



EUROPEAN CENTRAL BANK

EUROSYSTEM

ECB
DG-MIP
T2/T2S Consolidation Project Team

T2/T2S Consolidation

Multi-currency and PvP

Task Force on Future RTGS Services

4th TF meeting, 27 March 2017

Overview

- 1 Background and objective**
- 2 Multi-currency
- 3 Payment versus Payment business case

Background and objective

- One of the benefits expected by the T2-T2S consolidation is to allow the future RTGS services to be multi-currency
- The objective of this presentation is to review the requirements drafted for each business domain at the light of this multi-currency feature
- In addition, the consultation with the market participants showed the need to further analyse whether there would be a business case for the provision of Payment-versus-Payment (PvP) settlement services for pairs of currencies operated on the single platform

Multi-currency

In the perspective of a non-Euro CB joining the platform

- All cash accounts (MCA and T2S, TIPS and RTGS DCA) need to be denominated in different currencies (list of possible settlement currencies to be managed in the Reference Data)
- For each payment order there would be the need to check the currency of settlement and the account denomination
- Liquidity management needs to be organised taking into account the different currencies. The platform does not offer any conversion feature

Multi-currency

In the perspective of a non-Euro CB joining the platform

- The Business Day needs to be reviewed
 - Which constraints exist: for instance, the change of Business Date cannot be currency related
 - Which flexibility can be allowed: which event can be defined for each currency?

- Central Bank Services need as well to be reviewed

Payment-versus-Payment

Under the condition that two different settlement currencies are available within the future RTGS services, it would be possible to offer Payment-versus-Payment features

This would mean

- A simple matching feature, in order to pair the 2 messages sent independently by two participants. No conversion feature is needed (both amounts are sent by the participants)
- The settlement of the 2 legs on an « all or nothing » basis

Payment-versus-Payment

Is there any business case for such a feature, once non-Euro CBs have joined the platform?

It could be envisaged a two-step approach

- First, it is already included in the URD as an “all or nothing” feature for the settlement of AS (current procedure 5) within the settlement engine
 - For PvP, both legs would need as well to be settled on an “all or nothing” basis
- Second, it could be defined as a future potential change to include matching for the incoming PvP messages