ECB
DG-MIP
T2-T2S Consolidation

Usage of certain terms in the context of the T2-T2S Consolidation project

TARGET Consolidation Contact Group

8th meeting, 04 December 2018

Introduction

- In parallel to the market consultation on CLM and RTGS UDFS v0.4, the ECB invited the participants of TCCG and TSWG as well as the wider community to share their views on the usage of terms
  - Rejection
  - Revocation
  - Cancellation
  - Recall

- The proposed definitions were proposed the be applied both
  - In the context of the T2-T2S Consolidation project
  - In the context of the future legal framework for the introduced T2 service

Updated approach, 1/2

- By the deadline, the ECB received feedback from 8 institutions

- The feedback was either
  - Supportive to the proposal with further suggestions to improve the wording
  - Challenging the usage of proposed definitions of terms "revocation" and "cancellation" both in legal and functional documents, as the legal definition shall follow the SFD when defining the legal "moment of irrevocability"
  - Proposing an alternative term for the proposed definition and example

- In light of the received feedback, the ECB decided to:
  - Rename "revocation" as "withdrawal" and "cancellation" as "revocation"
  - Introduce further clarifications to the functional definitions of the terms

Updated approach, 2/2

target services

Term	Definition
Withdrawal	Action to invalidate the operation by removing the order or data update before it is confirmed by an authorised user for further processing (i.e. operation not released)
Rejection	Action by the system to stop processing a cash transfer order before it is settled, due to the non-fulfilment of technical and/or business conditions
Revocation	Action to stop the settlement of an order once it passed the technical and business validations conducted by the system and is released for further processing and irrespective whether unsuccessful settlement attempts have taken place previously
Recall	Action to request the receiver of a payment to return the already settled amount

Scenarios

Term	Definition	Scenario
Withdrawal	Action to invalidate the operation by removing the order or data update before it is confirmed by an authorised user for further processing (i.e. operation not released)	An authorised user, as the 2nd pair of eyes/ validator in 4-eyes approval process in U2A mode via GUI, requests to withdraw • a cash transfer order • a file
Rejection	Action by the system to stop processing a cash transfer order before it is settled, due to the non-fulfilment of technical and/or business conditions	The system rejects a cash transfer order because of • failed technical or business validations • during the End of Day procedure (due to insufficient liquidity) The system rejects an AS file because of • failed technical or business validations • reaching the End of Day procedure • due to insufficient liquidity on settlement banks' accounts at the end of AS settlement period or at the end of AS settlement cycle
Revocation	Action to stop the settlement of an order once it passed the technical and business validations conducted by the system and is released for further processing and irrespective whether unsuccessful settlement attempts have taken place previously.	An authorised user requests a revocation of • a pending or warehoused payment order • a pending AS file
Recall	Action to request the receiver of a payment to return the already settled amount	If the underlying payment is already settled in the system, the system forwards the request from the sender of the payment to its receiver for recalling the settled amount (i.e. step 2 in processing of camt.056 'FIToFIPaymentCancellationRequest')

Next Steps

- The TCCG is invited to share their views on the new definitions

- The definitions will be implemented in
  - The RTGS and CLM UDFS v 1.1
  - The URD for the T2-T2S Consolidation v1.3

Thank you for the attention!

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