



EUROPEAN CENTRAL BANK

EUROSYSTEM

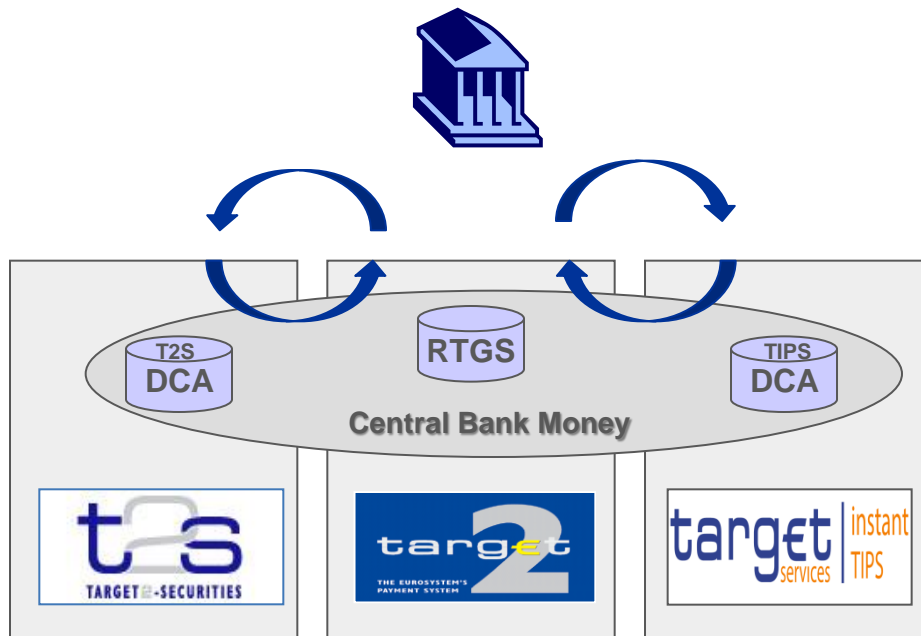
Sylvain Debeaumont
DG-MIP
ECB

Integrating TIPS accounts in banks' liquidity management

AMI Pay 6th Dec 2017

- 1 Overview**
- 2 Liquidity management link
- 3 ICM liquidity management features
- 4 Reserve Management and Standing Facilities link

Overview

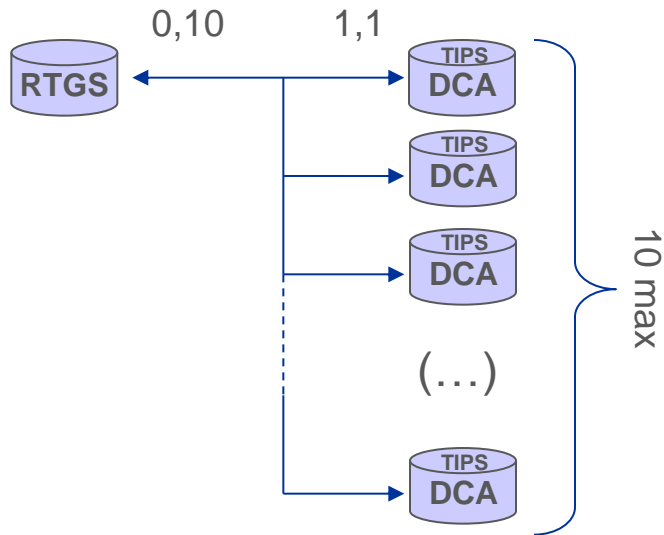


To properly manage their liquidity, participants need to:

- **monitor** each account real-time
- get a **consolidated** position real-time
- **push** liquidity from RTGS to DCAs
- **pull** liquidity from DCAs to RTGS
- manage fulfilment of **reserves**
- control recourse to **standing facilities**

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Liquidity Management (LM) link



The holder of the linked RTGS account is:

- responsible for **managing** the liquidity on the linked TIPS DCA(s)
- bound to **pay the fees** stemming from the usage of TIPS billable services

The LM link may be established between:

- accounts held by **different** legal entities
- accounts held by **different** Central Banks

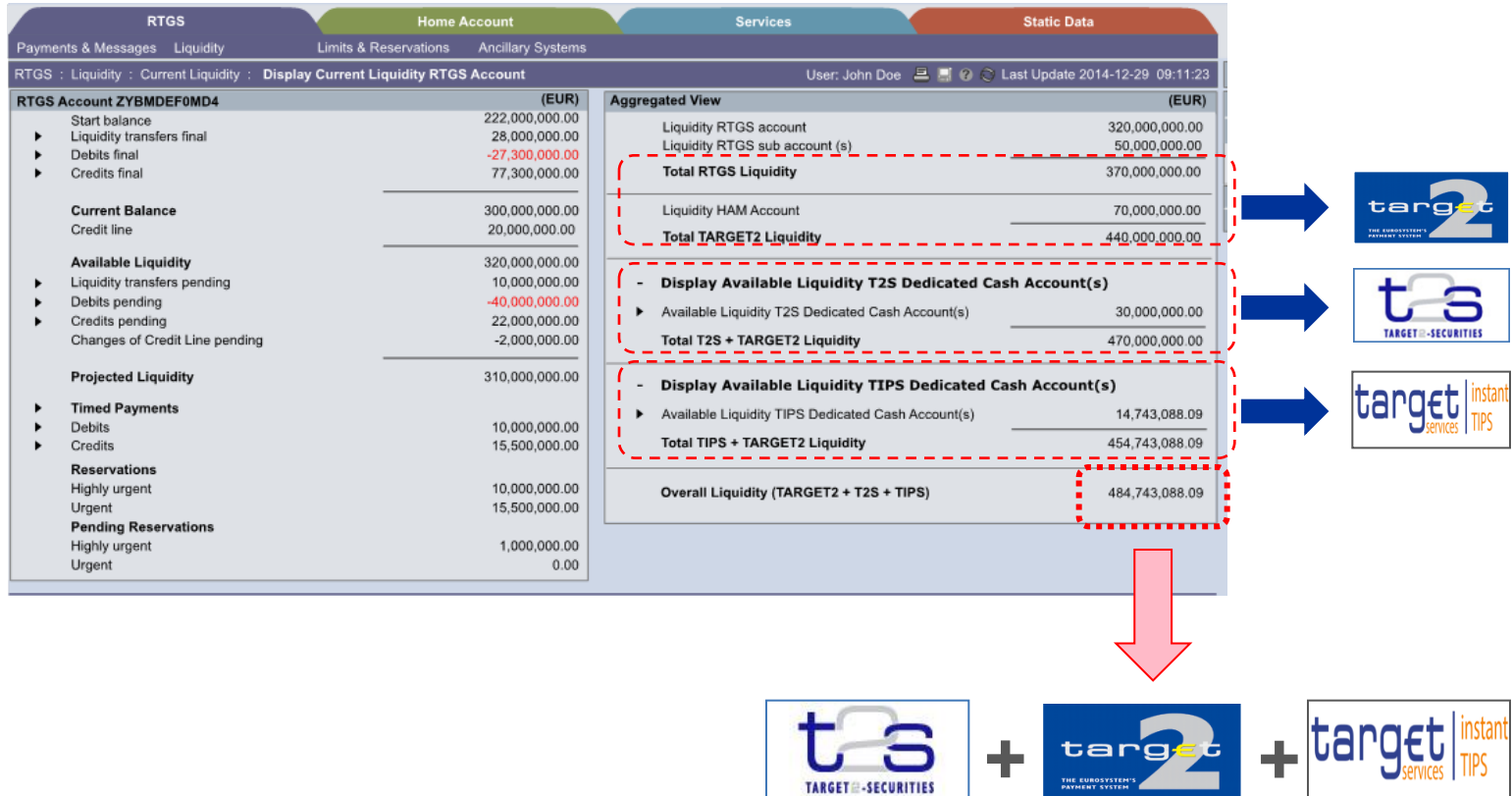
Any TIPS DCA may shift liquidity to **any** RTGS account and vice versa (i.e. irrespective of the LM link).

The LM link allows **access** to the liquidity management features of the ICM.



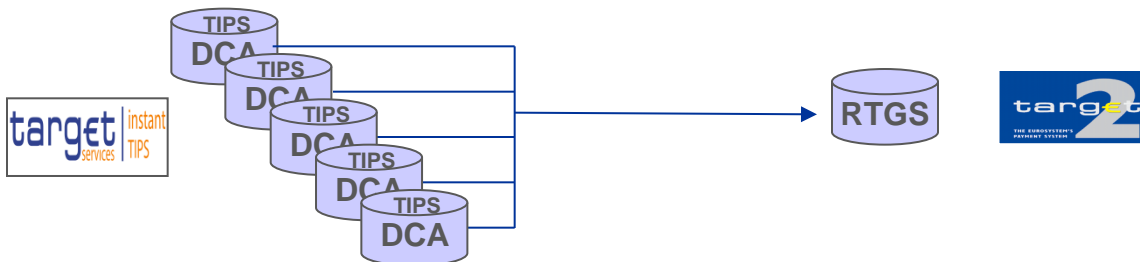
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Liquidity management features (TARGET2 ICM)




Liquidity management features (TARGET2 ICM)

RTGS		Home Account		Services		Static Data	
Payments & Messages		Liquidity		Limits & Reservations		Ancillary Systems	
RTGS : liquidity : Current Liquidity : Dedicated Cash Accounts : Display Available Liquidity On TIPS Accounts						User: John Doe Last Update 2014-12-29 09:11:23	
Overview Available Liquidity on linked Dedicated Cash Account(s) in TIPS (EUR)				Current Liquidity on RTGS Account in TARGET2 (EUR) ▶ 20,763,125.12			
Dedicated Cash Account	Available DCA Balance (EUR)	Defined Standing Orders to TIPS (EUR)	Settled Standing Orders to TIPS (EUR)	Pending RTGS Debits to TIPS (EUR)	Settled RTGS Debits to TIPS (EUR)	Settled RTGS Credits from TIPS (EUR)	
○ C CZ EUR ZYBMDEF0MD4 0000000000000001	13,515,000.00	1.01	1.01	▶ 0.00	▶ 0.00	▶ 0.00	
○ C CZ EUR ZYBMDEF0MD4 0000000000000002	1,211,188.09	0.00	0.00	▶ 0.00	▶ 17.94	▶ 0.00	
○ C CZ EUR ZYBMDEF0MD4 0000000000000003	17,000.00	37.01	37.01	▶ 0.00	▶ 0.00	▶ 1,000,000.00	
○ C CZ EUR ZYBMDEF0MD4 0000000000000004	0.00	0.01	0.01	▶ 0.00	▶ 0.00	▶ 0.00	
⊙ C CZ EUR ZYBMDEF0MD4 0000000000000005	0.00	21.01	0.00	▶ 10.04	▶ 0.00	▶ 0.00	
Total Value of 5 entries (EUR)	14,743,088.09	59.04	38.03	▶ 10.04	▶ 17.94	▶ 1,000,000.00	



Liquidity management features (TARGET2 ICM)

RTGS	Home Account	Services	Static Data
Payments & Messages	Liquidity	Limits & Reservations	Ancillary Systems
RTGS : Liquidity : Liquidity Transfer TIPS Dedicated Cash Account			User: John Doe Last Update 2014-12-29 09:11:23
RTGS Account	Transfer (EUR)	TIPS Dedicated Cash Account	
BIC: ZYBMDEF0MD6		Account No. <input type="text"/>	
<input type="button" value="Display Information"/>	Amount (EUR) <input type="text"/>	<input type="button" value="Display Information"/>	
Name: Name_MD6	<input type="button" value="Payment Reference"/>	BIC: ZYBMDEF0MD6	
Account No.: CZPCINZYBMDEF0MD60000000000000003023	End to End ID (opt.) <input type="text"/>	Name: Name_MD6	
Available Liquidity (EUR) 5,111,418.68	Liqui to DCA1 <input type="text"/>	+ Available Liquidity (EUR)	



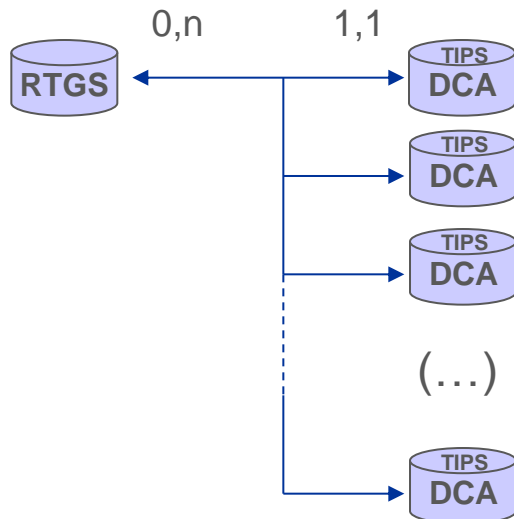
Liquidity management features (TARGET2 ICM)

- The liquidity management features of the ICM will be provided as part of the TARGET2 **core services** (no extra fee).
- No access to the **TIPS GUI** is required for liquidity management purpose for „**simple**“ business cases.
- In the event the TIPS participant is relying on an Instructing Party for exchanging SCTInst transactions, it may **discard** any direct connection to TIPS.
- Direct access to TIPS (U2A or A2A) is only necessary for more „**complex**“ set-up e.g. reachable parties with CMB.

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Reserve Management Standing Facility

(RM & SF) link



The overnight balance on the TIPS DCA is:

- subject to **same remuneration** rules as those applicable to the RTGS account;
- taken on board in the fulfilment of **minimum reserves** of the participant;
- taken on board in the automatic recourse to **standing facilities** for the account participant.

The RM link shall comply with the **GenDoc**. In particular the RTGS (or HAM) account and the linked DCA shall be held with the **same** Central Bank.

The RM and LM links are **independent** (ie a DCA may be linked to an RTGS account for LM link and to another RTGS account as RM link)



Reserve Management Standing Facility

(RM & SF) link

RTGS		Services	
Reserve Management	Standing Facilities	Administration	
Services : Reserve Management : Participant : Display Minimum Reserve			
Participant			
Participant BIC	XXXXXXXXXX		
Participant Name	XXXXXXXXXXXXXXXXXXXX		
Minimum Reserve			
Current Maintenance Period	From 2017-06-14	To 2017-07-25	
Minimum Reserve (EUR)	0.00		
Total Minimum Reserve (EUR)	0.00		
Fulfillment of Minimum Reserve			
	Current Balance (EUR)	End of Day Balance Previous Day (EUR)	
- RTGS Account	51,788,017.49	51,788,117.49	
TIPS Account		1,788,017.49	
Running Average (EUR)	4,349,071.72		
Adjustment Balance (EUR)	0.00		



Closing balance RTGS account

Closing balance TIPS DCA



Updated running average, which includes the closing balance of the RTGS account + TIPS DCA

(*) Only available when the Central Bank has subscribed to the Reserve Management module of TARGET2



Reserve Management Standing Facility

(RM & SF) link



Examples...

End of day balance

										
150€	50€	→	<table border="0"> <tr> <td rowspan="2" style="font-size: 3em; vertical-align: middle;">{</td> <td>Min. Res.</td> <td>=</td> <td>200€</td> </tr> <tr> <td>MLF (auto.)</td> <td>=</td> <td>0€</td> </tr> </table>	{	Min. Res.	=	200€	MLF (auto.)	=	0€
{	Min. Res.	=	200€							
	MLF (auto.)	=	0€							
-100€	25€	→	<table border="0"> <tr> <td rowspan="2" style="font-size: 3em; vertical-align: middle;">{</td> <td>Min. Res.</td> <td>=</td> <td>0€</td> </tr> <tr> <td>MLF (auto.)</td> <td>=</td> <td>75€</td> </tr> </table>	{	Min. Res.	=	0€	MLF (auto.)	=	75€
{	Min. Res.	=	0€							
	MLF (auto.)	=	75€							
-100€	250€	→	<table border="0"> <tr> <td rowspan="2" style="font-size: 3em; vertical-align: middle;">{</td> <td>Min. Res.</td> <td>=</td> <td>150€</td> </tr> <tr> <td>MLF (auto.)</td> <td>=</td> <td>0€</td> </tr> </table>	{	Min. Res.	=	150€	MLF (auto.)	=	0€
{	Min. Res.	=	150€							
	MLF (auto.)	=	0€							



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