ECB
DG-MIP
T2-T2S Consolidation

AS settlement procedure E

TARGET Consolidation Contact Group

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Current status

- Following the WS on 08 Oct 2018 on AS settlement procedures, it became apparent, that decommissioning the current ASI settlement procedure 3 is introducing
  - Very high adaptation efforts by the ancillary systems and
  - Complexity in the processing of related messages by market participants

- The ECB project team has registered a change request CSLD-0005-URD "AS settlement procedure based on bilateral settlement"
  - The new procedure will be introduced as an AS settlement procedure E

- The change request aims at re-introducing a settlement process for ancillary systems that is based on bilateral settlement of simultaneously sent debits and credits that shall be processed independently from each other

- Features that were foreseen in URD and UDFS to simplify the replacement of the current AS settlement procedures 2 and 3 by standard payment functionality (i.e. keywords, keyword related additional checks and processes) will be removed

Features of AS settlement procedure E – *Processing*

- AS can set up a technical account for processing debits and credits

- AS can send one or several AS transfers in a AS batch message (*ASTransferInitiation*). Debits and credits can be
  - Between the RTGS DCAs of the settlement banks of the same AS
    - Check that both accounts belong to the settlement banks of the same AS shall be in place
  - Between RTGS DCA of the AS settlement bank and the technical account of the AS

- All AS transfers are processed
  - Independently from each other
  - With priority Urgent
    - Same processing principles as for payment orders with Urgent priority

- AS can make use of
  - Information period
  - Settlement period (RejectTime)
    - AS transfers not settled by end of the settlement period are rejected by the system

- The CB of the ancillary system can cancel a single AS transfer order from a AS batch message in U2A via GUI, only
  - During the information period
  - During the settlement period as long as the underlying AS transfer is not in a final status

Features of AS settlement procedure E – *Notifications*

Situation	To whom	How
Start of information period	• To-be-debited settlement bank • To-be-credited settlement bank	GUI broadcast admi.004
Cancelled AS transfer order	• To-be-debited settlement bank • To-be-credited settlement bank • Ancillary system	GUI broadcast
Queued AS transfer order	• To-be-debited settlement bank • To-be-credited settlement bank	GUI broadcast admi.004 (upon "reaching RejectTime")
Settled AS transfer order	• Debited settlement bank • Credited settlement bank	camt.054

	Ancillary system based on prior configuration
	• Global notification either
	   • positive on the entire set of transactions or
	   • listing each AS transfer with its respective final status (settled or cancelled)
	• Single notification per AS transfer
		ASInitiationStatus

Rejected AS transfer order *(at end of settlement period due to lack of liquidity)*	• To-be-debited settlement bank • To-be-credited settlement bank	admi.004
	• Ancillary system	ASInitiationStatus

Next steps

- The ECB project team will draft the change request CSLD-0005-URD "AS settlement procedure based on bilateral settlement" in order to update the T2-T2S Consolidation URD for RTGS

- The respective changes will be targeted for implementation in URD v1.3

Thank you for the attention!

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