

# Pan-European Reachability

## Questions and Answers

- [Q] Measure 1 states that each PSP shall be reachable on a TIPS account, either as holder of said account (i.e. a TIPS Participant) or as Reachable Party for the same account. In this respect, (i) what does “be reachable on a TIPS account” mean and (ii) how shall this be implemented from a reference data configuration viewpoint?
- [A] As to the first point, the answer strictly follows what also the SCT-Inst scheme mandates, i.e. a PSP is reachable in TIPS if it is at least able to receive instant payments. The answer for the second points follows directly from the answer to the first point. In order to be able to receive payments, the following elements shall be configured:
  - The given PSP as a TIPS Participant or as a Reachable Party
  - A BIC of the PSP as AAU for the relevant account
  - A DN of the PSP (or its Instructing Party) configured to send/receive messages to/from TIPS

- [Q] Is it true that each BIC can only be registered once as AAU?
- [A] Yes, this is correct. More in detail, each BIC can be linked to one and only one account/CMB, each account may be linked to multiple BICs whereas each CMB may be linked to only one BIC. The reason why a BIC can be linked to one and only one account/CMB simply stems from the fact that IP instructions contain only BICs and IBANs of the two counterparts, which means the only piece of information TIPS may use to identify the relevant accounts/CMBs are the two BICs specified in the instructions. Therefore, if a given BIC would be linked to multiple accounts/CMBs, TIPS would not be able to uniquely identify which account/CMB is the one relevant for the given payment.
- Implication for measure 1 combined with measure 2: any PSP willing to adopt measure 2 (i.e. willing to be reachable also via an ACH) has to configure two different BICs as AAUs, one to be reached as a PSP complying with measure 1, one to be reached via its ACH.

- **[Q]** Let us consider a scenario of a TIPS Participant that wants to register a Reachable Party, but chooses to settle the instructed IPs (both for itself and its Reachable Party) on the ACH technical account. Is this possible? In case it is possible, are there any specific implications for the BIC to be used?
- **[A]** Yes, it is possible. As for the BIC, the implication is that both the TIPS Participant and the Reachable Party have to configure two different BICs as AAUs, one BIC to be directly reachable in TIPS (as per measure 1) and one BIC to be reachable in TIPS via the ACH.

- [Q] Based on measure 1, is it true that each PSP must settle on a TIPS account at least part of the received instant payments?
- [A] No, there is no obligation for any PSP to receive instant payments on a TIPS account. However, based on measure 1, the PSP shall be ready to receive instant payments on a TIPS account.
- In this respect, it is worth mentioning that the following statement included in the note for the GovC "*The PSP may choose to receive and send all payments from an ACH account and not use their TIPS account at all.*" is not in contradiction with what is explained above. In fact, based on measure 1, each PSP shall be ready to receive instant payments on a TIPS account. However, this does not prevent the PSP to agree with its counterparts that they should always use the ACH technical account.

- [Q] Let us consider a scenario of Bank A which today is a participant of an ACH and Bank B which indirectly participates in the same ACH through Bank A. Bank B is a very small bank which fully relies on Bank A for payments operations. Bank B only has one BIC-11.
- Bank A is going to open a TIPS account in order to fulfill measure 1. However, for the time being, it would like to make use of the choice offered by measure 2 to settle all instant payments on the technical account of the ACH (for itself and for the payments of Bank B, which would be registered as a Reachable Party in TIPS).
- In such a scenario, would it be sufficient to have one AAU BIC (of Bank A) on the TIPS account or would also Bank B be required to register one BIC as AAU on the TIPS account of Bank A?
- [A] No, the Bank B is required to register one BIC as AAU of the TIPS account of Bank A (or one of its linked CMBs).

- **[Q]** Let us assume that we do not require Bank B to register its BIC for the TIPS DCA. In order to technically enable the choice to settle Instant Payments on the Technical Account of the ACH, the BIC of Bank B is going to be registered as AAU for the Technical Account.
- However, in contrast to a Reachable Party today, there would be no link to Bank A in the static data, if the BIC of Bank B is not registered as AAU on the DCA of Bank A, but instead on the ACH Technical Account. I think we have excluded that a bank can be a Reachable Party of the ACH from a legal point of view (although it technically would be).
- Would that be sufficient without being reflected in the static data or do we need a new type of technical link in order to assign a Reachable Party to the Participant?
- **[A]** The first assumption is not correct based on reply to question #5. As to the question, it is not envisaged to implement a new link type, also because already today there is no direct link in CRDM between a TIPS Participants and its Reachable Parties.

- [Q] How the ACH would be enabled to act on behalf of a TIPS account holder and move funds from the TIPS account to the technical account of the ACH?
- [A] On the basis of the current implementation, a TIPS account holder may already delegate users of their instructing party to move liquidity on their behalf (i.e. from TIPS Account back to an RTGS account).
- With the implementation of CR-33 the intra-service liquidity transfers are introduced. That means that an authorised user of the ACH might be granted with the “Liquidity management” privileges to move funds from the TIPS account to the technical account.



- [Q] Let us consider a scenario in which Bank A is a TIPS Participant (and therefore it holds a TIPS account) and Bank B and Bank C are two Reachable Parties (each with its own CMB) that are reachable on the TIPS account of Bank A. How can the ACH that receive a liquidity transfer from the TIPS account of Bank A to its technical account identify which party the liquidity received belongs to?
- [A] Currently, the debtor/creditor BICs, respectively in the camt.050 and camt.054 are filled in by using the BIC of the debtor/creditor account owner.

This logic is expected to be amended with CR-33 in the following way:

- PSP A (*identified with BIC A*) aiming to transfer liquidity from its TIPS DCA on behalf of PSP B (*identified with BIC B*) will be able to send a camt.050 crediting the **TIPS technical Account** and using **BIC B** as creditor BIC
- PSP A (*identified with BIC A*) aiming to transfer liquidity from its TIPS DCA for itself will be able to send a camt.050 crediting the **TIPS technical Account** and using **BIC A** as creditor BIC

- [Q] Will it be possible in TIPS for a TIPS Participant to send a liquidity transfer to debit the technical account of an ACH in favor of the participant's TIPS account?
- [A] In the current implementation, only a user defined under the account owner, with appropriate privilege, is authorized to instruct a liquidity transfer which debits one of its accounts. Therefore, the only way for a TIPS Participant to be able to debit the technical account is that the ACH creates a users, links to a certificate of the TIPS participant and then authorizes said user to trigger liquidity transfer.

Otherwise, as a general rule, it is not permitted for a user defined under the TIPS Participant to debit any account (e.g. including the TIPS AS Technical Account) which is owned by another party (e.g. the ACH).

- [Q] Please confirm our understanding that the following configuration scenario for a Bank A is in line with the Governing Council decision on TIPS strategic measures.
  - Bank A under BIC **BANKAB22XXX** wishes to receive incoming and instruct outgoing instant payments in TIPS via Bank B.
  - At the same time Bank A opens TIPS DCA account with BIC **BANKAB22001** to ensure settlement in ACH Z.
  - TIPS DCA for **BANKAB22001**, being “liquidity purpose” only account, is not configured for sending/receiving instant payments in CRDM (i.e. no DNs registered for inbound/outbound traffic), meaning, that incoming payments, if any, will be rejected by TIPS.
    - Since, according to BIC/IBAN directory, payments to all IBAN accounts of Bank A have to be routed to BIC **BANKAB22XXX**, incoming payments flow is not expected to its TIPS DCA.
    - Also BIC **BANKAB22001** is not configured in CRDM as reachable in TIPS via ACH Z technical account.
    - Bank A is not in breach of SCT Inst rulebook as they are processing payments 24/7/365 routed to **BANKAB22XXX**.
- [A] Indeed, this configuration is not in breach with the GovC decision and can be implemented in TIPS.

Thank you for the attention!