TARGET Instant Payment Settlement
Outcome of the Written Procedure
on CMB Limit Utilisation Reset

TIPS Contact Group #8

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Summary

1. Overview of the potential implementation options
2. Outcome of the written procedure

Part 1

Overview of the potential implementation options

Option 1 – Automatic limit utilization reset

Option 1-A:

- When TIPS receives the <u>End-of-Day</u> trigger from the RTGS, it resets the limit utilization of all the CMBs denominated in the relevant currency (i.e. euro for T2).

- As a consequence, on each RTGS business day the headroom of each interested CMB is reverted back to the original value of the corresponding CMB limit.

Option 1-B:

- When TIPS reaches one of the point in time by when delta reports are generated (e.g. at <u>9:00 pm</u> or at <u>midnight</u>), it resets the limit utilization of all the CMBs (regardless of their currency).

- As a consequence, on each calendar day the headroom of all CMBs in TIPS is reverted back to the original value of the corresponding CMB limit.

Option 2 – Limit utilization reset upon request

Option 2:

- At any time, a TIPS participant may submit to TIPS a CMB limit utilization reset (or update) request, either via A2A or U2A.

- The camt.011 message (and the TIPS GUI) would be modified in order to convey the above mentioned request, e.g. by using a new 'HDRM' limit type.

- With this approach, each TIPS participant may decide individually if and when resetting (or updating) the limit utilization.

Option 3 – Automatic reset with opt-out option

Option 3-A:

- All CMBs in TIPS are initialized with a default setting that implies the automatic limit utilization reset (according to option 1-A or 1-B).

- At any time, a TIPS participant may decide to opt out by changing (in the local reference data of TIPS) the default setting of a given CMB so that it is not subject to the automatic reset anymore.

- The setting may be changed again later on, in case the TIPS participant decides to activate the automatic reset again.

Option 3-B:

- This option consists in implementing the opposite logic of option 3-A, i.e. to consider the exclusion of the CMB from the automatic limit utilization reset as default setting and to provide TIPS participants with an opt-in option.

Outcome of the written procedure

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- Sixteen institutions provided a feedback in the context of the written procedure that took place from the 23rd of May to the 1st of June.

- The resulting ranking of options is as follows:

Option	Institutions
2	9
1-B, 3-A, 3-B	2
1-A	0
Any	2

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