

GUIDELINES

GUIDELINE (EU) 2015/930 OF THE EUROPEAN CENTRAL BANK

of 2 April 2015

amending Guideline ECB/2012/27 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (ECB/2015/15)

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 127(2) thereof,

Having regard to the Statute of the European System of Central Banks and of the European Central Bank, and in particular Article 3.1 and Articles 17, 18 and 22 thereof,

Whereas:

- (1) The Governing Council of the European Central Bank (ECB) adopted Guideline ECB/2007/2 ⁽¹⁾ governing TARGET2 which is characterised by a single technical platform called the Single Shared Platform (SSP). After a series of amendments this Guideline has been recast as Guideline ECB/2012/27 ⁽²⁾.
- (2) On 17 July 2008, the Governing Council decided to launch a project aimed at setting up a service for securities settlement in central bank money, to be provided to central securities depositories (CSDs) under the name of TARGET2-Securities (T2S). As part of the Eurosystem's tasks in accordance with Articles 17, 18 and 22 of the Statute of the ESCB, T2S aims to facilitate post-trading integration by offering core, neutral and borderless pan-European cash and securities settlement in central bank money so that CSDs can provide their customers with harmonised and commoditised delivery-versus-payment settlement services in an integrated technical environment with cross-border capabilities.
- (3) On 21 April 2010 the Governing Council adopted Guideline ECB/2010/2 ⁽³⁾, laying down the basic foundations for a Eurosystem service for securities settlement in central bank money, TARGET2-Securities (T2S), setting up the T2S programme in its development phase and further specifying the governance procedures of the Eurosystem applicable in this context. Guideline ECB/2010/2 was repealed by Guideline ECB/2012/13 ⁽⁴⁾.
- (4) On 4 March 2015, the General Court of the European Union rendered its judgment in *United Kingdom v European Central Bank*, T-496/11, ECLI:EU:T:2015:496, annulling the Eurosystem Oversight Policy Framework, published by the ECB on 5 July 2011, in so far as it sets a requirement to be located within a Member State party to the Eurosystem for central counterparties involved in the clearing of securities. The ECB must therefore take the necessary measures to comply with this judgment.
- (5) As the euro area national central banks (NCBs) will provide auto-collateralisation services and settlement in central bank money in T2S, Guideline ECB/2012/27 should be amended as follows,

⁽¹⁾ Guideline ECB/2007/2 of 26 April 2007 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (OJ L 237, 8.9.2007, p. 1).

⁽²⁾ Guideline ECB/2012/27 of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (OJ L 30, 30.1.2013, p. 1).

⁽³⁾ Guideline ECB/2010/2 of 21 April 2010 on TARGET2-Securities (OJ L 118, 12.5.2010, p. 65).

⁽⁴⁾ Guideline ECB/2012/13 of 18 July 2012 on TARGET2-Securities (OJ L 215, 11.8.2012, p. 19).

HAS ADOPTED THIS GUIDELINE:

Article 1

Amendment of Guideline ECB/2012/27

Guideline ECB/2012/27 is amended as follows:

1. in Article 1, paragraph 1 is replaced by the following:

'1. TARGET2 provides RTGS for payments in euro, with settlement in central bank money across payment module (PM) accounts and Dedicated Cash Accounts (DCA). TARGET2 is established and functions on the basis of the SSP through which all payment orders are submitted and processed and through which payments are ultimately received in the same technical manner. As far as the technical operation of the Dedicated Cash Accounts on T2S is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform.;

2. Article 2 is amended as follows:

(a) the following definitions are added:

- “T2S Operations” means harmonised and commoditised delivery-versus-payment settlement services provided in an integrated technical environment with cross-border capabilities through the T2S Platform,
- “TARGET2-Securities (T2S)” or “T2S Platform” means the set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services to CSDs and Eurosystem CBs that allow core, neutral and borderless settlement of securities transactions on a delivery-versus-payment basis in central bank money,
- “T2S network service provider” means an undertaking that has concluded a licence agreement with the Eurosystem to provide connectivity services in the context of T2S,
- “Dedicated Cash Account (DCA)” means an account held by a DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S,
- “Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2” means the conditions that are laid down in Annex IIa,
- “Conditions for Auto-collateralisation Operations” means the conditions that are laid down in Annex IIIa,
- “payment order” means a credit transfer order, a liquidity transfer order, a direct debit instruction or a PM to DCA liquidity transfer order,
- “DCA to PM liquidity transfer order” means the instruction to transfer a specified amount of funds from a DCA to a PM account,
- “PM to DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a DCA,
- “DCA to DCA liquidity transfer order” means the instruction to transfer a specified amount of funds (i) from a DCA to a DCA linked to the same Main PM account; or (ii) from a DCA to a DCA held by the same legal entity,
- “Main PM account” means the PM Account to which a DCA is linked and on which any remaining balance will be automatically repatriated at end-of-day,
- “real-time gross settlement” means the processing and settlement of payment orders on a transaction by transaction basis in real time,
- “credit transfer order” means an instruction by a payer to make funds available to a payee by means of a book entry on a PM account,

- “TARGET2 participant” means any participant in any TARGET2 component system,
 - “auto-collateralisation” means intraday credit granted by the euro area NCB in central bank money triggered when a DCA holder has insufficient funds to settle securities transactions, whereby such intraday credit is collateralised either with the securities being purchased (collateral on flow), or with securities held by the DCA holder in favour of the euro area NCB (collateral on stock),
 - “liquidity transfer order” means a payment order, the main purpose of which is to transfer liquidity between different accounts of the same participant or within a CAI or AL group;
 - “credit institution” means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (*) [and, if relevant, insert national law provisions implementing Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council (**)] that is subject to supervision by a competent authority; or (b) another credit institution within the meaning of Article 123(2) of the Treaty that is subject to scrutiny of a standard comparable to supervision by a competent authority,
 - “direct debit instruction” means an instruction from a payee submitted to its CB pursuant to which the CB of the payer debits the payer’s account by the amount specified in the instruction, on the basis of a direct debit authorisation,
- (*) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).
- (**) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).;

(b) the following definitions are replaced:

- “participant” [or “direct participant”] means an entity that holds at least one PM account (PM account holder) and/or one Dedicated Cash Account (DCA holder) with a Eurosystem CB,
- “addressable BIC holder” means an entity which:
 - (a) holds a BIC;
 - (b) is not recognised as an indirect participant;
 - (c) is a correspondent or customer of a PM account holder or a branch of a PM account holder or of an indirect participant, and is able to submit payment orders to and receive payments from a TARGET2 component system via the PM account holder,
- “indirect participant” means a credit institution established in the European Economic Area (EEA), which has entered into an agreement with a PM account holder to submit payment orders and receive payments via such PM account holder, and which has been recognised by a TARGET2 component system as an indirect participant,
- “available liquidity” means a credit balance on a participant’s account and, if applicable, any intraday credit line granted on the PM account by the relevant euro area NCB in relation to such account but not yet drawn upon, or if applicable, decreased by the amount of any processed reservations of liquidity or blocking of funds on the DCA,
- “payer” means a TARGET2 participant whose PM account or DCA will be debited as a result of a payment order being settled,
- “payee” means a TARGET2 participant whose PM account or DCA will be credited as a result of a payment order being settled,

- “branch” means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,
- “business day” means any day on which TARGET2 is open for the settlement of payment orders, as set out in Appendix V to Annex II and Appendix V to Annex Ila,
- “Harmonised Conditions” means either the conditions laid down in Annexes II and V, or those laid down in Annex Ila,
- “Information and Control Module (ICM)” means the SSP module that allows PM account holders to obtain on-line information and gives them the possibility to submit liquidity transfer orders, manage liquidity and initiate backup payment orders in contingency situations,
- “technical malfunction of TARGET2” means any difficulty, defect or failure in the technical infrastructure and/or the computer systems used by the relevant TARGET2 component system, including the SSP or T2S Platform, or any other event that makes it impossible to execute and complete the same-day processing of payments in the relevant TARGET2 component system.;

(c) the following definition is deleted:

- ‘transition period’;

(d) the footnote with respect to the definition (31) ‘ancillary system’ is replaced by the following:

‘(*) The Eurosystem’s current policy for the location of infrastructure is set out in the following statements, which are all available on the ECB’s website at www.ecb.europa.eu: (a) the Policy statement on euro payment and settlement systems located outside the euro area of 3 November 1998; (b) The Eurosystem’s policy line with regard to consolidation in central counterparty clearing of 27 September 2001; (c) The Eurosystem policy principles on the location and operation of infrastructures settling in euro-denominated payment transactions of 19 July 2007; (d) The Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of “legally and operationally located in the euro area” of 20 November 2008; (e) The Eurosystem oversight policy framework of July 2011, subject to the judgment of 4 March 2015, *United Kingdom v European Central Bank*, T-496/11, ECLI: EU:T:2015:496.’;

3. in Article 7, the following paragraph 7 is added:

‘7. The Eurosystem, as provider of T2S services, and the Eurosystem CBs as operators of their respective national TARGET2 component systems shall conclude an agreement governing the services to be provided by the former to the latter in respect of the operation of the Dedicated Cash Accounts. Such agreement shall also be entered into, where appropriate, by the connected NCBs.’;

4. Article 8 is amended as follows:

(a) the following paragraph 1a is inserted:

‘1a. Each euro area NCB shall adopt arrangements implementing the Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2 that are laid down in Annex Ila. These arrangements shall exclusively govern the relationship between the relevant euro area NCB and its DCA holder in respect of the opening and operation of the DCA.’;

(b) paragraph 2 is replaced by the following:

‘2. The ECB shall adopt the Terms and Conditions of TARGET2-ECB by implementing (i) the Harmonised Conditions for the Opening and Operation of a PM account in TARGET2 as laid down in Annex II and (ii) the Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2 laid down in Annex Ila, except that TARGET2-ECB shall only provide clearing and settlement services to clearing and settlement organisations, including entities established outside the EEA, providing that they are subject to oversight by a competent authority and their access to TARGET2-ECB has been approved by the Governing Council.’;

(c) in Article 8, paragraph 5 is replaced by the following:

‘5. Subject to the relevant monetary agreement, the ECB may determine appropriate conditions for participation in TARGET2, including the provision of settlement services in central bank money for T2S Operations, by entities referred to in Article 4(2)(e) of Annex II and Article 5(2)(e) of Annex IIa.’;

5. in Article 9, paragraph 2 is deleted;

6. Article 12 is amended as follows:

(a) the title is replaced by the following:

‘Intraday credit — Auto-collateralisation’;

(b) the following paragraph 3 is added:

‘3. Further to a request from a participant with access to intraday credit, the euro area NCBs shall offer an auto-collateralisation facility on DCAs, provided that this is done in accordance with the Conditions for Auto-collateralisation Operations laid down in Annex IIIa.’

7. in Article 13, paragraph 1 is replaced by the following:

‘1. The Eurosystem CBs shall provide fund transfer services in central bank money to ancillary systems in the PM accessed through the network service provider. Such services shall be governed by bilateral arrangements between the Eurosystem CBs and the respective ancillary systems.’;

8. Article 15 is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. The Governing Council shall specify the security policy and security requirements and controls for the SSP. The Governing Council shall also specify the principles applicable to the security of certificates used for internet-based access to the SSP.’;

(b) the following paragraph 3 is added:

‘3. Matters relating to the compliance with information security requirements, in respect of the Dedicated Cash Account shall be governed by Guideline ECB/2012/13 (*).

(*) Guideline ECB/2012/13 of 18 July 2012 on TARGET2-Securities (OJ L 215, 11.8.2012, p. 19);

9. Article 18 is replaced by the following:

‘Article 18

Procedures for the rejection on the grounds of prudence of an application for participation in TARGET2

Where, pursuant to Article 8(4)(c) of Annex II or Article 6(4)(c) of Annex IIa, a Eurosystem CB rejects on the grounds of prudence an application to join TARGET2, that Eurosystem CB shall promptly inform the ECB of such rejection.’;

10. in Article 19, paragraph 1 is replaced by the following:

‘1. Where on the grounds of prudence, a euro area NCB suspends, limits or terminates a participant’s access to intraday credit pursuant to paragraph 12(d) of Annex III or paragraph 10(d) of Annex IIIa or a Eurosystem CB suspends or terminates a participant’s participation in TARGET2 pursuant to Article 34(2)(e) of Annex II or Article 24(2)(e) of Annex IIa, the decision shall, to the extent possible, take effect at the same time in all TARGET2 component systems.’;

11. in Article 20, the introductory wording is replaced with the following:

‘in connection with the implementation of Article 39(3) of Annex II and Article 28(3) of Annex IIa.’;

12. in Article 21, paragraphs 1 and 3 are replaced by the following:

‘1. If the events referred to in Article 27 of Annex II or Article 17 of Annex IIa affect the operation of the TARGET2 services other than the PM and the ICM and DCAs, the Eurosystem CB concerned shall monitor and manage such events in order to prevent any spillover to the smooth functioning of TARGET2.’;

‘3. The Eurosystem CBs shall report the participant’s failure to the TARGET2 coordinator if such failure might affect the operation of the T2S Platform, the settlement in ancillary systems or create systemic risk. The closure of TARGET2 shall normally not be delayed due to a participant’s failure.’;

13. in Article 22, paragraphs 1 and 5 are replaced by the following:

‘1. Unless otherwise decided by the Governing Council, the compensation procedure set out in Appendix II to Annex II or Appendix II to Annex IIa shall be managed in accordance with this Article.’;

‘5. Within two weeks following expiry of the period referred to in the final sentence of Article 4(d) of Appendix II to Annex II or in the final sentence of Article 4(d) of Appendix II to Annex IIa, the CB shall inform the ECB and all other CBs concerned about which compensation offers have been accepted and which compensation offers have been rejected.’;

14. Article 27 is replaced by the following:

Article 27

Miscellaneous provisions

Accounts opened outside the PM and outside the T2S Platform by a euro area NCB for credit institutions and ancillary systems shall be governed by the rules of such euro area NCB, subject to the provisions of this Guideline which relate to Home Accounts and other decisions of the Governing Council. Accounts opened outside the PM and outside the T2S Platform by a euro area NCB for entities other than credit institutions and ancillary systems shall be governed by the rules of such euro area NCB.’;

15. the words ‘participant(s)’, ‘direct participants(s)’ and ‘TARGET2 participants’ are replaced by the words ‘PM account holders’ in:

— points (8), (9), (17), (18), (21), (25), (30), (42) and (45) of Article 2,

— Articles 8(1), 8(6), 9(1) and 12(1) and Article 24,

— Annex II, Article 1, definitions of addressable BIC holder, AL group member, CAI group, group, indirect participant, multi-addressee access and Payments Module, Article 3(4), Article 3(6), Article 5(2) to (4), Article 6, Article 7, Article 9, Article 25, Article 25a and Article 34,

— Annex IV, paragraph 1, points (7) and (8),

— Annex IV, paragraph 8 to paragraph 13,

— Annex IV, paragraph 14, points (2), (7)(c), (12 — final sentence), (13 — final sentence), (17) and (18 — final sentence), and

— Annex IV, paragraph 18, point (1)(c);

16. throughout the Guideline, the words ‘Harmonised Conditions for participation in TARGET2’ are replaced by ‘Harmonised Conditions for the Opening and Operation of a PM account in TARGET2’.

17. throughout the Guideline, the words ‘network service provider’ are replaced by references to ‘TARGET2 network service provider’;
18. in Annex II, the title is replaced by the following:

‘HARMONISED CONDITIONS FOR THE OPENING AND OPERATION OF A PM ACCOUNT IN TARGET2’;

19. (a) in Annex II, the following definitions in Article 1 are replaced:

- “available liquidity” means a credit balance on a participant’s PM account and, if applicable, any intraday credit line granted by the relevant euro area NCB in relation to such account but not yet drawn upon,
- “event of default” means any impending or existing event, the occurrence of which may threaten the performance by a participant of its obligations under these Conditions or any other rules applying to the relationship between that participant and the [insert name of CB] or any other CB, including:
- (a) where the participant no longer meets the access criteria laid down in Article 4 or the requirements laid down in Article 8(1)(a)(i);
 - (b) the opening of insolvency proceedings in relation to the participant;
 - (c) the submission of an application relating to the proceedings referred to in point (b);
 - (d) the issue by the participant of a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit;
 - (e) the entry of the participant into a voluntary general agreement or arrangement with its creditors;
 - (f) where the participant is, or is deemed by its CB to be, insolvent or unable to pay its debts;
 - (g) where the participant’s credit balance on its PM account or DCA or all or a substantial part of the participant’s assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the participant’s creditors;
 - (h) where participation of the participant in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;
 - (i) where any material representation or pre-contractual statement made by the participant or which is implied to have been made by the participant under the applicable law is incorrect or untrue;
 - (j) the assignment of all or a substantial part of the participant’s assets;
- “payment order” means a credit transfer order, a liquidity transfer order, a direct debit instruction or a PM to DCA liquidity transfer order,
- “branch” means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,
- “credit institution” means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 [and, if relevant, insert national law provisions implementing Article 2(5) of Directive 2013/36/EU] that is subject to supervision by a competent authority; or (b) another credit institution within the meaning of Article 123(2) of the Treaty that is subject to scrutiny of a standard comparable to supervision by a competent authority,
- “participant” [or “direct participant”] means an entity that holds at least one PM account (PM account holder) and/or one Dedicated Cash Account (DCA holder) with a Eurosystem CB;’

(b) in Annex II, the footnote with respect to the definition of ‘ancillary system’ is replaced by the following:

(*) The Eurosystem’s current policy for the location of infrastructure is set out in the following statements, which are all available on the ECB’s website at www.ecb.europa.eu: (a) the Policy statement on euro payment and settlement systems located outside the euro area of 3 November 1998; (b) The Eurosystem’s policy line with regard to consolidation in central counterparty clearing of 27 September 2001; (c) The Eurosystem policy principles on the location and operation of infrastructures settling in euro-denominated payment transactions of 19 July 2007; (d) The Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of “legally and operationally located in the euro area” of 20 November 2008; (e) The Eurosystem oversight policy framework of July 2011, subject to the judgment of 4 March 2015, *United Kingdom v European Central Bank*, T-496/11, ECLI:EU:T:2015:496.;

20. in Annex II, the following definitions are inserted in Article 1:

- “Dedicated Cash Account (DCA)” means an account held by a DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S,
- “Main PM account” means the PM account to which a DCA is linked and on which any remaining balance must be automatically repatriated from the DCA at the end of the day,
- “PM to DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a DCA;

21. in Annex II, the following Article 1a is inserted:

Article 1a

Scope

The present Conditions govern the relationship between the relevant euro area NCB and its PM account holder as far the opening and the operation of the PM account is concerned.;

22. in Annex II, paragraphs 1 and 2 of Article 3 are replaced by the following:

1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts and DCAs.
2. The following payment orders are processed in TARGET2-[insert CB/country reference]:
 - (a) payment orders directly resulting from or made in connection with Eurosystem monetary policy operations;
 - (b) settlement of the euro leg of foreign exchange operations involving the Eurosystem;
 - (c) settlement of euro transfers resulting from transactions in cross-border large-value netting systems;
 - (d) settlement of euro transfers resulting from transactions in euro retail payment systems of systemic importance;
 - (e) settlement of the cash leg of securities transactions;
 - (f) PM to DCA liquidity transfer orders; and
 - (g) any other payment orders in euro addressed to TARGET2 participants.;

23. in Annex II, the following paragraphs 3 and 4 are added to Article 7:

‘3. A PM account holder accepting its PM account to be designated as the Main PM account defined in Annex IIa shall be bound by any invoices related to the opening and operation of each Dedicated Cash Account linked to that PM account, as set out in Appendix VI to this Annex, including any penalties levied in accordance with paragraph 9(d) of Annex IIIa, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that PM account holder and the DCA holder.

4. A Main PM account holder shall be bound by any invoices, as set out in Appendix VI to this Annex, for the linkage to each DCA to which the PM account is linked’;

24. in Annex II, Article 13 is replaced by the following:

‘The following are classified as payment orders for the purposes of TARGET2:

- (a) credit transfer orders;
- (b) direct debit instructions carried out under a direct debit authorisation;
- (c) liquidity transfer orders; and
- (d) PM to DCA liquidity transfer orders.’;

25. in Annex II, the second subparagraph of Article 15(2) is replaced by the following:

‘All payment instructions submitted by an ancillary system through the ASI to debit or credit the participants’ PM accounts and all PM to DCA liquidity transfer orders submitted shall be deemed to be highly urgent payment orders.’;

26. in Annex II, paragraph 2 of Article 38 is replaced by the following:

‘2. By derogation from paragraph 1, the participant agrees that the [insert name of CB] may disclose payment, technical or organisational information regarding the participant, participants from the same group or the participant’s customers obtained in the course of the operation of TARGET2-[insert CB/country reference] to other CBs or third parties that are involved in the operation of TARGET2-[insert CB/country reference], to the extent that this is necessary for the efficient functioning of TARGET2 or the monitoring of the participant’s or its group’s exposure, or to supervisory and oversight authorities of Member States and the Union to the extent that this is necessary for the performance of their public tasks, and provided in all such cases that the disclosure is not in conflict with the applicable law. The [insert name of CB] shall not be liable for the financial and commercial consequences of such disclosure.’;

27. in Annex II, paragraph 2 of Article 46 is replaced by the following:

‘2. [Insert if appropriate under relevant national law: By requesting a PM account in TARGET2-[insert CB/country reference], applicant participants automatically agree to these Conditions between themselves and in relation to the [insert name of CB].]’;

28. in Appendix I to Annex II, the following point (d) is added to paragraph 8(8):

‘(d) by means of a PM to DCA liquidity transfer order.’;

29. in Appendix IV to Annex II, paragraph 6(d) is replaced by the following:

‘(d) The following types of payments shall be considered as “critical” and the [insert name of CB] may decide to initiate contingency processing in relation to them:

- (i) payments in relation to the real-time settlement of interfaced securities settlement systems;

- (ii) additional payments, if required to avoid systemic risk; and
- (iii) DCA to PM liquidity transfer orders.;

30. in Annex II, Appendix VI is replaced by the following:

Appendix VI

FEE SCHEDULE AND INVOICING

Fees for direct participants

1. The monthly fee for the processing of payment orders in TARGET2-[insert CB/country reference] for direct participants, depending on which option the direct participant has chosen, shall be either:
 - (a) EUR 150 per PM account plus a flat fee per transaction (debit entry) of EUR 0,80; or
 - (b) EUR 1 875 per PM account plus a fee per transaction (debit entry) determined as follows, based on the volume of transactions (number of processed items) per month:

Band	From	To	Price
1	1	10 000	EUR 0,60
2	10 001	25 000	EUR 0,50
3	25 001	50 000	EUR 0,40
4	50 001	100 000	EUR 0,20
5	Above 100 000	—	EUR 0,125

Liquidity transfers between a participant's PM account and its sub-accounts shall not be subject to a charge.

PM to DCA liquidity transfer orders sent from a participant's PM account and DCA to PM liquidity transfer orders received on a participant's PM account shall be charged according to the pricing option (a) or (b) above chosen for that PM account.

2. The monthly fee for multi-addressee access shall be EUR 80 for each 8-digit BIC address other than the BIC of the direct participant's account.
3. There shall be an additional monthly fee for direct participants who do not wish the BIC of their account to be published in the TARGET2 directory of EUR 30 per account.
4. The monthly fee for each registration by a direct participant of an indirect participant in the TARGET2 directory shall be EUR 20.
5. The one-time fee for each registration in the TARGET2 directory of an addressable BIC holder, for branches of direct and indirect participants, branches of correspondents and addressable BIC holders that are members of the same group, as defined in Article 1, shall be EUR 5.
6. The monthly fee for each registration in the TARGET2 directory of an addressable BIC holder for a correspondent shall be EUR 5.
7. The monthly fee for direct participants subscribing to the TARGET2 value-added services for T2S shall be EUR 50 for those participants which have opted for option (a) in paragraph 1 above, and EUR 625 for those participants which have opted for option (b) in paragraph 1 above.

Fees for liquidity pooling

8. For the CAI mode, the monthly fee shall be EUR 100 for each account included in the group.
9. For the AL mode, the monthly fee shall be EUR 200 for each account included in the AL group. If the AL group uses the CAI mode, accounts not included in the AL mode shall pay the CAI monthly fee of EUR 100 per account.
10. For both the AL mode and the CAI mode, the degressive transaction fee structure set out in the table in paragraph 1(b) shall apply to all payments by the participants in the group, as if these payments were sent from one participant's account.
11. The monthly fee of EUR 1 875 referred to in paragraph 1(b) shall be paid by the relevant group manager, and the monthly fee of EUR 150 referred to in paragraph 1(a) shall be paid by all other members of the group. If an AL group is part of a CAI group, and the AL group manager is the same as the CAI group manager, the monthly fee of EUR 1 875 shall only be paid once. If the AL group is a part of a CAI group and the CAI group manager is different from the AL group manager, then the CAI group manager shall pay an additional monthly fee of EUR 1 875. In such cases the invoice for the total fees for all the accounts in the CAI group (including the AL group accounts) shall be sent to the CAI group manager.

Fees for Main PM account holders

12. In addition to the fees set out above in this Appendix, a monthly fee of EUR 250 for each linked DCA shall be charged to Main PM account holders.
13. The Main PM account holders shall be charged the following fees for T2S services connected with the linked DCA(s). These items shall be billed separately.

Tariff items	Price	Explanation
Settlement services		
DCA to DCA liquidity transfer orders	9 euro cent	per transfer
Intra-balance movement (i.e. blocking, un-blocking, reservation of liquidity etc.)	6 euro cent	per transaction
Information services		
A2A reports	0,4 euro cent	Per business item in any A2A report generated
A2A queries	0,7 euro cent	Per queried business item in any A2A query generated
U2A queries	10 euro cent	Per executed search function
Messages bundled into a file	0,4 euro cent	Per message in a file
Transmissions	1,2 euro cent	Per transmission

Invoicing

14. In the case of direct participants, the following invoicing rules apply. The direct participant (the AL group or CAI group manager in the event that the AL or CAI modes are used) shall receive the relevant invoices for the previous month specifying the fees to be paid, no later than on the fifth business day of the following month. Payment shall be made at the latest on the tenth working day of that month to the account specified by the [insert name of CB] and shall be debited from that participant's PM account.;

31. the following Annex IIA is inserted:

‘ANNEX IIA

HARMONISED CONDITIONS FOR THE OPENING AND OPERATION OF A DEDICATED CASH ACCOUNT IN TARGET2

TITLE I

GENERAL PROVISIONS

Article 1

Definitions

For the purposes of these Harmonised Conditions (hereinafter the ‘Conditions’) the following definitions apply:

- “Auto-collateralisation” means intraday credit granted by the euro area national central bank (NCB) in central bank money triggered when a DCA holder has insufficient funds to settle securities transactions, whereby such intraday credit is collateralised either with the securities being purchased (collateral on flow), or with securities held by the DCA holder in favour of the euro area NCB (collateral on stock),
- “Dedicated Cash Account (DCA)”, means an account held by a DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S,
- “Immediate liquidity transfer order” means an instruction to make a DCA to PM liquidity transfer order, a PM to DCA liquidity transfer order or a DCA to DCA liquidity transfer order in real-time upon the receipt of the said instruction,
- “Predefined liquidity transfer order” means an instruction to transfer a specified amount of funds from a DCA to a PM account to be executed only once at a defined time or event,
- “Liquidity adjustment” means the authorisation given by the DCA holder, to its participating CSD or [insert name of CB] by special contractual arrangement duly documented and registered in the Static Data to initiate liquidity transfers between a DCA and a PM Account, or between two DCAs,
- “DCA to PM liquidity transfer order” means the instruction to transfer a specified amount of funds from a DCA to a PM account,
- “PM to DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a DCA,
- “DCA to DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from (i) a DCA to a DCA linked to the same Main PM account; or (ii) from a DCA to a DCA held by the same legal entity,
- “Main PM account” means the PM Account to which a DCA is linked and on which any remaining balance will be automatically repatriated at end-of-day,
- “Standing liquidity transfer order” means an instruction to transfer a specified amount of cash or “all cash” available in the T2S DCA from a DCA to a PM account to be executed repetitively at a defined time or event in the T2S processing cycle until the order is deleted or the validity period expires,
- “Static Data” means the set of business objects, specific to a DCA holder or central bank, in T2S and owned respectively by that DCA holder or central bank, that T2S requires to process the transactional data related to that DCA holder or central bank,
- “Business Identifier Code (BIC)” means a code as defined by ISO Standard No 9362,
- “ISO country code” means a code as defined by ISO Standard No 3166-1,

- “business day” means any day on which TARGET2 is open for the settlement of payment orders, as set out in Appendix V,
- “capacity opinion” means a participant-specific opinion that contains an assessment of a participant’s legal capacity to enter into and carry out its obligations under these Conditions,
- “central banks (CBs)” means the Eurosystem CBs and the connected NCBs,
- “connected NCB” means an NCB, other than a Eurosystem CB, which is connected to TARGET2 pursuant to a specific agreement,
- “credit institution” means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 [and, if relevant, insert national law provisions implementing Article 2(5) of Directive 2013/36/EU] that is subject to supervision by a competent authority; or (b) another credit institution within the meaning of Article 123(2) of the Treaty that is subject to scrutiny of a standard comparable to supervision by a competent authority,
- “euro area NCB” means the NCB of a Member State whose currency is the euro,
- “Eurosystem CB” means the European Central Bank (ECB) or a euro area NCB,
- “event of default” means any impending or existing event, the occurrence of which may threaten the performance by a participant of its obligations under these Conditions or any other rules applying to the relationship between that participant and the [insert name of CB] or any other CB, including:
 - (a) where the participant no longer meets the access criteria laid down in Article 5 or the requirements laid down in Article 6(1)(a)(i);
 - (b) the opening of insolvency proceedings in relation to the participant;
 - (c) the submission of an application relating to the proceedings referred to in point (b);
 - (d) the issue by the participant of a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit;
 - (e) the entry of the participant into a voluntary general agreement or arrangement with its creditors;
 - (f) where the participant is, or is deemed by its CB to be, insolvent or unable to pay its debts;
 - (g) where the participant’s credit balance on its PM account or DCA or all or a substantial part of the participant’s assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the participant’s creditors;
 - (h) where participation of the participant in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;
 - (i) where any material representation or pre-contractual statement made by the participant or which is implied to have been made by the participant under the applicable law is incorrect or untrue;
 - (j) the assignment of all or a substantial part of the participant’s assets,
- “insolvency proceedings” means insolvency proceedings within the meaning of Article 2(j) of Directive 98/26/EC of the European Parliament and of the Council (*),
- “TARGET2 network service provider” means a provider of computerised network connections appointed by the ECB’s Governing Council for the purpose of submitting payment messages in TARGET2,
- “T2S network service provider” means an undertaking that has concluded a licence agreement with the Eurosystem to provide connectivity services in the context of T2S,

- “payee”, except where used in Article 28 of these Conditions, means a TARGET2 participant whose DCA will be credited as a result of a payment order being settled,
- “payer”, except where used in Article 28 of these Conditions, means a TARGET2 participant whose DCA will be debited as a result of a payment order being settled,
- “payment order” means a, DCA to PM liquidity transfer order, a PM to DCA liquidity transfer order or a DCA to DCA liquidity transfer order,
- “Payments Module (PM)” means an SSP module in which payments of TARGET2 participants are settled on PM accounts,
- “PM account” means an account held by a TARGET2 participant in the PM with a Eurosystem CB which is necessary for such TARGET2 participant to:
 - (a) submit payment orders or receive payments via TARGET2; and
 - (b) settle such payments with such Eurosystem CB,
- “Single Shared Platform (SSP)” means the single technical platform infrastructure provided by the SSP-providing NCBs,
- “TARGET2-Securities (T2S)” or “T2S Platform” means the set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services to participating CSDs and Eurosystem CBs that allow core, neutral and borderless settlement of securities transactions on a delivery-versus-payment basis in central bank money,
- “SSP-providing NCBs” means the Deutsche Bundesbank, the Banque de France and the Banca d’Italia in their capacity as the CBs building and operating the SSP for the Eurosystem’s benefit,
- “4CBs” means the Deutsche Bundesbank, the Banque de France, the Banca d’Italia and Banco de España in their capacity as the CBs building and operating the T2S Platform for the Eurosystem’s benefit,
- “static data collection form” means a form developed by [insert name of CB] for the purpose of registering applicants for TARGET2-[insert CB/country reference] services and registering any changes in relation to the provision of such services,
- “suspension” means the temporary freezing of the rights and obligations of a participant for a period of time to be determined by the [insert name of CB],
- “T2S GUI” means module on the T2S Platform which allows DCA holders to obtain on-line information and gives them the possibility to submit payment orders,
- “TARGET2-[insert CB/country reference]” means the TARGET2 component system of [insert CB name],
- “TARGET2” means the entirety resulting from all TARGET2 component systems of the CBs,
- “TARGET2 component system” means any of the CBs’ real-time gross settlement (RTGS) systems that form part of TARGET2,
- “TARGET2 participant” means any participant in any TARGET2 component system,
- “participant” or “direct participant” means an entity that holds at least one PM account (PM account holder) and/or one Dedicated Cash Account (DCA holder) with a Eurosystem CB,
- “technical malfunction of TARGET2” means any difficulty, defect or failure in the technical infrastructure and/or the computer systems used by TARGET2-[insert CB/country reference] including the SSP or T2S Platform, or any other event that makes it impossible to execute and complete the same-day processing of payments in TARGET2-[insert CB/country reference],

- “available liquidity” means the credit balance on the DCA decreased by the amount of any processed reservations of liquidity or blocking of funds,
- “participating Central Securities Depository” or “participating CSD” means a CSD that has signed the T2S Framework Agreement,
- “A2A” or “Application-to-application” means a connectivity mode allowing the DCA holder to exchange information with the software application of the T2S Platform,
- “U2A” or “User-to-application” means a connectivity mode allowing the DCA holder to exchange information with software applications on the T2S Platform through a graphical user interface,
- “T2S Distinguished Name” or “T2S DN” means the network address for the T2S Platform which must be included in all messages intended for the system,
- “branch” means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,
- “non-settled payment order” means a payment order that is not settled on the same business day as that on which it is accepted,
- “real-time gross settlement” means the processing and settlement of payment orders on a transaction by transaction basis in real-time.

Article 2

Scope

The present Conditions govern the relationship between the relevant euro area NCB and its DCA holder as far the opening and the operation of the DCA is concerned.

Article 3

Appendices

1. The following Appendices form an integral part of these Conditions:

Appendix I: Parameters of the dedicated cash accounts — Technical specifications;

Appendix II: TARGET2 compensation scheme in relation to the opening and the operation of the DCA;

Appendix III: Terms of reference for capacity and country opinions;

Appendix IV: Business continuity and contingency procedures;

Appendix V: Operating schedule;

Appendix VI: Fee schedule.

2. In the event of any conflict or inconsistency between the content of any appendix and the content of any other provision in these Conditions, the latter shall prevail.

Article 4

General description of T2S and TARGET2

1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts and DCAs. By virtue of Guideline ECB/2012/27, TARGET2 also provides real-time gross settlement services in respect of T2S transactions for DCA holders having ensured a link with a securities account at a participating CSD. Such services are provided on the T2S Platform, enabling the exchange of standardised messages in respect of the transfers from and to the DCAs opened on the books of the relevant euro area NCB in TARGET2.

2. The following transactions are processed in TARGET2-[insert CB/country reference]:
- (a) payment orders directly resulting from or made in connection with Eurosystem monetary policy operations;
 - (b) settlement of the euro leg of foreign exchange operations involving the Eurosystem;
 - (c) settlement of euro transfers resulting from transactions in cross-border large-value netting systems;
 - (d) settlement of euro transfers resulting from transactions in euro retail payment systems of systemic importance;
 - (e) settlement of the cash leg of securities transactions;
 - (f) DCA to DCA liquidity transfer orders, DCA to PM liquidity transfer orders and PM to DCA liquidity transfer orders; and
 - (g) any other payment orders in euro addressed to TARGET2 participants.

3. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts and DCAs. TARGET2 is established and functions on the basis of the SSP through which all payment orders are submitted and processed and through which payments are ultimately received in the same technical manner. As far as the technical operation of the Dedicated Cash Accounts on T2S is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform. The [insert name of CB] is the provider of services under these Conditions. Acts and omissions of the SSP-providing NCBs and the 4CBs shall be considered acts and omissions of [insert name of CB], for which it shall assume liability in accordance with Article 21 below. Participation pursuant to these Conditions shall not create a contractual relationship between participants and SSP-providing NCBs or the 4CBs when any of the latter act in that capacity. Instructions, messages or information which a participant receives from, or sends to, the SSP or T2S Platform in relation to the services provided under these Conditions are deemed to be received from, or sent to, [insert name of CB].

4. TARGET2 is legally structured as a multiplicity of payment systems composed of all the TARGET2 component systems, which are designated as 'systems' under the national laws implementing Directive 98/26/EC. TARGET2-[insert CB/country reference] is designated as a 'system' under [insert the relevant legal provision implementing Directive 98/26/EC].

5. Participation in TARGET2 takes effect via participation in a TARGET2 component system. These Conditions describe the mutual rights and obligations of DCA holders in TARGET2-[insert CB/country reference] and the [insert name of CB]. The rules on the processing of payment orders under these Conditions (Title IV of this Annex and Appendix I) refer to all payment orders submitted or payments received by any TARGET2 participant.

TITLE II

PARTICIPATION

Article 5

Access criteria

1. The following types of entities are eligible to become a DCA holder upon request in TARGET2-[insert CB/country reference]:
- (a) credit institutions established in the EEA, including when they act through a branch established in the EEA;
 - (b) credit institutions established outside the EEA, provided that they act through a branch established in the EEA;
 - (c) NCBs of Member States and the ECB;

provided that the entities referred to in points (a) and (b) are not subject to restrictive measures adopted by the Council of the European Union or Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty, the implementation of which, in the view of [CB/country reference] after informing the ECB, is incompatible with the smooth functioning of TARGET2.

2. The [insert name of the CB] may, at its discretion, also admit the following entities as DCA holders:
 - (a) treasury departments of central or regional governments of Member States active in the money markets;
 - (b) public sector bodies of Member States authorised to hold accounts for customers;
 - (c) investment firms established in the EEA;
 - (d) entities managing ancillary systems and acting in that capacity; and
 - (e) credit institutions or any of the entities of the types listed in points (a) to (d), in both cases where these are established in a country with which the Union has entered into a monetary agreement allowing access by any of such entities to payment systems in the Union subject to the conditions set out in the monetary agreement and provided that the relevant legal regime applying in the country is equivalent to the relevant Union legislation.
3. Electronic money institutions, within the meaning of [insert national law provisions implementing Article 2(1) of Directive 2009/110/EC of the European Parliament and of the Council (**)], are not entitled to participate in TARGET2-[insert CB/country reference].

Article 6

Application procedure

1. In order for [insert name of CB] to open a DCA for an entity, such entity must comply with the access criteria of the provisions of [insert name of CB] implementing Article 5 and shall:
 - (a) fulfil the following technical requirements:
 - (i) install, manage, operate and monitor and ensure the security of the necessary IT infrastructure to provide a technical connection to the SSP and/or the T2S Platform and submit payment orders to it. In doing so, applicant participants may involve third parties, but retain sole liability. In particular, when connecting directly to the T2S Platform, applicant DCA holders shall enter into an agreement with a T2S network service provider to obtain the necessary connection and admissions, in accordance with the technical specifications in Appendix I; and
 - (ii) have passed the certification testing and obtained the authorisation required by the [insert name of CB]; and
 - (b) fulfil the following legal requirements:
 - (i) provide a capacity opinion in the form specified in Appendix III, unless the information and representations to be provided in such capacity opinion have already been obtained by the [insert name of CB] in another context; and
 - (ii) for credit institutions established outside the EEA, acting through a branch established in the EEA, provide a country opinion in the form specified in Appendix III, unless the information and representations to be provided in such country opinion have already been obtained by the [insert name of CB] in another context.
2. Entities wishing to open a DCA shall apply in writing to the [insert name of CB], as a minimum enclosing the following documents/information:
 - (a) completed static data collection forms as provided by [insert name of CB],
 - (b) the capacity opinion, if required by the [insert name of CB], and
 - (c) the country opinion, if required by the [insert name of CB].
3. The [insert name of CB] may also request any additional information it deems necessary to decide on the application to participate.

4. The [insert name of CB] shall reject the application to open a DCA if:
- (a) access criteria referred to in Article 5 are not met;
 - (b) one or more of the participation criteria referred to in paragraph 1 are not met; and/or
 - (c) in the [insert name of CB]'s assessment, opening a DCA would endanger the overall stability, soundness and safety of TARGET2-[insert CB/country reference] or of any other TARGET2 component system, or would jeopardise the [insert name of CB]'s performance of its tasks as described in [refer to relevant national law] and the Statute of the European System of Central Banks and of the European Central Bank, or poses risks on the grounds of prudence.
5. The [insert name of CB] shall communicate its decision on the application to open a DCA to the applicant within one month of the [insert name of CB]'s receipt thereof. Where the [insert name of CB] requests additional information pursuant to paragraph 3, the decision shall be communicated within one month of the [insert name of CB]'s receipt of this information from the applicant. Any rejection decision shall contain reasons for the rejection.

Article 7

DCA holders

DCA holders in TARGET2-[insert CB/country reference] shall comply with the requirements set out in Article 6. They shall have at least one DCA with the [insert name of CB].

Article 8

Links between securities accounts and DCAs

1. A DCA holder may request the [insert name of CB] to link its DCA to one or more securities account(s) held on its own behalf or on behalf of its clients which hold securities accounts in one or more participating CSD.
2. DCA holders linking their DCA to securities account(s) on behalf of clients as set out in paragraph 1 are responsible for establishing and maintaining the list of linked securities accounts and, where relevant, the set-up of the client-collateralisation feature.
3. As a result of the request under paragraph 1, the DCA holder is deemed to have given a mandate to the CSD where such linked securities accounts are maintained to debit the DCA with the amounts resulting from securities transactions taking place on these securities accounts.
4. Paragraph 3 shall apply regardless of any agreements the DCA holder has with the CSD and/or the securities account holders.

TITLE III

OBLIGATIONS OF THE PARTIES

Article 9

Obligations of the [insert name of CB] and the DCA holders

1. The [insert name of CB] shall open upon request of the DCA holder and operate [one or more] DCA(s) denominated in euro. Save where otherwise provided in these Conditions or required by law, the [insert name of CB] shall use all reasonable means within its power to perform its obligations under these Conditions, without guaranteeing a result.
2. The fees for DCA services are laid down in Appendix VI. The holder of the Main PM account to which the DCA is linked is liable for paying these fees.

3. DCA holders shall ensure that they are connected to TARGET2-[insert CB/country reference] on business days, in accordance with the operating schedule in Appendix V.
4. The DCA holder represents and warrants to the [insert name of CB] that the performance of its obligations under these Conditions does not breach any law, regulation or by-law applicable to it or any agreement by which it is bound.
5. DCA holders shall ensure that the liquidity in the DCA during the day is properly managed. This obligation shall include but is not limited to obtaining regular information on their liquidity position. The [insert name of CB] shall provide a daily statement of accounts to any DCA holder that has opted for such service on the T2S Platform provided that the DCA holder is connected to the T2S Platform via a T2S network service provider.

Article 10

Cooperation and information exchange

1. In performing their obligations and exercising their rights under these Conditions, the [insert name of CB] and DCA holders shall cooperate closely to ensure the stability, soundness and safety of TARGET2-[insert CB/country reference]. They shall provide each other with any information or documents relevant for the performance of their respective obligations and the exercise of their respective rights under these Conditions, without prejudice to any banking secrecy obligations.
2. The [insert name of CB] shall establish and maintain a system support desk to assist DCA holders in relation to difficulties arising in connection with system operations.
3. Up-to-date information on the operational status of the TARGET2 platform and the T2S Platform shall be available on the TARGET2 Information System (T2IS) and the TARGET2-Securities Information System respectively. The T2IS and the TARGET2 Securities Information System may be used to obtain information on any event affecting the normal operation of the respective platforms.
4. The [insert name of CB] may either communicate messages to DCA holders by means of broadcast messages or by any other means of communication. DCA holders may collect information via the ICM, to the extent they also hold a PM account, or otherwise via the T2S GUI.
5. DCA holders are responsible for the timely update of existing static data collection forms and the submission of new static data collection forms to the [insert name of CB]. DCA holders are responsible for verifying the accuracy of information relating to them that is entered into TARGET2-[insert CB/country reference] by the [insert name of CB].
6. The [insert name of CB] shall be deemed to be authorised to communicate to the SSP-providing NCBs or the 4CBs any information relating to DCA holders which the former may need in their role as service administrators, in accordance with the contract entered into with the TARGET2 network service provider and/or the T2S network service provider.
7. DCA holders shall inform the [insert name of CB] about any change in their legal capacity and relevant legislative changes affecting issues covered by the country opinion relating to them.
8. DCA holders shall inform the [insert name of CB] of:
 - (a) any new holder of a securities account linked to the DCA pursuant to Article 8(1), which they accept; and
 - (b) any changes related to the holders of securities accounts listed in point (a).
9. DCA holders shall immediately inform the [insert name of CB] if an event of default occurs in relation to themselves.

Article 11

Designation, suspension or termination of the Main PM account

1. The DCA holder shall designate a Main PM account to which the DCA is linked. The Main PM account may be held in a TARGET2 component system other than [insert name of CB] and may belong to a different legal entity from the DCA holder.
2. A participant using internet based access cannot be designated as a Main PM account holder.
3. If the holder of the Main PM account and the holder of the DCA are different legal entities and in the event that the participation of that designated Main PM account holder is suspended or terminated, the [insert name of CB] and the DCA holder shall take all reasonable and practicable steps to mitigate any ensuing damage or loss. The DCA holder shall take all necessary steps to designate a new Main PM account without undue delay which will then be liable for any outstanding invoices. On the day of the suspension or termination of the Main PM account holder and until a new Main PM account holder has been designated, any funds remaining on the DCA at the end of the day shall be moved to an account of [insert name of CB]. These funds will be subject to the remuneration conditions of [insert reference to the arrangements implementing Article 12(5) of the Harmonised Conditions for the Opening and Operation of a PM account in TARGET2] as updated from time to time.
4. [insert name of CB] shall not be liable for any losses incurred by the DCA holder as a consequence of the suspension or termination of the Main PM account holder's participation.

TITLE IV

OPENING AND MANAGEMENT OF THE DCA AND PROCESSING OF OPERATIONS

Article 12

Opening and management of the DCA

1. The [insert name of CB] shall open and operate at least one DCA for each DCA holder. A DCA shall be identified by means of a unique 34-character account number which will be structured as follows.

	Name	Format	Content
Part A	Account type	1 char. exactly	"C" for cash account
	Country code of the central bank	2 char. exactly	ISO country code 3166-1
	Currency code	3 char. exactly	EUR
Part B	Account holder	11 char. exactly	BIC Code
Part C	Sub-classification of the account	Up to 17 char.	Free text (alphanumeric) to be provided by the DCA holder

2. No debit balance shall be allowed on DCAs.
3. The DCA shall not hold any funds overnight. At the beginning and end of a business day, there shall be a zero balance on the DCAs. DCA holders shall be deemed to have instructed the [insert name of CB] to transfer any remaining balance at the end of a business day as defined in Appendix V to the Main PM account referred to in Article 11(1).
4. The DCA shall only be used within the period between the T2S start-of-day and T2S end-of-day as defined in the T2S User Detailed Functional Specifications (UDFS).

5. DCAs shall be interest free.

Article 13

Operations that may be carried out through the DCA

Subject to the DCA holder designating the necessary securities account(s), the DCA holder may carry out the following operations through the DCA either on its own behalf or on behalf of its customers:

- (a) DCA to PM liquidity transfer orders;
- (b) DCA to DCA liquidity transfer orders;
- (c) the settlement of cash instructions stemming from the T2S Platform; and
- (d) cash transfers between the DCA and the DCA of [insert name of CB] in the particular context of paragraphs 8 and 9 of Annex IIIa.

Article 14

Acceptance and rejection of payment orders

1. Payment orders submitted by DCA holders are deemed accepted by the [insert name of CB] if:
 - (a) the payment message complies with the rules established by the T2S network service provider;
 - (b) the payment message complies with the formatting rules and conditions of TARGET2-[insert CB/country reference] and passes the double-entry check described in Appendix I; and
 - (c) in cases where a payer or a payee has been suspended, the suspended participant's CB's explicit consent has been obtained.
2. The [insert name of CB] shall immediately reject any payment order that does not fulfil the conditions laid down in paragraph 1. The [insert name of CB] shall inform the DCA holder of any rejection of a payment order, as specified in Appendix I.
3. The T2S Platform determines the timestamp for the processing of payment orders on the basis of the time when it receives and accepts the payment order.

Article 15

Reservation and blocking of liquidity

1. Participants may reserve or block liquidity on their DCA. This does not constitute a settlement guarantee vis-à-vis any third party.
2. By requesting to reserve or block an amount of liquidity, a participant instructs the [insert name of CB] to decrease the available liquidity by this amount.
3. A reservation request is an instruction by which, if the available liquidity is equal to or higher than the amount to be reserved, the reservation is processed. If the available liquidity is lower, it is reserved and the shortfall may be met by incoming liquidity until the full amount of the reservation is available.
4. A blocking request is an instruction by which, if the available liquidity is equal to or higher than the amount to be blocked, the blocking request is processed. If the available liquidity is lower, no amount is blocked and the blocking request is resubmitted, until the full amount of the blocking request can be met by available liquidity.

5. The participant may at any time during the business day on which a request to reserve or block liquidity has been processed, instruct the [insert name of CB] to cancel the reservation or blocking. Partial cancellation shall not be permitted.
6. All requests for reservation or blocking of liquidity under this article shall expire at the end of the business day.

Article 16

Moment of entry, moment of irrevocability

1. For the purposes of the first sentence of Article 3(1) and Article 5 of Directive 98/26/EC and [insert national law provision implementing these Articles of Directive 98/26/EC], DCA to DCA liquidity transfer orders or DCA to PM liquidity transfer orders are deemed entered into TARGET2-[Insert CB/country reference] and are irrevocable at the moment that the relevant DCA holder's DCA is debited. PM to DCA liquidity transfer orders are governed by the Harmonised Conditions for the Opening and Operation of a PM account in TARGET2 applicable to the TARGET2 component system from which they originate.
2. For the purposes of the first sentence of Article 3(1) and Article 5 of Directive 98/26/EC and [insert national law provision implementing these Articles of Directive 98/26/EC] and for all transactions settling on DCAs and which are subject to matching of two separate transfer orders, such transfer orders are deemed entered into TARGET2-[Insert CB/country reference] and are irrevocable at the moment that the relevant DCA holder's DCA is debited.
3. The rules provided for in paragraph 2 shall be replaced by the rules below two weeks after the Governing Council of the ECB has determined that an agreement has been signed between the Eurosystem CBs and the Connected NCBs, on the one hand, and all CSDs participating in T2S at the date of such agreement, on the other hand, on the provision of information and liability:
 - (a) for all transactions settling on DCAs and which are subject to matching of two separate transfer orders, such transfer orders are deemed entered into TARGET2-[Insert CB/country reference] at the moment at which they have been declared compliant with the technical rules of T2S by the T2S Platform and irrevocable at the moment the transaction has been given the status "matched" on the T2S Platform; or
 - (b) as an exception to point (a), for transactions involving one participating CSD having a separate matching component where transfer orders are sent directly to that participating CSD to be matched in its separate matching component, transfer orders are deemed entered into TARGET2-[Insert CB/country reference] at the moment at which they have been declared compliant with the technical rules of T2S by that participating CSD and irrevocable from the moment the transaction has been given the status "matched" on the T2S Platform. A list of CSDs for which this point (b) applies is available on the website of the ECB.

TITLE V

SECURITY REQUIREMENTS, CONTINGENCY ISSUES AND USER INTERFACES

Article 17

Business continuity and contingency procedures

In the event of an abnormal external event or any other event which affects transactions on the DCAs, the business continuity and contingency procedures described in Appendix IV shall apply.

Article 18

Security requirements

1. DCA holders shall implement adequate security controls to protect their systems from unauthorised access and use. DCA holders shall be exclusively responsible for adequate protection to ensure the confidentiality, integrity and availability of their systems.

2. DCA holders shall inform the [insert name of CB] of any security-related incidents in their technical infrastructure and, where appropriate, security-related incidents that occur in the technical infrastructure of the third party providers. The [insert name of CB] may request further information about the incident and request that the DCA holders take appropriate measures to prevent a recurrence of such an event.

3. The [insert name of CB] may impose additional security requirements on all DCA holders and/or on DCA holders that are considered critical by the [insert name of CB].

Article 19

User interfaces

1. The DCA holder, or the Main PM account holder acting on its behalf, shall use either one or both of the following means to access that DCA:

- (a) direct connection to the T2S Platform in either U2A or A2A modes; or
- (b) the TARGET2 ICM in combination with TARGET2 value-added services for T2S.

2. A direct connection to the T2S Platform allows DCA holders:

- (a) to access and, when applicable, amend information relating to their accounts;
- (b) to manage liquidity and to initiate liquidity transfer orders from the DCAs.

3. The TARGET2 ICM in combination with TARGET2 value-added services for T2S allows the holder of the Main PM account:

- (a) to access information relating to their accounts;
- (b) to manage liquidity and to initiate liquidity transfer orders to and from the DCAs.

Further technical details relating to the TARGET2 ICM are contained in [insert national provisions implementing Appendix I to Annex II to the Guideline].

TITLE VI

COMPENSATION, LIABILITY REGIME AND EVIDENCE

Article 20

Compensation scheme

In the event that funds remain overnight on a DCA due to a technical malfunction of either the SSP or the T2S Platform, the [insert name of CB] shall offer to compensate the participants concerned in accordance with the special procedure laid down in Appendix II.

Article 21

Liability regime

1. In performing their obligations pursuant to these Conditions, the [insert name of CB] and the DCA holders shall be bound by a general duty of reasonable care in relation to each other.

2. The [insert name of CB] shall be liable to its DCA holders in cases of fraud (including but not limited to wilful misconduct) or gross negligence, for any loss arising out of the operation of TARGET2-[insert CB/country reference]. In cases of ordinary negligence, the [insert name of CB]'s liability shall be limited to the DCA holder's direct loss, i.e. the amount of the transaction in question and/or the loss of interest thereon, excluding any consequential loss.

3. The [insert name of CB] is not liable for any loss that results from any malfunction or failure in the technical infrastructure (including but not limited to the [insert name of CB]'s computer infrastructure, programmes, data, applications or networks), if such malfunction or failure arises in spite of the [insert name of CB] having adopted those measures that are reasonably necessary to protect such infrastructure against malfunction or failure, and to resolve the consequences of such malfunction or failure (the latter including but not limited to initiating and completing the business continuity and contingency procedures referred to in Appendix IV).

4. The [insert name of CB] shall not be liable:

(a) to the extent that the loss is caused by the DCA holder; or

(b) if the loss arises out of external events beyond the [insert name of CB]'s reasonable control (*force majeure*).

5. Notwithstanding the [insert national law provisions implementing Directive 2007/64/EC of the European Parliament and of the Council (***)], paragraphs 1 to 4 shall apply to the extent that the [insert name of CB]'s liability can be excluded.

6. The [insert name of CB] and the DCA holders shall take all reasonable and practicable steps to mitigate any damage or loss referred to in this Article.

7. In performing some or all of its obligations under these Conditions, the [insert name of CB] may commission third parties in its own name, particularly telecommunications or other network providers or other entities, if this is necessary to meet the [insert name of CB]'s obligations or is standard market practice. The [insert name of CB]'s obligation shall be limited to the due selection and commissioning of any such third parties and the [insert name of CB]'s liability shall be limited accordingly. For the purposes of this paragraph, the SSP-providing NCBs and the 4CBs shall not be considered as third parties.

Article 22

Evidence

1. Unless otherwise provided in these Conditions, all payment and payment processing-related messages in relation to the DCAs, such as confirmations of debits or credits, or statement messages, between the [insert name of CB] and the DCA holders shall be made through the T2S network service provider.

2. Electronic or written records of the messages retained by the [insert name of CB] or by the T2S network service provider shall be accepted as a means of evidence of the payments processed through the [insert name of CB]. The saved or printed version of the original message of the T2S network service provider shall be accepted as a means of evidence, regardless of the form of the original message.

3. If a DCA holder's connection to the T2S network service provider fails, the DCA holder shall use an alternative means of transmission of messages agreed with [insert name of CB]. In such cases, the saved or printed version of the message produced by the [insert name of CB] shall have the same evidential value as the original message, regardless of its form.

4. The [insert name of CB] shall keep complete records of payment orders submitted and payments received by DCA holders for a period of [insert period required by relevant national law] from the time at which such payment orders are submitted and payments are received, provided that such complete records shall cover a minimum of five years for any DCA holder in TARGET2 that is subject to continuous vigilance pursuant to restrictive measures adopted by the Council of the European Union or Member States, or more if required by specific regulations.

5. The [insert name of CB]'s own books and records (whether kept on paper, microfilm, microfiche, by electronic or magnetic recording, in any other mechanically reproducible form or otherwise) shall be accepted as a means of evidence of any obligations of the DCA holders and of any facts and events that the parties rely on.

TITLE VII

TERMINATION AND CLOSURE OF DCAS*Article 23***Duration and ordinary termination of DCAs**

1. Without prejudice to Article 24, a DCA in TARGET2-[insert CB/country reference] is opened for an indefinite period of time.
2. A DCA holder may terminate its DCA in TARGET2-[insert CB/country reference] at any time giving 14 business days' notice thereof, unless it agrees a shorter notice period with the [insert name of CB].
3. The [insert name of CB] may terminate a DCA holder's DCA in TARGET2-[insert CB/country reference] at any time giving three months' notice thereof, unless it agrees a different notice period with that DCA holder.
4. On termination of the DCA, the confidentiality duties laid down in Article 27 remain in force for a period of five years starting on the date of termination.
5. On termination of the DCA, it shall be closed in accordance with Article 25.

*Article 24***Suspension and extraordinary termination of participation**

1. A DCA holder's participation in TARGET2-[insert CB/country reference] shall be immediately terminated without prior notice or suspended if one of the following events of default occurs:
 - (a) the opening of insolvency proceedings; and/or
 - (b) the DCA holder no longer meets the access criteria laid down in Article 5.
2. The [insert name of CB] may terminate without prior notice or suspend the DCA holder's participation in TARGET2-[insert CB/country reference] if:
 - (a) one or more events of default (other than those referred to in paragraph 1) occur;
 - (b) the DCA holder is in material breach of these Conditions;
 - (c) the DCA holder fails to carry out any material obligation to the [insert name of CB];
 - (d) the DCA holder is excluded from, or otherwise ceases to be a member of, a T2S Closed Group of Users (CGU); and/or
 - (e) any other event related to the DCA holder occurs which, in the [insert name of CB]'s assessment, would threaten the overall stability, soundness and safety of TARGET2-[insert CB/country reference] or of any other TARGET2 component system, or which would jeopardise the [insert name of CB]'s performance of its tasks as described in [refer to relevant national law] and the Statute of the European System of Central Banks and of the European Central Bank, or poses risks on the grounds of prudence.
3. In exercising its discretion under paragraph 2, the [insert name of CB] shall take into account, inter alia, the seriousness of the event of default or events mentioned in points (a) to (c).
4. (a) In the event that the [insert name of CB] suspends or terminates a DCA holder's participation in TARGET2-[insert CB/country reference] under paragraph 1 or 2, the [insert name of CB] shall immediately inform that DCA holder, other CBs and the other participants of such suspension or termination by means of an ICM broadcast message or a T2S broadcast message depending on which technical option provided for in Article 19 the DCA holder uses.

- (b) In the event that the [insert name of CB] is informed by another CB of a suspension or termination of a participant in another TARGET2 component system, the [insert name of CB] shall immediately inform its participants of such suspension or termination by means of an ICM broadcast message or of a T2S broadcast message depending on which technical option provided for in Article 19 the DCA holder uses.
- (c) Once such an ICM broadcast message (in the case of PM account holders) or T2S broadcast message (in the case of DCA holders) has been received by the participants, such participants shall be deemed informed of the termination/suspension of a DCA holder's participation in TARGET2-[insert CB/country reference] or another TARGET2 component system. The participants shall bear any losses arising from the submission of a payment order to participants whose participation has been suspended or terminated if such payment order was entered into TARGET2-[insert CB/country reference] after receipt of the ICM broadcast message or of the T2S broadcast message depending on which technical option provided for in Article 19 the DCA holder uses.
5. Upon termination of a DCA holder's participation, TARGET2-[insert CB/country reference] shall not accept any new payment orders to or from that DCA holder.
6. If a DCA holder is suspended from TARGET2-[insert CB/country reference], all its incoming and outgoing payment orders shall only be presented for settlement after they have been explicitly accepted by the suspended DCA holder's CB.

Article 25

Closure of DCAs

1. DCA holders may request the [insert name of CB] to close their DCAs at any time provided they give the [insert name of CB] 14 business days' notice thereof.
2. On termination of participation, pursuant to either Article 23 or 24, the [insert name of CB] shall close the DCA of the DCA holder concerned, after having settled or returned any unsettled payment orders and made use of its rights of pledge and set-off under Article 26.

TITLE VIII

FINAL PROVISIONS

Article 26

The [insert name of CB]'s rights of pledge and set-off

1. [Insert if applicable: The [insert name of CB] shall have a pledge over the DCA holder's existing and future credit balances on its DCAs, thereby collateralising any current and future claims arising out of the legal relationship between the parties.]
- 1a. [Insert if applicable: A DCA holder's current and future claims towards the [insert name of the CB] arising from a credit balance on the DCA shall be transferred to the [insert name of the CB] as collateral, i.e. as a fiduciary transfer, for any current or future claim of the [insert name of the CB] towards the participant arising out of the [insert reference to the arrangement implementing these Conditions]. Such collateral shall be established by the mere fact that the funds have been credited to the DCA holder's DCA.]
- 1b. [Insert if applicable: The [insert name of CB] shall have a floating charge over the DCA holder's existing and future credit balances on their DCAs, thereby collateralising any current and future claims arising out of the legal relationship between the parties.]
2. [Insert if applicable: The [insert name of CB] shall have the right referred to in paragraph 1 even if its claims are only contingent or not yet due.]

3. [Insert if applicable: The participant, acting in its capacity as a DCA holder, hereby acknowledges the creation of a pledge in favour of [insert name of CB], with whom that DCA has been opened; this acknowledgement shall constitute the provision of pledged assets to the [insert name of CB] referred to under [insert relevant national adjective] law. Any amounts paid into the DCA whose balance is pledged shall, by the mere fact of being paid in, be irrevocably pledged, without any limitation whatsoever, as collateral security for the full performance of the secured obligations.]

4. On the occurrence of:

(a) an event of default referred to in Article 24(1); or

(b) any other event of default or event referred to in Article 24(2) that has led to the termination or suspension of the DCA holder's participation, notwithstanding the commencement of any insolvency proceedings in respect of a DCA holder and notwithstanding any assignment, judicial or other attachment or other disposition of or in respect of the DCA holder's rights;

all obligations of the DCA holder shall be automatically and immediately accelerated, without prior notice and without the need for any prior approval of any authority, so as to be immediately due. In addition, the mutual obligations of the DCA holder and the [insert name of CB] shall automatically be set off against each other, and the party owing the higher amount shall pay to the other the difference.

5. The [insert name of CB] shall promptly give the DCA holder notice of any set-off pursuant to paragraph 4 after such set-off has taken place.

6. The [insert name of CB] may without prior notice debit any DCA holder's DCA by any amount which the DCA holder owes the [insert name of CB] resulting from the legal relationship between the DCA holder and the [insert name of CB].

Article 27

Confidentiality

1. The [insert name of CB] shall keep confidential all sensitive or secret information, including when such information relates to payment, technical or organisational information belonging to the DCA holder or the DCA holder's customers, unless the DCA holder or its customer has given its written consent to disclose [insert the following phrase if applicable under national law: or such disclosure is permitted or required under [insert adjective relating to country name] law].

2. By derogation from paragraph 1, the DCA holder agrees that the [insert name of CB] may disclose payment order, technical or organisational information regarding the DCA holder, other DCAs held by DCA holders of the same group, or the DCA holder's customers obtained in the course of the operation of TARGET2-[insert CB/country reference] to other CBs or third parties that are involved in the operation of TARGET2-[insert CB/country reference], to the extent that this is necessary for the efficient functioning of TARGET2, or the monitoring of the DCA holder's or its group's exposure, or to supervisory and oversight authorities of Member States and the Union to the extent that this is necessary for the performance of their public tasks, and provided in all such cases that the disclosure is not in conflict with the applicable law. The [insert name of CB] shall not be liable for the financial and commercial consequences of such disclosure.

3. By derogation from paragraph 1 and provided this does not make it possible, whether directly or indirectly, to identify the DCA holder or the DCA holder's customers, the [insert name of CB] may use, disclose or publish payment information regarding the DCA holder or the DCA holder's customers for statistical, historical, scientific or other purposes in the exercise of its public functions or of functions of other public entities to whom the information is disclosed.

4. Information relating to the operation of TARGET2-[insert CB/country reference] to which DCA holders have had access, may only be used for the purposes laid down in these Conditions. DCA holders shall keep such information confidential, unless the [insert name of CB] has explicitly given its written consent to disclose. DCA holders shall ensure that any third parties to whom they outsource, delegate or subcontract tasks which have or may have an impact on the performance of their obligations under these Conditions are bound by the confidentiality requirements in this Article.

5. The [insert name of CB] shall be authorised, in order to settle payment orders, to process and transfer the necessary data to the T2S network service provider.

Article 28

Data protection, prevention of money laundering, administrative or restrictive measures and related issues

1. DCA holders shall be deemed to be aware of, and shall comply with, all obligations on them relating to legislation on data protection, prevention of money laundering and the financing of terrorism, proliferation-sensitive nuclear activities and the development of nuclear weapons delivery systems, in particular in terms of implementing appropriate measures concerning any payment orders debited or credited on their DCAs. Prior to entering into the contractual relationship with its T2S network service provider, DCA holders shall acquaint themselves with its data retrieval policy.

2. DCA holders shall be deemed to have authorised the [insert name of CB] to obtain any information relating to them from any financial or supervisory authority or trade body, whether national or foreign, if such information is necessary for the DCA holders' participation in TARGET2-[insert CB/country reference].

3. DCA holders, when acting as the payment service provider of a payer or payee, shall comply with all requirements resulting from administrative or restrictive measures imposed pursuant to Articles 75 or 215 of the Treaty to which they are subject, including with respect to notification and/or the obtaining of consent from a competent authority in relation to the processing of transactions. In addition:

- (a) when the [insert name of CB] is the payment service provider of a DCA holder that is a payer:
 - (i) the DCA holder shall make the required notification or obtain consent on behalf of the central bank that is primarily required to make notification or obtain consent, and shall provide the [insert name of CB] with evidence of having made a notification or having received consent;
 - (ii) the DCA holder shall not enter any DCA to PM liquidity transfer order or DCA to DCA liquidity transfer order into TARGET2 until it has obtained confirmation from the [insert name of CB] that the required notification has been made or the consent has been obtained by or on behalf of the payment service provider of the payee;
- (b) when the [insert name of CB] is a payment service provider of a DCA holder that is a payee, the DCA holder shall make the required notification or obtain consent on behalf of the central bank that is primarily required to make notification or obtain consent, and shall provide the [insert name of CB] with evidence of having made a notification or having received consent.

For the purposes of this paragraph, the terms "payment service provider", "payer" and "payee" shall have the meanings ascribed to them in the applicable administrative or restrictive measures.

Article 29

Notices

1. Except where otherwise provided for in these Conditions, all notices required or permitted pursuant to these Conditions shall be sent by registered post, facsimile or otherwise in writing or by an authenticated message through the T2S network service provider. Notices to the [insert name of CB] shall be submitted to the head of the [insert payment systems department or relevant CB unit] of [insert name of CB], [include relevant address of CB] or to the [insert BIC address of the CB]. Notices to the DCA holder shall be sent to it at the address, fax number or its BIC address as the DCA holder may from time to time notify to the [insert name of CB].

2. To prove that a notice has been sent, it shall be sufficient to prove that the notice was delivered to the relevant address or that the envelope containing such notice was properly addressed and posted.

3. All notices shall be given in [insert relevant national language and/or "English"].

4. DCA holders shall be bound by all forms and documents of the [insert name of CB] that the DCA holders have filled in and/or signed, including but not limited to static data collection forms, as referred to in Article 6(2)(a), and information provided under Article 10(5), which were submitted in compliance with paragraphs 1 and 2 and which the [insert name of CB] reasonably believes to have received from the DCA holders, their employees or agents.

Article 30

Contractual relationship with T2S network service provider

1. Each DCA holder may enter into a separate agreement with a T2S network service provider regarding the services to be provided in relation to the DCA holder's use of the DCA. The legal relationship between a DCA holder and the T2S network service provider shall be exclusively governed by the terms and conditions of their separate agreement.
2. The services to be provided by the T2S network service provider shall not form part of the services to be performed by the [insert name of CB] in respect of TARGET2.
3. The [insert name of CB] shall not be liable for any acts, errors or omissions of the T2S network service provider (including its directors, staff and subcontractors), or for any acts, errors or omissions of third parties selected by DCA holders to gain access to the T2S network service provider's network.

Article 31

Amendment procedure

The [insert name of CB] may at any time unilaterally amend these Conditions, including their Appendices. Amendments to these Conditions, including their Appendices, shall be announced by means of [insert relevant means of announcement]. Amendments shall be deemed to have been accepted unless the DCA holder expressly objects within 14 days of being informed of such amendments. In the event that a DCA holder objects to the amendment, the [insert name of CB] is entitled immediately to terminate and close that DCA holder's DCA in TARGET2-[insert CB/country reference].

Article 32

Third party rights

1. Any rights, interests, obligations, responsibilities and claims arising from or relating to these Conditions shall not be transferred, pledged or assigned by DCA holders to any third party without the [insert name of CB]'s written consent.
2. These Conditions do not create any rights in favour of or obligations in relation to any entity other than the [insert name of CB] and DCA holders in TARGET2-[insert CB/country reference].

Article 33

Governing law, jurisdiction and place of performance

1. The bilateral relationship between the [insert name of CB] and DCA holders in TARGET2-[insert CB/country reference] shall be governed by [insert adjective relating to country name] law.
2. Without prejudice to the competence of the Court of Justice of the European Union, any dispute arising from a matter relating to the relationship referred to in paragraph 1 falls under the exclusive competence of the competent courts of [insert place of the seat of the CB].

3. The place of performance concerning the legal relationship between the [insert reference to CB] and the DCA holders shall be [insert place of the seat of the CB].

Article 34

Severability

If any provision in these Conditions is or becomes invalid, this shall not prejudice the applicability of all the other provisions of these Conditions.

Article 35

Entry into force and binding nature

1. These Conditions become effective from [insert relevant date].
2. [Insert if appropriate under relevant national law: By requesting a DCA in TARGET2-[insert CB/country reference], applying entities automatically agree to these Conditions between themselves and in relation to the [insert name of CB].]

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Appendix I

PARAMETERS OF THE DEDICATED CASH ACCOUNTS — TECHNICAL SPECIFICATIONS

In addition to the Conditions, the following rules shall apply to the interaction with the T2S Platform:

1. **Technical requirements for participation in TARGET2-[insert CB/country reference] regarding infrastructure, network and formats**
 - (1) T2S uses the services of a T2S network service provider for the exchange of messages. Each DCA holder using a direct connection shall have a connection to at least one T2S network service provider's secure IP network.
 - (2) Each DCA holder shall pass a series of tests to prove its technical and operational competence before it may participate in TARGET2-[insert CB/country reference].
 - (3) For the submission of liquidity transfer orders in the DCA the services of the T2S network service providers shall be used. Liquidity transfer orders shall be directly addressed to the T2S DN and must contain the following information:
 - (a) in the case of liquidity transfers between two DCAs, the unique 34-character account numbers of both the sending and the receiving DCA holder; or
 - (b) in the case of liquidity transfers from a DCA to a PM account, the unique 34-character account number of the sending DCA holder and the account number of the receiving PM account.
 - (4) For the exchange of information with the T2S Platform either A2A or U2A modes may be used. The security of the message exchange between DCA and the T2S Platform shall rely on the Public Key Infrastructure (PKI) service offered by a T2S network service provider. Information on the PKI service is available in the documentation provided by such T2S network service provider.
 - (5) DCA holders shall comply with the ISO20022 message structure and field specifications. All messages shall include a Business Application Header (BAH). Message structure, field specifications and BAHs are defined in the ISO documentation, under the restrictions set out for T2S, as described in Chapter 3.3.3 Cash Management (camt) of the T2S UDFS.

- (6) Field contents shall be validated at the level of the T2S Platform in accordance with the T2S UDFS requirements.

2. Message types

The following system message types are processed, subject to subscription:

Message Type	Description
(camt.003)	GetAccount
(camt.004)	ReturnAccount
(camt.005)	GetTransaction
(camt.006)	ReturnTransaction
(camt.009)	GetLimit
(camt.010)	ReturnLimit
(camt.011)	ModifyLimit
(camt.012)	DeleteLimit
(camt.018)	GetBusinessDayInformation
(camt.019)	ReturnBusinessDayInformation
(camt.024)	ModifyStandingOrder
(camt.025)	Receipt
(camt.050)	LiquidityCreditTransfer
(camt.051)	LiquidityDebitTransfer
(camt.052)	BankToCustomerAccountReport
(camt.053)	BankToCustomerStatement
(camt.054)	BankToCustomerDebitCreditNotification
(camt.064)	LimitUtilisationJournalQuery
(camt.065)	LimitUtilisationJournalReport
(camt.066)	IntraBalanceMovementInstruction
(camt.067)	IntraBalanceMovementStatusAdvice
(camt.068)	IntraBalanceMovementConfirmation
(camt.069)	GetStandingOrder
(camt.070)	ReturnStandingOrder
(camt.071)	DeleteStandingOrder

Message Type	Description
(camt.072)	IntraBalanceMovementModificationRequest
(camt.073)	IntraBalanceMovementModificationRequestStatusAdvice
(camt.074)	IntraBalanceMovementCancellationRequest
(camt.075)	IntraBalanceMovementCancellationRequestStatusAdvice
(camt.078)	IntraBalanceMovementQuery
(camt.079)	IntraBalanceMovementQueryResponse
(camt.080)	IntraBalanceModificationQuery
(camt.081)	IntraBalanceModificationReport
(camt.082)	IntraBalanceCancellationQuery
(camt.083)	IntraBalanceCancellationReport
(camt.084)	IntraBalanceMovementPostingReport
(camt.085)	IntraBalanceMovementPendingReport

3. Double-entry check

- (1) All liquidity transfer orders shall pass a double-entry check, the aim of which is to reject liquidity transfer orders that have been submitted more than once.
- (2) The following parameters shall be checked:
 - Order Reference (End to End Id),
 - Debit and Credit Account (DCA or PM account), and
 - instructed Amount.
- (3) If all the fields described in point (2) in a newly submitted liquidity transfer order are identical to those in a liquidity transfer order which has been accepted but not yet settled or a liquidity transfer order that has been settled within the past three business days, the newly submitted liquidity transfer order shall be rejected.

4. Error codes

If a liquidity transfer order is rejected on grounds of non-compliance with the fields in paragraph 3(2), the DCA holder shall receive a status advice message [camt.025], as described in Chapter 4.1 of the T2S UDFS.

5. Settlement triggers

- (1) For immediate liquidity transfer orders, no specific XML tag is required;
- (2) Predefined liquidity transfer orders and standing liquidity transfer orders may be triggered by a specific time or event on the day of settlement:
 - for settlement at a specific time, the XML tag “Time(/ExctnTp/Tm/)” shall be used,
 - for settlement upon occurrence of a specific event, the XML tag “(EventType/ExctnTp/Evt/)” shall be used.
- (3) The validity period for standing liquidity transfer orders shall be set by the following XML tags: “FromDate/VldtyPrd/FrDt/” and “ToDate/VldtyPrd/ToDt/”.

6. Settlement of liquidity transfer orders

Liquidity transfer orders are not recycled, queued or offset.

The different statuses for liquidity transfer orders are described in Chapter 1.6.4 of the T2S UDFS.

7. Use of the U2A and A2A mode

(1) The U2A and A2A modes may be used for obtaining information and managing liquidity. The T2S network service providers' networks shall be the underlying technical communications networks for exchanging information and running control measures. The following modes shall be available for use by DCA holders:

(a) Application-to-application mode (A2A)

In A2A, information and messages are transferred between the T2S Platform and the DCA holder's internal application. The DCA holder therefore has to ensure that an appropriate application is available for the exchange of XML messages (requests and responses).

(b) User-to-application mode (U2A)

U2A permits direct communication between a DCA holder and the T2S GUI. The information is displayed in a browser running on a PC system. For U2A access the IT infrastructure has to be able to support cookies and JavaScript. Further details are described in the T2S User Handbook.

(2) Static data shall be available to view in U2A mode. The screens shall be offered in English only.

(3) Information shall be provided in "pull" mode, which means that each DCA holder has to ask to be provided with information.

(4) Access rights to the U2A and A2A mode shall be granted by using T2S GUI.

(5) The "Non-Repudiation of Origin" (NRO) signature allows the recipient of a message to prove that such message has been issued and has not been altered.

(6) If a DCA holder has technical problems and is unable to submit any liquidity transfer order, it may contact its central bank which will on a best efforts basis act on behalf of the DCA holder.

8. Relevant documentation

Further details and examples explaining the above rules are contained in the T2S UDFS and the T2S User Handbook, as amended from time to time and published on the ECB's website in English.

Appendix II

TARGET2 COMPENSATION SCHEME IN RELATION TO THE OPENING AND THE OPERATION OF THE DCA

1. General principles

(a) If there is a technical malfunction of TARGET2, DCA holders may submit claims for compensation in accordance with the TARGET2 compensation scheme laid down in this Appendix.

(b) Unless otherwise decided by the ECB's Governing Council, the TARGET2 compensation scheme shall not apply if the technical malfunction of TARGET2 arises out of external events beyond the reasonable control of the CBs concerned or as a result of acts or omissions by third parties.

- (c) Compensation under the TARGET2 compensation scheme shall be the only compensation procedure offered in the event of a technical malfunction of the TARGET2. DCA holders may, however, use other legal means to claim for losses. If a DCA holder accepts a compensation offer under the TARGET2 compensation scheme, this shall constitute the DCA holder's irrevocable agreement that it thereby waives all claims in relation to the payment orders concerning which it accepts compensation (including any claims for consequential loss) it may have against any CB, and that the receipt by it of the corresponding compensation payment constitutes full and final settlement of all such claims. The DCA holder shall indemnify the CBs concerned, up to a maximum of the amount received under the TARGET2 compensation scheme, in respect of any further claims which are raised by any other participant or any other third party in relation to the payment order or payment concerned.
- (d) The making of a compensation offer shall not constitute an admission of liability by the [insert name of CB] or any other CB in respect of a technical malfunction of the TARGET2.

2. Conditions for compensation offers

- (a) A payer may submit a claim for an administration fee and interest compensation if, due to a technical malfunction of TARGET2, a liquidity transfer order was not settled on the business day on which it was accepted.
- (b) A payee may submit a claim for an administration fee if, due to a technical malfunction of TARGET2, it did not receive a payment that it was expecting to receive on a particular business day. The payee may also submit a claim for interest compensation if one or more of the following conditions are met:
 - (i) in the case of participants that have access to the marginal lending facility: due to a technical malfunction of TARGET2, a payee had recourse to the marginal lending facility; and/or
 - (ii) in the case of all participants: it was technically impossible to have recourse to the money market or such refinancing was impossible on other, objectively reasonable grounds.

3. Calculation of compensation

- (a) With respect to a compensation offer for a payer:
 - (i) the administration fee shall be EUR 50 for the first non-settled payment order, EUR 25 for each of the next four such payment orders and EUR 12,50 for each further such payment order. The administration fee shall be calculated separately in relation to each payee;
 - (ii) interest compensation shall be determined by applying a reference rate to be fixed from day to day. This reference rate shall be the lower of the euro overnight index average (EONIA) rate and the marginal lending rate. The reference rate shall be applied to the amount of the payment order not settled as a result of the technical malfunction of the TARGET2 for each day in the period from the date of the actual or, in relation to payment orders referred to in paragraph 2(b)(ii), intended submission of the payment order until the date on which the payment order was or could have been successfully settled. Any proceeds made by placing funds resulting from non-settled payment orders on deposit with the Eurosystem shall be deducted from the amount of any compensation; and
 - (iii) no interest compensation shall be payable if and in so far as funds resulting from non-settled payment orders were placed in the market or used to fulfil minimum reserve requirements.
- (b) With respect to a compensation offer for a payee:
 - (i) the administration fee shall be EUR 50 for the first non-settled payment order, EUR 25 for each of the next four such payment orders and EUR 12,50 for each further such payment order. The administration fee shall be calculated separately in relation to each payer;

- (ii) the method set out in point (a)(ii) for calculating interest compensation shall apply except that interest compensation shall be payable at a rate equal to the difference between the marginal lending rate and the reference rate, and shall be calculated on the amount of any recourse to the marginal lending facility occurring as a result of the technical malfunction of TARGET2.

4. Procedural rules

- (a) A claim for compensation shall be submitted on the claim form available on the website of the [insert name of CB] in English (see [insert reference to website of CB]). Payers shall submit a separate claim form in respect of each payee and payees shall submit a separate claim form in respect of each payer. Sufficient additional information and documents shall be provided to support the information indicated in the claim form. Only one claim may be submitted in relation to a specific payment or payment order.
- (b) Within four weeks of a technical malfunction of TARGET2, DCA holders shall submit their claim forms to the [insert name of CB]. Any additional information and evidence requested by the [insert name of CB] shall be supplied within two weeks of such request being made.
- (c) The [insert name of CB] shall review the claims and forward them to the ECB. Unless otherwise decided by the ECB's Governing Council and communicated to the DCA holders, all received claims shall be assessed no later than 14 weeks after the technical malfunction of TARGET2 occurs.
- (d) The [insert name of CB] shall communicate the result of the assessment referred to in point (c) to the relevant DCA holders. If the assessment entails a compensation offer, the DCA holders concerned shall, within four weeks of the communication of such offer, either accept or reject it, in respect of each payment or payment order comprised within each claim, by signing a standard letter of acceptance (in the form available on the website of the [insert name of CB] (see [insert reference to website of CB])). If such letter has not been received by the [insert name of CB] within four weeks, the DCA holders concerned shall be deemed to have rejected the compensation offer.
- (e) The [insert name of CB] shall make compensation payments on receipt of a DCA holder's letter of acceptance of compensation. No interest shall be payable on any compensation payment.

Appendix III

TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS

TERMS OF REFERENCE FOR CAPACITY OPINIONS FOR DCA HOLDERS IN TARGET2

[Insert name of CB]

[address]

Participation in the [name of the system]

[location]

[date]

Dear Sir or Madam,

We have been asked to provide this Opinion as [in-house or external] legal advisers to [specify name of DCA holder or branch of DCA holder] in respect of issues arising under the laws of [jurisdiction in which the DCA holder is established; hereinafter the "jurisdiction"] in connection with the participation of [specify name of DCA holder] (hereinafter the "DCA holder") in the [name of the TARGET2 component system] (hereinafter the "System").

This Opinion is confined to the laws of [jurisdiction] as they exist as on the date of this Opinion. We have made no investigation of the laws of any other jurisdiction as a basis for this Opinion, and do not express or imply any opinion in this regard. Each of the statements and opinions presented below applies with equal accuracy and validity under the laws of [jurisdiction], whether or not the DCA holder acts through its head office or one or more branches established inside or outside of [jurisdiction] in submitting liquidity transfer orders and receiving liquidity transfers.

I. DOCUMENTS EXAMINED

For the purposes of this Opinion, we have examined:

- (1) a certified copy of the [specify relevant constitutional documents] of the DCA holder such as is/are in effect on the date hereof;
- (2) [if applicable] an extract from the [specify relevant company register] and [if applicable] [register of credit institutions or analogous register];
- (3) [to the extent applicable] a copy of the DCA holder's licence or other proof of authorisation to provide banking, investment, funds transfer or other financial services in [jurisdiction];
- (4) [if applicable] a copy of a resolution adopted by the board of directors or the relevant governing body of the DCA holder on [insert date], [insert year], evidencing the DCA holder's agreement to adhere to the System Documents, as defined below; and
- (5) [specify all powers of attorney and other documents constituting or evidencing the requisite power of the person or persons signing the relevant System Documents (as defined below) on behalf of the DCA holder];

and all other documents relating to the DCA holder's constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter the 'DCA holder's Documents').

For the purposes of this Opinion, we have also examined:

- (1) the [insert reference to the arrangements implementing the Harmonised Conditions for Opening and Operation of a Dedicated Cash Account in TARGET2] for the System dated [insert date] (hereinafter the "Rules"); and
- (2) [...].

The Rules and the [...] shall be referred to hereinafter as the "System Documents" (and collectively with the DCA holder's Documents as the "Documents").

II. ASSUMPTIONS

For the purposes of this Opinion we have assumed in relation to the Documents that:

- (1) the System Documents with which we have been provided are originals or true copies;
- (2) the terms of the System Documents and the rights and obligations created by them are valid and legally binding under the laws of [insert reference to the Member State of the System] by which they are expressed to be governed, and the choice of the laws of [insert reference to the Member State of the System] to govern the System Documents is recognised by the laws of [insert reference to the Member State of the System];
- (3) the DCA holder's Documents are within the capacity and power of and have been validly authorised, adopted or executed and, where necessary, delivered by the relevant parties; and
- (4) the DCA holder's Documents are binding on the parties to which they are addressed, and there has been no breach of any of their terms.

III. OPINIONS REGARDING THE DCA HOLDER

- A. The DCA holder is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].
- B. The DCA holder has all the requisite corporate powers to execute and perform the rights and obligations under the System Documents to which it is party.
- C. The adoption or execution and the performance by the DCA holder of the rights and obligations under the System Documents to which the DCA holder is party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the DCA holder or the DCA holder Documents.
- D. No additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any court or governmental, judicial or public authority that is competent in [jurisdiction] are required by the DCA holder in connection with the adoption, validity or enforceability of any of the System Documents or the execution or performance of the rights and obligations thereunder.
- E. The DCA holder has taken all necessary corporate action and other steps necessary under the laws of [jurisdiction] to ensure that its obligations under the System Documents are legal, valid and binding.

This Opinion is stated as of its date and is addressed solely to [insert name of CB] and the [DCA holder]. No other persons may rely on this Opinion, and the contents of this Opinion may not be disclosed to persons other than its intended recipients and their legal counsel without our prior written consent, with the exception of the European Central Bank and the national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

[signature]

TERMS OF REFERENCE FOR COUNTRY OPINIONS FOR NON-EEA DCA HOLDERS IN TARGET2

[Insert name of CB]

[address]

[name of the system]

[location],

[date]

Dear Sir or Madam,

We have been asked as [external] legal advisers to [specify name of DCA holder or branch of DCA holder] (the "DCA holder") in respect of issues arising under the laws of [jurisdiction in which the DCA holder is established; hereinafter the "jurisdiction"] to provide this Opinion under the laws of [jurisdiction] in connection with the participation of the DCA holder in a system which is a component of TARGET2 (hereinafter the "System"). References herein to the laws of [jurisdiction] include all applicable regulations of [jurisdiction]. We express an opinion herein under the law of [jurisdiction], with particular regard to the DCA holder established outside [insert reference to the Member State of the System] in relation to rights and obligations arising from participation in the System, as presented in the System Documents defined below.

This Opinion is confined to the laws of [jurisdiction] as they exist on the date of this Opinion. We have made no investigation of the laws of any other jurisdiction as a basis for this Opinion, and do not express or imply any opinion in this regard. We have assumed that there is nothing in the laws of another jurisdiction which affects this Opinion.

1. DOCUMENTS EXAMINED

For the purposes of this Opinion, we have examined the documents listed below and such other documents as we have deemed necessary or appropriate:

- (1) the [insert reference to the arrangements implementing the Harmonised Conditions for Opening and Operation of a Dedicated Cash Account in TARGET2] for the System dated [insert date] (hereinafter the “Rules”); and
- (2) any other document governing the System and/or the relationship between the DCA holder and other participants in the System, and between the participants in the System and the [insert name of CB].

The Rules and the [.] shall be referred to hereinafter as the “System Documents”.

2. ASSUMPTIONS

For the purposes of this Opinion we have assumed in relation to the System Documents that:

- (1) the System Documents are within the capacity and power of and have been validly authorised, adopted or executed and, where necessary, delivered by the relevant parties;
- (2) the terms of the System Documents and the rights and obligations created by them are valid and legally binding under the laws of [insert reference to the Member State of the System], by which they are expressed to be governed, and the choice of the laws of [insert reference to the Member State of the System] to govern the System Documents is recognised by the laws of [insert reference to the Member State of the System];
- (3) the documents submitted to us in copy or as specimens conform to the originals.

3. OPINION

Based on and subject to the foregoing, and subject in each case to the points set out below, we are of the opinion that:

3.1. Country-specific legal aspects [to the extent applicable]

The following characteristics of the legislation of [jurisdiction] are consistent with and in no way set aside the obligations of the DCA holder arising out of the System Documents: [list of country-specific legal aspects].

3.2. General insolvency issues

3.2.a. *Types of insolvency proceedings*

The only types of insolvency proceedings (including composition or rehabilitation) which, for the purpose of this Opinion, shall include all proceedings in respect of the DCA holder’s assets or any branch it may have in [jurisdiction] to which the DCA holder may become subject in [jurisdiction], are the following: [list proceedings in original language and English translation] (together collectively referred to as “Insolvency Proceedings”).

In addition to Insolvency Proceedings, the DCA holder, any of its assets, or any branch it may have in [jurisdiction] may become subject in [jurisdiction] to [list any applicable moratorium, receivership, or any other proceedings as a result of which payment orders to and/or from the DCA holder may be suspended, or limitations can be imposed in relation to such payment orders, or similar proceedings in original language and English translation] (hereinafter collectively referred to as “Proceedings”).

3.2.b. *Insolvency treaties*

[jurisdiction] or certain political subdivisions within [jurisdiction], as specified, is/are party to the following insolvency treaties: [specify, if applicable which have or may have an impact on this Opinion].

3.3. **Enforceability of System Documents**

Subject to the points set out below, all provisions of the System Documents will be binding and enforceable in accordance with their terms under the laws of [jurisdiction], in particular in the event of the opening of any Insolvency Proceedings or Proceedings with respect to the DCA holder.

In particular, we are of the opinion that:

3.3.a. *Processing of liquidity transfer orders*

The provisions on processing of liquidity transfer orders [list of sections] of the Rules are valid and enforceable. In particular, all liquidity transfer orders processed pursuant to such sections will be valid, binding and will be enforceable under the laws of [jurisdiction]. The provision of the Rules which specifies the precise point in time at which liquidity transfer orders become enforceable and irrevocable ([add section of the Rules]) is valid, binding and enforceable under the laws of [jurisdiction].

3.3.b. *Authority of the [insert name of CB] to perform its functions*

The opening of Insolvency Proceedings or Proceedings in respect of the DCA holder will not affect the authority and powers of the [insert name of CB] arising out of the System Documents. [Specify [to the extent applicable] that: the same opinion is also applicable in respect of any other entity which provides the DCA holders with services directly and necessarily required for participation in the System, e.g. network service providers].

3.3.c. *Remedies in the event of default*

[Where applicable to the DCA holder, the provisions contained in [list of sections] of the Rules regarding accelerated performance of claims which have not yet matured, the set-off of claims for using the deposits of the DCA holder, the enforcement of a pledge, suspension and termination of participation, claims for default interest, and termination of agreements and transactions ([insert other relevant clauses of the Rules or the System Documents]) are valid and enforceable under the laws of [jurisdiction].]

3.3.d. *Suspension and termination*

Where applicable to the DCA holder, the provisions contained in [list of sections] of the Rules (in respect of suspension and termination of the DCA holder's participation in the System on the opening of Insolvency Proceedings or Proceedings or other events of default, as defined in the System Documents, or if the DCA holder represents any kind of systemic risk or has serious operational problems) are valid and enforceable under the laws of [jurisdiction].

3.3.e. *Assignment of rights and obligations*

The rights and obligations of the DCA holder cannot be assigned, altered or otherwise transferred by the DCA holder to third parties without the prior written consent of the [insert name of CB].

3.3.f. *Choice of governing law and jurisdiction*

The provisions contained in [list of sections] of the Rules, and in particular in respect of the governing law, the resolution of a dispute, competent courts, and service of process are valid and enforceable under the laws of [jurisdiction].

3.4. **Voidable preferences**

We are of the opinion that no obligation arising out of the System Documents, the performance thereof, or compliance therewith prior to the opening of any Insolvency Proceedings or Proceedings in respect of the DCA holder may be set aside in any such proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

In particular, and without limitation to the foregoing, we express this opinion in respect of any transfer orders submitted by any participant in the System. In particular, we are of the opinion that the provisions of [list of sections] of the Rules establishing the enforceability and irrevocability of transfer orders will be valid and enforceable and that a transfer order submitted by any participant and processed pursuant to [list of sections] of the Rules may not be set aside in any Insolvency Proceedings or Proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

3.5. **Attachment**

If a creditor of the DCA holder seeks an attachment order (including any freezing order, order for seizure or any other public or private law procedure that is intended to protect the public interest or the rights of the DCA holder's creditors) — hereinafter referred to as an "Attachment" — under the laws of [jurisdiction] from a court or governmental, judicial or public authority that is competent in [jurisdiction], we are of the opinion that [insert the analysis and discussion].

3.6. **Collateral [if applicable]**

3.6.a. *Assignment of rights or deposit of assets for collateral purposes, pledge and/or repo*

Assignments for collateral purposes will be valid and enforceable under the laws of [jurisdiction]. Specifically, the creation and enforcement of a pledge or repo under the [insert reference to the relevant arrangement with the CB] will be valid and enforceable under the laws of [jurisdiction].

3.6.b. *Priority of assignees', pledgees' or repo purchasers' interest over that of other claimants*

In the event of Insolvency Proceedings or Proceedings in respect of the DCA holder, the rights or assets assigned for collateral purposes, or pledged by the DCA holder in favour of the [insert reference to CB] or other participants in the System, will rank in priority of payment above the claims of all other creditors of the DCA holder and will not be subject to priority or preferential creditors.

3.6.c. *Enforcing title to security*

Even in the event of Insolvency Proceedings or Proceedings in respect of the DCA holder, other participants in the System and the [insert name of CB] as [assignees, pledgees or repo purchasers as applicable] will still be free to enforce and collect the DCA holder's rights or assets through the action of the [insert name of CB] pursuant to the Rules.

3.6.d. *Form and registration requirements*

There are no form requirements for the assignment for collateral purposes of, or the creation and enforcement of a pledge or repo over the DCA holder's rights or assets and it is not necessary for the [assignment for collateral purposes, pledge or repo, as applicable], or any particulars of such [assignment, pledge or repo, as applicable,] to be registered or filed with any court or governmental, judicial or public authority that is competent in [jurisdiction].

3.7. **Branches [to the extent applicable]**

3.7.a. *Opinion applies to action through branches*

Each of the statements and opinions presented above with regard to the DCA holder applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the DCA holder acts through its one or more of its branches established outside [jurisdiction].

3.7.b. *Conformity with law*

Neither the execution and performance of the rights and obligations under the System Documents nor the submission, transmission or receipt of payment orders by a branch of the DCA holder will in any respect breach the laws of [jurisdiction].

3.7.c. *Required authorisations*

Neither the execution and performance of the rights and obligations under the System Documents nor the submission, transmission or receipt of payment orders by a branch of a DCA holder will require any additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any court or governmental, judicial or public authority that is competent in [jurisdiction].

This Opinion is stated as of its date and is addressed solely to the [insert name of CB] and the [DCA holder]. No other persons may rely on this Opinion, and the contents of this Opinion may not be disclosed to persons other than its intended recipients and their legal counsel without our prior written consent, with the exception of the European Central Bank and the national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

[signature]

Appendix IV

BUSINESS CONTINUITY AND CONTINGENCY PROCEDURES

1. General provisions

- (a) This Appendix sets out the arrangements between the [insert name of CB] and DCA holders, if one or more components of TARGET2 or a network service provider fail or are affected by an abnormal external event, or if the failure affects any DCA holder.
- (b) All references to specific times in this Appendix are to the local time at the seat of the ECB, i.e. Central European Time (CET (****)).

2. Measures of business continuity

- (a) In the event that an abnormal external event occurs and/or there is a failure of the SSP, the T2S Platform or a network service provider which affects the normal operation of TARGET2, the [insert name of CB] shall be entitled to adopt business continuity measures.
- (b) The following main business continuity and contingency measures shall be available for the SSP:
 - (i) relocating the operation of the SSP to an alternative site;
 - (ii) changing the SSP's operating hours; and
 - (iii) initiating contingency processing of very critical and critical payment orders, as defined in paragraph 6(c) and (d) of Appendix IV to Annex II.
- (c) The following main business continuity and contingency measures shall be available for the T2S Platform:
 - (i) relocating the operation of the T2S Platform to an alternative site;
 - (ii) rescheduling events in the T2S Settlement day.
- (d) In relation to business continuity processing measures, the [insert name of CB] shall have full discretion regarding what measures are adopted.

3. Incident communication

- (a) Information about a failure of the TARGET2 and/or an abnormal external event shall be communicated to DCA holders through the domestic communication channels, the ICM, the T2S GUI and the T2S-information system as defined in the T2S UDFS. In particular, communications to DCA holders shall include the following information:
- (i) a description of the event;
 - (ii) the anticipated delay in processing (if known);
 - (iii) information on the measures already taken.
- (b) In addition, the [insert name of CB] may notify DCA holders of any other existing or anticipated event which has the potential to affect the normal operation of TARGET2.

4. Relocation of the operation of the SSP and/or T2S Platform to an alternative site

- (a) In the event that any of the events referred to in paragraph 2(a) occurs, the operation of the SSP and/or the T2S Platform may be relocated to an alternative site, either within the same region or in another region.
- (b) In the event that the operation of the T2S Platform is relocated to another region, the DCA holders shall
- (i) refrain from sending new instructions to the T2S Platform; and
 - (ii) at the request of [insert name of CB] perform a reconciliation and resubmit any instructions identified as missing submitted within a maximum of five minutes prior to the time of failure or the occurrence of the abnormal external event and provide the [insert name of CB] with all relevant information in this respect.

5. Change of operating hours

- (a) The daytime processing of TARGET2 may be extended or the opening time of a new business day may be delayed. During any extended operating time of TARGET2, payment orders shall be processed in accordance with this Appendix.
- (b) TARGET2 daytime processing may be extended and the closing time thereby delayed, if a T2S Platform or SSP failure has occurred during the day but has been resolved before 18.00. Such a closing time delay shall in normal circumstances not exceed two hours and shall be announced as early as possible to DCA holders. Once such a delay is announced it may not be withdrawn.

6. Failures linked to DCA holders

- (a) In the event that a DCA holder has a problem that prevents it from settling payment orders in TARGET2 [insert name of CB/country reference], it shall be its responsibility to resolve the problem.
- (b) In the event that a DCA holder unexpectedly submits an abnormally high number of messages, which threaten the stability of the T2S Platform, and does not, upon request of the [insert name of CB], refrain from such behaviour without delay, the [insert name of CB] may block from the T2S Platform all further messages submitted by such DCA holder.

7. Other provisions

- (a) In the event of a failure of the [insert name of CB], some or all of its technical functions in relation to TARGET2-[insert CB/country reference] may be performed by other Eurosystem CBs.
- (b) The [insert name of CB] may require that the DCA holders participate in regular or ad hoc testing of business continuity and contingency processing measures, training or any other preventive arrangements, as deemed necessary by the [insert name of CB]. Any costs incurred by the DCA holders as a result of such testing or other arrangements shall be borne solely by the DCA holders.

Appendix V

OPERATING SCHEDULE

1. TARGET2 is open on all days, except Saturdays, Sundays, New Year's Day, Good Friday and Easter Monday (according to the calendar applicable at the seat of the ECB), 1 May, 25 December and 26 December.
2. The reference time for the system is the local time at the seat of the ECB, i.e. CET (****).
3. The current business day is opened during the evening of the previous business day and operates according to the schedule set out in the T2S Scope Defining Set of Documents.
4. The T2S Platform is available for U2A and A2A mode during the whole settlement day, except during the technical maintenance period from 3.00 until 5.00. During the technical maintenance period messages sent using the A2A mode will be queued. It will not be possible to submit messages via the U2A mode.
5. The operating hours may be changed in the event that business continuity measures are adopted in accordance with paragraph 2 of Appendix IV.
6. An overview of the operating hours and significant business events during the day is shown in the following table:

SSP schedule		T2S schedule (applicable to DCAs)	
Time	Description	Time	Description
18.45-19.00 ⁽¹⁾	Start-of-day processing (sending of GL files shortly after 18.45)	18.45-20.00	Start of day: — Change of business date — Deadline for acceptance of CMS data feeds (19.00) — Preparation of the night time settlement
19.00-19.30 ⁽¹⁾	Night-time settlement: provision of liquidity from SF to HAM and PM; from HAM to PM and from PM to DCA.	20.00-3.00	Night-time settlement: — First night-time settlement cycle — Last night-time settlement cycle (sequence X includes the partial settlement of unsettled payment instructions eligible for partial settlement and that have failed to settle due to a lack of securities; sequence Y includes the reimbursement of multiple liquidity providers at the end of cycle)
19.30 ⁽¹⁾ -22.00	Night-time settlement (NTS1): — Start-of-procedure message — Setting aside of liquidity on the basis of standing orders for the night-time processing (ancillary system settlement procedure 6 and T2S)		

SSP schedule		T2S schedule (applicable to DCAs)	
Time	Description	Time	Description
22.00-1.00	Technical maintenance window ⁽²⁾	3.00-5.00	Technical maintenance window ⁽³⁾
1.00-6.45	Night-time processing (ancillary system settlement procedure 6 and T2S)	5.00-18.00	Day trade/Real-time settlement ⁽⁴⁾ : <ul style="list-style-type: none"> — Real-time settlement preparation ⁽⁴⁾ — Partial settlement windows at 14.00 and 15.45 ⁽⁵⁾ (for 15 minutes) — 16.00: DvP cut-off — 16.30: Automatic auto-collateralisation reimbursement, followed by the optional cash sweep — 17.40: Cut-off for bilaterally agreed treasury management operations (BATM) and central bank operations (CBO) cut-off — 17.45: Inbound liquidity transfer cut-off Automated cash sweep after 17.45 <ul style="list-style-type: none"> — 18.00: FOP cut-off
6.45-7.00	Business window to prepare day-light operations		
7.00-18.00	Day trade phase: <ul style="list-style-type: none"> — 17.00: Cut-off for customer payments — 17.45: cut-off for liquidity transfers to DCAs — 18.00: Cut-off for interbank payments and incoming liquidity transfers from DCAs 		
18.00-18.45	<ul style="list-style-type: none"> — 18.15 ⁽¹⁾: Cut-off for the use of standing facilities Data needed to update the accounting system is available for central banks, shortly after 18.30 <ul style="list-style-type: none"> — 18.40 ⁽¹⁾: Cut-off for use of marginal lending (NCBs only) End-of-day processing	18.00-18.45	<ul style="list-style-type: none"> — End of T2S settlement processing — Recycling and purging — End-of-day reporting and statements

Notes to table:

- (1) Plus 15 minutes on the last day of the reserve maintenance period.
- (2) Over a weekend or on a holiday, the technical window will last throughout the weekend or the holiday, i.e., from 22.00 on Friday until 1.00 on Monday or, in the case of a holiday, from 22.00 on the last business day until 1.00 on the next business day.
- (3) Over a weekend or on a holiday, the technical window will last throughout the weekend or the holiday, i.e., from 3.00 on Saturday until 5.00 on Monday or, in the case of a holiday, from 3.00 on the holiday until 5.00 on the next business day.
- (4) Real-time settlement preparation and real-time settlement may start before the maintenance window if the last night-time settlement cycle ends before 3.00.
- (5) Each partial settlement window lasts for 15 minutes. The partial settlement applies to unsettled payment instructions eligible for partial settlement and that have failed to settle due to a lack of securities.

Appendix VI
FEE SCHEDULE**Fees for T2S services**

The following fees for T2S services connected with DCAs shall be charged to the Main PM account holders:

Tariff items	Price	Explanation
Settlement services		
DCA to DCA liquidity transfer orders	9 euro cent	per transfer
Intra-balance movement (i.e. blocking, un-blocking, reservation of liquidity etc.)	6 euro cent	per transaction
Information services		
A2A reports	0,4 euro cent	Per business item in any A2A report generated
A2A queries	0,7 euro cent	Per queried business item in any A2A query generated
U2A queries	10 euro cent	Per executed search function
Messages bundled into a file	0,4 euro cent	Per message in a file
Transmissions	1,2 euro cent	Per transmission

(*) Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems (OJ L 166, 11.6.1998, p. 45).

(**) Directive 2009/110/EC of the European Parliament and of the Council of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions amending Directives 2005/60/EC and 2006/48/EC and repealing Directive 2000/46/EC (OJ L 267, 10.10.2009, p. 7).

(***) Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (OJ L 319, 5.12.2007, p. 1).

(****) CET takes into account the change to Central European Summer Time;

32. in Annex III, the following definitions are replaced:

- “credit institution” means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 [and, if relevant, insert national law provisions implementing Article 2(5) of Directive 2013/36/EU] that is subject to supervision by a competent authority; or (b) another credit institution within the meaning of Article 123(2) of the Treaty that is subject to scrutiny of a standard comparable to supervision by a competent authority,

- “branch” means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,

- “event of default” means any impending or existing event, the occurrence of which may threaten the performance by an entity of its obligations under the national arrangements implementing this Guideline or any other rules (including those specified by the Governing Council with respect to Eurosystem monetary policy operations) applying to the relationship between that entity and any of the Eurosystem CBs, including:
 - (a) where the entity no longer meets the access criteria and/or technical requirements laid down in Annex II and, if applicable, Annex V or where its eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated;
 - (b) the opening of insolvency proceedings in relation to the entity;
 - (c) the submission of an application relating to the proceedings referred to in point (b);
 - (d) the issue by the entity of a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit;
 - (e) the entry of the entity into a voluntary general agreement or an arrangement with its creditors;
 - (f) where the entity is, or is deemed by the relevant euro area NCB to be, insolvent or unable to pay its debts;
 - (g) where the entity’s credit balance on its PM account or its DCA or all or a substantial part of the entity’s assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the entity’s creditors;
 - (h) where participation of the entity in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;
 - (i) where any material representation or pre-contractual statement made by the entity or which is implied to have been made by the entity under the applicable law is incorrect or untrue; or
 - (j) the assignment of all or a substantial part of the entity’s assets;’

33. in Annex III, paragraphs 1 to 3 and the footnote in paragraph 3(d) are replaced by the following:

- ‘1. Each euro area NCB shall provide intraday credit to credit institutions established in the EEA that are eligible counterparties for Eurosystem monetary policy operations, have access to the marginal lending facility and which have an account with the relevant euro area NCB including when those credit institutions act through a branch established in the EEA and including branches established in the EEA of credit institutions that are established outside the EEA providing that such branches are established in the same country as the relevant euro area NCB. No intraday credit may be provided to entities that are subject to restrictive measures adopted by the Council of the European Union or Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty, [the implementation of which, in the view of [CB/country reference] after informing the ECB, is incompatible with the smooth functioning of TARGET2].

2. Intraday credit may also be granted to the following entities:
 - (a) deleted;
 - (b) credit institutions established in the EEA that are not eligible counterparties for Eurosystem monetary policy operations and/or do not have access to the marginal lending facility, including when they act through a branch established in the EEA and including branches established in the EEA of credit institutions that are established outside the EEA;
 - (c) treasury departments of central or regional governments of Member States active in the money markets and public sector bodies of Member States authorised to hold accounts for customers;
 - (d) investment firms established in the EEA provided that they have concluded an arrangement with a Eurosystem monetary policy counterparty to ensure that any residual debit position at the end of the relevant day is covered; and
 - (e) entities other than those falling within point (b) that manage ancillary systems and act in that capacity, provided that the arrangements for granting intraday credit to such entities have been submitted to the Governing Council in advance and have been approved by the Governing Council.
3. For the entities mentioned in paragraph 2(b) to (e), and in accordance with Article 19 of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60) (*), intraday credit shall be limited to the day in question and no extension to overnight credit shall be possible.

By way of derogation, the Governing Council may decide, by means of a reasoned prior decision, to provide access to the marginal lending facility to certain eligible central counterparties (CCPs), within the scope of Article 139(2)(c) of the Treaty in conjunction with Articles 18 and 42 of the Statute of the ESCB and Article 1(1) of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60). Such eligible CCPs are those that, at all relevant times:

- (a) are eligible entities for the purposes of paragraph 2(e), provided also that those eligible entities are authorised as CCPs in accordance with the applicable Union or national legislation;
- (b) are established in the euro area;
- (c) are subject to supervision and/or oversight by competent authorities;
- (d) comply with the oversight requirements for the location of infrastructures offering services in euro, as amended from time to time and published on the ECB's website (**);
- (e) have accounts in the Payments Module (PM) of TARGET2;
- (f) have access to intraday credit.

(*) Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3).

(**) The Eurosystem's current policy for the location of infrastructure is set out in the following statements, which are all available on the ECB's website at www.ecb.europa.eu: (a) the Policy statement on euro payment and settlement systems located outside the euro area of 3 November 1998; (b) The Eurosystem's policy line with regard to consolidation in central counterparty clearing of 27 September 2001; (c) The Eurosystem policy principles on the location and operation of infrastructures settling in euro-denominated payment transactions of 19 July 2007; (d) The Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of "legally and operationally located in the euro area" of 20 November 2008; (e) The Eurosystem oversight policy framework of July 2011, subject to the judgment of 4 March 2015, *United Kingdom v European Central Bank*, T-496/11, ECLI:EU:T:2015:496;

34. in Annex III, paragraphs 4 and 9 are replaced by the following:

- '4. Intraday credit shall be based on eligible collateral and granted by means of collateralised intraday overdrafts and/or intraday repurchase transactions in compliance with the additional minimum common features (including the events of default therein listed, as well as their respective consequences) that the Governing Council specifies with respect to Eurosystem monetary policy operations. Eligible collateral shall consist of the same assets as eligible for use in Eurosystem monetary policy operations, and shall be subject to the same valuation and risk control rules as those laid down in Part Four of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60).'
- '9. The failure by an entity referred to in paragraph 1 to reimburse the intraday credit at the end of the day shall automatically be considered as a request by such entity for recourse to the marginal lending facility.'

35. the following Annex IIIa is inserted:

ANNEX IIIA

CONDITIONS FOR AUTO-COLLATERALISATION OPERATIONS

Definitions

For the purposes of this Annex:

- (1) "auto-collateralisation" means intraday credit granted by the euro area NCB in central bank money triggered when a DCA holder has insufficient funds to settle securities transactions, whereby such intraday credit is collateralised either with the securities being purchased (collateral on flow), or with securities already held by the DCA holder (collateral on stock);
- (2) "available liquidity" means the credit balance on the DCA decreased by the amount of any processed reservations of liquidity or blocking of funds;
- (3) "Dedicated Cash Account (DCA)" means an account held by a DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S;
- (4) "credit institution" means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 [and, if relevant, insert national law provisions implementing Article 2(5) of Directive 2013/36/EU] that is subject to supervision by a competent authority; or (b) another credit institution within the meaning of Article 123(2) of the Treaty that is subject to scrutiny of a standard comparable to supervision by a competent authority;
- (5) "branch" means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013;
- (6) "close links" means close links within the meaning of Article 138 of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60);
- (7) "insolvency proceedings" means insolvency proceedings within the meaning of Article 2(j) of Directive 98/26/EC;
- (8) "event of default" means any impending or existing event, the occurrence of which may threaten the performance by an entity of its obligations under the [insert reference to the arrangements implementing the Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2 and the provisions of this Annex IIIa] or any other rules (including those specified by the Governing Council with respect to Eurosystem monetary policy operations) applying to the relationship between that entity and any of the Eurosystem CBs, including:
- (a) where the entity no longer meets the access criteria and/or technical requirements laid down in [insert reference to the arrangements implementing the Harmonised Conditions for the Opening and Operation of a PM account in TARGET2 and, if applicable, Annex V] or where its eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated;

- (b) the opening of insolvency proceedings in relation to the entity;
- (c) the submission of an application relating to the proceedings referred to in point (b);
- (d) the issue by the entity of a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit;
- (e) the entry of the entity into a voluntary general agreement or an arrangement with its creditors;
- (f) where the entity is, or is deemed by the [insert name of CB] to be, insolvent or unable to pay its debts;
- (g) where the entity's credit balance on its PM account and/or DCA or all or a substantial part of the entity's assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the entity's creditors;
- (h) where participation of the entity in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;
- (i) where any material representation or pre-contractual statement made by the entity or which is implied to have been made by the entity under the applicable law is incorrect or untrue; or
- (j) the assignment of all or a substantial part of the entity's assets.

Eligible entities

1. Notwithstanding paragraph 13, [insert name of CB] shall, from 6 February 2017 and further to a request, offer auto-collateralisation facilities to the entities to which it provides intraday credit in accordance with Annex III, on condition that such entities have both a DCA and a PM account with [insert name of CB] and are not subject to restrictive measures adopted by the Council of the European Union or Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty, [the implementation of which, in the view of [CB/country reference] after informing the ECB, is incompatible with the smooth functioning of TARGET2].
2. Auto-collateralisation shall be limited to intraday only. No extension to overnight credit shall be possible.

Eligible collateral

3. Auto-collateralisation shall be based on eligible collateral. Eligible collateral shall consist of the same assets as eligible for use in Eurosystem monetary policy operations, and shall be subject to the same valuation and risk control rules as those laid down in Part Four of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60).

Furthermore, eligible collateral for auto-collateralisation:

- (a) may be limited by euro area NCBs by means of an *ex ante* exclusion of potential close-link collateral;
 - (b) shall, in the case of cross-border use, be mobilised through a link assessed as eligible for use in Eurosystem credit operations by the Governing Council of the ECB and published on the website of the ECB (*);
 - (c) is subject to certain discretionary choices for the exclusion of eligible collateral as granted to the euro area NCBs by decisions of the Governing Council of the ECB;
4. Debt instruments issued or guaranteed by the entity, or by any other third party with which the entity has close links, may only be accepted as eligible collateral in the situations laid down in Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60).

Credit provision and recovery procedure

5. Auto-collateralisation may only be provided on business days.
6. Credit obtained by means of auto-collateralisation shall be provided free of interest.

7. Fees shall be charged for the provision of auto-collateralisation in line with the fee schedule attached as Appendix VI to Annex IIa.
8. Auto-collateralisation may be reimbursed at any time during the day by the DCA holder by following the procedure described in the T2S UDFS.
9. Auto-collateralisation shall be reimbursed at the latest at the time defined in [insert reference to the arrangements implementing Appendix V to the Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2], and in accordance with the following process:
 - (a) the [insert name of CB] acting via the T2S Platform releases the reimbursement instruction which is settled subject to cash being available to reimburse outstanding auto-collateralisation;
 - (b) if, after performing step (a), the balance on the DCA is not sufficient to reimburse outstanding auto-collateralisation, the [insert name of CB] acting via the T2S Platform checks other DCAs opened in its books for the same DCA holder and transfers cash from any or all of these to the DCA where reimbursement instructions are pending;
 - (c) if, after performing steps (a) and (b), the balance on a DCA is not sufficient to reimburse outstanding auto-collateralisation, the DCA holder shall be deemed to have instructed the [insert name of CB] to transfer the collateral which was used to obtain the outstanding auto-collateralisation to the collateral account of [insert name of CB]. Thereafter, the [insert name of CB] shall provide the liquidity to reimburse the outstanding auto-collateralisation and shall without undue delay debit the relevant PM account of the DCA holder.
 - (d) The [insert name of CB] shall apply a penalty fee of EUR 1 000 for each business day where one or more recurses to collateral relocation under point (c) occur.

Suspension, limitation or termination of auto-collateralisation facilities

10. (a) [insert name of CB] shall suspend or terminate access to auto-collateralisation facilities if one of the following events of default occurs:
 - (i) the DCA or PM account of the entity with the [insert name of CB] is suspended or closed;
 - (ii) the entity concerned ceases to meet any of the requirements laid down in [insert reference to provisions implementing these Conditions for auto-collateralisation operations];
 - (iii) a decision is made by a competent judicial or other authority to implement in relation to the entity a procedure for the winding-up of the entity or the appointment of a liquidator or analogous officer over the entity or any other analogous procedure;
 - (iv) the entity becomes subject to the freezing of funds and/or other measures imposed by the Union restricting the entity's ability to use its funds;
 - (v) the entity's eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated.
- (b) [insert name of CB] may terminate access to auto-collateralisation facilities if another NCB suspends or terminates the DCA holder's participation in TARGET2 pursuant to Article 24(2)(b) to (d) of Annex IIa, or if one or more events of default (other than those referred to in Article 24(2)(a) of Annex IIa) occur.
- (c) The Eurosystem may decide to suspend, limit or exclude counterparties' access to monetary policy instruments on the grounds of prudence or otherwise in accordance with Article 158 of Guideline (EU) 2015/510 of the European Central Bank (ECB/2014/60). In such cases, [insert name of CB] shall implement that decision in respect of access to auto-collateralisation facilities pursuant to provisions in the contractual or regulatory arrangements applied by the [insert name of CB].

- (d) [insert name of CB] may decide to suspend, limit or terminate a DCA holder's access to auto-collateralisation facilities if the DCA holder is deemed to pose risks on the grounds of prudence. In such cases, the [insert name of CB] shall immediately notify the ECB and other euro area NCBs and connected NCBs thereof in writing. Where appropriate, the Governing Council shall decide upon uniform implementation of the measures taken in all TARGET2 component systems.
11. Where [insert name of CB] decides to suspend, limit or terminate a DCA holder's access to auto-collateralisation facilities in accordance with paragraph 10(d), such decision shall not take effect until the ECB has approved it.
12. By derogation from paragraph 11, in urgent circumstances [insert name of CB] may suspend a DCA holder's access to auto-collateralisation facilities with immediate effect. In such cases the [insert name of CB] shall immediately notify the ECB thereof in writing. The ECB shall have the power to reverse the [insert name of CB] action. However, if the ECB does not send the [insert name of CB] notice of such reversal within ten business days of the ECB's receipt of notification, the ECB shall be deemed to have approved the [insert name of CB] action.

Transitional provision

13. By derogation from paragraph 1, in the period from 22 June 2015 to 6 February 2017 [insert name of CB] may, further to a request, offer auto-collateralisation facilities to the entities to which it provides intraday credit in accordance with Annex III, on condition that such entities have both a DCA and a PM account with [insert name of CB] and are not subject to restrictive measures adopted by the Council of the European Union or Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty, [the implementation of which, in the view of [CB/country reference] after informing the ECB, is incompatible with the smooth functioning of TARGET2].

(*) <http://www.ecb.int/paym/coll/coll/sslinks/html/index.en.html>;

36. in Annex IV, point (b) of paragraph 18(1) is replaced by the following:

- (b) A second monthly fixed fee of between EUR 417 and EUR 8 334, in proportion to the underlying gross value of the ancillary system's euro cash settlement transactions (Fixed Fee II):

Band	From (EUR million/day)	To (EUR million/day)	Annual fee	Monthly fee
1	0	below 1 000	EUR 5 000	EUR 417
2	1 000	below 2 500	EUR 10 000	EUR 833
3	2 500	below 5 000	EUR 20 000	EUR 1 667
4	5 000	below 10 000	EUR 30 000	EUR 2 500
5	10 000	below 50 000	EUR 40 000	EUR 3 333
6	50 000	below 500 000	EUR 50 000	EUR 4 167
7	Above 500 000	—	EUR 100 000	EUR 8 334

The gross value of the ancillary system's euro cash settlement transactions shall be calculated by the ASCB once a year on the basis of such gross value during the previous year and the calculated gross value shall be applied for calculating the fee from 1 January of each calendar year. The gross value shall exclude transactions settled on DCAs.;

37. in Annex V, the title is replaced by the following:

'SUPPLEMENTAL AND MODIFIED HARMONISED CONDITIONS FOR THE OPENING AND OPERATION OF A PM ACCOUNT IN TARGET2 USING INTERNET-BASED ACCESS';

38. in Annex V, Article 2 is replaced by the following:

1. For the purposes of this Annex, the following definitions apply:

- "certification authorities" means one or more NCBs designated as such by the Governing Council to act on behalf of the Eurosystem to issue, manage, revoke and renew electronic certificates,
- "electronic certificates" or "certificates" means an electronic file, issued by the certification authorities, that binds a public key with an identity and which is used for the following purposes: to verify that a public key belongs to an individual, to authenticate the holder, to check a signature from this individual or to encrypt a message addressed to this individual. Certificates are held on a physical device such as a smart card or USB stick, and references to certificates include such physical devices. The certificates are instrumental in the authentication process in respect of participants accessing TARGET2 through the internet and submitting payment messages or control messages,
- "certificate holder" means a named, individual person, identified and designated by a TARGET2 participant as authorised to have internet-based access to the participant's TARGET2 account. Their application for certificates will have been verified by the participant's home NCB and transmitted to the certification authorities, which will in turn have delivered certificates binding the public key with the credentials that identify the participant,
- "internet-based access" means that the participant has opted for a PM account that can only be accessed via the internet and the participant submits payment messages or control messages to TARGET2 by means of the internet,
- "internet service provider" means the company or organisation, i.e. the gateway, used by the TARGET2 participant for the purpose of accessing their TARGET2 account using internet-based access.

2. For the purposes of this Annex the definition of "payment order" is amended as follows:

- "payment order" means a credit transfer order, a liquidity transfer order or a direct debit instruction.;

39. in Annex V, paragraphs 2 and 9 of Article 4 are replaced by the following:

(2) Article 3 is modified as follows:

(a) paragraph 1 is replaced by the following:

"1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts."

(b) paragraph 2 is replaced by the following:

"2. The following payment orders are processed in TARGET2-[insert CB/country reference]:

- (a) payment orders directly resulting from or made in connection with Eurosystem monetary policy operations;
- (b) settlement of the euro leg of foreign exchange operations involving the Eurosystem;

- (c) settlement of euro transfers resulting from transactions in cross-border large-value netting systems;
 - (d) settlement of euro transfers resulting from transactions in euro retail payment systems of systemic importance; and
 - (e) any other payment orders in euro addressed to TARGET2 participants.”
- (c) the following paragraph 2a is inserted:
- “2a. In the interests of clarity, for technical reasons, internet-based participants shall not be able to make PM to DCA liquidity transfer orders.”
- (d) paragraph 4 is replaced by the following:
- “4. The [insert name of CB] is the provider of services under these Conditions. Acts and omissions of the SSP-providing NCBs and/or of the certification authorities shall be considered acts and omissions of [insert name of CB], for which it shall assume liability in accordance with Article 31 below. Participation pursuant to these Conditions shall not create a contractual relationship between participants and the SSP-providing NCBs when the latter act in that capacity. Instructions, messages or information which a participant receives from, or sends to, the SSP in relation to the services provided under these Conditions are deemed to be received from, or sent to, [insert name of CB].”; and
- (e) paragraph 6 is replaced by the following:
- “6. Participation in TARGET2 takes effect via participation in a TARGET2 component system. These Conditions describe the mutual rights and obligations of PM account holders in TARGET2-[insert CB/country reference] and the [insert name of CB]. The rules on the processing of payment orders (Title IV) refer to all payment orders submitted or payments received by any PM account holder and shall apply subject to Annex V.”
- (9) Article 13 is replaced by the following:
- “The following are classified as payment orders for the purposes of TARGET2:
- (a) credit transfer orders;
 - (b) direct debit instructions received under a direct debit authorisation. Participants using internet-based access shall not be able to send direct debit instructions from their PM account;
 - (c) liquidity transfer orders.”;

40. in Appendix IIA to Annex V, paragraph 3 is replaced by the following:

- ‘3. The [insert name of CB] shall issue and maintain up to five active certificates per participant for each PM account free of charge. The [insert name of CB] shall charge a fee of EUR 120 for the issuance of each additional subsequent active certificate. The [insert name of CB] shall charge an annual maintenance fee of EUR 30 per each additional subsequent active certificate. Active certificates shall be valid for three years.’

Article 2

Taking effect and implementation

1. This Guideline shall take effect on the day of its notification to the national central banks of the Member States whose currency is the euro.
2. The national central banks of the Member States whose currency is the euro shall take the necessary measures to comply with this Guideline and apply them from 22 June 2015. They shall notify the ECB of the texts and means relating to those measures by 6 May 2015 at the latest.

*Article 3***Addressees**

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 2 April 2015.

For the Governing Council of the ECB

The President of the ECB

Mario DRAGHI
