



EUROPEAN CENTRAL BANK
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TIPS

Migration Strategy for Ancillary Systems

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0. INTRODUCTION

This document outlines the strategy for the migration of the Automated Clearing Houses (ACHs), hereafter to be referred to as the Ancillary Systems (AS), from TARGET2 to the TARGET Instant Payment Settlement (TIPS) system.

On 10 December 2021 the first wave of Ancillary Systems will go live in TIPS. This document outlines the strategy for this migration and details the composition of the three migration waves.

1. OPTIONS TO MIGRATE TO TIPS

The Ancillary Systems and their partner National Central Banks (NCBs) may select the migration option which suits them best. The Eurosystem will coordinate each migration wave in accordance with the detailed migration document. Each migration consists of the pre-migration phase, which involves the insertion of the relevant reference data in the TARGET Services Common Reference Data Module (CRDM) and the migration phase, which comprises the activities for migrating the balances of AS technical accounts (ASTA) from TARGET2 to TIPS. When the migration phase is completed, instant payments can start being settled based on the liquidity held in the ASTA in TIPS.

The Eurosystem offers two migration options to the TIPS Ancillary Systems.

Option One allows for the AS balance on the AS technical account in TARGET2 to be transferred to the AS technical account (ASTA) in TIPS.

Option Two allows for the PSPs to fund the ASTA in TIPS and for ACHs to defund the ASTA in TARGET2.

The Ancillary Systems will assist in the performance and coordination of the migration in both cases. The assistance of the Payment Service Providers (PSPs) is required for Option Two.

The Ancillary Systems will inform the PSPs of the migration option that they have chosen.

2. OPTION ONE

This option involves a series of liquidity transfers to move the funds from the Ancillary System Technical Accounts in TARGET2 to the ASTAs in TIPS. Due to the technical constraint that a TIPS ASTA cannot be directly credited from a TARGET2 PM account, the Eurosystem will use central bank accounts as the intermediary accounts for these liquidity transfers.

2.1. STEP ONE

The partner CB will be set up for a limited period as a settlement bank of the Ancillary System (if it isn't a settlement bank of the ancillary system already). The AS will instruct an AS transfer in TARGET2 to debit the TARGET2 ASTA and to credit the CB TARGET2 Account. The CB might wish to ensure that there is no balance on the CB account to mitigate the risk that the AS debits the CB TARGET2 Account in error.

2.2. STEP TWO

The CB will then send the funds from the TARGET2 CB account to an account in TIPS held by the CB.

2.3. FINAL STEP

The CB transfers the funds from the CB's TIPS DCA to the ASTA. The AS confirms that the balance is correct.

Once completed the AS can inform its customers that funding now only occurs through TIPS. If there is a constraint on the AS side which might harm continuity of service, the AS and its partner CB can agree to move the funds in two batches.

The AS and its partner CB can agree the optimum time of day for the transfers (predicted timing of 30 minutes in total). The first two steps must be outside of the EOD period (18:00-19:30) and within TARGET2 opening hours.

After business as usual commences on TIPS the following clean-up activities may be carried out, if required:

1. The removal of the partner CB as a settlement bank of the AS in TARGET2
2. The closure of the TIPS CB DCA
3. The closure of the ASTA account in TARGET2 and the deletion of the related reference data
4. The closure of the CB account used in TARGET2 for this migration

3. OPTION TWO

The second option allows the Payment Service Providers (PSPs) to fund the TIPS ASTA from their own TIPS DCA. The AS can then credit the PSPs TARGET2 PM account from its ASTA in TARGET2. In this case the Partner CB will await confirmation from the AS that all the PSPs have funded the TIPS ASTA and that the balance on the ASTA is sufficient for business as usual to commence in TIPS. Funding the TIPS ASTA before the defunding of the TARGET2 ASTA will ensure continuity of service for this migration option.

After business as usual commences on TIPS the following clean-up activities may be carried out, if required:

1. The closure of the ASTA account in TARGET2 and the deletion of the related reference data

4. THE DETAILED MIGRATION DOCUMENT

The ECB will define the TIPS AS Detailed Migration Document which will describe in detail each step of both migration options. The document will also include the Pre-Migration Schedule with the timing of each activity of the pre-migration. The Migration Day Playbook will also form part of the document containing the timing of each migration activity. The Eurosystem and the TIPS participants will practice both the pre-migration and migration in the TIPS Certification Test environment as a dress-rehearsal of the go-live.

5. COMPOSITION OF THE MIGRATION WAVES

The following is the provisional composition of the Migration Waves.

Wave 1 (10 December 2021):

EKS-LV, CENTRO-LT, DIAS-GR, EBA, IBPY-ES, STET-FR

Wave 2 (21 January 2022):

CEC-BE¹

Wave 3 (25 February 2022):

SIBS-PT, NEXI-IT²

Contingency Wave (11 March 2022):

EW-NL³

Contingency wave: 25 March 2022

Bankart-SI⁴

¹ Previously mentioned in Wave 1

² Previously (provisionally) mentioned in Wave 1

³ Previously (provisionally) mentioned in Wave 1

⁴ Previously mentioned in Wave 3