

TARGET Services Working Group (TIPS composition)
The Co-Chairs

Members of the TIPS Consultative Group

Restart of TIPS with zero balance

16 August 2021

Dear members of the TIPS Consultative Group,

We are writing to you in relation to a topic that is planned to be put on the agenda of the October 2021 meeting of the TIPS Consultative Group. While more details will be provided in the meeting, it was felt useful to share already some high-level information at this stage as this should facilitate the discussions on the topic.

In the extreme event that TIPS is affected by an incident compromising the integrity of data (for example caused by a successful cyber-attack) TIPS offers the possibility to be restarted with a zero balance. This is an important feature offered by TIPS, and, despite the extremely low likelihood that such a scenario materialises, the TARGET Services Working Group in charge of TIPS operations (hereinafter TSWG) has been working on a dedicated operational procedure.

At a high level the procedure would follow a three-step approach:

1. Decision making to activate the procedure
2. Restoring the TIPS service with all accounts (DCAs as well as AS technical accounts) starting with a zero balance
3. Reconciliation and calculation of the participants' (including ACHs') balances before the incident

In view of the important role that ACHs will play on TIPS after the implementation of the pan-European reachability measures, it is crucial for ACHs to ensure a continuous and unconditional central bank guarantee of the funds deposited on the technical account. To avoid a spill over effect on the internal settlement of ACHs in a scenario where TIPS needs to be restarted with a zero balance, the responsible central banks shall guarantee the amount of deposits as recorded in the books of the ACH based on a procedural arrangement. In this regard the responsible central banks, together with the ACHs in their scope, should perform the reconciliation and the re-crediting of the ASTAs with the highest priority.

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Taking these aspects into consideration the TSWG feels that further investigation is needed and that the views of TIPS participants and TIPS ACHs on the feasibility of this approach would be appreciated. Even if this relates to an extreme and highly unlikely scenario, it is of the utmost importance that all stakeholders are associated to the elaboration of this operational procedure.

We are looking forward to a fruitful and constructive discussion in the October meeting.

Yours sincerely,

[*signed*]

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Co-Chairperson of the TSWG

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