TARGET Instant Payment Settlement

Outcome of the Written Procedure on CMB Limit Utilisation Reset

TIPS Contact Group #8

Frankfurt am Main, 04.07.2018
1. Overview of the potential implementation options
2. Outcome of the written procedure
Overview of the potential implementation options
**Option 1 – Automatic limit utilization reset**

**Option 1-A:**

- When TIPS receives the *End-of-Day* 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 *9:00 pm* or at *midnight*), 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

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.
Part 2

Outcome of the written procedure
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:

<table>
<thead>
<tr>
<th>Option</th>
<th>Institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>1-B, 3-A, 3-B</td>
<td>2</td>
</tr>
<tr>
<td>1-A</td>
<td>0</td>
</tr>
<tr>
<td>Any</td>
<td>2</td>
</tr>
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