



**GUIDELINE (EU) [2018/XX] OF THE EUROPEAN CENTRAL BANK**

**of 3 August 2018**

**amending Guideline ECB/2012/27 on a Trans-European Automated Real-time Gross settlement  
Express Transfer system (TARGET2)  
(ECB/2018/20)**

THE GOVERNING COUNCIL OF THE EUROPEAN CENTRAL BANK,

Having regard to the Treaty on the Functioning of the European Union, and in particular the first and fourth indents of 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) On 26 April 2007, the Governing Council of the European Central Bank adopted Guideline ECB/2007/2 of the European Central Bank<sup>1</sup> governing TARGET2, which is characterised by a single technical platform, the Single Shared Platform (SSP). That Guideline was amended and recast as Guideline ECB/2012/27 of the European Central Bank<sup>2</sup>.
- (2) On 21 April 2010, the Governing Council adopted Guideline ECB/2010/2 of the European Central Bank<sup>3</sup>, recast as Guideline ECB/2012/13 of the European Central Bank<sup>4</sup>, laying the foundations for a Eurosystem service for securities settlement in central bank money, TARGET2-Securities (T2S). As the national central banks of the Member States whose currency is the euro provide auto-collateralisation services and settlement services in central bank money in T2S, Guideline ECB/2012/27 was amended<sup>5</sup> to provide for dedicated cash accounts - T2S Dedicated Cash Accounts (T2S DCAs) - within TARGET2 for the settlement of transactions arising in the context of T2S. As regards the technical operation of the T2S DCAs, TARGET2 is technically established and functions on the basis of the T2S Platform.

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<sup>1</sup> Guideline ECB/2007/2 of the European Central Bank 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).

<sup>2</sup> Guideline ECB/2012/27 of the European Central Bank 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).

<sup>3</sup> Guideline ECB/2010/2 of the European Central Bank of 21 April 2010 on TARGET2-Securities (OJ L 118, 12.5.2010, p. 65).

<sup>4</sup> Guideline ECB/2012/13 of the European Central Bank of 18 July 2012 on TARGET2-Securities (OJ L 215, 11.8.2012, p. 19).

<sup>5</sup> 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) (OJ L 155, 19.6.2015, p.38).

- (3) In order to support the emergence of a pan-European solution for instant payments, a new settlement procedure for ancillary systems known as settlement procedure 6 real-time was introduced in TARGET2<sup>6</sup> in September 2017.
- (4) On 21 June 2017, the Governing Council decided to launch the TARGET Instant Payment Settlement (TIPS) service. The new TIPS service will enable the settlement of individual instant payment orders in central bank money 24 hours a day any calendar day of the year, with immediate or close to immediate processing. For the purpose of the TIPS service, dedicated cash accounts (TIPS Dedicated Cash Accounts (TIPS DCAs)) are to be created in TARGET2. As regards the technical operation of the TIPS DCAs, TARGET2 is to be technically established and to function on the basis of the TIPS Platform.
- (5) It is also necessary to clarify certain other aspects of, and update, Guideline ECB/2012/27.
- (6) Therefore, Guideline ECB/2012/27 should be amended accordingly,

HAS ADOPTED THIS GUIDELINE:

#### *Article 1*

#### **Amendments**

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 payments module (PM) accounts, T2S Dedicated Cash Accounts (T2S DCAs) for the purpose of securities transactions and TIPS Dedicated Cash Accounts (TIPS DCAs) for the purpose of instant payments. TARGET2 is established and functions on the basis of the SSP through which 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 T2S DCAs on T2S is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform. As far as the technical operation of the TIPS DCAs is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform.';
2. Article 2 is amended as follows:
  - (a) point (6) is replaced by the following:
    - '(6) "participant" [or "direct participant"] means an entity that holds at least one PM account (PM account holder) and/or one T2S Dedicated Cash Account (T2S DCA holder) and/or one TIPS DCA (TIPS DCA holder) with a Eurosystem CB;';
  - (b) point (13) is replaced by the following:

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<sup>6</sup> Guideline (EU) 2017/2082 of the European Central Bank of 22 September 2017 amending Guideline ECB/2012/27 on a Trans-European Automated Real-time Gross Settlement Express Transfer system (TARGET2) (ECB/2017/28) (OJ L 295, 14.11.2017, p. 97).

- ‘(13) “indirect participant” means a credit institution established in the European Union or 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;’;
- (c) point (15) is replaced by the following:
- ‘(15) “business day” or “TARGET2 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, Appendix V to Annex IIa and Appendix III to Annex IIb;’;
- (d) point (25) is replaced by the following:
- ‘(25) “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 on the PM account or blocking of funds on the T2S DCA;’;
- (e) point (31) is replaced by the following:
- ‘(31) “ancillary system” means a system managed by an entity established in the Union or the EEA that is subject to supervision and/or oversight by a competent authority and complies 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(\*), in which payments and/or financial instruments are exchanged and/or cleared or recorded with (a) the monetary obligations settled in TARGET2 and/or (b) funds held in TARGET2, in accordance with this Guideline and a bilateral arrangement between the ancillary system and the relevant Eurosystem CB;
- (\*) The Eurosystem’s current policy for the location of infrastructure is set out in the following statements, which are available on the ECB’s website at [www.ecb.europa.eu](http://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 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, revised version of July 2016.’;
- (f) points (33) to (35) are replaced by the following :
- ‘(33) “payer”, except where used in Article 23, means a TARGET2 participant whose PM account, T2S DCA or TIPS DCA will be debited as a result of a payment order being settled;

- (34) “payee”, except where used in Article 23, means a TARGET2 participant whose PM account, T2S DCA or TIPS DCA, will be credited as a result of a payment order being settled;
- (35) “Harmonised Conditions” means the conditions laid down in Annexes II, IIa, IIb or V;’;
- (g) point (37) is replaced by the following:  
 ‘(37) “Home Account” means an account opened outside the PM by a euro area NCB for a credit institution established in the Union or the EEA;’;
- (h) points (44) and (45) are replaced by the following :  
 ‘(44) “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, if applicable, initiate backup payment orders in contingency situations;  
 ‘(45) “TARGET2 coordinator” means a person appointed by the ECB to ensure the daily operational management of TARGET2, to manage and coordinate activity in the event of an abnormal situation occurring and to coordinate the dissemination of information to PM account holders and TIPS DCA holders;’;
- (i) points (47) to (49) are replaced by the following:  
 ‘(47) “TARGET2 crisis manager” means a person appointed by a Eurosystem CB to handle, on behalf of that Eurosystem CB, failures of the SSP and/or of the TIPS Platform and/or abnormal external events;  
 (48) “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-business day processing of payments in the relevant TARGET2 component system;  
 (49) “non-settled payment order” means a payment order, with the exception of an instant payment order, positive recall answer and TIPS DCA to PM liquidity transfer order, that is not settled on the same business day as that on which it is accepted;’;
- (j) points (59) and (60) are replaced by the following:  
 ‘(59) “T2S Dedicated Cash Account (T2S DCA)” means an account held by a T2S DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S;  
 (60) “Harmonised Conditions for the Opening and Operation of a T2S Dedicated Cash Account (T2S DCA) in TARGET2” means the conditions that are laid down in Annex IIa;’;
- (k) points (62) to (66) are replaced by the following :  
 ‘(62) “payment order” means a credit transfer order, a liquidity transfer order, a direct debit instruction, a PM to T2S DCA liquidity transfer order, a T2S DCA to PM liquidity transfer order, a T2S DCA to T2S DCA liquidity transfer order, a PM to TIPS DCA

liquidity transfer order, a TIPS DCA to PM liquidity transfer order, an instant payment order, or a positive recall answer;

- (63) “T2S DCA to PM liquidity transfer order” means the instruction to transfer a specified amount of funds from a T2S DCA to a PM account;
  - (64) “PM to T2S DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a T2S DCA;
  - (65) “T2S DCA to T2S DCA liquidity transfer order” means the instruction to transfer a specified amount of funds (a) from a T2S DCA to a T2S DCA linked to the same Main PM account; (b) from a T2S DCA to a T2S DCA held by the same legal entity; or (c) from a T2S DCA to a T2S DCA where one or both are held by the CB;
  - (66) “Main PM account” means the PM account to which a T2S DCA is linked and on which any remaining balance will be automatically repatriated at end-of-day;’;
- (l) point (70) is replaced by the following:
- ‘(70) “auto-collateralisation” means intraday credit granted by the euro area NCB in central bank money triggered when a T2S 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 T2S DCA holder in favour of the euro area NCB (collateral on stock);’;
- (m) the following points are added:
- ‘(75) “TARGET Instant Payment Settlement (TIPS) service” means the settlement in central bank money of instant payment orders on the TIPS Platform;
  - (76) “TIPS Platform” means the single technical platform infrastructure provided by the TIPS Platform-providing NCBs;
  - (77) “TIPS Platform-providing NCBs” means the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia in their capacity as the CBs building and operating the TIPS Platform for the Eurosystem’s benefit;
  - (78) “TIPS network service provider” means an undertaking which has: (a) met all of the necessary conditions to connect to, and established a technical connection to, the TIPS Platform in accordance with the rules and procedures set out in Appendix V of Annex IIb and (b) signed the TIPS connectivity hosting terms and conditions which are available on the ECB’s website;
  - (79) “TIPS Dedicated Cash Account (TIPS DCA)” means an account held by a TIPS DCA holder, opened in TARGET2 -[insert CB/country reference], and used for the provision of instant payment services to its customers;
  - (80) “Harmonised Conditions for the Opening and Operation of a TIPS Dedicated Cash Account in TARGET2” means the conditions that are laid down in Annex IIb;
  - (81) “instant payment order” means, in line with the European Payments Council’s SEPA Instant Credit Transfer (SCT Inst) scheme, a payment instruction which can be

executed 24 hours a day any calendar day of the year, with immediate or close to immediate processing and notification to the payer;

(82) “recall request” means, in line with the SCT Inst scheme, a message from a TIPS DCA holder requesting reimbursement of a settled instant payment order;

(83) “positive recall answer” means, in line with the SCT Inst scheme, a payment order initiated by the receiver of a recall request, in response to a recall request, for the benefit of the sender of that recall request;

(84) “PM to TIPS DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a TIPS DCA;

(85) “TIPS DCA to PM liquidity transfer order” means the instruction to transfer a specified amount of funds from a TIPS DCA to a PM account.’;

3. in Article 6, the following paragraph 3a is inserted:

‘3a. Without prejudice to paragraphs 1 and 2, any settlement of instant payment orders between participants in different TARGET2 component systems shall automatically give rise to only one claim or obligation of each Eurosystem CB vis-à-vis the ECB. The claim or obligation of each Eurosystem CB vis-à-vis the ECB used for reporting purposes at the end of each business day shall be adjusted on a daily basis, using the delta of the end-of-day balances of all the TIPS DCAs in the books of the respective Eurosystem CB.’;

4. Article 7 is amended as follows :

(a) in paragraph 1, the second sentence is replaced by the following:

‘The tasks assigned to the Governing Council (Level 1), a Level 2 technical and operational management body and the SSP-providing NCBs and TIPS Platform-providing NCBs (Level 3) are laid down in Annex I.’;

(b) in paragraph 2, the third sentence is deleted ;

(c) paragraphs 5, 6 and 7 are replaced by the following:

‘5. In accordance with the third subparagraph of Article 12.1 of the Statute of the ESCB, the SSP-providing NCBs and TIPS Platform-providing NCBs shall be responsible for the tasks assigned to Level 3, within the general framework defined by the Governing Council.

6. The SSP-providing NCBs and the TIPS Platform-providing NCBs shall conclude agreements with the Eurosystem CBs governing the services to be provided by the SSP- and TIPS Platform-providing NCBs. Such agreements shall also include, where appropriate, the connected NCBs.

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 T2S DCAs. Such agreements shall also be entered into, where appropriate, by the connected NCBs.’;

5. Article 8 is amended as follows:

- (a) The title is replaced by the following:  
‘Harmonised Conditions for the Opening and Operation of a PM account, a T2S DCA or a TIPS DCA in TARGET2’;
  - (b) paragraph 1a is replaced by the following:  
‘1a. Each euro area NCB shall adopt arrangements implementing the Harmonised Conditions for the Opening and Operation of a T2S Dedicated Cash Account in TARGET2 that are laid down in Annex IIa. These arrangements shall exclusively govern the relationship between the relevant euro area NCB and its T2S DCA holder in respect of the opening and operation of the T2S DCA.’;
  - (c) the following paragraph 1b is inserted:  
‘1b. Each euro area NCB shall adopt arrangements implementing the Harmonised Conditions for the Opening and Operation of a TIPS Dedicated Cash Account in TARGET2 that are laid down in Annex IIb. These arrangements shall exclusively govern the relationship between the relevant euro area NCB and its TIPS DCA holder in respect of the opening and operation of the TIPS DCA.’;
  - (d) 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, (ii) the Harmonised Conditions for the Opening and Operation of a T2S Dedicated Cash Account in TARGET2 laid down in Annex IIa and (iii) the Harmonised Conditions for the Opening and Operation of a TIPS Dedicated Cash Account in TARGET2 laid down in Annex IIb, 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.’;
  - (e) paragraphs 5 and 6 are 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 and for the TIPS service, by entities referred to in Article 4(2)(e) of Annex II, Article 5(2)(e) of Annex IIa and Article 5(2)(e) of Annex IIb.  
6. The Eurosystem CBs shall not allow any entity to be an indirect participant in the PM or to be registered as an addressable BIC holder in their TARGET2 component system if this entity acts via a PM account holder that is an NCB of a Member State but is neither a Eurosystem CB nor a connected NCB.’;
6. in Article 9(1), point (a) is replaced by the following:  
‘(a) the fees for core TARGET2 services provided to their indirect participants in the PM and their addressable BIC holders that are eligible to participate in TARGET2 as indirect participants

in the PM are higher than the fees for PM account holders specified in paragraph 1(a) of Appendix VI to Annex II;’;

7. in Article 12, paragraph 3 is replaced by the following:
  - ‘3. Further to a request from a participant with access to intraday credit, the euro area NCBs shall offer an auto-collateralisation facility on T2S DCAs, provided that this is done in accordance with the Conditions for Auto-collateralisation Operations laid down in Annex IIIa.’;
8. 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 TARGET2 network service provider. Such services shall be governed by bilateral arrangements between the Eurosystem CBs and the respective ancillary systems.’;
9. in Article 14, paragraph 1 is replaced by the following :
  - ‘1. The Governing Council shall determine the rules applicable to the financing of the SSP and the TIPS Platform. Any surplus or deficit resulting from the functioning of the SSP or the TIPS Platform shall be distributed among the euro area NCBs in accordance with the key for subscription to the ECB’s capital, pursuant to Article 29 of the Statute of the ESCB.’;
10. Article 15 is replaced by the following:

*Article 15*

**Security provisions**

1. The Governing Council shall specify the security policy and security requirements and controls for the SSP and the TIPS Platform. The Governing Council shall also specify the principles applicable to the security of certificates used for internet-based access to the SSP.
  2. The Eurosystem CBs shall comply with, and shall ensure that the SSP and the TIPS Platform comply with, the measures referred to in paragraph 1.
  3. Matters relating to the compliance with information security requirements, in respect of the T2S DCAs shall be governed by Guideline ECB/2012/13 of the European Central Bank (\*).
 

(\*) Guideline ECB/2012/13 of the European Central Bank of 18 July 2012 on TARGET2-Securities (OJ L 215, 11.8.2012, p. 19).’;
11. Article 17 is amended as follows:
    - (a) in paragraph 2, the following point (aa) is inserted:
 

‘(aa) the BIC of any PM accounts linked to the T2S DCA or TIPS DCA of the participant;’;
    - (b) paragraph 3a is replaced by the following:
 

‘3a. A Eurosystem CB that has suspended the participation of a PM account holder or a T2S DCA holder in its TARGET2 component system pursuant to paragraph 1(a) shall only process payments from that participant on the instructions of its representatives, including those appointed by a competent authority or a court, such as the participant’s insolvency administrator, or pursuant to an enforceable decision of a competent authority or a court providing instructions as to how the payments are to be processed. A Eurosystem CB that has suspended the participation of a TIPS DCA



holder in its TARGET2 component system pursuant to paragraph 1(a) shall reject all its outgoing payment orders.’;

12. 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 or Article 6(4)(c) of Annex IIb, 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.’;

13. Article 19 is amended as follows:

- (a) the title is replaced by the following:

‘Procedures for the suspension, limitation or termination on the grounds of prudence of participation in TARGET2, and access to intraday credit and to auto-collateralisation’;

- (b) 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 to auto-collateralisation pursuant to 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, Article 24(2)(e) of Annex IIa or Article 26(2)(e) of Annex IIb, the decision shall, to the extent possible, take effect at the same time in all TARGET2 component systems.’;

14. Article 20 is amended as follows:

- (a) the introductory wording is replaced by the following:

‘In connection with the implementation of Article 39(3) of Annex II, Article 28(3) of Annex IIa and Article 30(3) of Annex IIb:’;

- (b) point (a) is replaced by the following:

‘(a) any Eurosystem CB shall promptly share with all potentially affected CBs all information that it receives in connection with a proposed payment order, with the exception of payment orders concerning the transfer of liquidity between different accounts of the same participant;’;

- (c) point (c) is replaced by the following:

‘(c) the Eurosystem CB acting as payment service provider of the payer shall then promptly inform the payer that it can enter a relevant payment order into TARGET2.’;

15. in Article 21, paragraph 1 is 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 T2S DCAs, the Eurosystem CB concerned shall monitor and manage such events in order to prevent any spillover to the smooth functioning of TARGET2.’;

16. Article 22 is amended as follows:

- (a) paragraph 2 is replaced by the following:

- ‘2. The CB of the PM account holder and T2S DCA holder submitting the claim for compensation shall assess the compensation claim on a preliminary basis and communicate with the PM account holder and T2S DCA holder in relation to that assessment. Where necessary for the assessment of claims, such CB shall be assisted by other CBs concerned. The relevant CB shall inform the ECB and all other CBs concerned as soon as it becomes aware of pending claims.’;
- (b) in paragraph 3, the introductory wording is replaced by the following:  
‘Within nine weeks following a technical malfunction of TARGET2, the CB of the PM account holder and T2S DCA holder submitting the claim shall.’;
- (c) paragraph 4 is replaced by the following:  
‘4. Within five weeks following receipt of the preliminary assessment report, the Governing Council shall carry out the final assessment of all claims received, and shall decide on the compensation offers to be made to the PM account holders and T2S DCA holders concerned. Within five business days following the completion of the final assessment, the ECB shall communicate the outcome of the final assessment to the CBs concerned. Those CBs shall without delay inform their PM account holders and T2S DCA holders of the outcome of the final assessment and, where applicable, details of the compensation offer, together with the form constituting the letter of acceptance.’;
- (d) paragraph 6 is replaced by the following:  
‘6. The CBs shall inform the ECB of any claim submitted by their PM account holders and T2S DCA holders to those CBs outside the scope of the TARGET2 compensation scheme, but relating to a technical malfunction of TARGET2.’;
17. Article 27 is replaced by the following:

*‘Article 27*

**Miscellaneous provisions**

- Accounts opened outside the PM, outside the T2S Platform and outside the TIPS 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, outside the T2S Platform and outside the TIPS 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.’;
18. Annex I to Guideline ECB/2012/27 is replaced by the text set out in Annex I to this Guideline;
19. Annexes II, IIa, III, IIIa, IV and V to Guideline ECB/2012/27 are amended in accordance with Annex II to this Guideline;
20. the text set out in Annex III to this Guideline is inserted as a new Annex IIb to Guideline ECB/2012/27.

*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 30 November 2018. They shall notify the ECB of the texts and means relating to those measures by 10 October 2018 at the latest.

*Article 3*

**Addressees**

This Guideline is addressed to all Eurosystem central banks.

Done at Frankfurt am Main, 3 August 2018.

*For the Governing Council of the ECB*

A handwritten signature in black ink, appearing to read 'Mario Draghi', is positioned above the printed name of the ECB President.

*The President of the ECB*

Mario DRAGHI

**‘ANNEX I****TARGET2 GOVERNANCE ARRANGEMENTS**

Level 1 — Governing Council	Level 2 — Technical and operational management body	Level 3 — SSP-providing NCBs and TIPS Platform-providing NCBs
0. <i>General provisions</i>		
Level 1 has final competence in relation to domestic and cross-border TARGET2 issues and is responsible for safeguarding the public function of TARGET2	Level 2 conducts technical and operational management tasks in relation to TARGET2.	Level 3 takes decisions on the daily running of the Single Shared Platform (SSP) and the TIPS Platform on the basis of the service levels defined in the agreements referred to in Article 7(6) of this Guideline
1. <i>Cost and pricing policy</i>		
<ul style="list-style-type: none"> <li>– Deciding on common cost methodology</li> <li>– Deciding on single price structure</li> </ul>	<ul style="list-style-type: none"> <li>– Deciding on pricing of additional services and/or modules</li> </ul>	(Not applicable)
2. <i>Service level</i>		
<ul style="list-style-type: none"> <li>– Deciding on core services</li> </ul>	<ul style="list-style-type: none"> <li>– Deciding on additional services and/or modules</li> </ul>	<ul style="list-style-type: none"> <li>– Delivering input according to Level 1/Level 2 needs</li> </ul>
3. <i>Risk management</i>		
<ul style="list-style-type: none"> <li>– Deciding on the general framework for risk management and acceptance of remaining risks</li> </ul>	<ul style="list-style-type: none"> <li>– Conducting the actual risk management</li> <li>– Conducting risk analysis and follow-up</li> </ul>	<ul style="list-style-type: none"> <li>– Providing the necessary information for risk analysis according to Level 1/Level 2 requests</li> </ul>
4. <i>Governance and financing</i>		
<ul style="list-style-type: none"> <li>– Defining rules for decision-making</li> </ul>	<ul style="list-style-type: none"> <li>– Drawing up the rules on governance and financing</li> </ul>	<ul style="list-style-type: none"> <li>– Providing cost figures to Level 2 for</li> </ul>

<p>and financing of the SSP and the TIPS Platform</p> <ul style="list-style-type: none"> <li>- Establishing and ensuring adequate implementation of the European System of Central Bank's legal framework for TARGET2</li> </ul>	<p>decided at Level 1</p> <ul style="list-style-type: none"> <li>- Drawing up the budget, its approval and implementation</li> <li>- Having control of the application</li> <li>- Collecting funds and remuneration of services</li> </ul>	<p>the service provision</p>
<p>5. <i>Development</i></p>		
<ul style="list-style-type: none"> <li>- Being consulted by Level 2 on the location of the SSP and the TIPS Platform</li> <li>- Approving the overall project plan</li> </ul>	<ul style="list-style-type: none"> <li>- Deciding on the initial design and development of the SSP and the TIPS Platform</li> <li>- Deciding on establishing from scratch against establishing on the basis of an existing platform</li> <li>- Deciding on the choice of the SSP operator and the TIPS Platform operator</li> <li>- Establishing, in agreement with Level 3, the service levels of the SSP and the TIPS Platform</li> <li>- Deciding on the location of the SSP and the TIPS Platform after consultation of Level 1</li> <li>- Approving the specification process methodology and the 'deliverables' of Level 3 deemed appropriate in order to specify and, later on, test and accept the product (in particular general and detailed user</li> </ul>	<ul style="list-style-type: none"> <li>- Proposing the initial design of the SSP and the TIPS Platform</li> <li>- Proposing whether to establish from scratch or establish on the basis of an existing platform</li> <li>- Proposing the location of the SSP and the TIPS Platform</li> <li>- Drafting the general and the detailed functional specifications (internal detailed functional specifications and user detailed functional specifications)</li> <li>- Drafting the detailed technical specifications</li> <li>- Providing initial and</li> </ul>

	<ul style="list-style-type: none"> <li>specifications)</li> <li>– Establishing a milestone project plan</li> <li>– Evaluating and accepting the deliverables</li> <li>– Establishing test scenarios</li> <li>– Central banks' and users' test coordination, in close cooperation with Level 3</li> </ul>	<ul style="list-style-type: none"> <li>ongoing input for milestone project planning and control</li> <li>– Technical and operational support for tests (performing tests on the SSP and the TIPS Platform, input on SSP-related test scenarios and on TIPS Platform-related test scenarios, supporting Eurosystem CBs in their SSP and TIPS Platform test activities)</li> </ul>
6. <i>Implementation and migration</i>		
<ul style="list-style-type: none"> <li>– Deciding on the migration strategy</li> </ul>	<ul style="list-style-type: none"> <li>– Preparing and coordinating migration to the SSP and the TIPS Platform, in close cooperation with Level 3</li> </ul>	<ul style="list-style-type: none"> <li>– Providing input on migration issues in accordance with Level 2 requests</li> <li>– Performing SSP- and TIPS Platform-related migration work; additional support for joining NCBs</li> </ul>
7. <i>Operation</i>		
<ul style="list-style-type: none"> <li>– Managing severe crisis situations</li> <li>– Authorising establishment and operation of TARGET2 Simulator</li> <li>– Appointing certification</li> </ul>	<ul style="list-style-type: none"> <li>– Maintaining contacts with users at European level (subject to the sole responsibility of Eurosystem CBs for the business relationship with their customers) and monitoring daily user activity from a business</li> </ul>	<ul style="list-style-type: none"> <li>– Managing the system on the basis of the agreements referred to in Article 7(6) of this Guideline</li> </ul>

<p>authorities for internet-based access</p> <p>– Specifying security policies, requirements and controls for the SSP and the TIPS Platform</p> <p>– Specifying principles applicable to security of certificates used for internet-based access</p>	<p>perspective (Eurosystem CB task)</p> <p>– Monitoring business developments</p> <p>– Budgeting, financing, invoicing (Eurosystem CB task) and other administrative tasks</p>	
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Annexes, II, IIa, III, IIIa IV and V are amended as follows:

1. Annex II is amended as follows

(a) Article 1 is amended as follows:

(i) the definition of 'addressable BIC holder' is replaced by the following:

“addressable BIC holder” means an entity which: (a) holds a Business Identifier Code (BIC); (b) is not recognised as an indirect participant in the PM; and (c) is a correspondent or customer of a PM account holder or a branch of a direct or indirect participant in the PM, and is able to submit payment orders to and receive payments from a TARGET2 component system via the PM account holder’;

(ii) the definition of 'ancillary system' is replaced by the following:

– “ancillary system” means a system managed by an entity established in the European Union or the European Economic Area (EEA) that is subject to supervision and/or oversight by a competent authority and complies 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<sup>(\*)</sup>, in which payments and/or financial instruments are exchanged and/or cleared or recorded with (a) the monetary obligations settled in TARGET2 and/or (b) funds held in TARGET2, in accordance with Guideline ECB/2012/27 of the European Central Bank<sup>(\*\*)</sup> and a bilateral arrangement between the ancillary system and the relevant Eurosystem CB,

(\*) The Eurosystem's current policy for the location of infrastructure is set out in the following statements, which are available on the ECB's website at [www.ecb.europa.eu](http://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 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, revised version of July 2016.(\*\*) Guideline ECB/2012/27 of the European Central Bank 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).’;

(iii) the definition of 'available liquidity' is replaced by the following:

“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, or, if applicable, decreased by the amount of any processed reservations of liquidity on the PM account,;

- (iv) the definition of 'business day' is replaced by the following:
  - “‘business day’ or ‘TARGET2 business day’ means any day on which TARGET2 is open for the settlement of payment orders, as set out in Appendix V,;
- (v) the definition of “Dedicated Cash Account” is replaced by the following:
  - “‘T2S Dedicated Cash Account (T2S DCA)’ means an account held by a T2S DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S,;
- (vi) in the definition of ‘event of default’, point (g) is replaced by the following:
  - ‘(g) where the participant's credit balance on its PM account, T2S DCA, or TIPS 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;’;
- (vii) the definition of ‘Home Account’ is replaced by the following:
  - “‘Home Account’ means an account opened outside the PM by a euro area NCB for a credit institution established in the Union or the EEA,;
- (viii) in the definition of ‘Information and Control Module (ICM)’, the word ‘participants’ is replaced by the words ‘PM account holders’;
- (ix) the definition of ‘ICM broadcast message’ is replaced by the following:
  - “‘ICM broadcast message’ means information made simultaneously available to all or a selected group of PM account holders via the ICM,;
- (x) in the definition of ‘indirect participant’, the words ‘the EEA’ are replaced by the words ‘the Union or the EEA’;
- (xi) the definition of ‘investment firm’ is replaced by the following:
  - “‘investment firm’ means an investment firm within the meaning of [insert national law provisions implementing Article 4(1)(1) of Directive 2014/65/EU of the European Parliament and of the Council (\*)], excluding the institutions specified in [insert national law provisions implementing Article 2(1) of Directive 2014/65/EU], provided that the investment firm in question is:
    - (a) authorised and supervised by a recognised competent authority, which has been designated as such under Directive 2014/65/EU; and
    - (b) entitled to carry out the activities referred to under [insert national law provisions implementing items 2, 3, 6 and 7 of Section A of Annex I to Directive 2014/65/EU];
  - (\*) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.06.2014, p. 349).’;

- (xii) in the definition of ‘multi-addressee access’, the words ‘established in the EEA’ are replaced by the words ‘established in the Union or the EEA’;
- (xiii) in the definition of ‘Main PM account’, the term ‘DCA’ is replaced by the term ‘T2S DCA’;
- (xiv) the definition of ‘participant’ is replaced by the following:
 

“participant” [or “direct participant”] means an entity that holds at least one PM account (PM account holder) and/or one T2S Dedicated Cash Account (T2S DCA holder) and/or one TIPS Dedicated Cash Account (TIPS DCA holder) with a Eurosystem CB,;
- (xv) the definition of ‘payment order’ is replaced by the following:
 

“payment order” means a credit transfer order, a liquidity transfer order, a direct debit instruction, a PM to T2S DCA liquidity transfer order or a PM to TIPS DCA liquidity transfer order,;
- (xvi) the definition of ‘PM to DCA liquidity transfer order’ is replaced by the following:
 

“PM to T2S DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a T2S DCA,;
- (xvii) in the definition of ‘technical malfunction of TARGET2’, the words ‘same-day processing of payments’ are replaced by the words ‘same business-day processing of payments’;
- (xviii) the following definitions are added:
 

“TARGET Instant Payment Settlement (TIPS) service” means the settlement in central bank money of instant payment orders on the TIPS Platform,

“TIPS Platform” means the single technical platform infrastructure provided by the TIPS Platform-providing NCBs,

“TIPS Platform-providing NCBs” means the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia in their capacity as the CBs building and operating the TIPS Platform for the Eurosystem’s benefit,

“TIPS network service provider” means an undertaking which has: (a) met all of the necessary conditions to connect to, and established a technical connection to, the TIPS Platform in accordance with the rules and procedures set out in Appendix V to Annex IIb to Guideline ECB/2012/27; and (b) signed the TIPS connectivity hosting terms and conditions which are available on the ECB’s website,

“TIPS Dedicated Cash Account (TIPS DCA)” means an account held by a TIPS DCA holder, opened in TARGET2 -[insert CB/country reference], and used for the provision of instant payment services to its customers,

“Harmonised Conditions for the Opening and Operation of a TIPS Dedicated Cash Account in TARGET2” means the conditions that are laid down in Annex IIb,

“Linked PM account” means the PM account with which a TIPS DCA is associated for the purpose of liquidity management and payment of TIPS fees,

“instant payment order” means, in line with the European Payments Council’s SEPA Instant Credit Transfer (SCT Inst) scheme, a payment instruction which can be executed 24 hours a day any calendar day of the year, with immediate or close to immediate processing and notification to the payer,

“recall request” means, in line with the SCT Inst scheme, a message from a TIPS DCA holder requesting reimbursement of a settled instant payment order,

“positive recall answer” means, in line with the SCT Inst scheme, a payment order initiated by the receiver of a recall request, in response to a recall request, for the benefit of the sender of that recall request,

“PM to TIPS DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a TIPS DCA,

“TIPS DCA to PM liquidity transfer order” means the instruction to transfer a specified amount of funds from a TIPS DCA to a PM account;’

- (b) Article 3 is replaced by the following:

*Article 3*

**General description of TARGET2**

1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts, T2S DCAs for the purpose of securities transactions and TIPS DCAs for the purpose of instant payments.
2. The following transactions are processed in TARGET2-[insert CB/country reference]:
  - (a) transactions 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) T2S DCA to T2S DCA liquidity transfer orders, T2S DCA to PM liquidity transfer orders and PM to T2S DCA liquidity transfer orders;
  - (fa) instant payment orders;
  - (fb) positive recall answers;
  - (fc) TIPS DCA to PM liquidity transfer orders and PM to TIPS DCA liquidity transfer orders; and
  - (g) any other transactions 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, T2S DCAs and TIPS DCAs. TARGET2 is established and functions on the basis of the SSP through which 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 T2S DCAs is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform. As far as the technical operation of the TIPS DCAs is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform.
  4. The [insert name of CB] is the provider of services under these Conditions. Acts and omissions of the SSP-providing NCBs 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 PM account holders and the SSP-providing NCBs when any of the latter acts in that capacity. Instructions, messages or information which a PM account holder 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].
  5. 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].
  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 under these Conditions (Title IV and Appendix I) refer to all payment orders submitted or payments received by any PM account holder.’;
- (c) Article 4 is amended as follows:
- (i) in paragraph 1, points (a) and (b) are replaced by the following:
    - ‘(a) credit institutions established in the Union or the EEA, including when they act through a branch established in the Union or the EEA;
    - (b) credit institutions established outside the EEA, provided that they act through a branch established in the Union or the EEA;’;
  - (ii) in paragraph 1, the words ‘subparagraphs (a) and (b)’ are replaced by the words ‘points (a) and (b)’;
  - (iii) in paragraph 2, points (c) and (d) are replaced by the following:
    - ‘(c) investment firms established in the Union or the EEA;
    - (d) entities managing ancillary systems and acting in that capacity; and’

- (iv) in paragraph 2, in point (e) the words ‘under subparagraphs (a) to (d)’ are replaced by the words ‘in points (a) to (d)’;
- (d) Article 5 is amended as follows:
  - (i) paragraph 3 is replaced by the following:
 

‘3. PM account holders may designate entities as indirect participants in the PM, provided that the conditions laid down in Article 6 are met.’;
  - (ii) in paragraph 4, in points (a) and (b), the words ‘the EEA’ are replaced by the words ‘the Union or the EEA’;
- (e) in Article 6(1), the words ‘the EEA’ are replaced by the words ‘the Union or the EEA’;
- (f) Article 7 is amended as follows:
  - (i) paragraph 3 is replaced by the following:
 

‘3. A PM account holder accepting its PM account to be designated as the Main PM account shall be bound by any invoices related to the opening and operation of each T2S DCA linked to that PM account, as set out in Appendix VI to this Annex, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that PM account holder and the T2S DCA holder.’;
  - (ii) in paragraphs 4 and 5, the term ‘DCA’ is replaced by ‘T2S DCA’;
  - (iii) the following paragraphs 6 and 7 are added:
 

‘6. A PM account holder accepting its PM account to be designated as the Linked PM account shall be bound by any invoices related to the opening and operation of each TIPS DCA linked to that PM account, as set out in Appendix VI to this Annex, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that PM account holder and the TIPS DCA holder. A Linked PM account may be linked to a maximum of 10 TIPS DCAs.

7. The holder of a Linked PM account shall have an overview of the liquidity available on the TIPS DCAs linked to that PM account and ensure the TIPS DCA holders are aware of their responsibility to manage that liquidity.’;
- (g) in Article 8(1)(a)(i), the words ‘TARGET2-[insert CB/country reference]’ are replaced by the words ‘the SSP’;
- (h) Article 11 is amended as follows:
  - (i) in paragraph 3, the first sentence is replaced by the following:
 

‘Up-to-date information on the SSP’s operational status shall be available on the TARGET2 Information System (T2IS) on a dedicated webpage on the ECB’s website.’;
  - (ii) the following paragraph 4a is inserted:

- '4a. The holder of the linked PM account shall be responsible for informing in a timely manner their TIPS DCA holders of any relevant ICM broadcast message, including those related to the suspension or termination of any TIPS DCA holder's participation in TARGET2-[insert CB/country reference].';
- (iii) paragraph 9 is replaced by the following:
- '9. Participants shall immediately inform the [insert name of CB] if an event of default occurs in relation to themselves.';
- (i) Article 13 is amended as follows:
- (i) points (c) and (d) are replaced by the following:
- '(c) liquidity transfer orders;
- (d) PM to T2S DCA liquidity transfer orders; and';
- (ii) the following point (e) is added:
- '(e) PM to TIPS DCA liquidity transfer orders.';
- (j) in Article 14, paragraph 3 is replaced by the following:
- '3. The SSP attaches its timestamp for the processing of payment orders in the sequence of their receipt.';
- (k) in Article 15, paragraph 2 is replaced by the following:
- '2. Highly urgent payment orders may only be designated by:
- (a) CBs; and
- (b) participants, in cases of payments to and from CLS Bank International, with the exception of payments related to the CLS CCP and the CLSNow services, and liquidity transfers in relation to ancillary system settlement using the ASI.
- All payment instructions submitted by an ancillary system through the ASI to debit or credit the participants' PM accounts and all PM to T2S DCA liquidity transfer orders and PM to TIPS DCA liquidity transfer orders submitted shall be deemed to be highly urgent payment orders.';
- (l) in Article 29(1), point (b) is replaced by the following:
- '(b) may be used to initiate liquidity transfer orders, TIPS DCA to PM liquidity transfer orders, PM to TIPS DCA liquidity transfer orders, PM to T2S DCA liquidity transfer orders and, when the ICM is used in combination with the T2S value added services, T2S DCA to PM liquidity transfer orders; and';
- (m) in Article 31, paragraph 5 is replaced by the following:
- '5. Notwithstanding the [insert national law provisions implementing Directive (EU) 2015/2366 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.
- (\* Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU)

No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p 35).’;

(n) Article 34 is amended as follows:

(i) in paragraph 1, the second sentence is replaced by the following:

‘For the purposes of this paragraph, the taking of crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU of the European Parliament and of the Council(\*) against a PM account holder shall not automatically qualify as the opening of insolvency proceedings.

(\*) Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).’;

(ii) in paragraph 4(a), the words ‘DCA holders’ and ‘DCA holder’ are replaced by the words ‘T2S DCA holders’ and ‘T2S DCA holder’, respectively;

(o) in Article 38, the following paragraph 1a is inserted:

‘1a. By derogation from paragraph 1, the participant agrees that information on any action taken under Article 34 shall not be considered as confidential.’;

(p) in Article 39(3), point (a)(ii) is replaced by the following:

‘(ii) the participant shall not enter any payment order for the transfer of funds to an account held by an entity different than the participant, 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.’;

(q) in Article 42, in the first and second sentences the words ‘including its Appendices’ are replaced by the words ‘including the Appendices’;

(r) in Appendix I, paragraph 8 entitled ‘Use of the ICM’ is amended as follows:

(i) points (8)(c) and (d) are replaced by the following:

‘(c) from the PM account to the technical account managed by the ancillary system using settlement procedure 6 real-time;

(d) by means of a PM to T2S DCA liquidity transfer order or, when the ICM is used in combination with the T2S value added services, a T2S DCA to PM liquidity transfer order; and’;

(ii) the following point (8)(e) is added:

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

- (s) Appendix IV is amended as follows:
- (i) in paragraph 4 entitled 'Relocation of the operation of the SSP to an alternative site', in point (c) the term 'PM to DCA liquidity transfer order' is replaced by the term 'PM to T2S DCA liquidity transfer order';
  - (ii) paragraph 6 entitled 'Contingency processing' is amended as follows:
    - point (c)(i) is replaced by the following:
      - '(i) CLS Bank International-related payments, with the exception of payments related to the CLS CCP and the CLSNow services;';
    - point (d)(iii) is replaced by the following:
      - '(iii) T2S DCA to PM liquidity transfer orders.';
  - (iii) in paragraph 8 entitled 'Other provisions', in point (b) the words 'the SSP' are replaced by the words 'the operational team of the SSP';
- (t) Appendix V to Annex II is amended as follows:
- (i) the schedule is replaced by the following '

<i>Time</i>	<i>Description</i>
6.45-7.00	Business window to prepare daytime operations <sup>1</sup>
7.00-18.00	Daytime processing
17.00	Cut-off time for customer payments, i.e. payments where the originator and/or the beneficiary of a payment is not a direct or indirect participant as identified in the system by the use of an MT 103 or MT 103+ message
18.00	Cut-off time for interbank payments, i.e. payments other than customer payments Cut-off time for liquidity transfers between TARGET2 and TIPS
Shortly after 18.00	Completion of last Algorithms in TARGET2
Upon completion of last algorithms	TARGET2 sends message to TIPS to initiate change of business day in TIPS
Shortly after completion of last algorithms	End-of-day files (General Ledger) received from TIPS
18.00-18.45 <sup>2</sup>	End-of-day processing
18.15 <sup>3</sup>	General cut-off time for the use of standing facilities
(Shortly after) 18.30 <sup>4</sup>	Data for the update of accounting systems are available to CBs
18.45-19.30 <sup>5</sup>	Start-of-day processing (new business day)
19.00 <sup>6</sup> -19.30 <sup>7</sup>	Provision of liquidity on the PM account



19.30 <sup>8</sup>	'Start-of-procedure' message and settlement of the standing orders to transfer liquidity from the PM accounts to the subaccounts/technical account (ancillary system-related settlement)  Start of liquidity transfers between TARGET2 and TIPS
19.30 <sup>9</sup> -22.00	Execution of additional liquidity transfers via the ICM for settlement procedure 6 real time; execution of additional liquidity transfers via the ICM before the ancillary system sends the 'start of cycle' messages for settlement procedure 6 interfaced; settlement period of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced)
22.00-1.00	Technical maintenance window
1.00-7.00	Settlement procedure of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced)  Liquidity transfers between TARGET2 and TIPS

- 1 'Daytime operations' means daytime processing and end-of-day processing.
- 2 Ends 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 3 Ends 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 4 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 5 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 6 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 7 Ends 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 8 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
- 9 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.

;

(ii) the following paragraph 6 is added:

'6. Up-to-date information on the SSP's operational status shall be available on the TARGET2 Information System (T2IS) on a dedicated webpage on the ECB's website. The information on the SSP's operational status on T2IS and the ECB's website shall only be updated during normal business hours.';

(u) Appendix VI to Annex II is amended as follows:

(i) in paragraph 1, the last sentence is replaced by the following:

'PM to T2S DCA liquidity transfer orders or PM to TIPS DCA liquidity transfer orders sent from a participant's PM account and T2S DCA to PM liquidity transfer orders or TIPS 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.’;

- (ii) in paragraphs 12 and 13 and the table, the term ‘DCA’ is replaced by the term ‘T2S DCA’,
- (iii) in the table, the following field is inserted between the third (‘U2A queries’) and fourth (‘Messages bundled into a file’) fields under ‘Information services’: ‘

U2A queries downloaded	0,7 euro cent	Per queried business item in any U2A query generated and downloaded
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’;

- (iv) the following paragraphs 13a and 13b are inserted:

**‘Fees for Linked PM account holders**

13a. The holder of the Linked PM account shall be charged the following fees for the TIPS service connected with the TIPS DCAs linked to that PM account.

Tariff items	Price	Explanation
<i>Settlement services</i>		
Instant payment order	0,20 euro cent	To be charged also for unsettled transactions
Recall request	0,00	
Negative recall answer	0,00	
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)

13b. Up to the first ten million instant payment orders and positive recall answers, cumulatively, received by the TIPS Platform by the end of 2019, shall be free of charge. The [insert name of CB] shall charge Linked PM account holders for any further instant payment orders and positive recall answers received by the TIPS Platform by the end of 2019, in the following year.’;

- (v) in paragraph 14, the last sentence is replaced by the following:  
‘Payments shall be made no later than the 14th business day of that month to the account specified by [insert name of CB] or shall be debited from an account specified by the PM account holder.’;

2. Annex IIa is amended as follows:

- (a) The title is replaced by the following:

'HARMONISED CONDITIONS FOR THE OPENING AND OPERATION OF A T2S DEDICATED CASH ACCOUNT (T2S DCA) IN TARGET2';

- (b) in the definitions and the rest of the text of Annex IIa and the Appendices, 'DCA' is replaced by 'T2S DCA', 'DCA to PM liquidity transfer order' is replaced by 'T2S DCA to PM liquidity transfer order', 'PM to DCA liquidity transfer order' is replaced by 'PM to T2S DCA liquidity transfer order', 'DCA TO DCA liquidity transfer order' is replaced by 'T2S DCA to T2S DCA liquidity transfer order', 'DCA holder' is replaced by 'T2S DCA holder';
- (c) Article 1 is amended as follows:
- (i) the definition of 'Dedicated Cash Account (DCA)' is replaced by the following:  
 "T2S Dedicated Cash Account (T2S DCA)", means an account held by a T2S DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S,;
  - (ii) the definition of 'business day' is replaced by the following:  
 "business day" or "TARGET2 business day" means any day on which TARGET2 is open for the settlement of payment orders, as set out in Appendix V,;
  - (iii) in the definition of 'event of default', point (g) is replaced by the following:  
 '(g) where the participant's credit balance on its PM account, T2S DCA, or TIPS 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,;
  - (iv) the definition of 'participant' is replaced by the following:  
 "participant" or "direct participant" means an entity that holds at least one PM account (PM account holder) and/or one T2S Dedicated Cash Account (T2S DCA holder) and/or one TIPS Dedicated Cash Account (TIPS DCA holder) with a Eurosystem CB,;
  - (v) in the definition of 'technical malfunction of TARGET2', the words 'same-day processing' are replaced by the words 'same-business day processing';
  - (vi) the following definitions are added:  
 "Information and Control Module (ICM)" means the SSP module that allows PM account holders to obtain online information and gives them the possibility to submit liquidity transfer orders, manage liquidity and initiate backup payment orders in contingency situations,  
 "ICM broadcast message" means information made simultaneously available to all or a selected group of PM account holders via the ICM,  
 "TARGET Instant Payment Settlement (TIPS) service" means the settlement in central bank money of instant payment orders on the TIPS Platform,  
 "TIPS Platform" means the single technical platform infrastructure provided by the TIPS Platform-providing NCBs,

“TIPS Platform-providing NCBs” means the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia in their capacity as the CBs building and operating the TIPS Platform for the Eurosystem’s benefit,

“TIPS Dedicated Cash Account (TIPS DCA)” means an account held by a TIPS DCA holder, opened in TARGET2-[insert CB/country reference], and used for the provision of instant payment services to its customers,

“instant payment order” means, in line with the European Payments Council’s SEPA Instant Credit Transfer (SCT Inst) scheme, a payment instruction which can be executed 24 hours a day any calendar day of the year, with immediate or close to immediate processing and notification to the payer,

“recall request” means, in line with the SCT Inst scheme, a message from a TIPS DCA holder requesting reimbursement of a settled instant payment order,

“positive recall answer” means, in line with the SCT Inst scheme, a payment order initiated by the receiver of a recall request, in response to a recall request, for the benefit of the sender of that recall request,

“PM to TIPS DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from a PM account to a TIPS DCA,

“TIPS DCA to PM liquidity transfer order” means the instruction to transfer a specified amount of funds from a TIPS DCA to a PM account,’;

- (d) in Article 3, the words ‘dedicated cash accounts’ are replaced by the words ‘T2S Dedicated Cash Accounts’;
- (e) Article 4 is replaced by the following:

*‘Article 4*

**General description of TARGET2**

1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts, T2S DCAs for the purpose of securities transactions and TIPS DCAs for the purpose of instant payments.
2. The following transactions are processed in TARGET2-[insert CB/country reference]:
  - (a) transactions 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) T2S DCA to T2S DCA liquidity transfer orders, T2S DCA to PM liquidity transfer orders and PM to T2S DCA liquidity transfer orders;
  - (fa) instant payment orders;
  - (fb) positive recall answers;
  - (fc) TIPS DCA to PM liquidity transfer orders and PM to TIPS DCA liquidity transfer orders; and
  - (g) any other transactions 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, T2S DCAs and TIPS DCAs. TARGET2 is established and functions on the basis of the SSP through which 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 T2S DCAs is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform. As far as the technical operation of the TIPS DCAs is concerned, TARGET2 is technically established and functions on the basis of the TIPS 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 T2S DCA holders and the SSP-providing NCBs or the 4CBs when any of the latter acts in that capacity. Instructions, messages or information which a T2S DCA holder 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 T2S 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 and Appendix I) refer to all payment orders submitted or payments received by any T2S DCA holder.’;
- (f) Article 5 is amended as follows:
- (i) in paragraph 1, points (a) and (b) are replaced by the following:
    - ‘(a) credit institutions established in the Union or the EEA, including when they act through a branch established in the Union or the EEA;

- (b) credit institutions established outside the EEA, provided that they act through a branch established in the Union or the EEA;’;
  - (ii) in paragraph 2, in point (c) the words ‘the EEA’ are replaced by the words ‘the Union or the EEA’;
- (g) Article 6 is amended as follows:
  - (i) in paragraph 1(b)(ii), the words ‘for credit institutions established outside the EEA, acting through a branch established in the EEA’ are replaced by the words ‘for credit institutions established outside the EEA, acting through a branch established in the Union or the EEA’;
  - (ii) paragraph 3 is replaced by the following:
    - ‘3. The [insert name of CB] may also request any additional information it deems necessary to decide on the application to open a T2S DCA.’;
  - (iii) paragraph 5 is replaced by the following:
    - ‘5. The [insert name of CB] shall communicate its decision on the application to open a T2S DCA to the applicant T2S DCA holder 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 T2S DCA holder. Any rejection decision shall contain reasons for the rejection.’;
- (h) in Article 10, paragraph 3 is replaced by the following:
  - ‘3. Up-to-date information on the operational status of the SSP and the T2S Platform shall be available on the TARGET2 Information System (T2IS) and the TARGET2-Securities Information System, respectively, on dedicated webpages on the ECB’s website. 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.’;
- (i) in Article 12(1), the words ‘by means of a unique 34-character account number’ are replaced by the words ‘by means of a unique account number of up to 34 characters’;
- (j) in Article 14, paragraph 3 is replaced by the following:
  - ‘3. The T2S Platform attaches its timestamp for the processing of payment orders in the sequence of their receipt.’;
- (k) Article 16 is amended as follows:
  - (i) paragraph 2 is replaced by the following:
    - ‘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 T2S DCAs, the following rules apply.
      - (a) for all transactions settling on T2S 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.;
- (ii) paragraph 3 is deleted.
- (l) Article 18 is amended as follows :
- (i) in paragraph 1, the second sentence is replaced by the following:  
 'T2S DCA holders shall be exclusively responsible for the adequate protection of the confidentiality, integrity and availability of their systems.');
- (ii) in paragraph 2, the second sentence is replaced by the following:  
 'The [insert name of CB] may request further information about the incident and, if necessary, request that the T2S DCA holders take appropriate measures to prevent a recurrence of such an event.');
- (m) in Article 19, the term 'TARGET2 ICM' is replaced by the term 'ICM';
- (n) in Article 21, paragraph 5 is replaced by the following:  
 '5. Notwithstanding the [insert national law provisions implementing Directive (EU) 2015/2366 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.  
 (\*) Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p 35).';
- (o) in Article 24(1), the second sentence is replaced by the following:  
 'For the purposes of this paragraph, the taking of crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU against a T2S DCA holder shall not automatically qualify as the opening of insolvency proceedings.');
- (p) Article 27 is amended as follows:
- (i) the following paragraph 1a is inserted:

- ‘1a. By derogation from paragraph 1, the T2S DCA holder agrees that information on any action taken under Article 24 shall not be considered as confidential.’;
    - (ii) in paragraph 2, the words ‘payment order’ are replaced by the word ‘payment’;
  - (q) Article 28 is amended as follows:
    - (i) in paragraph 1, the words ‘payment orders’ are replaced by the word ‘payments’;
    - (ii) in paragraph 3, point (a)(ii) is replaced by the following:
      - ‘(ii) the T2S DCA holder shall not enter any T2S DCA to PM liquidity transfer order or T2S DCA to T2S DCA liquidity transfer order, with the exception of such liquidity transfer orders between different accounts of the same T2S DCA holder, 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.’;
  - (r) in Appendix I, the title is replaced by the following:
 

‘PARAMETERS OF THE T2S DEDICATED CASH ACCOUNTS – TECHNICAL SPECIFICATIONS’;
  - (s) Appendix V is amended as follows:
    - (i) in the table in paragraph 6 relating to the SSP schedule, in the fifth row under the first column titled ‘Time’, ‘1.00 – 6.45’ is replaced by ‘1.00 – 7.00’;
    - (ii) the following paragraph 7 is added:
 

‘7. Up-to-date information on the operational status of the SSP and the T2S Platform shall be available on the TARGET2 Information System (T2IS) and the TARGET2-Securities Information System, respectively, on dedicated webpages on the ECB’s website. The information on the operational status of the SSP and the T2S Platform on T2IS, TARGET2-Securities Information System and the ECB’s website shall only be updated during normal business hours’;
- 3. Annex III is amended as follows:
  - (a) the definition of ‘investment firm’ is replaced by the following:
    - ‘(6) “investment firm” means an investment firm within the meaning of [insert national law provisions implementing Article 4(1)(1) of Directive 2014/65/EU of the European Parliament and of the Council<sup>(\*)</sup>], excluding the institutions specified in [insert national law provisions implementing Article 2(1) of Directive 2014/65/EU], provided that the investment firm in question is: (a) authorised and supervised by a recognised competent authority, which has been designated as such under Directive 2014/65/EU; and (b) entitled to carry out the activities referred to under [insert national law provisions implementing items 2, 3, 6 and 7 of Section A of Annex I to Directive 2014/65/EU];
    - (\*) Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending



Directive 2002/92/EC and Directive 2011/61/EU OJ L 173, 12.06.2014, p. 349.’;

- (b) the definition of ‘event of default’ is amended as follows:
  - (i) point (9)(a) is replaced by the following:
    - ‘(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 Annex IIa or Annex IIb or where its eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated.’;
  - (ii) in point (9)(g), the words ‘its PM account or its DCA’ are replaced by the words ‘its PM account, its T2S DCA or its TIPS DCA’;
- (c) the following definitions are added as points (10) and (11):
  - ‘(10) “T2S Dedicated Cash Account (T2S DCA)” means an account held by a T2S DCA holder, opened in TARGET2, and used for cash payments in relation to securities settlement in T2S;
  - (11) “TIPS dedicated cash account (TIPS DCA)” means an account held by a TIPS DCA holder, opened in TARGET2, and used for the provision of instant payment services to its customers.’;
- (d) in paragraph 1, the first sentence is replaced by the following:
  - ‘ Each euro area NCB shall provide intraday credit to credit institutions established in the Union or the EEA that are eligible counterparties for Eurosystem monetary policy operations, have access to the marginal lending facility and have an account with the relevant euro area NCB, including when those credit institutions act through a branch established in the Union or the EEA and including branches established in the Union or the EEA of credit institutions that are established outside the EEA, provided that such branches are established in the same country as the relevant euro area NCB.’;
- (e) paragraph 2 is amended as follows:
  - (i) point (b) is replaced by the following:
    - ‘(b) credit institutions established in the Union or 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 Union or the EEA and including branches established in the Union or the EEA of credit institutions that are established outside the EEA.’;
  - (ii) in point (d), the words ‘the EEA’ are replaced by ‘the Union or the EEA’;
- (f) in paragraph 3, point (d) is replaced by the following:
  - ‘(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 (\*);
  - (\* ) The Eurosystem’s current policy for the location of infrastructure is set out in the following statements, which are 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 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, revised version of July 2016.';

- (g) the following paragraph 5a is inserted:
- '5a. Use of ineligible collateral may result in the application of sanctions in accordance with Part Five of Guideline (EU) 2015/510 (ECB/2014/60).'

- (h) paragraph 9 is replaced by the following:
- '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. If an entity referred to in paragraph 1 holds a TIPS DCA, any end-of-day balance on its TIPS DCA recorded in accordance with Appendix III of Annex IIb to this Guideline shall be taken into account for the purpose of calculating the amount of the entity's recourse to the automatic marginal lending facility. This shall not, however, trigger any equivalent release of assets pre-deposited as collateral for the underlying outstanding intraday credit.';

4. Annex IIIa is amended as follows:

- (a) in the text of Annex IIIa and the Appendices, the words 'DCA holder' are replaced by the words 'T2S DCA holder' and the term 'DCA' is replaced by the words 'T2S DCA';
- (b) the definition of 'Dedicated Cash Account (DCA)' is replaced by the following:
- '(3) "T2S Dedicated Cash Account (T2S DCA)" means an account held by a T2S DCA holder, opened in TARGET2, and used for cash payments in relation to securities settlement in T2S;';
- (c) the definition of 'event of default' is amended as follows:
- (i) the words 'Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2' are replaced by the words 'Harmonised Conditions for the Opening and Operation of a T2S Dedicated Cash Account in TARGET2';
- (ii) point (8)(a) is replaced by the following:
- '(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 the Harmonised Conditions for the Opening and Operation of a T2S Dedicated Cash Account in TARGET2 or the Harmonised Conditions for the Opening and Operation of a TIPS Dedicated

Cash Account in TARGET2] or where its eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated;’;

(iii) point (8)(g) is replaced by the following:

‘(g) where the entity's credit balance on its PM account, T2S DCA, or TIPS 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;’;

(d) the following definition is added as point (9):

‘(9) “TIPS Dedicated Cash Account (TIPS DCA)” means an account held by a TIPS DCA holder, opened in TARGET2, and used for the provision of instant payment services to its customers;’;

(e) the following paragraph 4a is inserted:

‘4a. Use of ineligible collateral may result in the application of sanctions in accordance with Part Five of Guideline (EU) 2015/510 (ECB/2014/60).’;

(f) in paragraph 9, the words ‘Harmonised Conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2’ are replaced by the words ‘Harmonised Conditions for the Opening and Operation of a T2S Dedicated Cash Account in TARGET2’;

(g) in paragraph 10, point (a)(i) is replaced by the following:

‘(i) the T2S DCA, TIPS DCA or PM account of the entity with the [insert name of CB] is suspended or closed;’;

5. Annex IV is amended as follows:

(a) in the text of Annex IV and the Appendices, the term ‘DCA’ is replaced by the term ‘T2S DCA’ ;

(b) paragraph 18 is amended as follows:

(i) in point (1)(b), the term ‘DCAs’ is replaced by the words ‘T2S DCAs and TIPS DCAs’;

(ii) the following point (1)(d)(iv) is added :

‘(iv) the ancillary system as Linked PM account holder shall be charged the following fees for TIPS service connected with the linked TIPS DCA(s):

Tariff items	Price	Explanation
<i>Settlement services</i>		
Instant payment order	0,20 euro cent	To be charged also for unsettled transactions
Recall request	0,00	
Negative recall answer	0,00	

Positive recall answer	0,20 euro cent	To be charged to holder of the Linked PM account associated with the TIPS DCA to be credited (also for unsettled transactions)
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Up to the first ten million instant payment orders and positive recall answers, cumulatively, received by the TIPS Platform by the end of 2019, shall be free of charge. The [insert name of CB] shall charge the ancillary system as Linked PM account holder for any further instant payment orders and positive recall answers received by the TIPS Platform by the end of 2019, in the following year.’;

6. Annex V is amended as follows:

(a) in Article 4, point (2) is amended as follows:

- (i) the words ‘payment orders directly resulting from or made in connection with Eurosystem monetary policy operations’ are replaced by the words ‘transactions directly resulting from or made in connection with Eurosystem monetary policy operations’;
- (ii) the words ‘any other payment orders in euro addressed to TARGET2 participants’ are replaced by the words ‘transactions in euro addressed to TARGET2 participants’;
- (iii) the sentence ‘In the interests of clarity, for technical reasons, internet-based participants shall not be able to make PM to DCA liquidity transfer orders.’ is replaced by ‘In the interests of clarity, for technical reasons, internet-based participants shall not be able to make PM to T2S DCA liquidity transfer orders nor PM to TIPS DCA liquidity transfer orders.’;

(b) in Appendix IIA, paragraph 4 is replaced by the following:

‘4. In the case of direct participants, the following invoicing rules apply. The direct participant shall receive the invoice for the previous month specifying the fees to be paid, no later than on the ninth business day of the following month. Payments shall be made no later than the 14th business day of that month to the account specified by [insert name of CB] or shall be debited from an account specified by the participant.’.

**HARMONISED CONDITIONS FOR THE OPENING AND OPERATION OF A TIPS DEDICATED CASH  
ACCOUNT  
(TIPS DCA) IN Target2**

TITLE I  
GENERAL PROVISIONS

*Article 1*

**Definitions**

For the purposes of these Harmonised Conditions (hereinafter the 'Conditions'), the following definitions apply:

- "ancillary system" means a system managed by an entity established in the European Union or European Economic Area (EEA) that is subject to supervision and/or oversight by a competent authority and complies 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<sup>1</sup>, in which payments and/or financial instruments are exchanged and/or cleared or recorded with (a) the monetary obligations settled in TARGET2; and/or (b) funds held in TARGET2, in accordance with Guideline ECB/2012/27 of the European Central Bank<sup>2</sup> and a bilateral arrangement between the ancillary system and the relevant Eurosystem CB,
- "authorised account user" means an entity which: (a) holds a Business Identifier Code (BIC); (b) is registered as such by a TIPS DCA holder; and (c) is addressable through the TIPS Platform for the settlement of instant payments,
- "Business Identifier Code (BIC)" means a code as defined by ISO Standard No 9362,
- "branch" means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,
- "business day" or "TARGET2 business day" means any day on which TARGET2 is open for the settlement of payment orders, as set out in Appendix III,

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<sup>1</sup> The Eurosystem's current policy for the location of infrastructure is set out in the following statements, which are available on the ECB's website at [www.ecb.europa.eu](http://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 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, revised version of July 2016.

<sup>2</sup> Guideline ECB/2012/27 of the European Central Bank 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).

- “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,
- “credit memorandum balance (CMB)” means a limit set by the TIPS DCA holder for the use of liquidity on the TIPS DCA by a specific reachable party,
- “connected NCB” means a national central bank (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,
- “deposit facility” means a Eurosystem standing facility which counterparties may use to make overnight deposits with an NCB at a pre-specified deposit rate,
- “deposit facility rate” means the interest rate applicable to the deposit facility,
- “TIPS Dedicated Cash Account (TIPS DCA)” means an account held by a TIPS DCA holder, opened in TARGET2-[insert CB/country reference], and used for the provision of instant payment services to its customers,
- “T2S Dedicated Cash Account (T2S DCA)” means an account held by a T2S DCA holder, opened in TARGET2-[insert CB/country reference], and used for cash payments in relation to securities settlement in T2S,
- “euro area NCB” means the NCB of a Member State whose currency is the euro,
- “Eurosystem CB” means the 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) or Article 6(1)(b)(iii);
  - (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 TIPS DCA, PM account, or T2S 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,
- "Information and Control Module (ICM)" means the SSP module that allows TIPS DCA holders that also hold a Linked PM account to obtain online information and gives them the possibility to submit PM to TIPS DCA liquidity transfer orders and TIPS DCA to PM liquidity transfer orders, and to manage liquidity,
  - "TIPS GUI" means the module on the TIPS Platform which allows TIPS DCA holders to obtain online information and gives them the possibility to submit TIPS DCA to PM liquidity transfer orders,
  - "ICM broadcast message" means information made simultaneously available to all or a selected group of PM account holders via the ICM,
  - "reachable party" means an entity which: (a) holds a BIC; (b) is designated as such by a TIPS DCA holder; (c) is a correspondent, customer or branch of a TIPS DCA holder; and (d) is addressable through the TIPS Platform and is able to submit payment orders and receive payment orders either via the TIPS DCA holder or, if so authorised by the TIPS DCA holder, directly,
  - "instructing party" means an entity which has been designated as such by a TIPS DCA holder and which is allowed to send payment orders to the TIPS Platform and/or receive payment orders from the TIPS Platform on behalf of that TIPS DCA holder or a reachable party of that TIPS DCA holder,
  - "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<sup>3</sup>,
  - "investment firm" means an investment firm within the meaning of [insert national law provisions implementing Article 4(1)(1) of Directive 2014/65/EU of the European Parliament and of the Council<sup>4</sup>], excluding the institutions specified in [insert national law provisions implementing Article 2(1) of Directive 2014/65/EU], provided that the investment firm in question is:
    - (a) authorised and supervised by a recognised competent authority, which has been designated as such under Directive 2014/65/EU; and
    - (b) entitled to carry out the activities referred to under [insert national law provisions implementing items 2, 3, 6 and 7 of Section A of Annex I to Directive 2014/65/EU],
  - "PM to TIPS DCA liquidity transfer order" means the instruction to transfer a specified amount of funds from a PM account to a TIPS DCA,
  - "TIPS DCA to PM liquidity transfer order" means the instruction to transfer a specified amount of funds from a TIPS DCA to a PM account,

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<sup>3</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>4</sup> Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

- “marginal lending facility” means a Eurosystem standing facility which counterparties may use to receive overnight credit from a Eurosystem CB at the pre-specified marginal lending rate,
- “Linked PM account” means the PM account with which a TIPS DCA is associated for the purpose of liquidity management and payment of TIPS fees,
- “TIPS network service provider” means an undertaking which has: (a) met all of the necessary conditions to connect to, and established a technical connection to, the TIPS Platform in accordance with the rules and procedures set out and referred to in Appendix V; and (b) signed the TIPS connectivity hosting terms and conditions which are available on the ECB’s website,
- “participant” [or “direct participant”] means an entity that holds at least one TIPS DCA (TIPS DCA holder) and/or one PM account (PM account holder) and/or one T2S DCA (T2S DCA holder) with a Eurosystem CB,
- “payee”, except where used in Article 30 of this Annex, means a TIPS DCA holder whose TIPS DCA will be credited as a result of a payment order being settled,
- “payer”, except where used in Article 30 of this Annex, means a TIPS DCA holder whose TIPS DCA will be debited as a result of a payment order being settled,
- “payment order”, except where used in Articles 16 to 18 of this Annex, means an instant payment order, a positive recall answer, a PM to TIPS DCA liquidity transfer order or a TIPS DCA to PM liquidity transfer order,
- “instant payment order” means, in line with the European Payments Council’s SEPA Instant Credit Transfer (SCT Inst) scheme, a payment instruction which can be executed 24 hours a day any calendar day of the year, with immediate or close to immediate processing and notification to the payer,
- “recall request” means, in line with the SCT Inst scheme, a message from a TIPS DCA holder requesting reimbursement of a settled instant payment order,
- “positive recall answer” means, in line with the SCT Inst scheme, a payment order initiated by the receiver of a recall request, in response to a recall request, for the benefit of the sender of that recall request,
- “public sector body” means an entity within the ‘public sector’, the latter term as defined in Article 3 of Council Regulation (EC) No 3603/93<sup>5</sup>,
- “Single Shared Platform (SSP)” means the single technical platform infrastructure provided by the SSP-providing NCBs,
- “TIPS Platform” means the single technical platform infrastructure provided by the TIPS Platform-providing NCBs,
- “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,
- “TIPS Platform-providing NCBs” means the Deutsche Bundesbank, the Banco de España, the Banque de France and the Banca d’Italia in their capacity as the CBs building and operating the TIPS Platform for the Eurosystem’s benefit,
- “TARGET Instant Payment Settlement (TIPS) service” means the settlement in central bank

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<sup>5</sup> Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b(1) of the Treaty (OJ L 332, 31.12.1993, p. 1).



- money of instant payment orders on the TIPS Platform,
- “static data collection form” means a form developed by [insert name of CB] for the purpose of registering applicant TIPS DCA holders 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],
  - “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,
  - “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], or any other event that makes it impossible to execute payments in TARGET2-[insert CB/country reference],
  - “TIPS Distinguished Name (TIPS DN)” means the network address for the TIPS Platform which must be included in all messages intended for the system,
  - “User Detailed Functional Specifications (UDFS)” means the most up-to-date version of the UDFS, which is the technical documentation that details how a TIPS DCA holder interacts with TARGET2,
  - “Home Account” means an account opened outside the PM by a euro area NCB for a credit institution established in the Union or the EEA ;

#### *Article 2*

#### **Scope**

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

#### *Article 3*

#### **Appendices**

1. The following Appendices form an integral part of these Conditions:
  - Appendix I: Parameters of the TIPS DCA – Technical specifications
  - Appendix II: Terms of reference for capacity and country opinions
  - Appendix III: Operating schedule
  - Appendix IV: Fee schedule
  - Appendix V: TIPS connectivity technical requirements
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 TARGET2**

1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts, T2S DCAs for the purpose of securities transactions and TIPS DCAs for the purpose of instant payments.
2. The following transactions are processed in TARGET2-[insert CB/country reference]:
  - (a) transactions 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) T2S DCA to T2S DCA liquidity transfer orders, T2S DCA to PM liquidity transfer orders and PM to T2S DCA liquidity transfer orders;
  - (g) instant payment orders;
  - (h) positive recall answers;
  - (i) TIPS DCA to PM liquidity transfer orders and PM to TIPS DCA liquidity transfer orders; and
  - (j) any other transactions 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, T2S DCAs and TIPS DCAs. TARGET2 is established and functions on the basis of the SSP through which 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 TIPS DCAs is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform. As far as the technical operation of the T2S DCAs is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform.
4. The [insert name of CB] is the provider of services under these Conditions. Acts and omissions of the TIPS Platform-providing NCBs shall be considered acts and omissions of [insert name of CB], for which it shall assume liability in accordance with Article 23 of this Annex. Participation pursuant to these Conditions shall not create a contractual relationship between TIPS DCA holders and the TIPS Platform-providing NCBs when any of the latter acts in that capacity. Instructions, messages or information which a TIPS DCA holder receives from, or sends to, the SSP or TIPS Platform in relation to the services provided under these Conditions are deemed to be received from, or sent to, [insert name of CB].
5. 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].
6. Participation in TARGET2 takes effect via participation in a TARGET2 component system. These

Conditions describe the mutual rights and obligations of TIPS 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 and Appendix I) refer to all payment orders submitted or payments received by any TIPS DCA holder.

## TITLE II PARTICIPATION

### *Article 5*

#### **Access criteria**

1. The following types of entities are eligible to become a TIPS DCA holder in TARGET2-[insert CB/country reference]:
  - (a) credit institutions established in the Union or the EEA, including when they act through a branch established in the Union or the EEA;
  - (b) credit institutions established outside the EEA, provided that they act through a branch established in the Union or 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 TIPS 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 Union or 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<sup>6</sup>], are not entitled to participate in TARGET2-[insert CB/country reference].

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<sup>6</sup> 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).

*Article 6***Application procedure**

1. In order for [insert name of CB] to open a TIPS 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 connect to the TIPS Platform and submit payment orders to it. In doing so, applicant TIPS DCA holders may involve third parties, but retain sole liability. In particular, applicant TIPS DCA holders shall enter into an agreement with one or more TIPS network service providers to obtain the necessary connection and admissions, in accordance with the technical specifications and requirements in Appendices I and V; and
    - (ii) have passed the tests 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 II, 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;
    - (ii) for credit institutions established outside the EEA, acting through a branch established in the Union or the EEA, provide a country opinion in the form specified in Appendix II, 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; and
    - (iii) have adhered to the SCT Inst scheme by signing the SEPA Instant Credit Transfer Adherence Agreement.
2. Entities wishing to open a TIPS 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];
  - (c) the country opinion, if required by the [insert name of CB]; and
  - (d) evidence of their adherence to the SCT Inst scheme.
3. The [insert name of CB] may also request any additional information it deems necessary to decide on the application to open a TIPS DCA.
4. The [insert name of CB] shall reject the application to open a TIPS 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 TIPS 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 TIPS DCA to the applicant TIPS DCA holder 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 TIPS DCA holder. Any rejection decision shall contain reasons for the rejection.

#### *Article 7*

##### **TIPS DCA holders**

1. TIPS DCA holders in TARGET2 [insert CB/country reference] shall comply with the requirements set out in Article 6. They shall have at least one TIPS DCA with the [insert name of CB].
2. In order to send messages to the TIPS Platform, TIPS DCA holders may access the TIPS Platform:
  - (a) directly, and/or
  - (b) using one or more instructing parties.

For both of these methods of access, the TIPS DCA holder shall use one or more TIPS DNs.
3. In order to receive messages from the TIPS Platform, TIPS DCA holders shall access the TIPS Platform:
  - (a) directly; or
  - (b) using one instructing party.

For both of these methods of access, the TIPS DCA holder shall use one TIPS DN to receive instant payment orders.
4. If the TIPS DCA holder chooses to interact with the TIPS Platform via an instructing party, as set out in paragraphs 2 and 3, messages received or sent via the instructing party are deemed to be received from or sent to the TIPS DCA holder. The TIPS DCA holder shall be bound by such actions, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that TIPS DCA holder and any designated instructing party.

#### *Article 8*

##### **Reachable parties**

1. TIPS DCA holders may designate one or more reachable parties. Reachable parties must have adhered to the SCT Inst scheme and signed the SEPA Instant Credit Transfer Adherence Agreement.
2. TIPS DCA holders shall provide evidence to [insert name of CB] of each designated reachable party's adherence to the SCT Inst scheme.
3. A TIPS DCA holder shall inform [insert name of CB] if any designated reachable party no longer adheres to the SCT Inst scheme and shall, without undue delay, take steps to prevent the reachable party from accessing the TIPS DCA.
4. The TIPS DCA holder may designate one or more instructing parties for its designated reachable parties.

5. If a TIPS DCA holder designates one or more reachable parties and/or one or more instructing parties in accordance with paragraphs 1 or 4, respectively, messages received from these reachable parties or, if applicable, via these instructing parties are deemed to be received from the TIPS DCA Holder. Similarly, messages sent to these reachable parties or, if applicable, via these instructing parties are deemed to be sent to the TIPS DCA Holder. The TIPS DCA holder shall be bound by such actions, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that TIPS DCA holder and any of the entities referred to in paragraphs 1 and 4.

#### *Article 9*

##### **TIPS network service providers**

1. Participants shall use one or more TIPS network service providers to exchange messages with the TIPS Platform and shall enter into a separate agreement with such providers to that end.
2. A list of TIPS network service providers, as amended from time to time, is available on the ECB's website. This list is provided for information purposes only. In the event that a TIPS network service provider is removed from the list of TIPS network service providers, the [insert name of CB] shall inform the TIPS DCA holders using that network service provider accordingly.
3. The [insert name of CB] shall not be liable for any acts, errors or omissions of a TIPS network service provider (including its directors, staff and subcontractors) as provider of TIPS network services, or for any acts, errors or omissions of the TIPS network service provider selected by participants to gain access to the TIPS Platform. The [insert name of CB] shall also not be liable for any loss or damages as a result of the TIPS network service provider ceasing to provide a connection to the TIPS platform, whether due to the TIPS network service providers' non-compliance with the connectivity requirements set out in and referred to in Appendix V or termination of the TIPS connectivity hosting terms and conditions or any other reason.

#### *Article 10*

##### **Sponsorship of network service providers**

1. If a TIPS DCA holder wishes to use the services of a network service provider which is not on the list of TIPS network service providers, as referred to in Article 9(2), the TIPS DCA holder may request the [insert name of CB] to initiate the assessment of whether a network service provider may operate as a TIPS network service provider.
2. A network service provider may operate as a TIPS network service provider provided that it successfully passed the assessment conducted in accordance with the rules and procedure set out in Appendix V and after having signed the TIPS connectivity hosting terms and conditions as published on the ECB's website and as amended from time to time.
3. The [insert name of CB] shall inform the TIPS DCA holder of the outcome of the assessment referred to in paragraphs 1 and 2 within 120 calendar days from the date of the receipt of the request. In the event of the rejection of the network service provider, the [insert name of CB] shall inform the TIPS DCA holder of the reasons for the rejection.
4. The requests referred to in paragraph 1 may be submitted to the [insert name of CB] from

1 June 2019.

*Article 11*

**TIPS directory**

1. The TIPS directory is the list of TIPS DCA holders and reachable parties. It shall be updated daily.
2. TIPS DCA holders may only distribute the TIPS directory to their branches, their designated reachable parties and their instructing parties. Reachable parties may only distribute the TIPS directory to their branches.
3. A specific BIC can only appear once in the TIPS directory.
4. TIPS DCA holders acknowledge that the [insert name of CB] and other CBs may publish their names and BICs. In addition, the [insert name of CB] and other CBs may publish names and BICs of reachable parties designated by TIPS DCA holders and TIPS DCA holders shall ensure that reachable parties have agreed to such publication.

TITLE III

OBLIGATIONS OF THE PARTIES

*Article 12*

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

1. The [insert name of CB] shall open upon request of the TIPS DCA holder and operate [one or more] TIPS 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. Actions taken by reachable parties and instructing parties are deemed to be those of the TIPS DCA holder, including for the purposes of Directive 98/26/EC.
3. The TIPS DCA holder shall register itself and its reachable parties as authorised account users for settlement purposes. For that purpose it shall only register its own BIC and/or that of a reachable party.
4. The fees for TIPS DCA services are laid down in Appendix IV. The holder of the Linked PM account is liable for paying these fees.
5. TIPS DCA holders shall ensure that at all times they are connected to the TIPS Platform via the TIPS DN used for the purpose of receiving messages under Article 7(3).
6. TIPS DCA holders which have designated a reachable party shall ensure that at all times this reachable party is connected to the TIPS Platform via the TIPS DN used for the purpose of receiving messages under Article 8.
7. The TIPS 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.
8. TIPS DCA holders shall ensure that the liquidity in the TIPS DCA 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 TIPS DCA holder that has opted for such service on the TIPS Platform. Daily statements are provided for each TARGET2 business day.

9. It shall be incumbent upon TIPS DCA holders, in their own interest and under their separate agreement with their TIPS network service provider, to monitor that at all times their chosen TIPS network service provider continues to provide an active connection to the TIPS Platform and maintains its status of TIPS network service provider. This connection must be in compliance with the conditions laid out in the connectivity requirements set out and referred to in Appendix V.

#### *Article 13*

##### **Designation, suspension or termination of a Linked PM account**

1. The TIPS DCA holder shall designate a Linked PM account. The Linked PM account may be held in a TARGET2 component system other than TARGET2-[insert CB/country reference] and may belong to a different legal entity from the TIPS DCA holder. A Linked PM account may be linked to a maximum of 10 TIPS DCAs.
2. A PM account holder using internet-based access cannot be designated as a Linked PM account holder.
3. If the holder of the Linked PM account and the holder of the TIPS DCA are different legal entities and the participation of that Linked PM account holder is suspended or terminated, the [insert name of CB] and the TIPS DCA holder shall take all reasonable and practicable steps to mitigate any damage or loss. The TIPS DCA holder shall take all necessary steps to designate a new Linked PM account without undue delay which will then be liable for any outstanding invoices.
4. The [insert name of CB] shall not be liable for any losses incurred by the TIPS DCA holder as a consequence of the suspension or termination of the Linked PM account holder's participation.

#### *Article 14*

##### **Cooperation and information exchange**

1. In performing their obligations and exercising their rights under these Conditions, the [insert name of CB] and TIPS 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 TIPS DCA holders in relation to difficulties arising in connection with system operations.
3. Up-to-date information on the operational status of the TIPS Platform and the SSP shall be available on the TARGET2 Information System (T2IS) and on the TIPS Information System on dedicated webpages on the ECB's website. The T2IS and the TIPS Information System may be used to obtain information on any event affecting the normal operation of the SSP and the TIPS



Platform.

4. The [insert name of CB] may either communicate messages to TIPS DCA holders by means of ICM broadcast messages where they also hold a PM account, or otherwise by any other means.
5. TIPS 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]. TIPS 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. TIPS 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. TIPS DCA holders shall also inform [insert name of CB] if they no longer fulfill the requirements for adhering to the SCT Inst scheme.
7. TIPS DCA holders shall inform the [insert name of CB] of any new reachable party which they register and any changes related to such registered reachable parties.
8. TIPS DCA holders shall immediately inform the [insert name of CB] if an event of default occurs in relation to themselves.

#### TITLE IV

#### MANAGEMENT OF TIPS DCAs AND PROCESSING OF PAYMENT ORDERS

##### Article 15

##### Opening and management of TIPS DCAs

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

Part A	Account type	1 char. exactly	'I' for instant payment account
	Country code of the central bank	2 char. exactly	ISO country code 3166-1
	Currency code	3 char.	EUR
Part B	Account holder	11 char.	BIC
Part C	Sub-classification of the account	Up to 17 char.	Free text (alphanumeric) to be provided by the TIPS DCA holder

2. No debit balance shall be allowed on TIPS DCAs.
3. For the purpose of calculation of minimum reserves, remuneration of overnight balances and automatic recourse to marginal lending facility, the TIPS DCA holder shall link its TIPS DCA with a

- [insert PM account/Home Account as applicable] which it holds with [insert name of CB].
4. If the TIPS DCA holder holds its minimum reserve directly, any end-of-day balance on its TIPS DCA recorded in accordance with Appendix III shall be taken into account for the purpose of its minimum reserves. If the TIPS DCA holder holds its minimum reserve indirectly, its TIPS DCA cannot be linked to a PM account or another account held by its intermediary, because where minimum reserves are indirectly held, the accounts of the TIPS DCA holder cannot be aggregated with the accounts held by the intermediary through which the TIPS DCA holder fulfils its minimum reserve requirements.
  5. TIPS DCAs shall either be remunerated at 0 % or the deposit facility rate, whichever is lower, unless they are used to hold required minimum reserves. In such a case, the calculation and payment of remuneration of holdings of minimum reserves shall be governed by Council Regulation (EC) No 2531/98<sup>7</sup> and Regulation (EC) No 1745/2003 of the European Central Bank<sup>8</sup>.

#### *Article 16*

### **Types of payment orders in TIPS DCA**

The following are classified as payment orders for the purposes of the TIPS service:

- (a) instant payment orders;
- (b) positive recall answers; and
- (c) TIPS DCA to PM liquidity transfer orders.

#### *Article 17*

### **Acceptance and rejection of payment orders**

1. Payment orders within the meaning of Article 16 and submitted by TIPS DCA holders are deemed accepted by the [insert name of CB] if:
  - (a) the payment message has been delivered to the TIPS Platform by the respective TIPS network service provider; and
  - (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.
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 TIPS DCA holders of any rejection of a payment order, as specified in Appendix I. For the avoidance of doubt, if the payment order was submitted via an instructing party or by a reachable party on behalf of the TIPS DCA holder, the instructing or reachable party will receive the rejection.

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<sup>7</sup> Council Regulation (EC) No 2531/98 of 23 November 1998 concerning the application of minimum reserves by the European Central Bank (OJ L 318, 27.11.1998, p. 1).

<sup>8</sup> Regulation (EC) No 1745/2003 of the European Central Bank of 12 September 2003 on the application of minimum reserves (OJ L 250, 2.10.2003, p.10).

*Article 18***Processing of payment orders on TIPS DCAs**

1. The TIPS Platform attaches its timestamp for the processing of payment orders in the sequence of their receipt.
2. All payment orders submitted to the TARGET2 [insert name of CB] shall be processed on a first in-first out basis without prioritisation or reordering.
3. After an instant payment order has been accepted as set out in Article 17, the TARGET2 [insert name of CB] shall check if sufficient funds are available on the payer's TIPS DCA.
  - (a) If sufficient funds are not available, the instant payment order shall be rejected;
  - (b) If sufficient funds are available, the corresponding amount shall be reserved while awaiting the payee's response. In the event of acceptance by the payee, the instant payment order shall be settled and the reservation shall be simultaneously lifted. In the event of rejection by the payee or the absence of a timely response, within the meaning of the SCT Inst scheme, the instant payment order shall be cancelled and the reservation shall be simultaneously lifted.
4. Funds reserved in accordance with paragraph 3(b) shall not be available for the settlement of subsequent payment orders. For the purposes of Article 15(4) and (5), funds reserved shall count towards the fulfillment of the minimum reserves and remuneration of the overnight balance of the TIPS DCA holder.
5. Without prejudice to paragraph 3(b), the TARGET2 [insert name of CB] shall reject instant payment orders if the amount of the instant payment order exceeds any applicable CMB.
6. After a TIPS DCA to PM liquidity transfer order has been accepted as set out in Article 17, the TARGET2 [insert name of CB] shall check if sufficient funds are available on the payer's TIPS DCA. If sufficient funds are not available the liquidity transfer order shall be rejected. If sufficient funds are available the liquidity transfer order shall be settled immediately.
7. After a positive recall answer has been accepted as set out in Article 17, TARGET2 [insert name of CB] shall check if sufficient funds are available on the TIPS DCA to be debited. If sufficient funds are not available the positive recall answer shall be rejected. If sufficient funds are available the positive recall answer shall be settled immediately.
8. Without prejudice to paragraph 7, TARGET2 [insert name of CB] shall reject positive recall answers if the amount of the positive recall answer exceeds any applicable CMB.

*Article 19***Recall request**

1. A TIPS DCA holder may enter a recall request.
2. The recall request shall be forwarded to the payee of the settled instant payment order which may answer positively with a positive recall answer, or negatively with a negative recall answer.

*Article 20***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 provisions implementing these Articles of Directive 98/26/EC]:
  - (a) instant payment orders are deemed entered into TARGET2-[insert CB/country reference] and irrevocable at the moment that the relevant funds on the TIPS DCA of the TIPS DCA holder are reserved;
  - (b) TIPS DCA to PM liquidity transfer orders and positive recall answers are deemed entered into TARGET2-[insert CB/country reference] and irrevocable at the moment that the relevant TIPS DCA is debited.
2. PM to TIPS DCA liquidity transfer orders are governed by the Harmonised Conditions for the opening and operation of a PM account in TARGET2 [as set out in Annex II to Guideline ECB/2012/27] applicable to the TARGET2 component system from which they originate.

## TITLE V

## SECURITY REQUIREMENTS, BUSINESS CONTINUITY AND USER INTERFACE

*Article 21***Security requirements and business continuity**

1. TIPS DCA holders shall implement adequate security controls to protect their systems from unauthorised access and use. TIPS DCA holders shall be exclusively responsible for the adequate protection of the confidentiality, integrity and availability of their systems.
2. TIPS 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, if necessary, request that the TIPS DCA holders take appropriate measures to prevent a recurrence of such an event.
3. In the event that a TIPS DCA holder has a problem that prevents it from settling instant payment orders and positive recall answers in TARGET2 [insert name of CB/country reference], it shall be its responsibility to resolve the problem.
4. In the event that a TIPS DCA holder unexpectedly submits an abnormally high number of messages, which threaten the stability of the TIPS 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 TIPS Platform all further messages submitted by such TIPS DCA holder.
5. The [insert name of CB] may impose additional security requirements on all TIPS DCA holders and/or on TIPS DCA holders that are considered critical by the [insert name of CB].

*Article 22***User interfaces**

1. The TIPS DCA holder, or the Linked PM account holder acting on its behalf, shall use either one or both of the following means to access that TIPS DCA:
  - (a) a direct connection to the TIPS Platform in either U2A or A2A modes; or
  - (b) the ICM liquidity management features for the TIPS service.
2. A direct connection to the TIPS Platform allows TIPS DCA holders:
  - (a) to access information relating to their accounts and to manage CMBs;
  - (b) to initiate TIPS DCA to PM liquidity transfer orders; and
  - (c) to manage certain static data.
3. The ICM liquidity management features for the TIPS service allows the holder of the Linked PM account:
  - (a) to access information relating to the balance of the TIPS DCAs;
  - (b) to manage liquidity and to initiate liquidity transfer orders to and from the TIPS DCAs.

Further technical details relating to the user interfaces are contained in Appendix I.

As regards the ICM, further technical details are contained in [insert national provisions implementing Appendix I to Annex II to the Guideline].

## TITLE VI

## LIABILITY REGIME AND EVIDENCE

*Article 23***Liability regime**

1. In performing their obligations pursuant to these Conditions, the [insert name of CB] and the TIPS 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 TIPS DCA holders in cases of fraud (including but not limited to willful 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 TIPS 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
4. The [insert name of CB] shall not be liable:
  - (a) to the extent that the loss is caused by the TIPS 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 (EU) 2015/2366 of the European Parliament and of the Council<sup>9</sup>] 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 TIPS 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 TIPS Platform-providing NCBs shall not be considered as third parties.

#### *Article 24*

#### **Evidence**

1. Unless otherwise provided in these Conditions, all payment and payment processing-related messages in relation to TIPS DCAs, such as confirmations of debits or credits, or statement messages, between the [insert name of CB] and TIPS DCA holders shall be made through the TIPS network service provider.
2. Electronic or written records of the messages retained by the [insert name of CB] or by the TIPS 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 TIPS network service provider shall be accepted as a means of evidence, regardless of the form of the original message.
3. The [insert name of CB] shall keep complete records of payment orders submitted and payments received by TIPS 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 TIPS 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.
4. 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 TIPS DCA holders and of any facts and events that the parties rely on.

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<sup>9</sup> Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC (OJ L 337, 23.12.2015, p. 35).

## TITLE VII

## TERMINATION AND CLOSURE OF TIPS DCAs

*Article 25***Duration and ordinary termination of TIPS DCAs**

1. Without prejudice to Article 26, a TIPS DCA in TARGET2-[insert CB/country reference] is opened for an indefinite period of time.
2. A TIPS DCA holder may terminate its TIPS 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 TIPS DCA holder's TIPS DCA in TARGET2-[insert CB/country reference] at any time giving three months' notice thereof, unless it agrees a different notice period with that TIPS DCA holder.
4. On termination of the TIPS DCA, the confidentiality duties laid down in Article 29 remain in force for a period of five years starting on the date of termination.
5. On termination of the TIPS DCA, it shall be closed in accordance with Article 27.

*Article 26***Suspension and extraordinary termination of participation**

1. A TIPS 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 TIPS DCA holder no longer meets the access criteria laid down in Article 5.
 For the purposes of this paragraph, the taking of crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU of the European Parliament and of the Council<sup>10</sup> against a TIPS DCA holder shall not automatically qualify as the opening of insolvency proceedings.
2. The [insert name of CB] may terminate without prior notice or suspend the TIPS 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 TIPS DCA holder is in material breach of these Conditions;
  - (c) the TIPS DCA holder fails to carry out any material obligation to the [insert name of CB];
  - (d) the TIPS DCA holder no longer has a valid agreement with a TIPS network service provider to obtain the necessary connection to the TIPS Platform;
  - (e) any other TIPS DCA holder-related event occurs which, in the [insert name of CB]'s

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<sup>10</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).

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 2(a) to (c).
4. In the event that the [insert name of CB] suspends or terminates a TIPS DCA holder's participation in TARGET2-[insert CB/country reference] under paragraph 1 or 2, the [insert name of CB] shall immediately inform, by means of a ICM broadcast message, other CBs and PM account holders in all of the TARGET2 component systems of such suspension or termination. Such message shall be deemed to have been issued by the home CB of the PM account holder that received the message.  
Linked PM account holders shall have the responsibility to inform their Linked TIPS DCA holders of the suspension or termination of any TIPS DCA holder's participation in TARGET2-[insert CB/country reference].
5. Upon termination of a TIPS DCA holder's participation, TARGET2-[insert CB/country reference] shall not accept any new payment orders to or from that TIPS DCA holder.
6. If a TIPS DCA holder is suspended from TARGET2-[insert CB/country reference] on grounds other than those specified in paragraph (1)(a), the suspended TIPS DCA holder's CB shall either:
  - (a) reject all of its incoming payment orders;
  - (b) reject all of its outgoing payment orders; or
  - (c) reject both its incoming and outgoing payment orders.
7. If a TIPS DCA holder is suspended from TARGET2-[insert CB/country reference] on the grounds specified in paragraph (1)(a), the suspended TIPS DCA holder's CB shall reject all incoming and outgoing payment orders.
8. The [insert name of CB] shall process instant payment orders of a TIPS DCA holder whose participation in TARGET2-[insert CB/country reference] has been suspended or terminated under paragraph 1 or 2 and in relation to which the [insert name of CB] has reserved funds on a TIPS DCA pursuant to Article 18(3)(b) prior to the suspension or termination.

#### *Article 27*

#### **Closure of TIPS DCAs**

1. TIPS DCA holders may request the [insert name of CB] to close their TIPS 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 25 or 26, the [insert name of CB] shall close the TIPS DCAs of the TIPS DCA holders concerned, after having:
  - (a) settled any instant payment order accepted by the payee for which funds have already been reserved; and
  - (b) made use of its rights of pledge and set-off under Article 28.



TITLE VIII  
FINAL PROVISIONS

*Article 28*

**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 TIPS DCA holder's existing and future credit balances on its TIPS DCAs, thereby collateralising any current and future claims arising out of the legal relationship between the parties.]
2. [Insert if applicable: A TIPS DCA holder's current and future claims towards the [insert name of the CB] arising from a credit balance on the TIPS 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 TIPS DCA holder 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 TIPS DCA holder's TIPS DCA.]
3. [Insert if applicable: The [insert name of CB] shall have a floating charge over the TIPS DCA holder's existing and future credit balances on their TIPS DCAs, thereby collateralising any current and future claims arising out of the legal relationship between the parties.]
4. [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.]
5. [Insert if applicable: The participant, acting in its capacity as a TIPS DCA holder, hereby acknowledges the creation of a pledge in favour of [insert name of CB], with whom that TIPS 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 TIPS 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.
6. On the occurrence of:
  - (a) an event of default, referred to in Article 26(1); or
  - (b) any other event of default or event referred to in Article 26(2) that has led to the termination or suspension of the TIPS DCA holder's participation, notwithstanding the commencement of any insolvency proceedings in respect of a TIPS DCA holder and notwithstanding any assignment, judicial or other attachment or other disposition of or in respect of the TIPS DCA holder's rights;all obligations of the TIPS 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 TIPS 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.
7. The [insert name of CB] shall promptly give the TIPS DCA holder notice of any set-off pursuant to paragraph 6 after such set-off has taken place.

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

#### *Article 29*

#### **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 TIPS DCA holder, TIPS DCA holders from the same group or the TIPS DCA holder's customers, unless the TIPS DCA holder or a TIPS DCA holder's 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 TIPS DCA holder agrees that information on any action taken under Article 26 shall not be considered as confidential.
3. By derogation from paragraph 1, the TIPS DCA holder agrees that the [insert name of CB] may disclose payment, technical or organisational information regarding the TIPS DCA holder, other TIPS DCAs held by DCA holders from the same group or the TIPS DCA holder's customers obtained in the course of the operation of TARGET2-[insert CB/country reference] to:
  - (a) 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 TIPS DCA holder's or its group's exposure;
  - (b) other CBs in order to carry out the analysis necessary for market operations, monetary policy functions, financial stability or financial integration; or
  - (c) supervisory and oversight authorities of Member States and the Union, including CBs, 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.

4. By derogation from paragraph 1 and provided that this does not make it possible, whether directly or indirectly, to identify the TIPS DCA holder or the TIPS DCA holder's customers, the [insert name of CB] may use, disclose or publish payment information regarding the TIPS DCA holder or the TIPS 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 which the information is disclosed.
5. Information relating to the operation of TARGET2-[insert CB/country reference] to which TIPS DCA holders have had access, may only be used for the purposes laid down in these Conditions. TIPS DCA holders shall keep such information confidential, unless the [insert name of CB] has explicitly given its written consent to disclose. TIPS 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.

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

*Article 30*

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

1. TIPS 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 payments debited or credited on their TIPS DCAs. TIPS DCA holders shall also acquaint themselves with their chosen TIPS network service provider's data retrieval policy prior to entering into a contractual relationship with that TIPS network service provider.
2. TIPS 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 TIPS DCA holders' participation in TARGET2-[insert CB/country reference].
3. TIPS 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 TIPS DCA holder that is a payer:
    - (i) the TIPS 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 TIPS DCA holder shall not enter any payment order into TARGET2 with the exception of payment orders concerning the transfer of liquidity between different accounts of the same TIPS DCA holder, 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 TIPS DCA holder that is a payee, the TIPS 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 31***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. 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 TIPS DCA holder shall be sent to it at the address, fax number or its BIC address as the TIPS 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. TIPS DCA holders shall be bound by all forms and documents of the [insert name of CB] that the TIPS 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 14(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 TIPS DCA holders, their employees or agents.

*Article 32***Amendment procedure**

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

*Article 33***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 TIPS 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 TIPS DCA holders in TARGET2-[insert CB/country reference].

*Article 34***Governing law, jurisdiction and place of performance**

1. The bilateral relationship between the [insert name of CB] and TIPS 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 TIPS DCA holders shall be [insert place of the seat of the CB].

*Article 35*

**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 36*

**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 TIPS DCA in TARGET2-[insert CB/country reference], applicant TIPS DCA holders automatically agree to these Conditions between themselves and in relation to the [insert name of CB].]

## Appendix I

### **PARAMETERS OF THE TIPS DCAs — TECHNICAL SPECIFICATIONS**

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

#### **1. Technical requirements for participation in TARGET2-[insert CB/country reference] regarding infrastructure, network and formats**

- (1) A TIPS DCA holder shall use the services of at least one TIPS network service provider for the exchange of messages.
- (2) A TIPS DCA holder shall specify a TIPS DN to receive messages relevant for the TIPS DCA holder, such as in relation to reports, and floor/ceiling notifications. This may be different from the TIPS DN used for the exchange of instant payments orders.
- (3) Each TIPS 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].
- (4) For the submission of TIPS DCA to PM liquidity transfer orders the services of a TIPS network service provider or the ICM shall be used. Liquidity transfer orders shall include, inter alia, the unique 34-character account number of the sending TIPS DCA holder and the BIC of the receiving PM account.
- (5) For the exchange of information with the TIPS Platform either A2A or U2A modes may be used. The security of the message exchange between the TIPS DCA and the TIPS Platform shall rely on the Public Key Infrastructure (PKI) service offered by the T2S network service provider used. Information on the PKI service is available in the documentation provided by such TIPS network service provider.
- (6) For the exchange of information with the Common Reference Data Management component U2A mode shall be used. The Common Reference Data Management component allows users to configure, create and maintain reference data needed in TIPS service.
- (7) TIPS DCA holders shall comply with the ISO20022 message structure and field specifications. Message structure and field specifications are described in Chapter 3.3.2 of the TIPS UDFS.
- (8) Field contents shall be validated at the level of the TIPS Platform in accordance with the TIPS UDFS requirements.

#### **2. Message types**

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

Message Type	Message Name
Pacs.002	FIToFIPayment Status Report
Pacs.004	PaymentReturn
Pacs.008	FIToFICustomerCreditTransfer
Pacs.028	FIToFIPaymentStatusRequest
camt.003	GetAccount

camt.004	ReturnAccount
camt.011	ModifyLimit
camt.019	ReturnBusinessDayInformation
camt.025	Receipt
camt.029	ResolutionOfInvestigation
camt.050	LiquidityCreditTransfer
camt.052	BankToCustomerAccountReport
camt.053	BankToCustomerStatement
camt.054	BankToCustomerDebitCreditNotification
camt.056	FIToFIPaymentCancellationRequest
acmt.010	AccountRequestAcknowledgement
acmt.011	AccountRequestRejection
acmt.015	AccountExcludedMandateMaintenanceRequest
reda.016	PartyStatusAdviceV01
reda.022	PartyModificationRequestV01

### 3. **Double-entry check**

All payment orders shall pass a double-entry check, the aim of which is to reject payment orders that have been submitted more than once.

### 4. **Error codes**

If an instant payment order or a positive recall answer is rejected for any reason, the TIPS DCA holder shall receive a payment status report [pacs.002], as described in Chapter 4.2 of the TIPS UDFS. If a liquidity transfer order is rejected for any reason, the TIPS DCA holder shall receive a rejection [camt.025], as described in Chapter 1.6 of the TIPS UDFS.

### 5. **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 1.4.2 of the TIPS UDFS.

### 6. **Use of the U2A and A2A mode**

(1) The U2A and A2A modes may be used for obtaining information and managing liquidity. The TIPS 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 TIPS DCA holders:

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

In A2A, information and messages are transferred between the TIPS Platform and the TIPS DCA holder's internal application. The TIPS 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 TIPS DCA holder and the TIPS 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 TIPS User Handbook.

- (2) 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.
- (3) If a TIPS DCA holder has technical problems and is unable to submit a TIPS DCA to PM account liquidity transfer order, it may contact its central bank which will on a best efforts basis act on behalf of the TIPS DCA holder.

**7. *Relevant documentation***

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



Appendix II**TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS****TERMS OF REFERENCE FOR CAPACITY OPINIONS FOR TIPS 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 TIPS DCA holder or branch of TIPS DCA holder] in respect of issues arising under the laws of [jurisdiction in which the TIPS DCA holder is established; hereinafter the "jurisdiction"] in connection with the participation of [specify name of TIPS DCA holder] (hereinafter the "TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS DCA holder on [insert date], [insert year], evidencing the TIPS 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 TIPS DCA holder];

and all other documents relating to the TIPS DCA holder's constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter the "TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS DCA HOLDER*

- A. The TIPS DCA holder is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].
- B. The TIPS 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 TIPS DCA holder of the rights and obligations under the System Documents to which the TIPS DCA holder is party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the TIPS DCA holder or the TIPS 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 TIPS 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 TIPS 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 [TIPS 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 TIPS 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 TIPS DCA holder or branch of TIPS DCA holder] (the “TIPS DCA holder”) in respect of issues arising under the laws of [jurisdiction in which the TIPS DCA holder is established; hereinafter the “jurisdiction”] to provide this Opinion under the laws of [jurisdiction] in connection with the participation of the TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS DCA holder's assets or any branch it may have in [jurisdiction] to which the TIPS 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 TIPS 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 TIPS 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 TIPS DCA holder.

In particular, we are of the opinion that:

### 3.3.a. *Processing of payment orders*

The provisions on processing of payment orders [list of sections] of the Rules are valid and enforceable. In particular, all payment 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 payment 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 TIPS 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 TIPS DCA holders with services directly and necessarily required for participation in the System, e.g. TIPS network service provider].

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

[Where applicable to the TIPS 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 TIPS 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 TIPS DCA holder, the provisions contained in [list of sections] of the Rules (in respect of suspension and termination of the TIPS 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 TIPS 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 TIPS DCA holder cannot be assigned, altered or otherwise transferred by the TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS DCA holder, the rights or assets assigned for collateral purposes, or pledged by the TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS 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 TIPS DCA holder applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the TIPS 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 TIPS 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 TIPS 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 [TIPS 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 III****OPERATING SCHEDULE**

1. The TIPS Platform is operated and available in U2A and A2A mode 24 hours a day, every day of the year.
2. After the completion of the last algorithms in TARGET2, a message is sent to the TIPS platform after which the change of business day is initiated. After the start of the new business day the TIPS Platform sends a record to the SSP of the balances on the TIPS DCAs as they stood at the time of the change of business day.
3. The SSP is operated 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.
4. The reference time for the system is the local time at the seat of the ECB, i.e. CET<sup>1</sup>.
5. The operating hours may be changed in the event that business continuity measures are adopted.
6. An overview of the operating hours and significant business events during the day is shown in the following table. Settlement of instant payment orders continues without interruption 24/7/365. Liquidity transfers are possible at all times except those indicated in the table:

SSP schedule		TIPS schedule (applicable to TIPS DCAs)	
Time	Description	Time	Description
6.45-7.00	Business window to prepare daytime operations <sup>1</sup>		
7.00-18.00	Daytime processing		
17.00	Cut-off time for customer payments		
18.00	Cut-off time for interbank payments Cut-off time for liquidity transfers <sup>2</sup>	18.00	Cut-off time for liquidity transfers <sup>2</sup>
Shortly after 18.00	Completion of last Algorithms		
Upon completion of	Send message to TIPS to inform that change of business day can	Upon receipt of	- Change of business day in TIPS - Snapshot of balances on

<sup>1</sup> CET takes into account the change to Central European Summer Time.



last algorithms	be performed	message from SSP	TIPS DCAs and generation of End-of-day files (General Ledger)
18.00-18.45 <sup>3</sup>	End-of-day processing		
18.15 <sup>3</sup>	General cut-off time for the use of standing facilities		
(Shortly after) 18.30 <sup>4</sup>	Data for the update of accounting systems are available to CBs		
18.45-19.30 <sup>4</sup>	Start-of-day processing (new business day)		
19.00 <sup>5</sup> -19.30 <sup>3</sup>	Provision of liquidity on the PM account		
19.30 <sup>3</sup>	“Start-of-procedure” message and settlement of the standing orders to transfer liquidity from the PM accounts to the subaccounts/technical account (ancillary system-related settlement) & Start of liquidity transfers between TARGET2 and TIPS	19.30	Start of liquidity transfers between TARGET2 and TIPS
19.30 <sup>4</sup> -22.00	Execution of additional liquidity transfers via the ICM for settlement procedure 6 real-time; execution of additional liquidity transfers via the ICM before the ancillary system sends the ‘start of cycle’ messages for settlement procedure 6 interfaced; settlement period of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced)		
22.00-1.00	Technical maintenance window <sup>6</sup>	22.00 – 1.00	Liquidity transfers not possible as the SSP is closed

1.00-7.00	Settlement procedure of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced)  Liquidity transfers between TARGET2 and TIPS		
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- 1 “Daytime operations” means daytime processing and end-of-day processing.
  - 2 Liquidity transfers entered into the system before the cut-off time will be processed.
  - 3 Ends 15 minutes later on the last day of the Eurosystem reserve maintenance period.
  - 4 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
  - 5 Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
  - 6 Over a weekend or on a holiday, the technical maintenance 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.
7. Up-to-date information on the operational status of the SSP and the TIPS Platform shall be available on the TARGET2 Information System (T2IS) and on the TIPS Information System on dedicated webpages on the ECB’s website. The information on the operational status of the SSP and the TIPS Platform on T2IS and the ECB’s website shall only be updated during normal business hours.

**Appendix IV**  
***FEE SCHEDULE***

***Fees for TIPS services***

1. The following fees for TIPS services connected with TIPS DCAs shall be charged to the Linked PM account holders:

Tariff items	Price	Explanation
<i>Settlement services</i>		
Instant payment order	0,20 euro cent	To be charged also for unsettled transactions
Recall request	0,00	
Negative recall answer	0,00	
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)

2. Up to the first ten million instant payment orders and positive recall answers, cumulatively, received by the TIPS Platform by the end of 2019, shall be free of charge. The [insert name of CB] shall charge Linked PM account holders for any further instant payment orders and positive recall answers received by the TIPS Platform by the end of 2019, in the following year.

3. PM to TIPS DCA liquidity transfer orders sent from a participant's PM account and TIPS DCA to PM liquidity transfer orders received on a participant's PM account shall be charged to the Linked PM account holder in accordance with Appendix VI to Annex II.

**APPENDIX V****TIPS CONNECTIVITY TECHNICAL REQUIREMENTS****Services of the TIPS network service provider****General service description**

1. The TIPS network service provider connects the TIPS DCA holder and/or its reachable party to the TIPS platform and provides a secure messaging service based on a Closed Group of Users (CGU) and PKI, as well as support and incident management services.
2. All the services provided by the TIPS network service provider to the TIPS DCA holders shall be offered under a separate agreement entered into between them and in accordance with the detailed requirements for network service providers set out in the connectivity documentation as it shall read from time to time (hereinafter the “connectivity documentation”). The connectivity documentation is available on the ECB’s website and consists of: (a) the document entitled “Connectivity – technical requirements” and the following attachments to it: “MEPT – Message Exchange Processing for TIPS” and “NSP Compliance Check Procedure”; and (b) the TIPS connectivity hosting terms and conditions. The TIPS DCA holders are invited to include the connectivity documentation in their agreement with the TIPS network service provider.
3. In order for a network service provider to enter into an agreement with a TIPS DCA holder as a TIPS network service provider, a compliance check of the network service provider shall be carried out to ensure that such provider is technically compliant with the requirements set out in the document “Connectivity – technical requirements”. This check shall include, first, an evaluation of the network service provider’s technical offer. If this evaluation is positive, a second stage of the compliance check shall be carried out, which includes a series of tests of the network service provider’s technical solution. The compliance check is described in further detail in the “NSP Compliance Check Procedure” referred to in paragraph 2.
4. If the network service provider successfully completes the compliance check, it signs the TIPS connectivity hosting terms and conditions with Banca d’Italia. Such TIPS network service provider may then be used by any TIPS DCA holders, under a separate agreement entered into by the former and the latter, and their names will be published on the ECB’s website, solely for information purposes. The compliance check referred to in paragraph 3 shall be carried out within 120 calendar days from the date of the official notification of the start of that procedure to the TIPS DCA holder.
5. If a network service provider does not successfully complete any stage of the compliance check referred to in paragraph 3, the [insert name of CB] shall inform the TIPS DCA holder at whose request the assessment referred to in paragraph 3 was initiated, of the rejection and the reasons for it.
6. It shall be incumbent upon TIPS DCA holders, in their own interest and under their separate agreement with their TIPS network service provider, to monitor whether the connectivity services to

be provided by their TIPS network service provider fulfil all the technical and operational requirements as referred to in paragraph 2 at the time of the compliance check procedure, and for the entire period of time that the TIPS DCA holders are connected to the TIPS Platform.

7. Any TIPS platform-providing NCBs' monitoring of a TIPS network service provider's compliance with the technical and operational requirements shall be undertaken in the sole interest of protecting the integrity of the TIPS Platform and, hence, without prejudice to the monitoring carried out by the TIPS DCA holder in accordance with paragraph 6.
8. A TIPS network service provider may be disconnected from the TIPS platform if it ceases to meet the conditions of the connectivity documentation described in paragraph 2 or if the TIPS connectivity hosting terms and conditions are terminated for any other reason, as laid down in those terms and conditions. If a TIPS network service provider's connection to the TIPS Platform is terminated, it will be removed from the list of TIPS network service providers.'