

TARGET2 Participation Framework



European Central Bank

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*In order to fulfil all markets participants needs a **wide range of possibilities** to join the TARGET2 system is foreseen!*

TARGET2 will offer fair and open access to the payment module

Ways to access the TARGET2 system:

- a. Direct participation
- b. Indirect participation
- c. Multi-addressee access
- d. Addressable BICS

Although TARGET2 will be legally constructed as a multitude of RTGS systems, the participation framework will be harmonised to the largest extend possible.

a) Direct participation

- **Technical and business characteristics**
 - RTGS account in the PM
 - sending/receiving payments directly to/from the PM
 - Access to real time information and control measures
 - Responsible for all payments sent on their account by any authorised entity

a) Direct participation

- Access criteria

- Supervised credit institutions established in the EEA (including branches)
- Investment firms established in the EEA
- Treasury departments of central or regional governments of Member States
- Public sector bodies of Member States authorised to hold accounts for customers
- Organisations providing clearing and settlement services
- Central banks of Member States

No additional financial or operational requirements
Capacity and country opinions may be required

b) Indirect participation

- **Technical and business characteristics**
 - No own RTGS account in the PM
 - Payments on behalf of the indirect participant are sent to the PM by the direct participant
 - Payments are settled on the account of the direct participant
 - Registered in the PM for the purpose of routing
 - Published in the T2 directory

b) Indirect participation

- Access criteria

- Only supervised credit institutions established in the EEA could become indirect participants
- Bilateral agreement with one direct participant
- Service level could be agreed between direct and indirect participants (recommendations for the SLA might be established by the Eurosystem)

c) Multi-addressee access

- **Technical and business characteristics**

- Members of “ a group” can directly send payments to the PM on one RTGS account
- Settlement is taking place on the RTGS account of one direct participant
- Access to real time information and control measures

c) Multi-addressee access

- Access criteria

- Credit institutions located in EEA which create “a group” according to the definition of the International Accounting Standards (IAS)
- Additional requirements:
 - A satisfactory legal opinion would be required from the branches located outside the EEA
 - Access by “network affiliations “, i.e. cooperative/savings banks, belonging to the same “group” is to be confirmed by the Governing Council.

d) Addressable Institutions/BICs

- **Technical and business characteristics**
 - Technical characteristics resemble those of indirect participants
 - No own RTGS account with the PM
 - Payments are sent/received the PM by the direct participant on the behalf of the addressable institution and settled on the direct participant's account
 - Published in TARGET2 Directory

d) Addressable Institutions/BICs

- Access criteria
 - Any direct participant's customer can become an addressable institution/BIC
 - No institutional, territorial or financial/administrative criteria
 - It is up to the direct participant marketing strategy to decide whether or not to offer such status
 - Addressable Institutions/BICs are not known to the system in a legal sense.

TARGET2 participation framework



Summary:

	Account in PM	Way to submit / receive payments	Settlement of payments	Subject to the system rules	Listed in TARGET2 directory
Direct participation	Yes	Directly	Own account in the PM	Yes	Yes
Multi-addressee access	No	Directly	Account of the direct participant	Yes	Yes
Indirect participation	No	Via direct participant	Account of the direct participant	Yes	Yes
Addressable BICs	No	Via direct participant	Account of the direct participant	No	Yes

Questions & Answers

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