



UDFS v 0.3 (Iteration 3)

Meeting: TCCG
Location: Frankfurt
Date: 18 July 2018
Version: 0.1

Delivery of UDFS v 0.3 (iteration 3)

Content

UDFS CLM and UDFS RTGS v 0.3

(as clean version and as version with revision marks)

- + Re-drafted, corrected, complemented and quality improved iteration 1 and 2 while taking on board comments received on v 0.1 and 0.2

- + New content for iteration 3

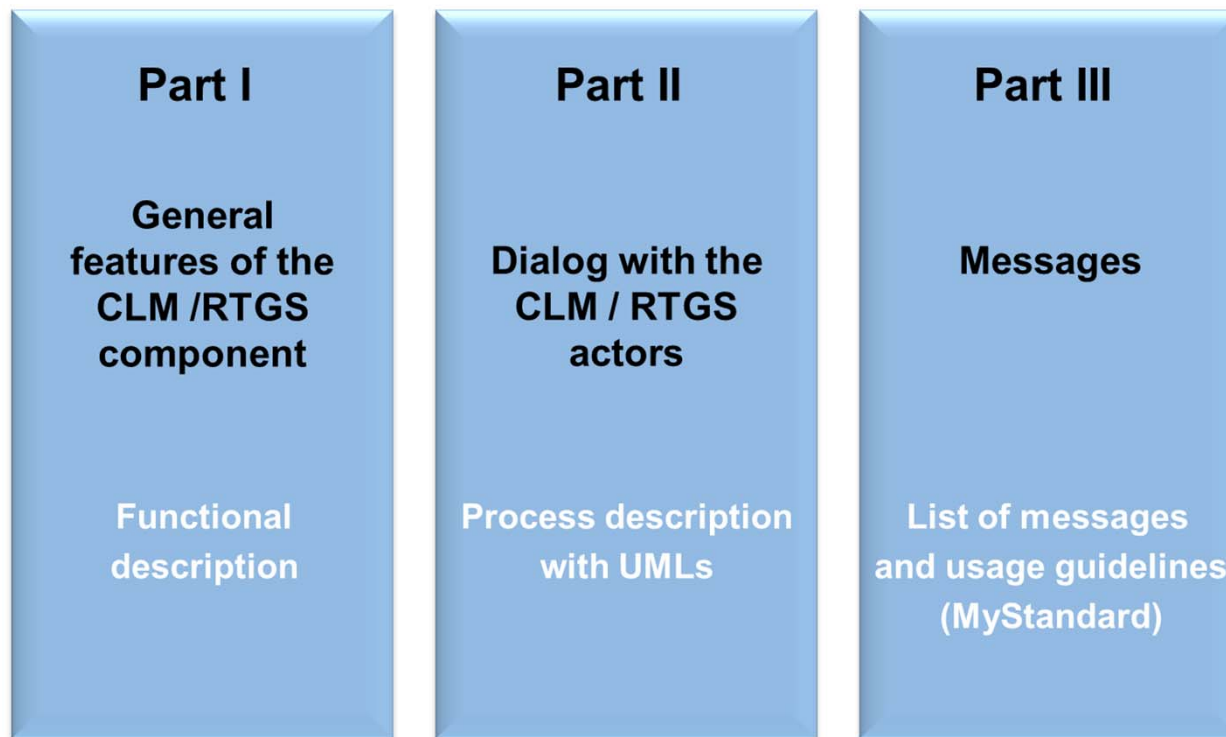
- + For each chapter a status is given (completed, partly completed, will be delivered with iteration 4 or V 2.0)

- + Dedicated feedback on all market comments for iteration 1 and 2

Delivery of UDFS v 0.3 (iteration 3)

Structure

- Improvement of structure by delivering three parts focusing on different user needs (business experts, IT experts and message experts)



Example: Floor/ceiling in Part I (I)

6.2.3.2 Floor/ceiling

6.2.3.2.1 Definition of floor/ceiling threshold

The floor/ceiling threshold manages the behaviour of CLM after the successful settlement of a payment (central bank operation) whenever the amount of the account undercuts the floor amount or exceeds the ceiling amount. Since this functionality is optionally it is up to the user to define the floor/ceiling threshold in CRDM.

The owner of the MCA (or another actor acting on behalf of the MCA owner) can define a minimum ("floor") or maximum ("ceiling") liquidity amount for its MCA(s). The CLM participant has the option to choose the behaviour of CLM once the balance is below the defined floor or above the defined ceiling amount. Two options are available:

1. CLM generates a notification to be sent to the owner of the MCA (or to another actor on behalf of the MCA owner) informing about the floor/ceiling breach (upon which the CLM participant can take action); or
2. CLM automatically generates an inter-service liquidity transfer to pull cash from the CLM participant's RTGS DCA used for payments (where the floor is breached) or push cash to the CLM participant's RTGS DCA used for payments (where the ceiling is breached).

The floor/ceiling functionality itself will only be triggered after the settlement of a payment order. So it is not relevant for liquidity transfers.

6.2.3.2.2 Breach of floor/ceiling threshold - notification

If the user chooses the first option, CLM generates and sends out a notification with the information that the account balance is below the floor or that the account balance is above the ceiling respectively

- in U2A (please refer to the respective part of the user handbook) or
- in A2A mode (via camt.004 ReturnAccount) % [please add a link to the respective message chapter of camt.004 as well as the Floor and ceiling processing (chapter 10.3.8.3)]

The notification will be sent every time, the threshold is undercut (floor) or exceeded (ceiling). However, CLM does not send the notification if, after passing the threshold, the MCA balance remains consistently below the floor or above the ceiling.

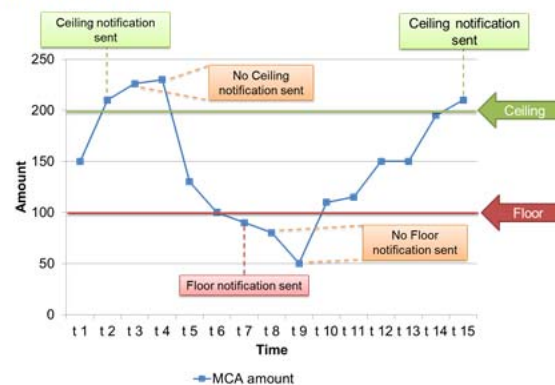


Figure 15 - Breach of floor/ceiling threshold - notification

6.2.3.2.3 Breach of floor/ceiling threshold - automatic liquidity transfer

If the user chooses the second option, CLM creates and releases an inter-service liquidity transfer.

- In case of a breach of the floor threshold a certain amount will be pulled from the RTGS service and credited the MCA.
 - The used RTGS dedicated cash account will be the one linked to the MCA as defined in CRDM.
 - The amount to be transferred is the difference between the current MCA balance and the predefined target amount, whereas the target amount could be different but will be equal or above the floor amount.
- In case of a breach of the ceiling threshold a certain amount will be pushed to the RTGS service and debit the MCA.
 - The used RTGS dedicated cash account will be the same as for the floor threshold meaning it will be the one linked to the MCA as defined in CRDM.
 - The amount to be transferred to the RTGS DCA is the difference between the current MCA balance and the predefined target amount. The target amount could be different but will be below the ceiling amount.
 - The target amount for ceiling will be a different one as the target amount of the floor threshold.

Example: Floor/ceiling in Part I (II)

After the successful execution of the inter-service liquidity transfer the amount on the MCA will be again within the boundaries of the floor or ceiling amount.

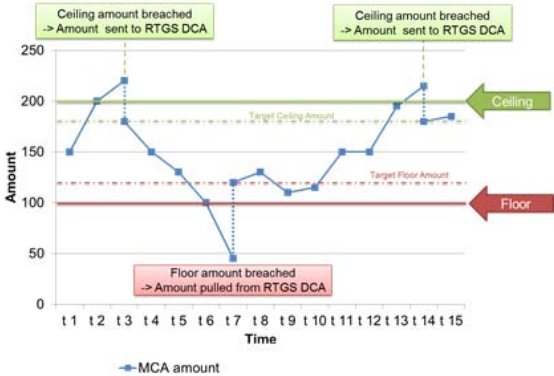


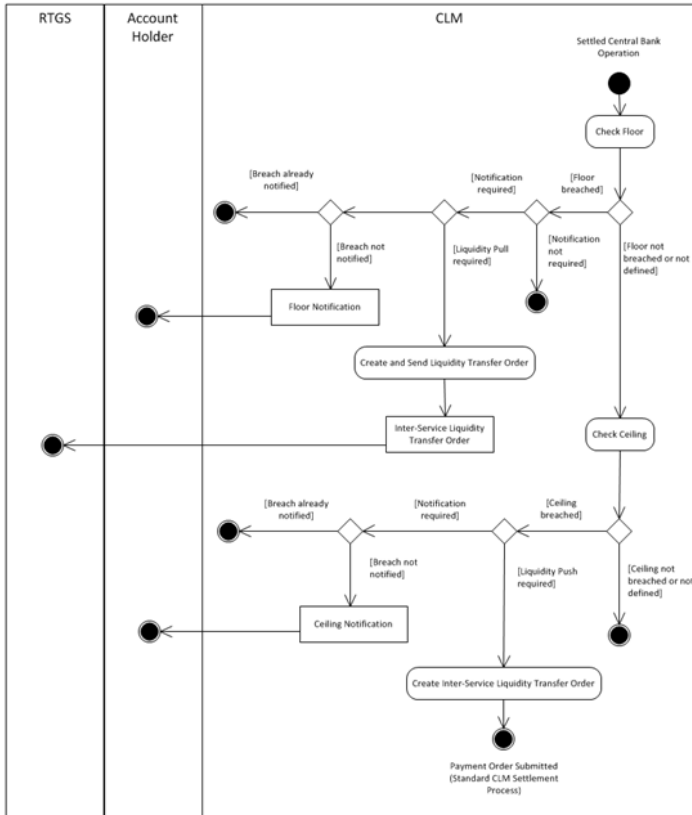
Figure 16 - Breach of floor/ceiling threshold - automatic liquidity transfer

Example: Floor/ceiling in Part II

10.3.8.3 Floor and ceiling processing

This process starts once a central bank operation was successfully settled on the main cash account.

Note: In case of liquidity transfers settled on the MCA no floor / ceiling processing is triggered.



Floor Processing:

- In case

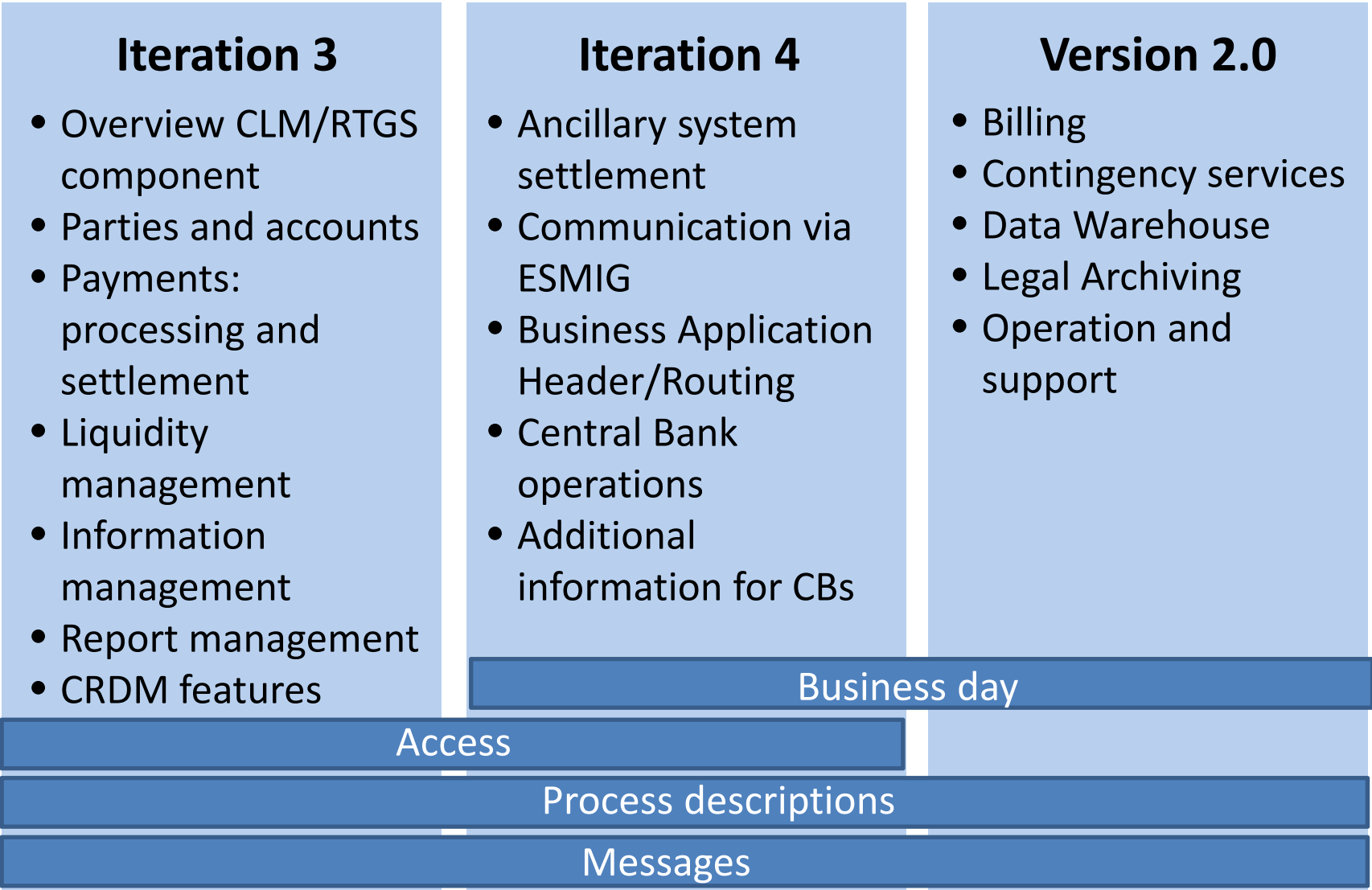
- o a previously defined floor has been breached,
 - o the configuration to receive a floor notification has been set up in advance and
 - o the breach has not been notified to the account holder before,
- the MCA account holder will receive a "Floor Notification" [camt.004 \(ReturnAccount\)](#).

- In case
 - o a previously defined floor has been breached and
 - o the configuration to trigger an inter-service liquidity transfer to pull liquidity from the linked RTGS dedicated cash account has been set up in advance
 an inter-service liquidity transfer order as [camt.050 \(LiquidityCreditTransfer\)](#) to pull liquidity up to the targeted floor amount will be sent to the RTGS service.

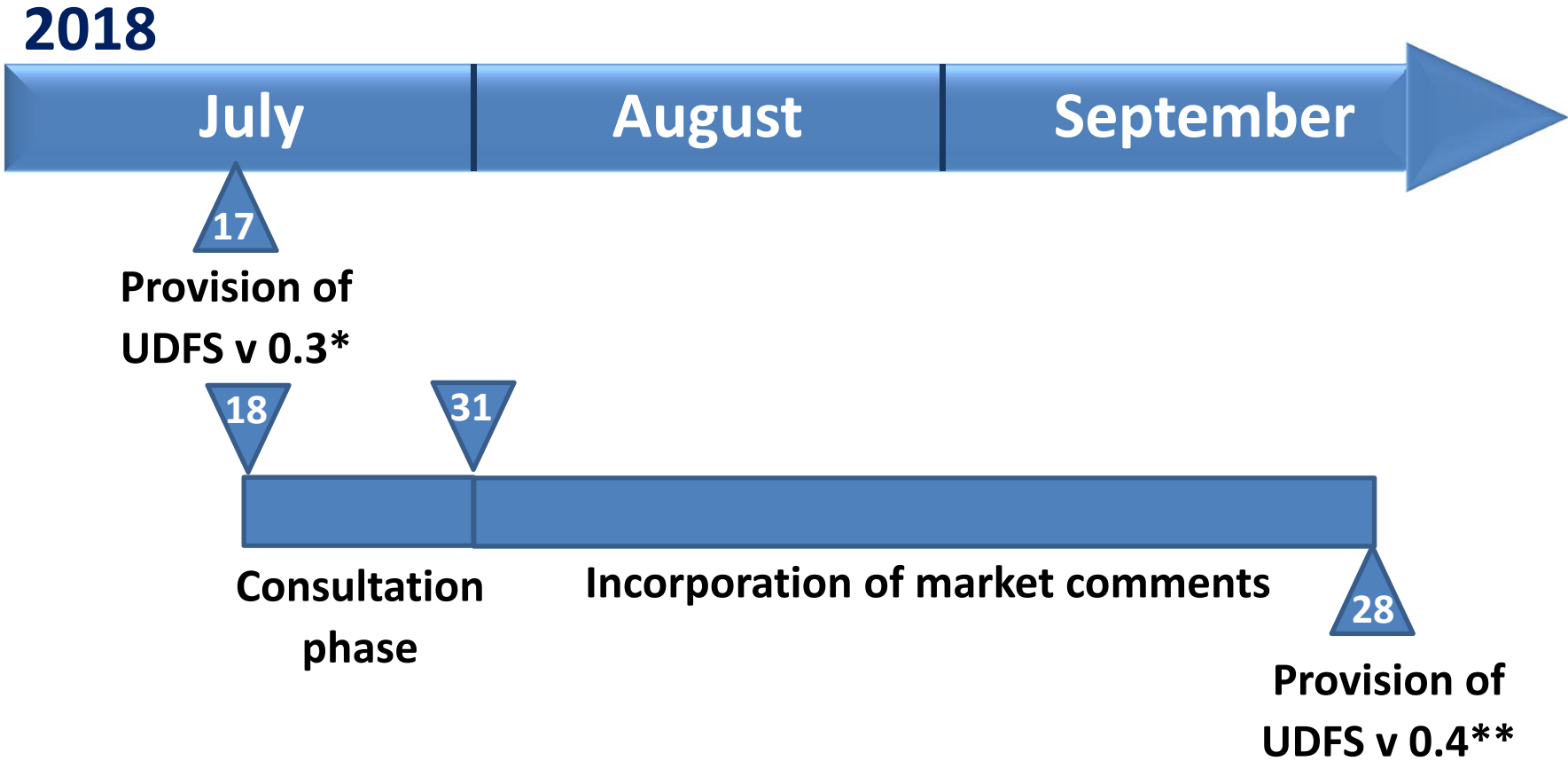
Ceiling Processing:

- In case
 - o a previously defined ceiling has been breached,
 - o the configuration to receive a ceiling notification has been set up in advance and
 - o the breach has not been notified to the account holder before,
 the MCA account holder will receive a "Ceiling Notification" [camt.004 \(ReturnAccount\)](#).
- In case
 - o a previously defined ceiling has been breached and
 - o the configuration to trigger an inter-service liquidity transfer to push liquidity to the linked RTGS dedicated cash account has been set up in advance
 an inter-service liquidity transfer order as [camt.050 \(LiquidityCreditTransfer\)](#) to push liquidity will be sent to the RTGS service to reach the predefined target ceiling amount.

UDFS Planning of content delivery



UDFS v 0.3 and 0.4 – Next steps



*and feedback on market comments for v 0.1 and 0.2

**and feedback on market comments for v 0.3