

Terms of Reference

Dear participants,

With the go-live of the new TARGET Instant Payment Settlement (TIPS) service owned and operated by the Eurosystem service TIPS on the 30th of November 2018, we would like to inform you of an upcoming procedural change that might have to be applied in exceptional circumstances.

Due to the 24-7-365 nature of TIPS, it is expected that liquidity will remain constantly in the TIPS dedicated cash accounts (TIPS DCAs). These balances on the TIPS DCAs will be taken into account for the calculation of the counterparties' end-of-day cash balances at the National Central Banks (NCBs) that count for the fulfilment of minimum reserves.

Shortly after the TARGET2 cut-off for interbank payments at 18:00 (CET), the business day is changed in TIPS and a snapshot is taken of the balances on the TIPS DCAs for the business day that just elapsed. These balances represent the TIPS end-of-day cash balances and 1) are collected for the creation of an internal file (so called TIPS General ledger (TIPS GL)) and 2) are used to generate the statement of account reports for those TIPS participants having subscribed to receive them. Based on the end-of-day balance information received from TARGET2 and the information received from TIPS, counterparties will know precisely their end-of-day balances to consider/prepare possible requests for using the standing facilities (SF).

As Articles 19.5 and 22.2 of the General Documentation (GD) state "to be granted access to the SF, a counterparty shall send a request to its home NCB at the latest 15 minutes following the TARGET2 closing time".

In the exceptional situation that an operational incident at TIPS/TARGET2 level would prevent the timely production and distribution of the TIPS GL by 18:05 (after TARGET2 has closed at 18:00), the deadline for counterparties to request the use of the SF will be postponed from 18:15 currently to 18:50. The additional time would increase the likelihood of the production of the TIPS GL before the deadline and therefore would lower the risk that the end-of-day balances would not be available in time for requesting the access to the SF. Moreover, depending on the incident and its expected resolution time, we would also like to bring to your attention the remote possibility that TARGET2 proceeds with its end of day procedures without automatically taking into consideration the balances on the TIPS DCAs maintaining the deadline for counterparties to request the use of SF at 18:50. In this case, the Deutsche Bundesbank would take corrective actions as soon as the information is available. Please note that in all cases where a delay of the deadline for requesting the use of SF occurs or if the decision is taken to continue with the end-of-day processes of TARGET2 without the balances of the TIPS DCAs, you will be informed via the TIPS Information System on the ECB website and the communication means already agreed with Deutsche Bundesbank.