

ECB
DG-MIP
T2-T2S Consolidation

Business Description Document

TARGET Consolidation Contact Group

2nd meeting on 14 March 2018

Overview



1 Purpose

2 Chapter 1: Introduction

3 Chapter 2: High level principles of the future RTGS & CLM services

4 Chapter 3: Treasury perspective

5 Chapter 4: Transaction processing perspective

6 Chapter 5: Connectivity perspective

Purpose



- Provide the business view of the reasons and main changes introduced by the new Eurosystem Market Infrastructure services CLM and RTGS to the final users with the aim of helping them in preparing for the migration in November 2021
- Provide links to the functional and technical specifications containing the information required for the adaption of internal systems (e.g. UDFS, UHB, documentation on Connectivity)

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Chapter 1: Introduction



Chapter 1 shall elaborate on:

- Purpose of the document
 - Introduction to the functions and features, while information required for adapting internal systems are provided in functional and technical specifications
- Structure of the document
 - Functions and features are presented from treasury, transaction processing and connectivity perspective
 - References are made to respective documentations and specifications (once available)
- Successor of TARGET2
 - Legal framework for participation and several functions continue like in TARGET2/SSP
 - Short overview of TARGET2/SSP functions that are not provided in the new services

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Chapter 2: High level principles of the future RTGS & CLM services



Chapter 2 shall elaborate on:

- Key aspects
 - Overview of operations and transactions taking place on MCA (CLM) and on DCAs (RTGS, T2S, TIPS)
- Key benefits
 - List of key functional benefits

The chapter is building on the “Executive Summary” that introduced the market consultation on future RTGS services (May-June 2017)

http://www.ecb.europa.eu/paym/pdf/consultations/executive_summary_market_consultation_future_rtgs_services.pdf

and the “High-level Summary of Business Changes” document discussed with the task force on future RTGS

<http://www.ecb.europa.eu/paym/initiatives/shared/docs/f2a98-t2-t2s-consolidation-high-level-business-changes.pdf>

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Chapter 3: Treasury perspective (1/3)



Chapter 3 shall elaborate on:

- Account structure
 - Which and how many accounts do I need?
 - Characteristics of different account types
 - Segregating payment transactions - dedicating liquidity for each service and for dedicated purposes within a service

- Liquidity management
 - Tool box for managing liquidity
 - Tool box for monitoring liquidity
 - Prioritisation of payments/operations
 - Liquidity saving mechanisms

Chapter 3: Treasury perspective (2/3)



Chapter 3 shall elaborate on:

- Interaction with the Central Bank
 - Update in credit line
 - Usage of standing facilities
 - Cash withdrawal, open market operations
 - Minimum reserve calculation principles

- Interaction with ancillary systems
 - Overview of different AS procedures
 - Operating on RTGS DCA sub-account for AS settlement
 - Operating on RTGS DCA for AS settlement
 - What shall treasurers keep in mind from a liquidity management perspective?

Chapter 3: Treasury perspective (3/3)



Chapter 3 shall elaborate on:

- Liquidity management services toward other users
 - Account monitoring and liquidity management across different entities
 - Co-management
- Other aspects
 - Daily schedule
 - Generation of and subscription for reports required from treasury perspective
 - Billing for usage of services

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Chapter 4: Transaction processing perspective (1/2)



Chapter 4 shall elaborate on:

- Possible ways for being reachable in RTGS service
 - Participant
 - Indirect Participant
 - Addressable BIC
 - Multi-addressee

- General principles for messaging
 - Message portfolio
 - Fully-fledged approach; no coexistence of ISO 20022 and FIN
 - Message versioning

- Principles for drawing of liquidity
 - Interplay between CLM MCA and RTGS DCA and reservations

Chapter 4: Transaction processing perspective (2/2)



Chapter 4 shall elaborate on:

- Reporting
 - Notifications
 - Subscription for reports from a transaction processing perspective
 - Data warehouse

- Contingency measures for participants and ancillary systems
 - Incl. back-up/lump-sum payments

- Other aspects
 - Directory services (i.e. T2 Directory, reach tables, etc.)
 - 2-eyes/4-eyes roles

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Chapter 5: Connectivity perspective



Chapter 5 shall elaborate on:

- General principles for connectivity
 - XML only
 - V-shape communication flows
 - Network vendor agnostic
- Access to Eurosystem market infrastructures
 - Introduction to ESMIG approach
 - Number of GUIs and their main principles
- Migration
 - Preparatory activities
 - Big-bang implementation and related risk mitigation

Thank you for the attention!

 **T2-T2S.Consolidation@ecb.int**

www.ecb.europa.eu/paym

 **ECB: market infrastructure and payments**