Functional topic: Standing Orders

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Liquidity management tools

- Reservations

- Bilateral and Multilateral Limits

- Rule-based liquidity transfers

- Automated liquidity transfers

- "AS-related" standing order liquidity transfers funding sub-accounts or AS technical accounts

- <u>"non-AS-related" standing orders liquidity transfers</u>

Key features of standing orders liquidity transfers

- Maintained in CRDM

- Debit a CLM, RTGS or T2S account

- Credit a CLM, RTGS, T2S or TIPS account

- T2 standing orders triggered by a business day (or AS procedure) event

- Settle partially in case of missing liquidity

  - No retry

  - Pro-rata settlement amount in case several orders compete for liquidity on the same account

Scheduling T2 liquidity transfer orders

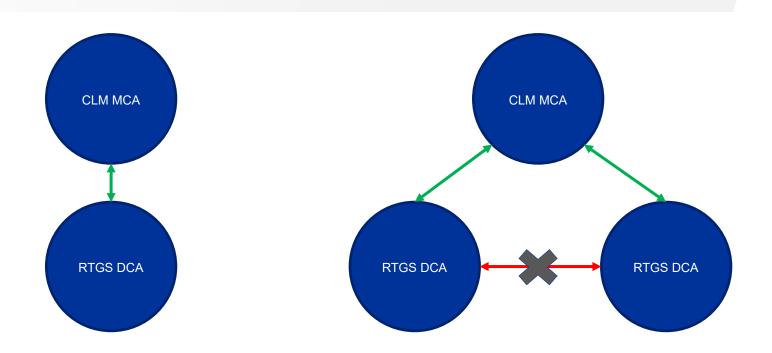| CLM Event	RTGS Event	Scheduled time
CESO		19.30 After settlement of reimbursement and interests of standing facilities
	RESO	> 19.30 After settlement of automated LTs from RTGS to CLM and CESO LTs from CLM to RTGS
	RRII RSIC	02.30
CCII		18.00
	RLSO	> 18.00 After last RTGS settlement attempt

T2 vs T2S standing orders

Unlike in T2:

- ✓ There are no "predefined liquidity transfer orders" in T2

- ✓ There are no "all cash" standing orders in T2

- ✓ T2 standing orders are triggered only by a business day (or AS procedure C/D) events, not by time

Liquidity sweeps?

- Liquidity sweeps are *not* needed: liquidity can stay overnight in any CLM,T2S,TIPS, or RTGS account

- Through tools like automated or rule-based liquidity transfers, liquidity in CLM and RTGS can be managed as "one bucket" to a certain extent

- In general, CLM is the liquidity pivot: rule-based liquidity transfers rely on CLM liquidity, they do not work between two DCAs.

- Liquidity *can* be swept from RTGS through a standing order with a large amount exceeding the account balance, which will partially settle

- A liquidity transfer from CLM with a large amount exceeding the account cash balance would use the credit line

Automated and rule-based liquidity transfers

Questions?

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Focus Session T2-T2S Consolidation Project

Annex 1: pro-rating example

- MCA B has a 100 EUR balance and no credit line

- MCAs B, C, D and E belong to the same liquidity transfer group

- 3 standing orders are scheduled to debit MCA B at CESO:
  - 30 EUR to MCA C
  - 50 EUR to MCA D
  - 120 EUR to MCA E

- Total amount to be debited = 200 EUR, vs 100 EUR balance of MCA B

- The following amounts will be settled:
  - 15 EUR to MCA C
  - 25 EUR to MCA D
  - 60 EUR to MCA E

Annex 2: references

- [CRDM UHB](#): 2.3.2.8, 2.3.2.9 and 2.3.2.10
- [CLM UDFS](#): 4.4, 4.5 and 5.4.2
- [RTGS UDFS](#): 4.4, 4.5 and 5.5.2
- [Explainer](#) on automated and rule-based liquidity transfers