



EUROPEAN CENTRAL BANK  
EUROSYSTEM

# TARGET2 Pricing Guide

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## Introduction

The purpose of this guide is to provide participants with a comprehensive overview of the pricing schemes for TARGET2 and T2S cash-related services and to give a detailed explanation of the billing principles for the core services of TARGET2, liquidity pooling, ancillary systems services and T2S services used by dedicated cash accounts (DCAs) linked to payment module (PM) accounts.

This guide is intended purely to give information on TARGET2 pricing and billing-related issues and has been written with a view to being updated as necessary. The content of this document confers no legal rights on participants, transactions or any other person or entity.

The first section presents a general overview of TARGET2. Section 2 discusses the pricing of TARGET2 services and T2S cash-related services for participants. Section 3 covers the principles and procedures for billing TARGET2 and T2S cash-related services and the standard items included on invoices submitted to participants. Annex 1 provides some practical examples for the pricing and billing of various types of participants with different payment profiles. The list of transactions subject to billing for TARGET2 services is presented in Annex 2 and the list of rules applied for the prices are presented in Annex 3.

Information on SWIFT pricing<sup>1</sup> and non-cash-related T2S services is not included in this document. All aspects related to SWIFT pricing can be found in the SWIFT price list at [www.swift.com](http://www.swift.com). Issues regarding T2S services can be found in the T2S Framework Agreement (Schedule 7).

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<sup>1</sup> For clarification, to support the restart of the SSP after an inter-region failover, the SSP benefits from the SWIFTNet FIN Bulk Retrieval function. Participants are charged a small fee (currently €0.003) on top of the normal message fees under the SWIFT standard pricing scheme.

# 1 General overview of TARGET2 and the Single Shared Platform

## 1.1 Fundamentals of TARGET2

TARGET2 is based on a single technical platform, known as the Single Shared Platform (SSP), which has been provided by three central banks (3CB: the Deutsche Bundesbank, the Banca d'Italia and the Banque de France) to replace the decentralised infrastructure of the first version of TARGET. Although operating on one technical platform, TARGET2 legally consists of national components governed by the local legislation of each participating Member State. Business relationships with participants and their accounts remain with the national central banks (NCBs). TARGET2 offers a broad range of features and services and allows the Eurosystem to provide a consistent level of service with a single price structure for payments both within and between both intra- and inter- Member States while achieving a high level of cost recovery.

## 1.2 Services provided by the SSP

The SSP provided by the 3CB contains all the functionalities needed by central banks to offer TARGET2 services to their banking communities. It also offers various optional services linked to TARGET2 but not related to real-time gross settlement (RTGS).

## 1.3 TARGET2 services provided by NCBs

When agreeing to establish the SSP for TARGET2, NCBs were allowed to continue processing payments via their proprietary home account (PHA) applications for a transitional period of four years from the migration of the relevant central bank, and in some cases longer (if approved by the Governing Council), in order to give the parties involved more time and to facilitate the change-over. Some NCBs did not use this option and moved all their RTGS services to the SSP immediately. As mentioned above, under TARGET2 the NCBs are still in charge of managing relationships with participants and offering help desk services.

## 2 TARGET2 pricing scheme

### 2.1 The pricing scheme in general

The pricing scheme for TARGET2 comprises several different elements. Most TARGET2 services available to participants are covered by the core pricing scheme for payment transactions. Participants are also offered liquidity pooling as an optional, separately priced core service charged only to those who use it. Ancillary systems settling in TARGET2 are subject to a separate pricing scheme. There are also special fees charged for indirect participation, addressable and multi-addressee BICs, accounts identified by unpublished BICs and internet-based participants. The different elements of these pricing schemes are covered in the following sections.

To ensure a level playing field for all market participants across the Eurosystem, the TARGET2 pricing scheme was applied from when the third migration group joined the SSP on 19 May 2008. It was amended with effect from 1 January 2013.<sup>2</sup>

### 2.2 The core pricing scheme

The pricing scheme for TARGET2 core service (processing payment orders in TARGET2) offers two options for **PM account holders**:

- Option A: a monthly fee of €150 and a flat transaction fee of €0.80 per transaction (debit entry);
- Option B: a monthly fee of €1,875 and volume-based transaction fees ranging from €0.60 to €0.125 per transaction (debit entry) according to the table below.

#### Option A

Fixed fee	Monthly	€150
Flat rate		€0.80

#### Option B

Fixed fee	Monthly	€1,875	
Monthly transactions			
Band	From	To	Price
1.	1	10,000	€0.60
2.	10,001	25,000	€0.50
3.	25,001	50,000	€0.40
4.	50,001	100,000	€0.20
5.	Above 100,000		€0.125

<sup>2</sup> The amendments to the TARGET2 pricing policy approved by the Eurosystem on 19 September 2012 are incorporated in the pricing scheme described in this document.

Participants choose which of the two core pricing options is most favourable for them. Switching between options is permitted monthly. When switching, participants must inform the NCB by the 20th calendar day of the relevant month. The NCB will modify the setting so that the switch between the two options would be taken into account from the following month onwards.

Pricing for **internet-based participants** consists of a monthly fixed fee of €150, regardless of whether the account is held in PM or the Home Accounting Module (HAM), plus additional fees as shown in the table below (similar to the core pricing scheme above):

Fees		
Fixed fee	Monthly	€70
PM/HAM account	Monthly	€150
Flat rate		€0.80
Optional fees		
Unpublished BIC	Monthly	€30

When accessing TARGET2 online, participants are identified and authorised by means of electronic certificates.<sup>3</sup> The NCBs issue and maintain up to five active certificates per internet-based participant for each account free of charge. Internet-based participants wishing to have more than five active certificates at the same time are charged a fee of €120 for the issuance and renewal of each additional subsequent active certificate and an annual maintenance fee of €30 for each additional subsequent active certificate. Internet-based participants are invoiced during the first quarter for the year for the previous year’s certificate related fees. Active certificates are valid for five years.

## 2.3 The ancillary system pricing scheme

All **Ancillary Systems** (ASs) settling in TARGET2 are subject to a fixed fee and a transaction fee depending on the number of transactions, similar to the core pricing scheme. In addition, all ASs are subject to two monthly fixed fees: fixed fee I of €1,000 and a fixed fee II based on the gross underlying value settled in the AS, i.e. the total value of all transactions in euro processed in the AS and settled in TARGET2.

The same pricing scheme applies to all ASs, regardless of whether they use the Ancillary System Interface (ASI) or the Participant Interface (PI) for settlement.

<sup>3</sup> As defined in Article 2 of the Guideline of the European Central Bank of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer System (TARGET2) (recast) (ECB/2012/27).

Participants wanting to carry out two different activities, i.e. AS settlement business and normal banking business, will be considered an ancillary system and must register as such. In that particular case, some banking business fees will not apply as they are already covered by AS fees:

- all transactions are charged according to the ancillary system pricing scheme, as shown in the table below.
- the monthly fee for the normal banking business is not paid twice, because it is already included in the AS pricing scheme;
- the value of the banking business is not considered part of the gross underlying value which forms the basis for the second fixed fee;
- Any other optional banking business related fee will apply. For instance, any unpublished BIC fee should be charged in the context of banking business.

The ancillary system pricing scheme also applies to central securities depositories (CSDs) that continue to participate in TARGET2 to support specific businesses (e.g. settling corporate actions, collecting funds/fees/taxes) even though they have migrated to T2S. However, the fixed fee II for such CSDs is based on the underlying gross value of transactions finally settled on the SSP (the PM accounts), not on the whole turnover of the migrated CSD.<sup>4</sup>

The following fees are applied to ASs:

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<sup>4</sup> For instance, for a CSD settling €6 billion total daily average of gross underlying value in euro but only €50 million daily average of corporate actions on RTGS accounts, the fixed fee II would be based on the €50 million daily average.

1. Transaction fee (as per core pricing)			
<b>Option A</b>			
Fixed fee	Monthly		€150
Flat rate			€0.80
<b>Option B</b>			
Fixed fee	Monthly		€1,875
<b>Monthly transactions</b>			
Band	From	To	Price
1.	1	5,000	€0.60
2.	5,001	12,500	€0.50
3.	12,501	25,000	€0.40
4.	25,001	50,000	€0.20
5.	Above 50,000		€0.125
<b>2. Fixed fee I</b>			
Monthly fee per AS			€1,000
<b>3. Fixed fee II (based on underlying gross value)</b>			
Size (EUR millions/day)	Annual fee	Monthly fee	
from 0 to 999.99	€5,000	€417	
from 1,000 to 2,499.99	€10,000	€833	
from 2,500 to 4,999.99	€20,000	€1,667	
from 5,000 to 9,999.99	€30,000	€2,500	
from 10,000 to 49,999.99	€40,000	€3,333	
from 50,000 to 499,999.99	€50,000	€4,167	
500,000 and above	€100,000	€8,333	

All ancillary systems, whether designated under the Settlement Finality Directive (SFD)<sup>5</sup> or not, pay fixed fees (including the fee for transaction pricing in the core scheme) once only, regardless of how many accounts of different types (RTGS, technical or technical account – procedure 6 real-time<sup>6</sup>) they may have in TARGET2, or even if they have no account at all<sup>7</sup>. Similarly, all transactions on these accounts are grouped together to calculate the transaction fees payable under the ancillary system pricing scheme.

All transactions related to the settlement of ancillary systems are charged to the ancillary system, regardless of whether initiated by the ancillary system itself (or the central bank on its behalf) or by one of the settlement banks. The latter transactions are not included on the invoices for the settlement banks. Designation of a system

<sup>5</sup> 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).

<sup>6</sup> Please see UDFS Book 1 section 2.8 for a clarification on differences between the two types of technical accounts.

<sup>7</sup> The usage of the Value Added Services (VAS) and the fees for DCA links by ancillary systems are not bound by this rule due to the fact that they are considered as services and services shall be charged based on their actual usage.

under the SFD automatically implies that such a system is considered one entity for the pricing scheme for ancillary systems.

The Eurosystem has decided on the following criteria to identify systems<sup>8</sup> that have not been designated under the SFD: (i) a formal arrangement, based on private contract or statute law, e.g. an agreement among the participants and the system operator; (ii) with multiple membership; (iii) common rules and standardised arrangements; (iv) for the clearing, netting and/or settlement of payments and/or securities between the participants, with the resulting monetary obligations settled in TARGET2.

## 2.4 Pricing of liquidity transfers

Liquidity transfers are transfers of funds:

- between accounts of the same participant;
- between two accounts of a group of accounts;
- between a PM account and a technical account – procedure 6 real-time.

Liquidity transfers involving technical accounts – procedure 6 real-time and sub-accounts are dealt with in Section 3.3.1 and are not considered here.

Liquidity transfers are used to shift liquidity between accounts held in the PM of the SSP, the accounts of the SSP's HAM and the NCB's proprietary home accounting application, or within these home accounts. They might, for example, be used to assist the management of liquidity in home accounts maintained by indirect TARGET2 participants (e.g. for reserve requirements). In addition, credit institutions within a group of accounts may submit cross-border liquidity transfers to each other to support their liquidity management at European level.

Liquidity transfers are defined as all transactions transmitted in simplified SWIFT MT202 messages (or the equivalent XML messages) within or between PHA/HAM accounts and PM accounts.<sup>9</sup> The TARGET2 core fee applies to liquidity transfers initiated in the PM. Pricing of liquidity transfers from the PHA/HAM to the PM and within the PHA/HAM, and processed within the PHA/HAM, is left to the discretion of the respective NCB (subject to conditions listed under Section 2.8).

Liquidity transfers from a PM account to a DCA and from a DCA to a PM account are billed to the respective PM account holder (the PM account holder debited, in the first case, and the PM account holder credited, in the second case) and priced

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<sup>8</sup> Based on the definition of a funds transfer system in "A glossary of terms used in payments and settlement systems" (BIS, 2003) and Article 2 of the TARGET2 Guideline (ECB/2012/27).

<sup>9</sup> The simplified SWIFT MT202 message has a format restriction: only fields needed to execute liquidity transfers are allowed. It is not possible to specify an ordering institution (field 52) other than the sender, nor is it possible to specify an account-with institution (field 57) other than a central bank. No intermediary institution (field 56) can be specified. For more information, see UDFS Book 2, Section 14.1.2.2.1.5.

according to the TARGET2 pricing scheme (in line with the pricing option selected by the participant). DCA to DCA liquidity transfer orders are priced according to the T2S pricing scheme and billed in the T2S invoice (see 2.8.2).

## 2.5 Fees for indirect participants, addressable BICs, multi-addressee access and unpublished BICs

There are a number of ways to access the TARGET2 system other than direct participation. The fees for registering for different types of participation and for unpublished BICs are as follows:

One-off fee	Price
Addressable BICs (branches of direct and indirect participants, branches of correspondents and addressable BIC holders that are members of the same group*)	€5
Monthly fee	
Indirect participation	€20
Addressable BICs (correspondents)	€5
Unpublished BICs	€30
Multi-addressee access**	€80

\* As defined in Article 1 of the Harmonised Conditions for Participation in TARGET2<sup>10</sup>.

\*\* Based on BIC 8.

The above fees are charged on top of the core pricing scheme to the direct participants responsible for the business relationship with these entities.

## 2.6 The liquidity pooling pricing scheme

TARGET2 offers two variants for liquidity pooling: (i) aggregated liquidity (AL<sup>11</sup>, also known as virtual account), which allows settlement of payments using liquidity available on other accounts of the group; (ii) consolidated account information (CAI), which gives group managers comprehensive information on the liquidity position of all group members.

The price for CAI is €100 per month per account included in the group; the price for AL (which includes CAI) is €200 per month per account included in the group.

Participants opt for one of the liquidity pooling options benefit from group pricing. In such a case the core pricing option B is applied by default to the group manager. The degressive transaction fee in the core pricing scheme is applied to all payments

<sup>10</sup> Please see Annex II of the Guideline of the European Central Bank of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer System (TARGET2) (recast) (ECB/2012/27).

<sup>11</sup> The term "virtual account" was replaced with "aggregated liquidity" (AL) during the development of the TARGET2 Guideline, therefore this term is used in this report.

initiated from a group account (except those related to the settlement of ancillary systems – see Section 2.3).

Where PM accounts belong to one group and have a single group manager, the pricing scheme is straightforward. The group manager (for the CAI group and/or the AL group) pays a monthly account fee of €1,875 (i.e. the account fee for option B in the core pricing scheme), while the members of the group of accounts pay €150 per month each (i.e. the account fee for option A in the core pricing scheme). Naturally, both the group manager and the members have to pay the fee for the liquidity pooling service (€200 per month for the AL group or €100 per month for the CAI group) on top of the account fees in the core pricing scheme.

However, an account can belong to two groups: an AL group and a CAI group. Where an account in a CAI group also belongs to an AL group, all accounts in that AL group must also be included in the CAI group. There are two plausible scenarios:

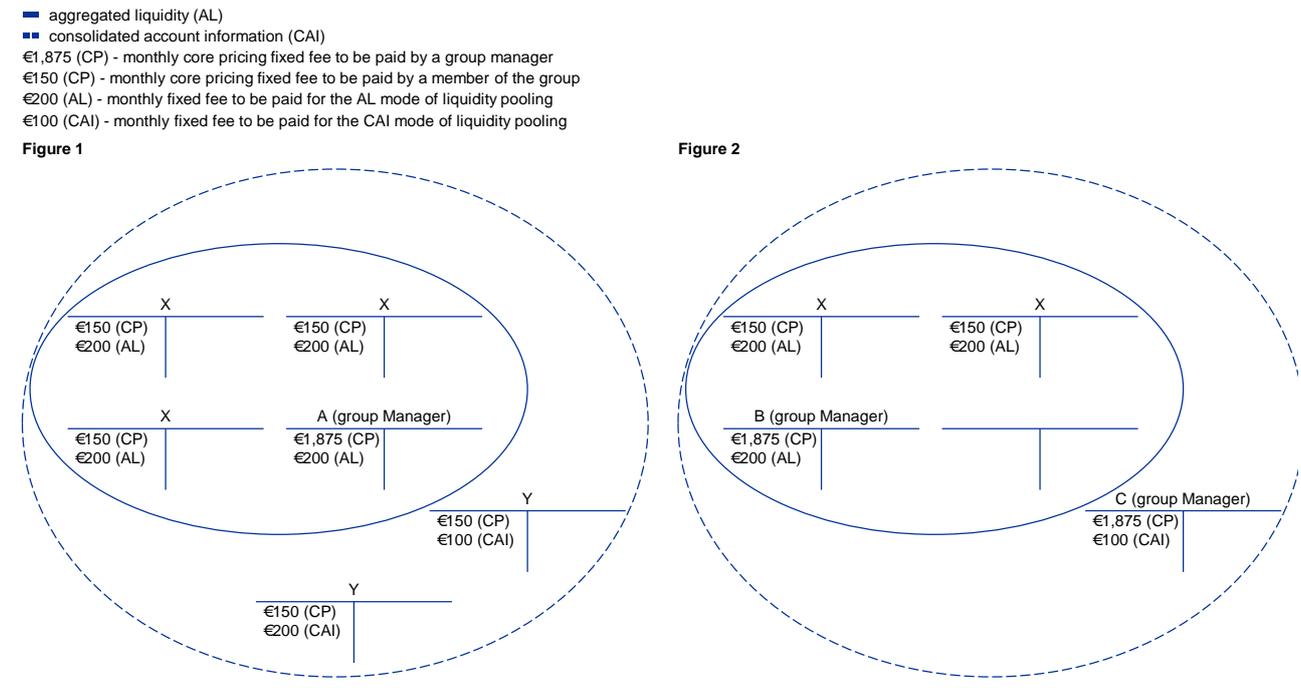
1. the CAI group manager and the AL group manager are the same;
2. the CAI group manager is not the AL group manager and is not a member of the AL group.

Allowing for these scenarios, the following pricing scheme applies to entities in a group of accounts:

- *Group manager:*
  - If the AL group manager is the same as the CAI group manager (entity A in Figure 1), the fees are €200 per month (the AL option for liquidity pooling) plus €1,875 per month (the account fee for option B in the core pricing scheme).
  - If the AL group manager is not the CAI group manager, the fees are as follows:
    - AL group manager (entity B in Figure 2): €200 per month (the AL option for liquidity pooling) plus €1,875 per month (the account fee for option B in the core pricing scheme);
    - CAI group manager (entity C in Figure 2): €100 per month (the CAI option for liquidity pooling) plus €1,875 per month (the account fee for option B in the core pricing scheme).
- *Group member:*
  - If a participant is a member of an AL group as well as a CAI group (entities X in both the figures below), the fees are €200 per month (the AL option for liquidity pooling) plus €150 per month (the account fee for option A in the core pricing scheme).

- If a participant is a member of a CAI group only (entities Y in Figure 1), the fees are €100 per month (the CAI option for liquidity pooling) plus €150 per month (the account fee for option A in the core pricing scheme).

The following chart illustrates liquidity pooling pricing:



## 2.7 Pricing of transactions settled on home accounts

The aim is for TARGET2 to process all interbank payments, open market operations and ancillary system settlement transactions in the PM of the SSP. However, NCBs may offer their participants payment services outside the PM on proprietary home accounts from their PHA applications or in the HAM of the SSP.

NCBs may:

- use home accounts to offer payment services only to customers not eligible to be TARGET2 participants;
- hold PHA accounts for TARGET2 participants, although these accounts can only be used for a limited number of clearly defined transactions (e.g. cash withdrawal, reserve management or standing facilities).

The pricing for cash withdrawals, standing facilities and reserve management on PHA accounts has not been harmonised.

## 2.8 Fees for main PM account holders

### 2.8.1 Fees included in TARGET2 invoices

#### 2.8.1.1 T2S-related fees

TARGET2 participants holding accounts which act as main PM accounts for T2S DCAs will be charged a monthly fee of €250 for each linked DCA and a transactional fee for liquidity transfers between TARGET2 and T2S (as stated in 2.4).

Moreover, participants opting for the optional TARGET2 value-added services (VAS) for T2S will also be invoiced according to the chosen core pricing option (A or B) as follows:

Monthly fee	Price
Participants using core pricing option A	€50.00
Participants using core pricing option B	€625.00

#### 2.8.1.2 TIPS-related fees

TARGET2 participants holding accounts which act as main PM accounts for TIPS DCAs (via the Liquidity Management Link, LM link) will be charged with TIPS a transactions fee as follows:

Service items	Price	Explanation
Instant payment order	0.20 euro cent	Per transactions, settled or not
Recall request	0.00 euro cent	
Negative recall answer	0.00 euro cent	
Positive recall answer	0.20 euro cent	To be charged to the holder of the Linked PM account associated with the TIPS DCA to be credited (also for unsettled transactions)

The Eurosystem is offering the first 10 million billable TIPS transactions free of charge, provided these payments are made by the end of 2019.

### 2.8.2 Fees included in T2S invoices:

In addition, main PM account holders will be charged in a separate T2S invoice the following fees for T2S services connected to linked DCA(s) as per Schedule 7 of the T2S Framework Agreement.

Pricing list valid until 31 December 2018:

Service items	Price	Explanation
<b>Settlement services</b>		
DCA to DCA liquidity transfer orders	9 euro cent	Per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity, etc.)	6 euro cent	Per transaction
<b>Information services</b>		
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 contained in a file
Transmissions	1.2 euro cent	Per transmission

Pricing list valid from 1 January 2019:

Service items	Price	Explanation
<b>Settlement services</b>		
DCA to DCA liquidity transfer orders	14.1 euro cent	Per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity, etc.)	9.4 euro cent	Per transaction
<b>Information services</b>		
A2A reports	0.4 euro cent	Per business item within each generated A2A report
A2A queries	0.7 euro cent	Per business item within each A2A query generated
U2A queries	10 euro cent	Per executed search function
Messages bundled into a file	0.4 euro cent	Per message contained in a file
Transmissions	1.2 euro cent	Per transmission

## 3 Billing for TARGET2 services

### 3.1 General principles

Invoices for all TARGET2 services during a given month are sent out to direct participants by the relevant NCB by the ninth business day of the following month and must be paid by the 14th business day of that month.

With the exception of the one-off fee, the billing frequency for fees paid by participants for TARGET2 services (i.e. core services, ancillary systems and liquidity pooling services) is monthly.

### 3.2 Billing of transactions subject to the core pricing scheme

#### 3.2.1 Transactions on accounts not included in a group

##### 3.2.1.1 Transactions initiated by credit institutions

###### 3.2.1.1.1 Transactions charged

Under the TARGET2 core pricing scheme, a transaction fee is charged for every transaction received by the PM of the SSP from a direct<sup>12</sup> participant (e.g. normal payments, liquidity transfers initiated in the PM). The following types of transaction are excluded:

- transactions crediting the account of an ancillary system used to settle transactions/balances of such system;<sup>13</sup>
- transactions related to reversal payments under ASI procedure 4;
- transactions related to liquidity transfers from an RTGS account to a sub-account and vice versa;
- transactions related to auto-collateralisation under ASI procedure 6.

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<sup>12</sup> Including entities authorised to debit the direct participant's account to send payments to the system, i.e. multi-addressee access.

<sup>13</sup> An ancillary system may hold an account in the PM of the SSP for purposes other than settling balances/transactions, e.g. paying expenses, fees, penalties, or interest related to member participation in the system. In these cases transactions sent by participants crediting the account of the ancillary system are subject to the core pricing scheme.

All settled, revoked and rejected transactions (rejected for reasons other than technical) are charged to the participant. Rejected transactions are charged as if they had been settled if they have been rejected either due to user interaction (e.g. lack of liquidity, revocation and exclusion) or rejected for functional reasons (i.e. not fulfilling specific TARGET2 requirements).<sup>14</sup>

Annex 2 provides a detailed list of transactions subject to billing.

### 3.2.1.1.2 Entities invoiced

Direct participants are invoiced for all fees under the core pricing scheme, as well as for optional TARGET2 VAS, T2S DCA-PM link fee and liquidity transfers between PM and T2S- and TIPS-DCA accounts if relevant. Separate invoices are created for each RTGS account. A legal entity with several accounts (participants) will receive several invoices.

Fees must be paid by the participant whose account is debited (i.e. the sender of the payment message for credit transfers and the receiver for direct debits).

Other types of participant (indirect participants, multi-addressee access, addressable BICs and unpublished BICs) are not billed and do not receive any invoice. Fees related to their registration (i.e. one-off, monthly and transaction fees) are charged to the direct participants that have the business relationship with these entities. Transactions by these types of participant are considered transactions by the direct participant and are therefore billed to the direct participant.

Other types of entity which do not have a PM account (e.g. central bank customers, entities with a HAM account only, credit institutions subject to reserve management managed in the RM) are not affected by the fees for TARGET2 core services as their fees are determined by the relevant NCB.

### 3.2.1.1.3 Account charged for billing

The account of a direct participant is charged with the amount invoiced by the relevant NCB. Where a legal entity has several accounts, the various invoices are paid from the account notified to the relevant NCB.

### 3.2.1.2 Transactions initiated by NCBs

Transactions on the SSP initiated by NCBs acting as direct participants in TARGET2 are subject to the core pricing scheme.

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<sup>14</sup> For a comprehensive overview of payments that are considered to have been rejected for reasons other than technical these are payments rejected with an error code listed in UDFS book 1 section 9.5.2.

NCBs may also use the ASI for transactions other than the settlement of ancillary systems (e.g. monetary policy operations, cash withdrawals, customer services, FX arbitrage, invoicing) as described in the User Detailed Functional Specifications. Transactions of this nature settled via ASI are charged in accordance with the core pricing scheme outlined in Section 2.2, provided they are not related to the settlement of ancillary systems.

Where NCBs act as a clearing agent for ancillary systems and submit settlement instructions to the SSP for this purpose (either via the Participant Interface or via the Ancillary System Interface) they are charged as specified in Section 3.3. Where an NCB acts on behalf of an ancillary system (e.g. in an emergency), the ancillary system is charged as usual. The volume of NCB transactions settled via ASI is calculated using the same criteria as for ancillary system transactions.

NCBs are charged for their activities in both cases, i.e. as direct participants and when they use ASI for their own specific operations.

## 3.2.2 Transactions on accounts included in a group

### 3.2.2.1 Transactions charged

Group pricing allows the transactions of all participants in a group of accounts to be aggregated. These transactions are charged according to the normal core pricing scheme, but the degressive fee structure is applied to the total transactions on the accounts of the group. Where a group is part of another larger group of accounts (typically an AL group, but sometimes a CAI group), the largest group is always the basis for invoicing.

### 3.2.2.2 Entities invoiced

The direct participant which owns the main account of a group, i.e. the group manager, is invoiced for all fees for all accounts in the group:

- TARGET2 core services (fixed fee, transaction fee and specific fees for unpublished BICs, multi-addressee access, indirect participation and addressable BICs);
- liquidity pooling services (see Section 2.7);
- TARGET2 value-added services and the T2S DCA-PM monthly account link fee; and
- TIPS transaction fees.

Where the CAI group manager is not the same as the AL group manager, the participant that owns the main account of the CAI group is invoiced for the total fees

for the group of accounts, using the degressive fee structure for all payments for that group.

### 3.2.2.3 Account charged for billing

The account of the group manager (AL group or CAI group) is charged all fees for all entities in the group of accounts.

## 3.3 Billing of transactions subject to the ancillary system pricing scheme

### 3.3.1 Transactions charged

Any transaction sent by an ancillary system or settled on its account is considered an ancillary system-related transaction. All transactions involving accounts belonging to ancillary systems are invoiced as AS transactions, regardless of whether they are performed through the ASI or not. Transactions involving the guarantee account are also subject to AS transaction pricing. Therefore, in order to avoid charging a system twice, TARGET2 does not charge banks when they send a payment to an ancillary system. The ancillary system charges its banks in accordance with its own pricing scheme, outside of TARGET2.

When billable transactions settled via ASI are being determined, the charging arrangements for ancillary systems transactions are as follows:

- ancillary systems settling bilateral transactions under ASI settlement procedures 4, 5 and 6 (“double-charging”): only half the number of debits and credits on the RTGS/sub-accounts are charged (i.e. the total number of debits and credit on the RTGS/sub-accounts divided by two);
- ancillary systems settling bilateral transactions without involving a technical account: every transaction (debit) on an RTGS account is charged, as with normal TARGET2 payments;
- ancillary systems settling multilateral transactions (necessarily via a technical account): each debit on the RTGS/sub-account (to the technical account) and each credit to an RTGS/sub-account (from the technical account) is charged.

For liquidity transfers under ASI settlement procedures, the Eurosystem has decided the following:

- liquidity transfers from RTGS accounts to sub-accounts and vice versa (i.e. settlement procedure 6 (interfaced)) will not be charged;

- liquidity transfers between RTGS accounts and technical accounts - procedure 6 real-time will be charged for every debit and credit on the RTGS accounts (i.e. settlement procedures 3 and 6).

The Eurosystem has decided not to charge for transactions related to auto-collateralisation, following the same principle as for liquidity transfers from RTGS accounts to sub-accounts.

The details for charging ancillary systems transactions settled via ASI and liquidity transfers under ASI procedures are shown in Annex 2.

### 3.3.2 Entities invoiced

The following types of entity will be invoiced according to the ancillary system pricing scheme:

- ancillary systems entities: all transactions submitted by ancillary systems or involving accounts belonging to these entities are invoiced as AS transactions, regardless of whether they are performed through the ASI or not;
- central banks: an NCB operating an AS is subject to the ancillary system pricing scheme just like any private ancillary system;
- entities (e.g. AS, central bank) owning a guarantee account: transactions involving this account are subject to AS transaction pricing. No core service fixed fee is invoiced for the account (this is deemed to be covered by the AS fixed fee for the AS in question).

### 3.3.3 Account charged for billing

As a matter of principle, the account of the AS which is used to settle balances/transactions of participants is never used to pay TARGET2 invoices. If the AS holds an account on which non-AS-related transactions can be made, this is charged for all the fees under the ancillary system pricing scheme.

Alternatively, if the AS holds an account with a commercial bank, the invoice may be paid by direct debit to the PM account held with that bank, or by a credit transfer initiated by the AS from the bank.

## 4 Billing for T2S cash-related services

TARGET2 participants holding PM accounts which act as main PM accounts for T2S DCAs are invoiced every month for the T2S services for all linked DCAs (see Section 2.9 for details of fees). This invoicing is separate from TARGET2 invoicing. The invoice for all T2S cash-related services during a given month is sent to the main PM account holder by the relevant NCB no later than the ninth business day of the following month and must be paid by the 14th business day of that month.

## 5 Minimum information on invoice

As not all NCBs use the optional billing services (i.e. CRISP) provided by the 3CB, the billing information on invoices sent to TARGET2 participants must be consistent.

The minimum information to be provided on invoices to participants is the following:

- billing period;
- number of chargeable items used by each participant in the billing period;
- type of participation by each participant;
- type of settlement and procedure used (for ancillary systems);
- VAT (if applicable);
- pricing option selected for the TARGET2 core service.

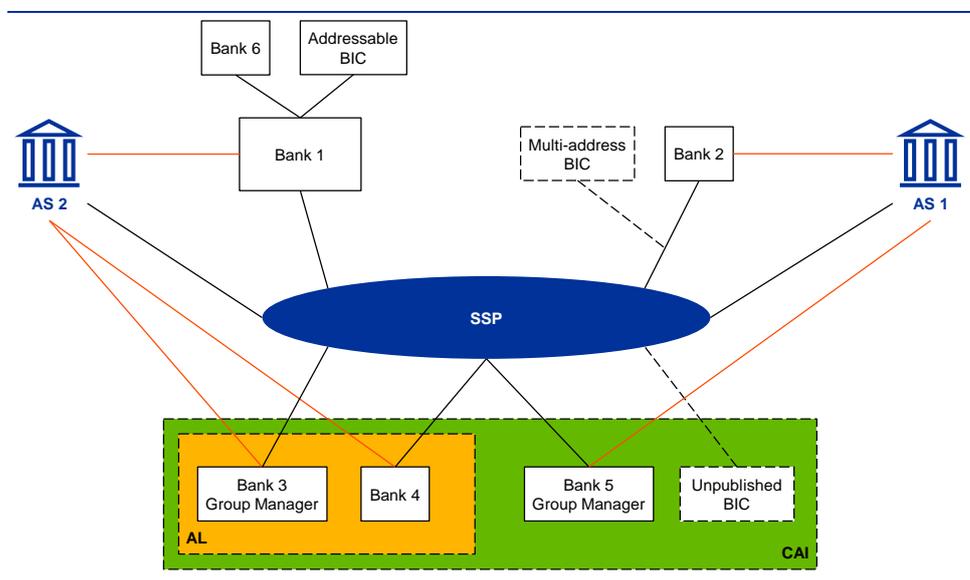
# Annex 1

## Practical Application and sample invoices

### 1.1 Practical application of billing for various types of participant

We provide below a practical example of pricing and billing for various types of participant with different payment profiles. First, we present profiles of the participants together with a brief description of their traffic, and then some sample invoices are provided for one month of traffic. Please note that the format presented here may not be used in your actual future bills; it is for demonstration purposes only.

The model SSP shown has only two types of participant: ancillary systems and banks (for the sake of simplicity, all participants that are not ancillary systems are called banks). Both can vary in size, scale of correspondent business and payment traffic. Some banks participate in liquidity pooling, others have indirect participants, unpublished BICs, etc.



**AS1** is a small gross/bilateral ancillary system with €1,550 million daily underlying value. It has two participating banks that each generate 2,000 transactions per month, so it makes sense for this AS to choose option A. AS1 uses settlement model 5 for bilateral transactions, therefore the fee is only charged for half the number of debits and credits on the RTGS accounts (4,000/2).

**AS2** is a large ancillary system; the daily underlying value settled is €47,500 million. It has three banks participating in its settlement procedures: Bank 1, Bank 3 and Bank 4. Bank 1 initiates 20,000 AS-related transactions with AS2; Bank 3 submits 10,000 transactions and Bank 4 submits 3,000. AS2 uses ASI models 2 and 3 (bilateral) with a technical account involved, therefore the transaction fee is charged for every credit and debit on the RTGS accounts. Under the TARGET2 pricing scheme, AS2 is charged directly for all of these, i.e. 66,000 debits and credits per month.

**Bank 1** is a large bank with extensive correspondent business: in the current month it has connected Bank 6 as a new indirect participant and another addressable BIC. Bank 1 has to pay €20 + €5 by way of fees for its new business partners. Bank 1 submitted 173,000 transactions (e.g. normal/regular payments and liquidity transfers), which already cover the traffic of the indirect participant and the correspondent BICs channelled through Bank 1. Bank 1 also initiated 20,000 AS-related transactions; these are not billed to the participant but charged directly to the AS instead.

**Bank 2** is a small bank and so has logically chosen option A, with the flat transaction fee. It has multi-addressee access as well. Bank 2 and the multi-addressee BIC together submitted only 3,211 transactions in the month in question. Its AS-related transactions will be charged directly to AS1.

**Bank 3** uses the liquidity pooling service, along with Banks 4 and 5. Bank 3 and 4 form an aggregated liquidity account (formerly known as a virtual account) where Bank 3 is the group account manager. Moreover, all consolidate their account information (the CAI option), with Bank 5 as the main account holder. Bank 3 and Bank 4 pay €200 per month for these liquidity pooling services, whereas Bank 5 is charged €100 per month. The monthly fixed fees under the core pricing scheme also apply: Bank 3 and Bank 5 are charged €1,875 per month, while Bank 4 is charged €150. There is also an unpublished BIC (published in the SWIFT directory but not the TARGET2 directory), for which there is a monthly fee of €30. Since the unpublished BIC account is included in the liquidity pooling, the liquidity pooling fee (€100) and the core pricing fee (€150) also apply on top of the €30.

The core service pricing scheme is applied for transaction fees; however, the invoicing for all transactions and accounts is done as if the main account holder of the CAI option had performed them (group pricing). In our example, Bank 3 submitted 12,345 regular payments, Bank 4 submitted 23,456 regular payments and Bank 5 sent 987 payments a month to the SSP. There were also 100 transactions via the unpublished BIC. In addition, there were AS-related transactions which are not invoiced to the bank but are billed to the ancillary systems: the additional 3,000 transactions by Bank 4 are billed to AS2, while the 2,000 transactions by Bank 5 are billed directly to AS1.

## 1.2 Samples invoices

We provide below sample invoices for all the cases mentioned:

### Invoice to AS1

Date:	1 Jan to 31 Jan 2013		
Participant:	AS 1		
Pricing option:	Option A		
Number of transactions:	4,000 (Settlement Model 4)		
AS1 size:	€1,550,000/day underlying value		
Type of settlement:	Gross/bilateral system		
Periodic fee option A	150		
AS fixed fee I	1,000		
AS fixed fee II	833		
	Quantity	Unit price (€)	
Option B transaction fee band 1		-	
Option B transaction fee band 2		-	
Option B transaction fee band 3		-	
Option B transaction fee band 4		-	
Option B transaction fee band 5		-	
Transaction fee	4,000/2	0.80	1,600
Total price (VAT not included)			3,583

### Invoice to Bank 1

Date:	1 Jan to 31 Jan 2013		
Participant:	Bank 1		
Pricing option:	Option B		
Number of transactions:	173,000		
Periodic fee option A	1,875		
	Quantity	Unit price (€)	
Option B transaction fee band 1	10,000	0.60	6,000
Option B transaction fee band 2	15,000	0.50	7,500
Option B transaction fee band 3	25,000	0.40	10,000
Option B transaction fee band 4	50,000	0.20	10,000
Option B transaction fee band 5	73,000	0.125	9,125
Transaction fee			42,625
Registration of indirect participant	1		20
Registration of addressable BIC	1		5
Total price (VAT not included)			44,525

## Invoice to Bank 5 (group of accounts)

Date:	1 Jan to 31 Jan 2013		
Participant:	Bank 5		
Pricing option:	Option B		
Number of transactions:	12,345 + 23,456 + 987 + 100		
Periodic fee option A (Bank 3)	1,875		
Periodic fee option B (Bank 4)	150		
Periodic fee option B (Bank 5)	1,875		
Periodic fee option A (unpublished BIC account)	150		
	Quantity	Unit price (€)	
Option B transaction fee band 1	10,000	0.60	6,000
Option B transaction fee band 2	15,000	0.50	7,500
Option B transaction fee band 3	11,888	0.40	4,755
Option B transaction fee band 4	-		
Option B transaction fee band 5	-		
Transaction fee			18,255
Liquidity pooling VA	2	200	400
Liquidity pooling CAI	2	100	200
Unpublished BIC monthly fee	1		30
Total price (VAT not included)			21,060

## Invoice to AS2

Date:	1 Jan to 31 Jan 2013		
Participant:	AS 2		
Pricing option:	Option B		
Number of transactions:	66,000 (Settlement Model 2, 3)		
AS1 size:	€47,500,000/day underlying value		
Type of settlement:	Real time, bilateral		
Periodic fee option B	1,875		
AS fixed fee I	1,000		
AS fixed fee II	3,333		
	Quantity	Unit price (€)	
Option B transaction fee band 1	5,000	0.60	3,000
Option B transaction fee band 2	7,500	0.50	3,750
Option B transaction fee band 3	12,500	0.40	5,000
Option B transaction fee band 4	25,000	0.20	5,000
Option B transaction fee band 5	16,000	0.125	2,000
Transaction fee			18,750
Total price (VAT not included)			24,958

## Invoice to Bank 2

Date:	1 Jan to 31 Jan 2013		
Participant:	Bank 2		
Pricing option:	Option A		
Number of transactions:	3,211		
Periodic fee option A	150		
	Quantity	Unit price (€)	
Option B transaction fee band 1	-		
Option B transaction fee band 2	-		
Option B transaction fee band 3	-		
Option B transaction fee band 4	-		
Option B transaction fee band 5	-		
Transaction fee	3,211	0.80	2,569
Multi-addressee access monthly fee	1		80
Total price (VAT not included)			2,799

There is no invoice for Bank 3 or Bank 4.

# Annex 2

## List of transactions subject to billing

We provide below a list of the transactions taken into account when calculating usage by each participant.

The first table shows transactions billed to non-AS participants. The first column describes the type of transaction from the PM. The second column indicates which entity is invoiced.

### Transactions billed to non-AS participants

PM special payment type description	Billing comments
Normal, regular payment	The owner of the account debited is invoiced
Payment to HAM via internal interface	The owner of the account debited is invoiced
Liquidity transfer to PHA	The owner of the account debited is invoiced
Liquidity transfer ICM to HAM	The owner of the account debited is invoiced
Liquidity transfer FIN (Y copy) to HAM	The owner of the account debited is invoiced
Liquidity transfer FIN (Y copy) to PM participant	The owner of the account debited is invoiced
Liquidity transfer FIN to PHA	The owner of the account debited is invoiced
Liquidity transfer ICM to PM (within virtual group or consolidated info group)	The group account manager is invoiced
Liquidity transfer EOD to other PM participant	The owner of the account debited is invoiced
Liquidity transfer EOD to HAM	The owner of the account debited is invoiced
Liquidity transfer EOD to PHA	The owner of the account debited is invoiced
Overnight deposit, debit call from SF	The owner of the account debited is invoiced
Refunding of marginal lending, debit call from SF	The owner of the account debited is invoiced
Backup payment	The owner of the account debited is invoiced
Connected payment (FIN)	The owner of the account debited is invoiced
Mandated payment (FIN)	The owner of the account debited is invoiced
Billing payment, debit call from CRM (MT204)	The owner of the account debited is invoiced
Transfer of group liquidity for excluded participant	The owner of the account debited is invoiced
REPO	The owner of the account debited is invoiced

The following table gives the list of transactions subject to billing for the AS.

## List of transactions subject to billing for the AS

PM special payment type description	Billing comments
SM6 Integrated model standing order	The AS involved in the transaction is invoiced
SM6 Integrated model current order (from settlement bank to mirror account, input via ICM)	The AS involved in the transaction is invoiced
SM6 integrated model current order (from settlement bank to mirror account or vice versa) (input per AS-XML)	The AS involved in the transaction is invoiced
SM2 Real-time settlement	The AS involved in the transaction is invoiced
SM3 Bilateral settlement	The AS involved in the transaction is invoiced
SM4 Debit side (standard multilateral settlement)	The AS involved in the transaction is invoiced
SM4 Credit side (standard multilateral settlement)	The AS involved in the transaction is invoiced
SM4 Guarantee payment	The AS involved in the transaction is invoiced
SM4 Conversion settlement type 5 to 4 debits	The AS involved in the transaction is invoiced
SM4 Conversion settlement type 5 to 4 credits	The AS involved in the transaction is invoiced
SM5 Debit side (simultaneous multilateral settlement)	The AS involved in the transaction is invoiced
SM5 Credit side (simultaneous multilateral settlement)	The AS involved in the transaction is invoiced
SM6 Settlement interfaced model (from sub-account to tech account or vice versa)	The AS involved in the transaction is invoiced
SM6 Settlement interfaced model (from tech account to RTGS account)	The AS involved in the transaction is invoiced
SM6 Settlement interfaced model (from RTGS account to tech account)	The AS involved in the transaction is invoiced

# Annex 3

## Overview of the list of rules for applying prices

No.	Item	Applied rule	Fixed fee (EUR)	Fixed fee frequency	Fee per item (EUR)
<b>Core services</b>					
01	Direct participation option A	Fee applies for participation of at least one business day in the month. Note: Switch to option B is possible only for full months in future.	150	monthly	
02	Regular payment option A	Flat fee, debited account is charged.			0.80
03	Liquidity transfer option A	Flat fee, debited account is charged. Note: special rule for liquidity transfers from and to AS technical accounts – procedure 6 real-time and from and to AS sub accounts see rules 31 or 33.			0.80
04	Direct participation option B	Fee applies for participation of at least one business day in the month. Note: Switch to option A is possible only for full months in future.	1,875	monthly	
05	Regular payment option B	Degressive tariff, debited account is charged.			0.60 to 0.125
06	Liquidity transfer option B	Degressive tariff, debited account is charged. Note: special rule for liquidity transfers from and to AS technical accounts – procedure 6 real-time and from and to AS sub accounts see rules 31 or 33.			0.60 to 0.125
07	Indirect participation	Fee applies for participation of at least one business day in the month.	20	monthly	
<b>Value added services</b>					
10	T2S value added services option A	Fee applies for value added service active on at least one business day in the month.	50	monthly	
11	T2S value added services transactions option A	Flat fee			0.80
12	T2S value added services option B	Fee applies for value added service active on at least one business day in the month.	625	monthly	
13	T2S value added services transactions option B	Degressive tariff			0.60 to 0.125
14	T2S Dedicated Cash Account	TARGET2 fee for each linked T2S DCA which is active at least one business day in the month.	250	monthly	
15	Internet-based access to TARGET2	Including 5 active certificates	70	monthly	
16	Internet based access, additional certificates with 5 year validity period	Fee for issuance and renewal (120) plus yearly maintenance fee (30) charged for each additional certificate exceeding 5 active certificates.	30	annual	120
17	Unpublished BICs	Fee per unpublished BIC which is active on the last business day of the month.	30	monthly	
18	Multi-addressee access	Fee per multi-addressee access which is active at least one day in the month.	80	monthly	
19	Addressable BICs Branch	Registration fee per addressable BIC, billed in the month where it is created.	5	one-off	
20	Addressable BICs of correspondents	Fee per addressable BIC which is active at least one business day in the month.	5	monthly	

No.	Item	Applied rule	Fixed fee (EUR)	Fixed fee frequency	Fee per item (EUR)
<b>Ancillary Systems</b>					
30	Ancillary Systems option A	Fee applies for participation of at least one business day in the month.	150	monthly	
31	Ancillary Systems transactions option A	Flat fee with following special rules: <ul style="list-style-type: none"> <li>- bilateral transactions under procedures 4, 5 and 6 the number of transactions divided by 2</li> <li>- bilateral transactions without involving a technical account are counted as regular payments</li> <li>- multilateral transactions each debit on RTGS/sub account to technical account plus each credit on RTGS/sub account from technical account</li> <li>- liquidity transfers to and from sub accounts are not charged</li> <li>- liquidity transfers to and from technical accounts – procedure 6 real-time are charged for every debit and credit on the RTGS account.</li> </ul>			0.80
32	Ancillary Systems option B	Fee applies for participation of at least one business day in the month.	1,875	monthly	
33	Ancillary System transactions option B	Degressive tariff with following special rules: <ul style="list-style-type: none"> <li>- bilateral transactions under procedures 4, 5 and 6 the number of transactions divided by 2</li> <li>- bilateral transactions without involving a technical account are counted as regular payments</li> <li>- multilateral transactions each debit on RTGS/sub account to technical account plus each credit on RTGS/sub account from technical account</li> <li>- liquidity transfers to and from sub accounts are not charged</li> <li>- liquidity transfers to and from technical accounts – procedure 6 real-time are charged for every debit and credit on the RTGS account</li> </ul>			0.60 to 0.125
34	Ancillary Systems Fixed fee I	Fee applies for participation of at least one business day in the month.	1,000	monthly	
35	Ancillary Systems Fixed fee II	Fee is based on underlying gross value and applies for participation of at least one business day in the month. Note: charged with 1/12 per month	5,000 to 100,000	annual	
<b>Liquidity pooling</b>					
40	Consolidated Account Information	Fee applies for active service at least on one business day in the month.	100	monthly	
41	Aggregated Liquidity (Virtual Account)	Fee applies for active service at least on one business day in the month.	200	monthly	
42	Regular payment option B	Degressive tariff, account of group manager is charged. All payments sent by all group members are taken into account for calculating the tariff. In case of a group within a group always the traffic of the biggest group is considered.			0.60 to 0.125

No.	Item	Applied rule	Fixed fee (EUR)	Fixed fee frequency	Fee per item (EUR)
<b>T2S cash related services</b>					
50	9001: Internal Liquidity Transfers	per transfer			0.09
51	9002: Outbound Liquidity Transfers	Currently free of charge, to be reviewed at regular intervals			
52	9003: Intra-Balance movements	per transaction			0.06
53	9004: U2A Queries during congestion period	per executed query			0.10
54	9005: U2A Queries outside congestion period	per executed query			0.10
55	9006: U2A Queries (downloaded)	additional charge for download per queried business item			0.007
56	9007: A2A Queries during congestion period	per queried business item			0.007
57	9008: A2A Queries outside congestion period	per queried business item			0.007
58	9009: A2A Reports during congestion period	per business item in a report			0.004
59	9010: A2A Reports outside congestion period	per business item in a report			0.004
60	9011: Transmissions (inbound)	per transmission			0.012
61	9012: Transmissions (outbound)	per transmission			0.012
62	9013: Messages bundled into a file (inbound)	per message in each file containing bundled messages			0.004
63	9014: Messages bundled into a file (outbound)	per message in each file containing bundled messages			0.004
64	9015: Fee per cash account	Currently free of charge, to be reviewed at regular intervals			
<b>TIPS Services</b>					
65	Instant payment order	Per transaction, settled or not			0.0020
66	Recall request	Free of charge			
67	Negative recall answer	Free of charge			
68	Positive recall answer	To be charged to the holder of the Linked PM account associated with the TIPS DCA to be credited (also for unsettled transactions)			0.0020

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