



EUROPEAN CENTRAL BANK

EUROSYSTEM

T2S CHANGE REQUEST FORM		
General Information (Origin of Request) <input checked="" type="checkbox"/> User Requirements (URD) or GUI Business Functionality Document (BFD) <input type="checkbox"/> Other User Functional or Technical Documentation (SYS)		
Request raised by: Eurosystem	Institute: 4CB	Date raised: 21/11/2023
Request title: Mandatory Cash Sweep for closed cash accounts with remaining Liquidity at EOD		Request No.: T2S-0813-URD
Request type: Common	Classification: Scope enhancement	Urgency: Normal
1. Legal/business importance parameter¹:		2. Market implementation efforts parameter²:
3. Operational/Technical risk parameter³:		4. Financial impact parameter⁴: (provided by 4CB)
Requestor Category: 4CB		Status: Registered

Reason for change and expected benefits/business motivation:

For liquidity purposes T2S dedicated cash accounts belonging to a Payment Bank or a CB are setup in T2S. Accounts which are no longer required can be closed via a CRDM update. It is possible to close an account for the current or a future business day. If the account is closed for the current business day ('Valid to' = 'Current Business day') it will become closed only when the business day is changed because from the closure time until the end of that current business day, the account will still be active.

At the moment, it is also possible to close accounts with a balance deviating from 0. When the mandatory cash sweep was in place, the balances were reimbursed automatically.

Since the introduction of the optional cash sweep, it is possible to hold liquidity overnight in T2S. Thus, an account can have a balance deviating from 0 on the next business day, even though it was closed on the previous business day.

One consequence is that this leads to a misalignment of the General Ledger file between T2 and T2S, resulting in a blocking condition. Last level intervention is needed to align the General Ledger File.

This change request foresees to automatically empty all closed T2S dedicated cash accounts and send the remaining cash to the responsible CB account for the Payment Bank. For the case of closed T2S CB accounts, the change request foresees to empty the CB account and send the liquidity to the CBs T2-CLM Account.

Description of requested change:

All closed T2S dedicated cash accounts should have a balance of 0 to avoid any remaining balance leading to mismatches in the General Ledger file and a blockage of the Business Day.

Generally, every Central Bank or Payment Bank is first and foremost responsible for emptying their respective accounts upon closure. For the case this cannot be ensured, T2S will implement a mandatory cash transfer for closed accounts for each currency.

This means that T2S will automatically check with a new event after the Liquidity Transfer cut-off all closed T2S dedicated cash accounts and Central Bank accounts for remaining balances at the end of day. In case the balance deviates from 0, it will automatically be balanced. To ensure no accounts are closed after the checks, leading to remaining liquidity, it will also no longer be possible to close an account on the same business day when the End of Real Time Settlement procedures for that business day have started.

For Payment Banks, the balance will be reimbursed to the respective Central Bank account.

In case a Central Bank account on T2S side is to be closed, the remaining liquidity will be transferred to the respective accounts on T2 side. If a negative balance is detected, T2S will use the Liquidity Pull Request described in T2S CR 720 'Optional inbound liquidity transfer in case of negative NCB account balance at liquidity cut-off'.

¹ Legal/business importance parameter was set to [...] because [...]

² Market implementation effort parameter was set to [...] because [...]

³ Operational/technical risk parameter was set to [...] because [...]

⁴ Low < 100kEUR < Low-Medium < 200 kEUR < Medium < 400kEUR < High < 700kEUR < Very high

If a Payment Bank Dedicated Cash Account and a Central Bank Cash Account are to be closed on the same day, the accounts of Payment Banks will be emptied first, then the accounts of Central Banks.

Submitted annexes / related documents:

Outcome/Decisions:

*CRG on 3 April 2024: the CRG agreed to launch the preliminary assessment of CR-813.

Documentation to be updated:

Preliminary assessment:

Detailed assessment:
