

Liquidity Transfers for TARGET participants not directly connected to T2S

A2A T2S Connection for T2S Indirect Participants

- Indirect T2S participants can currently connect in A2A and U2A to T2S through the optional services of TARGET2 for a subset of T2S cash management functionality (liquidity transfers in pull and push mode and availability of the DCA balances on the TARGET2 GUI).
- Such flexibility allows the TARGET2 community (providing the cash) to avoid implementing ISO2022 messaging and connecting to T2S.
- This indirect connectivity in A2A will no longer be available after the T2-T2S Consolidation Go-Live in November 2021. T2 will provide these facilities only in U2A, liquidity can be monitored and pushed/pulled between T2S and CLM in U2A through the CLM GUI via ESMIG (liquidity can be pushed from CLM to T2S in A2A).

A2A T2S Connection for T2S Indirect Participants (II)

- In June 2022, when T2S will move to ESMIG, participants can leverage their ESMIG connectivity (already in place for RTGS/CLM) to interact with T2S: U2A/A2A liquidity monitoring and push/pull between T2S and other settlement services including CLM.
- The issue is related to the connectivity for T2S indirect participants in the interim period between Consolidation go-live in November 2021 and T2S connectivity switch to ESMIG in June 2022.
- In Nov 2021, T2 is part of the ESMIG contract framework, T2S is not up to June 2022. The question then is how to allow T2S indirect participants to move liquidity in a A2A mode before being allowed to use T2S flows as part of ESMIG connectivity services.

Considerations

- In the new world, there will still be three CUGs, one for each business service; in Nov 2021, there will be two CUGs (one for T2 and one for TIPS) under ESMIG contract and one CUG for T2S under T2S contract. TARGET2 CUG will not be used anymore and will later disappear.
- Migration of T2S to ESMIG (June 2022) will require to the DiCoAs a change in the addressing of traffic whereas the service name will not change, so that same CUG can be used.
- The solution to allow access to current T2S from the T2 CUG would be very costly or even impossible, since it is not possible from a given CUG (closely linked to a service name) to reach two different BICs and related addresses invoking/corresponding to two distinct service names.
- The only solution is to approach the NSP in order to negotiate the possibility to become a T2S DiCoA, according to the current contract framework, for a limited period of time