



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB
DG-MIP
T2/T2S Consolidation Project Team

T2/T2S Consolidation

High-level Summary or Business Changes

Draft presentation to AMIPay meeting on 3 May 2017

Task Force on Future RTGS Services

5th TF meeting, 24 April 2017

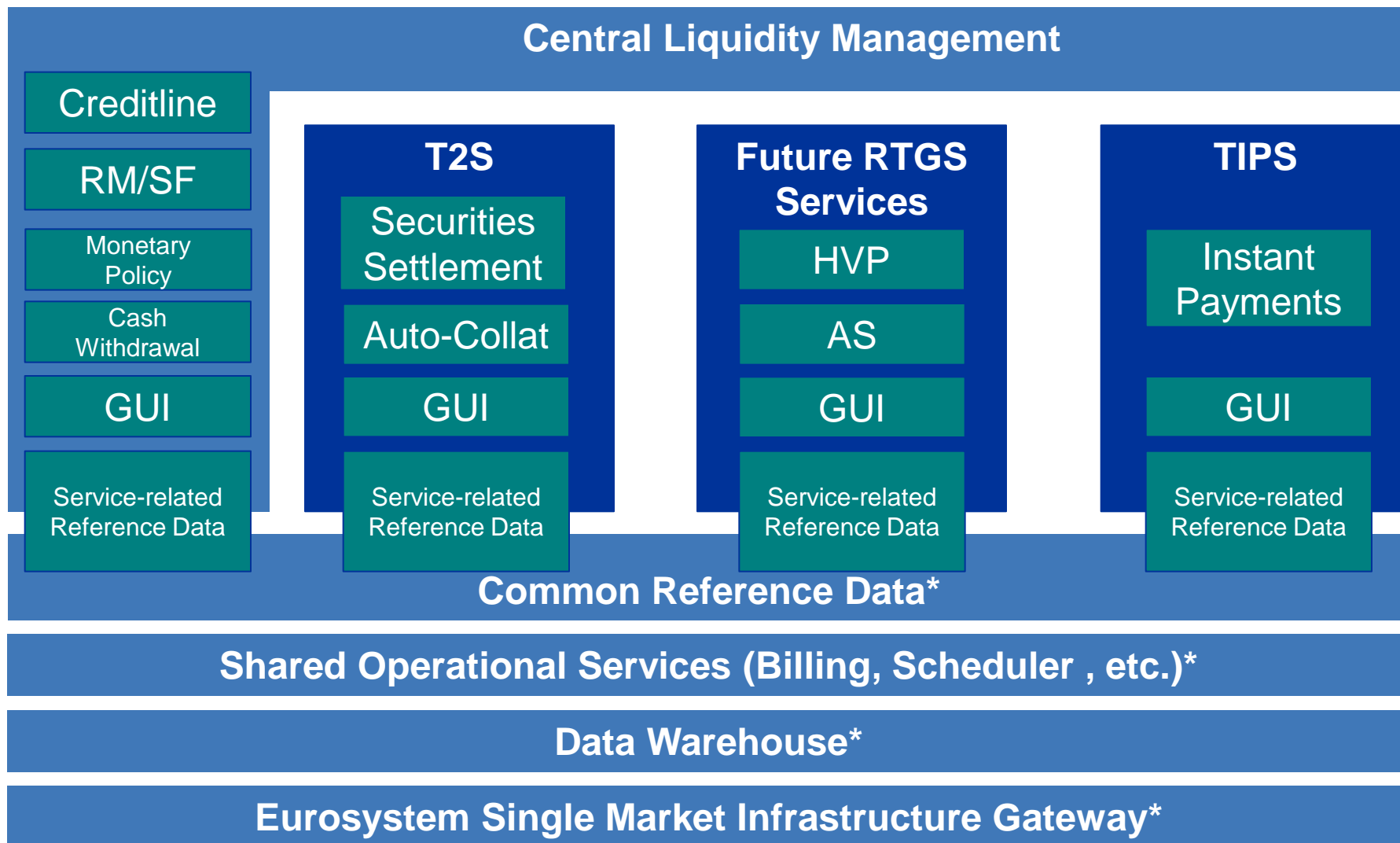
Overview

- 1 Modular Approach**
- 2 Central Liquidity Management (CLM)
- 3 Shared Services
- 4 RTGS and Ancillary System Settlement

Situation after the start of TIPS



Situation after the T2/T2S Consolidation



*) under review for ECMS

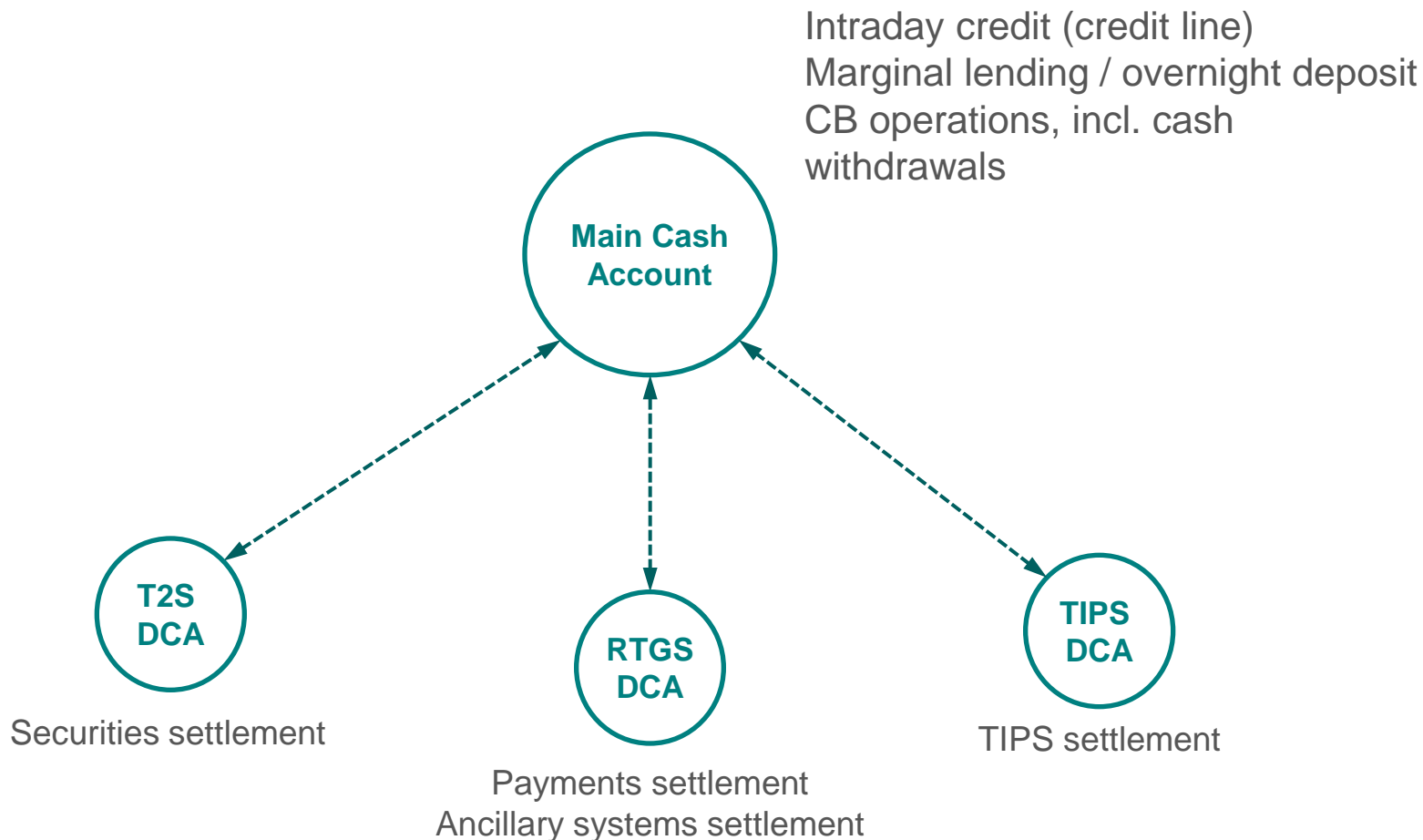
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Features

- Provides a Main Cash Account that can be used for:
 - Holding minimum reserves
 - Participating to monetary policy operations
 - Accessing intraday credit
 - Accessing standing facilities
 - Funding cash withdrawals
 - Any interaction with Central Banks in their role as Central Bank of issue
- Bundles all necessary features to manage the liquidity across all Eurosystem services that a participant uses
- Provides a central liquidity overview (“Dashboard”) in a single screen/point with an easy access to more detailed information
- Allows to use available payment capacity whenever one of the connected services is open for business (weekends still under analysis)

Account Structure



Advantages

- Allows a clear allocation of liquidity for the different settlement purposes (i.e. RTGS, T2S, TIPS)
- Segregates interaction with central banks from RTGS participation (i.e. no need for unlisted BICs anymore)
- Automation allows event based injection of liquidity for services, e.g. if the balance falls below a certain floor amount or if payments are pending*
- Services not offering the handling of creditlines can still benefit from intraday credit

*) requires support from the related settlement service

Additional aspects

- Provides almost all the features that are available today for HAM/PHA accounts
- Reserve management and standing facilities will take all balances into account, i.e. a cash sweep at EOD is no longer necessary
- Currently available co-management of HAM accounts can be reflected via access rights and message subscription in a flexible way
- More flexible setup of accounts makes virtual accounts superfluous

Automation



Liquidity shortages on the Main Cash Account:

- will trigger liquidity transfers from RTGS DCAs of the same party (mandatory, no configuration needed)
- may trigger liquidity transfers from other DCAs (requires configuration of the related standing orders)

Liquidity shortages on a DCA:

- may trigger liquidity transfers from a Main Cash Account or other DCAs (requires configuration of related standing orders)

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Common Reference Data

- Avoids inconsistencies and redundancies in the data used by the different services (e.g. party data, account data)
- Reduces effort of creating and maintaining reference data
- Enables a central (by Central Bank) blocking of parties across the different services
- Centralised management of user access to functionality and data

Shared Billing

- Aggregates raw data provided by the different services into invoices based on a given pricing scheme
- Avoids inconsistencies in the creation of invoices (as they happen today), as data is directly aggregated to the required level for all Eurosystem counterparties
- Granularity and pricing of billing items is to be defined by the different services (in line with their pricing scheme)
- Flexibility regarding party triggering a billable event, party to be billed and party to be charged remains

Data Warehouse

- Provides access to all historic data also for participants via pre-defined queries and reports
- Reduces the amount of data that needs to be held in operational tables
- Reduces impact from queries and reports on live operations by retrieving the data from the data warehouse instead of operational tables
- Shared Data Warehouse will allow to consolidate data across different services (i.e. T2S, RTGS, TIPS, etc.)

Eurosystem Single Market Infrastructure Gateway

- Provides a shared communication infrastructure for all services
- Avoids duplication of communication related features into all different services (e.g. user authentication, signing, signature validation, logging and archiving of messages)
- Would allow Single Sign-on for GUI users across the different services
- Multi-vendor approach, i.e. communication will be network agnostic and not rely on proprietary features of VAN providers
- All communication will be using ISO20022 compliant formats (the actual ISO20022 standard where available)

Additional Aspects - Minimum Reserve Calculation

- General Documentation for Minimum Reserve Policy is taken into account
- Create technical possibility to consider for the Minimum Reserve Calculation all relevant accounts with the Eurosystem across all market infrastructure services
- Would allow to avoid unnecessary liquidity transfers at the end of the business day and the retransfer of the liquidity at the start of the next business day (a must for TIPS to work properly)
- T2S cash sweep would remain initially, but can be made optional later on

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Features – HVP Settlement

- HVP settlement remains largely unchanged compared to today
- Urgent and Normal priority payments can be instructed by participants
- Pending payments may trigger a standing order liquidity transfer, e.g. a liquidity injection from the Main Cash Account
- Reservations for Highly-Urgent and Urgent payments remain with the same functionality as today
- Earlier opening (as of 3 am) for HVP settlement is being considered

Features – AS Settlement

- AS settlement will be streamlined to provide the functionality that is still required for:
 - Linked Settlement with Debits first (previous model 4)
 - Linked Settlement with All-or-nothing (previous model 5)
 - Interfaced model with dedicated sub-account (previous model 6)
- Other models (i.e. liquidity transfers and individual payments) can be handled with the AS instructing on-behalf of the participant
- All supported AS settlement models will be available throughout the whole business day, i.e. also during NTS