

## Principles for the TARGET Instant Payments Settlement Service

**Principle 1:** TARGET Instant Payments Settlement (TIPS) shall serve as a technical solution for providing instant payments settlement services to participants without the provision of clearing services

*Clarification:* TIPS provides instant cash settlement services, which include transmission and confirmation of payment settlement instructions, validations as well as the transfer of funds between participants' accounts; validations shall encompass only those required in the context of settlement such as, e.g. checks for message format compliance, availability of accounts, sufficiency of funds or authorisation to instruct..

**Principle 2:** The primary objective of TIPS is to provide efficient settlement services in euro; however the service shall be technically capable of settling currencies other than the euro

*Clarification:* The technical implementation of TIPS is currency agnostic in order to provide flexibility in the design, i.e. potential settlement in non-euro central bank money. Currency conversion is not in scope.

**Principle 3:** TIPS shall settle exclusively in central bank money

**Principle 4:** The settlements performed by TIPS shall be final and irrevocable

**Principle 5:** TIPS shall allow operations up to 24/7/365 basis

*Clarification:* The technical design of TIPS has to allow around-the-clock operation of the service. However, TIPS opening hours might be different in order to allow for maintenance windows. Furthermore, participants of TIPS or additional external services have to be available during the TIPS opening hours as well in order to guarantee instant settlement.

**Principle 6:** TIPS shall be a lean, harmonised and standardised pan-European system with common functionality across different countries and jurisdictions

*Clarification:* In order to achieve harmonisation and standardisation across Europe, TIPS service will provide settlement services to eligible participants on a non-discriminatory basis.

**Principle 7: TIPS shall be open to participation from PSPs and ACHs which have access to TARGET2**

**Principle 8: Participation in TIPS shall not be mandatory**

*Clarification:* The services TIPS provides should be considered to be a commodity which offers pan-European instant payments settlement to participants.

**Principle 9: All eligible participants shall have equal access conditions to TIPS**

*Clarification:* From a technical point of view access for all participants of TIPS shall be non-discriminatory. The access to some services may nevertheless be restricted on regulatory / legal grounds. In particular the possibility to submit / receive individual instant payments is limited to certain categories of participants (e.g. credit institutions).

**Principle 10: TIPS shall be based on the current ISO message standards and aligned with the SCT<sup>inst</sup> scheme**

*Clarification:* TIPS utilises the most recent ISO message standard, which is currently ISO 20022; however, succeeding standards are not excluded and might be adopted in the future, if deemed necessary. TIPS messages shall be in line with SCT<sup>inst</sup>, if applicable, insofar as to allow easy translation; all payment messages shall use the same format, irrespective of their currency.

**Principle 11: The Eurosystem shall take on the responsibility of developing and operating TIPS by assuming full ownership**

**Principle 12: TIPS shall operate on a full cost-recovery and not-for-profit basis**

*Clarification:* Pricing shall be equal and non-discriminatory for all participants.