



TARGET2: ASI procedure & real-time - Tomorrow's functionality

7 November 2016

Overview



- Renaming
- Enhancements to assignment and use of technical account (former mirror account)
- Adaption of cross-AS settlement (former cross-DVP settlement)

ASI procedure 6 real-time - Renaming



	ASI procedure 6 "old"	ASI procedure 6 "new"
Name of functionality	ASI procedure 6 integrated	ASI procedure 6 real-time
Name of account	Mirror account	Technical account – procedure 6 - real-time
Name of cross settlement	Cross DVP settlement	Cross AS settlement

ASI procedure 6 real-time – Night-time procedure



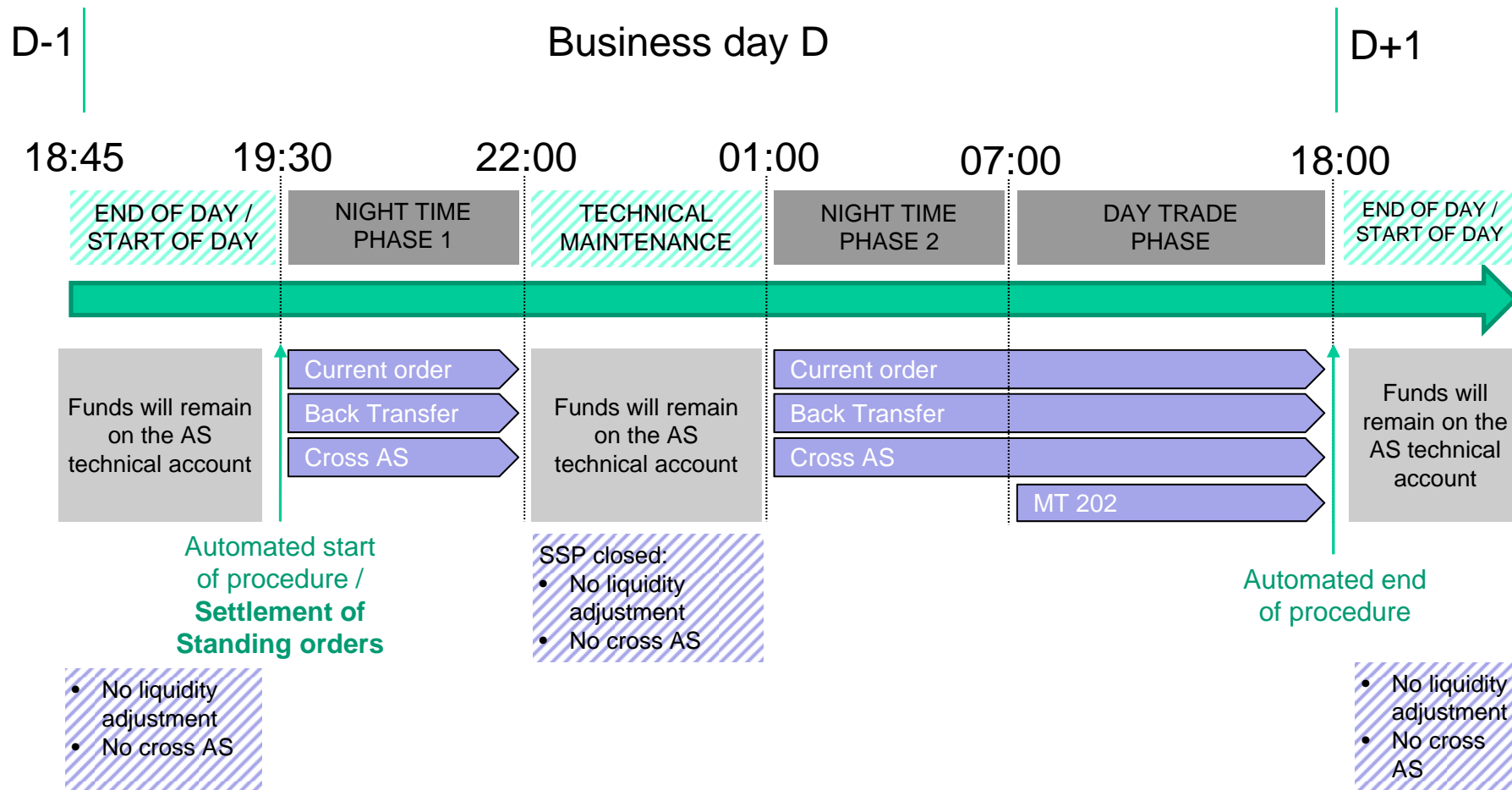
Changes related to the procedure

- T2 will still automatically open the night-time settlement procedure at 19:30 h (unchanged)
- It will not be possible for any AS using the ASI procedure 6 real-time to close the procedure, i.e. no daylight procedure with additional standing orders will be available any more
- T2 will automatically close night-time settlement at 18:00 h D+1 without any intervention by the AS

ASI procedure 6 real-time – Business day overview



ASI procedure 6 real-time



ASI procedure 6 real-time – Account



Currently: The mirror account used for prefunding can have a negative balance and therefore has to be owned by a Central Bank. As the mirror account can have a negative balance, all the payments from this account can be settled.

With ASI procedure 6 real-time it will be possible to assign the “technical account – procedure 6-real-time” either to a Central Bank or to an ancillary system. In both cases it will be possible to set the account as “credit-based only”.

- If the account will be opened “credit based only”, any debit instruction exceeding the payment capacity of the account will be immediately rejected with appropriate rejection code

ASI procedure 6 real-time – Cross AS settlement (I)



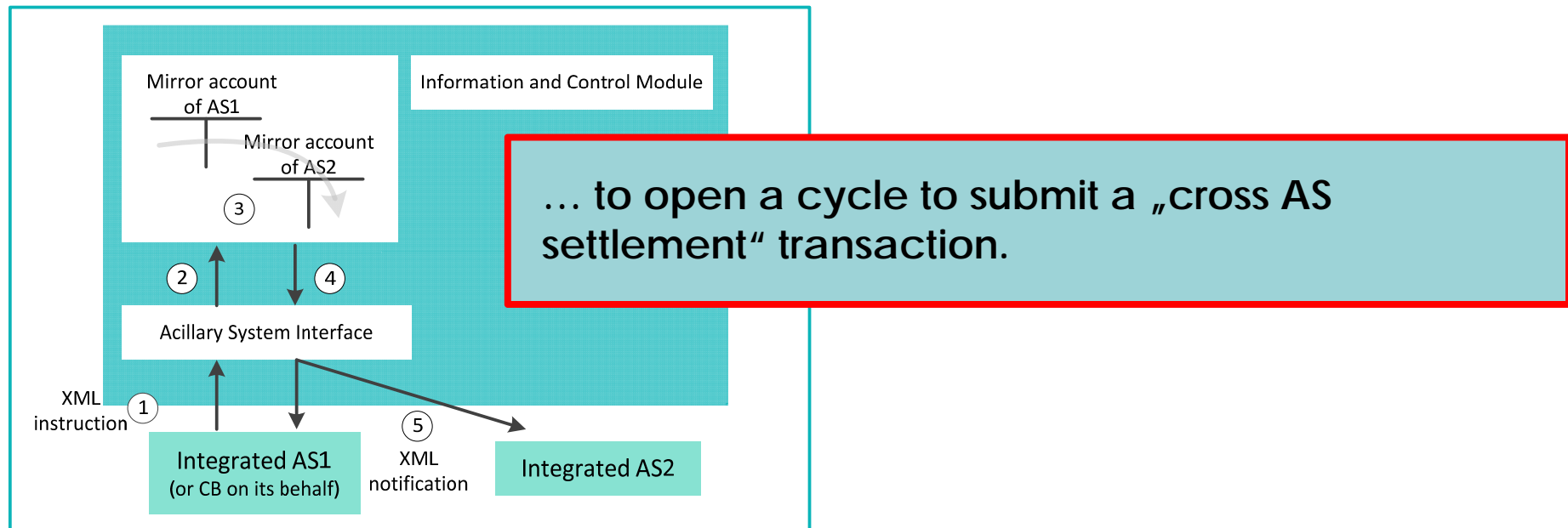
Currently: The execution of a “cross DVP settlement” between two AS presently requires the opening of a cycle by the sending system and the procedure 6 shall also be open for the receiving system.

Slide 27 of the presentation „ASI model 6 integrated“

- ① **INITIATION - Request for Cross-DVP settlement:**
AS1 (or its CB on behalf) sends an XML message (ASTransferInitiation) with a single payment to transfer liquidity from the mirror account of AS1 on behalf of settlement bank A to the mirror account of AS2 in favour of settlement bank B.
- ② **FUNCTIONAL CONTROLS:**
If procedure 6 is open in AS1 and AS2 and if the cycle is open in AS1 then the order is transmitted to TARGET2 Payments module (PM), else the order is rejected.

ASI procedure 6 real-time – Cross AS settlement (II)

- With AS procedure 6 real-time it will not be necessary anymore ...



- However, the cycle-functionality will not be removed from the ASI procedure 6 real-time. If an AS opens a cycle it has to take into account that the liquidity is blocked until the cycle is closed again (i.e. no liquidity adjustment possible during open cycle)

Thank you for your attention.
Questions?