Technical Details of Implementation of Change Request TIPS-0033

TECHNICAL WORKSHOP, 1 OCTOBER 2020

1	**Setup of reference data, including data related to ACHs**
2	**Funding/defunding of ACH technical accounts**
3	**New settlement scenarios with a focus on cross-ACH transactions**
4	**End-of-day reporting**
5	**Changes in TIPS messages**

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Reference Data management

- On the basis of the hierarchical party model, the Operator is the only party at level 1. All the Central Banks are level 2 parties and are responsible for the setup of reference data of level 3 parties, represented by Payment Banks and Ancillary Systems.

- Just as for Payment Banks, the relevant Central Bank must specify in the Common Reference Data Management (CRDM) common component whether an Ancillary System participates in TIPS, by means of the Party Service Link.

CR-0033

Party Service Link - TIPS

Ancillary System → Ancillary System

Party Service Link - TIPS

TIPS Participant

Payment Bank

Party Service Link - TIPS

Reachable Party

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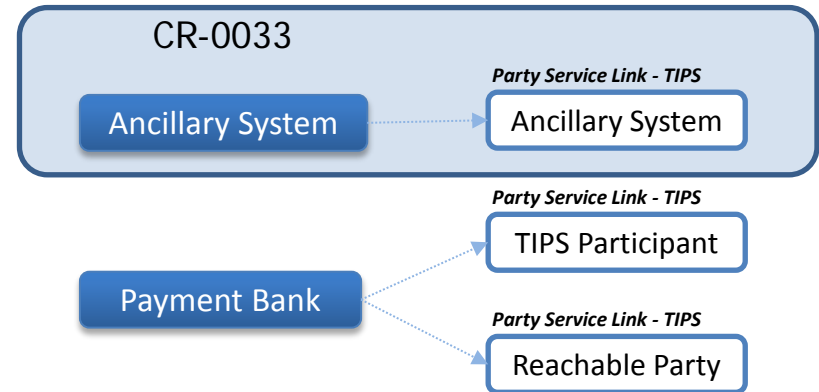
- Regarding the account structure:
    - a new type of Account is introduced in CRDM and propagated to TIPS
    - ACH is set up as account owner of TIPS AS Technical Account
    - CMBs can be used to segregate the access to the liquidity in the TIPS AS Technical Account
    - Authorised Account User on TIPS AS Technical Account will have to be configured for IP settlement
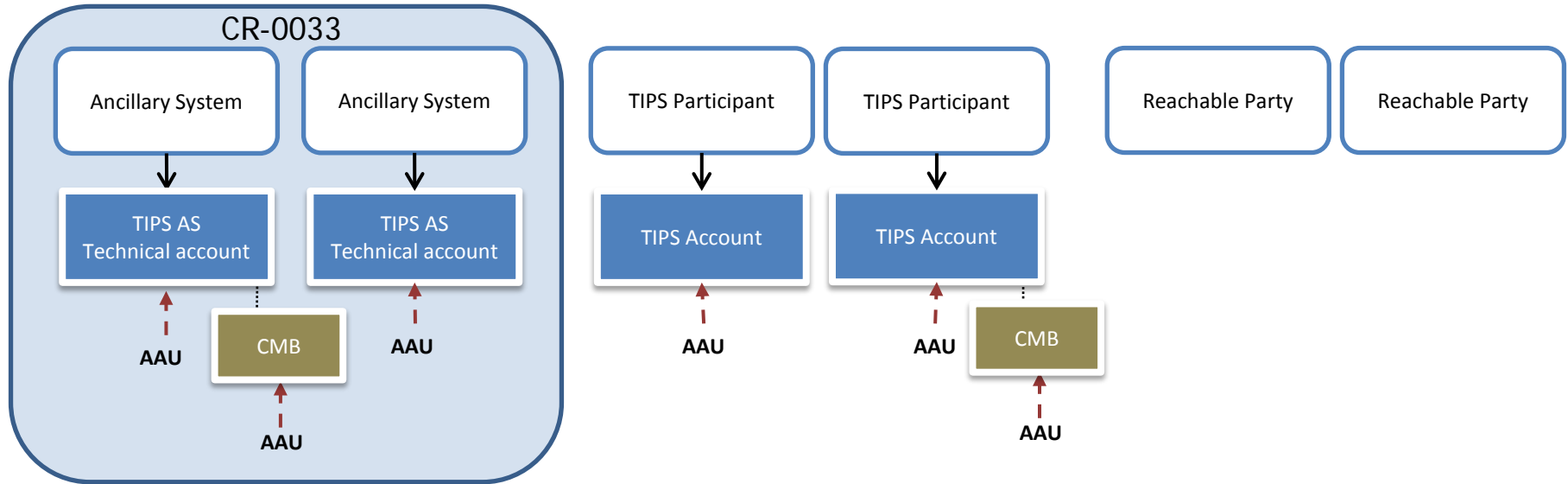
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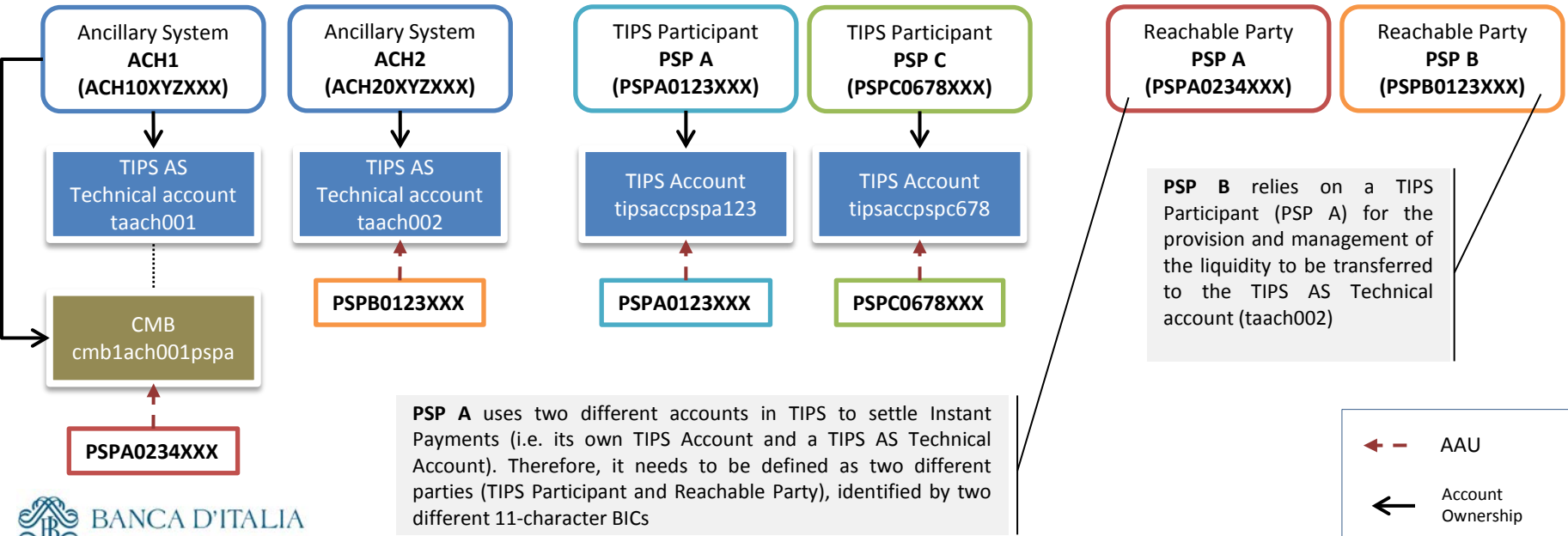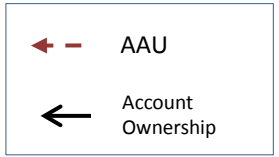| 1	**Setup of reference data, including data related to ACHs**
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The following scenarios related to <u>funding/defunding</u> of a TIPS AS Technical account and <u>settlement of instant payments</u> are based on the data constellation introduced below. The data constellation is depicted on the basis of the concept introduced in the first part of our presentation.

Ancillary System
ACH1
(ACH10XYZXXX)

Ancillary System
ACH2
(ACH20XYZXXX)

TIPS Participant
PSP A
(PSPA0123XXX)

TIPS Participant
PSP C
(PSPC0678XXX)

Reachable Party
PSP A
(PSPA0234XXX)

Reachable Party
PSP B
(PSPB0123XXX)

TIPS AS
Technical account
taach001

TIPS AS
Technical account
taach002

TIPS Account
tipsaccpspa123

TIPS Account
tipsaccpspc678

PSP B relies on a TIPS Participant (PSP A) for the provision and management of the liquidity to be transferred to the TIPS AS Technical account (taach002)

CMB
cmb1ach001pspa

PSPB0123XXX

PSPA0123XXX

PSPC0678XXX

PSPA0234XXX

PSP A uses two different accounts in TIPS to settle Instant Payments (i.e. its own TIPS Account and a TIPS AS Technical Account). Therefore, it needs to be defined as two different parties (TIPS Participant and Reachable Party), identified by two different 11-character BICs

◀ – – AAU

◀─── Account Ownership

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Data constellation (2/2)

| TIPS Participant **PSP D** (PSPD0123XXX) | TIPS Participant **PSP E** (PSPE0999XXX) | TIPS Participant **PSP F** (PSPF0222XXX) | Reachable Party **PSP G** (PSPG0234XXX) |

TIPS Account tipsaccpspd123

TIPS Account tipsaccpspe999

TIPS Account tipsaccpspf222

PSPD0123XXX

PSPE0999XXX
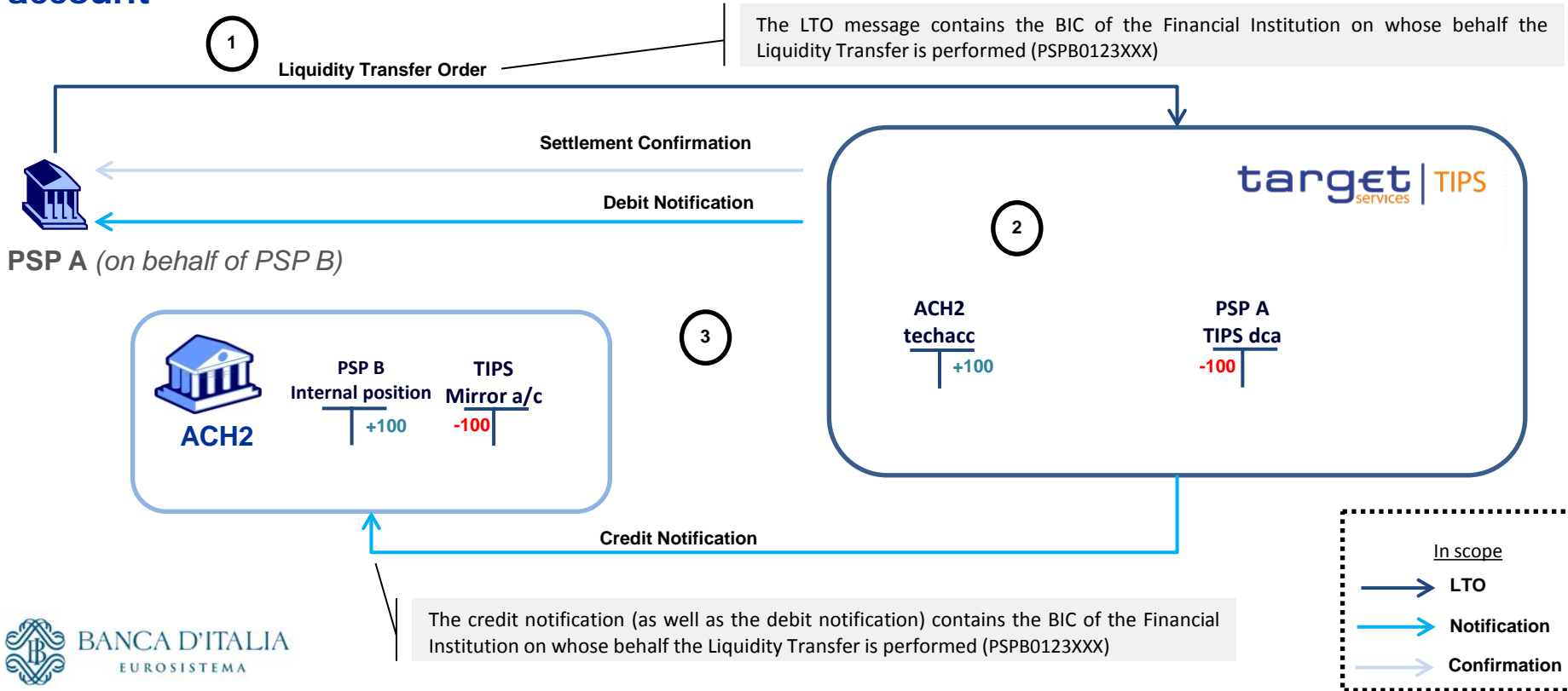
PSPG0234XXX

PSPF0222XXX

PSP D and **PSP G** have authorized **ACH1** to act on their behalf as Instructing Party

PSP E and **PSP F** have authorized **ACH2** to act on their behalf as Single Instructing Party
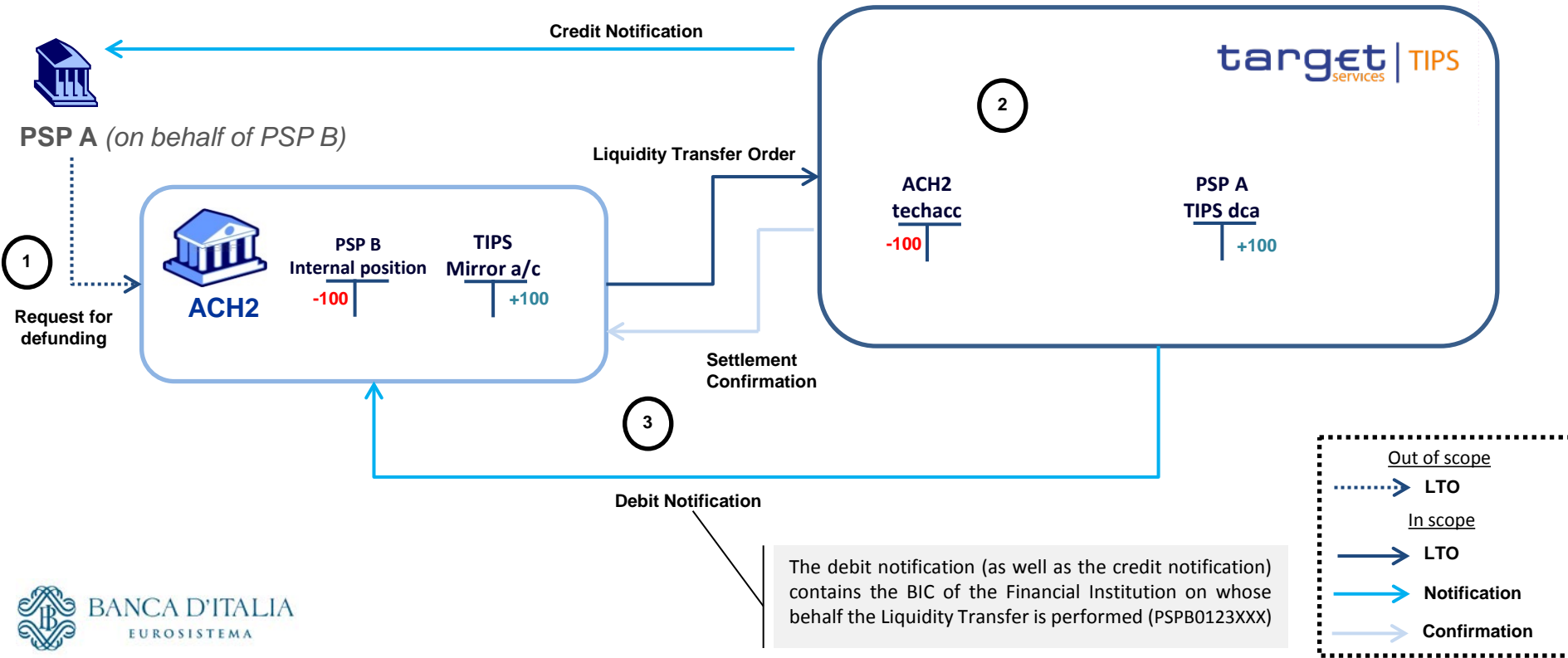
AAU

Account Ownership

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Intra-service liquidity transfer from a TIPS Account to a TIPS AS Technical account

1

Liquidity Transfer Order

The LTO message contains the BIC of the Financial Institution on whose behalf the Liquidity Transfer is performed (PSPB0123XXX)

Settlement Confirmation

Debit Notification

PSP A *(on behalf of PSP B)*

target | TIPS

2

ACH2
techacc
+100

PSP A
TIPS dca
-100

3

ACH2

PSP B
Internal position
+100

TIPS
Mirror a/c
-100

Credit Notification

The credit notification (as well as the debit notification) contains the BIC of the Financial Institution on whose behalf the Liquidity Transfer is performed (PSPB0123XXX)

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In scope
→ **LTO**
→ **Notification**
→ **Confirmation**

Intra-service liquidity transfer from an AS Technical account to a TIPS DCA

PSP A *(on behalf of PSP B)*

Credit Notification

target | TIPS

②

Liquidity Transfer Order

ACH2
techacc
-100

PSP A
TIPS dca
+100

①

Request for
defunding

ACH2

PSP B
Internal position
-100

TIPS
Mirror a/c
+100

Settlement
Confirmation

③

Debit Notification

The debit notification (as well as the credit notification) contains the BIC of the Financial Institution on whose behalf the Liquidity Transfer is performed (PSPB0123XXX)

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Out of scope
----► **LTO**
In scope
——► **LTO**
——► **Notification**
——► **Confirmation**

Intra-service liquidity transfer from a TIPS Account to an AS Technical account – Internal position of the ACH participant reachable in TIPS using a CMB

PSP A

(1) Liquidity Transfer Order

Settlement Confirmation

Debit Notification

target services | TIPS

(2)

ACH1 techacc	CMB PSP A	PSP A TIPS dca
+50	L= 50	-50
	H= 50	
	U= 0	

ACH1

(3)

PSP A Internal position	TIPS Mirror a/c
+50	-50

(4)

Credit Notification

Modify Limit

Receipt

In scope

→ LTO
→ Notification
→ Confirmation

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Intra-service liquidity transfer from a TIPS Technical account to a TIPS Account – Internal position of the ACH participant reachable in TIPS using a CMB
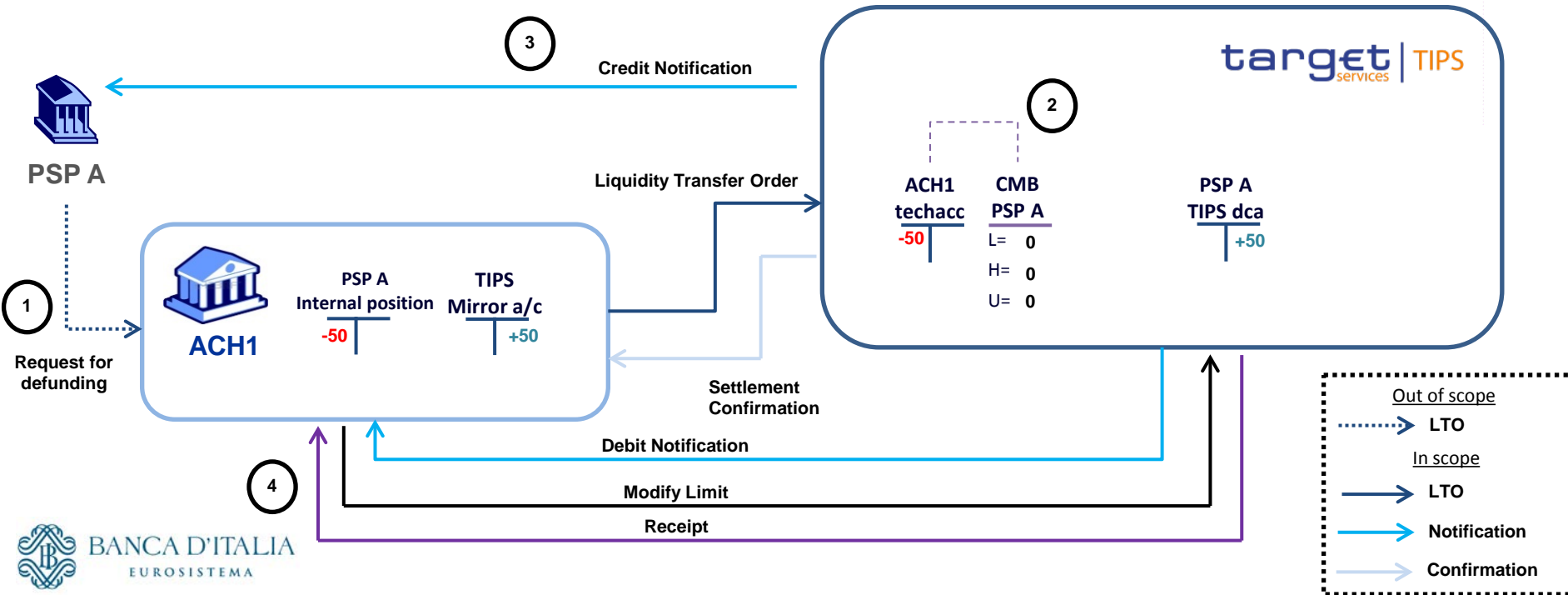
PSP A

(3) Credit Notification

target | TIPS

(2)

ACH1 techacc	CMB PSP A	PSP A TIPS dca
-50	L= **0**	**+50**
	H= **0**	
	U= **0**	

Liquidity Transfer Order

ACH1

PSP A Internal position	TIPS Mirror a/c
-50	**+50**

(1) Request for defunding

Settlement Confirmation

Debit Notification

Modify Limit

Receipt

(4)

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Out of scope
····▶ **LTO**

In scope
——▶ **LTO**

——▶ **Notification**

——▶ **Confirmation**

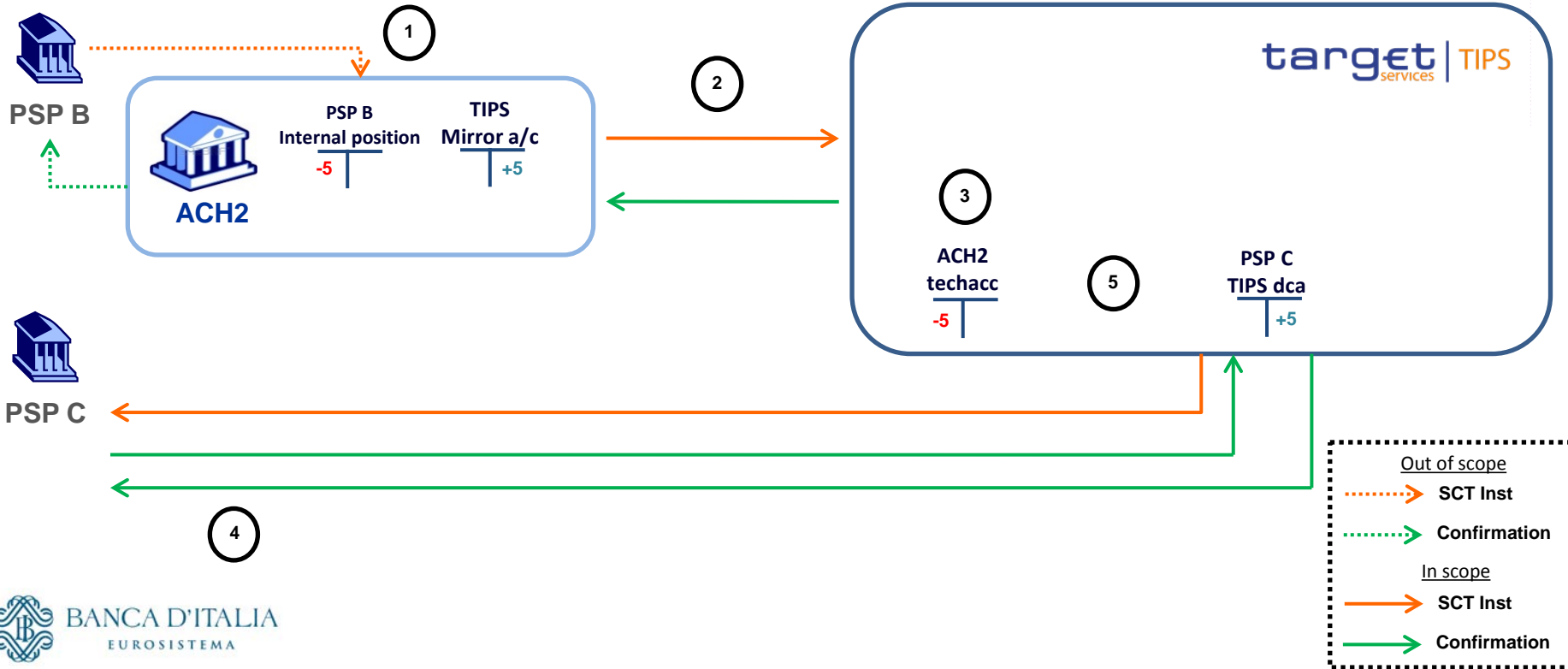| 1	**Setup of reference data, including data related to ACHs**
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Processing of instant payment in TIPS between two parties in two different ACHs (reachable in TIPS through TIPS AS Technical account*)
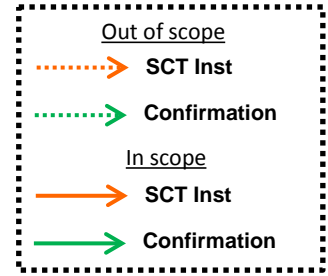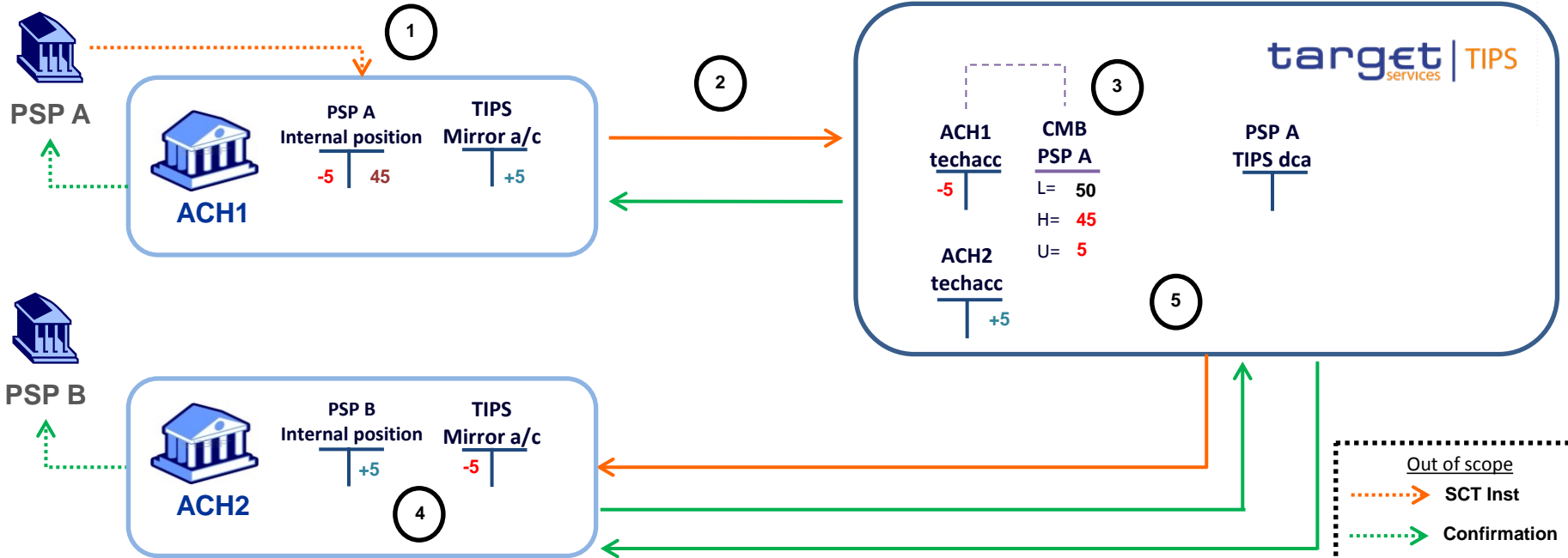

*Purely by way of example, PSP A is using a CMB. The usage of CMBs for settlement remains optional. Each ACH participant BIC can be authorised either on a TIPS AS Technical account or CMB (see next scenario).
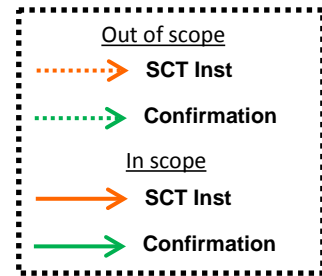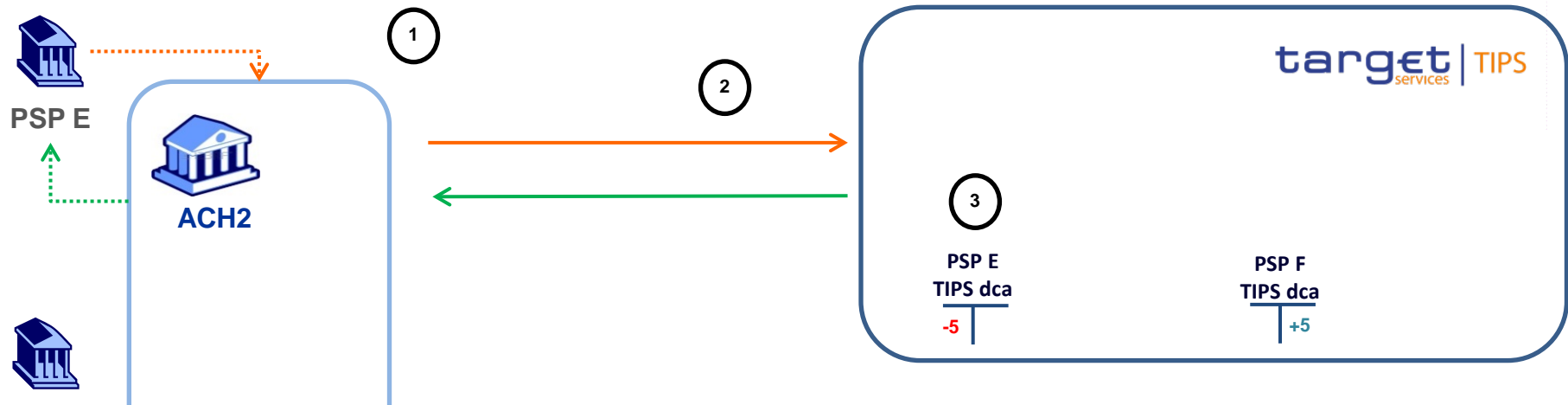
Processing of instant payment in TIPS between an ACH participant (reachable in TIPS through TIPS AS Technical account) and a TIPS Participant

PSP B

ACH2

PSP B Internal position	TIPS Mirror a/c
-5	+5

target | services | TIPS

ACH2 techacc	PSP C TIPS dca
-5	+5

PSP C

1 2 3 4 5

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Out of scope
⋯⋯▶ SCT Inst
⋯⋯▶ Confirmation

In scope
──▶ SCT Inst
──▶ Confirmation

Processing of instant payment in TIPS between two participants of the same ACH acting as Instructing Party
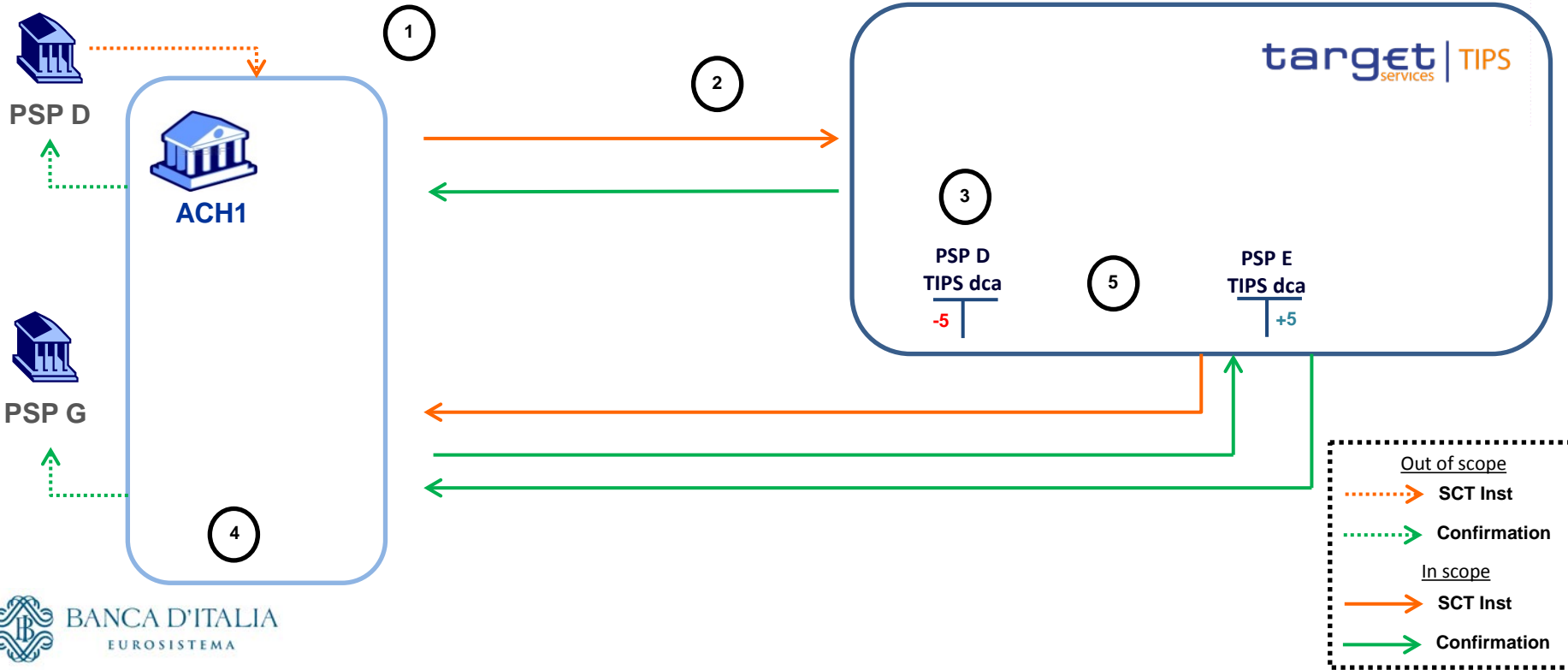
Processing of instant payment in TIPS between two participants of the same ACH acting as Single Instructing Party (SIP)
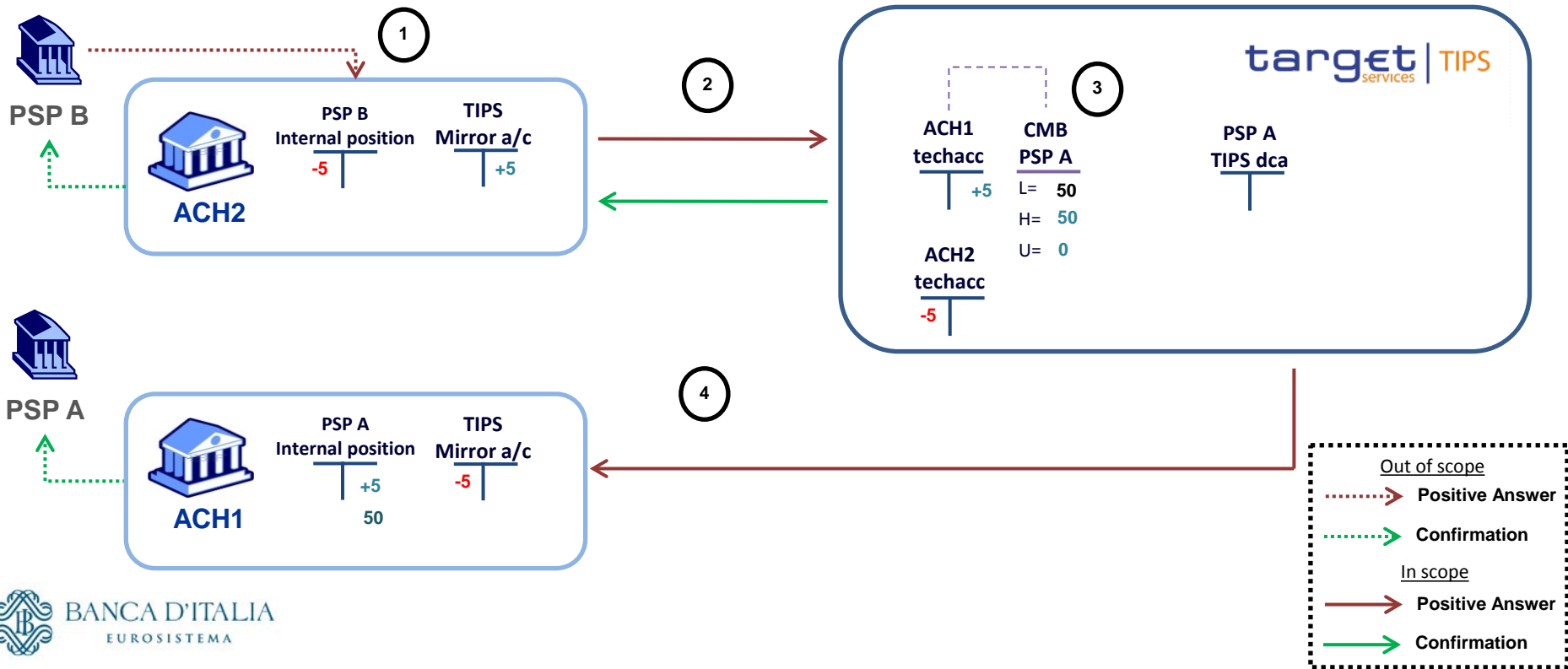

PSP E

ACH2

PSP F

target services | TIPS

①

②

③

PSP E
TIPS dca
-5

PSP F
TIPS dca
+5

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Out of scope
┄┄► **SCT Inst**
┄┄► **Confirmation**
In scope
──► **SCT Inst**
──► **Confirmation**

Processing of recall answer between two participants of two different ACHs (1)

PSP A   **ACH1**   **target** | TIPS   **ACH2**   **PSP B**

┈┈┈▶ **Recall Request (Out of scope)**

TIPS receives a recall request sent by ACH 1 on behalf of PSP A. PSP A is the Originator Bank of a previously settled transaction that requests the refund of the amount of that said transaction. The request is forwarded by TIPS directly to ACH2 (acting as Instructing Party on behalf of PSP B, which is the relevant Beneficiary bank).

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Processing of recall answer between two participants of two different ACHs (2)

PSP B

ACH2
- PSP B Internal position: **-5**
- TIPS Mirror a/c: **+5**

① ② ③

target|TIPS

ACH1 techacc: **+5**

CMB PSP A
- L= **50**
- H= **50**
- U= **0**

PSP A TIPS dca

ACH2 techacc: **-5**

PSP A

ACH1
- PSP A Internal position: **+5**
- TIPS Mirror a/c: **-5**
- **50**

④

Legend:
- *Out of scope*
  - **Positive Answer** (dotted red arrow)
  - **Confirmation** (dotted green arrow)
- *In scope*
  - **Positive Answer** (solid red arrow)
  - **Confirmation** (solid green arrow)

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No change foreseen in the structure of the EOD Reports.

Information about AS Technical Accounts will be reported in addition.

In particular:

- *TIPS Directory* will include authorised BICs on AS Technical Accounts;

- *General Ledger* will include TIPS AS Technical Accounts under the CB scope and related to the currency managed by the RTGS;

- *Reports (camt.052/camt.053)* will be sent also to ACH in order to obtain information on AS Tech. Accounts (upon subscription); camt.053 usage will be adapted to report Intra-service LTs.

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In order to make available the Payment Transaction Status query also in A2A mode for monitoring and reconciliation purposes, *camt.005* and *camt.006* messages will be supported by TIPS as for TIPS 0039 URD.

No changes on xsd for messages currently managed by TIPS. Only message usages will be updated in order to correctly manage the ACH business cases related to AS Technical Accounts.

In particular:

- *camt.050/camt.025*, for the usage in Intra-service liquidity transfer scenario;

- *camt.054*, to correctly report information related to Intra-service LTs;

- *camt.003/camt.004*, to allow the query functionality also to ACH for their Account/CMBs balances;

- *camt.011*, to allow the modify limit functionality to ACH;

- *acmt.015/acmt.010/acmt.011*, to allow the change of the blocking status of an AS Technical Account;

- *reda.022/reda.016,* to allow the change of the blocking status of an ACH.

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