26 September 2016

FINAL CONTENT OF THE SSP RELEASE 11.0

On 21 April 2016, the TARGET2 users were informed that following the consultation of the NUGs and TWG no enhancements were identified which merited implementation in TARGET2 release 11.0 (Nov. 2017). In that same communication, the Central Banks nevertheless clarified that the requirements highlighted by the ACHs to support a pan-European solution for instant payments in euro, may also necessitate a specific change request as part of that release.

The Central Banks are now in a position to confirm that, to address the requirements of the ACHs in terms of interoperability, credit risk mitigation and final settlement, a change request aiming at enhancing the ASI procedure 6-integrated will be delivered with the release 11.0. The functional adaptations to this existing feature, which are detailed in the annex to this communication, are relatively limited and only affect the way that ancillary systems interact with TARGET2. From the perspective of settlement banks, their interactions with the platform will remain unchanged compared to the current set-up of ASI procedure 6-integrated.

The ECB and the National Central Banks stay at the disposal of participants for any further information on that TARGET2 release.

*<u>Annex</u>: **CR-767 Enhancement to the ASI-procedure 6 integrated***

Currently for the ASI procedure 6 integrated the following rules apply:

- *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.*
- *The execution of a "cross DvP settlement" between two ancillary systems presently requires the opening of a cycle by the sending system and the procedure 6 shall also be open for the receiving system.*

With this change request, the following rules will now apply:

- *The functionality currently known as "procedure 6-integrated" will be called "procedure 6-realtime".*
- *The "mirror account" used for AS procedure 6 integrated will be called "technical account – procedure 6-realtime" throughout the system's documentation.*
- *The functionality currently known as "cross DvP settlement" will be called "cross AS settlement".*
- *All the above-listed naming conventions will be applied throughout the system's documentation as in the ICM.*
- *For the execution of a "cross AS settlement" it will not be necessary for the sending ancillary system to open a cycle to submitting a "cross AS settlement" transaction. Moreover it will not be possible for any ancillary system using the "procedure 6-realtime" to close the "procedure 6-realtime". In practice TARGET2 will automatically open the night time settlement procedure at 19:30h on D and close it at 18:00h on D+1 without any intervention of any ancillary system.*
- *It will be possible to assign the "technical account- procedure 6-realtime" 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 "credit-based only" option is selected for the "technical account- procedure 6-realtime", any debit instruction exceeding the payment capacity of the account will be immediately rejected with an appropriate rejection code.*