

## Use of the Hold & Release functionality

<b>Versioning</b>	Version	2.0
	Publication date	April 6th, 2016

### I. DESCRIPTION OF THE EXISTING PRACTICE & OF THE IMPACTS

<b>Description of the existing practice</b>	Settlement instructions can today be pre-matched in Euroclear France. No Hold & Release functionality does exist today.
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<b>Description of the T2S impact</b>	The pre-matching functionality disappears. The Hold & Release functionality is implemented.
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<b>Description of the major issue</b>	<p>Any custodian must be in capacity to receive and handle an instruction presented or to be presented in 'hold' or 'release'.</p> <p>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.</p> <p>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.</p> <p>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'.</p> <p>The absence of use of the functionality can also be recommended for some activities.</p>
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<b>Description of the roles and responsibilities of the actors involved (OPTIONAL)</b>	
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<b>Workflows</b>	
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Practice reference: MS-SETTL-PREMAHR-01

<b>(OPTIONAL)</b>	
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<b>Links with other market practices</b>	
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## II. RECOMMENDED MARKET PRACTICE

<b>Recommended practice</b>	<p>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 &amp; Release functionality should keep its discretionary character in all cases.</p> <ul style="list-style-type: none"> <li>• As a general rule, the use of this functionality should not be systematic, as it may entail settlement difficulties.</li> <li>• It should notably not be used in the following cases: <ul style="list-style-type: none"> <li>○ Settlement instructions on UCITS;</li> <li>○ Settlement instructions resulting from corporate actions;</li> <li>○ Portfolio transfers;</li> <li>○ In case of conversions of securities requiring the use of 'unilateral free of payment' instructions (without matching).</li> </ul> </li> </ul>
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<b>Description of the roles and responsibilities of the actors involved (OPTIONAL)</b>	
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<b>Workflows (OPTIONAL)</b>	
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## III. IMPLEMENTATION

Implementation timeline	Before the migration to T2S	Upon go live on T2S	After the migration to T2S
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	Date: _____	Date: 12/09/2016	Date: _____