Workshop for TARGET2 Users

TARGET2 Operational Framework

- TARGET2-Securities related changes -
Agenda

1. Introduction
2. Fundamentals
3. Participation
4. Business day in normal situations
5. Procedures in abnormal situations
6. Billing
7. Relevant documentation
# Agenda

## 1 Introduction

- What is TARGET2-Securities (T2S)?
- Roles of the Central Banks in view of T2S
- T2S aspects related to euro denominated DCAs

## 2 Fundamentals

## 3 Participation

## 4 Business day in normal situations

## 5 Procedures in abnormal situations

## 6 Billing

## 7 Relevant documentation
What is TARGET2-Securities (T2S)?

Pan-European platform for securities settlement in central bank money

Operated by the 4CB* on behalf of the Eurosystem

Securities accounts

Legal and business relationship relies with CSDs and Central Banks

* Deutsche Bundesbank, Banque de France, Banca d’Italia and Banco de España
Migration waves

- BOGS
- Depozitarul Central Romania
- Malta Stock Exchange
- Monte Titoli
- SIX SIS

- Euroclear ESES (BE, FR, NL)
- Interbolsa
- NBB-SSS

- Clearstream Banking
- Keler Hungary
- LuxCSD
- OeKB
- VP Lux
- VP Securities

- AS Eesti Väärpaberikeskus
- BNY Mellon CSD
- CDCP Slovakia
- CSD of Lithuania
- Euroclear Finland
- Iberclear
- KDD Slovenia
- Latvian CSD

Wave 1
22-06-15
9 months

Wave 2
28-03-16
6 months

Wave 3
12-09-16
5 months

Wave 4
06-02-17
Min. 3 months

Contingency Wave 05-17
Roles of the Central Banks in view of T2S

I. Central Bank as system entity/Bank of Banks

II. Central Bank as owner of TARGET2

III. Central Bank as Collateral Manager

IV. Central Bank as Settlement Agent

Legend:
- T2S Technical Perimeter
- TARGET2 Technical Perimeter
- TARGET2 Legal and Operational Perimeter

Securities settlement

Securities

DCA

Auto-collateralisation

Automatic Reimbursement of CB Auto-collateralisation

Collateral Management Systems

Eligible securities and valuation

Bank

CSD

CB

TARGET2 Operational Framework | T2S related changes
**T2S aspects related to euro denominated DCAs**

- DCA holders as TARGET2 direct participants
- New TARGET2 transactions
**T2S aspects related to euro denominated DCAs**

**Main PM account**

- Each DCA has to be linked to one and only one PM account: “Main PM account”.
  - Internet-based PM account holders cannot be designated as Main PM account.
- Several DCAs can be linked to the same Main PM account.
- DCA holder and main PM account holder may be the same or different legal entities.
- Main PM account can be opened within the books of the same Central Bank as the DCA or not.
**T2S aspects related to euro denominated DCAs**

**Main PM account**

- Main PM account holder is responsible for the payment for the T2S services provided to the linked DCAs.

- Liquidity can be transferred:
  - from any PM account to any DCA;
  - from any DCA to any PM account.
  - between DCAs, if the DCAs are linked to the same main PM account or belong to the same DCA holder.
T2S aspects related to euro denominated DCAs

Auto-collateralisation

- Central Banks can grant intraday credit to the DCA holders via the Central bank auto-collateralisation.
  - DCA holder needs to hold a PM account with access to intraday credit within the books of the same central bank.

- DCA holders can grant intraday credit to their clients via the client auto-collateralisation.
**T2S aspects related to euro denominated DCAs**

**DCA movements**

- DCAs cannot have a negative balance (except for the Central Bank DCAs) at any point in time.
- At the end of day, each DCA’s balance has to be zero (ensured via the automated cash sweep after 17:45).

---

<table>
<thead>
<tr>
<th>DCA movements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debits</strong></td>
<td><strong>Credits</strong></td>
</tr>
<tr>
<td>- Liquidity transfers to other DCAs*</td>
<td>+ Liquidity transfers from other DCAs*</td>
</tr>
<tr>
<td>- Securities transactions debiting the DCA</td>
<td>+ Securities transactions crediting the DCA</td>
</tr>
<tr>
<td>- Reimbursement of Central Bank auto-collateralisation</td>
<td>+ Central Bank auto-collateralisation</td>
</tr>
<tr>
<td>- Liquidity transfers to PM accounts</td>
<td></td>
</tr>
</tbody>
</table>

\[ \Sigma \text{ debits} = \Sigma \text{ credits} \]

\[ \text{End-of-day balance} = 0 \]

* Only if DCAs are linked to the same main PM account or belong to the same DCA holder.
T2S aspects related to euro denominated DCAs

Technical connection to T2S

- DCA holder or the main PM account holder (acting on its behalf) shall access the DCA via:
  
  (i) direct connection to the T2S platform, through a licensed value-added network service provider (VA-NSP); or/and
  
  (ii) an indirect connection, through the TARGET2 value-added services (VAS) for T2S.

Examples:
**T2S aspects related to euro denominated DCAs**

**T2S Interface (T2SI)**
- T2S platform and the SSP are linked via the T2SI, which provides core and value added services.

<table>
<thead>
<tr>
<th>Service</th>
<th>Via ICM</th>
<th>Via FIN message</th>
<th>Via XML message</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current liquidity transfer order from PM account to DCA (“push”)</td>
<td>Core service</td>
<td>Value added service</td>
<td>Core service</td>
</tr>
<tr>
<td>Current liquidity transfer order from DCA to PM account (“pull“)</td>
<td>Value added service</td>
<td>Value added service</td>
<td>Value added service</td>
</tr>
<tr>
<td>Standing liquidity transfer order from PM account to DCA (“push“)</td>
<td>Core service</td>
<td>n.a.</td>
<td>Core service</td>
</tr>
<tr>
<td>Current order liquidity transfer from PM account to DCA (“push“) by T2S Actor in TARGET2</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Core service</td>
</tr>
<tr>
<td>Debit notification for liquidity transfers from PM account to DCA</td>
<td>Core service</td>
<td>Core service</td>
<td>Core service</td>
</tr>
<tr>
<td>Information on incoming liquidity transfer from T2S (credit notifications)</td>
<td>Core service</td>
<td>Core service</td>
<td>Core service</td>
</tr>
<tr>
<td>DCA intraday balance</td>
<td>Value added service</td>
<td>n.a.</td>
<td>Value added service</td>
</tr>
</tbody>
</table>
# Agenda

1. Introduction

2. **Fundamentals**
   - Participation
   - Business day in normal situations
   - Procedures in abnormal situations

3. Billing

4. Relevant documentation
# Agenda

1. Introduction
2. Fundamentals
   - Governance structure
     - Organisational structure at Central Bank level
     - Communication with the users
     - The T2S service desk
     - Opening days and operational day schedule
     - Liquidity flows
3. Participation
4. Business day in normal situations
5. Procedures in abnormal situations
6. Billing
7. Relevant documentation
# Governance structure

<table>
<thead>
<tr>
<th>Level 1 - Governing Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Final competence in relation to domestic and cross-border TARGET2 issues;</td>
</tr>
<tr>
<td>- Responsible for safeguarding the public function of TARGET2;</td>
</tr>
<tr>
<td>- Manage severe crisis situations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 2 - Eurosystem Central Banks</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Subsidiary competence in relation to issues left to its discretion by the Level 1;</td>
</tr>
<tr>
<td>- Manage crisis situations;</td>
</tr>
<tr>
<td>- Maintain contacts with and support the users;</td>
</tr>
<tr>
<td>- Monitor daily user activity from a business perspective;</td>
</tr>
<tr>
<td>- Monitor business developments</td>
</tr>
<tr>
<td>- Budgeting, financing, invoicing and other administrative tasks.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 3 – SSP providing Central Banks (3CB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Daily management of the SSP on the basis of the service levels defined.</td>
</tr>
</tbody>
</table>
## Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Introduction</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Fundamentals</td>
</tr>
<tr>
<td></td>
<td>Governance structure</td>
</tr>
<tr>
<td></td>
<td><strong>Organisational structure at Central Bank level</strong></td>
</tr>
<tr>
<td></td>
<td>Communication with the users</td>
</tr>
<tr>
<td></td>
<td>The T2S service desk</td>
</tr>
<tr>
<td></td>
<td>Opening days and operational day schedule</td>
</tr>
<tr>
<td></td>
<td>Liquidity flows</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Participation</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Billing</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Organisational structure at Central Banks level

Legend:
- 3CB/4CB
- National Central Banks
- ECB

*3CB/4CB and the ECB also have a Crisis Manager function and are also represented in the Crisis Managers forums.
## Organisational structure at Central Bank level

### TARGET2 and T2S Crisis Managers
- Manage abnormal situations in TARGET2 and T2S;
- Represent their institutions in TARGET2 and T2S Crisis Managers teleconferences and other forums.

### TARGET2 and T2S Settlement Managers
- Represent the national service desk while dealing with other stakeholders (Central Banks, SSP service Desk…);
- Represent their institutions in TARGET2 and T2S Settlement Managers teleconferences and other forums.

### TARGET2 and T2S National Service Desk
- Provide business support to their users (incl. DCA holders);
- Manage the relevant static data (incl. for DCA holders);
- Monitor the payments activities of their users (incl. DCA holders);
- Technical and operational monitoring of any local technical components;
- **Handle local contingency arrangements and abnormal situations** which do not require the involvement of the crisis managers in the context of TARGET2 and T2S;
- Provide static data for Central Bank auto-collateralisation purposes.
Agenda

1. Introduction
2. Fundamentals
   - Governance structure
   - Organisational structure at Central Bank level
   - Communication with the users
     - The T2S service desk
     - Opening days and operational day schedule
     - Liquidity flows
3. Participation
4. Business day in normal situations
5. Procedures in abnormal situations
6. Billing
7. Relevant documentation
Communication with the users

**TARGET2 Coordination Function**
- T2S Service Desk

**TARGET2 Coordination Desk**
- SSP Service Desk

**National Service Desk**
- GUI
- T2S Info
- Broadcasts
- Local means

**ICM**
- T2SIS
- Broadcasts
- Local means

**TARGET2 Users**
- (PM account holders, DCA holders, Ancillary systems)

T2S connectivity issues (only for directly connected DCA holders)
Communication with the users

Contact point for TARGET2 users is the National Service Desk. However, for connectivity issues:

• Directly connected DCA holders may contact the T2S Service Desk.
  • In case of doubt whether it is a connectivity problem or not, the directly connected DCA holder should contact the national service desk.
  • Contact details of the T2S Service Desk will be provided to the directly connected DCA holders by the respective Central Bank;
  • T2S Service Desk can contact the connected DCA holders.
  • Contact details of the person/team responsible for T2S connectivity issues related to at each directly connected DCA holder will be collected by the respective Central Bank.
  • In case a DCA holder prefers not to be contacted directly by the T2S Service Desk, then the Central Bank’s national service desk will be contacted instead.
Communication with the users

New communication tools: T2S GUI broadcast

- Central Banks can send broadcasts via the T2S GUI to their respective directly connected DCA holders;
Communication with the users

New communication tools: T2S Information System

Templates for normal scenarios

<table>
<thead>
<tr>
<th>T2S is currently operating normally</th>
</tr>
</thead>
<tbody>
<tr>
<td>The T2S Services are operating normally according to T2S Schedule.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>T2S is closed for settlement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The T2S Services are closed for settlement according to T2S Calendar. Normal T2S Services will be available from the next settlement date.</td>
</tr>
</tbody>
</table>

The Eurosystem cannot be held liable for the information provided.

Last update: <<Date / HH:MM:SS>>

Templates for abnormal scenarios

<table>
<thead>
<tr>
<th>T2S Incident</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2S is experiencing an interruption and one or more T2S Services are currently impacted. The list of impacted services are &lt;&lt; list of services: _______ &gt;&gt;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Upon resolving the incident</th>
</tr>
</thead>
<tbody>
<tr>
<td>The T2S is now operating normally. The earlier service interruption has been resolved.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>T2S Delay</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is a delay in the start of &lt;&lt;list of phases: _______ &gt;&gt; phase(s)</td>
</tr>
</tbody>
</table>

The Eurosystem cannot be held liable for the information provided here.

Last update: <<Date / HH:MM:SS>>
## Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td></td>
<td>Governance structure</td>
</tr>
<tr>
<td></td>
<td>Organisational structure at Central Bank level</td>
</tr>
<tr>
<td></td>
<td>Communication with the users</td>
</tr>
<tr>
<td></td>
<td>The T2S service desk</td>
</tr>
<tr>
<td></td>
<td>Opening days and operational day schedule</td>
</tr>
<tr>
<td></td>
<td>Liquidity flows</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td>4</td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
The T2S Service Desk

[Please refer to the presentation “The T2S Service Desk” available here.]
Agenda

1. Introduction

2. Fundamentals
   - Governance structure
   - Organisational structure at Central Bank level
   - Communication with the users
   - The T2S service desk
   - Opening days and operational day schedule
   - Liquidity flows

3. Participation

4. Business day in normal situations

5. Procedures in abnormal situations

6. Billing

7. Relevant documentation
Opening days

- Euro cash settlement on PM accounts and DCAs can take place on all days except:
  - Saturdays and Sundays;
  - New Year’s day;
  - First of May;
  - Good Friday;
  - Easter Monday;
  - Christmas day;
  - 26 December.

<table>
<thead>
<tr>
<th>Closing days</th>
<th>Saturday</th>
<th>Sunday</th>
<th>New Year’s Day</th>
<th>1 May</th>
<th>Good Friday</th>
<th>Easter Monday</th>
<th>Christmas Day</th>
<th>26 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>TARGET2</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
</tr>
<tr>
<td>T2S</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed for euro settlement (only FoP is possible)</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
<td>Closed</td>
</tr>
</tbody>
</table>
Operational Day Schedule

Start of Day
18:45*
19:00*

Night-time Settlement
Standing and current orders
PM - DCA

Maintenance Window
22:00
01:00

Night-time Settlement

Daytime Settlement
06:45

Cut-off for customer payments
17:00

Cut-off Liq. Transf. PM - DCA
17:45*

Cut-off for interbank payments
18:00

Standing Facilities cut-off
18:15*

End of Day
18:45*

18:45 Start of Day

Final deadline for CMS data feeds
19:00

Night-time Settlement
Immediate / Pre-defined / standing orders DCA – PM
20:00

Time allowing also real-time settlement
03:00

05:00 Real-time Settlement

DVP cut-off
16:00

Automatic CB Auto-col.
Reimbursement
Optional cash sweep
16:30

BATM and CBO cut-off
17:40

Automated cash sweep
17:45

FOP cut-off
18:00

End of Day
18:45

*plus 15 minutes in the last day of the reserve maintenance period.

BATM: Bilaterally Agreed Treasury Management; CBO: Central Bank Operations
## Agenda

<table>
<thead>
<tr>
<th>1</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td></td>
<td>Governance structure</td>
</tr>
<tr>
<td></td>
<td>Organisational structure at Central Bank level</td>
</tr>
<tr>
<td></td>
<td>Communication with the users</td>
</tr>
<tr>
<td></td>
<td>The T2S service desk</td>
</tr>
<tr>
<td></td>
<td>Opening days and operational day schedule</td>
</tr>
<tr>
<td></td>
<td><strong>Liquidity flows</strong></td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td>4</td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Liquidity flows

Euro transit accounts

Liquidity transfer from a DCA to a PM account
Liquidity transfer from a PM account to a DCA
Liquidity flows

**PM accounts**

- **18:45**
  - SoD: PM bookings
  - NTS: PM bookings

- **19:00**
  - MW: PM bookings

- **22:00**
  - NTS: PM bookings

**Day Trade Phase**

- **17:00**
  - IBK cut-off: Customer Payments

- **18:00**
  - SF cut-off: LT PM - DCA

- **18:00**
  - EoD cut-off: Interbank Payments

**Real-Time Settlement**

- **16:00**
  - BATM, CBO cut-off

- **17:45**
  - FOP cut-off

**DCAs**

- **18:00**
  - FOP cut-off

**Standing Orders**

- **18:00**
  - cut-off: Interbank Payments

- **17:00**
  - cut-off: Customer Payments

- **16:30**
  - Auto. Reimb / opt. sweep

**Liquidity Transfers**

- **17:45**
  - auto. sweep

**No Liquidity Transfers**

- **19:30**
  - Standing Orders

- **No Liquidity Transfers**

* Plus 15 minutes at last day of the reserve maintenance period.
Liquidity flows | **From PM accounts to DCAs**

**PM accounts**

- **18:45** to **19:00**: SoD
- **19:00** to **22:00**: NTS
- **22:00** to **01:00**: MW
- **01:00** to **07:00**: NTS
- **07:00** to **17:00**: Day Trade Phase
- **17:00** to **18:00**: IBK, SF
- **18:00** to **18:15**: EoD

**19:30 - Standing Orders**

- No Liquidity Transfers

**Current Liquidity Transfer order by the PM account holder or third party**

**DCAs**

- **18:45** to **20:00**: SoD
- **20:00** to **03:00**: NTS
- **03:00** to **05:00**: MW
- **05:00** to **16:00**: Real-Time Settlement
- **16:00** to **18:00**: BATM, CBO, FOP
- **18:00** to **18:15**: EoD
# Liquidity flows | From PM accounts to DCAs

<table>
<thead>
<tr>
<th>Standing Order (SO)</th>
<th>Current order initiated by a PM account holder</th>
<th>Current order initiated by a third party (T2S actor in TARGET2)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>How to trigger?</strong></td>
<td>Can be defined until 18:00 at the latest (effective from the upcoming night-time settlement)</td>
<td>Via: - TARGET2 core services via ICM or via XML; - TARGET2 VAS, via FIN message</td>
</tr>
<tr>
<td><strong>When is it executed...</strong></td>
<td><strong>...on the PM account?</strong></td>
<td>Between the start of the “Settlement of AS night-time processing” (19:30) and the cut-off for liquidity transfers to T2S (17:45).</td>
</tr>
<tr>
<td></td>
<td><strong>...on the DCA?</strong></td>
<td>Immediately(b), if received during the T2S real-time settlement phase; during the night-time settlement, if received during one sequence, are stored for settlement during the next sequence.</td>
</tr>
<tr>
<td></td>
<td><strong>What happens in case of lack of liquidity?</strong></td>
<td>Pro-rata execution of all standing orders executed at this time (i.e., including the AS standing orders at the start-of-procedure for settlement procedure 6).</td>
</tr>
</tbody>
</table>

(a) plus fifteen minutes in the last day of the reserve maintenance period; (b) except during the maintenance window.
Liquidity flows | From DCAs to PM accounts

PM accounts

18:45 19:00 19:30 22:00 01:00 07:00 17:00 18:00
SoD NTS MW NTS Day Trade Phase IBK SF EoD

Standing, predefined or immediate liquidity transfer orders

No Liquidity Transfers

20:00

Multiple liquidity providers reimbursement

After 17:45 Automated Cash sweep

DCAs

18:45 20:00 03:00 05:00 16:00 18:00
SoD NTS MW Real-Time Settlement BATM, CBO FOP EoD
## Liquidity flows | From DCAs to PM accounts

<table>
<thead>
<tr>
<th>How to trigger?</th>
<th>Standing liquidity transfer order</th>
<th>Predefined liquidity transfer order</th>
<th>Immediate liquidity transfer order</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>- Upon definition in the static data, via GUI or XML (ISO20022); - It is executed on a repetitive basis until it is deleted; - Can be defined for a special amount or for all cash of the DCA.</td>
<td>- Upon definition in the static data, via GUI or XML (ISO20022); - It happens once at a given event or time. - Can be defined for a specific amount or for all cash of the DCA.</td>
<td>- Via T2S, via GUI or XML (ISO20022); - Via TARGET2 VAS, via ICM, FIN MT or XML.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>When is it executed…</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>...on the DCA?</td>
<td>At the time or event defined, every day until it is deleted.</td>
<td>At the time or event defined.</td>
</tr>
<tr>
<td>...on the PM account?</td>
<td>Immediately, upon reception, except during the SSP maintenance window.</td>
<td></td>
</tr>
</tbody>
</table>

| What happens in case of lack of liquidity? | Executed partially (there is no further settlement attempt for the remaining part) | Executed partially (there is no further settlement attempt for the remaining part) | If submitted by a third party authorised by the DCA Holder: partial settlement; Otherwise: rejected. |

(a) If received during a sequence, are stored for settlement during the next sequence.
Liquidity flows | Between DCAs

Only possible if the DCAs are linked to the same PM account or belong to the same DCA holder!
## Liquidity flows | Between DCAs

<table>
<thead>
<tr>
<th><strong>How to trigger?</strong></th>
<th>- Via T2S, via GUI or XML (ISO20022);</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>When is it executed…</strong></td>
<td></td>
</tr>
<tr>
<td>…on the PM account?</td>
<td>n.a.</td>
</tr>
<tr>
<td>…on the DCAs?</td>
<td>Immediately(^{(a)}), if received during the T2S real-time settlement phase; during the night time settlement, if received during one sequence, are stored for settlement during the next sequence.</td>
</tr>
<tr>
<td><strong>What happens in case of lack of liquidity?</strong></td>
<td>If submitted by a third party authorised by the DCA Holder: partial settlement Otherwise: rejected.</td>
</tr>
</tbody>
</table>

\(^{(a)}\) except during the maintenance window.
# Agenda

| 1  | Introduction          |
| 2  | Fundamentals          |
| 3  | **Participation**     |
|    | Access of DCA holders to T2S |
|    | Certification testing |
|    | Registration process  |
|    | Termination or suspension of a participant |
| 4  | Procedures in normal situations |
| 5  | Procedures in abnormal situations |
| 6  | Billing               |
| 7  | Relevant documentation |
# Agenda

| 1 | Introduction |
| 2 | Fundamentals |
| 3 | Participation |
|   | **Access of DCA holders to T2S** |
|   | Certification testing |
|   | Registration process |
|   | Termination or suspension of a participant |
| 4 | Procedures in normal situations |
| 5 | Procedures in abnormal situations |
| 6 | Billing |
| 7 | Relevant documentation |
Access of DCA holders to T2S

[Please refer to the presentation “T2S Network Service Provider Registration and some elements of Access Rights Management” available here.]
**Agenda**

1. Introduction
2. Fundamentals
3. Participation
   - Access of DCA holders to T2S
   - Certification testing
     - Registration process
     - Termination or suspension of a participant
4. Procedures in normal situations
5. Procedures in abnormal situations
6. Billing
7. Relevant documentation
Certification testing

Testing activities for Indirectly connected DCA holders

- Additional information about the testing activities for Indirectly connected DCA holders will be provided by each Central Bank.
Certification testing

Testing activities for Directly connected DCA holders

<table>
<thead>
<tr>
<th>Wave</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1</td>
<td>02/03/2015</td>
<td>27/03/2015</td>
</tr>
<tr>
<td>Wave 2</td>
<td>21/09/2015</td>
<td>16/10/2015</td>
</tr>
<tr>
<td>Wave 3</td>
<td>15/02/2016</td>
<td>11/03/2015</td>
</tr>
<tr>
<td>Wave 4</td>
<td>10/10/2016</td>
<td>04/11/2016</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Wave</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wave 1</td>
<td>02/03/2015</td>
<td>15/05/2015</td>
</tr>
<tr>
<td>Wave 2</td>
<td>21/09/2015</td>
<td>15/01/2016</td>
</tr>
<tr>
<td>Wave 3</td>
<td>22/02/2016</td>
<td>29/07/2016</td>
</tr>
<tr>
<td>Wave 4</td>
<td>10/10/2016</td>
<td>23/12/2016</td>
</tr>
</tbody>
</table>

- Additional information about the testing activities for Directly connected DCA holders will be provided by each Central Bank.
## Agenda

<table>
<thead>
<tr>
<th></th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td></td>
<td>Access of DCA holders to T2S</td>
</tr>
<tr>
<td></td>
<td>Certification testing</td>
</tr>
<tr>
<td>4</td>
<td>Registration process</td>
</tr>
<tr>
<td></td>
<td>Termination or suspension of a participant</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in normal situations</td>
</tr>
<tr>
<td>6</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td>7</td>
<td>Billing</td>
</tr>
<tr>
<td></td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Registration process

PM account holders and Ancillary systems

Central Bank

ICM

DCA holders

Central Bank

GUI

Information available at: User Guide for Collection of Static Data; Registration Forms (provided by each Central Bank).

Information available at: Registration Guide for DCA holders; Registration Forms for DCA holders (provided by each Central Bank).
Changes to the registration forms for PM account holders

Form 1000 - *Main form for direct PM participants*: Information related with the use of TARGET2 core services – Debit/Credit notifications

### Credit notifications

<table>
<thead>
<tr>
<th>5. T2S related notifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Information on incoming liquidity transfers from T2S:</td>
</tr>
<tr>
<td>Information on incoming liquidity transfers from T2S:</td>
</tr>
<tr>
<td>☐ MT ☐ MX ☐ No</td>
</tr>
</tbody>
</table>

### Debit notifications

<table>
<thead>
<tr>
<th>5.2 Optional debit notifications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optional debit notifications:</td>
</tr>
<tr>
<td>☐ MT ☐ MX ☐ No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.4 SWIFT NET DN for receiving the Information about incoming liquidity transfers from T2S:</th>
</tr>
</thead>
<tbody>
<tr>
<td>O= SWIFT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.4b SWIFT NET DN for receiving the Optional debit notification:</th>
</tr>
</thead>
<tbody>
<tr>
<td>O=</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>55 OU=</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>55b OU=</th>
</tr>
</thead>
</table>
Changes to the registration forms for PM account holders

Form 1000 - Main form for direct PM participants: Information related with the use of TARGET2 value-added services for T2S

- Activation date: not earlier than 22 June 2015.
- Changes can only be captured by each Central Bank (via ICM) from 26 May 2015 onwards.
Registration forms for DCA holders

Indirectly connected DCA holders

- **Form 7050**: Main Form for Payment Banks (ICP)
- **Form 7150**: Form For Dedicated Cash Account (ICP)
(+ Form 1000 – Main form for direct PM participants)

Directly connected DCA holders

- **Form 7000**: Main Form for Payment Banks (DCP)
- **Form 7100**: Form For Dedicated Cash Account (DCP)
- **Form 7200**: Form for Administrator User

Further information available in the [Registration Guide for DCA holders](#).
Registration forms for DCA holders

Generic information (present in all forms):

DCA holder’s production BIC11, irrespective of the environment

Some time before the contract date (e.g. migration weekend) ➔ Central Banks will set restrictions between activation date and contract date, in order to avoid any settlement!
Registration forms for DCA holders

Indirectly connected DCA holders

- **Form 7050**: Main Form for Payment Banks (ICP)
- **Form 7150**: Form For Dedicated Cash Account (ICP)
  (+ Form 1000 – Main form for direct PM participants)

Directly connected DCA holders

- **Form 7000**: Main Form for Payment Banks (DCP)
- **Form 7100**: Form For Dedicated Cash Account (DCP)
- **Form 7200**: Form for Administrator User

Further information available in the [Registration Guide for DCA holders](#).
Registration forms for **Indirectly Connected DCA holders**

**Form 7050: Main Form for Payment Banks (ICP)**

- Identification of the DCA holder
Registration forms for **Indirectly Connected DCA holders**

Form 7050: Main Form for Payment Banks (ICP)

- Form needs to be signed by the responsible **staff** member of the DCA holder.

The Undersigned declare(s) to have the full capacity and authority to execute the TARGET2 form for and on behalf of the Participant requesting activation of the registration.

<table>
<thead>
<tr>
<th>Date</th>
<th>Name(s)</th>
<th>Signature(s)</th>
</tr>
</thead>
</table>


Registration forms for **Indirectly Connected DCA holders**

Form 7150: Dedicated Cash Account (ICP)

Format for the DCA number:

<table>
<thead>
<tr>
<th>Name</th>
<th>Format</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account type</td>
<td>1 char. exactly</td>
<td>‘C’ for cash account</td>
</tr>
<tr>
<td>Country code of the Central Bank</td>
<td>2 char. exactly</td>
<td>ISO country code</td>
</tr>
<tr>
<td>Currency code</td>
<td>3 char. exactly</td>
<td>ISO currency code</td>
</tr>
<tr>
<td>Account holder</td>
<td>11 char. exactly</td>
<td>BIC</td>
</tr>
<tr>
<td>Sub-classification of the account</td>
<td>Up to 17 char.</td>
<td>Free text</td>
</tr>
</tbody>
</table>
Registration forms for **Indirectly Connected DCA holders**

Form 7150: Dedicated Cash Account (ICP)

- BICs of the CSD participants holding the securities accounts that can be linked to the DCA (by a CSD) for settlement and/or auto-collateralisation purposes.

**Screen: Credit Memorandum Balance Details**

<table>
<thead>
<tr>
<th>Authorized BIC Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>BICs:</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
Registration forms for **Indirectly Connected DCA holders**

Form 7150: Dedicated Cash Account (ICP)

Information related with the provision of Central Bank auto-collateralisation.

If Auto-collateralisation flag is:
- “No”: Central Bank will set the limit to zero;
- “Yes”: Central Bank will set the limit to 999,999,999,999.99 (or the amount requested by the DCA holder via the field 24c).

- Information that might be used by each Central Bank (Collateral Management System), in order to handle the automatic auto-collateralisation reimbursement.
- DCA holders will be informed by the respective Central Bank about the need to provide this information.
Registration forms for **Indirectely Connected DCA holders**

Form 7150: Dedicated Cash Account (ICP)

**Form needs to be signed by the responsible staff member of both the Main PM account holder and DCA holder, before being forwarded to the Central Bank (of the DCA holder).**
Registration forms for DCA holders

Indirectly connected DCA holders

- Form 7050: Main Form for Payment Banks (ICP)
- Form 7150: Form For Dedicated Cash Account (ICP)
(+ Form 1000 – Main form for direct PM participants)

Directly connected DCA holders

- Form 7000: Main Form for Payment Banks (DCP)
- Form 7100: Form For Dedicated Cash Account (DCP)
- Form 7200: Form for Administrator User

Further information available in the Registration Guide for DCA holders.
Registration forms for **Directly Connected DCA holders**

Form 7000: Main Form for Payment Banks (DCP)

### Identification of the DCA holder

<table>
<thead>
<tr>
<th>1. Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
</tr>
<tr>
<td>Party Long Name:</td>
</tr>
<tr>
<td>12</td>
</tr>
<tr>
<td>Party Short Name:</td>
</tr>
<tr>
<td>13</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td>13a</td>
</tr>
<tr>
<td>Street:</td>
</tr>
<tr>
<td>13b</td>
</tr>
<tr>
<td>House Number:</td>
</tr>
<tr>
<td>13c</td>
</tr>
<tr>
<td>Postal Code:</td>
</tr>
<tr>
<td>13d</td>
</tr>
<tr>
<td>City:</td>
</tr>
<tr>
<td>13e</td>
</tr>
<tr>
<td>State or Province:</td>
</tr>
<tr>
<td>13f</td>
</tr>
<tr>
<td>Country Code:</td>
</tr>
</tbody>
</table>

**Screen: Party details**

<table>
<thead>
<tr>
<th>Party Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
</tr>
<tr>
<td>Active Party</td>
</tr>
<tr>
<td>Party Code</td>
</tr>
<tr>
<td>Valid From</td>
</tr>
<tr>
<td>2013-09-03</td>
</tr>
<tr>
<td>BIC</td>
</tr>
<tr>
<td>CSDPRINTN21</td>
</tr>
<tr>
<td>Party Name</td>
</tr>
<tr>
<td>Valid From</td>
</tr>
<tr>
<td>2013-09-03</td>
</tr>
<tr>
<td>Long Name</td>
</tr>
<tr>
<td>CSDPRINTN21</td>
</tr>
<tr>
<td>Short Name</td>
</tr>
<tr>
<td>CSDPRINTN21</td>
</tr>
</tbody>
</table>

**Static Data**

<table>
<thead>
<tr>
<th>Static Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parent BIC</td>
</tr>
<tr>
<td>CSDPRINTN01</td>
</tr>
<tr>
<td>Party Type</td>
</tr>
<tr>
<td>CSD Participant</td>
</tr>
</tbody>
</table>

**ECB-PUBLIC UPDATABLE**
Registration forms for **Directly Connected DCA holders**

Form 7000: Main Form for Payment Banks (DCP)

Distinguished Names (DN) to be used for the Application-to-Application (A2A) connection, per service name [only applicable for DCA holders connected in A2A mode].

**Screen: Party details**

**Screen: Technical Address Network Service Links Details**
Registration forms for **Directly Connected DCA holders**

**Form 7000: Main Form for Payment Banks (DCP)**

- Distinguished Names (DN) to be used by default, per service, in A2A mode [Only applicable to DCA holders connected in A2A mode].
- Just the initial configuration will be set by the Central Bank.
- Changes need to be performed by the DCA holder.

**Screen: Network configuration - Routings**
Registration forms for **Directly Connected DCA holders**

Form 7000: Main Form for Payment Banks (DCP)

<table>
<thead>
<tr>
<th>Role</th>
<th>Two-eyes mode</th>
<th>Four-eyes mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access rights administrator - Basic</td>
<td>☒</td>
<td>n.a</td>
</tr>
<tr>
<td>Access rights administrator - Advanced</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Reading role</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>CMB manager</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Configuration manager</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Liquidity manager</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>Collateral manager</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Roles defined for the DCA holders

Roles and privileges

T2S Operator

Roles and privileges

Central Bank

Access rights administrator (Basic)

DCA holder

Administrator users

Administrator users
**Registration forms for Directly Connected DCA holders**

Form 7000: Main Form for Payment Banks (DCP) | Access rights management

Roles available to DCA holders

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Reading role**                  | • Role to be granted to all users (in two-eyes mode).  
• Includes privileges that allow the access to information relevant for all users, irrespective of their business function. |
| **Access rights administrator - Basic** | • Includes six privileges for access rights management.  
• Needs to be granted by the Central Bank to the DCA holder’s administrator users (in two-eyes mode).  
• Only role that can be granted by the Central Bank to the DCA holder’s administrator users. |
| **Access rights administrator - Advanced** | • Includes the remaining privileges necessary for access rights management.  
• Allows the DCA holder’s administrator users to manage the remaining users' access rights, when combined with the Reading role and Access rights administrator - Basic. |
# Registration forms for Directly Connected DCA holders

Form 7000: Main Form for Payment Banks (DCP) | Access rights management

## Roles available to the DCA holders

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CMB manager</strong></td>
<td>• Includes the privileges necessary to manage the secondary credit memorandum balance.</td>
</tr>
<tr>
<td><strong>Configuration manager</strong></td>
<td>• Includes the privileges necessary to manage the messages subscription, reports configuration and routing rules.</td>
</tr>
<tr>
<td><strong>Liquidity manager</strong></td>
<td>• Includes the privileges necessary to manage the DCA's liquidity.</td>
</tr>
<tr>
<td><strong>Collateral manager</strong></td>
<td>• Includes the privileges necessary to manage the securities considered eligible by the DCA holder for client auto-collateralisation and respective valuation.</td>
</tr>
</tbody>
</table>
Registration forms for Directly Connected DCA holders

Form 7000: Main Form for Payment Banks (DCP)

- Roles can be granted to each DCA holder in two-eyes or four-eyes mode.

- If **two-eyes mode** is selected:
  - role can be granted to a user in two-eyes mode, and/or
  - each privilege in the role can be granted to a user in two-eyes or four-eyes mode.

- If **four-eyes mode** is selected:
  - role can be granted to a user in four-eyes; and/or
  - each privilege in the role can be granted to a user (only) in four-eyes mode.

- If the role is to be used in A2A, two-eyes mode needs to be selected.
Registration forms for **Directly Connected DCA holders**

**Form 7000: Main Form for Payment Banks (DCP)**

<table>
<thead>
<tr>
<th>5. Secured Group</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>51</strong></td>
</tr>
<tr>
<td>New secured group type</td>
</tr>
<tr>
<td>- Select one entry -</td>
</tr>
<tr>
<td>- Select one entry -</td>
</tr>
<tr>
<td>- Select one entry -</td>
</tr>
</tbody>
</table>

<p>| 52 | Request for Inclusion on a Secured group |</p>
<table>
<thead>
<tr>
<th>Secured group Identification</th>
<th>Identification of the party responsible for the secured group (Parent BIC/Payment Bank BIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

- **Secured group**: group of secured objects (e.g., parties or DCAs) to which privileges/roles can be granted.
- Via form 7000, DCA holders can:
  - request the **creation of a secured group of parties and/or DCAs** (field 51).
  - request the **inclusion in a secured group of parties** (field 52).
  - Request for inclusion in a secured group of DCAs is made via form 7100 (field 31).
- **Secured Group Identification**: automatically generated by the system upon creation of the secured group by the Central Bank.
Registration forms for Directly Connected DCA holders

Form 7000: Main Form for Payment Banks (DCP)

If DCA holder intends to set a secondary CMB, collateralisation procedure has to be set to “REPO”; otherwise, should not be filled.

If DCA holder intends to provide client collateralisation, technical address to send daily securities valuations via flat files needs to provided.

• Address will be included in the list of technical senders authorised to send securities valuations via flat files.
Registration forms for Directly Connected DCA holders

Form 7000: Main Form for Payment Banks (DCP)

- Form needs to be signed by the responsible staff member of the DCA holder.

The Undersigned declare(s) to have the full capacity and authority to execute the TARGET2 form for and on behalf of the Participant requesting activation of the registration.

Date, Name(s) Signature(s)
Registration forms for Directly Connected DCA holders

Form 7100: Dedicated Cash Account (DCP)

Information needed to create the DCA.

Main PM account
Registration forms for **Directly Connected DCA holders**

**Form 7100: Dedicated Cash Account (DCP)**

Format for the DCA number:

<table>
<thead>
<tr>
<th>Name</th>
<th>Format</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account type</td>
<td>1 char. exactly</td>
<td>‘C’ for cash account</td>
</tr>
<tr>
<td>Country code of the Central Bank</td>
<td>2 char. exactly</td>
<td>ISO country code</td>
</tr>
<tr>
<td>Currency code</td>
<td>3 char. exactly</td>
<td>ISO currency code</td>
</tr>
<tr>
<td>Account holder</td>
<td>11 char. exactly</td>
<td>BIC</td>
</tr>
<tr>
<td>Sub-classification of the account</td>
<td>Up to 17 char.</td>
<td>Free text</td>
</tr>
</tbody>
</table>
Registration forms for **Directly Connected DCA holders**

**Form 7100: Dedicated Cash Account (DCP)**

- BICs of the CSD participants holding the securities accounts that can be linked to the DCA (by a CSD) for settlement and/or auto-collateralisation purposes.

**Screen: Credit Memorandum Balance Details**
### Registration forms for **Directly Connected DCA holders**

**Form 7100: Dedicated Cash Account (DCP)**

<table>
<thead>
<tr>
<th>23</th>
<th>Receiving Securities Account Number (only in pledge case):</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 a, b</td>
<td>Auto-collateralisation: <strong>Yes</strong> <strong>No</strong></td>
</tr>
<tr>
<td>24 c</td>
<td>Requested auto-collateralisation limit:</td>
</tr>
<tr>
<td>25 a</td>
<td>PM account for automatic auto-collateralisation reimbursement</td>
</tr>
<tr>
<td>25 b</td>
<td>PM account BIC:</td>
</tr>
<tr>
<td>26 a, b</td>
<td>Securities accounts for collateral supply (securities account number)</td>
</tr>
</tbody>
</table>

Information related with the provision of Central Bank auto-collateralisation.

If Auto-collateralisation flag is:
- “No”: Central Bank will set the limit to zero;
- “Yes”: Central Bank will set the limit to 999,999,999,999,99 (or the amount requested by the DCA holder via the field 24c).

- Information that might be used by each Central Bank (Collateral Management System), in order to handle the automatic auto-collateralisation reimbursement.
- DCA holders will be informed by the respective Central Bank about the need to provide this information.
Registration forms for **Directly Connected DCA holders**

Form 7100: Dedicated Cash Account (DCP)

<table>
<thead>
<tr>
<th>Secured Group</th>
<th>Identification</th>
<th>Identification of the party responsible for the secured group (Parent BIC/Payment Bank BIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Request for inclusion in an already existing **secured group of DCAs**.

Secured Group Identification and Identification of the DCA holder responsible for the secured group shall be provided by the DCA holder responsible for the secured group.
Registration forms for **Directly Connected DCA holders**

Form 7100: Dedicated Cash Account (DCP)

Both parties confirm that they have agreed on the link between the mentioned PM account and the DCA.

The Undersigned declare(s) to have the full capacity and authority to execute the TARGET2 form for and on behalf of the Participant requesting activation of the registration.

**PM account holder:**

(Holder of the PM account indicated in field 15 – *External RTGS account number*)

Date, Name(s) Signature(s)

**DCA holder:**

Date, Name(s) Signature(s)

Form needs to be signed by the responsible staff member of both the Main PM account holder and DCA holder, before being forwarded to the Central Bank (of the DCA holder).
Registration forms for **Directly Connected DCA holders**

Form 7200: Administrator User

- **Login name and System user reference:**
  - unique in T2S (per environment);
  - **Structure:** C (DCA holder’s user) + **Country code** of the Central Bank (2 char.) + **BIC11** of the DCA holder + **Free text** (up to 21 characters).

- **Link between User name and Distinguished Name.**

- **Role** "Access rights administrator - Basic" will be granted by the Central Bank directly to the DCA holder’s administrator user in **two-eyes mode**. In case **four-eyes mode** should be used, a specific procedure needs to be followed (additional information can be requested to the respective Central Bank).
Registration forms for **Directly Connected DCA holders**

Form 7200: Administrator User

- Form needs to be signed by the responsible **staff** member of the DCA holder.

The Undersigned declare(s) to have the full capacity and authority to execute the TARGET2 form for and on behalf of the Participant requesting activation of the registration.

<table>
<thead>
<tr>
<th>Date,</th>
<th>Name(s)</th>
<th>Signature(s)</th>
</tr>
</thead>
</table>

TARGET2 Operational Framework | T2S related changes
Specific aspects related with the registration of DCA holders

T2S external RTGS account list

- It is only possible to...
  - link a DCA to a given External RTGS account;
  - send a liquidity transfer to a given External RTGS account,

  ... if the that account is included in the external RTGS account list.

- All PM accounts will be included in the list by the Central Bank, except:
  - technical accounts, PM accounts from Internet-based participants (IBP) or unpublished participants;
    - Unpublished participants and IBP can request the Central Bank to be included in the list.
Specific aspects related with the registration of DCA holders

Restrictions set-up between the DCA activation date and the contract date

DCA activation date
(activation date on the form and set on the GUI screen)

Date of the contract between the DCA holder and the Central Bank
(Migration weekend /other date when the DCA shall start to be used)

Central Banks will apply a restriction (at party, RTGS account or DCA level) in order to prevent settlement on the DCA during this period
Specific aspects related with the registration of DCA holders

Information flows between DCA holders, Central Banks and CSDs

- **DCA holder is responsible** for the communication flows with the respective Central Bank and CSD(s).

To open a DCA…

1) Request to open the DCA
   - DCA holder
   - Central Bank

2) Request to link the securities accounts to the DCA
   - CSD

To close a DCA…

1) Request to remove the link between securities account and DCA
   - DCA holder
   - CSD

2) Request to close the DCA
   - Central Bank
# Agenda

<table>
<thead>
<tr>
<th></th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td></td>
<td>Access of DCA holders to T2S</td>
</tr>
<tr>
<td></td>
<td>Certification testing</td>
</tr>
<tr>
<td></td>
<td>Registration process</td>
</tr>
<tr>
<td></td>
<td><strong>Termination or suspension of a participant</strong></td>
</tr>
<tr>
<td>4</td>
<td>Procedures in normal situations</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Termination or suspension of a participant

Background information (TARGET2 Guideline):

- Under certain conditions, Central Banks shall or may immediately terminate or suspend the participation of a PM account or DCA holder in its TARGET2 component, without prior notice.
- **Termination**: closure of the account.
  - Upon termination new payment orders shall not be accepted.
- **Suspension**: temporary freezing of the rights and obligations of a participant for a period of time to be determined by the Central Bank.
  - Upon suspension of a PM account or DCA holder all its incoming and outgoing payments orders shall be submitted for settlement only after being explicitly accepted by the respective Central Bank.
**Termination or suspension of a participant**

- Central Banks **shall** immediately **terminate** or **suspend** the participation of a PM account or DCA holder in its TARGET2 component, **without prior notice**, if:
  - insolvency proceedings are opened in relation to the participant; and/or
  - the participant **no longer meets the access criteria** for participation in that component system.

- Central Bank **may terminate** without prior notice or **suspend** the participation of a PM account or DCA holder in its TARGET2 component if:
  - one or more **events of default** (other than those referred to above) occur;
  - participant is in **material breach of the Harmonised Conditions or fails to carry out** any **material obligation** to the central bank;
  - participant is **excluded from**, or otherwise **ceases to be a member of**, a TARGET2 Closed User Group (CUG) or the **T2S Closed Group of Users** (CGU);
  - any other participant-related event occurs which would threaten the overall stability, soundness and safety of TARGET2, or which would jeopardise the central bank's performance of its tasks, and/or poses risks on the grounds of prudence.
  - access to intraday credit is suspended or terminated.
Termination or suspension of a participant

Scenarios:

• Suspension or termination of a **PM account holder**
• Suspension or termination of a **Main PM account holder**
• Suspension or termination of a **DCA holder**.
Suspension or termination of a PM account holder

If a PM account holder is suspended:

• Each Central Bank will inform the respective users;
• Payments sent or received by/to the suspended PM account holder (after suspension) are stored for confirmation (via ICM) by the respective Central Bank.
• The confirmation of payments depends on the national rules.

In case of termination, the static data of the PM account holder will be deleted.
Suspension or termination of a Main PM account holder

Should the linked DCAs also be suspended/terminated?

Linked DCAs belong to the same legal entity as the PM account holder?

Main PM account needs to be changed.

DCA needs to be suspended/terminated
Suspension or termination of a Main PM account holder

If it is necessary to change the Main PM account:

- On the day of the suspension/termination of the Main PM account holder, the DCA holder has to designate a new Main PM account (i.e., an updated version of form 7100/7150 should be sent to the respective Central Bank);
- If the DCA holder does not inform the Central Bank in due time, the Main PM account will be changed to a PM account of the Central Bank.
- Each Central Bank will put in place the necessary procedures in order to remunerate the funds transferred to its PM account, according with the existing remuneration conditions;
- At the beginning of the following month, the new Main PM account holder (as designated by the DCA holder) is responsible for the payment of the DCA invoice.
Suspension or termination of a DCA holder

If a DCA holder is suspended:

• The respective Central Bank will inform the remaining Central Banks as well as the CSDs.
  • Each Central Bank will disseminate the information to the respective users;
• A restriction will be applied to the DCA in order to block the settlement on the DCA.
• Central Bank auto-collateralisation limit to zero, in order to trigger the reimbursement of Central Bank auto-collateralisation (in case Central Bank auto-collateralisation is not completely reimbursed, the Central Bank will convert it into intraday credit in the PM account);
Suspension or termination of a DCA holder

• The Main PM account will be changed to a PM account of the Central Bank (unless the Main PM account belongs to the same legal entity as the DCA and has also been suspended);
• The privileges of the DCA holder and any third parties with access to the DCA will be revoked, in order to avoid the initiation of liquidity transfers;
• Predefined and standing liquidity transfers orders will be deleted;
• Any remaining liquidity will be transferred to the Main PM account via the automated cash sweep.

In case of termination, the relevant static data will be deleted.
Suspension, limitation or termination of intraday credit and/or auto-collateralisation facilities

Background information (TARGET2 Guideline):

- Central Bank **shall** suspend or terminate access to intraday credit and/or auto-collateralisation facilities if one of the following events of default occurs:
  - the PM account or DCA of the entity is suspended or closed;
  - the entity concerned ceases to meet any of the requirements for the provision of intraday credit and/or auto-collateralisation facilities;
  - a decision is made (by a competent judicial or other authority) to implement a procedure for the winding-up of the entity or the appointment of a liquidator or analogous officer over the entity or any other analogous procedure;
  - the entity becomes subject to the freezing of funds and/or other measures imposed by the Union restricting the entity’s ability to use its funds;
  - the entity’s eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated.
Suspension, limitation or termination of intraday credit and/or auto-collateralisation facilities

Background information (TARGET2 Guideline):

- Central Bank may suspend or terminate access to intraday credit and/or auto-collateralisation facilities if:
  - a National Central Bank suspends or terminates the PM account and/or DCA holder’s participation in TARGET2, or if one or more events of default occur.
  - if the PM account/DCA holder is deemed to pose risks on the grounds of prudence.

- Eurosystem may decide to suspend, limit or exclude counterparties’ access to monetary policy instruments on the grounds of prudence. In such cases, the National Central Bank shall implement the decision in respect of access to intraday credit and/or auto-collateralisation facilities.
Suspension, limitation or termination of intraday credit and/or auto-collateralisation facilities

Intraday Credit:

• Limitation: credit line of the PM account will be adjusted according with the limit defined.

• Suspension or termination: credit line of the PM account holder will be set to zero.

Auto-collateralisation facilities:

• Limitation: central bank auto-collateralisation limit defined for the DCA holder will be adjusted, according with the limit defined.

• Suspension or termination: central bank auto-collateralisation limit defined for the DCA holder will be set to zero.
# Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td>4</td>
<td><strong>Business day in normal situations</strong></td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Business day in normal situations

**Start of Day**

- **18:45 – 19:00**
  - Night-time Settlement
  - Standing orders PM - DCA

- **19:00 – 20:00**
  - Night-time Settlement
  - Settlement standing orders PM - DCA

- **20:00 – 03:00**
  - Maintenance Window

- **03:00 – 05:00**
  - Maintenance Window

- **05:00 – 16:00**
  - Real-time Settlement
  - DVP cut-off

- **16:00 – 16:30**
  - Auto-col. Reimbursement
  - (Optional) cash sweep

- **16:30 – 17:45**
  - Automated cash sweep

- **17:45 – 18:00**
  - Cut-off Liq. Transf. PM - DCA

- **18:00 – 18:45**
  - Cut-off customer pay.
  - Cut-off for interbank pay.

**T2S [18:45 – 20:00]**

- Load changes in participants’ static data for the next business day.
- 19:00 - Change of the business day

**SSP [18:45 – 19:00]**

- Revalidation of settlement and maintenance instructions that failed on their intended settlement date;
- Acceptance of data feeds from Central Banks’ Collateral Management Systems (CMS) and DCA holders.
### Start of Day

**19:00:** Final deadline for data feeds related with Client Collateralisation (valid for the next business day)

Information can be sent as soon as possible, ideally by 17:45.

- List of eligible securities for Client Collateralisation
  - After the first upload, it should be updated when changes occur (in U2A or A2A, via an ISO 20022 message/file).

- Valuation of eligible securities
  - To be uploaded on a daily basis (in U2A or A2A, via flat file);
  - If not provided by 19:00, latest available information will be used.

- Close links information
  - For the time being, the T2S close links functionality will not be used by the Eurosystem and, thus, information does not need to be provided.
Night-time settlement

Start of Day
18:45
19:00
19:30
20:00
01:00
03:00
05:00
06:45
16:00
16:30
17:45
18:00
18:45
End of Day
18:45
19:00
19:30
20:00
01:00
03:00
05:00
06:45
16:00
16:30
17:45
18:00
18:45
End of Day

SSP
[19:00 – 22:00/ 01:00 – 06:45]

- 19:00 – 19:30: Liquidity provision (SF to PM or HAM; HAM to PM; PHA to PM)
- 19:30: Standing orders for liquidity transfers to:
  - sub-accounts
  - mirror accounts
  - DCAs

T2S
[20:00 – 03:00]

- Two settlement cycles, each one with several sequences (cf. next slide)
- 20:00: Settlement on the DCAs of the liquidity transfers from the PM accounts
- Central Bank auto-collateralisation can also be provided via during the night
# Night-time settlement

## Settlement Sequences:

### First Night-time Settlement Cycle
- **End of start of day period**
- **At 20:00:** Settlement sequence 0
  - Process queued messages
  - Reporting
- Settlement sequence 1
  - Process queued messages
  - Reporting
- Settlement sequence 2
  - Process queued messages
  - Reporting
- Settlement sequence 3
  - Process queued messages
  - Reporting
- Settlement sequence 4
  - Process queued messages
  - Reporting

### Last Night-time Settlement Cycle
- **End of sequence 4 in the first night time settlement cycle**
- Process queued messages
- Settlement sequence 4
  - Process queued messages
  - Reporting
- Settlement sequence X
  - Process queued messages
  - Reporting
- Settlement sequence Y
  - Process queued messages
  - Reporting
- Settlement sequence Z
  - Reporting
Night time settlement

First night-time settlement cycle:

- **End of start of day period**
  
  **At 20:00:** Settlement sequence 0
  
  Process queued messages  
  Reporting

  Settlement sequence 1
  
  Process queued messages  
  Reporting

  Settlement sequence 2
  
  Process queued messages  
  Reporting

  Settlement sequence 3
  
  Process queued messages  
  Reporting

  Settlement sequence 4
  
  Reporting

- Liquidity transfers from PM account to DCAs and between DCAs are settled from sequence 0 onwards.
- Liquidity transfers from DCAs to PM accounts are settled from sequence 1 onwards.
- Liquidity transfers received while sequences are running are taken into account in the following sequences.
- At the end of each sequence, T2S generates full or delta reports according with the report configuration of the relevant directly connected DCA holder. Indirectly connected DCA holders cannot receive such reports.
Night time settlement

Last night-time settlement cycle:

- During sequence Y: only the reimbursement of liquidity providers via the Multiple liquidity providers’ functionality is settled.
- During sequence Z: only liquidity transfers are settled (to, from and between DCAs).
**Maintenance Window**

**SSP**
[22:00 – 01:00]
- Liquidity transfers from DCAs are queued and processed afterwards.

**T2S**
[03:00 – 05:00]
- Liquidity transfers from PM accounts are queued and processed afterwards.

**Business day in normal situations**

**Night-time Settlement**
Standing orders PM - DCA

**Daytime Settlement**
- Cut-off for customer pay.
- Cut-off Liq. Transf. PM - DCA
- Cut-off for interbank pay.

**End of Day**
18:45

**Start of Day**
19:00

**Night-time Settlement**
Settlement standing orders PM - DCA

**Maintenance Window**
01:00

**Real-time Settlement**
- DVP cut-off
- Auto-col. Reimbursement (Optional) cash sweep
- Automated cash sweep
- FOP cut-off

**End of Day**
18:45
Daytime settlement

**SSP**
**[06:45 – 18:00]**
- 06:45 – 07:00: preparation of the day trade phase
- 07:00: SSP open for payments processing
- CLS-related payments/margin calls for CCPs/EURO1
- 17:00: cut-off for customer payments
- 17:45: cut-off liquidity transfers PM – DCAs
- 18:00: cut-off for interbank payments

**T2S**
**[05:00 – 18:00]**
- In case the night time settlement is completed before 03:00, the Real-time Settlement will start before the T2S platform maintenance window.
- 16:00 – 18:00: Real-Time Settlement Closure
## Daytime settlement

### Real-time settlement closure:

<table>
<thead>
<tr>
<th>Time</th>
<th>Real-time settlement closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>16:00</td>
<td>DVP cut-off / Cash settlement restriction cut-off / Release of unused cash settlement restriction</td>
</tr>
<tr>
<td>16:30</td>
<td>Automatic Central Bank auto-collateralisation reimbursement</td>
</tr>
<tr>
<td>(thereafter)</td>
<td>Optional cash sweep</td>
</tr>
<tr>
<td>17:40</td>
<td>Cut-off for BATM (Bilaterally Agreed Treasury Management) and CBO (Central Bank Operations) settlement instructions</td>
</tr>
<tr>
<td>17:45</td>
<td>Cut-off for liquidity transfers from PM accounts to DCAs</td>
</tr>
<tr>
<td>(thereafter)</td>
<td>Automated cash sweep to transfer all remaining liquidity from DCAs to the respective Main PM accounts.</td>
</tr>
<tr>
<td>18:00</td>
<td>Free-of-Payment cut-off</td>
</tr>
</tbody>
</table>

### DCA holders are recommended to:

- reimburse Central Bank auto-collateralisation before 16:30 or to provide sufficient liquidity on the DCA by 16:30;

- transfer liquidity to the PM accounts **before 17:45** (i.e. before the automated cash sweep).
Daytime settlement

Automatic Central Bank auto-collateralisation reimbursement

16:30: “Release” of reverse settlement transactions “on hold”

- **Yes**
  - Enough liquidity on the DCA to settle reverse settlement transactions?
    - **Yes**
      - Central Bank auto-collateralisation reimbursed
    - **No**
      - Rebalancing of liquidity between DCA of the same DCA holder and open within the books of the same Central Bank.
        - **Yes**
          - Enough liquidity on the DCA to settle reverse settlement transactions?
            - **Yes**
              - Collateral relocation and conversion into intraday credit on the PM account
            - **No**
              - Penalty fee of EUR 1000
        - **No**
          - Penalty fee of EUR 1000

Note: Collateral relocation is performed according with each Central Bank procedures.
Business day in normal situations

End of Day

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>18:00</td>
<td><strong>Start of Day</strong></td>
</tr>
<tr>
<td>18:45</td>
<td><strong>End of Day</strong></td>
</tr>
<tr>
<td>19:00</td>
<td>Night-time Settlement</td>
</tr>
<tr>
<td></td>
<td>Standing orders PM - DCA</td>
</tr>
<tr>
<td>19:30</td>
<td>Maintenance Window</td>
</tr>
<tr>
<td>22:00</td>
<td>Night-time Settlement</td>
</tr>
<tr>
<td>01:00</td>
<td>Maintenance Window</td>
</tr>
<tr>
<td>06:45</td>
<td>Daytime Settlement</td>
</tr>
<tr>
<td>06:45</td>
<td><strong>End of Day</strong></td>
</tr>
<tr>
<td>17:00</td>
<td>Cut-off for customer pay.</td>
</tr>
<tr>
<td>17:45</td>
<td>Cut-off Liq. Transf. PM - DCA</td>
</tr>
<tr>
<td>18:00</td>
<td>Cut-off for interbank pay.</td>
</tr>
<tr>
<td>18:45</td>
<td><strong>End of Day</strong></td>
</tr>
<tr>
<td>18:45</td>
<td>SSP [18:00 – 18:45]</td>
</tr>
<tr>
<td>20:00</td>
<td>Night-time Settlement</td>
</tr>
<tr>
<td></td>
<td>Settlement standing orders PM - DCA</td>
</tr>
<tr>
<td>03:00</td>
<td>Maintenance Window</td>
</tr>
<tr>
<td>05:00</td>
<td>Real-time Settlement</td>
</tr>
<tr>
<td>16:00</td>
<td>DVP cut-off</td>
</tr>
<tr>
<td>16:30</td>
<td>Auto-col. Reimbursement (Optional) cash sweep</td>
</tr>
<tr>
<td>17:45</td>
<td>Automated cash sweep</td>
</tr>
<tr>
<td>18:45</td>
<td>T2S [18:00 – 18:45]</td>
</tr>
<tr>
<td></td>
<td>• Use of the standing facilities until 18:15 (18:30 on the last day of the reserve maintenance period);</td>
</tr>
<tr>
<td></td>
<td>• Provision of statements of accounts.</td>
</tr>
<tr>
<td></td>
<td>• Generation of end-of-day reports (e.g., DCA's account statements), according with each directly connected DCA holder report configuration.</td>
</tr>
</tbody>
</table>
## Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Introduction</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Fundamentals</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Participation</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Billing</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
# Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td>4</td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td></td>
<td>High level principles</td>
</tr>
<tr>
<td></td>
<td>Failure at TARGET2 level</td>
</tr>
<tr>
<td></td>
<td>Failure at T2S level</td>
</tr>
<tr>
<td></td>
<td>Failure at participant level</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
# Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Introduction</td>
</tr>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td>4</td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td></td>
<td><strong>High level principles</strong></td>
</tr>
<tr>
<td></td>
<td>Failure at TARGET2 level</td>
</tr>
<tr>
<td></td>
<td>Failure at T2S level</td>
</tr>
<tr>
<td></td>
<td>Failure at participant level</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Procedures in abnormal situations

High level principles

• Incidents
  • Situations preventing TARGET2 from functioning normally.
  • May result, for example, from:
    • a failure of any relevant component or software on the system’s technical platform;
    • procedural or operational failure;
    • a strike or major external event (e.g. natural disasters, large-scale power outages, terrorist attacks, coinciding events).

• Incident handling:
  • Incident detection;
  • Incident management measures;
  • Incident communication.
High level principles

Incident handling | Incident detection

Possible failing points:
High level principles

Incident handling | Incident management measures

- Incident at TARGET2 level
  - Fixing the problem/ finding a workaround;
  - Business continuity with the “two regions - four sites” concept;
  - Contingency processing for (very)critical payments;
  - Delayed closing.

- Incident at T2S level
  - Fixing the problem/ finding a workaround;
  - Business continuity with the “two regions - four sites” concept;
  - Delayed closing.

- Incident at participant level
  - Central Bank may act on behalf.
Agenda

1. Introduction
2. Fundamentals
3. Participation
4. Business day in normal situations
5. Procedures in abnormal situations
   - High level principles
   - Failure at TARGET2 level
     - Failure at T2S level
     - Failure at participant level
6. Billing
7. Relevant documentation
Failure at TARGET2 level

T2S Platform

SSP

PAPSS

PM

Payments processing

T2S interface (T2SI)

Participan t interface

Ancillary system interface

Central Banks

PHA (Reserve management, intraday credit)

Collateral Management System (CMS)

Participants

PM account holders, DCA holders

Ancillary systems

Retail, large-value, forex, money market systems, securities settlement, CCPs
Failure at TARGET2 level

Possible failures

- Failure at TARGET2 level (SSP, including the T2SI)

Procedures

- Trying to resolve the incident!
- Delay closing.
- Processing of (very) critical payments via the Contingency Module.
  Not applicable to liquidity transfers to/from DCAs.
- Business continuity: intra or inter-region failover.
  Inter-region failover with loss of data requires specific procedures in order to rebuild the liquidity transfers between PM accounts and DCAs (vice-versa) and to synchronize the euro transit accounts.
Failure at TARGET2 level

TARGET2 delay closing

- In case...
  - auto-collateralisation has been reimbursed;
  - DCA balances have been swept to PM accounts; and,
  - transit accounts are synchronised

...T2S may proceed with the EoD/SoD+1. However:
  - TARGET2 and T2S should always operate on the same value date for euro cash settlement. Thus, **T2S should not open for euro settlement**.
  - T2S delayed closing or delayed start of the next settlement day might be envisaged.
  - TARGET2 coordinator will inform the T2S coordinator, which may trigger the T2S incident management process.
Failure at TARGET2 level

Business continuity: inter-region failover

Inter-region failover with loss of data can only occur in the extreme situation where both sites within one region become suddenly unavailable at the same time.
Failure at TARGET2 level

Business continuity: inter-region failover with loss of data

- Inter-region failover (scenario with loss of data)
- Users should not send further InterAct and FileAct
- SWIFT Net FIN retrieval
- Reconciliation and synchronization of euro transit accounts
- Label newly pending payments as highly urgent and put them at the front of the queue
- Open SSP for SWIFT Net
- Users to resend FileAct and redo InterAct
- Force newly pending payments and ancillary system transactions
- Open SSP for FIN messages
Failure at TARGET2 level

Business continuity: inter-region failover with loss of data

1) TARGET2 Coordination Desk reconciles the euro transit accounts and identifies missing liquidity transfers.

2) Central Banks are informed about missing liquidity transfers (by the TARGET2 Coordination Desk);

3) Central Banks will inform the respective participants about the actions to be performed;

4) Rebuilding of liquidity transfers:
   
   - from PM accounts to DCAs;
   
   - DCAs to PM accounts.
Failure at TARGET2 level

Business continuity: inter-region failover with loss of data

- **Rebuilding** of liquidity transfers from PM accounts to DCAs

(i) Central Bank will debit the PM account and credit the T2S transit account;

(ii) PM account holders have to disregard debit notifications related with the rebooking.
Failure at TARGET2 level

Business continuity: inter-region failover with loss of data

- **Rebuilding** of liquidity transfers from DCAs to PM accounts:

  (i) Central Bank of the debited DCA holder resend the outbound messages related with the missing liquidity transfers (GUI screen Cash > Liquidity > Immediate Liquidity Transfers > Search/List screen > Related Outbound Messages > Resend);

  (ii) PM account holders have to disregard credit notifications related with the rebooking.
Agenda

1. Introduction
2. Fundamentals
3. Participation
4. Business day in normal situations
5. Procedures in abnormal situations
   - High level principles
   - Failure at TARGET2 level
   - Failure at T2S level
   - Failure at participant level
6. Billing
7. Relevant documentation
Procedures in abnormal situations

Failure at T2S level

T2S Platform

SSP

PAPSS

PM

Payments processing

T2S interface (T2SI)

Participants

Ancillary systems

Central Banks

PACE

CRSS

CROSS

CRAKS

CRISP

PHA
(Reserve management, intraday credit)

Collateral Management System (CMS)

Participants

PM account holders, DCA holders

Ancillary systems

Retail, large-value, forex, money market systems, securities settlement, CCPs
Failure at T2S level

Possible failures

Failure at T2S (including VA-NSP, CSDs, DCPs, non-euro RTGS)

T2S Delay closing

- TARGET2 delay may be necessary in most cases, in particular if:
  - auto-collateralisation has not been reimbursed; and/or
  - DCA balances have not been swept to the PM accounts; and/or
  - transit accounts are not synchronised.

Otherwise, TARGET2 may proceed with EoD/SoD+1.

- In case of problems with the automated cash sweep, both TARGET2 and T2S need to be delayed until liquidity is transferred to the PM accounts.

Business continuity: intra or inter-region failover.

Inter-region failover with loss of data requires specific procedures in order to rebuild the liquidity transfers between PM accounts and DCAs (vice-versa) and to synchronize the euro transit accounts.

Trying to resolve the incident!
## Failure at T2S level

### Possible impact of a T2S failure at TARGET2 level

<table>
<thead>
<tr>
<th>T2S Business Day phase</th>
<th>TARGET2 Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Start of Day</strong> (18:45 to 20:00)</td>
<td>• New liquidity transfers from the PM accounts to the DCAs might need to be performed.</td>
</tr>
<tr>
<td><strong>Night Time Settlement</strong> (20:00 to 3:00)</td>
<td>• Liquidity has to remain on the DCAs, which may impact the liquidity available on the PM accounts for the settlement of (very) critical payments on the morning.</td>
</tr>
<tr>
<td><strong>Maintenance Window</strong> (3:00 to 5:00)</td>
<td>• No impact foreseen.</td>
</tr>
</tbody>
</table>
## Failure at T2S level

Possible impact of a T2S failure at TARGET2 level

<table>
<thead>
<tr>
<th>T2S Business Day phase</th>
<th>TARGET2 Impact</th>
</tr>
</thead>
</table>
| **Real Time Settlement** | • If there is an impact on the processing of BATM and CBO operations, this might have repercussions on the money market or monetary policy operations;  
• A delay in the automatic reimbursement of auto-collateralisation (16:30) due to a failure in T2S may lead to a delay in TARGET2 until the Central Bank auto-collateralisation is reimbursed.  
• If liquidity is not transferred to the PM accounts during the automated cash sweep, a **TARGET2 and T2S delay needs to be envisaged** (until all the liquidity on DCAs has been successfully transferred to the PM accounts). |
| **End of Day**          | No impact foreseen.                                                                                                                              |
Failure at T2S level

T2S inter-region failover with loss of data

1) TARGET2 Coordination Desk reconciles the euro transit accounts and identifies missing liquidity transfers.

2) Central Bank is informed about missing liquidity transfers (by the TARGET2 Coordination Desk);

3) Central Bank will inform the respective participants about the actions to be performed;

4) Rebuilding of liquidity transfers!
Failure at T2S level

T2S inter-region failover with loss of data

- **Rebuilding** of liquidity transfers **from PM accounts to DCAs:**

(i) TARGET2 Coordination Desk (acting as T2S transit account holder) resends the messages via ICM or requests the SSP service desk to perform a technical resending;

(ii) DCA holders have to disregard T2S credit notifications and/or ceiling notifications related with the rebooking.
Failure at T2S level

T2S inter-region failover with loss of data

• **Rebuilding** of liquidity transfers from DCAs to PM accounts:

(i) Per each missing liquidity transfer, Central Bank will debit the PM account and credit the T2S transit account.

(ii) Debit notifications and/or floor notifications received related with the initial liquidity transfer need to be disregarded by the DCA holder.

After the recovery, the DCA holder might resend the liquidity transfer to the PM account by initiating a new liquidity transfer.
## Agenda

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td>Introduction</td>
</tr>
<tr>
<td><strong>2</strong></td>
<td>Fundamentals</td>
</tr>
<tr>
<td><strong>3</strong></td>
<td>Participation</td>
</tr>
<tr>
<td><strong>4</strong></td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td><strong>5</strong></td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td></td>
<td>High level principles</td>
</tr>
<tr>
<td></td>
<td>Failure at TARGET2 level</td>
</tr>
<tr>
<td></td>
<td>Failure at T2S level</td>
</tr>
<tr>
<td><strong>6</strong></td>
<td>Failure at participant level</td>
</tr>
<tr>
<td><strong>7</strong></td>
<td>Billing</td>
</tr>
<tr>
<td></td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
Failure at participant level
Failure at participant level | PM account holders

Possible failures

Own contingency means

ICM to perform: backup payments; liquidity transfers from PM accounts to DCAs or from DCAs to PM accounts, if the PM account holder opted for TARGET2 value-added services for T2S;

T2S GUI, to perform liquidity transfers from DCA to PM accounts and between DCAs;

ICM and T2S GUI (U2A access) for those banks that normally use A2A functionalities.

Central Bank may act on behalf (bilateral relationship between the PM account holder and the Central Bank).

Should not lead to a TARGET2/T2S delay.
Procedures in abnormal situations

Failure at participant level | PM account holders

Central Bank acting on behalf: liquidity transfers from the PM account to a DCA (core services)
Failure at participant level | PM account holders

Central Bank acting on behalf: liquidity transfers from a DCA to a PM account (if the PM account holder uses the Value-added services)
Failure at participant level | DCA holders

Possible failures:

- **DCA Holder** (Operational or technical failure)

Procedures:

**Own contingency means**

- Direct / Indirect connection to T2S, via U2A and/or A2A (if used/available);
- DCA holder can request the main PM account holder to transfer liquidity from the DCA to any PM account, if the PM account holder opted for the TARGET2 value-added services for T2S.

**Central Bank may act on behalf** (bilateral relationship between the DCA holder and the Central Bank).

Should not lead to a TARGET2/T2S delay.
Failure at participant level | DCA holders

Central Bank acting on behalf: liquidity transfers from the DCA to a PM account / another DCA
Agenda

1. Introduction
2. Fundamentals
3. Participation
4. Business day in normal situations
5. Procedures in abnormal situations
6. Billing
7. Relevant documentation
General overview

Invoicing Main PM account holders

Invoice with: fees currently in place for TARGET2 related services + fee for TARGET2 Value Added Services for T2S (if subscribed) + fee for each linked DCA + liquidity transfers to/from DCAs.

Invoice for T2S related services is sent to the main PM account holder (and not to the DCA holder);

Monthly invoices will be sent by the respective Central Bank by the 5th business day (at the latest) and have to be paid by the 10th business day (at the latest).
Invoicing Main PM account holders

Invoice for TARGET2 related services

TARGET2 Core Pricing Scheme for PM account holders

<table>
<thead>
<tr>
<th>Option A</th>
<th>Fixed fee</th>
<th>€ 150</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat rate (per transaction)</td>
<td>Flat rate</td>
<td>€ 0.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Option B</th>
<th>Fixed fee</th>
<th>€ 1,875</th>
</tr>
</thead>
</table>

Monthly Transactions

<table>
<thead>
<tr>
<th>Band</th>
<th>From</th>
<th>To</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1</td>
<td>10,000</td>
<td>€ 0.60</td>
</tr>
<tr>
<td>2.</td>
<td>10,001</td>
<td>25,000</td>
<td>€ 0.50</td>
</tr>
<tr>
<td>3.</td>
<td>25,001</td>
<td>50,000</td>
<td>€ 0.40</td>
</tr>
<tr>
<td>4.</td>
<td>50,001</td>
<td>100,000</td>
<td>€ 0.20</td>
</tr>
<tr>
<td>5.</td>
<td>Above 100,000</td>
<td></td>
<td>€ 0.125</td>
</tr>
</tbody>
</table>

+ New fees:

- Monthly fee for the TARGET2 value-added services for T2S:
  - option A: € 50
  - option B: € 625
- Link PM account - DCA: € 250

- Liquidity transfers from DCAs to PM accounts are charged to the credited PM account.
# Invoicing Main PM account holders

## Invoice for T2S related services

<table>
<thead>
<tr>
<th>Tariff items</th>
<th>Price</th>
<th>Explanation</th>
<th>Allocated to</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Settlement services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquidity transfer orders between DCAs</td>
<td>9 eurocent</td>
<td>per transfer</td>
<td>Debit DCA</td>
</tr>
<tr>
<td>Intra-balance movements</td>
<td>6 eurocent</td>
<td>per transaction</td>
<td>DCA</td>
</tr>
<tr>
<td><strong>Information services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A2A reports</td>
<td>0,4 eurocent</td>
<td>Per business item in any A2A report generated</td>
<td>Receiving party</td>
</tr>
<tr>
<td>A2A queries</td>
<td>0,7 eurocent</td>
<td>Per queried business item in any A2A query generated</td>
<td>Receiving party</td>
</tr>
<tr>
<td>U2A queries</td>
<td>10 eurocent</td>
<td>Per executed search function</td>
<td>Party responsible for the user</td>
</tr>
<tr>
<td>Download of U2A query</td>
<td>0,7 eurocent</td>
<td>Per business item</td>
<td>Party responsible for the user</td>
</tr>
<tr>
<td>Inbound messages bundled into a file</td>
<td>0,4 eurocent</td>
<td>Per message in a file</td>
<td>Business sending party</td>
</tr>
<tr>
<td>Outbound messages bundled into a file</td>
<td>0,4 eurocent</td>
<td>Per message in a file</td>
<td>Receiving party</td>
</tr>
<tr>
<td>Outbound Transmissions</td>
<td>1,2 eurocent</td>
<td>Per transmission</td>
<td>Receiving party</td>
</tr>
<tr>
<td>Inbound Transmissions</td>
<td>1,2 eurocent</td>
<td>Per transmission</td>
<td>Business sending party</td>
</tr>
</tbody>
</table>
# Invoicing Main PM account holders

## Invoice for T2S related services

**Business items per report (non exhaustive list)**

<table>
<thead>
<tr>
<th>Report</th>
<th>Business item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Accounts</td>
<td>Cash Posting</td>
</tr>
<tr>
<td>Current / Following Settlement Day Cash Information Report</td>
<td>DCA</td>
</tr>
<tr>
<td>Statement of executed/ pending amendment instructions for Intra-Balance Movements</td>
<td>Amendment Instruction</td>
</tr>
<tr>
<td>Statement of executed / pending cancellation instructions for Intra-Balance Movements</td>
<td>Cancellation Instruction</td>
</tr>
<tr>
<td>Statement of settled/ pending intra-balance movements</td>
<td>Intra-balance movement</td>
</tr>
<tr>
<td>Statement of static data for party</td>
<td>Party</td>
</tr>
<tr>
<td>Statement of static data for Dedicated Cash Account</td>
<td>DCA</td>
</tr>
</tbody>
</table>
# Invoicing Main PM account holders

## Invoice for T2S related services

### Business items per query (non-exhaustive list)

<table>
<thead>
<tr>
<th>Query</th>
<th>Business item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Forecast</td>
<td>DCA</td>
</tr>
<tr>
<td>DCA Balances</td>
<td>DCA</td>
</tr>
<tr>
<td>DCA Postings</td>
<td>Cash posting</td>
</tr>
<tr>
<td>Immediate Liquidity Transfer Orders List/Detail</td>
<td>Immediate Liquidity Transfer Order</td>
</tr>
<tr>
<td>Intra-Balance Movement</td>
<td>Intra-balance movement</td>
</tr>
<tr>
<td>Amendment Cash Instruction</td>
<td>Amendment Instruction</td>
</tr>
<tr>
<td>Cancellation Cash Instruction</td>
<td>Cancellation Instruction</td>
</tr>
</tbody>
</table>
## Agenda

<table>
<thead>
<tr>
<th>1</th>
<th>Introduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Fundamentals</td>
</tr>
<tr>
<td>3</td>
<td>Participation</td>
</tr>
<tr>
<td>4</td>
<td>Business day in normal situations</td>
</tr>
<tr>
<td>5</td>
<td>Procedures in abnormal situations</td>
</tr>
<tr>
<td>6</td>
<td>Billing</td>
</tr>
<tr>
<td>7</td>
<td>Relevant documentation</td>
</tr>
</tbody>
</table>
**Relevant Documentation**

- Guideline on TARGET2
- TARGET2 User Detailed Functional Specifications (UDFS)
- T2S User Detailed Functional Specifications (UDFS)
- ICM User Handbook
- GUI User Handbook
- T2S Connectivity Guide
- User guide for collection of static data
- Registration Guide for DCA holders
- Registration forms (provided by each Central Bank)
- User information guide to the TARGET2 pricing
- Guide to TARGET2 User testing
Thank you.