
Market Notice

02 March 2020
MN_03/2020

Automatic cancellation in T2S

For the attention of: **Intermediaries**

Re: **Automatic cancellation in T2S**

Dear Client,

In order to increase the efficiency of the settlement system, starting **October 5, 2020** all fail operations, upon reaching the 60th working day following the expected settlement date, will be automatically cancelled. Automatic cancellation will be introduced on the T2S platform with the **Change Request 691** activation.

The cancellation will concern all settlement instructions on the T2S platform with the "matched" status that:

- i. are not settled (e.g. due to lack of securities and / or cash)
- ii. are not cancelled bilaterally by the participants concerned;
- iii. have not changed in the 60-day recycling period.

With reference to point iii. it should be noted that **the recycling period of 60 working days is automatically reset following any update** of the status of the settlement instruction (e.g. by updating the hold/release indicator by the participant(s)).

Monte Titoli has strongly supported this intervention which will allow to remove long lasting pending transactions for all CSDs in T2S, reducing not only the administrative operational burden but also the potential economic impacts of the CSDR Cash Penalties, expected to enter into force on 1 February 2021.



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Monte Titoli is currently working on the regulatory changes required by this functionality that will be submitted to market consultation in the second quarter of this year..

For further information, please contact:
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