

Changes to legislation: There are currently no known outstanding effects for the Decision of the European Central Bank of 24 July 2007 concerning the terms and conditions of TARGET2-ECB (ECB/2007/7) (2007/601/EC), Division TITLE I. (See end of Document for details)

[^{F1}ANNEX II

[^{F3}TERMS AND CONDITIONS FOR THE OPENING AND OPERATION OF A T2S DEDICATED CASH ACCOUNT (T2S DCA) IN TARGET2]

Textual Amendments

- F1** Inserted by [Decision \(EU\) 2015/929 of the European Central Bank of 26 May 2015 amending Decision ECB/2007/7 concerning the terms and conditions of TARGET2-ECB \(ECB/2015/22\)](#).
- F3** Substituted by [Decision \(EU\) 2018/1625 of the European Central Bank of 8 October 2018 amending Decision ECB/2007/7 concerning the terms and conditions of TARGET2-ECB \(ECB/2018/24\)](#).

TITLE I

GENERAL PROVISIONS

Article 1

Definitions

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

- ‘[^{F2}Auto-collateralisation’ means intraday credit granted by the euro area national central bank (NCB) in central bank money triggered when a [^{F3}T2S DCA holder has insufficient funds to settle securities transactions, whereby such intraday credit is collateralised either with the securities being purchased (collateral on flow), or with securities already held by the T2S DCA holder] (collateral on stock). An auto collateralisation transaction consists of two distinct transactions, one 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,]
- ‘[^{F3}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 [^{F3}T2S DCA to PM liquidity transfer order], a [^{F3}PM to T2S DCA liquidity transfer order] or a [^{F3}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 [^{F3}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 [^{F3}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 [^{F3}T2S DCA] and a PM Account, or between two [^{F3}T2S DCAs],

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- ‘[^{F3}T2S DCA to PM liquidity transfer order]’ means the instruction to transfer a specified amount of funds from a [^{F3}T2S DCA] to a PM account,
- ‘[^{F3}PM to T2S DCA liquidity transfer order]’ means the instruction to transfer a specified amount of funds from a PM account to a [^{F3}T2S DCA],
- ‘[^{F3}T2S DCA to T2S DCA liquidity transfer order]’ means the instruction to transfer a specified amount of funds from (i) a [^{F3}T2S DCA] to a T2S DCA linked to the same Main PM account; or (ii) from a T2S DCA to a T2S DCA] held by the same legal entity,
- ‘[^{F2}Main PM account]’ means the PM account to which a [^{F3}T2S DCA] is linked and to which any remaining balance will be automatically repatriated at the end of the day,]
- ‘Standing liquidity transfer order’ means an instruction to transfer a specified amount of cash or ‘all cash’ available in the T2S DCA from a [^{F3}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 [^{F3}T2S DCA holder or central bank, in T2S and owned respectively by that T2S DCA holder or central bank, that T2S requires to process the transactional data related to that T2S DCA holder] or central bank,
- ‘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,
- ‘[^{F3}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,
- [^{F4}‘Contingency Solution’ means the SSP functionality that processes very critical and critical payments in contingency,]
- ‘credit institution’ means either: (a) a credit institution within the meaning of point (1) of Article 4(1) of Regulation (EU) No 575/2013 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);

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- (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) [^{F3}where the participant's credit balance on its PM account, T2S DCA or TIPS DCA or all or a substantial part of the participant's assets are subject to a freezing order, attachment, seizure or any other procedure that is intended to protect the public interest or the rights of the participant's creditors;]
 - (h) where participation of the participant in another TARGET2 component system and/or in an ancillary system has been suspended or terminated;
 - (i) where any material representation or pre-contractual statement made by the participant or which is implied to have been made by the participant under the applicable law is incorrect or untrue;
 - (j) the assignment of all or a substantial part of the participant's assets,
- ‘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,
 - ‘T2S network service provider’ means an undertaking that has concluded a licence agreement with the Eurosystem to provide connectivity services in the context of T2S,
 - ‘payee’, except where used in Article 28 of these Conditions, means a TARGET2 participant whose [^{F3}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 [^{F3}T2S DCA] will be debited as a result of a payment order being settled,
 - ‘payment order’ means a [^{F3}T2S DCA to PM liquidity transfer order], a [^{F3}PM to T2S DCA liquidity transfer order] or a [^{F3}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

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- 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 [^{F3}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,
 - ‘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,
 - ‘[^{F3}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 [^{F3}same-business day processing] of payments in TARGET2-ECB,
 - ‘available liquidity’ means the credit balance on the [^{F3}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 [^{F3}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 [^{F3}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[^{F3},]

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- [^{F5} [^{F6} ‘Information and Control Module (ICM)’ means the SSP module that allows PM account holders to obtain online information and gives them the possibility to submit liquidity transfer orders, manage liquidity and, if applicable, initiate backup payment orders or payment orders to the Contingency Solution in a contingency,]
- ‘ICM broadcast message’ means information made simultaneously available to all or a selected group of PM account holders via the ICM,
- ‘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,
- ‘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,
- ‘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.]

Textual Amendments

- F2** Substituted by Decision (EU) 2016/821 of the European Central Bank of 26 April 2016 amending Decision ECB/2007/7 concerning the terms and conditions of TARGET2-ECB (ECB/2016/9).
- F4** Inserted by Decision (EU) 2019/1848 of the European Central Bank of 29 October 2019 amending Decision ECB/2007/7 concerning the terms and conditions of TARGET2-ECB (ECB/2019/32).
- F5** Inserted by Decision (EU) 2018/1625 of the European Central Bank of 8 October 2018 amending Decision ECB/2007/7 concerning the terms and conditions of TARGET2-ECB (ECB/2018/24).
- F6** Substituted by Decision (EU) 2019/1848 of the European Central Bank of 29 October 2019 amending Decision ECB/2007/7 concerning the terms and conditions of TARGET2-ECB (ECB/2019/32).

Article 2

Scope

The present Conditions govern the relationship between the ECB and its [^{F3}T2S DCA holder] as far the opening and the operation of the [^{F3}T2S DCA] is concerned.

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Article 3

Appendices

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

^{F3} 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:
- 3 TARGET2 provides real-time gross settlement for payments in euro, with settlement in central bank money across PM accounts, T2S DCAs and TIPS DCAs. TARGET2 is established and functions on the basis of the SSP through which payment orders are submitted and processed and through which payments are ultimately received in the same technical manner. As far as the technical operation of the T2S DCAs is concerned, TARGET2 is technically established and functions on the basis of the T2S Platform. As far as the technical operation of the TIPS DCAs is concerned, TARGET2 is technically established and functions on the basis of the TIPS Platform.
- 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.
- 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.]]

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