocked at the closing of the business date for the CoSD **should not be counted towards the MRR fulfilment, triggering CR T2-0153 to adapt T2 CLM**

*Article 3(1)(d) of the MRR regulation (ECB/2021/1)

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Current implementation

In T2S

- CoSD blocked cash balances are automatically released by T2S during Real-Time Settlement Closure period (RTSC) and blocked again in Night-Time Settlement (NTS)

In T2

- CoSD blocked cash balances are considered for the fulfilment of MRR and AML calculations

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Future Implementation

In T2S after T2S CR828 deployment

- **CoSD** funds will **be continuously blocked during RTSC-NTS** and not released until the Administering party (typically a CSD) releases them, meaning that the blocked funds will no longer be available for the Payment Bank
- The general ledger (GL) files sent by T2S to T2 CLM at the end of day (EoD) will start reporting blocked cash balances in the T2S DCAs for CoSD purposes

In T2 after T2 CR153 deployment

- Based on the information included in the GL files, **T2 CLM will exclude the CoSD funds from the fulfilment of MRR and AML calculations**

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Impact on Liquidity & Treasury Management

- **CoSD funds remain non-freely disposable**, before and after the implementation of CRs T2S 828 and T2 153,
- The impact of implementing these CRs is that these funds will be excluded from MRR fulfilment and AML calculation
- **As a result, Liquidity & Treasury Managers must not rely on them to meet their liquidity targets.**

Thank you for your attention!



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