



EUROPEAN CENTRAL BANK

EUROSYSTEM

Explainer: Standing Orders

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Liquidity management tools

- Reservations
- Bilateral and Multilateral Limits
- Rule-based liquidity transfers
- Automated liquidity transfers
- “AS-related” standing order liquidity transfers funding sub-accounts or AS technical accounts
- “Non-AS-related” standing orders liquidity transfers

Key features of standing orders liquidity transfers

- Maintained in CRDM
- Debit a CLM, RTGS or T2S account
- Credit a CLM, RTGS, T2S or TIPS account
- T2 standing orders triggered by a business day (or AS procedure) event
- Settle partially in case of missing liquidity
 - No retry
 - Pro-rata settlement amount in case several orders compete for liquidity on the same account (see Annex 1)

Scheduling T2 liquidity transfer orders

CLM Event	RTGS Event	Scheduled time
CESO		19.30 After settlement of reimbursement and interests of standing facilities
	RESO	> 19.30 After settlement of automated LTs from RTGS to CLM and CESO LTs from CLM to RTGS
	RRII RSIC	02.30
CCII		18.00
	RLSO	> 18.00 After last RTGS settlement attempt

T2 vs T2S standing orders

Unlike in T2S:

- ✓ There are no “predefined liquidity transfer orders” in T2
- ✓ There are no “all cash” standing orders in T2
- ✓ T2 standing orders are triggered only by a business day (or AS procedure C/D) events, not by time

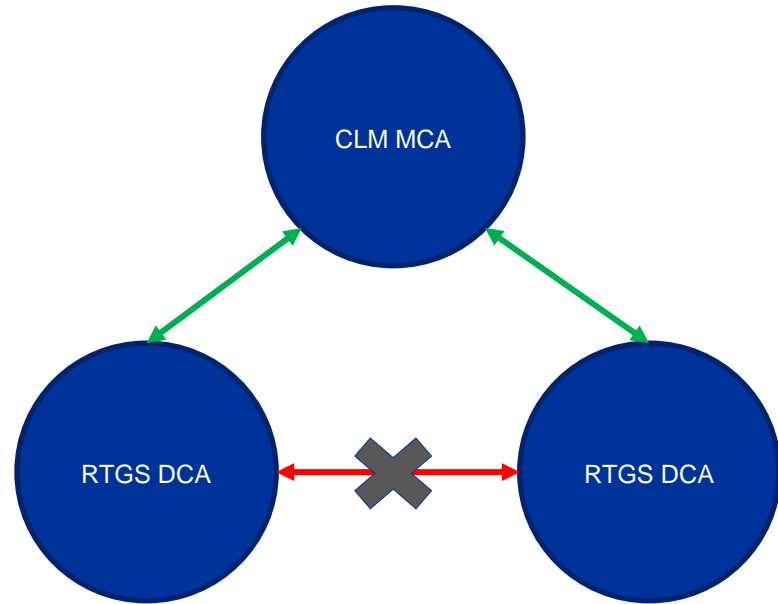
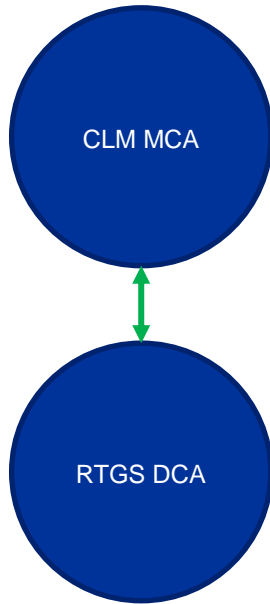
Liquidity sweeps?

- Liquidity sweeps are *not* needed: liquidity can stay overnight in any CLM, T2S, TIPS, or RTGS account
- Through tools like automated or rule-based liquidity transfers, liquidity in CLM and RTGS can be managed as “one bucket” to a certain extent (see Annex 2)
- In general, CLM is the liquidity pivot: rule-based liquidity transfers rely on CLM liquidity, they do not work between two DCAs (see Annex 2)
- Liquidity *can* be swept from RTGS through a standing order with a large amount exceeding the account balance, which will partially settle
- A liquidity transfer from CLM with a large amount exceeding the account cash balance would use the credit line

Annex 1: pro-rating example

- MCA B has a 100 EUR balance and no credit line
- MCAs B, C, D and E belong to the same liquidity transfer group
- 3 standing orders are scheduled to debit MCA B at CESO:
 - 30 EUR to MCA C
 - 50 EUR to MCA D
 - 120 EUR to MCA E
- Total amount to be debited = 200 EUR, vs 100 EUR balance of MCA B
- The following amounts will be settled:
 - 15 EUR to MCA C
 - 25 EUR to MCA D
 - 60 EUR to MCA E

Annex 2: Automated and rule-based liquidity transfers



Annex 3: references

- [CRDM UHB](#): 2.3.2.8, 2.3.2.9 and 2.3.2.10
- [CLM UDFS](#): 4.4, 4.5 and 5.4.2
- [RTGS UDFS](#): 4.4, 4.5 and 5.5.2
- [Explainer](#) on automated and rule-based liquidity transfers