

# AFME Best Practices for the use of Hold & Partial Release

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## 1. Introduction

Settlement efficiency remains a key priority for European capital markets, particularly in the context of CSDR settlement discipline and the move to T+1 settlement in Europe. In this environment, market participants will need to maximise the effective use of available settlement management tools to support timely settlement and minimise operational and liquidity risks.

Hold & Partial Release (H&PR) functionalities provide an important mechanism to manage settlement eligibility and sequencing, support inventory control, and help reduce settlement fails and cash penalties. This document sets out AFME industry best practices to promote a harmonised and effective approach to the use of Hold & Partial Release across European post-trade processes, taking into account both EU and UK market specificities.

With regards to the preparation for a T+1 settlement cycle:

- In the EU, this market practice should be considered jointly with the EU T+1 high-level roadmap recommendations<sup>1</sup> on the use of Hold & Release functionality by intermediaries, to support its consistent and practical implementation.
- In the UK, this market practice should be followed to assist market participants comply with the UK AST's recommendation<sup>2</sup> SETT 10b on the implementation of Hold & Release.

## 2. Scope

This document aims to promote industry best practices for the consistent use of H&PR functionalities across Post Trade processes in Europe.

These guidelines should be applicable to all cash equity and fixed income transactions. Cross-border and SFT (securities financing transactions) scenarios are also considered in scope of this guidance.

The recommendations should be followed irrespective of the settlement cycle that is applicable to the securities of the transaction.

## 3. Definition of Hold & Partial Release

H&PR is a settlement instruction control mechanism that allows counterparties and intermediaries to manage *when* and *to what extent* a matched settlement instruction becomes eligible for settlement. It is a core tool in

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<sup>1</sup> [https://www.esma.europa.eu/sites/default/files/2025-06/High-level\\_Roadmap\\_to\\_T\\_1\\_Securities\\_Settlement\\_in\\_the\\_EU.pdf](https://www.esma.europa.eu/sites/default/files/2025-06/High-level_Roadmap_to_T_1_Securities_Settlement_in_the_EU.pdf)

<sup>2</sup> <https://acceleratedsettlement.co.uk/wp-content/uploads/2025/12/AST-V2-Final-Final-report.pdf>

optimising settlement sequencing, reducing operational and liquidity risks, and maximising settlement efficiency under CSDR.

At its core, H&PR gives participants structured control over two aspects of an instruction:

- **Hold:** The instruction can be matched but is not eligible for settlement until explicitly released.
- **Partial Release:** Partial release refers to the action by which the delivering party releases only a portion of a settlement instruction, making that portion eligible for settlement. Once released, the eligible quantity may be settled via the auto-partial settlement mechanism to the extent that securities or cash are available while the remaining quantity stays pending. Only the party delivering the securities can partially release its instruction, whereas full release is available to both parties.

Together, these mechanisms provide both control and flexibility: control over when the matching and settlement occurs, and flexibility to take advantage of any available positions without risking overdrafts or contractual breach.

## 4. How does H&PR work?

### 4.1. In the EU (T2S markets)

Each counterparty (or its settlement agent) can either:

- enters its own settlement instruction directly to T2S if it is a Directly Connected Party (DCP) or through a CSD if it is an Indirectly Connected Party (ICP); or alternatively
- delegate that task to a third-party by granting a Power of Attorney (PoA) to the CSD.

Instructions may be submitted with a Hold indicator, allowing them to be validated and matched by the CSD/T2S, but are not yet eligible for settlement. During the securities inventory management process, if the full quantity needed for a complete release is not available, the party who applied the Hold (or its agent) may submit a Partial Release for the quantity that is available.

T2S subsequently runs the Auto-Partial process on every instruction that meets the eligibility criteria – as defined by the parameters set at the instruction or at the system level –, processing both fully and/or partially released instructions.

### 4.2. In the UK

Unlike EU T2S markets, CREST does not support a combined H&PR functionality or an auto-partial settlement mechanism whereby a single instruction is progressively marked down as deliveries occur. Instead, CREST operates two distinct processes: Hold & Release, and transaction splitting to achieve partial settlement outcomes.

In omnibus account scenarios, the process operates as follows:

- 1) The original transaction is placed on 'Hold'.
- 2) The original transaction is split into two (or more) 'child' transactions – one of which is for the available security amount.
- 3) The 'child' transaction for the amount of the available securities is 'Released from Hold' to be assessed for settlement.

## 5. What are the benefits of using H&PR?

- **Supports correct asset usage in omnibus accounts**

CSD participants operating segregated client accounts generally have no need for Hold & Release/Partial Release, as there is no risk of drawing on another client's assets. Should the stock at the CSD's level not be enough, the instruction will settle partially (provided there is no opt-out applied either by the client or its counterparty).

However, participants who operate omnibus accounts – where the securities of multiple underlying clients are pooled – depend heavily on H&PR to prevent misallocation, while instructing as soon as possible to address any mismatch issues. When an underlying client lacks sufficient holdings, Party Hold is used to ensure that the instruction cannot settle using securities belonging to other clients in the omnibus. Once the correct client's position becomes sufficient, the participant can simply release the instruction to allow settlement.

In many cases, underlying clients hold some, but not all, of the required quantity. Partial Release enables the participant to release only the portion that is properly covered by that client's available holdings, while ensuring the remainder does not settle using other clients' positions. This situation is common in flows where CCP deliveries represent multiple underlying clients, making Partial Release an essential tool for accurate client-level processing within omnibus accounts.

- **Improves settlement efficiency**

Once released, instructions can settle as soon as – and to the extent that – the required securities become available. This reduces the number of settlement fails and enhances overall settlement performance across T2S and non-T2S markets.

- **Reduces CSDR penalties**

By enabling settlement of the available portion immediately upon release, H&PR reduces the amount on which daily CSDR penalties accrue and prevents avoidable failures that would otherwise generate additional costs.

- **Enhances inventory and liquidity management**

H&PR gives participants control over when an instruction becomes eligible for settlement, allowing them to align settlement timing with expected receipts, client-specific allocations, or funding availability. This reduces the risk of unintended short positions or inefficient use of liquidity.

- **Allows orderly settlement sequencing**

Participants can hold instructions until internal prioritisation, operational checks, or client-level processes are completed, ensuring that the right flows settle in the right order. This is particularly valuable in high-volume settlement environments where multiple instructions compete for limited inventory.

- **Enables the early submission of settlement instructions**

The earlier an instruction is submitted (even if it is on Hold), the sooner the CSD/T2S can validate and match it, which helps to anticipate any exceptions or discrepancies with the counterparty. This allows discrepancies to be resolved and underlying client positions to be confirmed before the instruction is released, reducing settlement noise and operational risk.

## 6. Recommendations

### 6.1. EU (T2S markets)

#	Who	Recommendation
EU-HPR-1	Settlement intermediaries (Global Custodians, Prime Brokers, Local Agents, etc.)	Provide support for the effective use of Partial Hold & Release for clients, and in particular for the management of deliveries from an omnibus account.
EU-HPR-2	Trading parties	Agree and opt-in for the use of Hold & Partial Release.
EU-HPR-3	Market participants	Communication and messaging to be automated using ISO/SMPG standards.
EU-HPR-4	Instructing parties	Any instructions on 'hold' status should be released in a timely manner once ready for settlement to reduce the risk of failure.
EU-HPR-5	Market participants	Receipts should not be put on 'hold' (except in the absence of cash provisions). Participants should avoid holding receipt instructions, unless for valid reasons (i.e. execution of a buy-in or a pending cancellation).
EU-HPR-6	Instructing parties	To promote settlement efficiency, it is recommended for parties to instruct with a minimum partial threshold: <ul style="list-style-type: none"><li>- no less than the minimum tradeable amount</li><li>- no greater than the respective T2S/CSD defaults</li></ul>

### 6.2. UK market

#	Who	Recommendation
UK-HPR-1	Market participants	Since CREST does not support the standard H&PR, CSD participants should use settlement priority levels to manage sequencing, raising priority only when ready to settle and lowering it when inventory is not yet available.
UK-HPR-2	Instructing parties	Partial settlement should be performed via trade splitting, bilaterally agreeing a deliverable quantity and reinstructing the residual.
UK-HPR-3	CREST	CREST should consider implementing a H&PR functionality that is more harmonised with EU T2S as part of their modernisation roadmap