Liquidity management tools

- Reservations
- Bilateral and Multilateral Limits
- Rule-based liquidity transfers
- Automated liquidity transfers
- “AS-related” standing order liquidity transfers funding sub-accounts or AS technical accounts
- “Non-AS-related” standing orders liquidity transfers
Key features of standing orders liquidity transfers

- Maintained in CRDM
- Debit a CLM, RTGS or T2S account
- Credit a CLM, RTGS, T2S or TIPS account
- T2 standing orders triggered by a business day (or AS procedure) event
- Settle partially in case of missing liquidity
  - No retry
  - Pro-rata settlement amount in case several orders compete for liquidity on the same account (see Annex 1)
## Scheduling T2 liquidity transfer orders

<table>
<thead>
<tr>
<th>CLM Event</th>
<th>RTGS Event</th>
<th>Scheduled time</th>
</tr>
</thead>
<tbody>
<tr>
<td>CESO</td>
<td>19.30</td>
<td>After settlement of reimbursement and interests of standing facilities</td>
</tr>
<tr>
<td>RESO</td>
<td>&gt; 19.30</td>
<td>After settlement of automated LTs from RTGS to CLM and CESO LTs from CLM to RTGS</td>
</tr>
<tr>
<td>RRRII</td>
<td>02.30</td>
<td></td>
</tr>
<tr>
<td>RSIC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCII</td>
<td>18.00</td>
<td></td>
</tr>
<tr>
<td>RLSO</td>
<td>&gt; 18.00</td>
<td>After last RTGS settlement attempt</td>
</tr>
</tbody>
</table>
T2 vs T2S standing orders

Unlike in T2S:

✓ There are no “predefined liquidity transfer orders” in T2
✓ There are no “all cash” standing orders in T2
✓ T2 standing orders are triggered only by a business day (or AS procedure C/D) events, not by time
Liquidity sweeps?

- Liquidity sweeps are *not* needed: liquidity can stay overnight in any CLM, T2S, TIPS, or RTGS account.
- Through tools like automated or rule-based liquidity transfers, liquidity in CLM and RTGS can be managed as “one bucket” to a certain extent (see Annex 2).
- In general, CLM is the liquidity pivot: rule-based liquidity transfers rely on CLM liquidity, they do not work between two DCAs (see Annex 2).
- Liquidity *can* be swept from RTGS through a standing order with a large amount exceeding the account balance, which will partially settle.
- A liquidity transfer from CLM with a large amount exceeding the account cash balance would use the credit line.
Annex 1: pro-rating example

- MCA B has a 100 EUR balance and no credit line
- MCAs B, C, D and E belong to the same liquidity transfer group
- 3 standing orders are scheduled to debit MCA B at CESO:
  - 30 EUR to MCA C
  - 50 EUR to MCA D
  - 120 EUR to MCA E
- Total amount to be debited = 200 EUR, vs 100 EUR balance of MCA B
- The following amounts will be settled:
  - 15 EUR to MCA C
  - 25 EUR to MCA D
  - 60 EUR to MCA E
Annex 2: Automated and rule-based liquidity transfers
Annex 3: references

• **CRDM UHB**: 2.3.2.8, 2.3.2.9 and 2.3.2.10
• **CLM UDFS**: 4.4, 4.5 and 5.4.2
• **RTGS UDFS**: 4.4, 4.5 and 5.5.2
• **Explainer** on automated and rule-based liquidity transfers