

1. General Information		
<b>CR raised by:</b> T2S Project Team	<b>Institute:</b> ECB	<b>Date raised:</b> 27/11/08
<b>Change Request title:</b> Consistency change to include non-euro NCBs in the context of global cash monitoring		<b>CR ref. no:</b> T2S URD 136
<b>Change Request Classification:</b> Consistency <i>(Typo, Consistency, Clarification, Substance)</i>		<b>Status:</b> Approved by AG
<b>Change Type:</b> Clarification <i>(New Requirement/Modification/Deletion)</i>		<b>Requestor Category:</b> T2S Project Team <i>(User, 4CB, ECB T2S Project Team)</i>
<b>Chapter Number/Annexe Number</b> Chapter 6		<b>Req No: (If applicable)</b>
<b>Priority (S,H,M,L):</b> M		<b>Proposed implementation date/Release:</b>
<b>Description of requested change:</b> Section 6.3 on the NCBs' global cash monitoring should not contain references to any specific RTGS systems and the requirements should formulate exclusively what functionality T2S will provide to NCBs so that NCBs have the necessary information to perform global cash monitoring.		
<b>Reason for change and expected benefits/business case:</b> Section 6.3 must reflect that T2S will provide standardised functionality for global cash monitoring.		
<b>Submitted annexes / related documents:</b>		
<b>Proposed wording for the Change Request:</b> <ul style="list-style-type: none"> <li>The Section 6.3 - NCBs' global cash monitoring should be modified as follows:  This chapter contains user requirements to especially support needs with respect to monitoring euro liquidity. How the monitoring needs of non-euro NCBs for non-euro currencies can be supported will have to be investigated further in the next phase of the T2S project.</li> </ul> <p><b>6.3.1 Role of NCBs with respect to liquidity monitoring 1</b>  The specific role of NCBs in T2S is their function as provider of liquidity for securities settlement to be used for settling securities transaction (provision of central bank money). This section defines the specific functions that T2S shall provide to support global liquidity monitoring by NCBs. in order to make information available to monitoring and control tools used by NCBs for liquidity monitoring purposes.</p> <p><b>6.3.2 Framework for the user requirements related to liquidity monitoring</b>  The specific needs of NCBs with regard to monitoring have to be in line with the framework in the list below:  <sup>2</sup> An NCB will have access to information about the liquidity available on the cash accounts held by direct TARGET2 participants if the participants have opened the accounts with the relevant NCB. The access has to be possible for all cash accounts related to TARGET2 business as well as for dedicated T2S cash accounts.  <sup>2</sup> To meet the need for liquidity monitoring an overall view is needed. This means that information provided on liquidity must be based on information stemming from both T2S and TARGET2.  <sup>2</sup> Features available for liquidity monitoring purposes in TARGET2 should be enlarged and reused according to the additional needs stemming from T2S. Where necessary, additional monitoring features should be developed<sup>6</sup>.</p> <p><b>6.3.3 Features for liquidity monitoring</b>  With a view to the need of NCBs to perform liquidity monitoring at an overall level (see section 6.3.2), two monitoring screens in the ICM of TARGET2 were identified that need to be enlarged:  <sup>2</sup> Liquidity on CB Level;  <sup>2</sup> Reservations and Dedicated Liquidity.  In addition, there is a need to have an overview of the limits defined by an NCB with regards to the use of auto-collateralisation in T2S, and their utilisation.</p>		

~~Footnote 6 As well as information related to monitoring and individual information about the cash side of the credit institutions, the NCBs will have full access to information on instructions they sent to T2S as T2S participants. For example, they will have knowledge of instructions sent by them to T2S in order to sellback (return or unwind) repo transactions performed for intraday credit and monetary policy operations.~~

- The requirement T2S.06.470 (Total amount of liquidity available in T2S) should be modified as follows: In response to a query, T2S shall provide ~~make available to the monitoring and control tool of the~~ an NCBs with the total amount of liquidity available on the T2S dedicated cash accounts owned by payment banks and T2S parties ~~within the~~ in its sphere of responsibility. ~~of the respective NCB.~~
- The requirement T2S.06.480 (Total amount of predefined and standing liquidity transfer orders) should be modified as follows: In response to a query, T2S shall provide ~~make available to the monitoring and control tool of the~~ an NCBs with the overall amount of predefined liquidity transfer orders, and the overall amount of standing liquidity transfer orders defined by payment banks ~~within the~~ in its sphere of responsibility. ~~of the respective NCB.~~
- The requirement T2S.06.490 (Monitoring of limits to restrict the use of auto-collateralisation) should be modified as follows: In response to a query T2S shall provide ~~make available to the monitoring and control tools of the~~ NCBs with information about the limits they have defined for payment banks in order to restrict them in making use of auto-collateralisation in T2S.

~~T2S shall offer auto-collateralisation to facilitate settlement. In T2S, auto-collateralisation will be offered in order to facilitate the settlement process.~~ In order to limit the amount of liquidity that some specific participants in T2S can create through the use of auto-collateralisation, NCBs will have the possibility to define a limit per participant. This limit will be the maximum amount of liquidity that can be created in T2S through the use of auto-collateralisation for the respective participant.

**Outcome of meetings:**

\* SG meeting on 12 Jan 2009

Postponed to the next URM sub-group meeting due to the lack of time.

\* SG Meeting of 5/6 March 2009:

Recommendation to AG for approval

\* AG Meeting on 25 March 2009

Approved of SG recommendation