

**TERMS AND CONDITIONS FOR THE OPENING AND OPERATION  
OF A T2S DEDICATED CASH ACCOUNT (T2S DCA) IN TARGET2-BUNDESBANK (TARGET2-BBk)**

**TITLE I  
GENERAL PROVISIONS**

**Article 1 - Definitions**

For the purposes of these Terms and Conditions (hereinafter the “Conditions”) the following definitions apply:

- “4CBs” means the Deutsche Bundesbank, the Banque de France, the Banca d’Italia and Banco de España in their capacity as the CBs building and operating the T2S Platform for the Eurosystem’s benefit,
- “A2A” or “Application-to-application” means a connectivity mode allowing the T2S DCA holder to exchange information with the software application of the T2S Platform,
- “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 already held by the T2S DCA holder (collateral on stock). An auto collateralisation transaction consists of two distinct transactions, one of the granting of auto-collateralisation, one for its reimbursement and may also include a third transaction for any eventual collateral relocation. For the purposes of Article 16 in this Conditions, all three transactions are deemed to have been entered into the system and deemed to be irrevocable at the same time as the transaction for the granting of the auto-collateralisation’;
- “available liquidity” means the credit balance on the T2S DCA decreased by the amount of any processed reservations of liquidity or blocking of funds,
- “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 V,;
- “Business Identifier Code (BIC)” means a code as defined by ISO Standard No 9362,
- “capacity opinion” means a participant-specific opinion that contains an assessment of a participant’s legal capacity to enter into and carry out its obligations under these Conditions,
- “central banks (CBs)” means the Eurosystem CBs and the connected NCBs,
- “connected NCB” means an NCB, other than a Eurosystem CB, which is connected to TARGET2 pursuant to a specific agreement,
- “Contingency Solution” means the SSP functionality that processes very critical and critical payments in contingency,
- “credit institution” means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>1</sup> 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,

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<sup>1</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

- “T2S DCA to T2S DCA liquidity transfer order” means the instruction to transfer a specified amount of funds from (i) a T2S DCA to a T2S DCA linked to the same Main PM account; or (ii) from a T2S DCA to a T2S DCA held by the same legal entity,
- “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,
- “T2S Dedicated Cash Account (T2S DCA)” means an account held by a T2S DCA holder, opened in TARGET2-BBk, 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 European Central Bank (ECB) or a euro area NCB,
- “event of default” means any impending or existing event, the occurrence of which may threaten the performance by a participant of its obligations under these Conditions or any other rules applying to the relationship between that participant and the Deutsche Bundesbank or any other CB, including:
  - (a) where the participant no longer meets the access criteria laid down in Article 5 or the requirements laid down in Article 6(1)(a)(i);
  - (b) the opening of insolvency proceedings in relation to the participant;
  - (c) the submission of an application relating to the proceedings referred to in point (b);
  - (d) the issue by the participant of a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit;
  - (e) the entry of the participant into a voluntary general agreement or arrangement with its creditors;
  - (f) where the participant is, or is deemed by its CB to be, insolvent or unable to pay its debts;
  - (g) where the participant’s credit balance on its PM account, 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;’;
  - (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 PM account holders to obtain online information and gives them the possibility to submit liquidity transfer orders, manage liquidity and, if applicable, initiate backup payment orders or payment orders to the Contingency Solution in a contingency,
- “ICM broadcast message” means information made simultaneously available to all or a selected group of PM account holders via the ICM,
- 'investment firm' means an investment firm within the meaning of section 2 (10) of the Securities Trading Act or of comparable EU Member State regulations, excluding the institutions specified in section 3 of the aforementioned Act, 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 section 2 (8) sentence 1 numbers 2, 3, 5 and 6 as well as sentence 6 of the Securities Trading Act or under comparable EU Member State regulations;

- “Immediate liquidity transfer order” means an instruction to make a T2S DCA to PM liquidity transfer order, a PM to T2S DCA liquidity transfer order or a T2S DCA to T2S DCA liquidity transfer order in real-time upon the receipt of the said instruction,
- “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>2</sup>,
- “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,
- “ISO country code” means a code as defined by ISO Standard No 3166-1,
- “Liquidity adjustment” means the authorisation given by the T2S DCA holder, to its participating CSD or Deutsche Bundesbank by special contractual arrangement duly documented and registered in the Static Data to initiate liquidity transfers between a T2S DCA and a PM Account, or between two T2S DCAs,
- “Main PM account” means the PM Account to which a T2S DCA is linked and to which any remaining balance will be automatically repatriated at the end of the day;’;
- “non-settled payment order” means a payment order that is not settled on the same business day as that on which it is accepted,
- “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,
- “participating Central Securities Depository” or “participating CSD” means a CSD that has signed the T2S Framework Agreement,
- “payee”, except where used in Article 28 of these Conditions, means a TARGET2 participant whose T2S DCA will be credited as a result of a payment order being settled,
- “payer”, except where used in Article 28 of these Conditions, means a TARGET2 participant whose T2S DCA will be debited as a result of a payment order being settled,
- “payment order” means a, T2S DCA to PM liquidity transfer order, a PM to T2S DCA liquidity transfer order or a T2S DCA to T2S DCA liquidity transfer order,
- “Payments Module (PM)” means an SSP module in which payments of TARGET2 participants are settled on PM accounts,
- “PM account” means an account held by a TARGET2 participant in the PM with a Eurosystem CB which is necessary for such TARGET2 participant to:
  - (a) submit payment orders or receive payments via TARGET2, and
  - (b) settle such payments with such Eurosystem CB,
- “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,
- “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,
- “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,

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<sup>2</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).

- “Predefined liquidity transfer order” means an instruction to transfer a specified amount of funds from a T2S DCA to a PM account to be executed only once at a defined time or event,
- “real-time gross settlement” means the processing and settlement of payment orders on a transaction by transaction basis in real-time.
- “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,
- 'Settlement Finality Directive' means 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<sup>3</sup>;
- “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,
- “Single Shared Platform (SSP)” means the single technical platform infrastructure provided by the SSP-providing NCBs,
- “Standing liquidity transfer order” means an instruction to transfer a specified amount of cash or “all cash” available in the T2S DCA from a T2S DCA to a PM account to be executed repetitively at a defined time or event in the T2S processing cycle until the order is deleted or the validity period expires,
- “Static Data” means the set of business objects, specific to a T2S DCA holder or central bank, in T2S and owned respectively by that T2S DCA holder or central bank, that T2S requires to process the transactional data related to that T2S DCA holder or central bank,
- “static data collection form” means a form developed by Deutsche Bundesbank for the purpose of registering applicants for TARGET2-BBk 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 Deutsche Bundesbank,
- “T2S Distinguished Name” or “T2S DN” means the network address for the T2S Platform which must be included in all messages intended for the system,
- “T2S GUI” means module on the T2S Platform which allows T2S DCA holders to obtain on-line information and gives them the possibility to submit payment orders,
- “T2S network service provider” means an undertaking that has concluded a licence agreement with the Eurosystem to provide connectivity services in the context of T2S,
- “TARGET2-Securities (T2S)” or “T2S Platform” means the set of hardware, software and other technical infrastructure components through which the Eurosystem provides the services to participating CSDs and Eurosystem CBs that allow core, neutral and borderless settlement of securities transactions on a delivery-versus-payment basis in central bank money,
- “TARGET2-BBk” means the TARGET2 component system of Deutsche Bundesbank,
- “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 network service provider” means a provider of computerised network connections appointed by the ECB's Governing Council for the purpose of submitting payment messages in TARGET2.
- “TARGET2 participant” means any participant in any TARGET2 component system,

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<sup>3</sup> OJ L 166, 11/06/1998, p 45.

- “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-BBk, and used for the provision of instant payment services to its customers,
- “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,
- “technical malfunction of TARGET2” means any difficulty, defect or failure in the technical infrastructure and/or the computer systems used by TARGET2-BBk 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 TARGET2-BBk,
- “U2A” or “User-to-application” means a connectivity mode allowing the T2S DCA holder to exchange information with software applications on the T2S Platform through a graphical user interface,

## **Article 2 - Scope**

The present Conditions govern the relationship between the Deutsche Bundesbank (hereinafter the 'Bank') and its T2S DCA holder as far the opening and the operation of the T2S DCA is concerned.

## **Article 3 - Appendices**

1. The following Appendices form an integral part of these Conditions:
  - Appendix I: Parameters of the T2S dedicated cash accounts - Technical specifications;
  - Appendix II: TARGET2 compensation scheme in relation to the opening and the operation of the T2S DCA;
  - Appendix III: Terms of reference for capacity and country opinions;
  - Appendix IV: Business continuity and contingency procedures;
  - Appendix V: Operating schedule;
  - Appendix VI: Fee schedule.
2. In the event of any conflict or inconsistency between the content of any appendix and the content of any other provision in these Conditions, the latter shall prevail.

## **Article 4 - General description of 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-BBk:
  - (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 Bank 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 the Bank, 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, the Bank.
  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-BBk is designated as a “system” under section 1 (16) of the Banking Act.
  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-BBk and the Bank. 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.

## TITLE II

### PARTICIPATION

#### **Article 5 - Access criteria**

1. The following types of entities are eligible to become a T2S DCA holder upon request in TARGET2-BBk:
  - (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 the Bank after informing the ECB, is incompatible with the smooth functioning of TARGET2.
2. The Bank may, at its discretion, also admit the following entities as T2S DCA holders:
- (a) treasury departments of central or regional governments of Member States;
  - (b) public sector bodies of Member States authorised to hold accounts for customers;
  - (c) (i) investment firms established in the Union or the EEA, including when they act through a branch established in the Union or the EEA; and
    - (ii) investment firms established outside the EEA, provided that they act through a branch 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 section 1 (2) number 1 of the Payment Services Supervision Act, are not entitled to participate in TARGET2-BBk.

#### **Article 6 - Application procedure**

1. In order for the Bank to open a T2S DCA for an entity, such entity must comply with the access criteria of the provisions of the Bank implementing Article 5 and shall:
- (a) fulfil the following technical requirements:
    - (i) install, manage, operate and monitor and ensure the security of the necessary IT infrastructure to provide a technical connection to the SSP and/or the T2S Platform and submit payment orders to it. In doing so, applicant participants may involve third parties, but retain sole liability. In particular, when connecting directly to the T2S Platform, applicant T2S DCA holders shall enter into an agreement with a T2S network service provider to obtain the necessary connection and admissions, in accordance with the technical specifications in Appendix I; and
    - (ii) have passed the certification testing and obtained the authorisation required by the Bank; and
  - (b) fulfil the following legal requirements:
    - (i) provide a capacity opinion in the form specified in Appendix III, unless the information and representations to be provided in such capacity opinion have already been obtained by the Bank in another context; and
    - (ii) for credit institutions or investment firms 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 III, unless the information and representations to be provided in such country opinion have already been obtained by the Bank in another context.

2. Entities wishing to open a T2S DCA shall apply in writing to the Bank, as a minimum enclosing the following documents/information:
  - (a) completed static data collection forms as provided by the Bank,
  - (b) the capacity opinion, if required by the Bank, and
  - (c) the country opinion, if required by the Bank.
3. The Bank may also request any additional information it deems necessary to decide on the application to open a T2S DCA.
4. The Bank shall reject the application to open a T2S 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 Bank's assessment, opening a T2S DCA would endanger the overall stability, soundness and safety of TARGET2-BBk or of any other TARGET2 component system, or would jeopardise the Bank's performance of its tasks as described in section 3 of the Bundesbank Act 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 Bank shall communicate its decision on the application to open a T2S DCA to the applicant T2S DCA holder within one month of the Bank's receipt thereof. Where the Bank requests additional information pursuant to paragraph 3, the decision shall be communicated within one month of the Bank's receipt of this information from the applicant T2S DCA holder. Any rejection decision shall contain reasons for the rejection.

#### **Article 7 - T2S DCA holders**

T2S DCA holders in TARGET2-BBk shall comply with the requirements set out in Article 6. They shall have at least one T2S DCA with the Bank.

#### **Article 8 - Links between securities accounts and T2S DCAs**

1. A T2S DCA holder may request the Bank to link its T2S DCA to one or more securities account(s) held on its own behalf or on behalf of its clients which hold securities accounts in one or more participating CSD.
2. T2S DCA holders linking their T2S DCA to securities account(s) on behalf of clients as set out in paragraph 1 are responsible for establishing and maintaining the list of linked securities accounts and, where relevant, the set-up of the client-collateralisation feature.
3. As a result of the request under paragraph 1, the T2S DCA holder is deemed to have given a mandate to the CSD where such linked securities accounts are maintained to debit the T2S DCA with the amounts resulting from securities transactions taking place on these securities accounts.
4. Paragraph 3 shall apply regardless of any agreements the T2S DCA holder has with the CSD and/or the securities account holders.

### **TITLE III**

#### **OBLIGATIONS OF THE PARTIES**

#### **Article 9 - Obligations of the Bank and the T2S DCA holders**



1. The Bank shall open upon request of the T2S DCA holder and operate one or more T2S DCA(s) denominated in euro. Save where otherwise provided in these Conditions or required by law, the Bank shall use all reasonable means within its power to perform its obligations under these Conditions, without guaranteeing a result.
2. The fees for T2S DCA services are laid down in Appendix VI. The holder of the Main PM account to which the T2S DCA is linked is liable for paying these fees.
3. T2S DCA holders shall ensure that they are connected to TARGET2-BBk on business days, in accordance with the operating schedule in Appendix V.
4. The T2S DCA holder represents and warrants to the Bank that the performance of its obligations under these Conditions does not breach any law, regulation or by-law applicable to it or any agreement by which it is bound.
5. T2S DCA holders shall ensure that the liquidity in the T2S DCA during the day is properly managed. This obligation shall include but is not limited to obtaining regular information on their liquidity position. The Bank shall provide a daily statement of accounts to any T2S DCA holder that has opted for such service on the T2S Platform provided that the T2S DCA holder is connected to the T2S Platform via a T2S network service provider.

#### **Article 10 - Cooperation and information exchange**

1. In performing their obligations and exercising their rights under these Conditions, the Bank and T2S DCA holders shall cooperate closely to ensure the stability, soundness and safety of TARGET2-BBk. 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 Bank shall establish and maintain a system support desk to assist T2S DCA holders in relation to difficulties arising in connection with system operations.
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.
4. The Bank may either communicate messages to T2S DCA holders by means of broadcast messages or by any other means of communication. T2S DCA holders may collect information via the ICM, to the extent they also hold a PM account, or otherwise via the T2S GUI.
5. T2S 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 Bank. T2S DCA holders are responsible for verifying the accuracy of information relating to them that is entered into TARGET2-BBk by the Bank.
6. The Bank shall be deemed to be authorised to communicate to the SSP-providing NCBs or the 4CBs any information relating to T2S DCA holders which the former may need in their role as service administrators, in accordance with the contract entered into with the TARGET2 network service provider and/or the T2S network service provider.
7. T2S DCA holders shall inform the Bank about any change in their legal capacity and relevant legislative changes affecting issues covered by the country opinion relating to them.

8. T2S DCA holders shall inform the Bank of:
  - (a) any new holder of a securities account linked to the T2S DCA pursuant to Article 8(1), which they accept; and
  - (b) any changes related to the holders of securities accounts listed in point (a).
9. T2S DCA holders shall immediately inform the Bank if an event of default occurs in relation to themselves or if they are subject to crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU or any other equivalent applicable legislation.

#### **Article 11 - Designation, suspension or termination of the Main PM account**

1. The T2S DCA holder shall designate a Main PM account to which the T2S DCA is linked. The Main PM account may be held in a TARGET2 component system other than Bank and may belong to a different legal entity from the T2S DCA holder.
2. A participant using internet based access cannot be designated as a Main PM account holder.
3. If the holder of the Main PM account and the holder of the T2S DCA are different legal entities and in the event that the participation of that designated Main PM account holder is suspended or terminated, the Bank and the T2S DCA holder shall take all reasonable and practicable steps to mitigate any ensuing damage or loss. The T2S DCA holder shall take all necessary steps to designate a new Main PM account without undue delay which will then be liable for any outstanding invoices. On the day of the suspension or termination of the Main PM account holder and until a new Main PM account holder has been designated, any funds remaining on the T2S DCA at the end of the day shall be moved to an account of the Bank. These funds will be subject to the remuneration conditions of Article 12(5) of the “Terms and Conditions for the Opening and Operation of a PM account in TARGET2-Bundesbank (TARGET2-BBk)” as updated from time to time.
4. The Bank shall not be liable for any losses incurred by the T2S DCA holder as a consequence of the suspension or termination of the Main PM account holder’s participation.

### **TITLE IV**

#### **OPENING AND MANAGEMENT OF THE T2S DCA AND PROCESSING OF OPERATIONS**

#### **Article 12 - Opening and management of the T2S DCA**

1. The Bank shall open and operate at least one T2S DCA for each T2S DCA holder. A T2S DCA shall be identified by means of a unique account number of up to 34 characters which will be structured as follows.

	<b>Name</b>	<b>Format</b>	<b>Content</b>
Part A	Account type	1 char. exactly	‘C’ for cash account
	Country code of the central bank	2 char. exactly	ISO country code 3166-1
	Currency code	3 char. exactly	EUR
Part B	Account holder	11 char. exactly	BIC Code
Part C	Sub-classification of the account	Up to 17 char.	Free text (alphanumeric) to be provided by the T2S DCA holder

2. No debit balance shall be allowed on T2S DCAs.
3. The T2S DCA shall not hold any funds overnight. At the beginning and end of a business day, there shall be a zero balance on the T2S DCAs. T2S DCA holders shall be deemed to have instructed the Bank to transfer

any remaining balance at the end of a business day as defined in Appendix V to the Main PM account referred to in Article 11(1).

4. The T2S DCA shall only be used within the period between the T2S start-of-day and T2S end-of-day as defined in the T2S User Detailed Functional Specifications (UDFS).
5. T2S DCAs shall be interest free.

#### **Article 13 - Operations that may be carried out through the T2S DCA**

1. Subject to the T2S DCA holder designating the necessary securities account(s), the T2S DCA holder may carry out the following operations through the T2S DCA either on its own behalf or on behalf of its customers:
  - (a) T2S DCA to PM liquidity transfer orders;
  - (b) T2S DCA to T2S DCA liquidity transfer orders;
  - (c) the settlement of cash instructions stemming from the T2S Platform; and
  - (d) cash transfers between the T2S DCA and the T2S DCA of the Bank in the particular context of paragraphs 7 and 8 of “Terms and conditions for auto-collateralisation operations”.

#### **Article 14 - Acceptance and rejection of payment orders**

1. Payment orders submitted by T2S DCA holders are deemed accepted by the Bank if:
  - (a) the payment message complies with the rules established by the T2S network service provider;
  - (b) the payment message complies with the formatting rules and conditions of TARGET2-BBk and passes the double-entry check described in Appendix I; and
  - (c) in cases where a payer or a payee has been suspended, the suspended participant’s CB’s explicit consent has been obtained.
2. The Bank shall immediately reject any payment order that does not fulfil the conditions laid down in paragraph 1. The Bank shall inform the T2S DCA holder of any rejection of a payment order, as specified in Appendix I.
3. The T2S Platform attaches its timestamp for the processing of payment orders in the sequence of their receipt.

#### **Article 15 - Reservation and blocking of liquidity**

1. Participants may reserve or block liquidity on their T2S DCA. This does not constitute a settlement guarantee vis-à-vis any third party.
2. By requesting to reserve or block an amount of liquidity, a participant instructs the Bank to decrease the available liquidity by this amount.
3. A reservation request is an instruction by which, if the available liquidity is equal to or higher than the amount to be reserved, the reservation is processed. If the available liquidity is lower, it is reserved and the shortfall may be met by incoming liquidity until the full amount of the reservation is available.
4. A blocking request is an instruction by which, if the available liquidity is equal to or higher than the amount to be blocked, the blocking request is processed. If the available liquidity is lower, no amount is blocked and the blocking request is resubmitted, until the full amount of the blocking request can be met by available liquidity.

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

**Article 16 - Moment of entry, moment of irrevocability**

1. For the purposes of the first sentence of Article 3(1) and Article 5 of the Settlement Finality Directive and the German national law provisions implementing this Settlement Finality Directive, T2S DCA to T2S DCA liquidity transfer orders or T2S DCA to PM liquidity transfer orders are deemed entered into TARGET2-BBk and are irrevocable at the moment that the relevant T2S DCA holder's T2S DCA is debited. PM to T2S DCA liquidity transfer orders are governed by the Harmonised Conditions for the Opening and Operation of a PM account in TARGET2 applicable to the TARGET2 component system from which they originate.
2. For the purposes of the first sentence of Article 3(1) and Article 5 of Directive 98/26/EC and the German national law provisions implementing this Settlement Finality Directive 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-BBk 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-BBk at the moment at which they have been declared compliant with the technical rules of T2S by that participating CSD and irrevocable from the moment the transaction has been given the status 'matched' on the T2S Platform. A list of CSDs for which this point (b) applies is available on the website of the ECB.

## **TITLE V**

### **SECURITY REQUIREMENTS, CONTINGENCY ISSUES AND USER INTERFACES**

**Article 17 - Business continuity and contingency procedures**

In the event of an abnormal external event or any other event which affects transactions on the T2S DCAs, the business continuity and contingency procedures described in Appendix IV shall apply.

**Article 18 - Security requirements**

1. T2S DCA holders shall implement adequate security controls to protect their systems from unauthorised access and use. T2S DCA holders shall be exclusively responsible for the adequate protection of the confidentiality, integrity and availability of their systems.

2. T2S DCA holders shall inform the Bank 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 Bank 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.
3. The Bank may impose additional security requirements, in particular with regard to cybersecurity or the prevention of fraud, on all T2S DCA holders and/or on T2S DCA holders that are considered critical by the Bank.

#### **Article 19 - User interfaces**

1. The T2S DCA holder, or the Main PM account holder acting on its behalf, shall use either one or both of the following means to access that T2S DCA:
  - (a) direct connection to the T2S Platform in either U2A or A2A modes; or
  - (b) the ICM in combination with TARGET2 value-added services for T2S.
2. A direct connection to the T2S Platform allows T2S DCA holders:
  - (a) to access and, when applicable, amend information relating to their accounts;
  - (b) to manage liquidity and to initiate liquidity transfer orders from the T2S DCAs.
3. The ICM in combination with TARGET2 value-added services for T2S allows the holder of the Main PM account:
  - (a) to access information relating to their accounts;
  - (b) to manage liquidity and to initiate liquidity transfer orders to and from the T2S DCAs.
4. Further technical details relating to the ICM are contained in the “Terms and Conditions for the opening and operation of a PM account in TARGET2-Bundesbank (TARGET2-BBk)”.

## **TITLE VI**

### **COMPENSATION, LIABILITY REGIME AND EVIDENCE**

#### **Article 20 - Compensation scheme**

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

#### **Article 21 - Liability regime**

1. In performing their obligations pursuant to these Conditions, the Bank and the T2S DCA holders shall be bound by a general duty of reasonable care in relation to each other.
2. The Bank shall be liable to its T2S DCA holders in cases of fraud (including but not limited to wilful misconduct) or gross negligence, for any loss arising out of the operation of TARGET2-BBk. In cases of ordinary negligence, the Bank’s liability shall be limited to the T2S 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 Bank is not liable for any loss that results from any malfunction or failure in the technical infrastructure (including but not limited to the Bank’s computer infrastructure, programmes, data, applications or net-

works), if such malfunction or failure arises in spite of the Bank having adopted those measures that are reasonably necessary to protect such infrastructure against malfunction or failure, and to resolve the consequences of such malfunction or failure (the latter including but not limited to initiating and completing the business continuity and contingency procedures referred to in Appendix IV).

4. The Bank shall not be liable:
  - (a) to the extent that the loss is caused by the T2S DCA holder; or
  - (b) if the loss arises out of external events beyond the Bank's reasonable control (force majeure).
5. When acting as an intermediary, the Bank shall be liable within the framework of statutory recourse (section 676a of the German Civil Code), only insofar as the payment service provider could not have excluded or limited its liability vis-à-vis the payment service user in accordance with the statutory provisions.
6. The Bank and the DCA holders shall take all reasonable and practicable steps to mitigate any damage or loss referred to in this Article.
7. In performing some or all of its obligations under these Conditions, the Bank may commission third parties in its own name, particularly telecommunications or other network providers or other entities, if this is necessary to meet the Bank's obligations or is standard market practice. The Bank's obligation shall be limited to the due selection and commissioning of any such third parties and the Bank's liability shall be limited accordingly. For the purposes of this paragraph, the SSP-providing NCBs and the 4CBs shall not be considered as third parties.

#### **Article 22 - Evidence**

1. Unless otherwise provided in these Conditions, all payment and payment processing-related messages in relation to the T2S DCAs, such as confirmations of debits or credits, or statement messages, between the Bank and the T2S DCA holders shall be made through the T2S network service provider.
2. Electronic or written records of the messages retained by the Bank or by the T2S network service provider shall be accepted as a means of evidence of the payments processed through the Bank. The saved or printed version of the original message of the T2S network service provider shall be accepted as a means of evidence, regardless of the form of the original message.
3. If a T2S DCA holder's connection to the T2S network service provider fails, the T2S DCA holder shall use an alternative means of transmission of messages agreed with Bank. In such cases, the saved or printed version of the message produced by the Bank shall have the same evidential value as the original message, regardless of its form.
4. The Bank shall keep complete records of payment orders submitted and payments received by T2S DCA holders for a period of ten years 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 T2S DCA holder in TARGET2 that is subject to continuous vigilance pursuant to restrictive measures adopted by the Council of the European Union or Member States, or more if required by specific regulations.
5. The Bank'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 T2S DCA holders and of any facts and events that the parties rely on.

## TITLE VII

### TERMINATION AND CLOSURE OF T2S DCAS

#### **Article 23 - Duration and ordinary termination of T2S DCAs**

1. Without prejudice to Article 24, a T2S DCA in TARGET2-BBk is opened for an indefinite period of time.
2. A T2S DCA holder may terminate its T2S DCA in TARGET2-BBk at any time giving 14 business days' notice thereof, unless it agrees a shorter notice period with the Bank.
3. The Bank may terminate a T2S DCA holder's T2S DCA in TARGET2-BBk at any time giving three months' notice thereof, unless it agrees a different notice period with that T2S DCA holder.
4. On termination of the T2S DCA, the confidentiality duties laid down in Article 27 remain in force for a period of five years starting on the date of termination.
5. On termination of the T2S DCA, it shall be closed in accordance with Article 25.

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

1. A T2S DCA holder's participation in TARGET2-BBk 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 T2S 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 against a T2S DCA holder shall not automatically qualify as the opening of insolvency proceedings.
2. The Bank may terminate without prior notice or suspend the T2S DCA holder's participation in TARGET2-BBk if:
  - (a) one or more events of default (other than those referred to in paragraph 1) occur;
  - (b) the T2S DCA holder is in material breach of these Conditions;
  - (c) the T2S DCA holder fails to carry out any material obligation to the Bank;
  - (d) the T2S DCA holder is excluded from, or otherwise ceases to be a member of, a T2S Closed Group of Users (CGU); and/or
  - (e) any other event related to the T2S DCA holder occurs which, in the Bank's assessment, would threaten the overall stability, soundness and safety of TARGET2-BBk or of any other TARGET2 component system, or which would jeopardise the Bank's performance of its tasks as described in section 3 of the Bundesbank Act 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 Bank shall take into account, inter alia, the seriousness of the event of default or events mentioned in points (a) to (c).
4. (a) In the event that the Bank suspends or terminates a T2S DCA holder's participation in TARGET2-BBk under paragraph 1 or 2, the Bank shall immediately inform, by means of an ICM broadcast message or a T2S broadcast message, that T2S DCA holder, other CBs and T2S DCA holders 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 NCB of the T2S DCA holder that receives the message.

(b) Once such an ICM broadcast message (in the case of PM account holders) or T2S broadcast message (in the case of T2S DCA holders) has been received by the participants, such participants shall be deemed informed of the termination/suspension of a T2S DCA holder's participation in TARGET2-BBk or another TARGET2 component system. The participants shall bear any losses arising from the submission of a payment order to participants whose participation has been suspended or terminated if such payment order was entered into TARGET2-BBk after receipt of the ICM broadcast message or of the T2S broadcast message depending on which technical option provided for in Article 19 the T2S DCA holder uses.

5. Upon termination of a T2S DCA holder's participation, TARGET2-BBk shall not accept any new payment orders to or from that T2S DCA holder.
6. If a T2S DCA holder is suspended from TARGET2-BBk on grounds other than those specified in paragraph 1 (a), all of its incoming and outgoing payment orders shall only be presented for settlement after they have been explicitly accepted by the suspended T2S DCA holder's CB.
7. If a T2S DCA holder is suspended from TARGET2-BBk on the grounds specified in paragraph 1 (a), any outgoing payment orders from that T2S DCA holder shall only be processed on the instructions of its representatives, including those appointed by a competent authority or a court, such as the T2S DCA holder'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. All incoming payments shall be processed in accordance with paragraph 6.

#### **Article 25 - Closure of T2S DCAs**

1. T2S DCA holders may request the Bank to close their T2S DCAs at any time provided they give the Bank 14 business days' notice thereof.
2. On termination of participation, pursuant to either Article 23 or 24, the Bank shall close the T2S DCA of the T2S DCA holder concerned, after having settled or returned any unsettled payment orders and made use of its rights of pledge and set-off under Article 26.

### **TITLE VIII**

#### **FINAL PROVISIONS**

#### **Article 26 - The Bank's rights of pledge and set-off**

1. The Bank shall have a pledge over the T2S DCA holder's existing and future credit balances on its T2S DCAs, thereby collateralising any current and future claims arising out of the legal relationship between the parties.
2. On the occurrence of:
  - (a) an event of default referred to in Article 24(1); or
  - (b) any other event of default or event referred to in Article 24(2) that has led to the termination or suspension of the T2S DCA holder's participation, notwithstanding the commencement of any insolvency proceedings in



respect of a T2S DCA holder and notwithstanding any assignment, judicial or other attachment or other disposition of or in respect of the T2S DCA holder's rights;

all obligations of the T2S 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 T2S DCA holder and the Bank shall automatically be set off against each other, and the party owing the higher amount shall pay to the other the difference.

3. The Bank shall promptly give the T2S DCA holder notice of any set-off pursuant to paragraph 4 after such set-off has taken place.
4. The Bank may without prior notice debit any T2S DCA holder's T2S DCA by any amount which the T2S DCA holder owes the Bank resulting from the legal relationship between the T2S DCA holder and the Bank.

#### **Article 27 - Confidentiality**

1. The Bank shall keep confidential all sensitive or secret information, including when such information relates to payment, technical or organisational information belonging to the T2S DCA holder or the T2S DCA holder's customers, unless the T2S DCA holder or its customer has given its written consent to disclose or such disclosure is permitted or required under German law.
  - 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.
  2. By derogation from paragraph 1, the T2S DCA holder agrees that the Bank may disclose payment, technical or organisational information regarding the T2S DCA holder, other T2S DCAs held by T2S DCA holders of the same group, or the T2S DCA holder's customers obtained in the course of the operation of TARGET2-BBk to (a) other CBs or third parties that are involved in the operation of TARGET2-BBk, to the extent that this is necessary for the efficient functioning of TARGET2, or the monitoring of the T2S DCA holder's or its group's exposure; (b) other CBs in order to carry out the analyses necessary for market operations, monetary policy functions, financial stability or financial integration; or (c) supervisory, resolution 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 Bank shall not be liable for the financial and commercial consequences of such disclosure.

3. By derogation from paragraph 1 and provided that this does not make it possible, whether directly or indirectly, to identify the T2S DCA holder or the T2S DCA holder's customers, the Bank may use, disclose or publish payment information regarding the T2S DCA holder or the T2S 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.
4. Information relating to the operation of TARGET2-BBk to which T2S DCA holders have had access, may only be used for the purposes laid down in these Conditions. T2S DCA holders shall keep such information confidential, unless the Bank has explicitly given its written consent to disclose. T2S DCA holders shall ensure that any third parties to whom they outsource, delegate or subcontract tasks which have or may have an impact on the performance of their obligations under these Conditions are bound by the confidentiality requirements in this Article.

5. The Bank shall be authorised, in order to settle payment orders, to process and transfer the necessary data to the T2S network service provider.

**Article 28 - Data protection, prevention of money laundering, administrative or restrictive measures and related issues**

1. T2S 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 T2S DCAs. Prior to entering into the contractual relationship with its T2S network service provider, T2S DCA holders shall acquaint themselves with its data retrieval policy.
2. T2S DCA holders shall be deemed to have authorised the Bank 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 T2S DCA holders' participation in TARGET2-BBk.
3. T2S 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 Bank is the payment service provider of a T2S DCA holder that is a payer:
    - (i) the T2S 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 Bank with evidence of having made a notification or having received consent;
    - (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 Bank 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 Bank is a payment service provider of a T2S DCA holder that is a payee, the T2S 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 Bank with evidence of having made a notification or having received consent.

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

**Article 29 - Notices**

1. Except where otherwise provided for in these Conditions, all notices required or permitted pursuant to these Conditions shall be sent by registered post, facsimile or otherwise in writing or by an authenticated message through the T2S network service provider. Notices to the Bank shall be submitted to the TARGET2-BBk National Service Desk of Deutsche Bundesbank, Wilhelm-Epstein-Straße 14, 60431 Frankfurt am Main or to the BIC of the Deutsche Bundesbank, MARKDEFF. Notices to the T2S DCA holder shall be sent to it at the address, fax number or its BIC address as the T2S DCA holder may from time to time notify to the Bank.

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 German and/or “English”.
4. T2S DCA holders shall be bound by all forms and documents of the Bank that the T2S DCA holders have filled in and/or signed, including but not limited to static data collection forms, as referred to in Article 6(2)(a), and information provided under Article 10(5), which were submitted in compliance with paragraphs 1 and 2 and which the Bank reasonably believes to have received from the T2S DCA holders, their employees or agents.

### **Article 30 - Contractual relationship with T2S network service provider**

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

### **Article 31 - Amendment procedure**

The Bank may at any time unilaterally amend these Conditions, including their Appendices. Amendments to these Conditions, including their Appendices, shall be announced by mail or by electronic means. Amendments shall be deemed to have been accepted unless the T2S DCA holder expressly objects within 14 days of being informed of such amendments. In the event that a T2S DCA holder objects to the amendment, the Bank is entitled immediately to terminate and close that T2S DCA holder’s T2S DCA in TARGET2-BBk.

### **Article 32 - Third party rights**

1. Any rights, interests, obligations, responsibilities and claims arising from or relating to these Conditions shall not be transferred, pledged or assigned by T2S DCA holders to any third party without the Bank’s written consent.
2. These Conditions do not create any rights in favour of or obligations in relation to any entity other than the Bank and T2S DCA holders in TARGET2-BBk.

### **Article 33 - Governing law, jurisdiction and place of performance**

1. The bilateral relationship between the Bank and T2S DCA holders in TARGET2-BBk shall be governed by German 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 Frankfurt am Main.
3. The place of performance concerning the legal relationship between the Bank and the T2S DCA holders shall be Frankfurt am Main.

**Article 34 - Severability**

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

**Article 35 - Entry into force and binding nature**

1. These Conditions become effective from 17 November 2019.
2. By requesting a T2S DCA in TARGET2-BBk, applying entities automatically agree to these Conditions between themselves and in relation to the Bank.

## PARAMETERS OF THE T2S DEDICATED CASH ACCOUNTS – TECHNICAL SPECIFICATIONS

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

### 1. Technical requirements for participation in TARGET2-BBk regarding infrastructure, network and formats

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

### 2. Message types

- (1) The following system message types are processed, subject to subscription:

Message Type	Description
(camt.003)	GetAccount
(camt.004)	ReturnAccount
(camt.005)	GetTransaction
(camt.006)	ReturnTransaction
(camt.009)	GetLimit
(camt.010)	ReturnLimit

(camt.011)	ModifyLimit
(camt.012)	DeleteLimit
(camt.018)	GetBusinessDayInformation
(camt.019)	ReturnBusinessDayInformation
(camt.024)	ModifyStandingOrder
(camt.025)	Receipt
(camt.050)	LiquidityCreditTransfer
(camt.051)	LiquidityDebitTransfer
(camt.052)	BankToCustomerAccountReport
(camt.053)	BankToCustomerStatement
(camt.054)	BankToCustomerDebitCreditNotification
(camt.064)	LimitUtilisationJournalQuery
(camt.065)	LimitUtilisationJournalReport
(camt.066)	IntraBalanceMovementInstruction
(camt.067)	IntraBalanceMovementStatusAdvice
(camt.068)	IntraBalanceMovementConfirmation
(camt.069)	GetStandingOrder
(camt.070)	ReturnStandingOrder
(camt.071)	DeleteStandingOrder
(camt.072)	IntraBalanceMovementModificationRequest
(camt.073)	IntraBalanceMovementModificationRequestStatusAdvice
(camt.074)	IntraBalanceMovementCancellationRequest
(camt.075)	IntraBalanceMovementCancellationRequestStatusAdvice
(camt.078)	IntraBalanceMovementQuery
(camt.079)	IntraBalanceMovementQueryResponse
(camt.080)	IntraBalanceModificationQuery
(camt.081)	IntraBalanceModificationReport
(camt.082)	IntraBalanceCancellationQuery
(camt.083)	IntraBalanceCancellationReport
(camt.084)	IntraBalanceMovementPostingReport

(camt.085)	IntraBalanceMovementPendingReport
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### 3. Double-entry check

- (1) All liquidity transfer orders shall pass a double-entry check, the aim of which is to reject liquidity transfer orders that have been submitted more than once.
- (2) The following parameters shall be checked:
  - Order Reference (End to End Id);
  - Debit and Credit Account (T2S DCA or PM account); and
  - instructed Amount.
- (3) If all the fields described in point (2) in a newly submitted liquidity transfer order are identical to those in a liquidity transfer order which has been accepted but not yet settled or a liquidity transfer order that has been settled within the past three business days, the newly submitted liquidity transfer order shall be rejected.

### 4. Error codes

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

### 5. Settlement triggers

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

### 6. Settlement of liquidity transfer orders

Liquidity transfer orders are not recycled, queued or offset.

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

### 7. Use of the U2A and A2A mode

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

In A2A, information and messages are transferred between the T2S Platform and the T2S DCA holder’s internal application. The T2S 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 T2S DCA holder and the T2S GUI. The information is displayed in a browser running on a PC system. For U2A access the IT infrastructure has to be able to support cookies and JavaScript. Further details are described in the T2S User Handbook.

- (2) Static data shall be available to view in U2A mode. The screens shall be offered in English only.
- (3) Information shall be provided in “pull” mode, which means that each T2S DCA holder has to ask to be provided with information.
- (4) Access rights to the U2A and A2A mode shall be granted by using T2S GUI.
- (5) The “Non Repudiation of Origin” (NRO) signature allows the recipient of a message to prove that such message has been issued and has not been altered.
- (6) If a T2S DCA holder has technical problems and is unable to submit any liquidity transfer order, it may contact its central bank which will on a best efforts basis act on behalf of the T2S DCA holder.

#### **8. Relevant documentation**

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



## **TARGET2 COMPENSATION SCHEME IN RELATION TO THE OPENING AND THE OPERATION OF THE T2S DCA**

### **1. General principles**

- (a) If there is a technical malfunction of TARGET2, T2S DCA holders may submit claims for compensation in accordance with the TARGET2 compensation scheme laid down in this Appendix.
- (b) Unless otherwise decided by the ECB's Governing Council, the TARGET2 compensation scheme shall not apply if the technical malfunction of TARGET2 arises out of external events beyond the reasonable control of the CBs concerned or as a result of acts or omissions by third parties.
- (c) Compensation under the TARGET2 compensation scheme shall be the only compensation procedure offered in the event of a technical malfunction of the TARGET2. T2S DCA holders may, however, use other legal means to claim for losses. If a T2S DCA holder accepts a compensation offer under the TARGET2 compensation scheme, this shall constitute the T2S DCA holder's irrevocable agreement that it thereby waives all claims in relation to the payment orders concerning which it accepts compensation (including any claims for consequential loss) it may have against any CB, and that the receipt by it of the corresponding compensation payment constitutes full and final settlement of all such claims. The T2S DCA holder shall indemnify the CBs concerned, up to a maximum of the amount received under the TARGET2 compensation scheme, in respect of any further claims which are raised by any other participant or any other third party in relation to the payment order or payment concerned.
- (d) The making of a compensation offer shall not constitute an admission of liability by the Bank or any other CB in respect of a technical malfunction of the TARGET2.

### **2. Conditions for compensation offers**

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

### **3. Calculation of compensation**

- (a) With respect to a compensation offer for a payer:
  - (i) the administration fee shall be EUR 50 for the first non-settled payment order, EUR 25 for each of the next four such payment orders and EUR 12,50 for each further such payment order. The administration fee shall be calculated separately in relation to each payee;
  - (ii) interest compensation shall be determined by applying a reference rate to be fixed from day to day. This reference rate shall be the lower of the euro overnight index average (EONIA) rate and

the marginal lending rate. The reference rate shall be applied to the amount of the payment order not settled as a result of the technical malfunction of TARGET2 for each day in the period from the date of the actual or, in relation to payment orders referred to in paragraph 2(b)(ii), intended submission of the payment order until the date on which the payment order was or could have been successfully settled. Any interest or charges resulting from the placing of any non-settled payment orders on deposit with the Eurosystem shall be deducted from or charged to the amount of any compensation, as the case may be'

- (iii) no interest compensation shall be payable if and in so far as funds resulting from non-settled payment orders were placed in the market or used to fulfil minimum reserve requirements.
- (b) With respect to a compensation offer for a payee:
- (i) the administration fee shall be EUR 50 for the first non-settled payment order, EUR 25 for each of the next four such payment orders and EUR 12,50 for each further such payment order. The administration fee shall be calculated separately in relation to each payer;
  - (ii) the method set out in point (a)(ii) for calculating interest compensation shall apply except that interest compensation shall be payable at a rate equal to the difference between the marginal lending rate and the reference rate, and shall be calculated on the amount of any recourse to the marginal lending facility occurring as a result of the technical malfunction of TARGET2.

#### 4. Procedural rules

- (a) A claim for compensation shall be submitted on the claim form available on the website of the Bank in English (see [www.bundesbank.de](http://www.bundesbank.de)). Payers shall submit a separate claim form in respect of each payee and payees shall submit a separate claim form in respect of each payer. Sufficient additional information and documents shall be provided to support the information indicated in the claim form. Only one claim may be submitted in relation to a specific payment or payment order.
- (b) Within four weeks of a technical malfunction of TARGET2, T2S DCA holders shall submit their claim forms to the Bank. Any additional information and evidence requested by the Bank shall be supplied within two weeks of such request being made.
- (c) The Bank shall review the claims and forward them to the ECB. Unless otherwise decided by the ECB's Governing Council and communicated to the T2S DCA holders, all received claims shall be assessed no later than 14 weeks after the technical malfunction of TARGET2 occurs.
- (d) The Bank shall communicate the result of the assessment referred to in point (c) to the relevant T2S DCA holders. If the assessment entails a compensation offer, the T2S DCA holders concerned shall, within four weeks of the communication of such offer, either accept or reject it, in respect of each payment or payment order comprised within each claim, by signing a standard letter of acceptance (in the form available on the website of the Bank (see [www.bundesbank.de](http://www.bundesbank.de))). If such letter has not been received by the Bank within four weeks, the T2S DCA holders concerned shall be deemed to have rejected the compensation offer.
- (e) The Bank shall make compensation payments on receipt of a T2S DCA holder's letter of acceptance of compensation. No interest shall be payable on any compensation payment

## TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS

### Terms of reference for capacity opinions for T2S DCA holders in TARGET2

Addressee:

Deutsche Bundesbank

Wilhelm-Epstein-Strasse 14

60431 Frankfurt am Main

Germany

#### **Participation in the TARGET2-BBk**

[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 T2S DCA holder or branch of T2S DCA holder] in respect of issues arising under the laws of [jurisdiction in which the T2S DCA holder is established; hereinafter the “jurisdiction”] in connection with the participation of [specify name of T2S DCA holder] (hereinafter the “T2S DCA holder”) in TARGET2-BBk (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 T2S 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 T2S 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 T2S 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 T2S DCA holder on [insert date], [insert year], evidencing the T2S 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 T2S DCA holder];

and all other documents relating to the T2S DCA holder’s constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter the “T2S DCA holder’s Documents”).

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

- (1) the “Terms and Conditions for Opening and Operation of a Dedicated Cash Account in TARGET2-Bundesbank (TARGET2-BBk)” 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 T2S 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 T2S 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 T2S 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 T2S DCA HOLDER**

- A. The T2S DCA holder is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].
- B. The T2S 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 T2S DCA holder of the rights and obligations under the System Documents to which the T2S DCA holder is party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the T2S DCA holder or the T2S 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 T2S 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 T2S 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 Deutsche Bundesbank and the [T2S 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 T2S DCA holders in TARGET2**

Addressee:

Deutsche Bundesbank  
Wilhelm-Epstein-Strasse 14  
60431 Frankfurt am Main  
Germany

TARGET2-BBk

[location],

[date]

Dear Sir or Madam,

We have been asked as [external] legal advisers to [specify name of T2S DCA holder or branch of T2S DCA holder] (the “T2S DCA holder”) in respect of issues arising under the laws of [jurisdiction in which the T2S DCA holder is established; hereinafter the “jurisdiction”] to provide this Opinion under the laws of [jurisdiction] in connection with the participation of the T2S 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 T2S 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 “Terms and Conditions for Opening and Operation of a Dedicated Cash Account in TARGET2-Bundesbank (TARGET2-BBk)” for the System dated [insert date] (hereinafter the “Rules”); and
- (2) any other document governing the System and/or the relationship between the T2S DCA holder and other participants in the System, and between the participants in the System and the Deutsche Bundesbank.

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 T2S DCA holder arising out of the System Documents: [list of country-specific legal aspects].

#### **3.2 General insolvency and crisis management issues**

##### *3.2.a. Types of insolvency and crisis management 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 T2S DCA holder's assets or any branch it may have in [jurisdiction] to which the T2S 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 T2S 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 T2S DCA holder may be suspended, or limitations can be imposed in relation to such payment orders, or similar proceedings, including crisis prevention and crisis management measures equivalent to those defined in Directive 2014/59/EU, 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 T2S DCA holder.

In particular, we are of the opinion that:

##### *3.3.a. Processing of liquidity transfer orders*

The provisions on processing of liquidity transfer orders [list of sections] of the Rules are valid and enforceable. In particular, all liquidity transfer orders processed pursuant to such sections will be valid, binding and will be enforceable under the laws of [jurisdiction]. The provision of

the Rules which specifies the precise point in time at which liquidity transfer orders become enforceable and irrevocable ([add section of the Rules]) is valid, binding and enforceable under the laws of [jurisdiction].

3.3.b. *Authority of the Deutsche Bundesbank to perform its functions*

The opening of Insolvency Proceedings or Proceedings in respect of the T2S DCA holder will not affect the authority and powers of the Deutsche Bundesbank 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 T2S DCA holders with services directly and necessarily required for participation in the System, e.g. network service providers].

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

[Where applicable to the T2S 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 T2S 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 T2S DCA holder, the provisions contained in [list of sections] of the Rules (in respect of suspension and termination of the T2S 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 T2S 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 T2S DCA holder cannot be assigned, altered or otherwise transferred by the T2S DCA holder to third parties without the prior written consent of the Deutsche Bundesbank.

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 T2S 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 T2S 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 T2S 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 T2S DCA holder, the rights or assets assigned for collateral purposes, or pledged by the T2S 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 T2S 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 T2S 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 T2S 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 T2S 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 T2S DCA holder applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the T2S 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 T2S 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 T2S 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 [T2S 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]

## BUSINESS CONTINUITY AND CONTINGENCY PROCEDURES

### 1. General provisions

- (a) This Appendix sets out the arrangements between the Bank and T2S DCA holders, if one or more components of TARGET2 or a network service provider fail or are affected by an abnormal external event, or if the failure affects any T2S DCA holder.
- (b) All references to specific times in this Appendix are to the local time at the seat of the ECB, i.e. Central European Time (CET<sup>4</sup>).

### 2. Measures of business continuity

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

### 3. Incident communication

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

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<sup>4</sup> CET takes into account the change to Central European Summer Time.

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

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

**5. Change of operating hours**

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

**6. Failures linked to T2S DCA holders**

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

**7. Other provisions**

- (a) In the event of a failure of the Bank, some or all of its technical functions in relation to TARGET2-BBk may be performed by other Eurosystem CBs.
- (b) The Bank may require that the T2S DCA holders participate in regular or ad hoc testing of business continuity and contingency processing measures, training or any other preventative arrangements, as deemed necessary by the Bank. Any costs incurred by the T2S DCA holders as a result of such testing or other arrangements shall be borne solely by the T2S DCA holders.

## OPERATING SCHEDULE

1. TARGET2 is open on all days, except Saturdays, Sundays, New Year's Day, Good Friday and Easter Monday (according to the calendar applicable at the seat of the ECB), 1 May, 25 December and 26 December.
2. The reference time for the system is the local time at the seat of the ECB, i.e. CET<sup>5</sup>.
3. The current business day is opened during the evening of the previous business day and operates according to the schedule set out in the T2S Scope Defining Set of Documents.
4. The T2S Platform is available for U2A and A2A mode during the whole settlement day, except during the technical maintenance period from 03:00 until 05:00. During the technical maintenance period messages sent using the A2A mode will be queued. It will not be possible to submit messages via the U2A mode.
5. The operating hours may be changed in the event that business continuity measures are adopted in accordance with paragraph 2 of Appendix IV.
6. An overview of the operating hours and significant business events during the day is shown in the following table:

SSP schedule		T2S schedule (applicable to T2S DCAs)	
Time	Description	Time	Description
18:45 – 19:00 <sup>(1)</sup>	Start of day processing (sending of GL files shortly after 18:45)	18:45 – 20:00	Start of day: - Change of business date - Deadline for acceptance of CMS data feeds (19:00) - Preparation of the night time settlement
19:00 – 19:30 <sup>(1)</sup>	Night-time settlement: provision of liquidity from SF to HAM and PM; from HAM to PM and from PM to T2S DCA.	20:00 – 03:00	Night-time settlement: - First Night-time settlement cycle - Last Night-time settlement cycle (Sequence X includes the partial settlement of unsettled Settlement Instructions eligible for partial settlement and that have failed to settle due to a lack of securities; Sequence Y includes the reimbursement of multiple liquidity providers at the end of cycle)
19:30 <sup>(1)</sup> – 22:00	Night-time settlement (NTS1): - Start-of-procedure message; - Setting aside of liquidity on the basis of standing orders for the night-time		

<sup>5</sup> CET takes into account the change to Central European Summer Time.

	processing (ancillary system settlement procedure 6 and T2S)		
22:00 – 01:00	Technical maintenance window <sup>(2)</sup>	03:00 – 05:00	Technical maintenance window <sup>(3)</sup>
01:00 – 07:00	Night-time processing (ancillary system settlement procedure 6 and T2S)	05:00 – 18:00	Day trade/Real-time settlement <sup>(4)</sup> : - Real-time settlement preparation <sup>(4)</sup> - Partial settlement windows at 14:00 and 15:45 <sup>(5)</sup> (for 15 minutes) <b>- 16:00:</b> DvP cut-off <b>- 16:30:</b> Automatic auto-collateralisation reimbursement, followed by the optional cash sweep <b>- 17:40:</b> Cut-off for Bilaterally agreed treasury management operations (BATM) and central bank operations (CBO) cut-off <b>- 17:45:</b> inbound liquidity transfer cut-off Automated cash sweep after 17:45 <b>- 18:00:</b> FOP cut-off
06:45 – 07:00	Business window to prepare daylight operations		
07:00 – 18:00	Day trade phase: <b>- 17:00:</b> Cut-off for customer payments <b>- 17:45:</b> cut-off for liquidity transfers to T2S DCAs <b>- 18:00:</b> Cut-off for interbank payments and incoming liquidity transfers from T2S DCAs		
18:00 – 18:45	- 18:15 <sup>(1)</sup> : Cut-off for the use of standing facilities Data needed to update the accounting system is available for central banks,	18:00 – 18:45	- End of T2S settlement processing - Recycling and purging - End of day reporting and statements

	shortly after 18:30 18:40 <sup>(1)</sup> : Cut-off for use of marginal lending (NCBs only) End-of-day processing		
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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

Notes to table:

- (1) Plus 15 minutes on the last day of the reserve maintenance period.
- (2) Over a weekend or on a holiday, the technical window will last throughout the weekend or the holiday, i.e., from 22:00 on Friday until 1:00 on Monday or, in the case of a holiday, from 22:00 on the last business day until 1:00 on the next business day.
- (3) Over a weekend or on a holiday, the technical window will last throughout the weekend or the holiday, i.e., from 03:00 a.m. on Saturday until 05:00 a.m. on Monday or, in the case of a holiday, from 03:00 a.m. on the holiday until 05:00 a.m. on the next business day.
- (4) Real-time settlement preparation and real-time settlement may start before the maintenance window if the last night-time settlement cycle ends before 03:00 am.
- (5) Each partial settlement window last for 15 minutes. The partial settlement applies to unsettled Settlement Instructions eligible for partial settlement and that have failed to settle due to a lack of securities.

**FEE SCHEDULE**

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

<b>Tariff items</b>	<b>Price</b>	<b>Explanation</b>
<b>Settlement services</b>		
T2S DCA to T2S DCA liquidity transfer orders	14,1 euro cent	per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity etc)	9,4 euro cent	per transaction
<b>Information services</b>		
A2A reports	0,4 euro cent	Per business item in any A2A report generated
A2A queries	0,7 euro cent	Per queried business item in any A2A query generated
U2A queries	10 euro cent	Per executed search function
U2A queries downloaded	0,7 euro cent	Per queried business item in any U2A query generated and downloaded.
Messages bundled into a file	0,4 euro cent	Per message in a file
Transmissions	1,2 euro cent	Per transmission