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DÉCISION DE LA BANQUE CENTRALE EUROPÉENNE

du 24 juillet 2007

relative aux modalités de TARGET2-BCE

(BCE/2007/7)

(2007/601/CE)

(JO L 237 du 8.9.2007, p. 71)

Modifiée par:

		Journal officiel		
		n°	page	date
►**M1**	Décision BCE/2009/13 de la Banque centrale européenne du 9 juin 2009	L 151	39	16.6.2009
►**M2**	Décision BCE/2009/22 de la Banque centrale européenne du 6 octobre 2009	L 274	38	20.10.2009
►**M3**	Décision BCE/2010/4 de la Banque centrale européenne du 10 mai 2010	L 119	24	13.5.2010
►**M4**	Décision BCE/2010/19 de la Banque centrale européenne du 2 novembre 2010	L 290	53	6.11.2010
►**M5**	Décision BCE/2011/19 de la Banque centrale européenne du 15 novembre 2011	L 303	44	22.11.2011
►**M6**	Décision BCE/2012/31 de la Banque centrale européenne du 11 décembre 2012	L 13	8	17.1.2013
►**M7**	Décision BCE/2014/27 de la Banque centrale européenne du 16 juin 2014	L 192	68	1.7.2014
►**M8**	Décision BCE/2015/22 de la Banque centrale européenne du 26 mai 2015	L 155	1	19.6.2015
►**M9**	Décision (UE) 2016/821 de la Banque centrale européenne du 26 avril 2016	L 136	12	25.5.2016
►**M10**	Décision (UE) 2017/2081 de la Banque centrale européenne du 10 octobre 2017	L 295	89	14.11.2017
►**M11**	Décision (UE) 2018/1625 de la Banque centrale européenne du 8 octobre 2018	L 280	1	9.11.2018
►**M12**	Décision (UE) 2019/1848 de la Banque centrale européenne du 29 octobre 2019	L 283	57	5.11.2019
►**M13**	Décision (UE) 2021/1758 de la Banque centrale européenne du 21 septembre 2021	L 354	29	6.10.2021

Rectifiée par:

►**C1** Rectificatif, JO L 60 du 2.3.2018, p. 57 (2017/2081)

►**C2** Rectificatif, JO L 35 du 17.2.2022, p. 24 (2021/1758)

▼B

DÉCISION DE LA BANQUE CENTRALE EUROPÉENNE

du 24 juillet 2007

relative aux modalités de TARGET2-BCE

(BCE/2007/7)

(2007/601/CE)

Article premier

Champ d'application

1. TARGET2-BCE pourra seulement:

a) procéder au traitement des propres paiements de la BCE;

b) procéder au traitement des paiements des clients de la BCE, et

▼M11

c) fournir des services de règlement à des entités gérant des systèmes exogènes, y compris des entités établies hors de l'EEE, à condition que ces entités soient soumises à la surveillance d'une autorité compétente, qu'elles respectent les exigences de surveillance relatives à la localisation des infrastructures offrant des services en euros, telles que modifiées périodiquement et publiées sur le site internet de la BCE ([1]), et que leur accès à TARGET2-BCE ait été approuvé par le conseil des gouverneurs.

▼M3

2. La BCE peut uniquement accepter comme clients des banques centrales et des organisations européennes et internationales, et en vertu d'une décision ad hoc du conseil des gouverneurs, les administrations centrales des États membres de l'Union européenne ou les organismes publics désignés par ces administrations centrales pour les représenter.

▼B

Article 2

Crédit intrajournalier

1. La BCE peut uniquement octroyer des crédits intrajournaliers à des clients qui sont des organisations européennes ou internationales sous forme de découverts sur le(s) compte(s) de ces clients. Les

([1]) La politique actuelle de l'Eurosystème, en ce qui concerne la localisation des infrastructures, est énoncée dans les déclarations suivantes, qui sont publiées sur le site internet de la BCE à l'adresse www.ecb.europa.eu: a) la déclaration du 3 novembre 1998 sur les systèmes de paiement et de règlement en euros situés en dehors de la zone euro (*Policy statement on euro payment and settlement systems located outside the euro area*); b) la déclaration du 27 septembre 2001 sur la position de l'Eurosystème en ce qui concerne le processus de consolidation de la compensation avec contrepartie centrale (*the Eurosystem's policy line with regard to consolidation in central counterparty clearing*); c) la déclaration du 19 juillet 2007 sur les principes de l'Eurosystème pour la localisation et l'exploitation des infrastructures de règlement des transactions de paiement libellées en euros *(the Eurosystem policy principles on the location and operation of infrastructures settling in euro-denominated payment transactions*); d) la déclaration du 20 novembre 2008 sur les principes de l'Eurosystème pour la localisation et l'exploitation des infrastructures de règlement des transactions de paiement libellées en euros, définissant les critères de localisation juridique et de l'exploitation dans la zone euro (*the Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of* '*legally and operationally located in the euro area*)'; e) le cadre de surveillance de l'Eurosystème (*The Eurosystem oversight policy framework*), dans sa version révisée de juillet 2016.

▼B

découverts ne dépassent, à aucun moment de la journée, le montant déterminé dans l'accord passé avec le client pour chacun des comptes. Un crédit intrajournalier accordé par la BCE reste limité à la journée en question sans pouvoir être prolongé pour devenir un crédit à vingt-quatre heures.

▼M11

2. Tout octroi de crédit intrajournalier par la BCE respecte les règles sur l'octroi de crédit intrajournalier exposées à l'annexe III de l'orientation BCE/2012/27 ([1]).

Article 3

Modalités de TARGET2-BCE

Les modalités d'ouverture et de fonctionnement d'un compte MP dans TARGET2-BCE sont exposées à l'annexe I de la présente décision. Les modalités d'ouverture et de fonctionnement d'un compte espèces dédié T2S (DCA T2S) dans TARGET2-BCE sont exposées à l'annexe II de la présente décision. Les modalités d'ouverture et de fonctionnement d'un compte espèces dédié TIPS (DCA TIPS) dans TARGET2-BCE sont exposées à l'annexe III de la présente décision.

▼M10

Article 3 bis

Rémunération des fonds de garantie

1. On entend par «fonds de garantie», des fonds fournis par des participants à un système exogène, qui sont utilisés dans le cas où, pour un motif quelconque, un ou plusieurs participants n'honorent pas leurs obligations de paiement dans le système exogène.

2. Les fonds de garantie sont rémunérés au taux de la facilité de dépôt.

▼B

Article 4

Entrée en vigueur

1. La présente décision entre en vigueur le 19 mai 2008.

2. La décision BCE/1999/NP3 du 16 mars 1999 concernant le mécanisme de paiement de la Banque centrale européenne et la décision BCE/2003/NP2 du 28 janvier 2003 modifiant la décision BCE/1999/NP3 concernant le mécanisme de paiement de la Banque centrale européenne sont abrogées à compter de la date d'entrée en vigueur de la présente décision et les références aux décisions BCE/1999/NP3 et BCE/2003/NP2 s'entendent comme faites à la présente décision.

([1]) Orientation BCE/2012/27 du 5 décembre 2012 relative au système de transferts express automatisés transeuropéens à règlement brut en temps réel (TARGET2) (JO L 30 du 30.1.2013, p. 1).

▼M8

ANNEX I

TERMS AND CONDITIONS FOR THE OPENING AND OPERATION OF A PM ACCOUNT IN TARGET2-ECB

▼B

TITLE I

GENERAL PROVISIONS

Article 1

Definitions

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

▼M4

— ►M11 'addressable BIC holder' means an entity which: (a) holds a Business Identifier Code (BIC); (b) is not recognised as an indirect participant in the PM; and (c) is a correspondent or customer of a PM account holder or a branch of a direct or indirect participant in the PM, and is able to submit payment orders to and receive payments from a TARGET2 component system via the PM account holder, ◄

▼M2

— ►M11 'ancillary system' means a system managed by an entity that is subject to supervision and/or oversight by a competent authority and complies with the oversight requirements for the location of infrastructures offering services in euro, as amended from time to time and published on the ECB's website [1], in which payments and/or financial instruments are exchanged and/or cleared or recorded with (a) the monetary obligations settled in TARGET2 and/or (b) funds held in TARGET2, in accordance with Guideline ECB/2012/27 [2] and a bilateral arrangement between the ancillary system and the relevant Eurosystem CB, ◄

▼B

— 'ancillary system central bank (ASCB)' means the Eurosystem CB with which the relevant AS has a bilateral arrangement for the settlement of AS payment instructions in the PM,

— 'Ancillary System Interface (ASI)' means the technical device allowing an AS to use a range of special, predefined services for the submission and settlement of AS payment instructions,

▼M8

— ►M11 'available liquidity' means a credit balance on a participant's PM account and, if applicable, any intraday credit line granted by the relevant euro area NCB in relation to such account but not yet drawn upon, or, if applicable, decreased by the amount of any processed reservations of liquidity on the PM account, ◄

▼M2

———————

▼M4

— 'Business Identifier Code (BIC)' means a code as defined by ISO Standard No 9362,

[1] The Eurosystem's current policy for the location of infrastructure is set out in the following statements, which are available on the ECB's website at www.ecb.europa.eu: (a) the policy statement on euro payment and settlement systems located outside the euro area of 3 November 1998; (b) the Eurosystem's policy line with regard to consolidation in central counterparty clearing of 27 September 2001; (c) the Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions of 19 July 2007; (d) the Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of 'legally and operationally located in the euro area' of 20 November 2008; (e) the Eurosystem oversight policy framework, revised version of July 2016.

[2] Guideline ECB/2012/27 of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (OJ L 30, 30.1.2013, p. 1).

▼M8

— ‘branch’ means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council [1],

▼B

— ►M11 ‘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, ◄

— ‘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 CBs,

— ‘connected CB’ means a national central bank (NCB), other than a Eurosystem CB, which is connected to TARGET2 pursuant to a specific agreement,

▼M12

———————

— ‘Contingency Solution’ means the SSP functionality that processes very critical and critical payments in contingency,

▼M8

— ‘credit institution’ means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 and Section 2(1) no 2 and Section 2(6) no 2 of the (Kreditwesengesetz) KWG, 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,

▼B

— ‘credit instruction’ means a payment instruction submitted by an AS and addressed to the ASCB to debit one of the accounts kept and/or managed by the AS in the PM, and to credit a settlement bank's PM account or sub-account by the amount specified therein,

— ‘credit transfer order’ means an instruction by a payer to make funds available to a payee by means of a book entry on a PM account,

— ‘debit instruction’ means a payment instruction addressed to the SCB and submitted by an AS to debit a settlement bank's PM account or sub-account by the amount specified therein, on the basis of a debit mandate, and to credit either one of the AS's accounts in the PM or another settlement bank's PM account or sub-account,

▼M9

— ‘direct debit authorisation’ means a general instruction by a payer to its CB entitling and obliging that CB to debit the payer's account upon receipt of a valid direct debit instruction from a payee,

▼B

— ‘direct debit instruction’ means an instruction from a payee submitted to its CB pursuant to which the CB of the payer debits the payer's account by the amount specified in the instruction, on the basis of a direct debit authorization,

— ‘debit mandate’ means an authorisation by a settlement bank in the form provided by the Eurosystem CBs in the static data forms addressed to both its AS and its SCB, entitling the AS to submit debit instructions, and instructing the SCB to debit the settlement bank's PM account or sub-account as a result of debit instructions,

▼M7

— ‘deposit facility’ means a Eurosystem standing facility which counterparties may use to make overnight deposits with an NCB at a pre-specified deposit rate,

— ‘deposit facility rate’ means the interest rate applicable to the deposit facility,

▼M8

— ►M11 ‘T2S Dedicated Cash Account (T2S DCA)’ means an account held by a T2S DCA holder, opened in TARGET2-ECB, and used for cash payments in relation to securities settlement in T2S, ◄

[1] 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).

▼B

— ‘entry disposition’ means a payment processing phase during which TARGET2-ECB attempts to settle a payment order which has been accepted pursuant to Article 12, by means of specific procedures, as described in Article 18,

▼M6

— ‘euro area NCB’ means the national central bank (NCB) of a Member State whose currency is the euro,

— ‘Eurosystem CB’ means the ECB or a euro area NCB,

▼M8

— ‘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 ECB or any other CB, including:

▼M11

(a) where the participant no longer meets the access criteria laid down in Article 4 or the requirements laid down in Article 6(1)(a);

▼M8

(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;

▼M11

(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;

▼M8

(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,

▼M12

— ‘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,

▼B

— ►M11 ‘ICM broadcast message’ means information made simultaneously available to all or a selected group of PM account holders via the ICM, ◄

— ►M11 ‘indirect participant’ means a credit institution established in the European Union or the European Economic Area (EEA), which has entered into an agreement with a PM account holder to submit payment orders and receive payments via such PM account holder's PM account, and which has been recognised by a TARGET2 component system as an indirect participant, ◄

— ‘insolvency proceedings’ means insolvency proceedings within the meaning of Article 2(j) of the Settlement Finality Directive,

▼M13

— ‘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 and includes (a) the TIPS DCA to TIPS DCA instant payment orders, (b) TIPS DCA to TIPS AS technical account instant payment orders, (c) TIPS AS technical account to TIPS DCA instant payment orders and (d) TIPS AS technical account to TIPS AS technical account instant payment orders,

▼B

— ‘instructing participant’ means a TARGET2 participant that has initiated a payment order,

— ‘intraday credit’ means credit extended for a period of less than one business day,

▼M11

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

▼B

— ‘liquidity transfer order’ means a payment order, the main purpose of which is to transfer liquidity between different accounts of the same participant,

— ‘marginal lending facility’ means a Eurosystem standing facility which counterparties may use to receive overnight credit from a Eurosystem CB at the pre-specified marginal lending rate,

— ‘marginal lending rate’ means the interest rate applicable to the marginal lending facility,

— ‘multi-addressee access’ means the facility by which branches or credit institutions ►M11 established in the Union or the EEA ◄ can access the relevant TARGET2 component system by submitting payment orders and/or receiving payments directly to and from the TARGET2 component system; this facility authorises these entities to submit their payment orders through the direct participant's PM account without that participant's involvement,

▼M8

— ‘Main PM account’ means the PM account to which a ►M11 T2S DCA ◄ is linked and on which any remaining balance must be automatically repatriated from the ►M11 T2S DCA ◄ at the end of the day,

▼B

— ‘►M11 TARGET2 network service provider ◄’ means the undertaking appointed by the ECB's Governing Council to provide computerised network connections for the purpose of submitting payment messages in TARGET2,

— ►M11 ‘non-settled payment order’ means a payment order that is not settled on the same-business day as that on which it is accepted, ◄

▼M8

— ►M11 ‘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, ◄

▼B

— ‘Participant Interface (PI)’ means the technical device allowing direct participants to submit and settle payment orders via the services offered in the PM,

▼M5

— ‘payee’, except where used in Article 33, means a TARGET2 participant whose PM account will be credited as a result of a payment order being settled,

— ‘payer’, except where used in Article 33, means a TARGET2 participant whose PM account will be debited as a result of a payment order being settled,

▼B

— ‘payment instruction’ or ‘AS payment instruction’ means a credit instruction or a debit instruction,

▼M8

— ►M11 ‘payment order’ means a credit transfer order, a liquidity transfer order, a direct debit instruction, a PM to T2S DCA liquidity transfer order or a PM to TIPS DCA liquidity transfer order, ◄

▼B

— ‘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 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 CB,

▼M11

— ‘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,

▼M4

— ‘public sector body’ means an entity within the ‘public sector’, the latter term as defined in Article 3 of Council Regulation (EC) No 3603/93 of 13 December 1993 specifying definitions for the application of the prohibitions referred to in Articles 104 and 104b(1) of the Treaty [1],

▼M11

— ‘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,

▼M8

— ►M11 ‘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, ◄

▼M11

— ‘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,

▼B

— ‘settlement bank’ means a participant whose PM account or sub-account is used to settle AS payment instructions,

— ‘settlement central bank (SCB)’ means a Eurosystem CB holding a settlement bank's PM account,

— ‘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 [2];

— ‘Single Shared Platform (SSP)’ means the single technical platform infrastructure provided by the ►M11 SSP-providing NCBs ◄,

— ‘►M11 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,

— ‘static data collection form’ means a form developed by the ECB for the purpose of registering applicants for TARGET2-ECB 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 ECB,

▼M11

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

[1] OJ L 332, 31.12.1993, p. 1.
[2] OJ L 166, 11.6.1998, p. 45.

▼B

— ‘TARGET2-ECB’ means the TARGET2 component system of the ECB,

— ‘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 CUG’ means a subset of the ►M11 TARGET2 network service provider's ◄ customers grouped for the purpose of their use of the relevant services and products of the ►M11 TARGET2 network service provider ◄ when accessing the PM,

— ‘TARGET2 participant’ means any participant in any TARGET2 component system,

▼M11

— ‘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 CSDs and Eurosystem CBs that allow core, neutral and borderless settlement of securities transactions on a delivery-versus-payment basis in central bank money,

▼M2

— ‘technical malfunction of TARGET2’ means any difficulty, defect or failure in the technical infrastructure and/or the computer systems used by TARGET2-ECB, or any other event that makes it impossible to execute and complete the ►M11 same business-day processing of payments ◄ in TARGET2-ECB,

▼M11

— ‘TIPS Dedicated Cash Account (TIPS DCA)’ means an account held by a TIPS DCA holder, opened in TARGET2-ECB, 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,

▼M13

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— ‘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,

▼M4

— ‘User Detailed Functional Specifications (UDFS)’ means the most up-to-date version of the UDFS, which is the technical documentation that details how a participant interacts with TARGET2,

▼M13

— ‘European Payments Council's SEPA Instant Credit Transfer (SCT Inst) scheme’ or ‘SCT Inst scheme’ means an automated, open standards scheme providing a set of interbank rules to be complied with by SCT Inst participants, allowing payment services providers in SEPA to offer an automated, SEPA-wide euro instant credit transfer product,

— ‘TIPS ancillary system technical account (TIPS AS technical account)’ means an account held by an ancillary system or a CB on an ancillary system's behalf in the CB’s TARGET2 component system for use by the ancillary system for the purpose of settling instant payments in its own books,

— ‘TIPS DCA to TIPS AS technical account liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS DCA to a TIPS AS technical account to fund the TIPS DCA holder’s position (or the position of another participant of the ancillary system) in the books of the ancillary system,

— ‘TIPS AS technical account to TIPS DCA liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS AS technical account to a TIPS DCA to defund the TIPS DCA holder’s position (or the position of another participant of the ancillary system) in the books of the ancillary system,

▼M13

— ‘reachable party’ means an entity which: (a) holds a BIC; (b) is designated as a reachable party by a TIPS DCA holder or by an ancillary system; (c) is a correspondent, customer or branch of a TIPS DCA holder or a participant of an ancillary system, or a correspondent, customer, or branch of a participant of an ancillary system; and (d) is addressable through the TIPS Platform and is able to submit instant payment orders and receive instant payment orders either via the TIPS DCA holder or the ancillary system or, if so authorised by the TIPS DCA holder or by the ancillary system, directly.

▼M8

Article 1a

Scope

The present Conditions govern the relationship between the ECB and its PM account holder as far the opening and the operation of the PM account is concerned.

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Article 2

Appendices

1. The following Appendices form an integral part of these Conditions:

Appendix I: Technical specifications for the processing of payment orders

Appendix II: TARGET2 compensation scheme

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 and invoicing

▼M13

Appendix VII: Requirements regarding information security management and business continuity management

▼B

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.

▼M11

Article 3

General description of TARGET2

1. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts, T2S DCAs for the purpose of securities transactions and TIPS DCAs for the purpose of instant payments.

2. The following transactions are processed in TARGET2-ECB:

(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;

▼M13

(fc) TIPS DCA to PM liquidity transfer orders and PM to TIPS DCA liquidity transfer orders;

(fd) TIPS DCA to TIPS AS technical account liquidity transfer orders and TIPS AS technical account to TIPS DCA liquidity transfer orders; and

▼M11

(g) any other transactions in euro addressed to TARGET2 participants.

▼M13

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 and TIPS AS technical accounts is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform.

▼M11

4. The ECB is the provider of services under these Conditions. Acts and omissions of the SSP-providing NCBs shall be considered acts and omissions of the ECB, for which it shall assume liability in accordance with Article 25 below. Participation pursuant to these Conditions shall not create a contractual relationship between PM account holders and the SSP-providing NCBs when any of the latter acts in that capacity. Instructions, messages or information which a PM account holder receives from, or sends to, the SSP in relation to the services provided under these Conditions are deemed to be received from, or sent to, the ECB.

5. TARGET2 is legally structured as a multiplicity of payment systems composed of all the TARGET2 component systems, which are designated as 'systems' under the national laws implementing the Settlement Finality Directive. TARGET2-ECB is designated as a 'system' under § 1(16) of the KWG.

6. Participation in TARGET2 takes effect via participation in a TARGET2 component system. These Conditions describe the mutual rights and obligations of PM account holders in TARGET2-ECB and the ECB. The rules on the processing of payment orders under these Conditions (Title IV and Appendix I) refer to all payment orders submitted or payments received by any PM account holder.

7. No intraday credit is provided to participants in TARGET2-ECB.

▼B

TITLE II

PARTICIPATION

▼M2

Article 4

Access criteria

Entities managing ancillary systems (including entities established outside the EEA) and acting in that capacity, whose access to TARGET2-ECB has been approved by the Governing Council, shall be the only entities that are eligible for participation in TARGET2-ECB.

▼M13

Article 5

Participants directs

PM account holders in TARGET2-ECB are direct participants and shall comply with the requirements set out in Article 8(1) and (2). They shall have at least one PM account with the ECB. PM account holders that have adhered to the SCT Inst scheme by signing the SEPA Instant Credit Transfer Adherence Agreement shall be and shall remain reachable in the TIPS Platform at all times, either as a TIPS DCA holder or as a reachable party via a TIPS DCA holder.

▼B

Article 6

Application procedure

1. To join TARGET2-ECB, applicant participants shall fulfil the following technical and legal requirements:

(a) install, manage, operate and monitor and ensure the security of the necessary IT infrastructure to connect to ►M11 the SSP ◄ and submit payment orders to it. In doing so, applicant participants may involve third parties, but retain sole liability. In particular, applicant participants shall enter into an agreement with the ►M11 TARGET2 network service provider ◄ to obtain the necessary connection and admissions, in accordance with the technical specifications in Appendix I;

(b) have passed the tests required by the ECB;

(c) 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 ECB in another context; and

(d) for entities established outside 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 ECB in another context.

2. Applicants shall apply in writing to the ECB, as a minimum enclosing the following documents/information:

(a) completed static data collection forms as provided by the ECB,

(b) the capacity opinion, if required by the ECB, and

(c) the country opinion, if required by the ECB.

3. The ECB may also request any additional information it deems necessary to decide on the application to participate.

4. The ECB shall reject the application to participate if:

(a) access criteria referred to in Article 4 are not met;

(b) one or more of the participation criteria referred to in paragraph 1 are not met; and/or

▼M5

(c) in the ECB's assessment, such participation would endanger the overall stability, soundness and safety of TARGET2-ECB or of any other TARGET2 component system, would jeopardise the ECB's performance of its tasks as described in the Statute of the European System of Central Banks and of the European Central Bank, or poses risks on the grounds of prudence.

▼B

5. The ECB shall communicate its decision on the application to participate to the applicant within one month of the ECB's receipt of the application to participate. Where the ECB requests additional information pursuant to paragraph 3, the decision shall be communicated within one month of the ECB's receipt of this information from the applicant. Any rejection decision shall contain reasons for the rejection.

Article 7

TARGET2 directory

1. The TARGET2 directory is the database of BICs used for the routing of payment orders addressed to:

(a) TARGET2 participants and their branches with multi-addressee access;

(b) indirect participants of TARGET2, including those with multi-addressee access; and

(c) addressable BIC holders of TARGET2.

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It shall be updated weekly.

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2. Unless otherwise requested by the participant, its BIC(s) shall be published in the TARGET2 directory.

▼B

3. Participants may only distribute the TARGET2 directory to their branches and entities with multi-addressee access.

4. Entities specified in paragraph 1(b) and (c) shall only use their BIC in relation to one direct participant.

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5. Participants acknowledge that the ECB and other CBs may publish participants' names and BICs.

▼B

TITLE III

OBLIGATIONS OF THE PARTIES

Article 8

Obligations of the ECB and the participants

1. The ECB shall offer the services described in Title IV. Save where otherwise provided in these Conditions or required by law, the ECB shall use all reasonable means within its power to perform its obligations under these Conditions, without guaranteeing a result.

2. Participants shall pay to the ECB the fees laid down in Appendix VI.

3. Participants shall ensure that they are connected to TARGET2-ECB on business days, in accordance with the operating schedule in Appendix V.

4. The participant represents and warrants to the ECB 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.

Article 9

Cooperation and information exchange

1. In performing their obligations and exercising their rights under these Conditions, the ECB and participants shall cooperate closely to ensure the stability, soundness and safety of TARGET2-ECB. 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 ECB shall establish and maintain a system support desk to assist participants in relation to difficulties arising in connection with system operations.

3. ►M11 Up-to-date information on the SSP's operational status shall be available on the TARGET2 Information System (T2IS) on a dedicated webpage on the ECB's website. ◄ The T2IS may be used to obtain information on any event affecting the normal operation of TARGET2.

4. The ECB may either communicate messages to participants by means of an ICM broadcast or by any other means of communication.

▼M11

4a. The holder of the Linked PM account shall be responsible for informing in a timely manner its TIPS DCA holders of any relevant ICM broadcast message, including those related to the suspension or termination of any TIPS DCA holder's participation in TARGET2-ECB.

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5. Participants are responsible for the timely update of existing static data collection forms and the submission of new static data collection forms to the ECB. Participants are responsible for verifying the accuracy of information relating to them that is entered into TARGET2-ECB by the ECB.

6. The ECB shall be deemed to be authorised to communicate to the ►M11 SSP-providing NCBs ◄ any information relating to participants which the ►M11 SSP-providing NCBs ◄ may need in their role as service administrators, in accordance with the contract entered into with the ►M11 TARGET2 network service provider ◄.

7. Participants shall inform the ECB about any change in their legal capacity and relevant legislative changes affecting issues covered by the country opinion relating to them.

▼M12

8. Participants shall immediately inform the ECB 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 of the European Parliament and of the Council [1] or any other equivalent applicable legislation.

▼B

TITLE IV

MANAGEMENT OF PM ACCOUNTS AND PROCESSING OF PAYMENT ORDERS

Article 10

Opening and management of PM accounts

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1. The ECB shall open and operate at least one PM account for each participant. Upon request by a participant acting as a settlement bank, the ECB shall open one or more sub-accounts in TARGET2-ECB to be used for dedicating liquidity.

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2. No debit balance shall be allowed on PM accounts.

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3. PM accounts and their sub-accounts shall be remunerated either at zero per cent or the deposit facility rate, whichever is lower.

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4. Participants shall use the ICM to obtain information on their liquidity position. The ECB shall provide a daily statement of accounts to any participant that has opted for such service.

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5. A PM account holder accepting its PM account to be designated as the Main PM account shall be bound by any invoices related to the opening and operation of each T2S DCA linked to that PM account, as set out in Appendix VI to this Annex, including any penalties levied in accordance with paragraph 9(d) of Annex IIIa, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that PM account holder and the T2S DCA holder.

▼M8

6. A Main PM account holder shall be bound by any invoices, as set out in Appendix VI to this Annex, for the linkage to each ►M11 T2S DCA ◄ to which the PM account is linked.

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

▼M11

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

8. The holder of a Linked PM account shall have an overview of the liquidity available on the TIPS DCAs linked to that PM account and ensure the TIPS DCA holders are aware of their responsibility to manage that liquidity.

▼M8

Article 11

Types of payment orders

The following are classified as payment orders for the purposes of TARGET2:

(a) credit transfer orders;

(b) direct debit instructions carried out under a direct debit authorisation;

▼M11

(c) liquidity transfer orders;

(d) PM to T2S DCA liquidity transfer orders; and

(e) PM to TIPS DCA liquidity transfer orders.

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Article 12

Acceptance and rejection of payment orders

1. Payment orders submitted by participants are deemed accepted by the ECB if:

(a) the payment message complies with the rules established by the ►M11 TARGET2 network service provider ◄;

(b) the payment message complies with the formatting rules and conditions of TARGET2-ECB 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 ECB shall immediately reject any payment order that does not fulfil the conditions laid down in paragraph 1. The ECB shall inform the participant of any rejection of a payment order, as specified in Appendix I.

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3. The SSP attaches its timestamp for the processing of payment orders in the sequence of their receipt.

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Article 13

Priority rules

1. Instructing participants shall designate every payment order as one of the following:

(a) normal payment order (priority class 2);

(b) urgent payment order (priority class 1); or

(c) highly urgent payment order (priority class 0).

If a payment order does not indicate the priority, it shall be treated as a normal payment order.

▼M11

2. Highly urgent payment orders may only be designated by:

(a) CBs; and

(b) participants, in cases of payments to and from CLS Bank International, with the exception of payments related to the CLS CCP service and, at the discretion of the Governing Council, the CLSNow service, and liquidity transfers in relation to ancillary system settlement using the ASI.

All payment instructions submitted by an ancillary system through the ASI to debit or credit the participants' PM accounts and all PM to T2S DCA liquidity transfer orders and PM to TIPS DCA liquidity transfer orders submitted shall be deemed to be highly urgent payment orders.

▼M2

3. Liquidity transfer orders initiated via the ICM are urgent payment orders.

4. In the case of urgent and normal payment orders, the payer may change the priority via the ICM with immediate effect. It shall not be possible to change the priority of a highly urgent payment order.

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Article 14

Liquidity limits

1. A participant may limit the use of available liquidity for payment orders in relation to other TARGET2 participants, except any of the CBs, by setting bilateral or multilateral limits. Such limits may only be set in relation to normal payment orders.

2. By setting a bilateral limit, a participant instructs the ECB that an accepted payment order shall not be settled if the sum of its outgoing normal payment orders to another TARGET2 participant's PM account minus the sum of all incoming urgent and normal payments from such TARGET2 participant's PM account would exceed this bilateral limit.

3. A participant may set a multilateral limit for any relationship that is not subject to a bilateral limit. A multilateral limit may only be set if the participant has set at least one bilateral limit. If a participant sets a multilateral limit, it instructs the ECB that an accepted payment order shall not be settled if the sum of its outgoing normal payment orders to all TARGET2 participants' PM accounts in relation to which no bilateral limit has been set, minus the sum of all incoming urgent and normal payments from such PM accounts would exceed this multilateral limit.

4. The minimum amount of any of the limits shall be EUR 1 million. A bilateral or a multilateral limit with an amount of zero shall be treated as if no limit has been set. Limits between zero and EUR 1 million are not possible.

5. Limits may be changed in real time with immediate effect or with effect from the next business day via the ICM. If a limit is changed to zero, it shall not be possible to change it again on the same business day. The setting of a new bilateral or multilateral limit shall only be effective from the next business day.

Article 15

Liquidity reservation facilities

1. Participants may reserve liquidity for highly urgent or urgent payment orders via the ICM.

2. By requesting to reserve a certain amount of liquidity for highly urgent payment orders, a participant instructs the ECB only to settle urgent and normal payment orders if there is available liquidity after the amount reserved for highly urgent payment orders has been deducted.

▼B

3. By requesting to reserve a certain amount of liquidity for urgent payment orders, a participant instructs the ECB only to settle normal payment orders if there is available liquidity after the amount reserved for urgent and highly urgent payment orders has been deducted.

▼M2

4. After receipt of the reservation request the ECB shall check whether the amount of liquidity on the participant's PM account is sufficient for the reservation. If this is not the case, only the liquidity available on the PM account shall be reserved. The rest of the requested liquidity shall be reserved if additional liquidity becomes available.

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5. The level of the liquidity reservation may be changed. Participants may make a request via the ICM to reserve new amounts with immediate effect or with effect from the next business day.

▼M2

Article 15a

Standing instructions for liquidity reservation and dedication of liquidity

1. Participants may predefine the default amount of liquidity reserved for highly urgent or urgent payment orders via the ICM. Such standing instruction or a change to such instruction shall take effect from the next business day.

2. Participants may predefine via the ICM the default amount of liquidity set aside for ancillary system settlement. Such standing instruction or a change to such instruction shall take effect from the next business day. Participants shall be deemed to have instructed the ECB to dedicate liquidity on their behalf if the relevant ancillary system so requests.

▼B

Article 16

Predetermined settlement times

1. Instructing participants may predetermine the settlement time of the payment orders within a business day by using the Earliest Debit Time Indicator or the Latest Debit Time Indicator.

2. When the Earliest Debit Time Indicator is used, the accepted payment order is stored and only entered into the entry disposition at the indicated time.

3. When the Latest Debit Time Indicator is used, the accepted payment order shall be returned as non-settled if it cannot be settled by the indicated debit time. 15 minutes prior to the defined debit time, the instructing participant shall be sent an automatic notification via the ICM. Instructing participant may also use the Latest Debit Time Indicator solely as a warning indicator. In such cases, the payment order concerned shall not be returned.

4. Instructing participants can change the Earliest Debit Time Indicator and the Latest Debit Time Indicator via the ICM.

5. Further technical details are contained in Appendix I.

Article 17

Payment orders submitted in advance

1. Payment orders may be submitted up to five business days before the specified settlement date (warehoused payment orders).

▼B

2. Warehoused payment orders shall be accepted and entered into the entry disposition on the date specified by the instructing participant at the start of daytime processing, as referred to in Appendix V. They shall be placed in front of payment orders of the same priority.

3. Articles 13(3), 20(2) and 23(1)(a) shall apply mutatis mutandis to warehoused payment orders.

Article 18

Settlement of payment orders in the entry disposition

1. Unless instructing participants have indicated the settlement time in the manner described in Article 16, accepted payment orders shall be settled immediately or at the latest by the end of the business day on which they were accepted, provided that sufficient funds are available on the payer's PM account and taking into account any liquidity limits and liquidity reservations as referred to in Articles 14 and 15.

2. Funding may be provided by:

(a) the available liquidity on the PM account; or

(b) incoming payments from other TARGET2 participants, subject to the applicable optimisation procedures.

3. For highly urgent payment orders the ‘first in, first out’ (FIFO) principle shall apply. This means that highly urgent payment orders shall be settled in chronological order. Urgent and normal payment orders shall not be settled for as long as highly urgent payment orders are queued.

4. For urgent payment orders the FIFO principle shall also apply. Normal payment orders shall not be settled if urgent and highly urgent payment orders are queued.

5. By derogation from paragraphs 3 and 4, payment orders with a lower priority (or of the same priority but accepted later) may be settled before payment orders with a higher priority (or of the same priority which were accepted earlier), if the payment orders with a lower priority would net out with payments to be received and result on balance in a liquidity increase for the payer.

6. Normal payment orders shall be settled in accordance with the FIFO bypassing principle. This means that they may be settled immediately (independently of other queued normal payments accepted at an earlier time) and may therefore breach the FIFO principle, provided that sufficient funds are available.

7. Further details on the settlement of payment orders in the entry disposition are contained in Appendix I.

▼M2

Article 19

Settlement and return of queued payment orders

1. Payment orders that are not settled immediately in the entry disposition shall be placed in the queues in accordance with the priority to which they were designated by the relevant participant, as referred to in Article 13.

2. To optimise the settlement of queued payment orders, the ECB may use the optimisation procedures described in Appendix I.

3. Except for highly urgent payment orders, the payer may change the queue position of payment orders in a queue (i.e. reorder them) via the ICM. Payment orders may be moved either to the front or to the end of the respective queue with immediate effect at any time during daytime processing, as referred to in Appendix V.

▼M2

4. At the request of a payer, the ECB may decide to change the queue position of a highly urgent payment order (except for highly urgent payment orders in the context of settlement procedures 5 and 6) provided that this change would not affect the smooth settlement by ancillary systems in TARGET2 or would not otherwise give rise to systemic risk.

5. Liquidity transfer orders initiated in the ICM shall be immediately returned as non-settled if there is insufficient liquidity. Other payment orders shall be returned as non-settled if they cannot be settled by the cut-off times for the relevant message type, as specified in Appendix V.

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Article 20

Entry of payment orders into the system and their irrevocability

▼M6

1. For the purposes of the first sentence of Article 3(1) of the Settlement Finality Directive and the third sentence of § 116, § 96(2), § 82 and § 340(3) of the German Insolvency Code (*Insolvenzordnung*) and the last sentence of § 46(2) of the KWG, payment orders are deemed entered into TARGET2-ECB at the moment that the relevant participant's PM account is debited.

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2. Payment orders may be revoked until they are entered into TARGET2-ECB in accordance with paragraph 1. Payment orders that are included in an algorithm, as referred to in Appendix I, may not be revoked during the period that the algorithm is running.

TITLE V

SECURITY REQUIREMENTS AND CONTINGENCY ISSUES

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Article 21

Business continuity and contingency procedures

1. In the event of an abnormal external event or any other event which affects the operation of the SSP, the business continuity and contingency procedures described in Appendix IV shall apply.

2. The Eurosystem provides a Contingency Solution if the events described in paragraph 1 occur. Connection to and use of the Contingency Solution shall be mandatory for participants considered by the ECB to be critical. Other participants may, on request, connect to the Contingency Solution.

▼M13

Article 22

Security Requirements and Control Procedures

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

2. Participants shall inform the ECB 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 ECB may request further information about the incident and, if necessary, request that the participant take appropriate measures to prevent a recurrence of such an event.

3. The ECB may impose additional security requirements, in particular with regard to cybersecurity or the prevention of fraud, on all participants and/or on participants that are considered critical by the ECB.

▼**M13**

4. Participants shall provide the ECB with: (i) permanent access to their attestation of adherence to their chosen network service provider's endpoint security requirements, and (ii) on an annual basis the TARGET2 self-certification statement as published on the ECB's website in English.

4a. The ECB shall assess the participant's self-certification statement(s) on the participants level of compliance with each of the requirements set out in the TARGET2 self-certification requirements. These requirements are listed in Appendix VII, which in addition to the other Appendices listed in Article 2(1), shall form an integral part of these Conditions.

4b. The participant's level of compliance with the requirements of the TARGET2 self-certification shall be categorised as follows, in increasing order of severity: "full compliance"; "minor non-compliance"; or "major non-compliance". The following criteria apply: full compliance is reached where participants satisfy 100% of the requirements; minor non-compliance is where a participant satisfies less than 100% but at least 66% of the requirements and major non-compliance where a participant satisfies less than 66% of the requirements. If a participant demonstrates that a specific requirement is not applicable to it, it shall be considered as compliant with the respective requirement for the purposes of the categorisation. A participant which fails to reach "full compliance" shall submit an action plan demonstrating how it intends to reach full compliance. The ECB shall inform the relevant supervisory authorities of the status of such participant's compliance.

4c. If the participant refuses to grant permanent access to its attestation of adherence to their chosen NSPs endpoint security requirements or does not provide the TARGET2 self-certification the participant's level of compliance shall be categorised as "major non-compliance".

4d. The ECB shall reassess compliance of participants on an annual basis.

4e. The ECB may impose the following measures of redress on participants whose level of compliance was assessed as minor or major non-compliance, in increasing order of severity:

(i) enhanced monitoring: the participant shall provide the ECB with a monthly report, signed by a senior executive, on their progress in addressing the non-compliance. The participant shall additionally incur a monthly penalty charge for each affected account equal to its monthly fee as set out in paragraph 1 of Appendix VI excluding the transaction fees. This measure of redress may be imposed in the event the participant receives a second consecutive assessment of minor non-compliance or an assessment of major non-compliance;

(ii) suspension: participation in TARGET2-ECB may be suspended in the circumstances described in Article 28(2)(b) and (c) of this Annex. By way of derogation from Article 28 of this Annex, the participant shall be given three months' notice of such suspension. The participant shall incur a monthly penalty charge for each suspended account of double its monthly fee as set out in paragraph 1 of Appendix VI, excluding the transaction fees. This measure of redress may be imposed in the event the participant receives a second consecutive assessment of major non-compliance;

(iii) termination: participation in TARGET2-ECB may be terminated in the circumstances described in Article 28(2)(b) and (c) of this Annex. By way of derogation from Article 28 of this Annex, the participant shall be given three months' notice of such termination. The participant shall incur an additional penalty charge of EUR 1000 for each terminated account. This measure of redress may be imposed if the participant has not addressed the major non-compliance to the satisfaction of the ECB following three months of suspension.

▼B

TITLE VI

THE INFORMATION AND CONTROL MODULE

Article 23

Use of the ICM

1. The ICM:

(a) allows participants to access information relating to their accounts and to manage liquidity;

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(b) may be used to initiate liquidity transfer orders, TIPS DCA to PM liquidity transfer orders, PM to TIPS DCA liquidity transfer orders, PM to T2S DCA liquidity transfer orders and, when the ICM is used in combination with the T2S value added services, T2S DCA to PM liquidity transfer orders; and

▼M12

(c) allows participants to initiate backup liquidity redistribution and backup contingency payments or payment orders to the Contingency Solution in the event of a failure of the participant's payment infrastructure.

▼B

2. Further technical details relating to the ICM are contained in Appendix I.

TITLE VII

COMPENSATION, LIABILITY REGIME AND EVIDENCE

Article 24

Compensation scheme

If a payment order cannot be settled on the same business day on which it was accepted due to a technical malfunction of TARGET2, the ECB shall offer to compensate the direct participants concerned in accordance with the special procedure laid down in Appendix II.

Article 25

Liability regime

1. In performing their obligations pursuant to these Conditions, the ECB and the participants shall be bound by a general duty of reasonable care in relation to each other.

2. The ECB shall be liable to its participants in cases of fraud (including but not limited to wilful misconduct) or gross negligence, for any loss arising out of the operation of TARGET2-ECB. In cases of ordinary negligence, the ECB's liability shall be limited to the participant'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 ECB is not liable for any loss that results from any malfunction or failure in the technical infrastructure (including but not limited to the ECB's computer infrastructure, programmes, data, applications or networks), if such malfunction or failure arises in spite of the ECB 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).

▼B

4. The ECB shall not be liable:

(a) to the extent that the loss is caused by the participant; or

(b) if the loss arises out of external events beyond the ECB's reasonable control (force majeure).

▼M11

5. Notwithstanding Sections 675(u), 675(v), 675(x), 675(y), 675(z), 676(a), 676(c) of the German Civil Code (*Bürgerliches Gesetzbuch*), paragraphs 1 to 4 shall apply to the extent that the ECB's liability can be excluded.

▼B

6. The ECB and the participants 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 ECB may commission third parties in its own name, particularly telecommunications or other network providers or other entities, if this is necessary to meet the ECB's obligations or is standard market practice. The ECB's obligation shall be limited to the due selection and commissioning of any such third parties and the ECB's liability shall be limited accordingly. For the purposes of this paragraph, the ►M11 SSP-providing NCBs ◄ shall not be considered as third parties.

Article 26

Evidence

1. Unless otherwise provided in these Conditions, all payment and payment processing-related messages in relation to TARGET2, such as confirmations of debits or credits, or statement messages, between the ECB and participants shall be made through the ►M11 TARGET2 network service provider ◄.

2. Electronic or written records of the messages retained by the ECB or by the ►M11 TARGET2 network service provider ◄ shall be accepted as a means of evidence of the payments processed through the ECB. The saved or printed version of the original message of the ►M11 TARGET2 network service provider ◄ shall be accepted as a means of evidence, regardless of the form of the original message.

3. If a participant's connection to the ►M11 TARGET2 network service provider ◄ fails, the participant shall use the alternative means of transmission of messages laid down in Appendix IV. In such cases, the saved or printed version of the message produced by the ECB shall have the same evidential value as the original message, regardless of its form.

4. The ECB shall keep complete records of payment orders submitted and payments received by participants for a period of 10 years from the time at which such payment orders are submitted and payments are received.

5. The ECB'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 participants and of any facts and events that the parties rely on.

▼B

TITLE VIII

TERMINATION OF PARTICIPATION AND CLOSURE OF ACCOUNTS

Article 27

Duration and ordinary termination of participation

1. Without prejudice to Article 28, participation in TARGET2-ECB is for an indefinite period of time.

2. A participant may terminate its participation in TARGET2-ECB at any time giving 14 business days' notice thereof, unless it agrees a shorter notice period with the ECB.

3. The ECB may terminate a participant's participation in TARGET2-ECB at any time giving three months' notice thereof, unless it agrees a different notice period with that participant.

4. On termination of participation, the confidentiality duties laid down in Article 32 remain in force for a period of five years starting on the date of termination.

5. On termination of participation, the PM accounts of the participant concerned shall be closed in accordance with Article 29.

Article 28

Suspension and extraordinary termination of participation

1. A participant's participation in TARGET2-ECB 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 participant no longer meets the access criteria laid down in Article 4.

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For the purposes of this paragraph, the taking of crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU of the European Parliament and of the Council ([1]) against a PM account holder shall not automatically qualify as the opening of insolvency proceedings.

▼B

2. The ECB may terminate without prior notice or suspend the participant's participation in TARGET2-ECB if:

(a) one or more events of default (other than those referred to in paragraph 1) occur;

(b) the participant is in material breach of these Conditions;

(c) the participant fails to carry out any material obligation to the ECB;

(d) the participant is excluded from, or otherwise ceases to be a member of, a TARGET2 CUG; ►M4 ——————— ◄

▼M5

(e) any other participant-related event occurs which, in the ECB's assessment, would threaten the overall stability, soundness and safety of TARGET2-ECB or of any other TARGET2 component system, which would jeopardise the ECB's performance of its tasks as described in the Statute of the European System of Central Banks and of the European Central Bank, or poses risks on the grounds of prudence;

▼M11

(f) the ECB suspends, limits or terminates the participant's access to intraday credit pursuant to paragraph 12 of Annex III to Guideline ECB/2012/27.

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

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3. In exercising its discretion under paragraph 2, the ECB shall take into account, inter alia, the seriousness of the event of default or events mentioned in subparagraphs (a) to (c).

4. ►M9 (a) In the event that the ECB suspends or terminates a PM account holder's participation in TARGET2-ECB under paragraph 1 or 2, the ECB shall immediately inform, by means of an ICM broadcast message or a T2S broadcast message, that PM account holder, other CBs and PM account holders and ►M11 T2S DCA holders ◄ in all of the TARGET2 component systems of such suspension or termination. Such message shall be deemed to have been issued by the home CB of the PM account holder and ►M11 T2S DCA holder ◄ that receives the message. ◄

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(c) Once such an ICM broadcast message has been received by the participants, the latter shall be deemed informed of the termination/suspension of a participant's participation in TARGET2-ECB 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-ECB after receipt of the ICM broadcast message.

5. Upon termination of a participant's participation, TARGET2-ECB shall not accept any new payment orders from such participant. Payment orders in the queue, warehoused payment orders or new payment orders in favour of such participant shall be returned.

▼M10

6. If a PM account holder is suspended from TARGET2-ECB on grounds other than those specified in paragraph 1(a), all of its incoming payments and outgoing payment orders shall be stored and only entered into the entry disposition after they have been explicitly accepted by the suspended PM account holder's CB.

7. If a PM account holder is suspended from TARGET2-ECB on the grounds specified in paragraph 1(a), any outgoing payment orders from that PM account holder shall only be processed on the instructions of its representatives, including those appointed by a competent authority or a court, such as the PM account 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.

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Article 29

Closure of PM accounts

1. Participants may close their PM accounts at any time provided they give the ECB 14 business days' notice thereof.

2. On termination of participation, pursuant to either Article 27 or 28, the ECB shall close the PM accounts of the participant concerned, after having:

(a) settled or returned any queued payment orders; and

(b) made use of its rights of pledge and set-off under Article 30.

▼B

TITLE IX

FINAL PROVISIONS

Article 30

The ECB's rights of pledge and set-off

1. The ECB shall have a pledge over the participant's existing and future credit balances on its PM accounts, 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 28(1); or

(b) any other event of default or event referred to in Article 28(2) that has led to the termination or suspension of the participant's participation in TARGET2-ECB

notwithstanding the commencement of any insolvency proceedings in respect of a participant and notwithstanding any assignment, judicial or other attachment or other disposition of or in respect of the participant's rights, all obligations of the participant 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 participant and the ECB shall automatically be set off against each other, and the party owing the higher amount shall pay to the other the difference.

3. The ECB shall promptly give the participant notice of any set-off pursuant to paragraph 2 after such set-off has taken place.

4. The ECB may without prior notice debit any participant's PM account by any amount which the participant owes the ECB resulting from the legal relationship between the participant and the ECB.

Article 31

Security rights in relation to funds on sub-accounts

1. The ECB shall have a pledge over the balance on a participant's sub-account opened for the settlement of AS-related payment instructions under the arrangements between the relevant ancillary system and its CB. Such balance shall collateralise the participant's obligation referred to in paragraph 7 towards the ECB in relation to such settlement.

▼M2

2. The ECB shall freeze the balance on the sub-account of the participant upon communication by the ancillary system (via a ‘start-of-cycle’ message). Where applicable, the ECB shall thereafter increase or reduce the frozen balance by crediting or debiting cross-system settlement payments to or from the sub-account or crediting liquidity transfers to the sub-account or crediting liquidity transfers to the sub-account. Such freezing shall expire upon communication by the ancillary system (via an ‘end-of-cycle’ message).

3. By confirming the freezing of the balance on the participant’s sub-account, the ECB guarantees to the ancillary system payment up to the amount of this particular balance. By confirming, where applicable, the increase or reduction of the frozen balance upon crediting or debiting cross-system settlement payments to or from the sub-account or crediting liquidity transfers to the sub-account, the guarantee is automatically increased or reduced in the amount of the payment. Without prejudice to the abovementioned increase or reduction of the guarantee, the guarantee shall be irrevocable, unconditional and payable on first demand. If the ECB is not the ancillary system’s CB, the ECB shall be deemed instructed to issue the abovementioned guarantee to the ancillary system’s CB.

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4. In the absence of any insolvency proceedings in relation to the participant, the AS-related payment instructions for the squaring of the participant's settlement obligation shall be settled without drawing on the guarantee and without recourse to the security right over the balance on the participant's sub-account.

5. In the event of the participant's insolvency, the AS-related payment instruction for the squaring of the participant's settlement obligation shall be a first demand for payment under the guarantee; the debiting of the instructed amount from the participant's sub-account (and crediting of the AS's technical account) shall therefore equally involve the discharge of the guarantee obligation by the ECB and a realisation of its collateral right over the balance on the participant's sub-account.

6. The guarantee shall expire upon communication by the ancillary system that the settlement has been completed (via an 'end-of-cycle' message).

7. The participant shall be obliged to reimburse to the ECB any payment made by the latter under such guarantee.

Article 32

Confidentiality

▼M9

1. The ECB shall keep confidential all sensitive or secret information, including when such information relates to payment, technical or organisational information belonging to the participant, participants from the same group or the participant's customers, unless the participant or its customer has given its written consent to disclose.

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1a. By derogation from paragraph 1, the participant agrees that information on any action taken under Article 28 shall not be considered as confidential.

2. By derogation from paragraph 1, the participant agrees that the ECB may disclose payment, technical or organisational information regarding the participant, participants from the same group or the participant's customers obtained in the course of the operation of TARGET2-ECB to:

(a) other CBs or third parties that are involved in the operation of TARGET2-ECB, to the extent that this is necessary for the efficient functioning of TARGET2 or the monitoring of the participant'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

▼M12

(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.

▼M11

The ECB shall not be liable for the financial and commercial consequences of such disclosure.

▼M10

3. By derogation from paragraph 1 and provided that this does not make it possible, whether directly or indirectly, to identify the participant or the participant's customers, the ECB may use, disclose or publish payment information regarding the participant or the participant'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.

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4. Information relating to the operation of TARGET2-ECB to which participants have had access, may only be used for the purposes laid down in these Conditions. Participants shall keep such information confidential, unless the ECB has explicitly given its written consent to disclose. Participants 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 ECB shall be authorised, in order to settle payment orders, to process and transfer the necessary data to the ►M11 TARGET2 network service provider ◄.

Article 33

▼M5

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

▼M13

1. Participants shall be deemed to be aware of, shall comply with, and shall be able to demonstrate that compliance to the relevant competent authorities with all obligations on them relating to legislation on data protection. They shall be deemed to be aware of, and shall comply with all obligations on them relating to legislation on 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 PM accounts. Participants shall ensure that they are informed about the TARGET2 network service provider's data retrieval policy prior to entering into the contractual relationship with the TARGET2 network service provider.

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2. Participants shall be deemed to have authorised the ECB 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 participant's participation in TARGET2-ECB.

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3. ►M6 Participants, 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 on the Functioning of the European Union 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 ECB is the payment service provider of a participant that is a payer:

(i) the participant 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 ECB with evidence of having made a notification or having received consent; and

▼M11

(ii) the participant shall not enter any payment order for the transfer of funds to an account held by an entity different than the participant, into TARGET2 until it has obtained confirmation from the ECB 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;

▼M5

(b) when the ECB is a payment service provider of a participant that is a payee, the participant 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 ECB 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 given to them in the applicable administrative or restrictive measures.

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Article 34

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 ►M11 TARGET2 network service provider ◄. ►M11 Notices to the ECB shall be submitted to the European Central Bank, Director-General of the ECB's Directorate-General Payment Systems and Market Infrastructure, Sonnemannstrasse 22, 60314 Frankfurt am Main, Germany or to the BIC address of the ECB: ECBFDEFF. ◄ Notices to the participant shall be sent to it at the address, fax number or its ►M4 BIC ◄ address as the participant may from time to time notify to the ECB.

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 English.

4. Participants shall be bound by all forms and documents of the ECB that the participants 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 9(5), which were submitted in compliance with paragraphs 1 and 2 and which the ECB reasonably believes to have received from the participants, their employees or agents.

Article 35

Contractual relationship with ►M11 TARGET2 network service provider ◄

1. For the purposes of these Conditions, the ►M11 TARGET2 network service provider ◄ is SWIFT. Each participant shall enter into a separate agreement with SWIFT regarding the services to be provided by SWIFT in relation to the participant's use of TARGET2-ECB. The legal relationship between a participant and SWIFT shall be exclusively governed by SWIFT's terms and conditions.

2. Each participant shall also participate in a TARGET2 CUG, as specified by the ►M11 SSP-providing NCBs ◄ acting as the SWIFT service administrator for the SSP. Admission and exclusion of a participant to or from a TARGET2 CUG shall take effect once communicated to SWIFT by the SWIFT service administrator.

3. Participants shall comply with the TARGET2 SWIFT Service Profile, as made available by the ECB.

4. The services to be provided by SWIFT shall not form part of the services to be performed by the ECB in respect of TARGET2.

5. The ECB shall not be liable for any acts, errors or omissions of SWIFT (including its directors, staff and subcontractors) as provider of SWIFT services, or for any acts, errors or omissions of network providers selected by participants to gain access to the SWIFT network.

Article 36

Amendment procedure

The ECB may at any time unilaterally amend these Conditions, ►M11 including the Appendices ◄. Amendments to these Conditions, ►M11 including the Appendices ◄, shall be announced by means of communication in writing to the participants. Amendments shall be deemed to have been accepted unless the participant expressly objects within 14 days of being informed of such amendments. In the event that a participant objects to the amendment, the ECB is entitled immediately to terminate that participant's participation in TARGET2-ECB and close any of its PM accounts.

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Article 37

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 participants to any third party without the ECB's written consent.

2. These Conditions do not create any rights in favour of or obligations in relation to any entity other than the ECB and participants in TARGET2-ECB.

Article 38

Governing law, jurisdiction and place of performance

1. The bilateral relationship between the ECB and participants in TARGET2-ECB shall be governed by the law of the Federal Republic of Germany.

▼M4

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 courts of Frankfurt am Main.

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3. The place of performance concerning the legal relationship between the ECB and the participants shall be Frankfurt am Main, Federal Republic of Germany.

Article 39

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.

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Article 39a

Transitional provisions

1. Once the TARGET system is operational and TARGET2 has ceased operation, PM account balances shall be transferred to the account holder’s corresponding successor accounts in the TARGET system.

2. The requirement that PM account holders, indirect Participants and addressable BIC holders adhering to the SCT Inst scheme be reachable in the TIPS Platform pursuant to Article 5 shall apply as of 25 February 2022.

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Article 40

Entry into force and binding nature

1. These Conditions become effective from 19 May 2008, unless the ECB communicates another date of entry into force to the participants.

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2. By requesting a PM account in TARGET2-ECB, applicant participants automatically agree to these Conditions between themselves and in relation to the ECB.

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Appendix I

TECHNICAL SPECIFICATIONS FOR THE PROCESSING OF PAYMENT ORDERS

In addition to the terms and conditions of TARGET2-ECB, the following rules shall apply to the processing of payment orders:

1. **Technical requirements for participation in TARGET2-ECB regarding infrastructure, network and formats**

(1) TARGET2 uses SWIFT services for the exchange of messages. Each participant therefore needs a connection to SWIFT's Secure IP Network. Each participant's PM account shall be identified by an eight- or 11-digit SWIFT BIC. Furthermore, each participant shall pass a series of tests to prove its technical and operational competence before it may participate in TARGET2-ECB.

(2) For the submission of payment orders and the exchange of payment messages in the PM the SWIFTNet FIN Y-copy service shall be used. A dedicated SWIFT Closed User Group (CUG) shall be set up for this purpose. Payment orders within such TARGET2 CUG shall be directly addressed to the receiving TARGET2 participant by entering its BIC in the header of the SWIFTNet FIN message.

(3) For the information and control services the following SWIFTNet services may be used:

(a) SWIFTNet InterAct;

(b) SWIFTNet FileAct; and/or

(c) SWIFTNet Browse.

(4) The security of the message exchange between participants shall rely exclusively on SWIFT's Public Key Infrastructure (PKI) service. Information on the PKI service is available in the documentation provided by SWIFT.

(5) The 'bilateral relationship management' service provided by SWIFT's Relationship Management Application (RMA) shall only be used with the central destination BIC of the SSP and not for payment messages between TARGET2 participants.

2. **Payment message types**

(1) The following SWIFTNet FIN/SWIFT system message types are processed:

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Message Type	Type of use	Description
MT 103	Mandatory	Customer payment
MT 103+	Mandatory	Customer payment (Straight Through Processing)
MT 202	Mandatory	Bank-to-bank payment
▼M12		
MT 202COV	Mandatory	Cover payment
▼M2		
MT 204	Optional	Direct debit payment
MT 011	Optional	Delivery notification
MT 012	Optional	Sender notification
MT 019	Mandatory	Abort notification
▼M4		
MT 900	Optional	Confirmation of Debit/Credit line change

▼M2

Message Type	Type of use	Description
▼M4		
MT 910	Optional	Confirmation of Credit/Credit line change
MT 940/950	Optional	(Customer) Statement Message

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(2) When they register with TARGET2-ECB, direct participants shall declare which optional message types they will use, with the exception of MT 011 and MT 012 messages in relation to which direct participants shall decide from time to time whether or not to receive them with reference to specific messages.

(3) Participants shall comply with the SWIFT message structure and field specifications, as defined in the SWIFT documentation and under the restrictions set out for TARGET2, as described in Chapter 9.1.2.2 of the User Detailed Functional Specifications (UDFS), Book 1.

(4) Field contents shall be validated at the level of TARGET2-ECB in accordance with the UDFS requirements. Participants may agree among each other on specific rules regarding the field contents. However, in TARGET2-ECB there shall be no specific checks as to whether participants comply with any such rules.

▼M2

(5) MT 202COV messages shall be used for making cover payments, i.e. payments made by correspondent banks to settle (cover) credit transfer messages which are submitted to a customer's bank by other, more direct means. Customer details contained in MT 202COV shall not be displayed in the ICM.

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3. **Double-entry check**

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

(2) The following fields of the SWIFT message types shall be checked:

Details	Part of the SWIFT message	Field
Sender	Basic Header	LT Address
Message Type	Application Header	Message Type
Receiver	Application Header	Destination Address
Transaction Reference Number (TRN)	Text Block	:20
Related Reference	Text Block	:21
Value Date	Text Block	:32
Amount	Text Block	:32

(3) If all the fields described in subparagraph 2 in relation to a newly submitted payment order are identical to those in relation to a payment order that has already been accepted, the newly submitted payment order shall be returned.

4. **Error codes**

If a payment order is rejected, the instructing participant shall receive an abort notification (MT 019) indicating the reason for the rejection by using error codes. The error codes are defined in Chapter 9.4.2 of the UDFS.

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5. **Predetermined settlement times**

(1) For payment orders using the Earliest Debit Time Indicator, the codeword '/FROTIME/'shall be used.

(2) For payment orders using the Latest Debit Time Indicator, two options shall be available.

(a) Codeword '/REJTIME/': if the payment order cannot be settled by the indicated debit time, the payment order shall be returned.

(b) Codeword '/TILTIME/': if the payment order cannot be settled by the indicated debit time, the payment order shall not be returned but shall be kept in the relevant queue.

Under both options, if a payment order with a Latest Debit Time Indicator is not settled 15 minutes prior to the time indicated therein, a notification shall automatically be sent via the ICM.

(3) If the codeword '/CLSTIME/' is used, the payment shall be treated in the same way as a payment order referred to in subparagraph 2(b).

6. **Settlement of payment orders in the entry disposition**

(1) Offsetting checks and, if appropriate, extended offsetting checks (both terms as defined in paragraphs 2 and 3) shall be carried out on payment orders entered into the entry disposition to provide quick, liquidity-saving gross settlement of payment orders.

(2) An offsetting check shall determine whether the payee's payment orders that are at the front of the highly urgent or, if inapplicable, the urgent queue are available to be offset against the payer's payment order (hereinafter 'offsetting payment orders'). If an offsetting payment order does not provide sufficient funds for the respective payer's payment order in the entry disposition, it shall be determined whether there is sufficient available liquidity on the payer's PM account.

(3) If the offsetting check fails, the ECB may apply an extended offsetting check. An extended offsetting check determines whether offsetting payment orders are available in any of the payee's queues regardless of when they joined the queue. However, if in the queue of the payee there are higher priority payment orders addressed to other TARGET2 participants, the FIFO principle may only be breached if settling such an offsetting payment order would result in a liquidity increase for the payee.

7. **Settlement of payment orders in the queue**

(1) The treatment of payment orders placed in queues depends on the priority class to which it was designated by the instructing participant.

(2) Payment orders in the highly urgent and urgent queues shall be settled by using the offsetting checks described in paragraph 6, starting with the payment order at the front of the queue in cases where there is an increase in liquidity or there is an intervention at queue level (change of queue position, settlement time or priority, or revocation of the payment order).

(3) Payments orders in the normal queue shall be settled on a continuous basis including all highly urgent and urgent payment orders that have not yet been settled. Different optimisation mechanisms (algorithms) are used. If an algorithm is successful, the included payment orders will be settled; if an algorithm fails, the included payment orders will remain in the queue. Three algorithms (1 to 3) shall be applied to offset payment flows. By means of Algorithm 4, settlement procedure 5 (as defined in Chapter 2.8.1 of the UDFS) shall be available for the settlement of payment instructions of ancillary systems. To optimise the settlement of highly urgent ancillary system transactions on participants' sub-accounts, a special algorithm (Algorithm 5) shall be used.

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(a) Under Algorithm 1 (‘all-or-nothing’) the ECB shall, both for each relationship in respect of which a bilateral limit has been set and also for the total sum of relationships for which a multilateral limit has been set:

(i) calculate the overall liquidity position of each TARGET2 participant’s PM account by establishing whether the aggregate of all outgoing and incoming payment orders pending in the queue is negative or positive and, if it is negative, check whether it exceeds that participant’s available liquidity (the overall liquidity position shall constitute the ‘total liquidity position’); and

(ii) check whether limits and reservations set by each TARGET2 participant in relation to each relevant PM account are respected.

If the outcome of these calculations and checks is positive for each relevant PM account, the ECB and other CBs involved shall settle all payments simultaneously on the PM accounts of the TARGET2 participants concerned.

(b) Under Algorithm 2 (‘partial’) the ECB shall:

(i) calculate and check the liquidity positions, limits and reservations of each relevant PM account as under Algorithm 1; and

(ii) if the total liquidity position of one or more relevant PM accounts is negative, extract single payment orders until the total liquidity position of each relevant PM account is positive.

Thereafter, the ECB and the other CBs involved shall, provided there are sufficient funds, settle all remaining payments (except the extracted payment orders) simultaneously on the PM accounts of the TARGET2 participants concerned.

When extracting payment orders, the ECB shall start from the TARGET2 participant’s PM account with the highest negative total liquidity position and from the payment order at the end of the queue with the lowest priority. The selection process shall only run for a short time, to be determined by the ECB at its discretion.

(c) Under Algorithm 3 (‘multiple’) the ECB shall:

(i) compare pairs of TARGET2 participants’ PM accounts to determine whether queued payment orders can be settled within the available liquidity of the two TARGET2 participants’ PM accounts concerned and within the limits set by them (by starting from the pair of PM accounts with the smallest difference between the payment orders addressed to each other), and the CB(s) involved shall book those payments simultaneously on the two TARGET2 participants’ PM accounts; and

(ii) if, in relation to a pair of PM accounts as described under point (i), liquidity is insufficient to fund the bilateral position, extract single payment orders until there is sufficient liquidity. In this case the CB(s) involved shall settle the remaining payments, except the extracted ones, simultaneously on the two TARGET2 participants’ PM accounts.

After performing the checks specified under subparagraphs (i) to (ii), the ECB shall check the multilateral settlement positions (between a participant’s PM account and other TARGET2 participants’ PM accounts in relation to which a multilateral limit has been set). For this purpose, the procedure described under subparagraphs (i) to (ii) shall apply mutatis mutandis.

(d) Under Algorithm 4 (‘partial plus ancillary system settlement’) the ECB shall follow the same procedure as for Algorithm 2, but without extracting payment orders in relation to the settlement of an ancillary system (which settles on a simultaneous multilateral basis).

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(e) Under Algorithm 5 (‘ancillary system settlement via sub-accounts’) the ECB shall follow the same procedure as for Algorithm 1, subject to the modification that the ECB shall start Algorithm 5 via the Ancillary System Interface and shall only check whether sufficient funds are available on participants’ sub-accounts. Moreover, no limits and reservations shall be taken into account. Algorithm 5 shall also run during night-time settlement.

(4) Payment orders entered into the entry disposition after the start of any of algorithms 1 to 4 may nevertheless be settled immediately in the entry disposition if the positions and limits of the TARGET2 participants’ PM accounts concerned are compatible with both the settlement of these payment orders and the settlement of payment orders in the current optimisation procedure. However, two algorithms shall not run simultaneously.

(5) During daytime processing the algorithms shall run sequentially. As long as there is no pending simultaneous multilateral settlement of an ancillary system, the sequence shall be as follows:

(a) algorithm 1,

(b) if algorithm 1 fails, then algorithm 2,

(c) if algorithm 2 fails, then algorithm 3, or if algorithm 2 succeeds, repeat algorithm 1.

When simultaneous multilateral settlement (‘procedure 5’) in relation to an ancillary system is pending, Algorithm 4 shall run.

(6) The algorithms shall run flexibly by setting a pre-defined time lag between the application of different algorithms to ensure a minimum interval between the running of two algorithms. The time sequence shall be automatically controlled. Manual intervention shall be possible.

(7) While included in a running algorithm, a payment order shall not be reordered (change of the position in a queue) or revoked. Requests for reordering or revocation of a payment order shall be queued until the algorithm is complete. If the payment order concerned is settled while the algorithm is running, any request to reorder or revoke shall be rejected. If the payment order is not settled, the participant’s requests shall be taken into account immediately.

8. **Use of the ICM**

(1) The ICM may be used for obtaining information and managing liquidity. SWIFT’s Secure IP Network (SIPN) shall be the underlying technical communications network for exchanging information and running control measures.

(2) With the exception of warehoused payment orders and static data information, only data in relation to the current business day shall be available via the ICM. The screens shall be offered in English only.

(3) Information shall be provided in ‘pull’ mode, which means that each participant has to ask to be provided with information.

(4) The following modes shall be available for using the ICM:

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

In A2A, information and messages are transferred between the PM and the participant’s internal application. The participant therefore has to ensure that an appropriate application is available for the exchange of XML messages (requests and responses) with the ICM via a standardised interface. Further details are contained in the ICM User Handbook and in Book 4 of the UDFS.

▼**M13**

(b) *User-to-application mode (U2A)*

U2A permits direct communication between a participant and the ICM. The information is displayed in a browser running on a PC system (SWIFT Alliance WebStation or another interface, as may be required by SWIFT). For U2A access the IT infrastructure has to be able to support cookies. Further details are described in the ICM User Handbook.

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(5) Each participant shall have at least one SWIFT Alliance WebStation, or another interface, as may be required by SWIFT, to have access to the ICM via U2A.

▼**B**

(6) Access rights to the ICM shall be granted by using SWIFT's 'Role Based Access Control'. The SWIFT 'Non Repudiation of Emission' (NRE) service, which may be used by participants, allows the recipient of an XML message to prove that such message has not been altered.

(7) ►**M12** If a participant has technical problems and is unable to submit any payment order, it may generate preformatted backup liquidity redistribution and backup contingency payments by using the ICM. The ECB shall open such functionality upon request of the participant. ◄

(8) Participants may also use the ICM to transfer liquidity:

(a) from their PM account to their account outside the PM;

(b) between the PM account and the participant's sub-accounts;

▼**M11**

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

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

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

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9. **The UDFS and the ICM User Handbook**

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

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Appendix II

TARGET2 COMPENSATION SCHEME

1. **General principles**

(a) If there is a technical malfunction of TARGET2, direct participants 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 TARGET2. Participants may, however, use other legal means to claim for losses. If a participant accepts a compensation offer under the TARGET2 compensation scheme, this shall constitute the participant'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 participant 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 ECB or any other CB in respect of a technical malfunction of TARGET2.

2. **Conditions for compensation offers**

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(a) A payer may submit a claim for an administration fee and interest compensation if, due to a technical malfunction of TARGET2, a payment order was not settled on the business day on which it was accepted;

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(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;

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(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; and

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(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 subparagraph (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 ECB in English (see www.ecb.int). 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, participants shall submit their claim form(s) to the ECB. Any additional information and evidence requested by the ECB shall be supplied within two weeks of such request being made.

(c) Unless otherwise decided by the ECB's Governing Council and communicated to the participants, all received claims shall be assessed no later than 14 weeks after the technical malfunction of TARGET2 occurs.

(d) The ECB shall communicate the result of the assessment referred to in subparagraph (c) to the relevant participants. If the assessment entails a compensation offer, the participants 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 ECB (see www.ecb.int). If such letter has not been received by the ECB within four weeks, the participants concerned shall be deemed to have rejected the compensation offer.

(e) The ECB shall make compensation payments on receipt of a participant's letter of acceptance of compensation. No interest shall be payable on any compensation payment.

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Appendix III

TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS

Terms of reference for capacity opinions for participants in TARGET2

The European Central Bank
Kaiserstrasse 29
D-60311 Frankfurt am Main
Germany

Participation in TARGET2-ECB

[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 Participant or branch of Participant] in respect of issues arising under the laws of [jurisdiction in which the Participant is established; hereinafter the 'jurisdiction'] in connection with the participation of [specify name of Participant] (hereinafter the 'Participant') in TARGET2-ECB (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 Participant acts through its head office or one or more branches established inside or outside of [jurisdiction] in submitting payment orders and receiving payments.

I. DOCUMENTS EXAMINED

For the purposes of this Opinion, we have examined:

(1) a certified copy of the [specify relevant constitutional document(s)] of the Participant 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 Participant'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 Participant on [insert date], [insert year], evidencing the Participant'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 Participant];

and all other documents relating to the Participant's constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter the 'Participant Documents').

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

(1) the terms and conditions of TARGET2-ECB 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 Participant 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 the Federal Republic of Germany by which they are expressed to be governed, and the choice of the laws of the Federal Republic of Germany to govern the System Documents is recognised by the laws of the Federal Republic of Germany;

(3) the Participant 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 Participant 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 PARTICIPANT

A. The Participant is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].

B. The Participant 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 Participant of the rights and obligations under the System Documents to which the Participant is party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the Participant or the Participant 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 Participant 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 Participant 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 the ECB and the [Participant]. 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 national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

[signature]

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Terms of reference for country opinions for non-EEA participants in TARGET2

The European Central Bank
Kaiserstrasse 29
D-60311 Frankfurt am Main
Germany

TARGET2-ECB

[location], [date]

Dear Sir or Madam,

We have been asked as [external] legal advisers to [specify name of Participant or branch of Participant] (the Participant) in respect of issues arising under the laws of [jurisdiction in which the Participant is established; hereinafter the 'jurisdiction'] to provide this Opinion under the laws of [jurisdiction] in connection with the participation of the Participant 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 Participant established outside the Federal Republic of Germany 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 of TARGET2-ECB dated [insert date] (hereinafter the 'Rules'); and

(2) any other document governing the System and/or the relationship between the Participant and other participants in the System, and between the participants in the System and the ECB.

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 the Federal Republic of Germany, by which they are expressed to be governed, and the choice of the laws of the Federal Republic of Germany to govern the System Documents is recognised by the laws of the Federal Republic of Germany;

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(3) the participants in the System through which any payment orders are sent or payments are received, or through which any rights or obligations under the System Documents are executed or performed, are licensed to provide funds transfer services, in all relevant jurisdictions; and

(4) 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 Participant arising out of the System Documents: [list of country-specific legal aspects].

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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 Participant's assets or any branch it may have in [jurisdiction] to which the Participant 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 Participant, 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 payments to and/or from the Participant may be suspended, or limitations can be imposed in relation to such payments, 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].

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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 Participant.

In particular, we are of the opinion that:

3.3.a *Processing of payment orders*

The provisions on processing of payment orders [list of sections] of the Rules are valid and enforceable. In particular, all payment orders processed pursuant to such sections will be valid, binding and will be enforceable under the laws of [jurisdiction]. The provision of the Rules which specifies the precise point in time at which payment orders submitted by the Participant to the System become enforceable and irrevocable (Article 20 of the Rules) is valid, binding and enforceable under the laws of [jurisdiction].

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3.3.b *Authority of the ECB to perform its functions*

The opening of Insolvency Proceedings or Proceedings in respect of the Participant will not affect the authority and powers of the ECB 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 Participants with services directly and necessarily required for participating in the System (e.g. ►**M11** TARGET2 network service provider ◄)].

3.3.c *Remedies in the event of default*

[Where applicable to the Participant, the provisions contained in Article 30 of the Rules regarding accelerated performance of claims which have not yet matured, the set-off of claims for using the deposits of the Participant, the enforcement of a pledge, suspension and termination of participation, claims for default interest, and termination of agreements and transactions (Articles 27-31 of the Rules) are valid and enforceable under the laws of [jurisdiction].]

3.3.d *Suspension and termination*

Where applicable to the Participant, the provisions contained in Articles 27 and 28 of the Rules (in respect of suspension and termination of the Participant'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 Participant 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 Participant cannot be assigned, altered or otherwise transferred by the Participant to third parties without the prior written consent of the ECB.

3.3.f *Choice of governing law and jurisdiction*

The provisions contained in Articles 34 and 38 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 Participant 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 payment orders submitted by any participant in the System. In particular, we are of the opinion that the provisions of Article 20 of the Rules establishing the enforceability and irrevocability of payment orders will be valid and enforceable and that a payment order submitted by any participant and processed pursuant to Title IV 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].

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3.5. ***Attachment***

If a creditor of the Participant 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 Participant'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]***

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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 Rules will be valid and enforceable under the laws of [jurisdiction].

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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 Participant, the rights or assets assigned for collateral purposes, or pledged by the Participant in favour of the ECB or other participants in the System, will rank in priority of payment above the claims of all other creditors of the Participant 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 Participant, other participants in the System and the ECB as pledgees will still be free to enforce and collect the Participant's rights or assets through the action of the ECB 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 Participant'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 Participant applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the Participant 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 Participant will in any respect breach the laws of [jurisdiction].

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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 Participant 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 ECB and the [Participant]. 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 national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

[signature]

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Appendix IV

BUSINESS CONTINUITY AND CONTINGENCY PROCEDURE

1. **General provisions**

(a) This Appendix sets out the arrangements between the ECB and participants, or ancillary systems, if one or more components of the SSP or the telecommunications network fail or are affected by an abnormal external event, or if the failure affects any participant or ancillary system.

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(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) ([1]).

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2. **Measures of business continuity and contingency processing**

(a) In the event that an abnormal external event occurs and/or there is a failure of the SSP or the telecommunications network which affects the normal operation of TARGET2, the ECB shall be entitled to adopt business continuity and contingency processing measures.

(b) The following main business continuity and contingency processing measures shall be available in TARGET2:

(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 payments, as defined in paragraph 6(c) and (d) respectively.

(c) In relation to business continuity and contingency processing measures, the ECB shall have full discretion regarding whether and which measures are adopted to settle payment orders.

3. **Incident communication**

(a) Information about the failure of the SSP and/or an abnormal external event shall be communicated to participants through the domestic communication channels, the ICM and T2IS. In particular, communications to participants 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; and

(iv) the advice to participants.

(b) In addition, the ECB may notify participants of any other existing or anticipated event which has the potential to affect the normal operation of TARGET2.

4. **Relocation the operation of the SSP 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 may be relocated to an alternative site, either within the same region or in another region.

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(b) In the event that the operation of the SSP or the T2S Platform, as referred to in Annex II, is relocated from one region (Region 1) to another region (Region 2), the participants shall endeavour to reconcile their positions up to the point of the failure or the occurrence of the abnormal external events and provide to the ECB all relevant information in this respect.

(c) Where a ►M11 PM to T2S DCA liquidity transfer order ◄ is debited on the participant's PM account on the SSP in Region 1, but, after reconciliation, is not shown as debited on the SSP in Region 2, the CB responsible for the participant shall debit the participant's PM account in Region 2 to return the participant's PM account balance to the level it had prior to the relocation.

([1]) CET takes into account the change to Central European Summer Time.

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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 the terms and conditions of TARGET2-ECB, subject to the modifications contained in this Appendix.

(b) Daytime processing may be extended and the closing time thereby delayed if an 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 participants. If such a delay is announced before 16.50, the minimum period of one hour between the cut-off time for customer and interbank payment orders shall remain in place. Once such a delay is announced it may not be withdrawn.

(c) The closing time shall be delayed in cases where an SSP failure has occurred before 18:00 and has not been resolved by 18.00. The ECB shall immediately communicate the delay of closing time to participants.

(d) Upon recovery of the SSP, the following steps shall take place:

(i) The ECB shall seek to settle all queued payments within one hour; this time is reduced to 30 minutes in the event that the SSP failure occurs at 17.30 or later (in cases where the SSP failure was ongoing at 18.00).

(ii) Participants' final balances shall be established within one hour; this time shall be reduced to 30 minutes in the event that the SSP failure occurs at 17.30 or later, in cases where the SSP failure was ongoing at 18.00.

(iii) At the cut-off time for interbank payments, the end-of-day processing, including recourse to the Eurosystem standing facilities shall take place.

(e) Ancillary systems that require liquidity in the early morning need to have established means to cope with cases where the daytime processing cannot be started in time due to an SSP failure on the previous day.

6. **Contingency processing**

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(a) If the ECB deems it necessary to do so, it shall initiate the contingency processing of payment orders using the Contingency Solution of the SSP. In such cases, only a minimum service level shall be provided to participants. The ECB shall inform its participants of the start of contingency processing by any available means of communication.

(b) In contingency processing, payment orders shall be submitted by the participants and authorised by the ECB. In addition, the participants may submit files containing payment instructions, which may be uploaded into the Contingency Solution by the ECB.

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(c) The following payments shall be considered as ‘very critical’ and the ECB shall use best efforts to process them in contingency situations:

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(i) CLS Bank International-related payments, with the exception of payments related to the CLS CCP service and, at the discretion of the Governing Council, the CLSNow service;

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(ii) end-of-day settlement of EURO1; and

(iii) central counterparty margin calls.

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(d) Payments required to avoid systemic risk shall be considered as ‘critical’ and the ECB may decide to initiate contingency processing in relation to them.

(e) Participants shall submit payment orders for contingency processing directly into the Contingency Solution and information to payees shall be provided through encrypted and authenticated e-mail, as well as via

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authenticated fax. Participants shall submit files which contain payment instructions to the ECB for uploading into the Contingency Solution and which authorise the ECB to do so. The ECB may, exceptionally, also manually input payments on behalf of participants. Information concerning account balances and debit and credit entries may be obtained via the ECB.

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(f) Payment orders that have already been submitted to TARGET2-ECB, but are queued, may also undergo contingency processing. In such cases the ECB shall endeavour to avoid the double processing of payment orders, but the participants shall bear the risk of such double processing if it occurred.

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(g) for contingency processing of payment orders, participants shall provide eligible assets as collateral. During contingency processing, incoming contingency payments may be used to fund outgoing contingency payments. For the purposes of contingency processing, participants' available liquidity may not be taken into account by the ECB.

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7. **Failures linked to participants or ancillary systems**

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(a) In the event that a participant has a problem that prevents it from settling payments in TARGET2 it shall be its responsibility to resolve the problem. In particular, a participant may use in-house solutions or the ICM functionality, i.e. backup liquidity redistribution and backup contingency payments (e.g. CLS, EURO1).

(b) If a participant decides to use the ICM functionality for making backup liquidity redistribution, the ECB shall, if the participant so requests, open this functionality via the ICM. If the participant so requests, the ECB shall transmit an ICM broadcast message to inform other participants about the participant's use of backup liquidity redistribution. The participant shall be responsible for sending such backup liquidity redistribution exclusively to other participants with which it has bilaterally agreed on the use of such payments and for any further steps in relation to such payments.

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(c) If the measures referred to in subparagraph (a) are exhausted or if they are inefficient, the participant may request support from the ECB.

(d) In the event that a failure affects an ancillary system, that ancillary system shall be responsible for resolving the failure. If the ancillary system so requests, the ECB may act on its behalf. The ECB shall have discretion to decide what support it gives to the ancillary system, including during the night-time operations of the ancillary system. The following contingency measures may be taken:

(i) the ancillary system initiates clean payments (i.e. payments that are not linked to the underlying transaction) via the Participant Interface;

(ii) the ECB creates and/or processes XML instructions/files on behalf of the ancillary system; and/or

(iii) the ECB makes clean payments on behalf of the ancillary system.

(e) The detailed contingency measures with respect to ancillary systems shall be contained in the bilateral arrangements between the ECB and the relevant ancillary system.

8. **Other provisions**

(a) In the event that certain data are unavailable because one of the events referred to in paragraph 3(a) has occurred, the ECB is entitled to start or continue processing payment orders and/or operate TARGET2-ECB on the basis of the last available data, as determined by the ECB. If so requested by the ECB, participants and ancillary systems shall resubmit their FileAct/Interact messages or take any other action deemed appropriate by the ECB.

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(b) In the event of a failure of the ECB, some or all of its technical functions in relation to TARGET2-ECB may be performed by other Eurosystem CBs or ►**M11** the operational team of the SSP ◄.

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(c) The ECB may require that the participants 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 ECB. Any costs incurred by the participants as a result of such testing or other arrangements shall be borne solely by the participants.

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Appendix V

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, Christmas Day and 26 December.
2. The reference time for the system is the local time at the seat of the ECB, i.e. CET.
3. The current business day is opened during the evening of the previous business day and operates to the following schedule:

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Time	Description
6.45-7.00	Business window to prepare daytime operations ([1])
7.00-18.00	Daytime processing
17.00	Cut-off time for customer payments, i.e. payments where the originator and/or the beneficiary of a payment is not a direct or indirect participant as identified in the system by the use of an MT 103 or MT 103+ message
18.00	Cut-off time for interbank payments, i.e. payments other than customer payments Cut-off time for liquidity transfers between TARGET2 and TIPS
Shortly after 18.00	Completion of last algorithms in TARGET2
Upon completion of last algorithms	TARGET2 sends message to TIPS to initiate change of business day in TIPS
Shortly after completion of last algorithms	End-of-day files (General Ledger) received from TIPS
18.00-18.45 ([2])	End-of-day processing
18.15 ([2])	General cut-off time for the use of standing facilities
(Shortly after) 18.30 ([3])	Data for the update of accounting systems are available to CBs
18.45-19.30 ([3])	Start-of-day processing (new business day)
19.00 ([3]) -19.30 ([2])	Provision of liquidity on the PM account
19.30 ([3])	'Start-of-procedure' message and settlement of the standing orders to transfer liquidity from the PM accounts to the subaccounts/technical account (ancillary system-related settlement) Start of liquidity transfers between TARGET2 and TIPS
19.30 ([3]) -22.00	Execution of additional liquidity transfers via the ICM for settlement procedure 6 real time; execution of additional liquidity transfers via the ICM before the ancillary system sends the 'start of cycle' messages for settlement procedure 6 interfaced; settlement period of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced)
22.00-1.00	Technical maintenance window
1.00-7.00	Settlement procedure of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced) Liquidity transfers between TARGET2 and TIPS

([1]) 'Daytime operations' means daytime processing and end-of-day processing.
([2]) Ends 15 minutes later on the last day of the Eurosystem reserve maintenance period.
([3]) Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.

▼**M2**

4. The ICM is available for liquidity transfers from 19.30 ([1]) until 18.00 the next day, except during the technical maintenance period from 22.00 until 1.00.

5. The operating hours may be changed in the event that business continuity measures are adopted in accordance with paragraph 5 of Appendix IV.

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

([1]) Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.

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Appendix VI

FEE SCHEDULE AND INVOICING

Fees for direct participants

1. The monthly fee for the processing of payment orders in TARGET2-ECB for direct participants, depending on which option the direct participant has chosen, shall be either:

   (a) EUR 150 per PM account plus a flat fee per transaction (debit entry) of EUR 0,80; or

   (b) EUR 1 875 per PM account plus a fee per transaction (debit entry) determined as follows, based on the volume of transactions (number of processed items) per month:

Band	From	To	Price (EUR)
1	1	10 000	0,60
2	10 001	25 000	0,50
3	25 001	50 000	0,40
4	50 001	100 000	0,20
5	Above 100 000	—	0,125

Liquidity transfers between a participant's PM account and its sub-accounts shall not be subject to a charge.

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PM to T2S DCA liquidity transfer orders or PM to TIPS DCA liquidity transfer orders sent from a participant's PM account and T2S DCA to PM liquidity transfer orders or TIPS DCA to PM liquidity transfer orders received on a participant's PM account shall be charged according to the pricing option (a) or (b) above chosen for that PM account.

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2. There shall be an additional monthly fee for direct participants who do not wish the BIC of their account to be published in the TARGET2 directory of EUR 30 per account.

3. The monthly fee for direct participants subscribing to the TARGET2 value-added services for T2S shall be EUR 50 for those participants that have opted for option (a) in paragraph 1, and EUR 625 for those participants that have opted for option (b) in paragraph 1.

Fees for Main PM account holders

4. In addition to the fees set out in paragraphs 1 to 3 of this Appendix, a monthly fee of EUR 250 for each linked ►M11 T2S DCA ◄ shall be charged to Main PM account holders.

5. The Main PM account holders shall be charged the following fees for T2S services connected with the linked ►M11 T2S DCA(s) ◄. These items shall be billed separately.

Tariff items	Price (eurocent)	Explanation
Settlement services		
▼M12 T2S DCA to T2S DCA liquidity transfer orders	14,1	per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity etc.)	9,4	per transaction

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Tariff items	Price (eurocent)	Explanation
Information services		
A2A reports	0,4	Per business item in any A2A report generated
A2A queries	0,7	Per queried business item in any A2A query generated
U2A queries	10	Per executed search function

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U2A queries downloaded	0,7	Per queried business item in any U2A query generated and downloaded

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Messages bundled into a file	0,4	Per message in a file
Transmissions	1,2	Per transmission

▼M11

Fees for Linked PM account holders

5a. The holder of the Linked PM account shall be charged the following fees for the TIPS service connected with the TIPS DCAs linked to that PM account.

Tariff items	Price (*euro cent*)	Explanation
Settlement services		
Instant payment order	0,20	To be charged also for unsettled transactions
Recall request	0,00	
Negative recall answer	0,00	
Positive recall answer	0,20	To be charged to the holder of the Linked PM account associated with the TIPS DCA to be credited (also for unsettled transactions)

5b. Up to the first ten million instant payment orders and positive recall answers, cumulatively, received by the TIPS Platform by the end of 2019, shall be free of charge. The ECB shall charge Linked PM account holders for any further instant payment orders and positive recall answers received by the TIPS Platform by the end of 2019, in the following year.

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Invoicing

6. In the case of direct participants, the following invoicing rules apply. The direct participant shall receive the relevant invoices for the previous month specifying the fees to be paid, no later than on the ninth business day of the following month. ►M11 Payments shall be made no later than the 14th business day of that month to the account specified by the ECB or shall be debited from an account specified by the PM account holder. ◄

Fee schedule and invoicing for ancillary systems

7. An ancillary system using the ASI or the Participant Interface, irrespective of the number of any accounts it may hold with the ASCB and/or the SCB, shall be subject to a fee schedule consisting of the following elements:

▼**M10**

(a) A fixed monthly fee of EUR 1 000 to be charged to each ancillary system (Fixed Fee I).

(b) A second monthly fixed fee of between EUR 417 and EUR 8 334, in proportion to the underlying gross value of the ancillary system's euro cash settlement transactions (Fixed Fee II).

Band	From (EUR million/ day)	To (EUR million/ day)	Annual fee (EUR)	Monthly fee (EUR)
1	0	below 1 000	5 000	417
2	1 000	below 2 500	10 000	833
3	2 500	below 5 000	20 000	1 667
4	5 000	below 10 000	30 000	2 500
5	10 000	below 50 000	40 000	3 333
6	50 000	below 500 000	50 000	4 167
7	500 000 and above	—	100 000	8 334

The gross value of the ancillary system's euro cash settlement transactions shall be calculated by the ASCB once a year on the basis of such gross value during the previous year and the calculated gross value shall be applied for calculating the fee from 1 January of each calendar year. The gross value shall exclude ►**M11** transactions settled on T2S DCAs and TIPS DCAs ◄.

(c) A transaction fee calculated on the same basis as the schedule established for PM account holders, in line with paragraph 1. The ancillary system may choose one of the two options: either to pay a flat EUR 0,80 fee per payment instruction (Option A) or to pay a fee calculated on a degressive basis (Option B), subject to the following modifications:

(i) for Option B, the limits of the bands relating to volume of payment instructions are divided by two; and

(ii) a monthly fixed fee of EUR 150 (under Option A) or EUR 1 875 (under Option B) shall be charged in addition to Fixed Fee I and Fixed Fee II.

(d) In addition to the fees set out in points (a) to (c), an ancillary system using the ASI or the Participant Interface shall also be subject to the following fees:

(i) If the ancillary system makes use of the TARGET2 value-added services for T2S, the monthly fee for the use of the value added services shall be EUR 50 for those systems that have chosen option A and EUR 625 for those systems that have chosen option B. This fee shall be charged for each account held by the ancillary system that uses the services;

(ii) If the ancillary system holds a Main PM account linked to one or more ►**M11** T2S DCAs ◄, the monthly fee shall be EUR 250 for each linked ►**M11** T2S DCA ◄; and

▼**M10**

(iii) The ancillary system as Main PM account holder shall be charged the following fees for T2S services connected with the linked ►**M11** T2S DCA(s) ◄. These items shall be billed separately:

Tariff items	Price (eurocent)	Explanation
Settlement services		
►**M11** T2S DCA to T2S DCA liquidity transfer orders ◄	9	per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity etc.)	6	per transaction
Information services		
A2A reports	0,4	Per business item in any A2A report generated
A2A queries	0,7	Per queried business item in any A2A query generated
U2A queries	10	Per executed search function
U2A queries downloaded	0,7	Per queried business item in any U2A query generated and downloaded
Messages bundled into a file	0,4	Per message in a file
Transmissions	1,2	Per transmission

▼**M11**

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

Tariff items	Price (euro cent)	Explanation
Settlement services		
Instant payment order	0,20	To be charged also for unsettled transactions
Recall request	0,00	
Negative recall answer	0,00	
Positive recall answer	0,20	To be charged to the holder of the Linked PM account associated with the TIPS DCA to be credited (also for unsettled transactions)

Up to the first ten million instant payment orders and positive recall answers, cumulatively, received by the TIPS Platform by the end of 2019, shall be free of charge. The ECB shall charge the ancillary system as Linked PM account holder for any further instant payment orders and positive recall answers received by the TIPS Platform by the end of 2019, in the following year.

▼**M10**

8. Any fee payable in relation to a payment instruction submitted or payment received by an ancillary system, via either the Participant Interface or the ASI, shall be exclusively charged to this ancillary system. The Governing Council may establish more detailed rules for the determination of billable transactions settled via the ASI.

▼**M10**

9. Each ancillary system shall receive an invoice from its ASCB for the previous month based on the fees referred to in subparagraph 1, no later than the ninth business day of the following month. Payments shall be made no later than the 14th business day of this month to the account specified by the ASCB or shall be debited from an account specified by the ancillary system.

10. For the purposes of paragraphs 7 to 9, each ancillary system that has been designated under directive 98/26/EC shall be treated separately, even if two or more of them are operated by the same legal entity. The same rule shall apply to the ancillary systems that have not been designated under directive 98/26/EC, in which case the ancillary systems shall be identified by reference to the following criteria: (a) a formal arrangement, based on a contractual or legislative instrument, e.g. an agreement among the participants and the system operator; (b) with multiple membership; (c) with common rules and standardised arrangements; and (d) for the clearing, netting and/or settlement of payments and/or securities between the participants.

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Appendix VII

Requirements regarding information security management and business continuity management

Information security management

These requirements are applicable to each participant, unless the participant demonstrates that a specific requirement is not applicable to it. In establishing the scope of application of the requirements within its infrastructure, the participant should identify the elements that are part of the Payment Transaction Chain (PTC). Specifically, the PTC starts at a Point of Entry (PoE), i.e. a system involved in the creation of transactions (e.g. workstations, front-office and back-office applications, middleware), and ends at the system responsible to send the message to SWIFT (e.g. SWIFT VPN Box) or Internet (with the latter applicable to Internet-based Access).

Requirement 1.1: Information security policy

The management shall set a clear policy direction in line with business objectives and demonstrate support for and commitment to information security through the issuance, approval and maintenance of an information security policy aiming at managing information security and cyber resilience across the organisation in terms of identification, assessment and treatment of information security and cyber resilience risks. The policy should contain at least the following sections: objectives, scope (including domains such as organisation, human resources, asset management etc.), principles and allocation of responsibilities.

Requirement 1.2: Internal organisation

An information security framework shall be established to implement the information security policy within the organisation. The management shall coordinate and review the establishment of the information security framework to ensure the implementation of the information security policy (as per Requirement 1.1) across the organisation, including the allocation of sufficient resources and assignment of security responsibilities for this purpose.

Requirement 1.3: External parties

The security of the organisation's information and information processing facilities should not be reduced by the introduction of, and/or the dependence on, an external party/parties or products/services provided by them. Any access to the organisation's information processing facilities by external parties shall be controlled. When external parties or products/services of external parties are required to access the organisation's information processing facilities, a risk assessment shall be carried out to determine the security implications and control requirements. Controls shall be agreed and defined in an agreement with each relevant external party.

Requirement 1.4: Asset management

All information assets, the business processes and the underlying information systems, such as operating systems, infrastructures, business applications, off-the-shelf products, services and user-developed applications, in the scope of the Payment Transaction Chain shall be accounted for and have a nominated owner. The responsibility for the maintenance and the operation of appropriate controls in the business processes and the related IT components to safeguard the information assets shall be assigned. Note: the owner can delegate the implementation of specific controls as appropriate, but remains accountable for the proper protection of the assets.

Requirement 1.5: Information assets classification

Information assets shall be classified in terms of their criticality to the smooth delivery of the service by the participant. The classification shall indicate the need, priorities and degree of protection required when handling the information asset in the relevant business processes and shall also take into consideration the underlying IT components. An information asset classification scheme approved by the management shall be used to define an appropriate set of protection controls throughout the information asset lifecycle (including removal and destruction of information assets) and to communicate the need for specific handling measures.

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Requirement 1.6: Human resources security

Security responsibilities shall be addressed prior to employment in adequate job descriptions and in terms and conditions of employment. All candidates for employment, contractors and third party users shall be adequately screened, especially for sensitive jobs. Employees, contractors and third party users of information processing facilities shall sign an agreement on their security roles and responsibilities. An adequate level of awareness shall be ensured among all employees, contractors and third party users, and education and training in security procedures and the correct use of information processing facilities shall be provided to them to minimise possible security risks. A formal disciplinary process for handling security breaches shall be established for employees. Responsibilities shall be in place to ensure that an employee's, contractor's or third party user's exit from or transfer within the organisation is managed, and that the return of all equipment and the removal of all access rights are completed.

Requirement 1.7: Physical and environmental security

Critical or sensitive information processing facilities shall be housed in secure areas, protected by defined security perimeters, with appropriate security barriers and entry controls. They shall be physically protected from unauthorised access, damage and interference. Access shall be granted only to individuals who fall within the scope of Requirement 1.6. Procedures and standards shall be established to protect physical media containing information assets when in transit.

Equipment shall be protected from physical and environmental threats. Protection of equipment (including equipment used off-site) and against the removal of property is necessary to reduce the risk of unauthorised access to information and to guard against loss or damage of equipment or information. Special measures may be required to protect against physical threats and to safeguard supporting facilities such as the electrical supply and cabling infrastructure.

Requirement 1.8: Operations management

Responsibilities and procedures shall be established for the management and operation of information processing facilities covering all the underlying systems in the Payment Transaction Chain end-to-end.

As regards operating procedures, including technical administration of IT systems, segregation of duties shall be implemented, where appropriate, to reduce the risk of negligent or deliberate system misuse. Where segregation of duties cannot be implemented due to documented objective reasons, compensatory controls shall be implemented following a formal risk analysis. Controls shall be established to prevent and detect the introduction of malicious code for systems in the Payment Transaction Chain. Controls shall be also established (including user awareness) to prevent, detect and remove malicious code. Mobile code shall be used only from trusted sources (e.g. signed Microsoft COM components and Java Applets). The configuration of the browser (e.g. the use of extensions and plugins) shall be strictly controlled.

Data backup and recovery policies shall be implemented by the management; those recovery policies shall include a plan of the restoration process which is tested at regular intervals at least annually.

Systems that are critical for the security of payments shall be monitored and events relevant to information security shall be recorded. Operator logs shall be used to ensure that information system problems are identified. Operator logs shall be regularly reviewed on a sample basis, based on the criticality of the operations. System monitoring shall be used to check the effectiveness of controls which are identified as critical for the security of payments and to verify conformity to an access policy model.

Exchanges of information between organisations shall be based on a formal exchange policy, carried out in line with exchange agreements among the involved parties and shall be compliant with any relevant legislation. Third party software components employed in the exchange of information with TARGET2 (like software received from a Service Bureau in scenario 2 of the scope section of the TARGET2 self-certification arrangement document) must be used under a formal agreement with the third party.

▼**M13**

Requirement 1.9: Access control

Access to information assets shall be justified on the basis of business requirements (need-to-know ([1])) and according to the established framework of corporate policies (including the information security policy). Clear access control rules shall be defined based on the principle of least privilege ([2]) to reflect closely the needs of the corresponding business and IT processes. Where relevant (e.g. for backup management) logical access control should be consistent with physical access control unless there are adequate compensatory controls in place (e.g. encryption, personal data anonymisation).

Formal and documented procedures shall be in place to control the allocation of access rights to information systems and services that fall within the scope of the Payment Transaction Chain. The procedures shall cover all stages in the lifecycle of user access, from the initial registration of new users to the final deregistration of users that no longer require access.

Special attention shall be given, where appropriate, to the allocation of access rights of such criticality that the abuse of those access rights could lead to a severe adverse impact on the operations of the participant (e.g. access rights allowing system administration, override of system controls, direct access to business data).

Appropriate controls shall be put in place to identify, authenticate and authorise users at specific points in the organisation's network, e.g. for local and remote access to systems in the Payment Transaction Chain. Personal accounts shall not be shared in order to ensure accountability.

For passwords, rules shall be established and enforced by specific controls to ensure that passwords cannot be easily guessed, e.g. complexity rules and limited-time validity. A safe password recovery and/or reset protocol shall be established.

A policy shall be developed and implemented on the use of cryptographic controls to protect the confidentiality, authenticity and integrity of information. A key management policy shall be established to support the use of cryptographic controls.

There shall be policy for viewing confidential information on screen or in print (e.g. a clear screen, a clear desk policy) to reduce the risk of unauthorised access.

When working remotely, the risks of working in an unprotected environment shall be considered and appropriate technical and organisational controls shall be applied.

Requirement 1.10: Information systems acquisition, development and maintenance

Security requirements shall be identified and agreed prior to the development and/or implementation of information systems.

Appropriate controls shall be built into applications, including user-developed applications, to ensure correct processing. These controls shall include the validation of input data, internal processing and output data. Additional controls may be required for systems that process, or have an impact on, sensitive, valuable or critical information. Such controls shall be determined on the basis of security requirements and risk assessment according to the established policies (e.g. information security policy, cryptographic control policy).

The operational requirements of new systems shall be established, documented and tested prior to their acceptance and use. As regards network security, appropriate controls, including segmentation and secure management, should be implemented based on the criticality of data flows and the level of risk of the network zones in the organisation. There shall be specific controls to protect sensitive information passing over public networks.

([1]) The need-to-know principle refers to the identification of the set of information that an individual needs access to in order to carry out her/his duties.

([2]) The principle of least privilege refers to tailoring a subject's access profile to an IT system in order to match the corresponding business role.

▼M13

Access to system files and program source code shall be controlled and IT projects and support activities conducted in a secure manner. Care shall be taken to avoid exposure of sensitive data in test environments. Project and support environments shall be strictly controlled. Deployment of changes in production shall be strictly controlled. A risk assessment of the major changes to be deployed in production shall be conducted.

Regular security testing activities of systems in production shall also be conducted according to a predefined plan based on the outcome of a risk assessment, and security testing shall include, at least, vulnerability assessments. All of the shortcomings highlighted during the security testing activities shall be assessed and action plans to close any identified gap shall be prepared and followed up in a timely fashion.

Requirement 1.11: Information security in supplier ([1]) relationships

To ensure protection of the participant's internal information systems that are accessible by suppliers, information security requirements for mitigating the risks associated with supplier's access shall be documented and formally agreed upon with the supplier.

Requirement 1.12: Management of information security incidents and improvements

To ensure a consistent and effective approach to the management of information security incidents, including communication on security events and weaknesses, roles, responsibilities and procedures, at business and technical level, shall be established and tested to ensure a quick, effective and orderly and safely recover from information security incidents including scenarios related to a cyber-related cause (e.g. a fraud pursued by an external attacker or by an insider). Personnel involved in these procedures shall be adequately trained.

Requirement 1.13: Technical compliance review

A participant's internal information systems (e.g. back office systems, internal networks and external network connectivity) shall be regularly assessed for compliance with the organisation's established framework of policies (e.g. information security policy, cryptographic control policy).

Requirement 1.14: Virtualisation

Guest virtual machines shall comply with all the security controls that are set for physical hardware and systems (e.g. hardening, logging). Controls relating to hypervisors must include: hardening of the hypervisor and the hosting operating system, regular patching, strict separation of different environments (e.g. production and development). Centralised management, logging and monitoring as well as managing of access rights, in particular for high privileged accounts, shall be implemented based on a risk assessment. Guest virtual machines managed by the same hypervisor shall have a similar risk profile.

Requirement 1.15: Cloud computing

The usage of public and/or hybrid cloud solutions in the Payment Transaction Chain must be based on a formal risk assessment, taking into account the technical controls and the contractual clauses related to the cloud solution.

If hybrid cloud solutions are used, it is understood that the criticality level of the overall system is the highest one of the connected systems. All on-premises components of the hybrid solutions must be segregated from the other on-premises systems.

([1]) A supplier in the context of this exercise should be understood as any third party (and its personnel) which is under contract (agreement), with the institution, to provide a service and under the service agreement the third party (and its personnel) is granted access, either remotely or on-site, to information and/or information systems and/or information processing facilities of the institution in scope or associated to the scope covered under the exercise of the TARGET2 self-certification.

▼**M13**

Business continuity management (applicable only to critical participants)

The following requirements (2.1 to 2.6) relate to business continuity management. Each TARGET2 participant classified by the Eurosystem as being critical for the smooth functioning of the TARGET2 system shall have a business continuity strategy in place comprising the following elements.

Requirement 2.1: Business continuity plans shall be developed and procedures for maintaining them are in place.

Requirement 2.2: An alternate operational site shall be available.

Requirement 2.3: The risk profile of the alternate site shall be different from that of the primary site, in order to avoid that both sites are affected by the same event at the same time. For example, the alternate site shall be on a different power grid and central telecommunication circuit from those of the primary business location.

Requirement 2.4: In the event of a major operational disruption rendering the primary site inaccessible and/or critical staff unavailable, the critical participant shall be able to resume normal operations from the alternate site, where it shall be possible to properly close the business day and open the following business day(s).

Requirement 2.5: Procedures shall be in place to ensure that the processing of transactions is resumed from the alternate site within a reasonable timeframe after the initial disruption of service and commensurate to the criticality of the business that was disrupted.

Requirement 2.6: The ability to cope with operational disruptions shall be tested at least once a year and critical staff shall be appropriately trained. The maximum period between tests shall not exceed one year.

▼M8

ANNEX II

▼M11

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

▼M8

TITLE I

GENERAL PROVISIONS

Article 1

Definitions

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

▼M9

— 'Auto-collateralisation' means intraday credit granted by the euro area national central bank (NCB) in central bank money triggered when a ►M11 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 ►M11 T2S DCA holder ◄ (collateral on stock). An auto collateralisation transaction consists of two distinct transactions, one for the granting of auto-collateralisation and one for its reimbursement. It may also include a third transaction for any eventual relocation of collateral. For the purposes of Article 16, 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,

▼M8

— ►M11 'T2S Dedicated Cash Account (T2S DCA)', means an account held by a T2S DCA holder, opened in TARGET2-ECB, and used for cash payments in relation to securities settlement in T2S, ◄

— 'Immediate liquidity transfer order' means an instruction to make a ►M11 T2S DCA to PM liquidity transfer order ◄, a ►M11 PM to T2S DCA liquidity transfer order ◄ or a ►M11 T2S DCA to T2S DCA liquidity transfer order ◄ in real-time upon the receipt of the said instruction,

— 'Predefined liquidity transfer order' means an instruction to transfer a specified amount of funds from a ►M11 T2S DCA ◄ to a PM account to be executed only once at a defined time or event,

— 'Liquidity adjustment' means the authorisation given by the ►M11 T2S DCA holder ◄, to its participating CSD or the ECB by special contractual arrangement duly documented and registered in the Static Data to initiate liquidity transfers between a ►M11 T2S DCA ◄ and a PM Account, or between two ►M11 T2S DCAs ◄,

— '►M11 T2S DCA to PM liquidity transfer order ◄' means the instruction to transfer a specified amount of funds from a ►M11 T2S DCA ◄ to a PM account,

— '►M11 PM to T2S DCA liquidity transfer order ◄' means the instruction to transfer a specified amount of funds from a PM account to a ►M11 T2S DCA ◄,

— '►M11 T2S DCA to T2S DCA liquidity transfer order ◄' means the instruction to transfer a specified amount of funds from (i) a ►M11 T2S DCA ◄ to a ►M11 T2S DCA ◄ linked to the same Main PM account; or (ii) from a ►M11 T2S DCA ◄ to a ►M11 T2S DCA ◄ held by the same legal entity,

▼M9

— 'Main PM account' means the PM account to which a ►M11 T2S DCA ◄ is linked and to which any remaining balance will be automatically repatriated at the end of the day,

▼M8

— ‘Standing liquidity transfer order’ means an instruction to transfer a specified amount of cash or ‘all cash’ available in the T2S DCA from a ►M11 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 ►M11 T2S DCA holder ◄ or central bank, in T2S and owned respectively by that ►M11 T2S DCA holder ◄ or central bank, that T2S requires to process the transactional data related to that ►M11 T2S DCA holder ◄ or central bank,

— ‘Business Identifier Code (BIC)’ means a code as defined by ISO Standard No 9362,

— ‘ISO country code’ means a code as defined by ISO Standard No 3166-1,

— ►M11 ‘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, ◄

— ‘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,

▼M12

— ‘Contingency Solution’ means the SSP functionality that processes very critical and critical payments in contingency,

▼M8

— ‘credit institution’ means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 and, Section 2(1) no 2 and Section 2(6) no 2 of the KWG 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,

— ‘euro area NCB’ means the NCB of a Member State whose currency is the euro,

— ‘Eurosystem CB’ means the ECB or a euro area NCB,

— ‘event of default’ means any impending or existing event, the occurrence of which may threaten the performance by a participant of its obligations under these Conditions or any other rules applying to the relationship between that participant and the ECB 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;

▼M11

(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;

▼M8

(h) where participation of the participant in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;

▼**M8**

(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,

— ‘insolvency proceedings’ means insolvency proceedings within the meaning of Article 2(j) of Directive 98/26/EC,

— ‘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,

▼**M13**

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▼**M8**

— ‘payee’, except where used in Article 28 of these Conditions, means a TARGET2 participant whose ►**M11** 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 ►**M11** T2S DCA ◄ will be debited as a result of a payment order being settled,

— ‘payment order’ means a ►**M11** T2S DCA to PM liquidity transfer order ◄, a ►**M11** PM to T2S DCA liquidity transfer order ◄ or a ►**M11** 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,

— ‘Single Shared Platform (SSP)’ means the single technical platform infrastructure provided by the SSP-providing NCBs,

— ‘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,

— ‘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,

— ‘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,

— ‘static data collection form’ means a form developed by the ECB for the purpose of registering applicants for TARGET2-ECB 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 ECB,

— ‘T2S GUI’ means module on the T2S Platform which allows ►**M11** T2S DCA holders ◄ to obtain on-line information and gives them the possibility to submit payment orders,

— ‘TARGET2-ECB’ means the TARGET2 component system of the ECB,

— ‘TARGET2’ means the entirety resulting from all TARGET2 component systems of the CBs,

▼**M8**

— ‘TARGET2 component system’ means any of the CBs' real-time gross settlement (RTGS) systems that form part of TARGET2,

— ‘TARGET2 participant’ means any participant in any TARGET2 component system,

— ►**M11** ‘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, ◄

— ‘technical malfunction of TARGET2’ means any difficulty, defect or failure in the technical infrastructure and/or the computer systems used by TARGET2-ECB including the SSP or T2S Platform, or any other event that makes it impossible to execute and complete the ►**M11** same-business day processing ◄ of payments in TARGET2-ECB,

— ‘available liquidity’ means the credit balance on the ►**M11** T2S DCA ◄ decreased by the amount of any processed reservations of liquidity or blocking of funds,

— ‘participating Central Securities Depository’ or ‘participating CSD’ means a CSD that has signed the T2S Framework Agreement,

— ‘A2A’ or ‘Application-to-application’ means a connectivity mode allowing the ►**M11** T2S DCA holder ◄ to exchange information with the software application of the T2S Platform,

— ‘U2A’ or ‘User-to-application’ means a connectivity mode allowing the ►**M11** T2S DCA holder ◄ to exchange information with software applications on the T2S Platform through a graphical user interface,

— ‘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,

— ‘branch’ means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,

— ‘non-settled payment order’ means a payment order that is not settled on the same business day as that on which it is accepted,

— ‘real-time gross settlement’ means the processing and settlement of payment orders on a transaction by transaction basis in real-time,

▼**M12**

— ‘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,

▼**M11**

— ‘ICM broadcast message’ means information made simultaneously available to all or a selected group of PM account holders via the ICM,

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

— ‘TIPS Platform’ means the single technical platform infrastructure provided by the TIPS Platform-providing NCBs,

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

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

▼**M13**

— ‘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 and includes (i) the TIPS DCA to TIPS DCA instant payment orders, (ii) TIPS DCA to TIPS AS technical account instant payment orders, (iii) TIPS AS technical account to TIPS DCA instant payment orders and (iv) TIPS AS technical account to TIPS AS technical account instant payment orders,

▼**M11**

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

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

— ‘PM to TIPS DCA liquidity transfer order’ means the instruction to transfer a specified amount of funds from a PM account to a TIPS DCA,

— ‘TIPS DCA to PM liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS DCA to a PM account,

▼**M13**

— ‘TIPS ancillary system technical account (TIPS AS technical account)’ means an account held by an ancillary system or a CB on an ancillary system's behalf in the CB’s TARGET2 component system for use by the ancillary system for the purpose of settling instant payments in its own books,

— ‘TIPS DCA to TIPS AS technical account liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS DCA to a TIPS AS technical account to fund the TIPS DCA holder’s position (or the position of another participant of the ancillary system) in the books of the ancillary system,

— ‘TIPS AS technical account to TIPS DCA liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS AS technical account to a TIPS DCA to defund the TIPS DCA holder’s position (or the position of another participant of the ancillary system) in the books of the ancillary system,

— ‘Network Service Provider (NSP)’ means an undertaking that has been awarded a concession with the Eurosystem to provide connectivity services via the Eurosystem Single Market Infrastructure Gateway.

▼**M8**

Article 2

Scope

The present Conditions govern the relationship between the ECB and its ►**M11** T2S DCA holder ◄ as far the opening and the operation of the ►**M11** T2S DCA ◄ is concerned.

Article 3

Appendices

1. The following Appendices form an integral part of these Conditions:

Appendix I: Parameters of the ►**M11** T2S Dedicated Cash Accounts ◄ — Technical specifications;

Appendix II: TARGET2 compensation scheme in relation to the opening and the operation of the ►**M11** 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.

▼M11

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-ECB:

(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;

▼M13

(fc) TIPS DCA to PM liquidity transfer orders and PM to TIPS DCA liquidity transfer orders;

(fd) TIPS DCA to TIPS AS technical account liquidity transfer orders and TIPS AS technical account to TIPS DCA liquidity transfer orders; and

▼M11

(g) any other transactions in euro addressed to TARGET2 participants.

▼M13

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 and TIPS AS technical accounts is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform. The ECB 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 ECB, for which it shall assume liability in accordance with Article 21 of this Annex. 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 ECB.

▼M11

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-ECB is designated as a ‘system’ under the national laws implementing Directive 98/26/EC. TARGET2-ECB is designated as a system under Section 1(16) of the KWG.

▼M11

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-ECB and the ECB. 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.

▼M8

TITLE II

PARTICIPATION

Article 5

Access criteria

Entities managing ancillary systems (including entities established outside the EEA) and acting in that capacity, whose access to TARGET2-ECB has been approved by the Governing Council, shall be the only entities that are eligible to become ►M11 T2S DCA holders ◄ upon request in TARGET2-ECB.

Article 6

Application procedure

1. In order for the ECB to open a ►M11 T2S DCA ◄ for an entity, such entity must comply with the access criteria of 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 ►M11 T2S DCA holders ◄ shall enter into an agreement with a ►M13 NSP ◄ 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 ECB; 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 ECB in another context; and

▼M11

(ii) for entities established outside 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 ECB in another context.

▼M8

2. Entities wishing to open a ►M11 T2S DCA ◄ shall apply in writing to the ECB, as a minimum enclosing the following documents/information:

(a) completed static data collection forms as provided by the ECB;

(b) the capacity opinion, if required by the ECB; and

(c) the country opinion, if required by the ECB.

▼M11

3. The ECB may also request any additional information it deems necessary to decide on the application to open a T2S DCA.

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4. The ECB shall reject the application to open a ►M11 T2S DCA ◄ if:

(a) the 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 ECB's assessment, opening a ►M11 T2S DCA ◄ would endanger the overall stability, soundness and safety of TARGET2-ECB or of any other TARGET2 component system, or would jeopardise the ECB's performance of its tasks as described in the Statute of the European System of Central Banks and of the European Central Bank, or poses risks on the grounds of prudence.

▼M11

5. The ECB shall communicate its decision on the application to open a T2S DCA to the applicant T2S DCA holder within one month of the ECB's receipt thereof. Where the ECB requests additional information pursuant to paragraph 3, the decision shall be communicated within one month of the ECB's receipt of this information from the applicant T2S DCA holder. Any rejection decision shall contain reasons for the rejection.

▼M8

Article 7

▼M11

T2S DCA holders

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►M11 T2S DCA holders ◄ in TARGET2-ECB shall comply with the requirements set out in Article 6. They shall have at least one ►M11 T2S DCA ◄ with the ECB.

Article 8

Links between securities accounts and ►M11 T2S DCAs ◄

1. A ►M11 T2S DCA holder ◄ may request the ECB to link its ►M11 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. ►M11 T2S DCA holders ◄ linking their ►M11 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.

▼M13

3. Where the ECB has granted a request by a T2S DCA holder pursuant to paragraph 1, that T2S DCA holder is deemed to have given the participating CSD(s) a mandate to debit the T2S DCA with the amounts relating to securities transactions executed on those securities accounts.

▼M8

4. Paragraph 3 shall apply regardless of any agreements the ►M11 T2S DCA holder ◄ has with the CSD and/or the securities account holders.

▼M8

TITLE III

OBLIGATIONS OF THE PARTIES

Article 9

Obligations of the ECB and the ►M11 T2S DCA holders ◄

1. The ECB shall open upon request of the ►M11 T2S DCA holder ◄ and operate one or more ►M11 T2S DCA(s) ◄ denominated in euro. Save where otherwise provided in these Conditions or required by law, the ECB shall use all reasonable means within its power to perform its obligations under these Conditions, without guaranteeing a result.

2. The fees for ►M11 T2S DCA ◄ services are laid down in Appendix VI. The holder of the Main PM account to which the ►M11 T2S DCA ◄ is linked is liable for paying these fees.

3. ►M11 T2S DCA holders ◄ shall ensure that they are connected to TARGET2-ECB on business days, in accordance with the operating schedule in Appendix V.

4. The ►M11 T2S DCA holder ◄ represents and warrants to the ECB 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. ►M11 T2S DCA holders ◄ shall ensure that the liquidity in the ►M11 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 ECB shall provide a daily statement of accounts to any ►M11 T2S DCA holder ◄ that has opted for such service on the T2S Platform provided that the ►M11 T2S DCA holder ◄ is connected to the T2S Platform via a ►M13 NSP ◄.

Article 10

Cooperation and information exchange

1. In performing their obligations and exercising their rights under these Conditions, the ECB and ►M11 T2S DCA holders ◄ shall cooperate closely to ensure the stability, soundness and safety of TARGET2-ECB. 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 ECB shall establish and maintain a system support desk to assist ►M11 T2S DCA holders ◄ in relation to difficulties arising in connection with system operations.

▼M11

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.

▼M8

4. The ECB may either communicate messages to ►M11 T2S DCA holders ◄ by means of broadcast messages or by any other means of communication. ►M11 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. ►M11 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 ECB. ►M11 T2S DCA holders ◄ are responsible for verifying the accuracy of information relating to them that is entered into TARGET2-ECB by the ECB.

6. The ECB shall be deemed to be authorised to communicate to the SSP-providing NCBs or the 4CBs any information relating to ►M11 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 ►M13 NSP ◄.

7. ►M11 T2S DCA holders ◄ shall inform the ECB about any change in their legal capacity and relevant legislative changes affecting issues covered by the country opinion relating to them.

8. ►M11 T2S DCA holders ◄ shall inform the ECB of:

(a) any new holder of a securities account linked to the ►M11 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).

▼M12

9. T2S DCA holders shall immediately inform the ECB 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.

▼M8

Article 11

Designation, suspension or termination of the Main PM account

1. The ►M11 T2S DCA holder ◄ shall designate a Main PM account to which the ►M11 T2S DCA ◄ is linked. The Main PM account may be held in a TARGET2 component system other than TARGET2-ECB and may belong to a different legal entity from the ►M11 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 ►M11 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 ECB and the ►M11 T2S DCA holder ◄ shall take all reasonable and practicable steps to mitigate any ensuing damage or loss. The ►M11 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 ►M11 T2S DCA ◄ at the end of the day shall be moved to an account of the ECB. These funds will be subject to the remuneration conditions of Article 10(3) of Annex I to this Decision.

4. The ECB shall not be liable for any losses incurred by the ►M11 T2S DCA holder ◄ as a consequence of the suspension or termination of the Main PM account holder's participation.

▼M8

TITLE IV

OPENING AND MANAGEMENT OF THE ►M11 T2S DCA ◄ AND PROCESSING OF OPERATIONS

Article 12

Opening and management of the ►M11 T2S DCA ◄

1. The ECB shall open and operate at least one ►M11 T2S DCA ◄ for each ►M11 T2S DCA holder ◄. A ►M11 T2S DCA ◄ shall be identified ►M11 by means of a unique account number of up to 34 characters ◄ which will be structured as follows.

	Name	Format	Content
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 ►M11 T2S DCA holder ◄

2. No debit balance shall be allowed on ►M11 T2S DCAs ◄.

3. The ►M11 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 ►M11 T2S DCAs ◄. ►M11 T2S DCA holders ◄ shall be deemed to have instructed the ECB 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 ►M11 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. ►M11 T2S DCAs ◄ shall be interest free.

Article 13

Operations that may be carried out through the ►M11 T2S DCA ◄

Subject to the ►M11 T2S DCA holder ◄ designating the necessary securities account(s), the ►M11 T2S DCA holder ◄ may carry out the following operations through the ►M11 T2S DCA ◄ either on its own behalf or on behalf of its customers:

(a) ►M11 T2S DCA to PM liquidity transfer orders ◄;

(b) ►M11 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 ►M11 T2S DCA ◄ and the ►M11 T2S DCA ◄ of the ECB in the particular context of paragraphs 8 and 9 of Annex IIIa to Guideline ECB/2012/27.

▼**M8**

Article 14

Acceptance and rejection of payment orders

1. Payment orders submitted by ►**M11** T2S DCA holders ◄ are deemed accepted by the ECB if:

(a) the payment message complies with the rules established by the ►**M13** NSP ◄;

(b) the payment message complies with the formatting rules and conditions of TARGET2-ECB 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 ECB shall immediately reject any payment order that does not fulfil the conditions laid down in paragraph 1. The ECB shall inform the ►**M11** T2S DCA holder ◄ of any rejection of a payment order, as specified in Appendix I.

▼**M11**

3. The T2S Platform attaches its timestamp for the processing of payment orders in the sequence of their receipt.

▼**M8**

Article 15

Reservation and blocking of liquidity

1. Participants may reserve or block liquidity on their ►**M11** T2S DCA ◄. This does not constitute a settlement guarantee in favour of any third party.

2. By requesting to reserve or block an amount of liquidity, a participant instructs the ECB 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 ECB to cancel the reservation or blocking. Partial cancelation 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 Directive 98/26/EC, and the third sentence of Section 116, Section 96(2), Section 82 and Section 340(3) of the German Insolvency Code *(Insolvenzordnung)* and the last sentence of Section 46(2) of the KWG, ►**M11** T2S DCA to T2S DCA liquidity transfer orders ◄ or ►**M11** T2S DCA to PM liquidity transfer orders ◄ are deemed entered into TARGET2-ECB and are irrevocable at the moment that the relevant ►**M11** T2S DCA holder's ◄ ►**M11** T2S DCA ◄ is debited. ►**M11** 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.

▼M11

2. For the purposes of the first sentence of Article 3(1) and Article 5 of Directive 98/26/EC and the third sentence of Section 116, Section 96(2), Section 82 and Section 340(3) of the German Insolvency Code *(Insolvenzordnung)* and the last sentence of Section 46(2) of the KWG, 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-ECB 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-ECB 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.

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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 ►M11 T2S DCAs ◄, the business continuity and contingency procedures described in Appendix IV shall apply.

Article 18

Security requirements

1. ►M11 T2S DCA holders ◄ shall implement adequate security controls to protect their systems from unauthorised access and use. ►M11 T2S DCA holders shall be exclusively responsible for the adequate protection of the confidentiality, integrity and availability of their systems. ◄

2. ►M11 T2S DCA holders ◄ shall inform the ECB 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. ►M11 The ECB 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. ◄

▼M12

3. The ECB 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 ECB.

▼M8

Article 19

User interfaces

1. The ►M11 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 ►M11 T2S DCA ◄:

(a) direct connection to the T2S Platform in either U2A or A2A modes; or

▼M8

(b) the ►M11 ICM ◄ in combination with TARGET2 value-added services for T2S.

2. A direct connection to the T2S Platform allows ►M11 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 ►M11 T2S DCAs ◄.

3. The ►M11 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 ►M11 T2S DCAs ◄.

▼M11

Further technical details relating to the ICM are contained in Appendix I to Annex II to Decision ECB/2007/7.

▼M8

TITLE VI

COMPENSATION, LIABILITY REGIME AND EVIDENCE

Article 20

Compensation scheme

In the event that funds remain overnight on a ►M11 T2S DCA ◄ due to a technical malfunction of either the SSP or the T2S Platform, the ECB 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 ECB and the ►M11 T2S DCA holders ◄ shall be bound by a general duty of reasonable care in relation to each other.

2. The ECB shall be liable to its ►M11 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-ECB. In cases of ordinary negligence, the ECB's liability shall be limited to the ►M11 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 ECB is not liable for any loss that results from any malfunction or failure in the technical infrastructure (including but not limited to the ECB's computer infrastructure, programmes, data, applications or networks), if such malfunction or failure arises in spite of the ECB 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 ECB shall not be liable:

(a) to the extent that the loss is caused by the ►M11 T2S DCA holder ◄; or

(b) if the loss arises out of external events beyond the ECB's reasonable control *(force majeure)*.

▼M11

5. Notwithstanding Sections 675(u), 675(v), 675(x), 675(y), 675(z), 676(a), 676(c) of the German Civil Code *(Bürgerliches Gesetzbuch)*, paragraphs 1 to 4 shall apply to the extent that the ECB's liability can be excluded.

▼**M8**

6. The ECB and the ►**M11** T2S 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 ECB may commission third parties in its own name, particularly telecommunications or other network providers or other entities, if this is necessary to meet the ECB's obligations or is standard market practice. The ECB's obligation shall be limited to the due selection and commissioning of any such third parties and the ECB'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 ►**M11** T2S DCAs ◄, such as confirmations of debits or credits, or statement messages, between the ECB and the ►**M11** T2S DCA holders ◄ shall be made through the ►**M13** NSP ◄.

2. Electronic or written records of the messages retained by the ECB or by the ►**M13** NSP ◄ shall be accepted as a means of evidence of the payments processed through the ECB. The saved or printed version of the original message of the ►**M13** NSP ◄ shall be accepted as a means of evidence, regardless of the form of the original message.

3. If a ►**M11** T2S DCA holder's ◄ connection to the ►**M13** NSP ◄ fails, the ►**M11** T2S DCA holder ◄ shall use an alternative means of transmission of messages agreed with the ECB. In such cases, the saved or printed version of the message produced by the ECB shall have the same evidential value as the original message, regardless of its form.

4. The ECB shall keep complete records of payment orders submitted and payments received by ►**M11** T2S DCA holders ◄ for a period of 10 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 ►**M11** 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 ECB'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 ►**M11** T2S DCA holders ◄ and of any facts and events that the parties rely on.

TITLE VII

TERMINATION AND CLOSURE OF ►M11 T2S DCAS ◄

Article 23

Duration and ordinary termination of ►M11 T2S DCAs ◄

1. Without prejudice to Article 24, a ►**M11** T2S DCA ◄ in TARGET2-ECB is opened for an indefinite period of time.

2. A ►**M11** T2S DCA holder ◄ may terminate its ►**M11** T2S DCA ◄ in TARGET2-ECB at any time giving 14 business days' notice thereof, unless it agrees a shorter notice period with the ECB.

3. The ECB may terminate a ►**M11** T2S DCA holder's ◄ ►**M11** T2S DCA ◄ in TARGET2-ECB at any time giving three months' notice thereof, unless it agrees a different notice period with that ►**M11** T2S DCA holder ◄.

▼M8

4. On termination of the ►M11 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 ►M11 T2S DCA ◄, it shall be closed in accordance with Article 25.

Article 24

Suspension and extraordinary termination of participation

1. A ►M11 T2S DCA holder's ◄ participation in TARGET2-ECB 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 ►M11 T2S DCA holder ◄ no longer meets the access criteria laid down in Article 5.

▼M11

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.

▼M8

2. The ECB may terminate without prior notice or suspend the ►M11 T2S DCA holder's ◄ participation in TARGET2-ECB if:

(a) one or more events of default (other than those referred to in paragraph 1) occur;

(b) the ►M11 T2S DCA holder ◄ is in material breach of these Conditions;

(c) the ►M11 T2S DCA holder ◄ fails to carry out any material obligation to the ECB;

(d) the ►M11 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 ►M11 T2S DCA holder ◄ occurs which, in the ECB's assessment, would threaten the overall stability, soundness and safety of TARGET2-E CB reference or of any other TARGET2 component system, or which would jeopardise the ECB's performance of its tasks as described in 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 ECB shall take into account, inter alia, the seriousness of the event of default or events mentioned in points (a) to (c).

4. ►M9 (a) In the event that the ECB suspends or terminates a ►M11 T2S DCA holder's ◄ participation in TARGET2-ECB under paragraph 1 or 2, the ECB shall immediately inform, by means of an ICM broadcast message or a T2S broadcast message, that ►M11 T2S DCA holder ◄, other CBs and ►M11 T2S DCA holders ◄ and PM account holders in all of the TARGET2 component systems of such suspension or termination. Such a message shall be deemed to have been issued by the home CB of the ►M11 T2S DCA holder ◄ and PM account holder that receives the message. ◄

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———————

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(c) Once such an ICM broadcast message (in the case of PM account holders) or T2S broadcast message (in the case of ►M11 T2S DCA holders ◄) has been received by the participants, such participants shall

▼M8

be deemed informed of the termination/suspension of a ►M11 T2S DCA holder's ◄ participation in TARGET2-ECB 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-ECB after receipt of the ICM broadcast message or of the T2S broadcast message depending on which technical option provided for in Article 19 the ►M11 T2S DCA holder ◄ uses.

5. Upon termination of a ►M11 T2S DCA holder's ◄ participation, TARGET2-ECB shall not accept any new payment orders to or from that ►M11 T2S DCA holder ◄.

▼M10

6. If a ►M11 T2S DCA holder ◄ is suspended from TARGET2-ECB on grounds other than those specified in paragraph (1)(a), all its incoming and outgoing payment orders shall only be presented for settlement after they have been explicitly accepted by the suspended ►M11 T2S DCA holder's ◄ CB.

7. If a ►M11 T2S DCA holder ◄ is suspended from TARGET2-ECB on the grounds specified in paragraph (1)(a), any outgoing payment orders from that ►M11 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 ►M11 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.

▼M8

Article 25

Closure of ►M11 T2S DCAs ◄

1. ►M11 T2S DCA holders ◄ may request the ECB to close their ►M11 T2S DCAs ◄ at any time provided they give the ECB 14 business days' notice thereof.

2. On termination of participation, pursuant to either Article 23 or 24, the ECB shall close the ►M11 T2S DCA ◄ of the ►M11 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 ECB's rights of pledge and set-off

1. The ECB shall have a pledge over the ►M11 T2S DCA holder's ◄ existing and future credit balances on its ►M11 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 ►M11 T2S DCA holder's ◄ participation, notwithstanding the commencement of any insolvency proceedings in respect of a ►M11 T2S DCA holder ◄ and notwithstanding any assignment, judicial or other attachment or other disposition of or in respect of the ►M11 T2S DCA holder's ◄ rights;

all obligations of the ►M11 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 ►M11 T2S DCA holder ◄ and the ECB shall automatically be set off against each other, and the party owing the higher amount shall pay to the other the difference.

▼**M11**

3. The ECB shall promptly give the T2S DCA holder notice of any set-off pursuant to paragraph 2 after such set-off has taken place.

▼**M8**

4. The ECB may without prior notice debit any ►**M11** T2S DCA holder's ◄ ►**M11** T2S DCA ◄ by any amount which the ►**M11** T2S DCA holder ◄ owes the ECB resulting from the legal relationship between the ►**M11** T2S DCA holder ◄ and the ECB.

Article 27

Confidentiality

1. The ECB shall keep confidential all sensitive or secret information, including when such information relates to payment, technical or organisational information belonging to the ►**M11** T2S DCA holder ◄ or the ►**M11** T2S DCA holder's ◄ customers, unless the ►**M11** T2S DCA holder ◄ or its customer has given its written consent to disclose.

▼**M11**

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 DCA holder agrees that the ECB may disclose payment, technical or organisational information regarding the DCA holder, other DCAs held by DCA holders of the same group, or the DCA holder's customers obtained in the course of the operation of TARGET2-ECB to:

(a) other CBs or third parties that are involved in the operation of TARGET2-ECB, to the extent that this is necessary for the efficient functioning of TARGET2, or the monitoring of the 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

▼**M12**

(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.

▼**M11**

The ECB shall not be liable for the financial and commercial consequences of such disclosure.

▼**M10**

3. By derogation from paragraph 1 and provided that this does not make it possible, whether directly or indirectly, to identify the ►**M11** T2S DCA holder ◄ or the ►**M11** T2S DCA holder's ◄ customers, the ECB may use, disclose or publish payment information regarding the ►**M11** T2S DCA holder ◄ or the ►**M11** 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.

▼**M8**

4. Information relating to the operation of TARGET2-ECB to which ►**M11** T2S DCA holders ◄ have had access, may only be used for the purposes laid down in these Conditions. ►**M11** T2S DCA holders ◄ shall keep such information confidential, unless the ECB has explicitly given its written consent to disclose. ►**M11** 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 ECB shall be authorised, in order to settle payment orders, to process and transfer the necessary data to the ►**M13** NSP ◄.

▼M8

Article 28

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

▼M13

1. T2S DCA holders shall be deemed to be aware of, shall comply with, and shall be able to demonstrate that compliance to the relevant competent authorities with all obligations on them relating to legislation on data protection. They shall be deemed to be aware of, and shall comply with all obligations on them relating to legislation on 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 ►M13 NSP ◄, T2S DCA holders shall ensure that they are informed about its data retrieval policy.

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2. ►M11 T2S DCA holders ◄ shall be deemed to have authorised the ECB 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 ►M11 T2S DCA holders' ◄ participation in TARGET2-ECB.

3. ►M11 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 ECB is the payment service provider of a ►M11 T2S DCA holder ◄ that is a payer:

(i) the ►M11 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 ECB with evidence of having made a notification or having received consent;

▼M11

(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 ECB 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;

▼M8

(b) when the ECB is a payment service provider of a ►M11 T2S DCA holder ◄ that is a payee, the ►M11 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 ECB 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 ►M13 NSP ◄. ►M11 Notices to the ECB shall be submitted to the European Central Bank, Director-General of the ECB's Directorate-General Payment Systems and Market Infrastructure, Sonnemannstrasse 22, 60314 Frankfurt am Main, Germany or to the BIC address of the ECB: ECBFDEFF. ◄ Notices to the ►M11 T2S DCA holder ◄ shall be sent to it at the address, fax number or its BIC address as the ►M11 T2S DCA holder ◄ may from time to time notify to the ECB.

▼M8

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 English.

4. ►M11 T2S DCA holders ◄ shall be bound by all forms and documents of the ECB that the ►M11 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 ECB reasonably believes to have received from the ►M11 T2S DCA holders ◄, their employees or agents.

▼M13

Article 30

Contractual relationship with an NSP

1. T2S DCA holders shall either:

(a) have concluded a contract with an NSP within the framework of the concession contract with that NSP in order to establish a technical connection to TARGET2- ECB; or

(b) connect via another entity which has concluded a contract with an NSP within the framework of the concession contract with that NSP.

2. The legal relationship between a T2S DCA holder and the NSP shall be exclusively governed by the terms and conditions of the separate contract concluded with an NSP as referred to in paragraph 1(a).

3. The services to be provided by the NSP shall not form part of the services to be performed by the ECB in respect of TARGET2.

4. The ECB shall not be liable for any acts, errors or omissions of the NSP (including its directors, staff and subcontractors), or for any acts, errors or omissions of third parties selected by participants to gain access to the NSP's network.

▼M8

Article 31

Amendment procedure

The ECB may at any time unilaterally amend these Conditions, including their Appendices. Amendments to these Conditions, including their Appendices, shall be announced by means of communication in writing to the participants. Amendments shall be deemed to have been accepted unless the ►M11 T2S DCA holder ◄ expressly objects within 14 days of being informed of such amendments. In the event that a ►M11 T2S DCA holder ◄ objects to the amendment, the ECB is entitled immediately to terminate and close that ►M11 T2S DCA holder's ◄ ►M11 T2S DCA ◄ in TARGET2-ECB.

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 ►M11 T2S DCA holders ◄ to any third party without the ECB's written consent.

2. These Conditions do not create any rights in favour of or obligations in relation to any entity other than the ECB and ►M11 T2S DCA holders ◄ in TARGET2-ECB.

Article 33

Governing law, jurisdiction and place of performance

1. The bilateral relationship between the ECB and ►M11 T2S DCA holders ◄ in TARGET2-ECB shall be governed by German law.

▼**M8**

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 courts of Frankfurt am Main.

3. The place of performance concerning the legal relationship between the ECB and the ►**M11** T2S DCA holders ◄ shall be Frankfurt am Main, Germany.

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.

▼**M13**

Article 34a

Transitional provisions

Once the TARGET system is operational and TARGET2 has ceased operation, T2S DCA holders shall become T2S DCA holders in the TARGET system.

▼**M8**

Article 35

Entry into force and binding nature

1. These Conditions become effective from 22 June 2015.

2. By requesting a ►**M11** T2S DCA ◄ in TARGET2-ECB, applying entities automatically agree to these Conditions between themselves and in relation to the ECB.

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Appendix 1

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PARAMETERS OF THE T2S DEDICATED CASH ACCOUNTS — TECHNICAL SPECIFICATIONS

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

1. **Technical requirements for participation in TARGET2-ECB regarding infrastructure, network and formats**

   (1) T2S uses the services of a ►M13 NSP ◄ for the exchange of messages. Each ►M11 T2S DCA holder ◄ using a direct connection shall have a connection to at least one ►M13 NSP's ◄ secure IP network.

   (2) Each ►M11 T2S DCA holder ◄ shall pass a series of tests to prove its technical and operational competence before it may participate in TARGET2-ECB.

   (3) For the submission of liquidity transfer orders in the ►M11 T2S DCA ◄ the services of the ►M13 NSPs ◄ 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 ►M11 T2S DCAs ◄, the unique 34 character account numbers of both the sending and the receiving ►M11 T2S DCA holder ◄; or

      (b) in the case of liquidity transfers from a ►M11 T2S DCA ◄ to a PM account, the unique 34 character account number of the sending ►M11 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 ►M11 T2S DCA ◄ and the T2S Platform shall rely on the Public Key Infrastructure (PKI) service offered by a ►M13 NSP ◄. Information on the PKI service is available in the documentation provided by such ►M13 NSP ◄.

   (5) ►M11 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**

   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

▼**M8**

Message Type	Description
(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)	IntraBalanceMovementModificationRequest-StatusAdvice
(camt.074)	IntraBalanceMovementCancellationRequest
(camt.075)	IntraBalanceMovementCancellationRequest-StatusAdvice
(camt.078)	IntraBalanceMovementQuery
(camt.079)	IntraBalanceMovementQueryResponse
(camt.080)	IntraBalanceModificationQuery
(camt.081)	IntraBalanceModificationReport
(camt.082)	IntraBalanceCancellationQuery
(camt.083)	IntraBalanceCancellationReport
(camt.084)	IntraBalanceMovementPostingReport
(camt.085)	IntraBalanceMovementPendingReport

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);

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— Debit and Credit Account (►M11 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 ►M11 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 ►M11 T2S DCA holders ◄:

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

In A2A, information and messages are transferred between the T2S Platform and the ►M11 T2S DCA holder's ◄ internal application. The ►M11 T2S DCA holder ◄ therefore has to ensure that an appropriate application is available for the exchange of XML messages (requests and responses).

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(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. Further details are described in the T2S User Handbook.

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(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 ►M11 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.

▼**M8**

(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 ►**M11** 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 ►**M11** 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.

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Appendix II

TARGET2 COMPENSATION SCHEME IN RELATION TO THE OPENING AND THE OPERATION OF THE ►M11 T2S DCA ◄

1. **General principles**

(a) If there is a technical malfunction of TARGET2, ►M11 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. ►M11 T2S DCA holders ◄ may, however, use other legal means to claim for losses. If a ►M11 T2S DCA holder ◄ accepts a compensation offer under the TARGET2 compensation scheme, this shall constitute the ►M11 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 ►M11 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 ECB 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;

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(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

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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; and

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(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 ECB in English (see www.ecb.int). 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, ►**M11** T2S DCA holders ◄ shall submit their claim forms to the ECB. Any additional information and evidence requested by the ECB shall be supplied within two weeks of such request being made.

(c) The ECB shall review the claims and forward them to the ECB. Unless otherwise decided by the ECB's Governing Council and communicated to the ►**M11** T2S DCA holders ◄, all received claims shall be assessed no later than 14 weeks after the technical malfunction of TARGET2 occurs.

(d) The ECB shall communicate the result of the assessment referred to in point (c) to the relevant ►**M11** T2S DCA holders ◄. If the assessment entails a compensation offer, the ►**M11** 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 ECB (see www.ecb.int). If such letter has not been received by the ECB within four weeks, the ►**M11** T2S DCA holders ◄ concerned shall be deemed to have rejected the compensation offer.

(e) The ECB shall make compensation payments on receipt of a ►**M11** T2S DCA holder's ◄ letter of acceptance of compensation. No interest shall be payable on any compensation payment.

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Appendix III

TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS

TERMS OF REFERENCE FOR CAPACITY OPINIONS FOR ►**M11** T2S DCA HOLDERS ◄ IN TARGET2

The European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

Participation in the [name of the system]

[location]

[date]

Dear Sir or Madam,

We have been asked to provide this Opinion as [in-house or external] legal advisers to [specify name of ►**M11** T2S DCA holder ◄ or branch of ►**M11** T2S DCA holder ◄] in respect of issues arising under the laws of [jurisdiction in which the ►**M11** T2S DCA holder ◄ is established; hereinafter the 'jurisdiction'] in connection with the participation of [specify name of ►**M11** T2S DCA holder ◄] (hereinafter the '►**M11** T2S DCA holder ◄') in the TARGET2-ECB (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 ►**M11** 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 ►**M11** 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 ►**M11** 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 ►**M11** T2S DCA holder ◄ on [insert date], [insert year], evidencing the ►**M11** 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 ►**M11** T2S DCA holder ◄];

and all other documents relating to the ►**M11** T2S DCA holder's ◄ constitution, powers, and authorisations necessary or appropriate for the provision of this Opinion (hereinafter the '►**M11** T2S DCA holder's ◄ Documents').

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

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(1) the terms and conditions for the Opening and Operation of a Dedicated Cash Account in TARGET2-ECB (hereinafter the 'Rules'); and

(2) […].

The Rules and the […] shall be referred to hereinafter as the 'System Documents' (and collectively with the ►**M11** 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 ►**M11** 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 ►**M11** 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 ►**M11** T2S DCA HOLDER ◄

A. The ►**M11** T2S DCA holder ◄ is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].

B. The ►**M11** 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 ►**M11** T2S DCA holder ◄ of the rights and obligations under the System Documents to which the ►**M11** T2S DCA holder ◄ is party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the ►**M11** T2S DCA holder ◄ or the ►**M11** 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 ►**M11** 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 ►**M11** 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 the ECB and the ►**M11** 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]

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TERMS OF REFERENCE FOR COUNTRY OPINIONS FOR NON-EEA ►**M11** T2S DCA HOLDERS ◄ IN TARGET2

The European Central Bank
Sonnemannstrasse 20
60314 Frankfurt am Main
Germany

TARGET2-ECB

[location],

[date]

Dear Sir or Madam,

We have been asked as [external] legal advisers to [specify name of ►**M11** T2S DCA holder ◄ or branch of ►**M11** T2S DCA holder ◄] (the '►**M11** T2S DCA holder ◄') in respect of issues arising under the laws of [jurisdiction in which the ►**M11** T2S DCA holder ◄ is established; hereinafter the 'jurisdiction'] to provide this Opinion under the laws of [jurisdiction] in connection with the participation of the ►**M11** 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 ►**M11** 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 the Opening and Operation of a Dedicated Cash Account in TARGET2] for the System dated [insert date] (hereinafter the 'Rules'); and

(2) any other document governing the System and/or the relationship between the ►**M11** T2S DCA holder ◄ and other participants in the System, and between the participants in the System and the ECB.

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.

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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 ►M11 T2S DCA holder ◄ arising out of the System Documents: [list of country-specific legal aspects].

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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].

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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 ►M11 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 ECB to perform its functions*

The opening of Insolvency Proceedings or Proceedings in respect of the ►M11 T2S DCA holder ◄ will not affect the authority and powers of the ECB 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 ►M11 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 ►M11 T2S DCA holder ◄, the provisions contained in the Rules regarding accelerated performance of claims which have not yet matured, the set-off of claims for using the deposits

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of the ►M11 T2S DCA holder ◄, the enforcement of a pledge, suspension and termination of participation, claims for default interest, and termination of agreements and transactions are valid and enforceable under the laws of [jurisdiction].]

3.3.d. *Suspension and termination*

Where applicable to the ►M11 T2S DCA holder ◄, the provisions contained in the Rules (in respect of suspension and termination of the ►M11 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 ►M11 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 ►M11 T2S DCA holder ◄ cannot be assigned, altered or otherwise transferred by the ►M11 T2S DCA holder ◄ to third parties without the prior written consent of the ECB.

3.3.f. *Choice of governing law and jurisdiction*

The provisions contained in 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 ►M11 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 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 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 ►M11 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 ►M11 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 Rules 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 ►M11 T2S DCA holder ◄, the rights or assets assigned for collateral purposes, or pledged by the ►M11 T2S DCA holder ◄ in favour of the ECB or other participants in the System, will rank in priority of payment above the claims of all other creditors of the ►M11 T2S DCA holder ◄ and will not be subject to priority or preferential creditors.

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3.6.c. *Enforcing title to security*

Even in the event of Insolvency Proceedings or Proceedings in respect of the ►**M11** T2S DCA holder ◄, other participants in the System and the ECB as [assignees, pledgees or repo purchasers as applicable] will still be free to enforce and collect the ►**M11** T2S DCA holder's ◄ rights or assets through the action of the ECB 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 ►**M11** 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 ►**M11** T2S DCA holder ◄ applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the ►**M11** 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 ►**M11** 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 ►**M11** 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 ECB and the ►**M11** 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]

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Appendix IV

BUSINESS CONTINUITY AND CONTINGENCY PROCEDURES

1. **General provisions**

(a) This Appendix sets out the arrangements between the ECB and ►**M11** 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 ►**M11** 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) ([1]).

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 ECB 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 ECB 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 ►**M11** 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 ►**M11** 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 ECB may notify ►**M11** T2S DCA holders ◄ of any other existing or anticipated event which has the potential to affect the normal operation of TARGET2.

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 ►**M11** T2S DCA holders ◄ shall (i) refrain from sending new instructions to the T2S Platform and (ii) at the request of the ECB

([1]) CET takes into account the change to Central European Summer Time.

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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 ECB 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 ►M11 T2S DCA holders ◄. Once such a delay is announced it may not be withdrawn.

6. **Failures linked to ►M11 T2S DCA holders ◄**

(a) In the event that a ►M11 T2S DCA holder ◄ has a problem that prevents it from settling payment orders in TARGET2-ECB, it shall be its responsibility to resolve the problem.

(b) In the event that a ►M11 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 ECB, refrain from such behaviour without delay, the ECB may block from the T2S Platform all further messages submitted by such ►M11 T2S DCA holder ◄.

7. **Other provisions**

(a) In the event of a failure of the ECB, some or all of its technical functions in relation to TARGET2-ECB may be performed by other Eurosystem CBs.

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(b) The ECB may require that the ►M11 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 ECB. Any costs incurred by the ►M11 T2S DCA holders ◄ as a result of such testing or other arrangements shall be borne solely by the ►M11 T2S DCA holders ◄.

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Appendix V

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 (*).

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 ►**M11** T2S DCAs ◄)	
Time	Description	Time	Description
18:45 — 19:00 ([1])	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 ([1])	Night-time settlement: provision of liquidity from SF to HAM and PM; from HAM to PM and from PM to ►**M11** 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 payment 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 ([1]) — 22:00	Night-time settlement (NTS1): — Start-of-procedure message; — Setting aside of liquidity on the basis of standing orders for the night-time processing (ancillary		

(*) CET takes into account the change to Central European Summer Time.

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SSP schedule		T2S schedule (applicable to ►**M11** T2S DCAs ◄)	
Time	Description	Time	Description
	system settlement procedure 6 and T2S)		
22:00 — 01:00	Technical maintenance window ([2])	03:00 — 05:00	Technical maintenance window ([3])
►**M11** 01:00 — 07:00 ◄	Night-time processing (ancillary system settlement procedure 6 and T2S)	05:00 — 18:00	Day trade/Real-time settlement ([4]): — Real-time settlement preparation ([4]) — Partial settlement windows at 14:00 and 15:45 ([5]) (for 15 minutes) — **16:00**: DvP cut-off — **16:30**: Automatic auto-collateralisation reimbursement, followed by the optional cash sweep — **17:40**: Cut-off for Bilaterally agreed treasury management operations (BATM) and central bank operations (CBO) cut-off — **17:45**: inbound liquidity transfer cut-off Automated cash sweep after **17:45** — **18:00**: FOP cut-off
06:45 — 07:00	Business window to prepare daylight operations		
07:00 — 18:00	Day trade phase: — **17:00**: Cut-off for customer payments — **17:45**: Cut-off for liquidity transfers to ►**M11** T2S DCAs ◄ — **18:00**: Cut-off for interbank payments and incoming liquidity transfers from ►**M11** T2S DCAs ◄		
18:00 — 18:45	— 18:15 ([1]): Cut-off for the use of standing facilities Data needed to update the accounting system is available for central banks, shortly after 18:30 — 18:40 ([1]): Cut-off for use of marginal lending (NCBs only) End-of-day processing	18:00 — 18:45	— End of T2S settlement processing — Recycling and purging — End of day reporting and statements

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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 lasts for 15 minutes. The partial settlement applies to unsettled payment instructions eligible for partial settlement and that have failed to settle due to a lack of securities.

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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.

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Appendix VI

FEE SCHEDULE

Fees for T2S services

The following fees for T2S services connected with ►M11 T2S DCAs ◄ shall be charged to the Main PM account holders:

Tariff items	Price	Explanation
Settlement services		
▼M12 T2S DCA to T2S DCA liquidity transfer orders	14,1 EUR cent	per transfer
Intra-balance movement (i.e. blocking, unblocking, reservation of liquidity etc.)	9,4 EUR cent	per transaction
▼M9 Information services		
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

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ANNEX III

TERMS AND CONDITIONS FOR THE OPENING AND OPERATION OF A TIPS DEDICATED CASH ACCOUNT (TIPS DCA) IN TARGET2-ECB

TITLE I

GENERAL PROVISIONS

Article 1

Definitions

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

— 'ancillary system' means a system managed by an entity that is subject to supervision and/or oversight by a competent authority and complies with the oversight requirements for the location of infrastructures offering services in euro, as amended from time to time and published on the ECB's website ([1]), in which payments and/or financial instruments are exchanged and/or cleared or recorded with (a) the monetary obligations settled in TARGET2; and/or (b) funds held in TARGET2, in accordance with Guideline ECB/2012/27 ([2]) and a bilateral arrangement between the ancillary system and the relevant Eurosystem CB,

— 'authorised account user' means an entity which: (a) holds a Business Identifier Code (BIC); (b) is registered as such by a TIPS DCA holder; and (c) is addressable through the TIPS Platform for the settlement of instant payments,

— 'Business Identifier Code (BIC)' means a code as defined by ISO Standard No 9362,

— 'branch' means a branch within the meaning of point (17) of Article 4(1) of Regulation (EU) No 575/2013,

— 'business day' or 'TARGET2 business day' means any day on which TARGET2 is open for the settlement of payment orders, as set out in Appendix III,

— 'capacity opinion' means a participant-specific opinion that contains an assessment of a participant's legal capacity to enter into and carry out its obligations under these Conditions,

— 'central banks (CBs)' means the Eurosystem CBs and the connected NCBs,

— 'credit memorandum balance (CMB)' means a limit set by the TIPS DCA holder for the use of liquidity on the TIPS DCA by a specific reachable party,

— 'connected NCB' means a national central bank (NCB), other than a Eurosystem CB, which is connected to TARGET2 pursuant to a specific agreement,

— 'credit institution' means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 and Section 2(1) no 2 and Section 2(6) no 2 of the KWG that is subject to supervision by a

([1]) The Eurosystem's current policy for the location of infrastructure is set out in the following statements, which are available on the ECB's website at www.ecb.europa.eu: (a) the policy statement on euro payment and settlement systems located outside the euro area of 3 November 1998; (b) the Eurosystem's policy line with regard to consolidation in central counterparty clearing of 27 September 2001; (c) the Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions of 19 July 2007; (d) the Eurosystem policy principles on the location and operation of infrastructures settling euro-denominated payment transactions: specification of 'legally and operationally located in the euro area' of 20 November 2008; (e) the Eurosystem oversight policy framework, revised version of July 2016.

([2]) Guideline ECB/2012/27 of 5 December 2012 on a Trans-European Automated Real-time Gross settlement Express Transfer system (TARGET2) (OJ L 30, 30.1.2013, p. 1).

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competent authority; or (b) another credit institution within the meaning of Article 123(2) of the Treaty that is subject to scrutiny of a standard comparable to supervision by a competent authority,

— ‘deposit facility’ means a Eurosystem standing facility which counterparties may use to make overnight deposits with an NCB at a pre-specified deposit rate,

— ‘deposit facility rate’ means the interest rate applicable to the deposit facility,

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

— ‘T2S Dedicated Cash Account (T2S DCA)’ means an account held by a T2S DCA holder, opened in TARGET2-ECB, and used for cash payments in relation to securities settlement in T2S,

— ‘euro area NCB’ means the NCB of a Member State whose currency is the euro,

— ‘Eurosystem CB’ means the ECB or a euro area NCB,

— ‘event of default’ means any impending or existing event, the occurrence of which may threaten the performance by a participant of its obligations under these Conditions or any other rules applying to the relationship between that participant and the ECB or any other CB, including:

  (a) where the participant no longer meets the access criteria laid down in Article 5 or the requirements laid down in Article 6(1)(a)(i) or Article 6(1)(b)(iii);

  (b) the opening of insolvency proceedings in relation to the participant;

  (c) the submission of an application relating to the proceedings referred to in point (b);

  (d) the issue by the participant of a written declaration of its inability to pay all or any part of its debts or to meet its obligations arising in relation to intraday credit;

  (e) the entry of the participant into a voluntary general agreement or arrangement with its creditors;

  (f) where the participant is, or is deemed by its CB to be, insolvent or unable to pay its debts;

  (g) where the participant's credit balance on its TIPS DCA, PM account, or T2S DCA, or all or a substantial part of the participant's assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the participant's creditors;

  (h) where participation of the participant in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;

  (i) where any material representation or pre-contractual statement made by the participant or which is implied to have been made by the participant under the applicable law is incorrect or untrue;

  (j) the assignment of all or a substantial part of the participant's assets,

— ‘Information and Control Module (ICM)’ means the SSP module that allows TIPS DCA holders that also hold a Linked PM account to obtain online information and gives them the possibility to submit PM to TIPS DCA liquidity transfer orders and TIPS DCA to PM liquidity transfer orders, and to manage liquidity,

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— ‘TIPS GUI’ means the module on the TIPS Platform which allows TIPS DCA holders to obtain online information and gives them the possibility to submit TIPS DCA to PM liquidity transfer orders,

— ‘ICM broadcast message’ means information made simultaneously available to all or a selected group of PM account holders via the ICM,

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— ‘reachable party’ means an entity which: (a) holds a BIC, (b) is designated as a reachable party by a TIPS DCA holder or by an ancillary system; (c) is a correspondent, customer or branch of a TIPS DCA holder or a participant of an ancillary system or a correspondent, customer or branch of a participant of an ancillary system; and (d) is addressable through the TIPS Platform and is able to submit instant payment orders and receive instant payment orders either via the TIPS DCA holder or the ancillary system or, if so authorised by the TIPS DCA holder or by the ancillary system, directly,

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— ‘instructing party’ means an entity which has been designated as such by a TIPS DCA holder and which is allowed to send payment orders to the TIPS Platform and/or receive payment orders from the TIPS Platform on behalf of that TIPS DCA holder or a reachable party of that TIPS DCA holder,

— ‘insolvency proceedings’ means insolvency proceedings within the meaning of Article 2(j) of Directive 98/26/EC of the European Parliament and of the Council ([1]),

— ‘PM to TIPS DCA liquidity transfer order’ means the instruction to transfer a specified amount of funds from a PM account to a TIPS DCA,

— ‘TIPS DCA to PM liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS DCA to a PM account,

— ‘marginal lending facility’ means a Eurosystem standing facility which counterparties may use to receive overnight credit from a Eurosystem CB at the pre-specified marginal lending rate,

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

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— ‘participant’ [or ‘direct participant’] means an entity that holds at least one TIPS DCA (TIPS DCA holder) and/or one PM account (PM account holder) and/or one T2S DCA (T2S DCA holder) with a Eurosystem CB,

— ‘payee’, except where used in Article 30 of this Annex, means a TIPS DCA holder whose TIPS DCA will be credited as a result of a payment order being settled,

— ‘payer’, except where used in Article 30 of this Annex, means a TIPS DCA holder whose TIPS DCA will be debited as a result of a payment order being settled,

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— ‘payment order’, except where used in Articles 16 to 18 of this Annex, means an instant payment order, a positive recall answer, a PM to TIPS DCA liquidity transfer order, a TIPS DCA to PM liquidity transfer order, a TIPS AS technical account to TIPS DCA liquidity transfer order or a TIPS DCA to TIPS AS technical account liquidity transfer order,

([1]) 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).

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— ‘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 and includes (a) TIPS DCA to TIPS DCA instant payment orders, (b) TIPS DCA to TIPS AS technical account instant payment orders, (c) TIPS AS technical account to TIPS DCA instant payment orders and (d) TIPS AS technical account to TIPS AS technical account instant payment orders,

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

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

— ‘Single Shared Platform (SSP)’ means the single technical platform infrastructure provided by the SSP-providing NCBs,

— ‘TIPS Platform’ means the single technical platform infrastructure provided by the TIPS Platform-providing NCBs,

— ‘SSP-providing NCBs’ means the Deutsche Bundesbank, the Banque de France and the Banca d'Italia in their capacity as the CBs building and operating the SSP for the Eurosystem's benefit,

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

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

— ‘static data collection form’ means a form developed by the ECB for the purpose of registering applicant TIPS DCA holders for TARGET2-ECB 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 ECB,

— ‘TARGET2-ECB’ means the TARGET2 component system of the ECB,

— ‘TARGET2’ means the entirety resulting from all TARGET2 component systems of the CBs,

— ‘TARGET2 component system’ means any of the CBs' real-time gross settlement (RTGS) systems that form part of TARGET2,

— ‘TARGET2 participant’ means any participant in any TARGET2 component system,

— ‘technical malfunction of TARGET2’ means any difficulty, defect or failure in the technical infrastructure and/or the computer systems used by TARGET2-ECB, or any other event that makes it impossible to execute payments in TARGET2-ECB,

— ‘TIPS Distinguished Name (TIPS DN)’ means the network address for the TIPS Platform which must be included in all messages intended for the system,

— ‘User Detailed Functional Specifications (UDFS)’ means the most up-to-date version of the UDFS, which is the technical documentation that details how a TIPS DCA holder interacts with TARGET2,

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— ‘TIPS ancillary system technical account (TIPS AS technical account)’ means an account held by an ancillary system or the CB on an ancillary system's behalf in the CB’s TARGET2 component system for use by that ancillary system for the purpose of settling instant payments in its own books,

— ‘TIPS DCA to TIPS AS technical account liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS DCA to a TIPS AS technical account to fund the TIPS DCA holder’s position (or the position of another participant of the ancillary system) in the books of the ancillary system,

— ‘TIPS AS technical account to TIPS DCA liquidity transfer order’ means the instruction to transfer a specified amount of funds from a TIPS AS technical account to a TIPS DCA to defund the TIPS DCA holder’s position (or the position of another participant of the ancillary system) in the books of the ancillary system,

— ‘European Payments Council's SEPA Instant Credit Transfer (SCT Inst) scheme’ or ‘SCT Inst scheme’ means an automated, open standards scheme providing a set of interbank rules to be complied with by SCT Inst participants, allowing payment services providers in SEPA to offer an automated, SEPA-wide euro instant credit transfer product,

— ‘mobile proxy look-up (MPL) service’ means a service which enables TIPS DCA holders, ancillary systems using TIPS AS technical accounts and reachable parties, who receive from their customers a request to execute an instant payment order in favour of a beneficiary identified with a proxy (e.g. a mobile number), to retrieve from the central MPL repository the corresponding beneficiary IBAN and the BIC to be used to credit the relevant account in TIPS,

— ‘Network Service Provider (NSP)’ means an undertaking that has been awarded a concession with the Eurosystem to provide connectivity services via the Eurosystem Single Market Infrastructure Gateway,

— ‘IBAN’ means the international bank account number which uniquely identifies an individual account at a specific financial institution in a particular country.

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Article 2

Scope

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

Article 3

Appendices

1. The following Appendices form an integral part of these Conditions:

Appendix I: Parameters of the TIPS DCA – Technical specifications

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Appendix II: Terms of reference for capacity and country opinions

Appendix III: Operating schedule

Appendix IV: Fee schedule

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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-ECB:

(a) transactions directly resulting from or made in connection with Eurosystem monetary policy operations;

(b) settlement of the euro leg of foreign exchange operations involving the Eurosystem;

(c) settlement of euro transfers resulting from transactions in cross-border large-value netting systems;

(d) settlement of euro transfers resulting from transactions in euro retail payment systems of systemic importance;

(e) settlement of the cash leg of securities transactions;

(f) T2S DCA to T2S DCA liquidity transfer orders, T2S DCA to PM liquidity transfer orders and PM to T2S DCA liquidity transfer orders;

(g) instant payment orders;

(h) positive recall answers;

(i) TIPS DCA to PM liquidity transfer orders and PM to TIPS DCA liquidity transfer orders;

(j) any other transactions in euro addressed to TARGET2 participants; and

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(k) TIPS DCA to TIPS AS technical account liquidity transfer orders and TIPS AS technical account to TIPS DCA liquidity transfer orders.

3. TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts, T2S DCAs and TIPS DCAs. TARGET2 is established and functions on the basis of the SSP through which payment orders are submitted and processed and through which payments are ultimately received in the same technical manner. As far as the technical operation of the TIPS DCAs and TIPS AS technical accounts is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform. As far as the technical operation of the T2S DCAs is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform.

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4. The ECB is the provider of services under these Conditions. Acts and omissions of the TIPS Platform-providing NCBs shall be considered acts and omissions of ECB, for which it shall assume liability in accordance with Article 23 of this Annex. Participation pursuant to these Conditions shall not create a contractual relationship between TIPS DCA holders and the TIPS Platform-providing NCBs when any of the latter acts in that capacity. Instructions, messages or information which a TIPS DCA holder receives from, or sends to, the SSP or TIPS Platform in relation to the services provided under these Conditions are deemed to be received from, or sent to, the ECB.

5. TARGET2 is legally structured as a multiplicity of payment systems composed of all the TARGET2 component systems, which are designated as 'systems' under the national laws implementing Directive 98/26/EC. TARGET2-ECB is designated as a 'system' under Section 1(16) of the KWG.

6. Participation in TARGET2 takes effect via participation in a TARGET2 component system. These Conditions describe the mutual rights and obligations of TIPS DCA holders in TARGET2-ECB and the ECB. The rules on the processing of payment orders under these Conditions (Title IV and Appendix I) refer to all payment orders submitted or payments received by any TIPS DCA holder.

TITLE II

PARTICIPATION

Article 5

Access criteria

Entities managing ancillary systems (including entities established outside the EEA) and acting in that capacity, whose access to TARGET2-ECB has been approved by the Governing Council, shall be the only entities that are eligible to become TIPS DCA holders upon request in TARGET2-ECB.

Article 6

Application procedure

1. In order for ECB to open a TIPS DCA for an entity, such entity must comply with the access criteria of Article 5 and shall:

(a) fulfil the following technical requirements:

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(i) install, manage, operate and monitor and ensure the security of the necessary IT infrastructure to connect to the TIPS Platform and submit payment orders to it. In doing so, applicant TIPS DCA holders may involve third parties, but retain sole liability. In particular, unless an instructing party is used, applicant TIPS DCA holders shall enter into an agreement with one or more NSPs to obtain the necessary connection and admissions, in accordance with the technical specifications in Appendix I; and

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(ii) have passed the tests required by the ECB; and

(b) fulfil the following legal requirements:

(i) provide a capacity opinion in the form specified in Appendix II, unless the information and representations to be provided in such capacity opinion have already been obtained by the ECB in another context;

(ii) for entities established outside the EEA, provide a country opinion in the form specified in Appendix II, unless the information and representations to be provided in such country opinion have already been obtained by the ECB in another context; and

(iii) have adhered to the SCT Inst scheme by signing the SEPA Instant Credit Transfer Adherence Agreement.

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2. Entities wishing to open a TIPS DCA shall apply in writing to the ECB, as a minimum enclosing the following documents/information:

(a) completed static data collection forms as provided by the ECB;

(b) the capacity opinion, if required by the ECB;

(c) the country opinion, if required by the ECB; and

(d) evidence of their adherence to the SCT Inst scheme.

3. The ECB may also request any additional information it deems necessary to decide on the application to open a TIPS DCA.

4. The ECB shall reject the application to open a TIPS DCA if:

(a) access criteria referred to in Article 5 are not met;

(b) one or more of the participation criteria referred to in paragraph 1 are not met; and/or

(c) in the ECB's assessment, opening a TIPS DCA would endanger the overall stability, soundness and safety of TARGET2-ECB or of any other TARGET2 component system, or would jeopardise the ECB's performance of its tasks as described in [refer to relevant national law] and the Statute of the European System of Central Banks and of the European Central Bank, or poses risks on the grounds of prudence.

5. The ECB shall communicate its decision on the application to open a TIPS DCA to the applicant TIPS DCA holder within one month of the ECB's receipt thereof. Where the ECB requests additional information pursuant to paragraph 3, the decision shall be communicated within one month of the ECB's receipt of this information from the applicant TIPS DCA holder. Any rejection decision shall contain reasons for the rejection.

Article 7

TIPS DCA holders

1. TIPS DCA holders in TARGET2-ECB shall comply with the requirements set out in Article 6. They shall have at least one TIPS DCA with the ECB.

2. In order to send messages to the TIPS Platform, TIPS DCA holders may access the TIPS Platform:

(a) directly, and/or

(b) using one or more instructing parties.

For both of these methods of access, the TIPS DCA holder shall use one or more TIPS DNs.

3. In order to receive messages from the TIPS Platform, TIPS DCA holders shall access the TIPS Platform:

(a) directly; or

(b) using one instructing party.

For both of these methods of access, the TIPS DCA holder shall use one TIPS DN to receive instant payment orders.

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

Article 8

Reachable parties

1. TIPS DCA holders may designate one or more reachable parties. Reachable parties must have adhered to the SCT Inst scheme and signed the SEPA Instant Credit Transfer Adherence Agreement.

2. TIPS DCA holders shall provide evidence to the ECB of each designated reachable party's adherence to the SCT Inst scheme.

3. A TIPS DCA holder shall inform the ECB if any designated reachable party no longer adheres to the SCT Inst scheme and shall, without undue delay, take steps to prevent the reachable party from accessing the TIPS DCA.

4. The TIPS DCA holder may designate one or more instructing parties for its designated reachable parties.

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

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Article 9

Contractual relationship with an NSP

1. Participants shall either:

(a) conclude a contract with an NSP within the framework of the concession contract with that NSP in order to establish a technical connection to TARGET2-ECB; or

(b) connect via another entity which has concluded a contract with an NSP within the framework of the concession contract with that NSP.

2. The legal relationship between a participant and the NSP shall be exclusively governed by the terms and conditions of their separate contract as referred to in paragraph 1(a).

3. The services to be provided by the NSP shall not form part of the services to be performed by the ECB in respect of TARGET2.

4. The ECB shall not be liable for any acts, errors or omissions by the NSP (including its directors, staff and subcontractors), or for any acts, errors or omissions by third parties selected by participants to gain access to the NSP's network.

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Article 11

TIPS directory

1. The TIPS directory is the list of TIPS DCA holders and reachable parties.

It shall be updated daily.

2. TIPS DCA holders may only distribute the TIPS directory to their branches, their designated reachable parties and their instructing parties. Reachable parties may only distribute the TIPS directory to their branches.

3. A specific BIC can only appear once in the TIPS directory.

4. TIPS DCA holders acknowledge that the ECB and other CBs may publish their names and BICs. In addition, the ECB and other CBs may publish names and BICs of reachable parties designated by TIPS DCA holders and TIPS DCA holders shall ensure that reachable parties have agreed to such publication.

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Article 11a

MPL repository

1. The central MPL repository contains the proxy – IBAN mapping table for the purposes of the MPL service.

2. Each proxy may be linked to only one IBAN. An IBAN may be linked to one or multiple proxies.

3. Article 29 shall apply to the data contained in the MPL repository.

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TITLE III

OBLIGATIONS OF THE PARTIES

Article 12

Obligations of the ECB and the TIPS DCA holders

1. The ECB shall open upon request of the TIPS DCA holder and operate one or more TIPS DCA(s) denominated in euro. Save where otherwise provided in these Conditions or required by law, the ECB shall use all reasonable means within its power to perform its obligations under these Conditions, without guaranteeing a result.

2. Actions taken by reachable parties and instructing parties are deemed to be those of the TIPS DCA holder, including for the purposes of Directive 98/26/EC.

3. The TIPS DCA holder shall register itself and its reachable parties as authorised account users for settlement purposes. For that purpose it shall only register its own BIC and/or that of a reachable party.

4. The fees for TIPS DCA services are laid down in Appendix IV. The holder of the Linked PM account is liable for paying these fees.

5. TIPS DCA holders shall ensure that at all times they are connected to the TIPS Platform via the TIPS DN used for the purpose of receiving messages under Article 7(3).

6. TIPS DCA holders which have designated a reachable party shall ensure that at all times this reachable party is connected to the TIPS Platform via the TIPS DN used for the purpose of receiving messages under Article 8.

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7. The TIPS DCA holder represents and warrants to the ECB that the performance of its obligations under these Conditions does not breach any law, regulation or by-law applicable to it or any agreement by which it is bound.

8. TIPS DCA holders shall ensure that the liquidity in the TIPS DCA is properly managed. This obligation shall include but is not limited to obtaining regular information on their liquidity position. The ECB shall provide a daily statement of accounts to any TIPS DCA holder that has opted for such service on the TIPS Platform. Daily statements are provided for each TARGET2 business day.

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Article 13

Designation, suspension or termination of a Linked PM account

1. The TIPS DCA holder shall designate a Linked PM account. The Linked PM account may be held in a TARGET2 component system other than TARGET2-ECB and may belong to a different legal entity from the TIPS DCA holder. A Linked PM account may be linked to a maximum of 10 TIPS DCAs.

2. A PM account holder using internet-based access cannot be designated as a Linked PM account holder.

3. If the holder of the Linked PM account and the holder of the TIPS DCA are different legal entities and the participation of that Linked PM account holder is suspended or terminated, the ECB and the TIPS DCA holder shall take all reasonable and practicable steps to mitigate any damage or loss. The TIPS DCA holder shall take all necessary steps to designate a new Linked PM account without undue delay which will then be liable for any outstanding invoices.

4. The ECB shall not be liable for any losses incurred by the TIPS DCA holder as a consequence of the suspension or termination of the Linked PM account holder's participation.

Article 14

Cooperation and information exchange

1. In performing their obligations and exercising their rights under these Conditions, the ECB and TIPS DCA holders shall cooperate closely to ensure the stability, soundness and safety of TARGET2-ECB. 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 ECB shall establish and maintain a system support desk to assist TIPS DCA holders in relation to difficulties arising in connection with system operations.

3. Up-to-date information on the operational status of the TIPS Platform and the SSP shall be available on the TARGET2 Information System (T2IS) and on the TIPS Information System on dedicated webpages on the ECB's website. The T2IS and the TIPS Information System may be used to obtain information on any event affecting the normal operation of the SSP and the TIPS Platform.

4. The ECB may either communicate messages to TIPS DCA holders by means of ICM broadcast messages where they also hold a PM account, or otherwise by any other means.

▼M11

5. TIPS DCA holders are responsible for the timely update of existing static data collection forms and the submission of new static data collection forms to the ECB. TIPS DCA holders are responsible for verifying the accuracy of information relating to them that is entered into TARGET2-ECB by the ECB.

6. TIPS DCA holders shall inform the ECB about any change in their legal capacity and relevant legislative changes affecting issues covered by the country opinion relating to them. TIPS DCA holders shall also inform the ECB if they no longer fulfill the requirements for adhering to the SCT Inst scheme.

7. TIPS DCA holders shall inform the ECB of any new reachable party which they register and any changes related to such registered reachable parties.

▼M12

8. TIPS DCA holders shall immediately inform the ECB 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.

▼M11

TITLE IV

MANAGEMENT OF TIPS DCAs AND PROCESSING OF PAYMENT ORDERS

Article 15

Opening and management of TIPS DCAs

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

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

2. No debit balance shall be allowed on TIPS DCAs.

3. For the purpose of remuneration of overnight balances the TIPS DCA holder shall link its TIPS DCA with a PM account which it holds with ECB.

4. TIPS DCAs shall either be remunerated at 0 % or the deposit facility rate, whichever is lower.

▼**M13**

Article 16

Types of payment orders in TIPS DCA

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

(a) instant payment orders;

(b) positive recall answers;

(c) TIPS DCA to PM liquidity transfer orders;

(d) TIPS DCA to TIPS AS technical account liquidity transfer orders; and

(e) TIPS AS technical account to TIPS DCA liquidity transfer orders.

▼**M11**

Article 17

Acceptance and rejection of payment orders

1. Payment orders within the meaning of Article 16 and submitted by TIPS DCA holders are deemed accepted by the ECB if:

(a) the payment message has been delivered to the TIPS Platform by the respective ►**M13** NSP ◄; and

(b) the payment message complies with the formatting rules and conditions of TARGET2-ECB and passes the double-entry check described in Appendix I.

2. The ECB shall immediately reject any payment order that does not fulfil the conditions laid down in paragraph 1. The ECB shall inform the TIPS DCA holders of any rejection of a payment order, as specified in Appendix I. For the avoidance of doubt, if the payment order was submitted via an instructing party or by a reachable party on behalf of the TIPS DCA holder, the instructing or reachable party will receive the rejection.

Article 18

Processing of payment orders on TIPS DCAs

1. The TIPS Platform attaches its timestamp for the processing of payment orders in the sequence of their receipt.

2. All payment orders submitted to the TARGET2-ECB shall be processed on a first in-first out basis without prioritisation or reordering.

3. After an instant payment order has been accepted as set out in Article 17, the TARGET2-ECB shall check if sufficient funds are available on the payer's TIPS DCA.

(a) If sufficient funds are not available, the instant payment order shall be rejected;

(b) If sufficient funds are available, the corresponding amount shall be reserved while awaiting the payee's response. In the event of acceptance by the payee, the instant payment order shall be settled and the reservation shall be simultaneously lifted. In the event of rejection by the payee or the absence of a timely response, within the meaning of the SCT Inst scheme, the instant payment order shall be cancelled and the reservation shall be simultaneously lifted.

▼M11

4. Funds reserved in accordance with paragraph 3(b) shall not be available for the settlement of subsequent payment orders. For the purposes of Article 15(3) and (4), funds reserved shall count towards the remuneration of the overnight balance of the TIPS DCA holder.

5. Without prejudice to paragraph 3(b), the TARGET2-ECB shall reject instant payment orders if the amount of the instant payment order exceeds any applicable CMB.

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6. After a TIPS DCA to PM liquidity transfer order, a TIPS DCA to TIPS AS technical account liquidity transfer order or a TIPS AS technical account to TIPS DCA liquidity transfer order has been accepted as referred to in Article 17, the TARGET2-ECB shall check whether sufficient funds are available on the payer's account. If sufficient funds are not available the liquidity transfer order shall be rejected. If sufficient funds are available the liquidity transfer order shall be settled immediately.

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7. After a positive recall answer has been accepted as set out in Article 17, TARGET2-ECB shall check if sufficient funds are available on the TIPS DCA to be debited. If sufficient funds are not available the positive recall answer shall be rejected. If sufficient funds are available the positive recall answer shall be settled immediately.

8. Without prejudice to paragraph 7, TARGET2-ECB shall reject positive recall answers if the amount of the positive recall answer exceeds any applicable CMB.

Article 19

Recall request

1. A TIPS DCA holder may enter a recall request.

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

Article 20

Moment of entry, moment of irrevocability

1. For the purposes of the first sentence of Article 3(1) and Article 5 of Directive 98/26/EC and the third sentence of Section 116, Section 96(2), Section 82 and Section 340(3) of the German Insolvency Code (*Insolvenzordnung*) and the last sentence of Section 46(2) of the KWG:

(a) instant payment orders are deemed entered into TARGET2-ECB and irrevocable at the moment that the relevant funds on the TIPS DCA of the TIPS DCA holder are reserved;

▼M13

(b) TIPS DCA to PM liquidity transfer orders, positive recall answers and TIPS DCA to TIPS AS technical account liquidity transfer orders are deemed entered into TARGET2-ECB and irrevocable at the moment that the relevant TIPS DCA is debited. TIPS AS technical account to TIPS DCA liquidity transfer orders are deemed entered into TARGET2-ECB and irrevocable at the moment that the relevant TIPS AS technical account is debited.

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2. PM to TIPS DCA liquidity transfer orders are governed by the Harmonised Conditions for the opening and operation of a PM account in TARGET2 applicable to the TARGET2 component system from which they originate.

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TITLE V

SECURITY REQUIREMENTS, BUSINESS CONTINUITY AND USER INTERFACE

Article 21

Security requirements and business continuity

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

2. TIPS DCA holders shall inform the ECB 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 ECB may request further information about the incident and, if necessary, request that the TIPS DCA holders take appropriate measures to prevent a recurrence of such an event.

3. In the event that a TIPS DCA holder has a problem that prevents it from settling instant payment orders and positive recall answers in TARGET2-ECB, it shall be its responsibility to resolve the problem.

4. In the event that a TIPS DCA holder unexpectedly submits an abnormally high number of messages, which threaten the stability of the TIPS Platform, and does not, upon request of the ECB, refrain from such behaviour without delay, the ECB may block from the TIPS Platform all further messages submitted by such TIPS DCA holder.

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5. The ECB may impose additional security requirements, in particular with regard to cybersecurity or the prevention of fraud, on all TIPS DCA holders.

6. TIPS DCA holders using instructing parties in line with Article 7(2) or (3), or allowing access to their TIPS DCA as set out in Article 8(1), shall be deemed to have addressed the risk stemming from such use or access in accordance with the additional security requirements imposed upon them.

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Article 22

User interfaces

1. The TIPS DCA holder, or the Linked PM account holder acting on its behalf, shall use either one or both of the following means to access that TIPS DCA:

(a) a direct connection to the TIPS Platform in either U2A or A2A modes; or

(b) the ICM liquidity management features for the TIPS service.

2. A direct connection to the TIPS Platform allows TIPS DCA holders:

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(a) to access information relating to their accounts and to manage CMBs;

(b) to initiate TIPS DCA to PM liquidity transfer orders; and

(c) to manage certain static data.

3. The ICM liquidity management features for the TIPS service allows the holder of the Linked PM account:

(a) to access information relating to the balance of the TIPS DCAs;

(b) to manage liquidity and to initiate liquidity transfer orders to and from the TIPS DCAs.

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

As regards the ICM, further technical details are contained in Appendix I to Annex II to Decision ECB/2007/7.

TITLE VI

LIABILITY REGIME AND EVIDENCE

Article 23

Liability regime

1. In performing their obligations pursuant to these Conditions, the ECB and the TIPS DCA holders shall be bound by a general duty of reasonable care in relation to each other.

2. The ECB shall be liable to its TIPS DCA holders in cases of fraud (including but not limited to willful misconduct) or gross negligence, for any loss arising out of the operation of TARGET2-ECB. In cases of ordinary negligence, the ECB's liability shall be limited to the TIPS DCA holder's direct loss, i.e. the amount of the transaction in question and/or the loss of interest thereon, excluding any consequential loss.

3. The ECB is not liable for any loss that results from any malfunction or failure in the technical infrastructure (including but not limited to the ECB's computer infrastructure, programmes, data, applications or networks), if such malfunction or failure arises in spite of the ECB having adopted those measures that are reasonably necessary to protect such infrastructure against malfunction or failure, and to resolve the consequences of such malfunction or failure.

4. The ECB shall not be liable:

(a) to the extent that the loss is caused by the TIPS DCA holder; or

(b) if the loss arises out of external events beyond the ECB's reasonable control (*force majeure*).

5. Notwithstanding Sections 675(u), 675(v), 675(x), 675(y), 675(z), 676(a), 676(c) of the German Civil Code *(Bürgerliches Gesetzbuch)*, paragraphs 1 to 4 shall apply to the extent that the ECB's liability can be excluded.

6. The ECB and the TIPS DCA holders shall take all reasonable and practicable steps to mitigate any damage or loss referred to in this Article.

7. In performing some or all of its obligations under these Conditions, the ECB may commission third parties in its own name, particularly telecommunications or other network providers or other entities, if this is necessary to meet the ECB's obligations or is standard market practice. The ECB's obligation shall be limited to the due selection and commissioning of any such third parties and the ECB's liability shall be limited accordingly. For the purposes of this paragraph, the SSP-providing NCBs and the TIPS Platform-providing NCBs shall not be considered as third parties.

▼**M11**

Article 24

Evidence

1. Unless otherwise provided in these Conditions, all payment and payment processing-related messages in relation to TIPS DCAs, such as confirmations of debits or credits, or statement messages, between the ECB and TIPS DCA holders shall be made through the ►**M13** NSP ◄.

2. Electronic or written records of the messages retained by the ECB or by the ►**M13** NSP ◄ shall be accepted as a means of evidence of the payments processed through the ECB. The saved or printed version of the original message of the ►**M13** NSP ◄ shall be accepted as a means of evidence, regardless of the form of the original message.

3. The ECB shall keep complete records of payment orders submitted and payments received by TIPS DCA holders for a period of 10 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 TIPS DCA holder in TARGET2 that is subject to continuous vigilance pursuant to restrictive measures adopted by the Council of the European Union or Member States, or more if required by specific regulations.

4. The ECB's own books and records (whether kept on paper, microfilm, microfiche, by electronic or magnetic recording, in any other mechanically reproducible form or otherwise) shall be accepted as a means of evidence of any obligations of the TIPS DCA holders and of any facts and events that the parties rely on.

TITLE VII

TERMINATION AND CLOSURE OF TIPS DCAs

Article 25

Duration and ordinary termination of TIPS DCAs

1. Without prejudice to Article 26, a TIPS DCA in TARGET2-ECB is opened for an indefinite period of time.

2. A TIPS DCA holder may terminate its TIPS DCA in TARGET2-ECB at any time giving 14 business days' notice thereof, unless it agrees a shorter notice period with the ECB.

3. The ECB may terminate a TIPS DCA holder's TIPS DCA in TARGET2-ECB at any time giving three months' notice thereof, unless it agrees a different notice period with that TIPS DCA holder.

4. On termination of the TIPS DCA, the confidentiality duties laid down in Article 29 remain in force for a period of five years starting on the date of termination.

5. On termination of the TIPS DCA, it shall be closed in accordance with Article 27.

Article 26

Suspension and extraordinary termination of participation

1. A TIPS DCA holder's participation in TARGET2-ECB shall be immediately terminated without prior notice or suspended if one of the following events of default occurs:

(a) the opening of insolvency proceedings; and/or

(b) the TIPS DCA holder no longer meets the access criteria laid down in Article 5.

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For the purposes of this paragraph, the taking of crisis prevention measures or crisis management measures within the meaning of Directive 2014/59/EU of the European Parliament and of the Council ([1]) against a TIPS DCA holder shall not automatically qualify as the opening of insolvency proceedings.

2. The ECB may terminate without prior notice or suspend the TIPS DCA holder's participation in TARGET2-ECB if:

(a) one or more events of default (other than those referred to in paragraph 1) occur;

(b) the TIPS DCA holder is in material breach of these Conditions;

(c) the TIPS DCA holder fails to carry out any material obligation to the ECB;

(d) the TIPS DCA holder no longer has a valid agreement with a ►**M13** NSP ◄ to obtain the necessary connection to the TIPS Platform;

(e) any other TIPS DCA holder-related event occurs which, in the ECB's assessment, would threaten the overall stability, soundness and safety of TARGET2-ECB or of any other TARGET2 component system, or which would jeopardise the ECB's performance of its tasks as described in 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 ECB shall take into account, inter alia, the seriousness of the event of default or events mentioned in points 2(a) to (c).

▼**M12**

4. In the event that the ECB suspends or terminates a TIPS DCA holder's participation in TARGET2-ECB under paragraph 1 or 2, the ECB shall immediately inform, by means of a ICM broadcast message, other CBs and PM account holders in all of the TARGET2 component systems of such suspension or termination. Such message shall be deemed to have been issued by the home CB of the PM account holder that received the message.

Linked PM account holders shall have the responsibility to inform their Linked TIPS DCA holders of the suspension or termination of any TIPS DCA holder's participation in TARGET2-ECB.

In the event that the suspension or termination of a TIPS DCA holder's participation in TARGET2-ECB occurs during the technical maintenance window, the ICM broadcast message shall be sent after the start of daytime processing on the next TARGET2 business day.

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5. Upon termination of a TIPS DCA holder's participation, TARGET2-ECB shall not accept any new payment orders to or from that TIPS DCA holder.

6. If a TIPS DCA holder is suspended from TARGET2-ECB on grounds other than those specified in paragraph (1)(a), the suspended TIPS DCA holder's CB shall either:

(a) reject all of its incoming payment orders;

(b) reject all of its outgoing payment orders; or

(c) reject both its incoming and outgoing payment orders.

7. If a TIPS DCA holder is suspended from TARGET2-ECB on the grounds specified in paragraph (1)(a), the suspended TIPS DCA holder's CB shall reject all incoming and outgoing payment orders.

8. The ECB shall process instant payment orders of a TIPS DCA holder whose participation in TARGET2-ECB has been suspended or terminated under paragraph 1 or 2 and in relation to which the ECB has reserved funds on a TIPS DCA pursuant to Article 18(3)(b) prior to the suspension or termination.

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

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Article 27

Closure of TIPS DCAs

1. TIPS DCA holders may request the ECB to close their TIPS DCAs at any time provided they give the ECB 14 business days' notice thereof.

2. On termination of participation, pursuant to either Article 25 or 26, the ECB shall close the TIPS DCAs of the TIPS DCA holders concerned, after having:

(a) settled any instant payment order accepted by the payee for which funds have already been reserved; and

(b) made use of its rights of pledge and set-off under Article 28.

TITLE VIII

FINAL PROVISIONS

Article 28

The ECB's rights of pledge and set-off

1. The ECB shall have a pledge over the TIPS DCA holder's existing and future credit balances on its TIPS DCAs, thereby collateralising any current and future claims arising out of the legal relationship between the parties.

2. On the occurrence of:

(a) an event of default, referred to in Article 26(1); or

(b) any other event of default or event referred to in Article 26(2) that has led to the termination or suspension of the TIPS DCA holder's participation, notwithstanding the commencement of any insolvency proceedings in respect of a TIPS DCA holder and notwithstanding any assignment, judicial or other attachment or other disposition of or in respect of the TIPS DCA holder's rights;

all obligations of the TIPS DCA holder shall be automatically and immediately accelerated, without prior notice and without the need for any prior approval of any authority, so as to be immediately due. In addition, the mutual obligations of the TIPS DCA holder and the ECB shall automatically be set off against each other, and the party owing the higher amount shall pay to the other the difference.

3. The ECB shall promptly give the TIPS DCA holder notice of any set-off pursuant to paragraph 2 after such set-off has taken place.

4. The ECB may without prior notice debit any TIPS DCA holder's TIPS DCA by any amount which the TIPS DCA holder owes the ECB resulting from the legal relationship between the TIPS DCA holder and the ECB.

Article 29

Confidentiality

1. The ECB shall keep confidential all sensitive or secret information, including when such information relates to payment, technical or organisational information belonging to the TIPS DCA holder, TIPS DCA holders from the same group or the TIPS DCA holder's customers, unless the TIPS DCA holder or a TIPS DCA holder's customer has given its written consent to disclose.

2. By derogation from paragraph 1, the TIPS DCA holder agrees that information on any action taken under Article 26 shall not be considered as confidential.

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3. By derogation from paragraph 1, the TIPS DCA holder agrees that the ECB may disclose payment, technical or organisational information regarding the TIPS DCA holder, other TIPS DCAs held by TIPS DCA holders from the same group or the TIPS DCA holder's customers obtained in the course of the operation of TARGET2-ECB to:

(a) other CBs or third parties that are involved in the operation of TARGET2-ECB, to the extent that this is necessary for the efficient functioning of TARGET2 or the monitoring of the TIPS DCA holder's or its group's exposure;

(b) other CBs in order to carry out the analysis necessary for market operations, monetary policy functions, financial stability or financial integration; or

▼M12

(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.

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The ECB shall not be liable for the financial and commercial consequences of such disclosure.

4. By derogation from paragraph 1 and provided that this does not make it possible, whether directly or indirectly, to identify the TIPS DCA holder or the TIPS DCA holder's customers, the ECB may use, disclose or publish payment information regarding the TIPS DCA holder or the TIPS DCA holder's customers for statistical, historical, scientific or other purposes in the exercise of its public functions or of functions of other public entities to which the information is disclosed.

5. Information relating to the operation of TARGET2-ECB to which TIPS DCA holders have had access, may only be used for the purposes laid down in these Conditions. TIPS DCA holders shall keep such information confidential, unless the ECB has explicitly given its written consent to disclose. TIPS DCA holders shall ensure that any third parties to whom they outsource, delegate or subcontract tasks which have or may have an impact on the performance of their obligations under these Conditions are bound by the confidentiality requirements in this Article.

6. The ECB shall be authorised, in order to settle payment orders, to process and transfer the necessary data to any ►M13 NSP ◄.

Article 30

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

▼M13

1. TIPS DCA holders shall be deemed to be aware of, shall comply with and shall be able to demonstrate that compliance to the relevant competent authorities with all obligations on them relating to legislation on data protection. They shall be deemed to be aware of, and shall comply with all obligations on them relating to legislation on prevention of money laundering and the financing of terrorism, proliferation-sensitive nuclear activities and the development of nuclear weapons delivery systems, in particular in terms of implementing appropriate measures concerning any payments debited or credited on their TIPS DCAs. TIPS DCA holders ensure that they are informed about their chosen NSP's data retrieval policy prior to entering into a contractual relationship with that NSP.

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2. TIPS DCA holders shall be deemed to have authorised the ECB to obtain any information relating to them from any financial or supervisory authority or trade body, whether national or foreign, if such information is necessary for the TIPS DCA holders' participation in TARGET2-ECB.

3. TIPS DCA holders, when acting as the payment service provider of a payer or payee, shall comply with all requirements resulting from administrative or restrictive measures imposed pursuant to Articles 75 or 215 of the Treaty to which they are subject, including with respect to notification and/or the obtaining of consent from a competent authority in relation to the processing of transactions. In addition:

(a) when the ECB is the payment service provider of a TIPS DCA holder that is a payer:

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(i) the TIPS DCA holder shall make the required notification or obtain consent on behalf of the central bank that is primarily required to make notification or obtain consent, and shall provide the ECB with evidence of having made a notification or having received consent;

(ii) the TIPS DCA holder shall not enter any payment order into TARGET2 with the exception of payment orders concerning the transfer of liquidity between different accounts of the same TIPS DCA holder, until it has obtained confirmation from the ECB 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 ECB is a payment service provider of a TIPS DCA holder that is a payee, the TIPS DCA holder shall make the required notification or obtain consent on behalf of the central bank that is primarily required to make notification or obtain consent, and shall provide the ECB with evidence of having made a notification or having received consent.

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

Article 31

Notices

1. Except where otherwise provided for in these Conditions, all notices required or permitted pursuant to these Conditions shall be sent by registered post, facsimile or otherwise in writing. Notices to the ECB shall be submitted to the European Central Bank, Director-General of the ECB's Directorate-General Payment Systems and Market Infrastructure, Sonnemannstrasse 22, 60314 Frankfurt am Main, Germany or to the BIC address of the ECB: ECBFDEFF. Notices to the TIPS DCA holder shall be sent to it at the address, fax number or its BIC address as the TIPS DCA holder may from time to time notify to the ECB.

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 English.

4. TIPS DCA holders shall be bound by all forms and documents of the ECB that the TIPS DCA holders have filled in and/or signed, including but not limited to static data collection forms, as referred to in Article 6(2)(a), and information provided under Article 14(5), which were submitted in compliance with paragraphs 1 and 2 and which the ECB reasonably believes to have received from the TIPS DCA holders, their employees or agents.

Article 32

Amendment procedure

The ECB may at any time unilaterally amend these Conditions, including the Appendices. Amendments to these Conditions, including the Appendices, shall be announced by means of communication in writing to the participants. Amendments shall be deemed to have been accepted unless the TIPS DCA holder expressly objects within 14 days of being informed of such amendments. In the event that a TIPS DCA holder objects to the amendment, the ECB is entitled immediately to terminate and close that TIPS DCA holder's TIPS DCA in TARGET2-ECB.

Article 33

Third party rights

1. Any rights, interests, obligations, responsibilities and claims arising from or relating to these Conditions shall not be transferred, pledged or assigned by TIPS DCA holders to any third party without the ECB's written consent.

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2. These Conditions do not create any rights in favour of or obligations in relation to any entity other than the ECB and TIPS DCA holders in TARGET2-ECB.

Article 34

Governing law, jurisdiction and place of performance

1. The bilateral relationship between the ECB and TIPS DCA holders in TARGET2-ECB 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 ECB and the TIPS DCA holders shall be Frankfurt am Main, Germany.

Article 35

Severability

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

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Article 35a

Transitional provision

Once the TARGET system is operational and the TARGET2 has ceased operation, TIPS DCA holders shall become TIPS DCA holders in the TARGET system.

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Article 36

Entry into force and binding nature

1. These Conditions become effective from 30 November 2018.

2. By requesting a TIPS DCA in TARGET2-ECB, applicant TIPS DCA holders automatically agree to these Conditions between themselves and in relation to the ECB.

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Appendix 1

PARAMETERS OF THE TIPS DCAs — TECHNICAL SPECIFICATIONS

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

1. **Technical requirements for participation in TARGET2-ECB regarding infrastructure, network and formats**

(1) A TIPS DCA holder shall use the services of at least one ►M13 NSP ◄ for the exchange of messages.

(2) A TIPS DCA holder shall specify a TIPS DN to receive messages relevant for the TIPS DCA holder, such as in relation to reports, and floor/ceiling notifications. This may be different from the TIPS DN used for the exchange of instant payments orders.

(3) Each TIPS DCA holder shall pass a series of tests to prove its technical and operational competence before it may participate in TARGET2-ECB.

(4) For the submission of TIPS DCA to PM liquidity transfer orders the services of a ►M13 NSP ◄ or the ICM shall be used. Liquidity transfer orders shall include, inter alia, the unique account number of up to 34 characters of the sending TIPS DCA holder and the BIC of the receiving PM account.

(5) For the exchange of information with the TIPS Platform either A2A or U2A modes may be used. The security of the message exchange between the TIPS DCA and the TIPS Platform shall rely on the Public Key Infrastructure (PKI) service offered by the ►M13 NSP ◄ used. Information on the PKI service is available in the documentation provided by such ►M13 NSP ◄.

(6) For the exchange of information with the Common Reference Data Management component U2A mode shall be used. The Common Reference Data Management component allows users to configure, create and maintain reference data needed in TIPS service.

(7) TIPS DCA holders shall comply with the ISO20022 message structure and field specifications. Message structure and field specifications are described in Chapter 3.3.2 of the TIPS UDFS.

(8) Field contents shall be validated at the level of the TIPS Platform in accordance with the TIPS UDFS requirements.

2. **Message types**

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

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Message Type	Message Name
Pacs.002	FIToFIPayment Status Report
Pacs.004	PaymentReturn
Pacs.008	FIToFICustomerCreditTransfer
Pacs.028	FIToFIPaymentStatusRequest
camt.003	GetAccount
camt.004	ReturnAccount
camt.005	GetTransaction
camt.006	ReturnTransaction

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

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3. **Double-entry check**

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

4. **Error codes**

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

5. **Settlement of liquidity transfer orders**

Liquidity transfer orders are not recycled, queued or offset. The different statuses for liquidity transfer orders are described in Chapter 1.4.2 of the TIPS UDFS.

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

(1) The U2A and A2A modes may be used for obtaining information and managing liquidity. The ►**M13** NSP ◄ networks shall be the underlying technical communications networks for exchanging information and running control measures. The following modes shall be available for use by TIPS DCA holders:

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

In A2A, information and messages are transferred between the TIPS Platform and the TIPS DCA holder's internal application. The TIPS DCA holder therefore has to ensure that an appropriate application is available for the exchange of XML messages (requests and responses).

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(b) User-to-application mode (U2A)

U2A permits direct communication between a TIPS DCA holder and the TIPS GUI. The information is displayed in a browser running on a PC system. For U2A access the IT infrastructure has to be able to support cookies. Further details are described in the TIPS User Handbook.

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(2) The 'Non-Repudiation of Origin' (NRO) signature allows the recipient of a message to prove that such message has been issued and has not been altered.

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

7. **Relevant documentation**

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

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Appendix II

TERMS OF REFERENCE FOR CAPACITY AND COUNTRY OPINIONS

TERMS OF REFERENCE FOR CAPACITY OPINIONS FOR TIPS DCA HOLDERS IN TARGET2

The European Central Bank

Director-General of the ECB's Directorate-General Payment Systems and Market Infrastructure

Sonnemannstrasse 22

60314 Frankfurt am Main

Germany

Participation in the TARGET2-ECB

[location]

[date]

Dear Sir or Madam,

We have been asked to provide this Opinion as [in-house or external] legal advisers to [specify name of TIPS DCA holder or branch of TIPS DCA holder] in respect of issues arising under the laws of [jurisdiction in which the TIPS DCA holder is established; hereinafter the 'jurisdiction'] in connection with the participation of [specify name of TIPS DCA holder] (hereinafter the 'TIPS DCA holder') in the TARGET2-ECB (hereinafter the 'System').

This Opinion is confined to the laws of [jurisdiction] as they exist as on the date of this Opinion. We have made no investigation of the laws of any other jurisdiction as a basis for this Opinion, and do not express or imply any opinion in this regard. Each of the statements and opinions presented below applies with equal accuracy and validity under the laws of [jurisdiction], whether or not the TIPS DCA holder acts through its head office or one or more branches established inside or outside of [jurisdiction] in submitting payment orders and receiving payments.

I. **Documents examined**

For the purposes of this Opinion, we have examined:

(1) a certified copy of the [specify relevant constitutional documents] of the TIPS DCA holder such as is/are in effect on the date hereof;

(2) [if applicable] an extract from the [specify relevant company register] and [if applicable] [register of credit institutions or analogous register];

(3) [to the extent applicable] a copy of the TIPS DCA holder's licence or other proof of authorisation to provide banking, investment, funds transfer or other financial services in [jurisdiction];

(4) [if applicable] a copy of a resolution adopted by the board of directors or the relevant governing body of the TIPS DCA holder on [insert date], [insert year], evidencing the TIPS DCA holder's agreement to adhere to the System Documents, as defined below; and

(5) [specify all powers of attorney and other documents constituting or evidencing the requisite power of the person or persons signing the relevant System Documents (as defined below) on behalf of the TIPS DCA holder];

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

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

(1) the Terms and Conditions for the Opening and Operation of a TIPS Dedicated Cash Account (TIPS DCA) in TARGET2-ECB dated [insert date] (hereinafter the 'Rules'); and

(2) […].

The Rules and the […] shall be referred to hereinafter as the 'System Documents' (and collectively with the TIPS DCA holder's Documents as the 'Documents').

II. **Assumptions**

For the purposes of this Opinion we have assumed in relation to the Documents that:

(1) the System Documents with which we have been provided are originals or true copies;

(2) the terms of the System Documents and the rights and obligations created by them are valid and legally binding under the laws of the Federal Republic of Germany by which they are expressed to be governed, and the choice of the laws of the Federal Republic of Germany to govern the System Documents is recognised by the laws of the Federal Republic of Germany;

(3) the TIPS DCA holder's Documents are within the capacity and power of and have been validly authorised, adopted or executed and, where necessary, delivered by the relevant parties; and

(4) the TIPS DCA holder's Documents are binding on the parties to which they are addressed, and there has been no breach of any of their terms.

III. **Opinions regarding the TIPS DCA holder**

A. The TIPS DCA holder is a corporation duly established and registered or otherwise duly incorporated or organised under the laws of [jurisdiction].

B. The TIPS DCA holder has all the requisite corporate powers to execute and perform the rights and obligations under the System Documents to which it is party.

C. The adoption or execution and the performance by the TIPS DCA holder of the rights and obligations under the System Documents to which the TIPS DCA holder is party will not in any way breach any provision of the laws or regulations of [jurisdiction] applicable to the TIPS DCA holder or the TIPS DCA holder Documents.

D. No additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any court or governmental, judicial or public authority that is competent in [jurisdiction] are required by the TIPS DCA holder in connection with the adoption, validity or enforceability of any of the System Documents or the execution or performance of the rights and obligations thereunder.

E. The TIPS DCA holder has taken all necessary corporate action and other steps necessary under the laws of [jurisdiction] to ensure that its obligations under the System Documents are legal, valid and binding.

This Opinion is stated as of its date and is addressed solely to the ECB and the [TIPS DCA holder]. No other persons may rely on this Opinion, and the contents of this Opinion may not be disclosed to persons other than its intended recipients and their legal counsel without our prior written consent, with the exception of the national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

[signature]

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TERMS OF REFERENCE FOR COUNTRY OPINIONS FOR NON-EEA TIPS DCA HOLDERS IN TARGET2

The European Central Bank

Director-General of the ECB's Directorate-General Payment Systems and Market Infrastructure

Sonnemannstrasse 22

60314 Frankfurt am Main

Germany

Participation in TARGET2-ECB

[location],

[date]

Dear Sir or Madam,

We have been asked as [external] legal advisers to [specify name of TIPS DCA holder or branch of TIPS DCA holder] (the 'TIPS DCA holder') in respect of issues arising under the laws of [jurisdiction in which the TIPS DCA holder is established; hereinafter the 'jurisdiction'] to provide this Opinion under the laws of [jurisdiction] in connection with the participation of the TIPS DCA holder in a system which is a component of TARGET2 (hereinafter the 'System'). References herein to the laws of [jurisdiction] include all applicable regulations of [jurisdiction]. We express an opinion herein under the law of [jurisdiction], with particular regard to the TIPS DCA holder established outside the Federal Republic of Germany 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 the Opening and Operation of a TIPS Dedicated Cash Account (TIPS DCA) in TARGET2-ECB dated [insert date] (hereinafter the 'Rules'); and

(2) any other document governing the System and/or the relationship between the TIPS DCA holder and other participants in the System, and between the participants in the System and the ECB.

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 the Federal Republic of Germany, by which they are expressed to be governed, and the choice of the laws of the Federal Republic of Germany to govern the System Documents is recognised by the laws of the Federal Republic of Germany;

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(3) the participants in the System through which any payment orders are sent or payments are received, or through which any rights or obligations under the System Documents are executed or performed, are licensed to provide funds transfer services, in all relevant jurisdictions; and

(4) the documents submitted to us in copy or as specimens conform to the originals.

3. **Opinion**

Based on and subject to the foregoing, and subject in each case to the points set out below, we are of the opinion that:

3.1. *Country-specific legal aspects [to the extent applicable]*

The following characteristics of the legislation of [jurisdiction] are consistent with and in no way set aside the obligations of the TIPS DCA holder arising out of the System Documents: [list of country-specific legal aspects].

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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 TIPS DCA holder's assets or any branch it may have in [jurisdiction] to which the TIPS DCA holder may become subject in [jurisdiction], are the following: [list proceedings in original language and English translation] (together collectively referred to as 'Insolvency Proceedings').

In addition to Insolvency Proceedings, the TIPS DCA holder, any of its assets, or any branch it may have in [jurisdiction] may become subject in [jurisdiction] to [list any applicable moratorium, receivership, or any other proceedings as a result of which payment orders to and/or from the TIPS DCA holder may be suspended, or limitations can be imposed in relation to such payment orders, or similar proceedings, 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].

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3.3. *Enforceability of System Documents*

Subject to the points set out below, all provisions of the System Documents will be binding and enforceable in accordance with their terms under the laws of [jurisdiction], in particular in the event of the opening of any Insolvency Proceedings or Proceedings with respect to the TIPS DCA holder.

In particular, we are of the opinion that:

3.3.a. *Processing of payment orders*

The provisions on processing of payment orders [list of sections] of the Rules are valid and enforceable. In particular, all payment orders processed pursuant to such sections will be valid, binding and will be enforceable under the laws of [jurisdiction]. The provision of the Rules which specifies the precise point in time at which payment orders become enforceable and irrevocable (Article 20) is valid, binding and enforceable under the laws of [jurisdiction].

3.3.b. *Authority of the ECB to perform its functions*

The opening of Insolvency Proceedings or Proceedings in respect of the TIPS DCA holder will not affect the authority and powers of the ECB arising out of the System Documents. [Specify [to the extent applicable] that: the same opinion is also applicable in respect of any other entity which provides the TIPS DCA holders with services directly and necessarily required for participation in the System, e.g. ►**M13** NSP ◄].

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

[Where applicable to the TIPS DCA holder, the provisions contained in Article 28 of the Rules regarding accelerated performance of claims which have not yet matured, the set-off of claims for using the deposits of the TIPS DCA holder, the enforcement of a pledge, suspension and termination of participation, claims for default interest, and termination of agreements and transactions (Articles 25 to 28) are valid and enforceable under the laws of [jurisdiction].]

3.3.d. *Suspension and termination*

Where applicable to the TIPS DCA holder, the provisions contained in Article 26 of the Rules (in respect of suspension and termination of the TIPS DCA holder's participation in the System on the opening of Insolvency Proceedings or Proceedings or other events of default, as defined in the System Documents, or if the TIPS DCA holder represents any kind of systemic risk or has serious operational problems) are valid and enforceable under the laws of [jurisdiction].

3.3.e. *Assignment of rights and obligations*

The rights and obligations of the TIPS DCA holder cannot be assigned, altered or otherwise transferred by the TIPS DCA holder to third parties without the prior written consent of the ECB.

3.3.f. *Choice of governing law and jurisdiction*

The provisions contained in Articles 31 and 34 of the Rules, and in particular in respect of the governing law, the resolution of a dispute, competent courts, and service of process are valid and enforceable under the laws of [jurisdiction].

3.4. *Voidable preferences*

We are of the opinion that no obligation arising out of the System Documents, the performance thereof, or compliance therewith prior to the opening of any Insolvency Proceedings or Proceedings in respect of the TIPS DCA holder may be set aside in any such proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

In particular, and without limitation to the foregoing, we express this opinion in respect of any transfer orders submitted by any participant in the System. In particular, we are of the opinion that the provisions of Article 20 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 Title IV of the Rules may not be set aside in any Insolvency Proceedings or Proceedings as a preference, voidable transaction or otherwise under the laws of [jurisdiction].

3.5. *Attachment*

If a creditor of the TIPS DCA holder seeks an attachment order (including any freezing order, order for seizure or any other public or private law procedure that is intended to protect the public interest or the rights of the TIPS DCA holder's creditors) — hereinafter referred to as an 'Attachment' — under the laws of [jurisdiction] from a court or governmental, judicial or public authority that is competent in [jurisdiction], we are of the opinion that [insert the analysis and discussion].

3.6. *Collateral [if applicable]*

3.6.a. *Assignment of rights or deposit of assets for collateral purposes, pledge and/or repo*

Assignments for collateral purposes will be valid and enforceable under the laws of [jurisdiction]. Specifically, the creation and enforcement of a pledge or repo under the Rules will be valid and enforceable under the laws of [jurisdiction].

3.6.b. *Priority of assignees', pledgees' or repo purchasers' interest over that of other claimants*

In the event of Insolvency Proceedings or Proceedings in respect of the TIPS DCA holder, the rights or assets assigned for collateral purposes, or

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pledged by the TIPS DCA holder in favour of the ECB or other participants in the System, will rank in priority of payment above the claims of all other creditors of the TIPS DCA holder and will not be subject to priority or preferential creditors.

3.6.c. *Enforcing title to security*

Even in the event of Insolvency Proceedings or Proceedings in respect of the TIPS DCA holder, other participants in the System and the ECB as pledgees will still be free to enforce and collect the TIPS DCA holder's rights or assets through the action of the ECB pursuant to the Rules.

3.6.d. *Form and registration requirements*

There are no form requirements for the assignment for collateral purposes of, or the creation and enforcement of a pledge or repo over the TIPS DCA holder's rights or assets and it is not necessary for the [assignment for collateral purposes, pledge or repo, as applicable], or any particulars of such [assignment, pledge or repo, as applicable,] to be registered or filed with any court or governmental, judicial or public authority that is competent in [jurisdiction].

3.7. *Branches [to the extent applicable]*

3.7.a. *Opinion applies to action through branches*

Each of the statements and opinions presented above with regard to the TIPS DCA holder applies with equal accuracy and validity under the laws of [jurisdiction] in situations where the TIPS DCA holder acts through its one or more of its branches established outside [jurisdiction].

3.7.b. *Conformity with law*

Neither the execution and performance of the rights and obligations under the System Documents nor the submission, transmission or receipt of payment orders by a branch of the TIPS DCA holder will in any respect breach the laws of [jurisdiction].

3.7.c. *Required authorisations*

Neither the execution and performance of the rights and obligations under the System Documents nor the submission, transmission or receipt of payment orders by a branch of a TIPS DCA holder will require any additional authorisations, approvals, consents, filings, registrations, notarisations or other certifications of or with any court or governmental, judicial or public authority that is competent in [jurisdiction].

This Opinion is stated as of its date and is addressed solely to the ECB and the [TIPS DCA holder]. No other persons may rely on this Opinion, and the contents of this Opinion may not be disclosed to persons other than its intended recipients and their legal counsel without our prior written consent, with the exception of the national central banks of the European System of Central Banks [and [the national central bank/relevant regulatory authorities] of [jurisdiction]].

Yours faithfully,

[signature]

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Appendix III

OPERATING SCHEDULE

1. The TIPS Platform is operated and available in U2A and A2A mode 24 hours a day, every day of the year.

2. After the completion of the last algorithms in TARGET2, a message is sent to the TIPS platform after which the change of business day is initiated. After the start of the new business day the TIPS Platform sends a record to the SSP of the balances on the TIPS DCAs as they stood at the time of the change of business day.

3. The SSP is operated on all days, except Saturdays, Sundays, New Year's Day, Good Friday and Easter Monday (according to the calendar applicable at the seat of the ECB), 1 May, 25 December and 26 December.

4. The reference time for the system is the local time at the seat of the ECB, i.e. CET ([1]).

5. The operating hours may be changed in the event that business continuity measures are adopted.

6. An overview of the operating hours and significant business events during the day is shown in the following table. Settlement of instant payment orders continues without interruption 24/7/365. Liquidity transfers are possible at all times except those indicated in the table:

SSP schedule		TIPS schedule (applicable to TIPS DCAs)	
Time	Description	Time	Description
6.45-7.00	Business window to prepare daytime operations ([1])		
7.00-18.00	Daytime processing		
17.00	Cut-off time for customer payments		
18.00	Cut-off time for interbank payments Cut-off time for liquidity transfers ([2])	18.00	Cut-off time for liquidity transfers ([2])
Shortly after 18.00	Completion of last algorithms		
Upon completion of last algorithms	Send message to TIPS to inform that change of business day can be performed	Upon receipt of message from SSP	- Change of business day in TIPS — Snapshot of balances on TIPS DCAs and generation of End-of-day files (General Ledger)
18.00-18.45 ([3])	End-of-day processing		
18.15 ([3])	General cut-off time for the use of standing facilities		

([1]) CET takes into account the change to Central European Summer Time.

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SSP schedule		TIPS schedule (applicable to TIPS DCAs)	
Time	Description	Time	Description
(Shortly after) 18.30 ([4])	Data for the update of accounting systems are available to CBs		
18.45-19.30 ([4])	Start-of-day processing (new business day)		
19.00 ([4]) -19.30 ([3])	Provision of liquidity on the PM account		
19.30 ([3])	'Start-of-procedure' message and settlement of the standing orders to transfer liquidity from the PM accounts to the subaccounts/technical account (ancillary system-related settlement) & Start of liquidity transfers between TARGET2 and TIPS	19.30	Start of liquidity transfers between TARGET2 and TIPS
19.30 ([4]) -22.00	Execution of additional liquidity transfers via the ICM for settlement procedure 6 real-time; execution of additional liquidity transfers via the ICM before the ancillary system sends the 'start of cycle' messages for settlement procedure 6 interfaced; settlement period of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced)		
22.00-1.00	Technical maintenance window ([5])	22.00-1.00	Liquidity transfers not possible as the SSP is closed
1.00-7.00	Settlement procedure of night-time ancillary system operations (only for ancillary system settlement procedure 6 real-time and settlement procedure 6 interfaced) Liquidity transfers between TARGET2 and TIPS		

([1]) 'Daytime operations' means daytime processing and end-of-day processing.
([2]) Liquidity transfers entered into the system before the cut-off time will be processed.
([3]) Ends 15 minutes later on the last day of the Eurosystem reserve maintenance period.
([4]) Starts 15 minutes later on the last day of the Eurosystem reserve maintenance period.
([5]) Over a weekend or on a holiday, the technical maintenance window will last throughout the weekend or the holiday, i.e., from 22.00 on Friday until 1.00 on Monday or, in the case of a holiday, from 22.00 on the last business day until 1.00 on the next business day.

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7. Up-to-date information on the operational status of the SSP and the TIPS Platform shall be available on the TARGET2 Information System (T2IS) and on the TIPS Information System on dedicated webpages on the ECB's website. The information on the operational status of the SSP and the TIPS Platform on T2IS and the ECB's website shall only be updated during normal business hours.

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Appendix IV

FEE SCHEDULE

Fees for the TIPS service

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

Tariff items	Price (*euro cent*)	Explanation
Settlement services		
Instant payment order	0,20	To be charged also for unsettled transactions
Recall request	0,00	
Negative recall answer	0,00	
Positive recall answer	0,20	To be charged to the holder of the Linked PM account associated with the TIPS DCA to be credited (also for unsettled transactions)

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

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