T2/T2S Consolidation

Ancillary Systems Settlement Services

Task Force on Future RTGS Services

3rd TF meeting, 22-23 February 2017
Objectives of the presentation

- During the previous TF meeting, the main business needs behind the ASI procedures were reviewed.

- Considering the direction taken for the T2-T2S consolidation, this presentation proposes a way forward in order to streamline the processes.
Liquidity management

Segregation of liquidity following the introduction of CLM

AS settlement

Available

RTGS DCA

Reservation

Use

Available

Technical account

Guarantee account

Segregation of liquidity following the introduction of CLM
Reservations for AS

STEP 1: reservation of liquidity

Two options:

- Having an AS allocation within the RTGS account, which could be used for any AS settlement (except current model 6)
- Having a dedicated RTGS account, with liquidity reserved for one (or several) AS
Reservations for AS

STEP 2: use of the reserved liquidity

For models other than 6, liquidity is moved to the AS technical accounts from the AS allocation or from the dedicated RTGS account.
Business needs – models 2 and 3

The business needs behind models 2 and 3 are covered by the standard requirements stemming from HVP settlement, apart from 2 requirements that need to be kept:

- AS transactions sent via files, even if they settle independently
- The GUI should allow querying all of them through a dedicated criteria
Business needs – models 4 and 5

Additional specific business needs behind models 4 and 5:

- Information period

- Linked settlement: it is proposed to streamline the process keeping only “debit first”

- Guarantee mechanism:
  - The AS will be able to open a specific RTGS account for this purpose
  - At the end of the information period, in case of unsettled transactions, automated use of the guaranteed funds after confirmation from the guarantor
Business needs – model 6

Would it be possible to streamline as well the procedure 6:

- **Funding**: could Standing Orders be executed at Start of Day or through dedicated events, rather than at the Start of Procedure?

- **Blocking of funds**: would it be possible that banks can only credit AS specific RTGS accounts, leaving it up to AS to transfer the liquidity back to the RTGS accounts?

- **Settlement**: AS sends payments as soon as the checks following the funding are OK.