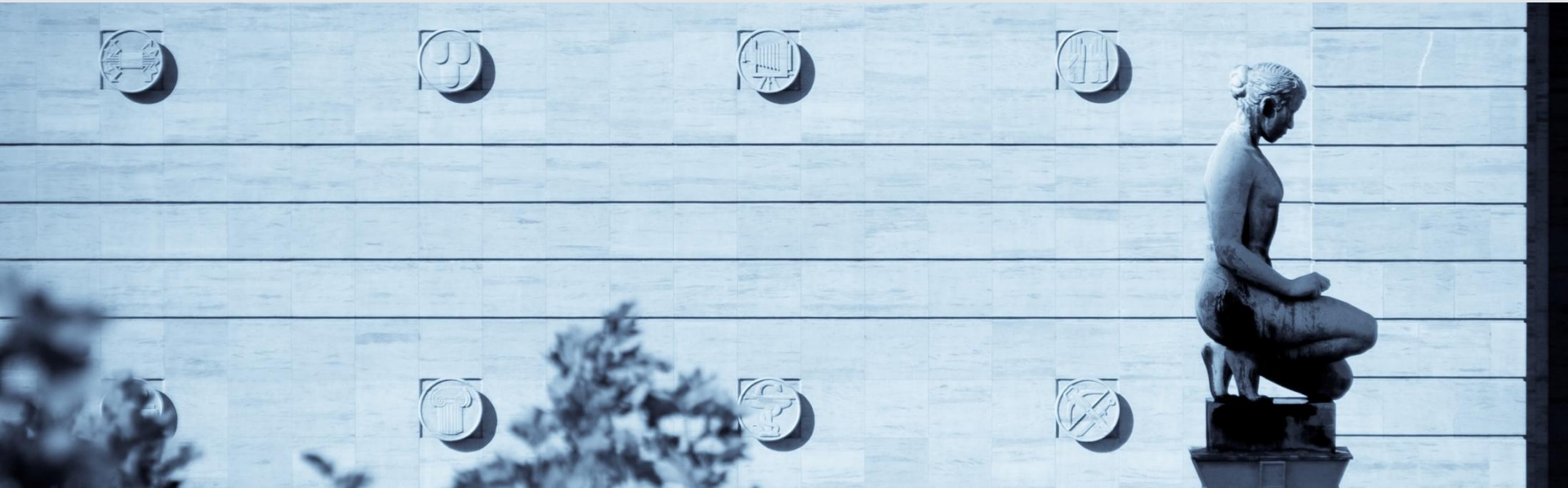


# Amended TARGET2 Guideline

07 May 2015

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# Amended TARGET2 Guideline

1. Introduction – general principles
2. Amendments to the Guideline
3. Harmonised conditions for DCA
4. Conditions for auto-collateralisation
5. Taking effect and implementation



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# **1. Introduction – General principles**

**GUIDELINE of the ECB of 2 April 2015  
(ECB/2015/15)**

**amending**

**Guideline ECB/2012/27 on a Trans-European  
Automated Real-time Gross settlement  
Express Transfer system (TARGET2)**



# 1. Introduction – General principles

- ▶ Amending Guideline (no recast)  
but non-legally binding consolidated version will be made available
- ▶ Adaptation to Target2 Securities (T2S)
  - + Dedicated Cash Accounts (DCA)  
TARGET2 participants =  
holders of PM Account + holders of DCA
  - + Auto-collateralisation
  - Effective date : start of T2S 1st wave (June 2015)



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## 2. Amendments to the Guideline

- ▶ « Participants » → « PM Account holders »  
« DCA holders »

Participants may hold one or many PM Accounts  
and/or one or many DCA

- ▶ Intraday credit + auto-collateralisation (Art 12)



## 2. Amendments to the Guideline

Structure of the documents

NEW = RED

### EU Guideline T2

### In BE

- 
- ▶ Ann II : Harmonised conditions for PM account
  - ▶ Ann IIa : Harmonised conditions for DCA (see pt 3)
  - ▶ Ann III : Intraday credit
  - ▶ Ann IIIa : auto-collateralisation (see pt 4)
- Before
- ▶ General conditions T2-BE
    - PM account
    - becomes Annex I (now in English)
    - Annex II : DCA
    - Annex III : intraday credit
    - Annex IV : auto-collat
  - ▶ Règlement NBB politique monétaire →  
NBB Terms and conditions monetary policy



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# 3. Harmonised conditions for DCA

## ▶ Title I General Provisions

- Definitions and scope
- General description of T2S and T2

*« T2 provides RTGS for payments in euro with settlement in CB money across PM accounts and DCAs. »*

*« ... + settlement of the cash leg of securities transactions  
+ DCA to DCA, DCA to PM and PM to DCA liquidity transfer orders »*



# 3. Harmonised conditions for DCA

## ▶ Title II : Participation

- Access criteria :  
idem PM account
  - Investment firms on discretion of the NCB
- Application procedure :
  - technical requirements  
(connection to the SSP and/or the T2S platform)
  - legal requirements (capacity opinion (+country opinion))
- Links between securities accounts and DCAs
  - DCA linked to one or more sec. accounts (own or client)
  - Mandate the CSD to debit the DCA for sec. transactions



# 3. Harmonised conditions for DCA

## ▶ Title III Obligations of the parties

- Fees : « *the holder of the Main PM account is liable for paying the DCA fees* »
- Liquidity mgt : « *DCA holders shall ensure that the liquidity in the DCA during the day is properly managed* »



### 3. Harmonised conditions for DCA

- Linked PM account :
  - DCA has to be linked to a Main PM account
  - Main PM account may be held in another NCB
  - Main PM account may belong to a different legal entity
  - Internet participant cannot be a Main PM account holder
  - If Main PM account suspended or terminated => DCA holder shall designate a new Main PM account



### 3. Harmonised conditions for DCA

- ▶ Title IV Opening and management of the DCA and processing of operations
  - Opening and registration (specific agenda topic)
  - No debit balance
  - No overnight funds
  - DCA are interest free



# 3. Harmonised conditions for DCA

## ▶ Possible operations

- DCA to PM liquidity transfer
- DCA to DCA liquidity transfer
- Settlement of cash instructions from T2S (DVP,corp.act)
- Cash transfer between DCA and the DCA of NBB (for reimbursement of auto collat)



# 3. Harmonised conditions for DCA

## ▶ Title V

### Security, contingency and user interfaces

« The DCA holder ... shall use either one or both of the following means to access that DCA :

- (a) direct connection to the T2S Platform in either U2A or A2A modes; or,
- (b) the T2 ICM in combination with T2 value-added services for T2S »

=> Specific agenda topic

## ▶ Title VI

### Compensation, liability regime and evidence

- Compensation in case overnight cash due to a malfunction of SSP or T2S (see App. II)
- Liability of the NBB to the DCA holders in case of fraud or gross negligence



### 3. Harmonised conditions for DCA

- ▶ Title VII Termination and closure of DCA
  - suspension or termination if insolvency, no longer meets access criteria, events of default, ...
- ▶ Title VIII Final provisions



# 3. Harmonised conditions for DCA

## ▶ Appendix :

- I. Parameters of DCAs
- II. Compensation scheme
- III. ToR for capacity opinions
- IV. BCM and contingency
- V. Operating schedule (SSP and T2S schedules)
- VI. Fee schedule  
see next slide



# 3. Harmonised conditions for DCA

## Appendix VI Fee Schedule

Tariff items	Price	Explanation
<b>Settlement services</b>		
DCA to DCA liquidity transfer orders	9 eurocent	per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity etc)	6 eurocent	per transaction
<b>Information services</b>		
A2A reports	0,4 eurocent	Per business item in any A2A report generated
A2A queries	0,7 eurocent	Per queried business item in any A2A query generated
U2A queries	10 eurocent	Per executed search function
Messages bundled into a file	0,4 eurocent	Per message in a file
Transmissions	1,2 eurocent	Per transmission

1.



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## 4. Conditions for auto-collateralisation

- ▶ Eligible entities :
  - same as for intraday credit
  - have both DCA and PM account with NBB
- ▶ Eligible collateral :
  - same as monetary policy operations
- ▶ Included in the NBB Terms and conditions for monetary policy



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## 5. Taking effect and implementation

- ▶ Apply from 22 June 2015 (=first wave T2S)
  - Letter + New General Conditions T2-BE will be sent to the current TARGET2 participants in June
  - new DCA (or PM) holders as from opening a DCA/PM account



# Questions ?

▶ [Target2.helpdesk@nbb.be](mailto:Target2.helpdesk@nbb.be)

