General Information (Origin of Request)		
☒ User Requirements (URD) ☒ Other User Functional or Technical Documentation (SYS)		
Request raised by: 4CB	**Institute:** 4CB	**Date raised:** 21/12/2018
Request title: Automatic rebooking of failed outbound liquidity transfers		**Request ref. no:** T2S 0693 URD
Request type: Common	**Classification:** maintenance	**Urgency:** Normal
1. Legal/business importance parameter: Low	**2. Market implementation efforts parameter:** Low	
3. Operational/Technical risk parameter: Low	**4. Financial impact parameter:**	
Requestor Category: Eurosystem	**Status:** Withdrawn	

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Reason for change and expected benefits/business motivation:

In the course of the IAC Audit on Operation of Target2-Securities the MIB raised the request for a Change Request to align the behaviour of T2S to all Target Services (TARGET2/future RTGS, TIPS), as they should behave consistently with regards to rebooking in case of failed liquidity transfers between the RTGS and other Target Services.

T2S Outbound Liquidity Transfers allow the transfer of cash from the T2S Dedicated Cash Account of a participant (DCA in T2S) to a RTGS account (RTGSA in RTGS). This transfer is based on the execution of two "legs":

- A "T2S leg", debiting the participants DCA and crediting the RTGS Dedicated Transit Account in T2S of the corresponding currency.
- An "RTGS leg", debiting the T2S transit account in RTGS and crediting the RTGSA.

In exceptional conditions (i.e. if the RTGS is rejecting a liquidity transfer, e.g. due to the usage of an excluded or not valid RTGS Account), it could happen that the "RTGS leg" of the transfer cannot be executed, while the "T2S leg" was successfully executed. In this case the liquidity will be "trapped" on the transit account as the current T2S functionality does not envisage an automatic rebooking back to the DCA of the initiator. It is currently foreseen that such situation is managed manually, by reverting the liquidity transfer in T2S, involving contacts between the operational teams of T2S and of the respective RTGS System to secure the resolution process.

The present CR aims at increasing the resilience and consistency between the different TARGET Services and common components. (TIPS has already this functionality, and the future RTGS system as well) This will be reached by implementing an automatic solution for these liquidity movements, as T2S should automatically generate internal liquidity transfers debiting the RTGS Dedicated Transit Account and crediting the Payment Bank DCA, in case of RTGS rejections for an outbound liquidity transfer order.

Such immediate rebooking back to the relevant DCA (in case of RTGS rejection) will ensure that the transit accounts will be always in line.

In combination with the implemented CR 562 ("Overnight liquidity balance on the T2S Dedicated Cash Account in case of contingency scenario"), which allows that liquidity remains on T2S Dedicated cash accounts for the Business Day change, this CR will ensure that T2S keeps the liquidity on the responsible account.

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Description of requested change:

T2S should automatically generate internal liquidity transfers debiting the RTGS Dedicated Transit account and crediting the DCA in case T2S receives an RTGS answer with the utilisation of RTGS Rejection for an outbound liquidity transfer order

The related A2A reporting of this reversal Liquidity Transfer (camt.053 for cash related reports and camt.054 for real-time status updates on cash movements) should transport the following information to the involved parties (RTGS Dedicated Transit account holder and Payment Bank as owner of the credited DCA):

- Reversal Indicator to indicate that the cash booking reverts a previous booking
  Field Ntry/RvslInd could be used (currently pruned in camt.053 and camt.054)

Reference to the initial Liquidity Transfer which was rejected by the RTGS system Field Ntry/NtryDtls/TxDtls/Refs/ ClrSysRef could be used (already present in camt.053, pruned in camt.054)

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Submitted annexes / related documents:

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Proposed wording for the Change request:

URD

The requirement T2S.06.710 (Unsuccessful execution of liquidity transfer order) should be updated as follows:

Reference ID	T2S.06.710

T2S shall require a settlement status message with a reason to keep track of a failed execution of a liquidity transfer in an RTGS system. Upon receipt of the failure settlement status message from an RTGS system, T2S shall set the RTGS status of the liquidity transfer order in T2S and automatically rebook the liquidity from the RTGS transit account in T2S back to the T2S dedicated cash account.

UDFS

Update of Liquidity Management and message parts within the UDFS

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High level description of Impact:

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Outcome/Decisions:

* The initiator on 9 April 2020: The initiator withdrew CR-693.