



USER INFORMATION GUIDE TO THE TARGET2 PRICING

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INFOGUIDE TO THE T2 PRICING

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INTRODUCTION

The purpose of this information guide is to provide TARGET2 users with a comprehensive overview of the pricing schemes related to TARGET2 and T2S cash related services and to give a detailed reference to the billing principles of the TARGET2 core services, liquidity pooling and ancillary systems services as well as T2S services used by the Dedicated Cash accounts (DCAs) linked to the PM accounts.

This Guide is intended purely to give information on the TARGET2 pricing and the billing related issues and has been elaborated with a view to being updated as necessary. The content of this document confers no legal rights on participants/operations or any other person or entity.

The first section presents a general overview of TARGET2. Section 2 presents the pricing of TARGET2 services and T2S cash related services for the users and section 3 presents the principles and procedures for billing of the TARGET2 and T2S cash related services and the standard set of elements that need to be covered on the invoices presented to the users. Annex 1 provides some practical examples for the pricing and billing of the various types of participants with different payment profiles. The list of the transactions subject to the billing of TARGET2 services is presented in the Annex 2.

The information on the SWIFT pricing and non-cash related T2S services is out of scope of the present document. All aspects related to SWIFT pricing can be found in the SWIFT Price List available on www.swift.com. Aspects related with the T2S services can be found in the T2S Framework Agreement (Schedule 7).

1. GENERAL OVERVIEW OF TARGET2 AND THE SINGLE SHARED PLATFORM (SSP)

1.1 Fundamentals of TARGET2

In TARGET2 a single technical platform, called the SSP (Single Shared Platform) is provided by the 3CB (Deutsche Bundesbank, Banca d'Italia and Banque de France) replacing the decentralised infrastructure of the first version of TARGET. Although operating on one technical platform, TARGET2 is legally composed of national components governed by the national legislation of each participating member state. The business relationship with the users and their accounts remain with the national central banks. TARGET2 offers a broad range of features and services in order to adequately meet the user needs. With TARGET2 the Eurosystem is providing a harmonised level of services at a single price structure for both intra- and inter- Member State payments and to achieve a high level of cost recovery.

1.2 Services provided by the Single Shared Platform (SSP)

The Single Shared Platform (SSP) provided by the 3CB contains all the functionalities needed by the central banks to offer TARGET2 services to their banking community. The SSP also offers some optional services, which are linked to TARGET2, even though not related to the provision of RTGS services.

1.3 TARGET2 services provided by the NCBs

When agreeing to establish the SSP for TARGET2 it was also decided that NCBs could continue processing payments via their so called PHAs (Proprietary Home Account application) for a transitional period of four years (from the moment the relevant CB migrates) and in specific cases beyond four years (if approved by the Governing Council) in order to give the central banks and PHA participants more time and to facilitate their change-over to the SSP. Some NCBs did not use this option to offer PHA services, but moved all their RTGS services to the SSP immediately. As mentioned above, also in TARGET2 the NCBs are in charge of managing the relationship with their users and offer them “help desk services”.

2. TARGET2 PRICING SCHEME

2.1 The pricing scheme in general

The pricing scheme for TARGET2 comprises several different elements. Most of the TARGET2 services available to the users are covered by the core pricing scheme applicable to payment transactions. Users are also offered the liquidity pooling as an optional and separately priced core service which is charged only to the users of this service. Ancillary systems settling in TARGET2 are subject to a separate pricing scheme. There are also special fees charged for indirect participation, addressable and multi-addressee BICs, for accounts identified by unpublished BICs and for internet-based participants. Special conditions have also been agreed for the pricing of payment services offered by NCBs using their PHA during the transitional period. The different elements of the pricing schemes are covered in the following sections.

In order to support the restart of the SSP after an inter-region failover, the SSP benefited from the SWIFTNet FIN Bulk Retrieval function. Users will be charged a small fee (currently EUR 0.003) on top of the normal message fees according to the SWIFT standard pricing scheme.

In order to ensure a level playing field for all market participants across the Eurosystem, the TARGET2 pricing scheme was applied from the moment when the third migration group joined the SSP 19 May 2008. It has been adapted with effect of 1 January 2013¹.

2.2 The core pricing scheme

The pricing scheme for TARGET2 core service (i.e. processing of payment orders in TARGET2) offers 2 options:

- option A with a monthly fee of EUR 150 and a flat transaction fee of EUR 0.80 per transaction (i.e. per debit entry);
- option B with a monthly fee of EUR 1,875 and transaction fees based on the volume ranging from EUR 0.60 to EUR 0.125 per transaction (i.e. per debit entry) according to the table below.

Option A				
Fixed fee	Monthly			€ 150
Flat rate				€ 0.80
Option B				
Fixed fee	Monthly			€ 1,875
	Monthly Transactions			
Band	From	To		Price
1.	1	10,000		€ 0.60
2.	10,001	25,000		€ 0.50
3.	25,001	50,000		€ 0.40
4.	50,001	100,000		€ 0.20
5.	Above 100,000			€ 0.125

¹ [Amendments to the TARGET2 pricing policy](#) approved by the Eurosystem on 19 September 2012 are incorporated in the pricing scheme described in this document.

Participants have to decide themselves which of the two core pricing options is most favourable to them. Shift can happen between the core pricing options monthly. In case of a shift, the participant should inform the NCB until the 20th calendar day of the relevant month. The NCB will modify the parameter so that the bill can be calculated at the end of the month according to the newly chosen option.

The pricing for Internet-based participants consists of a monthly fixed fee of EUR 70 (regardless of the account being held in PM or HAM) and additional fees as shown in the table below (similar to the core pricing scheme above):

Fees		
Fixed fee	Monthly	€ 70
PM account	Monthly	€ 150
Flat rate		€ 0.80
Optional fees		
Unpublished BIC	Monthly	€ 30

While accessing TARGET2 via the internet, users are identified and authorised by the means of electronic certificates². The NCBs issue and maintain up to five active certificates per internet based participant for each PM account free of charge. Internet-based participants wishing to have more than five active certificates at the same time will be charged a fee of EUR 120 for the issuance of each additional subsequent active certificate and an annual maintenance fee of EUR 30 per each additional subsequent active certificate. Active certificates shall be valid for three years.

2.3 The ancillary system pricing scheme

Ancillary systems (AS) settling in TARGET2 are subject to fixed fees and transactions fees depending on the number of transactions. All AS pay a monthly fixed fee of EUR 1,000. In addition they pay another fixed fee which is based on the gross underlying value settled in the AS, i.e. the total value of all transactions in euro processed in the AS, the result of which will be settled in TARGET2. In addition all AS pay a fee composed of a fixed fee and a transaction fee similar to the core pricing but with a degressive transaction fee based on half of the volumes of the core pricing scheme.

The same pricing scheme applies to all AS independent of whether they use the ancillary system interface (ASI) or the participant interface (PI) for settlement.

If a participant wants to carry out two different activities, AS settlement business and normal banking business, this participant will be considered as an ancillary system (and has to register as an ancillary

² As defined in Article 2 of the Guideline of the European Central Bank of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (recast) (ECB/2012/27).

system). The value of the banking business is not considered as part of the gross underlying value, which is the basis for the second fixed fee. The monthly fee for the normal banking business should not be paid again, because it is already integrated in the ancillary system pricing scheme. Nevertheless, all transactions will be charged according the ancillary system pricing scheme, as shown in the table below.

The ancillary system pricing scheme will apply also to the Central Securities Depositories (CSDs) that, despite migrating to the T2S, will keep their TARGET2 participation to support specific business cases (e.g., settlement of corporate actions, collection of funds/fees/taxes). However, for those CSDs, the fixed fee II is based on the underlying gross value of the transactions, which are finally settled on the SSP (i.e., on the PM accounts), and not on the whole turnover of the migrated CSDs³

The following fees are applied to AS:

Transaction fee (as per Core pricing)			
Option A			
Fixed fee	Monthly		EUR 150
Flat rate			EUR 0.80
Option B			
Fixed fee	Monthly		EUR 1,875
	Monthly Transactions		
Band	From	To	Price (EUR)
1.	1	5,000	0.60
2.	5,001	12,500	0.50
3.	12,501	25,000	0.40
4.	25,001	50,000	0.20
5.	Above 50,000		0.125
2. Fixed fee I			
Monthly fee per AS			€ 1,000
3. Fixed fee II (based on underlying gross value)			
Size (EUR million/day)	Annual fee (EUR)	Monthly fee (EUR)	
from 0 to below 1,000	5,000	417	
from 1,000 to below 2,500	10,000	833	
from 2,500 to below 5,000	20,000	1,667	
from 5,000 to below 10,000	30,000	2,500	
from 10,000 to below 50,000	40,000	3,333	
from 50,000 to below 500,000	50,000	4,167	
500,000 and above	100,000	8,334	

³ For instance, in the case CSD settling in total 6bn € daily average of gross underlying value in euro but settling only on a daily average 50m € corporate actions on the RTGS accounts, the fixed fee II would take into account the 50m € daily average.

Each ancillary system (i.e. the systems designated under the SFD, as well as those which are not designated under the SFD) should pay all fixed fees only once (including the one which is part of the transaction pricing in the core pricing scheme) irrespective of the fact that they keep one or more accounts of any type (RTGS, technical or mirror account) in TARGET2 or no account at all. Similarly, all transactions on these accounts will be grouped together to calculate the transactions fees that should be paid according to the ancillary system pricing scheme.

All transactions related to the settlement of ancillary systems are charged to the ancillary system, irrespective of the whether they are initiated by the ancillary system itself (or the central bank on its behalf) or by one of the settlement banks. The latter will be excluded from the invoice of the settlement banks. In principle, a designation of a system under the Settlement Finality Directive (SFD) automatically implies that such a system is considered as one entity for the application of the pricing scheme for ancillary system.

For systems which are not designated under the SFD, the Eurosystem decided to identify a system⁴: as (i) a formal arrangement, based on private contract or statute law (e.g. an agreement among the participants and the system operator), (ii) with multiple membership, (iii) common rules and standardized arrangements, (iv) according to which payments and/or financial instruments are exchanged and/or cleared while the resulting monetary obligations are settled in TARGET2.

2.4 The pricing of liquidity transfers

Liquidity transfers are transfers of funds:

- between accounts of the same participant or;
- between two accounts of a group of accounts or;
- between a PM account and a mirror account.

Liquidity transfers involving mirror accounts and sub-accounts are dealt with in section 3.3.1 and are not considered in this section.

Liquidity transfers are used to shift liquidity between accounts held in the payment module of the SSP, the accounts of the SSP's home accounting module, and the NCB's proprietary home accounting application or within these home accounts. They could, inter alia, be used to support the management of liquidity on home accounts which are maintained by indirect TARGET2 participants (e.g. for reserve

⁴ Based on the definition used for defining a funds transfer system in "A glossary of terms used in payments and settlement systems" published by the BIS, January 2001 and on the definition laid down in Art. 2 of the TARGET2 Guideline (ECB/2012/27).

requirements). In addition, credit institutions which belong to a group of accounts may submit cross-border liquidity transfers to each others to support their liquidity management at European level.

Liquidity transfers are defined as all transactions transmitted via a simplified SWIFT MT202 message type (or the corresponding XML message for liquidity transfers) within/between PHA/HAM accounts and payment module accounts⁵. The TARGET2 core fee will apply to the liquidity transfer initiated in the PM. Pricing of liquidity transfers initiated from the PHA/HAM to the PM and within the PHA/HAM and processed within the PHA/HAM is left to the discretion of the respective NCB.

Liquidity transfers from a PM account to a DCA and from a DCA to a PM account will be billed to the respective PM account holder (the PM account holder debited, in the first case, and the PM account holder credited, in the second case) and priced according to the TARGET2 pricing scheme (in line with the pricing option selected by the participant). DCA to DCA liquidity transfer orders will be priced according to the T2S pricing scheme and billed as a part of the T2S invoice.

2.5 Fees applicable to indirect, addressable BICs, multi-addressee access and unpublished BICs

In the TARGET2 participation framework, there is a number of ways to access the TARGET2 system, other than direct participation. The fees for registering the different types of participation and for unpublished BICs are the following:

One-off fee	EUR
Addressable BICs (branches of direct and indirect participants, branches of correspondents and addressable BIC holders that are members of the same group*)	5
Monthly fee	
Indirect participation	20
Addressable BICs (correspondents)	5
Unpublished BICs	30
Multi-addressee access**	80

* As defined in Article 1 of Harmonised conditions for participation in TARGET2
 ** Based on BIC-8

The above mentioned fees are charged to the direct participants which have the responsibility of the business relationship with these entities, on top of the core pricing scheme.

2.6 Pricing of TARGET2 value added services for T2S

The fee for using (optional) TARGET2 value added services for T2S are the following:

⁵ In the simplified SWIFT MT202 message there is a limitation in the format: only fields needed for the execution of transfers of liquidity are allowed; it is not possible to specify an ordering institution (field 52) different from the sender and it is not possible to specify an account-with institution (field 57) different from a central bank. No intermediary institution (field 56) can be specified. For more information, see UDFS Book 2, section 14.1.2.2.1.5.

Monthly fee	EUR
Participants using the core pricing option A	50.00
Participants using the core pricing option B	625.00

2.7 The liquidity pooling pricing scheme

TARGET2 offers two variants for liquidity pooling: i) the aggregated liquidity (AL⁶) also known as virtual account, which allows to settle payments by using the liquidity available on the other accounts of the group; and ii) the consolidated account information (CAI), which allows the group manager to get comprehensive information about the liquidity position of all group members.

The price for the CAI option is set at EUR 100 monthly per account included in the group and the price for the AL option (which includes the CAI option) is set at EUR 200 monthly per account included in the group.

The participants that buy one of the liquidity pooling options benefit from the group pricing. The degressive transaction fee of the core pricing scheme will be applied to all the payments initiated from one of the accounts of the group (except those that are related to the settlement of ancillary systems – see 2.3).

In case PM accounts belong to one group, with one single group manager, the implementation of the pricing scheme is straightforward. The group manager (for the CAI group and/or the AL group) pays a monthly account fee of EUR 1,875 (i.e. the account fee for option B of the core pricing scheme) whereas the members of the group of accounts pay EUR 150 monthly (i.e. the account fee for option A of the core pricing scheme). Naturally, on top of the account fees of the core pricing scheme, both the Group Manager and the members have to pay the fee for the liquidity pooling service i.e. EUR 200 monthly in case of the AL group or EUR 100 monthly in case of the CAI group.

However, an account can be part of two groups, one AL group and one CAI group. In that case, if one account of a CAI group also belongs to an AL group, all accounts of this AL group must also be included in the CAI group. In that case, there are two plausible scenarios:

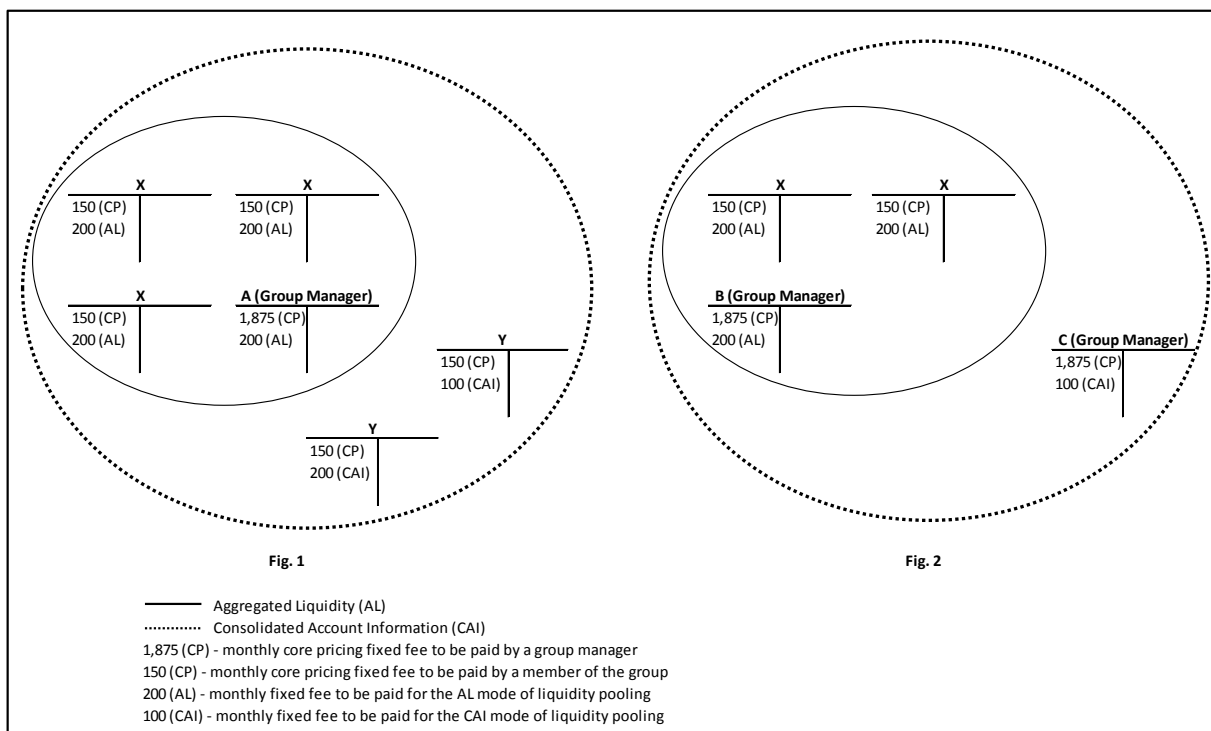
1. the CAI group manager and the AL group manager are the same;
2. the CAI group manager is different from the AL group manager and is not a member of the AL group.

⁶ During the development of the TARGET2 Guidelines, the term “virtual account” has been replaced with “aggregated liquidity” (AL), therefore this term is used in this report.

Taking into account these scenarios, the following pricing scheme applies to the entities participating in a group of accounts:

- *Group manager:*
 - If the AL group manager is the same as the CAI group manager (entity A in fig. 1), the fees to be applied are EUR 200 monthly (i.e. AL option of liquidity pooling) and EUR 1,875 monthly (i.e. account fee for option B of the core pricing scheme).
 - If the AL group manager is different from the CAI group manager, the fees to be applied are as follows:
 - AL group manager (entity B in fig. 2): EUR 200 monthly (i.e. AL option of liquidity pooling) and EUR 1,875 monthly (i.e. the account fee for option B of the core pricing scheme)
 - CAI group manager (entity C in fig. 2): EUR 100 monthly (i.e. CAI option of liquidity pooling) and EUR 1,875 monthly (i.e. the account fee for option B of the core pricing scheme)
- *Group member:*
 - If a participant is a member in an AL group as well as in a CAI group (entities X in all figures), the fees to be applied are EUR 200 monthly (i.e. AL option of liquidity pooling) and EUR 150 monthly (i.e. the account fee for option A of the core pricing scheme).
 - If a participant is member only in a CAI group (entities Y in figure 1), the fees to be applied are EUR 100 monthly (i.e. CAI option of liquidity pooling) and EUR 150 monthly (i.e. the account fee for option A of the core pricing scheme).

A diagram clarifying the liquidity pooling pricing is presented below:



2.8 The pricing of transactions settled on home accounts

The long term decision for TARGET2 is to process all interbank payments, open market operations and ancillary system settlement transactions in the Payment Module (PM) of the SSP. During a transitional period the NCBs can also offer payment services to their users outside the PM on so called “proprietary home accounts” from their Proprietary Home Accounting applications (PHA) or in the Home Accounting Module (HAM) of the SSP.

After the transitional period NCBs can:

- use home accounts to offer payment services only to customers which are not eligible to be TARGET2 participants,
- hold PHA accounts for TARGET2 participants, but these accounts can only be used for only a limited number of well-defined transactions (e.g. cash withdrawal, reserve management or standing facilities),

The Eurosystem has decided to charge transactions on home accounts during the transition period above the TARGET2 price in order to speed up the move of payment traffic to the SSP.

- Interbank payments settled on home accounts are charged above the TARGET2 core pricing scheme for low-volume participants (i.e. above EUR 150 per month plus EUR 0.80 per transaction).
- The NCBs connecting indirect participants to TARGET2 will charge them above EUR 150 per month + EUR 0.80 per transaction for payments settled on home accounts.

- Ancillary systems settling on the PHA are charged the fixed fees I and II agreed for ancillary systems settling on the SSP and a transaction fee higher than the one applied to ancillary systems settling on the SSP (which consists of a monthly fee and a transaction fee).

In order to ensure a level-playing field with regard to monetary policy transactions and to avoid “penalising” the TARGET2 participants which have to use the PHA for open market operations due to the choice of their central bank, the transactions related to open market operations settling on accounts in the PHA during the transition period are charged according to the normal TARGET2 core transaction price (i.e. a transaction fee between EUR 0.80 and EUR 0.125).

The pricing for cash withdrawals, standing facilities and reserve management that take place on PHA accounts is not harmonised.

2.9 Fees for Main PM account holders

For TARGET2 participants holding accounts which act as “main PM accounts” for T2S Dedicated Cash Accounts (DCAs) a monthly fee of EUR 250 will apply for each linked DCA. This fee will be invoiced as part of the TARGET2 invoice.

In addition, the main PM account holders will be charged the following fees for T2S services connected with the linked DCA(s). These items will be invoiced separately.

Tariff items	Price	Explanation
Settlement services		
DCA to DCA liquidity transfer orders	9 eurocent	per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity etc)	6 eurocent	per transaction
Information services		
A2A reports	0,4 eurocent	Per business item in any A2A report generated
A2A queries	0,7 eurocent	Per queried business item in any A2A query generated
U2A queries	10 eurocent	Per executed search function
Messages bundled into a file	0,4 eurocent	Per message in a file
Transmissions	1,2 eurocent	Per transmission

3. BILLING FOR TARGET2 SERVICES

3.1 General principles

The invoice for all the TARGET2 services during a given month is sent out to the direct participants by the relevant NCB, at the beginning of the next month (not later than on the fifth business day) and it has to be paid at the latest on the tenth business day of that month.

The billing period is monthly for the fees that should be paid by the users for the TARGET2 services (i.e. core services, ancillary systems, liquidity pooling services) except the one-off fee.

3.2 Billing of transactions subject to the core pricing scheme

3.2.1 The transactions on accounts not included in a group

3.2.1.1 The transactions initiated by credit institutions

3.2.1.1.1 The transactions to be charged

Under the TARGET2 core pricing scheme, every transaction received by the PM of the SSP from a direct⁷ participant (e.g. normal payments, liquidity transfers initiated in the PM) is charged with a transaction fee. The following types of transactions are excluded:

- transactions crediting the account of an ancillary system used for the settlement of transactions/balances of such system⁸;
- transactions related to reversal payments in the context of ASI procedure 4;
- transactions related to the liquidity transfers from the RTGS account to the sub-account and vice versa as well as the transactions related to auto-collateralisation in the context of ASI procedure 6.

The transactions that have not been processed due to technical reasons and in particular because of an incorrect format causing their rejection, are not subject to billing.

On the other hand, the transactions rejected for reasons other than technical (i.e. a payment rejected at the end of day because of lack of liquidity, or a payment revoked by its sender while queued) are charged the same way as if they had been settled.

Annex 2 presents the detailed list of the transactions subject to billing.

⁷ Including the entities authorised to debit the direct participant's account for sending payments to the system i.e. multi-addressee access.

⁸ An ancillary system may hold an account in the PM of the SSP for other purposes than settlement of balances/transactions, e.g. the payment of expenses, fees, penalties, interests related to the participation by members of such a system. In this case, the transactions sent by the participants crediting the account of the ancillary system are subject to the core pricing scheme.

3.2.1.1.2 The entities to be invoiced

The direct participants are invoiced for all the fees of the core pricing scheme. The invoice is created per RTGS account. A legal entity which has several accounts (participants), will receive several invoices.

The fee is to be paid by the participant which account is debited (i.e. the sender of the payment message for credit transfers and the receiver for direct debits).

Other kinds of participants (indirect participants, multi-addressee access, addressable BICs and unpublished BICs) are not subject to the billing and do not receive any invoice. Fees related to their registration (i.e. one-off, monthly and transactions fees) are charged to the direct participants that have the business relationship with these entities. The transactions of these kinds of participants are considered as transactions of the direct participant and therefore are billed to the direct participant.

The other types of entities which do not have a PM account (e.g. CB customers, entities with a HAM account only, CIs subject to Reserve management managed in the RM) are not concerned by the fees as defined for the TARGET2 core service pricing scheme considering that the fees are determined by their relevant NCB.

3.2.1.1.3 The account charged for billing

The account of the direct participant is charged with the amount invoiced by the relevant NCB. In case of a legal entity which has several accounts, the several invoices are paid by the direct participant from the account announced to its relevant NCB.

3.2.1.2 The transactions initiated by NCBs

First of all, transactions initiated by the NCBs to the SSP acting as direct participants in TARGET2 are subject to the core pricing scheme.

In addition, the NCBs are able to use the ASI for other operations than the settlement of ancillary systems (e.g. monetary policy operations, cash withdrawals, customer services, FX arbitrage, invoicing) as described in the provisions of the User Detailed Functional Specifications. The transactions related to these central bank specific operations settled via ASI are charged in accordance with the core pricing scheme specified in section 2.2, provided that these operations are not related to the settlement of ancillary systems.

In case NCBs act as clearing agent for ancillary systems, as a result of which they submit the settlement instructions to the SSP (either via the Participant Interface or via the Ancillary System Interface) they are

charged as specified in section 3.3. In case an NCB acts on behalf of an ancillary system (e.g. in case of contingency), the ancillary system is charged as usual. The volumes of NCBs' transactions settled via ASI are calculated on the basis of the same criteria envisaged for ancillary system transactions.

In both cases, the NCBs are charged for their activities, i.e. as direct participants and in the situations when they use ASI for their own specific operations.

3.2.2 The transactions on accounts included in a group

3.2.2.1 The transactions to be charged

The group pricing allows for the aggregation of the transactions of all the participants belonging to a group of accounts. These transactions are charged according to the normal core pricing scheme, but the degressive fee structure is applied to the sum of all transactions on the accounts of the group. In case a group is included in another larger group of accounts (typically, an AL group and some participants form a CAI group), the largest group is always the basis for the invoicing.

3.2.2.2 The entities to be invoiced

The direct participant which owns the main account of the group i.e. the group manager will be invoiced for all the fees related to all accounts in the group:

- T2 core service (fixed fee, transaction fee and specific fees related to unpublished BICs, multi-addressee access, indirect participation and addressable BICs);
- liquidity pooling service (see section 2.6).

In case the CAI group manager is different from the AL group manager, the participant that owns the main account of the CAI group is invoiced for the total fees of the group of accounts, according to the degressive scheme applied to all payments of its group.

3.2.2.3 The account charged for billing

The account of the group manager (i.e AL group or CAI group) is debited for all the fees that apply to the entities participating in the group of accounts.

3.3 Billing of transactions subject to the ancillary system pricing scheme

3.3.1 The transactions to be charged

Any transaction sent by an ancillary system or settled on its account is considered an ancillary system-related transaction. All the transactions involving accounts belonging to the ancillary systems are invoiced as AS transactions, irrespective of whether they are performed through the ASI or not. Also, the transactions involving the guarantee account are subject to AS transaction pricing. Therefore, in order to

avoid charging a system twice, TARGET2 does not charge banks when they send a payment to an ancillary system. The ancillary system would then charge its banks in accordance with its own pricing scheme outside of TARGET2.

With respect to the definition of billable transactions settled via ASI, the charging modalities for ancillary systems transactions are as follows:

- for the ancillary systems settling bilateral transactions under ASI settlement procedures 4, 5 and 6 (i.e. the “double-charging” case): to charge only half of the number of debits and credits on the RTGS/sub accounts (i.e. sum of the number of debits and credit on the RTGS/sub accounts divided by two);
- for the ancillary systems settling bilateral transactions without involving a technical account in the settlement process: to charge for every transaction (i.e. debit) on an RTGS account, similar to normal TARGET2 payment;
- for the ancillary systems settling multilateral transactions (necessarily via a technical account): to charge for each debit on the RTGS/sub account (to technical account) and for each credit to an RTGS /sub account (from the technical account).

As regards the charging of the liquidity transfers under the ASI settlement procedures, the Eurosystem decided the following:

- not to charge the liquidity transfers from the RTGS accounts to sub-accounts and vice versa (i.e. in settlement procedure 6 (interfaced));
- to charge the liquidity transfers between the RTGS accounts and mirror accounts for every debit and credit on the RTGS accounts (i.e. in settlement procedures 1, 3 and 6).

As far as the transactions related to auto-collateralisation are concerned, the Eurosystem decided not to charge these transactions following the same principle as for liquidity transfers from the RTGS accounts to sub-accounts.

The details for charging ancillary systems transactions settled via ASI, as well as the liquidity transfers under the ASI procedures are presented in Annex 2.

3.3.2 The entities to be invoiced

The following types of entities will be invoiced according to the ancillary system pricing scheme:

- ancillary systems entity: all transactions submitted by ancillary systems or involving accounts belonging to these entities are invoiced as AS transactions, irrespective of whether they are performed through the ASI or not;

- central banks: an NCB operating an AS is subject to the ancillary system pricing scheme as any private ancillary system;
- entity (e.g. AS, CB) owning a guarantee account: transactions involving this account are subject to AS transaction pricing. The core service fixed fee is not invoiced for this account (it is deemed to be covered by the AS fixed fee for the respective AS).

3.3.3 The account charged for billing

As a matter of principle, the account of the AS which is used for the settlement of balances/transactions of its participants is never used to pay the TARGET2 invoices. If the AS holds an account on which non-AS-related transactions can be made, this account is charged for all the fees as defined in the ancillary system pricing scheme.

Alternatively, in case the AS holds an account with a commercial bank, the invoice could be paid via a direct debit message on the PM account of this bank, or via a credit transfer initiated by the AS via this bank.

4. BILLING FOR T2S CASH RELATED SERVICES

TARGET2 participants holding PM accounts which act as “main PM accounts” for T2S Dedicated Cash Accounts (DCAs) will be invoiced for the T2S services connected with all the linked DCAs (see fees in chapter 2.9) on a monthly basis. The invoicing will be separated from the TARGET2 invoicing. The invoice for all the T2S cash related services during a given month is sent out to the main PM account holders by the relevant NCB, at the beginning of the next month (not later than on the fifth business day) and it has to be paid at the latest on the tenth business day of that month.

5. MINIMUM SET OF INFORMATION INCLUDED IN THE INVOICE

Given the fact that not all the NCBs are using the billing optional services (i.e. CRISP) provided by the 3CB, a harmonisation with respect to the billing information of the invoices that are sent to the TARGET2 users is needed.

The minimum set of information to be comprised in the invoices presented to the participants is listed below:

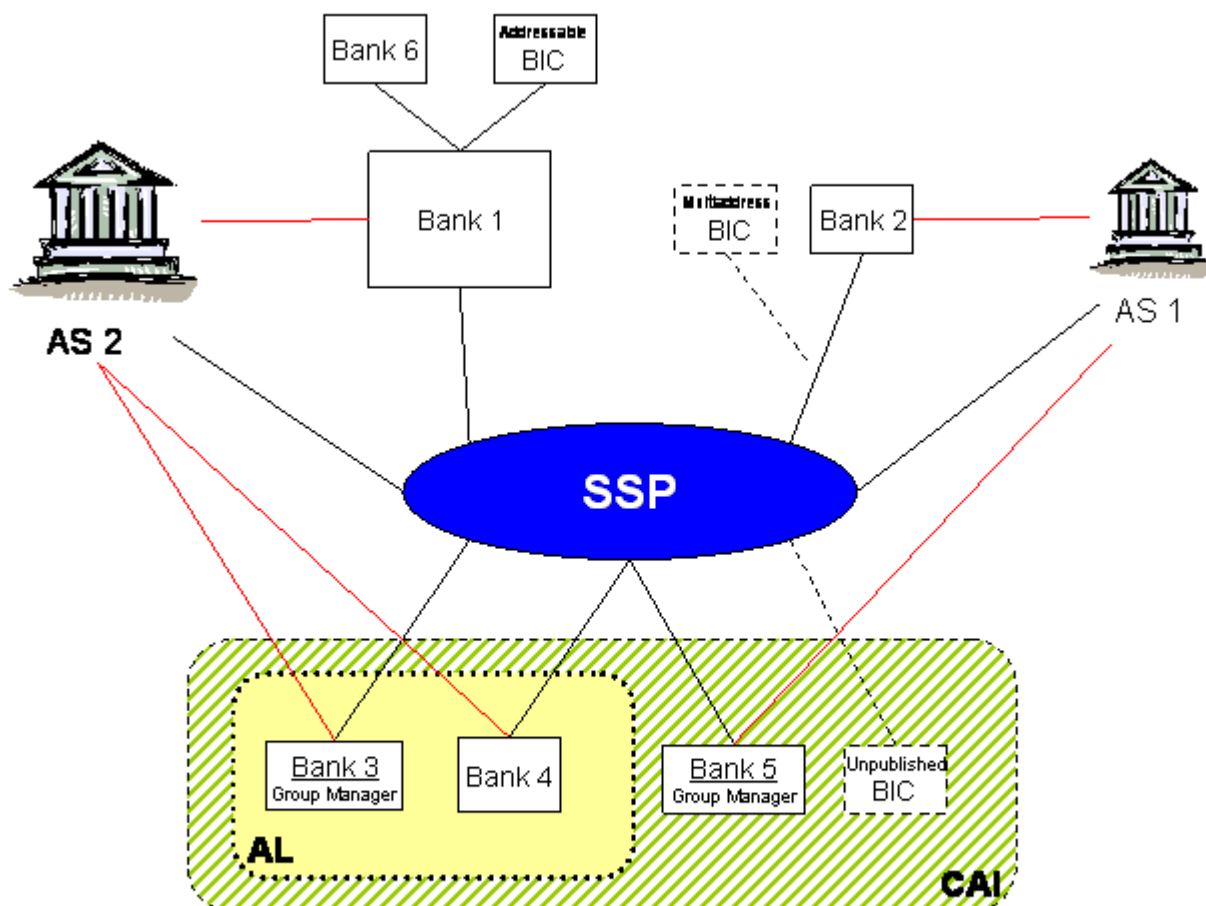
- information on the billing period;
- information on the number of priceable items used by each participant during the billing period;
- information on the participation type of each participant;
- information on the type of settlement and procedure used (in the case of ancillary system);
- information on the VAT (if needed);
- information on the pricing option of the TARGET2 core service

ANNEX 1. PRACTICAL EXAMPLES AND SAMPLE OF INVOICE

1.1 Practical example for the billing of various types of participants

In the following you find a practical example for the pricing and billing of various types of participants with different payment profiles. First, we present the profiles of the participants with their description and traffic, and at the end some sample invoices are provided for the one-month traffic. Please note, that the formatting presented here may not coincide with your actual future bill, it only serves demonstration purposes.

In the model-SSP there are only 2 types of participants: ancillary systems and banks (for the sake of simplicity, all participants that are not ancillary systems are to be called banks). Both can vary in size, dimensions of correspondent business and payment traffic. Some banks participate in liquidity pooling, others register indirect participants, unpublished BICs etc.



AS1 is a small gross/bilateral ancillary system with EUR 1,550 million daily underlying value. It has 2 participating banks that each generate 2,000 transactions per month, therefore it is reasonable that this AS chooses option A. AS1 is using settlement model 5 for bilateral transactions, therefore the fee is charged only for half of the debits and credits on the RTGS accounts (i.e. 4,000/2).

AS2 is a big ancillary system; the daily underlying value of its settlement is EUR 47,500 million. It has three banks participating in its settlement procedures: Bank 1, Bank 3 and Bank 4. Bank 1 initiates 20,000 AS-related transactions; Bank 3 submits 10,000 transactions and Bank 4 submits 3,000 to AS2. AS2 is using ASI models 2 and 3 (bilateral) with technical account involved, therefore the transaction fee is charged for every credit and debit on the RTGS accounts. In the TARGET2 pricing scheme AS2 will be charged directly for all these transactions, namely 66,000 transactions per month.

Bank 1 is a big bank with a widespread correspondent business: in the current month it connects Bank 6 as a new indirect participant and another addressable BIC. For the new business partners Bank 1 has to pay EUR 20 + 5 fee. Bank 1 submitted 173,000 transactions (e.g. normal/regular payments and liquidity transfers) which already cover the traffic of the indirect participant and the correspondent BICs channelled through Bank 1. Bank 1 also initiated 20,000 AS related transactions, but these are exempted from the billing of the participant, and charged directly to the AS. Bank 1 also uses the optional Value Added Services and has two DCA linked to its PM account.

Bank 2 is a small bank (logically choosing option A with the flat transaction fee) that has a multi-addressee access as well. Bank 2 and the multi-addressee BIC together submit only 3,211 transactions in the given month. Its AS-related transactions will be charged directly to AS1. Also Bank 2 uses the optional Value Added Services and has one DCA linked to its PM account.

Bank 3, together with Bank 4 and 5, uses the liquidity pooling service. Bank 3 and 4 form an aggregated liquidity account (formally virtual account, VA) where Bank 3 is the group of account manager. Moreover, all consolidate their account information (CAI option) where Bank 5 is the main account holder. For these liquidity pooling services Bank 3 and Bank 4 have to pay EUR 200 monthly, whereas Bank 5 will be charged EUR 100 monthly. The monthly fixed fees of the core pricing scheme also apply: Bank 3 and Bank 5 will be charged EUR 1,875 monthly whereas Bank 4 will be charged EUR 150. Bank 5 and Bank 4 also use the optional value added services and there is monthly fee EUR 625 for Bank 5 and EUR 50 for Banks 4. There is also one DCA linked to the Bank 3 PM account and two DCAs linked to the Bank 5 PM account. Therefore a monthly fee of EUR 250 per linked DCA will apply. Besides, there is an unpublished BIC (published in the SWIFT directory, not published in the T2 directory), for which there is a monthly fee of EUR 30. Since the unpublished BIC account (published in the SWIFT directory,

not published in the T2 directory) is included in the liquidity pooling, the liquidity pooling fee (EUR 100) and the core pricing fee (EUR 150) apply on top of the EUR 30.

As regards the transactions fees, the core service pricing scheme is applied; however, the invoicing for all the transactions and accounts is done as if the main account holder of the CAI option had operated all of them (“group pricing”). In our example Bank 3 submitted 12,345 regular payments; Bank 4 submitted 23,456 regular payments and Bank 5 sent 987 payments a month to the SSP. There were also 100 transactions via the unpublished BIC. In addition, there were AS related transactions which are exempted from the invoicing of the bank and are billed to the ancillary systems: the additional 3,000 transactions of Bank 4 are billed to AS2, while 2,000 transactions of Bank 5 are billed directly to AS1.

1.2 Sample of Invoice

Below you find the invoice samples for all the aforementioned cases:

INVOICE "ASI"			
Date :	from 1 Jan 2013 to 31 Jan 2013		
Participant:	AS 1		
Pricing option:	option A		
Number of transactions	4000 (Settlement Model 4)		
ASI Size :	1.550.000 €/day underlying value		
Type of settlement:	Gross/Bilateral system		
Periodic fee option A:			150
AS fixed fee I:			1 000
AS fixed fee II:			833
	Quantity	Unit price (eur)	
Option B transaction fee band 1	-	-	
Option B transaction fee band 2	-	-	
Option B transaction fee band 3	-	-	
Option B transaction fee band 4	-	-	
Option B transaction fee band 5	-	-	
Transaction fee:	4000/2	0.80	1 600
Total price (VAT not included)			3 583

INVOICE "BANK 1"			
Date :	from 1 Jan 2013 to 31 Jan 2013		
Participant:	Bank 1		
Pricing option:	option B		
Number of transactions	173 000		
Periodic fee option B:			1 875
	Quantity	Unit price (eur)	
Option B transaction fee band 1	10 000	0.60	6 000
Option B transaction fee band 2	15 000	0.50	7 500
Option B transaction fee band 3	25 000	0.40	10 000
Option B transaction fee band 4	50 000	0.20	10 000
Option B transaction fee band 5	73 000	0.125	9 125
Transaction fee:			42 625
Registration of indirect participant	1		20
Registration of addressable BIC	1		5
Value Added Services	1		625
Dedicated Cash Accounts	2		500
Total price (VAT not included)			45 650

There is no invoice for Bank 3 and Bank 4.

INVOICE "BANK 5" (GROUP OF ACCOUNTS)			
Date :	from 1 Jan 2013 to 31 Jan 2013		
Participant:	Bank 5		
Pricing option:	option B		
Periodic fee option A (Bank 4):			150
Periodic fee option B (Bank 3):			1 875
Periodic fee option B (Bank 5):			1 875
Periodic fee option A (unpublished BIC account):			150
Number of transactions	12.345 + 23.456 + 987 + 100		
	Quantity	Unit price (eur)	
Option B transaction fee band 1	10 000	0.60	6 000
Option B transaction fee band 2	15 000	0.50	7 500
Option B transaction fee band 3	11 888	0.40	4 755
Option B transaction fee band 4	-	-	
Option B transaction fee band 5	-	-	
Transaction fee:			18 255
Liquidity pooling VA	2	200	400
Liquidity pooling CAI	1	100	100
Unpublished BIC monthly fee	1		30
Value Added Services	2		675
Dedicated Cash Accounts	3		750
Total price (VAT not included)			24 260

INVOICE "AS2"			
Date :	from 1 Jan 2013 to 31 Jan 2013		
Participant:	AS 2		
Pricing option:	option B		
Periodic fee option B:			1 875
AS fixed fee I:			1 000
AS fixed fee II:			3 333
	Quantity	Unit price (eur)	
Option B transaction fee band 1	5 000	0.60	3 000
Option B transaction fee band 2	7 500	0.50	3 750
Option B transaction fee band 3	12 500	0.40	5 000
Option B transaction fee band 4	25 000	0.20	5 000
Option B transaction fee band 5	16 000	0.125	2 000
Transaction fee:			18 750
Total price (VAT not included)			24 958
Number of transactions	66.000 (Settlement del 2, 3)		
ASI Size :	47.500.000 €/day underlying value		
Type of settlement:	Real time, bilateral		

INVOICE "BANK2"			
Date :	from 1 Jan 2013 to 31 Jan 2013		
Participant:	Bank 2		
Pricing option:	option A		
Number of transactions	3 211		
Periodic fee option A:			150
	Quantity	Unit price (eur)	
Option B transaction fee band 1	-	-	
Option B transaction fee band 2	-	-	
Option B transaction fee band 3	-	-	
Option B transaction fee band 4	-	-	
Option B transaction fee band 5	-	-	
Transaction fee:	3 211	0.80	2 569
Multiaddressee access monthly fee	1		80
Value Added Services	1		50
Dedicated Cash Accounts	1		250
Total price (VAT not included)			3 099

ANNEX 2. LIST OF THE TRANSACTIONS SUBJECT TO BILLING

The annex gives the list of the transactions taken into account in the calculation of the consumption of each participant.

The first table gives the list of the operations subject to billing for the credit institutions. The first column describes the type of transaction from the PM and the billing mandatory services (CROSS) point of view. The second column indicates which entity is invoiced.

PM special payment type description	Billing comments
Normal, regular payment	The owner of the debited account is invoiced
Payment to HAM via internal interface	The owner of the debited account is invoiced
Liquidity transfer to PHA	The owner of the debited account is invoiced
Liquidity Transfer ICM to HAM	The owner of the debited account is invoiced
Liquidity Transfer FIN (Y-Copy) to HAM	The owner of the debited account is invoiced
Liquidity Transfer FIN (Y-Copy) to PM Participant	The owner of the debited account is invoiced
Liquidity Transfer FIN to PHA	The owner of the debited account is invoiced
Liquidity Transfer ICM to PM (Within Virtual Group or Consolidated Info Group)	The GoA manager is invoiced
Liquidity Transfer EOD to other PM participant	The owner of the debited account is invoiced
Liquidity Transfer EOD to HAM	The owner of the debited account is invoiced
Liquidity Transfer EOD to PHA	The owner of the debited account is invoiced
Overnight deposit, debit call from SF	The owner of the debited account is invoiced
Refunding of marginal lending, debit call from SF	The owner of the debited account is invoiced
Backup Payment	The owner of the debited account is invoiced
Connected payment (FIN)	The owner of the debited account is invoiced
Mandated payment (FIN)	The owner of the debited account is invoiced
Billing payment, debit call from CRM (MT204)	The owner of the debited account is invoiced
Transfer of liquidity of group for excluded participant	The owner of the debited account is invoiced
REPO Operation	The owner of the debited account is invoiced

The next table gives the list of the operations subject to billing for the AS.

PM special payment type description	Billing comments
SM1 Liquidity Transfer Bank to mirror account	The AS involved in transaction is invoiced
SM1 Liquidity Transfer mirror account to bank	The AS involved in transaction is invoiced
SM6 integrated model standing order	The AS involved in transaction is invoiced
SM6 integrated model current order (per settl bank to mirror account, input per ICM)	The AS involved in transaction is invoiced
SM6 integrated model current order (per settl bank to mirror account or vice versa) (input per AS-XML)	The AS involved in transaction is invoiced
SM2 Real time settlement	The AS involved in transaction is invoiced
SM3 Bilateral settlement	The AS involved in transaction is invoiced
SM4 debit side (Standard multilateral settlement)	The AS involved in transaction is invoiced
SM4 credit side (Standard multilateral settlement)	The AS involved in transaction is invoiced
SM4 guarantee payment	The AS involved in transaction is invoiced
SM4 conversion settl type 5 to 4 debits	The AS involved in transaction is invoiced
SM4 conversion settl type 5 to 4 credits	The AS involved in transaction is invoiced
SM5 debit side (Simultaneous multilateral settlement)	The AS involved in transaction is invoiced
SM5 credit side (Simultaneous multilateral settlement)	The AS involved in transaction is invoiced
SM6 settlement interfaced model (per sub acc to tech acc or vice versa)	The AS involved in transaction is invoiced
SM6 settlement interfaced model (per tech acc to RTGS acc)	The AS involved in transaction is invoiced
SM6 settlement interfaced model (per RTGS acc to tech acc)	The AS involved in transaction is invoiced