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Deliverable Name	TARGET Instant Payments Settlement User Requirements (DRAFT)
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1	Deutsche Bank	1	1.1 BACKGROUND	General	General Comment	<p>Upfront a few general comments: When the banks were asked by the ECB via the ERPB to develop an SCTInst solution which was supposed to operate 24/7/365 the ECB was asked whether Target2 would be available to support the settlement of net balances real time. This was declined by the ECB. As a consequence a number of national solutions have been developed to find ways around the settlement topic, particularly at night and during weekends and on Target holidays. The ECB's announcement to offer a real time settlement solution by end of 2018 may be considered as counter productive for the following reasons: 1) Communities and banks who have started developments and passed the "point of no return" already will have to decide to finish off on their development or write off invested amounts as sunk money. 2) Communities and banks who have NOT started any real time developments may want to wait until end of 2018 when TIPS will be ready.</p>
2	Deutsche Bank	1	1.1 BACKGROUND	General	General Comment	<p>TIPS considers itself not as a Clearing System and therefore feels "interoperability" as demanded in EU Reg. 260/2012 does not apply (statement made in German "TIPS on Tour" meeting). This statement is opposition to the mentioned EU Regulation: Article 2, paragraph (6) defines "payment system" as a funds transfer system with formal and standardised arrangements and common rules for the processing, clearing or settlement of payment transactions" Furthermore, Art 4 paragraph 2 specifies that no business rules shall be adopted, that restrict interoperability. If, however, the holding of a TIPS account by all Scheme participating banks is a pre-requisite for interoperability via TIPS, then this precondition could be seen as a breach of the regulation</p>
3	Deutsche Bank	5	2.1 ACTORS	General	General Comment	<p>The roles of the instructing party is confusing. The roles of "Participant" (who owns a TIPS account) and "Reachable Party" (who operates via a Participant's TIPS account) is clear. The role of the instructing party should be restricted to be a "technical facilitator" which establishes the connectivity between TIPS and the Participant or the Reachable Party, respectively. The Instructing Party should NOT have any other role than that of the communicator or transaction "transporter".</p>
4	Deutsche Bank	7	2.4 MANAGEMENT OF ACCOUNTS AND REFERENCE DATA	General	General Comment	<p>Participants are expected to have adhered to the SCTInst Scheme, otherwise they cannot be a participant. If this requirement was lifted for CSMs, CSMs would be able to settle cross CSM single Instant Payment Transactions by routing a given SCTInst Transaction via TIPS and thus settle between two CSMs via their TIPS accounts. This will guarantee interoperability and ensure a pan-European reach.</p>

5	Deutsche Bank	7	2.4 MANAGEMENT OF ACCOUNTS AND REFERENCE DATA	General	General Comment	It is suggested that for any application for participation the adherence to the SCTInst scheme will be verified prior to approving the application.
6	Deutsche Bank	7	2.4 MANAGEMENT OF ACCOUNTS AND REFERENCE DATA	General	General Comment	Applications for Reachable Parties should be made by the Participant who's TIPS account will be used for funding.
7	Deutsche Bank	8	3.1 OVERVIEW	General	General Comment	If a recall was positively decided upon by the original beneficiary bank, then this beneficiary bank will initiate a pacs.004 in response to this recall. This is the positive feedback. TIPS must not CREATE a new payment message but merely forward and settle the return payment.
8	Deutsche Bank	13	3.2 PAYMENT PROCESSING	TIPS.UR.03.030	Business validation of payment transactions	As per EU Reg 260/2012 all fields filled by an Originator Bank (or Participant in TIPS terminology) must be forwarded to the Beneficiary Bank (Participant). The regulation does not foresee something like "minus some optional fields")
9	Deutsche Bank	13	3.2 PAYMENT PROCESSING	TIPS.UR.03.020	Immediate settlement of payment transactions	How will TIPS settle with a negative (rejected) result? In this case no settlement must take place but the reservation must be cancelled/lifted.
10	Deutsche Bank	13	3.2 PAYMENT PROCESSING	TIPS.UR.03.050	Authorisation to send payment transactions	TIPS intends to use a table to link "identifiers" to BICs. What would these "identifiers" be? Usually banks are identified by BICs and they may be linked to TIPS accounts for example, not the other way round.
11	Deutsche Bank	15	3.2 PAYMENT PROCESSING	TIPS.UR.03.080	Existence of Beneficiary Participant	Participants and Reachable Parties alike should have access to the table of TIPS Participants. This would facilitate the routing of transaction and allows to reject transactions straight away if the beneficiary participant is not reachable via TIPS.
12	Deutsche Bank	19	3.2 PAYMENT PROCESSING	TIPS.UR.03.220	Beneficiary Participant notification in case of timeout	TIPS must not only inform the Beneficiary Participant about the time out but the Originator Participant as well. How else would the Originator Participant get to know about the reject by TIPS?
13	Deutsche Bank	20	3.2 PAYMENT PROCESSING	TIPS.UR.03.270	Derivation of default TIPS account or CMB on the credit side	The current SCTInst file format does not cater for a field to contain this information (the linked account or the CMB). In order to support this, the EPC would have to update its Message Implementation Guides.
14	Deutsche Bank	21	3.2 PAYMENT PROCESSING	TIPS.UR.03.280	Authorisation to credit account/increase CMB	The current SCTInst file format does not cater for a field to contain this information (the linked account or the CMB). In order to support this, the EPC would have to update its Message Implementation Guides.
15	Deutsche Bank	23	3.2 PAYMENT PROCESSING	TIPS.UR.03.360	Originator Participant notification in case of un-reservation of funds	1) The unreservation of funds may happen also if TIPS decided that the Beneficiary Participant did not respond within 20 seconds after time stamp. 2) The negative confirmation is already considered the notification and the Originator Participant may assume that as a consequence any reserved funds have been released again 3) The SCTInst Scheme does not foresee a specific communication to inform the Originator Participant about the release of the previously reserved funds.
16	Deutsche Bank	24	3.2 PAYMENT PROCESSING	TIPS.UR.03.410	Un-reservation of funds on TIPS accounts due to settlement	The reservation of funds reduced already the balance to the Originator Participant in question. A final settlement finishes this interim status. Consequently, the amount debited interimwise will now be debited definitely. There is no additional (final) debit and a recredit of the reserved amount.
17	Deutsche Bank	24	3.2 PAYMENT PROCESSING	TIPS.UR.03.420	Increase of limit on CMB	The URD foresees an update of the Beneficiary Participant or Reachable Party CMB. Shouldn't there be an update to any Originator Reachable Party CMB? Is this URD missing.
18	Deutsche Bank	31	3.3 RECALLS	TIPS.UR.03.750	Creation of new payment transaction due to positive recall answer	The Beneficiary Party initiates a return payment by way of a pacs.004. There is no point in TIPS creating a new message. All TIPS would be expected to do is to forward and settle the return message
19	Deutsche Bank	31	3.3 RECALLS	TIPS.UR.03.770	Settlement requirements for positive recall answer	1) As mentioned before, there is no need for a separate message as far as TIPS is concerned. 2) Even though the full amount of the pacs.004 has to be settled, this may well be an amount which is lower than the original transaction amount. So, reference to UR.03.400 may be misleading
20	Deutsche Bank	33	3.4 INVESTIGATIONS	TIPS.UR.03.910	Investigation answer	Usually an investigation is directed by the Originator Participant to the Beneficiary Participant. And the response is in the reverse order. All TIPS would have to do is to pass these messages on. There would be no point in TIPS answering an investigation, unless the transaction in question ended in TIPS, e.g. was rejected by TIPS and never reached the Beneficiary Party.

21	Deutsche Bank	38	4.2 LIQUIDITY TRANSFERS	General	General Comment	The way TIPS is designed means it caters for liquidity transfers into one direction only, i.e. a Participant can instruct TIPS to move excess liquidity from the TIPS account to Target2 PM account. However, in case additional liquidity would be needed requires the participant to communicate with Target2 in order to move liquidity from Target2 PM account to the TIPS account. Suggestions: 1) through the API TIPS should cater for active movements of liquidity in both directions. 2) TIPS should cater for participant defined corridors and automate active liquidity movements from TIPS account to Target2 PM accounts or vice versa to stay within the defined boundaries.
22	Deutsche Bank	50	5.2 ACTORS	TIPS.UR.05.050	Eligibility criteria for TIPS Participants	The additional eligibility criteria as mentioned in 2.4 (being participant of SCTInst Scheme) should be lifted for CSMs. CSMs should be able to become a TIPS participant and have their own TIPS account.
23	Deutsche Bank	50	5.2 ACTORS	TIPS.UR.05.070	Instant payments for Reachable Parties	The parties should be named correctly, i.e. "Originator Participant" and "Beneficiary Participant"
24	Deutsche Bank	51	5.3 ACCOUNT STRUCTURE	TIPS.UR.05.080	Account types	The transient account is a necessary account from a book keeping point of view but it is a pure Eurosystem internal topic and should not be part of the public consultation. This confuses more than it adds to the process.
25	Deutsche Bank	51	5.3 ACCOUNT STRUCTURE	TIPS.UR.05.090	TIPS account identifiers	Is it really anticipated, that each participant can "design" its own account No.?
26	Deutsche Bank	51	5.3 ACCOUNT STRUCTURE	TIPS.UR.05.100	Account level reference data	It should be mentioned that the account status can be blocked as well for both debiting AND crediting
27	Deutsche Bank	53	5.3 ACCOUNT STRUCTURE	TIPS.UR.05.130	Addressing of CMBs	The current SCTInst file format does not cater for a field to contain this information (the linked account or the CMB). In order to support this, the EPC would have to update its Message Implementation Guides.
28	Deutsche Bank	53	5.3 ACCOUNT STRUCTURE	TIPS.UR.05.160	CMB identifiers	I would assume that the length of the field is a variable length. It should be mentioned that the Target2 restrictions is "max. " 34 characters long.
29	Deutsche Bank	75	8.3 A2A MESSAGES	TIPS.UR.08.120	Payment Transaction message	TIPS seem to suggest a proprietary file format. This would make TIPS incompatible with SCTInst standards.
30	Deutsche Bank	76	8.3 A2A MESSAGES	TIPS.UR.08.140	Beneficiary Participant Reply message	TIPS seem to suggest a proprietary file format. This would make TIPS incompatible with SCTInst standards.
31	Deutsche Bank	77	8.3 A2A MESSAGES	TIPS.UR.08.190	Recall Answer message	Positive and negative responses to a recall a two distinct messages. A positive response would be the return payment (pacs.004) a negative response would be the camt.029
32	Deutsche Bank	84	10.1 AVAILABILITY	TIPS.UR.10.030	Planned downtime	The EPC Rulebook deliberately foresees no planned down time. If TIPS wants to be compliant then this is not a valid User Requirement