



EBA CLEARING

---

---

RT1 PFMI Disclosure Report

Classification: Public

# **RT1 PFMI Disclosure Report EBA CLEARING**

9 September 2021

Copyright © EBA CLEARING S.A.S. 2021. All rights reserved.

## I. General information

### **Responding institution:**

ABE CLEARING S.A.S. à capital variable (trading as EBA CLEARING).

### **Registered office:**

40 Rue de Courcelles, 75008 Paris, France. RCS Paris 419 020 193. Authorised share capital: €200,000.

### **Jurisdiction(s) in which the FMI operates:**

EU

### **Authority(ies) regulating, supervising or overseeing the FMI:**

RT1 is overseen by the European Central Bank (ECB) as lead overseer, with the involvement of the national central banks of the Eurosystem.

RT1 is classified as an *Other Retail Payment System* (ORPS).

The list of payment systems in the eurozone and their classification can be found at: <https://www.ecb.europa.eu/paym/pol/activ/systems/html/index.en.html>.

The date of this disclosure is 9 September 2021.

This disclosure can also be found at <https://www.ebaclearing.eu/about-eba-clearing/at-a-glance/reference-documents/>

For further information, please contact [regulatory@ebaclearing.eu](mailto:regulatory@ebaclearing.eu).

## II. Executive summary

EBA CLEARING is a provider of pan-European payment infrastructure solutions. Founded in 1998 by 52 banks, the Company is owned by 48 of the major banks operating in Europe and is based on a country-neutral governance model. The payment systems of EBA CLEARING are pan-European by design and desire: they are developed in line with the Company's multinational user community's needs and in close co-operation with best-of-breed technology partners.

EBA CLEARING aims to allow cost optimisation for its users and does not seek profit or shareholder value maximisation. In pursuing its mission, EBA CLEARING is guided by the objective to offer its users solutions that are fit for purpose and efficient, with a special focus on safety and ensuring compliance with regulatory and oversight requirements. EBA CLEARING recognises its role in supporting financial stability and promoting fair and efficient markets; it is committed to discharging these responsibilities.

In consultation with its users, EBA CLEARING concluded in 2014 that a pan-European, collaborative approach would be best for developing an instant payment infrastructure. Confirmed by the Euro Retail Payments Board's call for a pan-European instant payment solution in December 2014, EBA CLEARING launched a task force in February 2015.

The task force included over 20 representatives of infrastructure service users from across Europe. The aim of the task force was to create the roadmap for delivering a pan-European infrastructure solution and a blueprint outlining its requirements.

By April 2016, EBA CLEARING was able to formally kick off the development and implementation of the instant payment project with the support of close to 40 funding institutions.

RT1 was launched in 2017. RT1 is a payment infrastructure service for the processing of SEPA Instant Credit Transfers (SCT Inst) at a pan-European level. The payment system operates around the clock every day of the year.

RT1 supports payment service providers in transferring euro transactions between payment accounts in a few seconds end to end, with immediate availability of the payment amount to the beneficiary.

Financial institutions from all over Europe can use RT1 for any payment product in euro that is fully compliant with the SCT Inst Scheme of the European Payments Council (EPC) and is in line with the ISO 20022 global messaging standards for real-time payments.

Since its launch in November 2017, RT1 has extended instant payment reach to over 99% of the account-servicing payment service providers (ASPSPs) adhering to the SCT Inst Scheme. The overall reach of the service has continued to grow in line with the rising SCT Inst adoption rate across Europe. At the time of publication, RT1 has almost 80 participants across Europe and extends reach to over 2,000 APSPs from 25 different SEPA countries.

The RT1 System is governed by the RT1 System documentation, including in particular the RT1 Rules and Regulations. The RT1 Rules and Regulations comprehensively cover the rights and obligations arising from participation in the system. The RT1 System Documentation is governed by German law.

The Principles for Financial Market Infrastructures (PFMIs), issued by the Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO), are the international standards for financial market infrastructures, i.e. payment systems, central securities depositories, securities settlement systems, central counterparties and trade repositories.

In the EU, the PFMIs are implemented through the ECB Regulation on oversight requirements for systemically important payment systems (SIPS) (the SIPS Regulation)<sup>1</sup> and the revised oversight framework for retail payment systems (RPSs).<sup>2</sup> This latter framework divides retail payments systems into different categories, based on the systemic importance, location and market share of the payment system. In accordance with this framework, the ECB classified RT1 as an Other Retail Payment System (ORPS) in 2017. As the operator of RT1, EBA CLEARING must comply with certain PFMIs.<sup>3</sup>

**Section III** provides an overview of EBA CLEARING. **Section IV** describes RT1. **Section V** provides links to RT1 statistics. **Section VI** details envisaged changes to the system, as of the date of this disclosure.

**Section VII** contains a Principle-by-Principle narrative disclosure summarising EBA CLEARING's compliance with the applicable PFMIs.

Finally, **Section VIII** provides links to additional public references and resources.

---

<sup>1</sup> Regulation of the European Central Bank (EU) No 795/2014 of 3 July 2014 on oversight requirements for systemically important payment systems.

<sup>2</sup> [https://www.ecb.europa.eu/pub/pdf/other/Revised\\_oversight\\_framework\\_for\\_retail\\_payment\\_systems.pdf](https://www.ecb.europa.eu/pub/pdf/other/Revised_oversight_framework_for_retail_payment_systems.pdf)

<sup>3</sup> EBA CLEARING is also required to comply with the SIPS Regulation, as the operator of EURO1 and STEP2-T. EBA CLEARING has published separate disclosure reports on its website for each of these payment systems.

### III. Overview of the FMI

#### a. General description of the FMI and the markets it serves

EBA CLEARING is a provider of pan-European payment infrastructure solutions. Founded in 1998 by 52 banks, the Company is owned by 48 of the major banks operating in Europe and is based on a country-neutral governance model. The payment systems of EBA CLEARING are pan-European by design and desire: they are developed in line with the Company's multinational user community's needs and in close co-operation with best-of-breed technology partners.

EBA CLEARING's mission is to deliver market infrastructure solutions for the pan-European payments industry, to support its users' needs in line with user requirements. The strategic aims of the Company are to ensure a pan-European and country-neutral approach for the development and delivery of infrastructure solutions, thereby ensuring excellence and robustness in delivering its services. EBA CLEARING maintains its track record of timely delivery of user-driven solutions responding to evolving and new demands for infrastructure solutions, thereby demonstrating its openness to stakeholders' needs and agility in its role as a market infrastructure solutions provider.

EBA CLEARING aims to allow cost optimisation for its users and does not seek profit or shareholder value maximisation. In pursuing its mission, EBA CLEARING is guided by the objective to offer its users solutions that are fit for purpose and efficient, with a special focus on safety and ensuring compliance with regulatory and oversight requirements. EBA CLEARING recognises its role in supporting financial stability and promoting fair and efficient markets; it is committed to discharging these responsibilities.

EBA CLEARING manages two Systemically Important Payment Systems: EURO1 and STEP2-T.

EURO1, launched in 1999, is a large-value payment system for single same-day euro transactions at a pan-European level. The EURO1 system processes transactions of high priority and urgency, and primarily of large amount, both at a domestic and at a cross-border level.

Since 2003, EBA CLEARING has managed and operated the STEP2-T system, a pan-European Automated Clearing House (ACH) for retail payments in euro, which offers SEPA services since January 2008. Today, the STEP2-T system extends SEPA-wide reach close to 4,800 financial institutions through its SEPA services and is one of the key euro retail payment systems in Europe.

Leveraging the STEP2-T infrastructure, EBA CLEARING also offers the STEP2 Card Clearing Service (STEP2-CC), a dedicated system for the clearing and settlement of pre-authorised card-based transactions based on the SEPA Card Clearing Framework. It is currently used for clearing and settling debit card transactions under the German girocard scheme.

In 2017, with the support of 39 funding institutions from across SEPA and its technology partner SIA, EBA CLEARING implemented RT1, a pan-European real-time payment system for euro transactions. The system is open to any account-servicing payment

service provider (AS-PSP) adhering to the EPC's SCT Inst Scheme and has handled instant payments in line with the scheme since its launch.

## **b. General organisation of the FMI**

EBA CLEARING was created in the form of a *société par actions simplifiée* under French law, registered with the Paris Trade and Company Register (RCS Paris). Its head office is in Paris, France.

The by-laws of EBA CLEARING as amended with effect as of 5 March 2021, are publicly available on the website of EBA CLEARING at <https://www.ebaclearing.eu/about-eba-clearing/at-a-glance/reference-documents/>.

EBA CLEARING currently has 48 shareholders. Each shareholder holds one share and has one vote at the Shareholders Meeting. The list of shareholders is publicly available on the website of EBA CLEARING at <https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/the-shareholders/>.

The Board is responsible for setting the strategic direction, overseeing management and adequately controlling the Company, with the ultimate aim of directing the Company towards the fulfilment of its strategic aims and long-term objectives. EBA CLEARING's by-laws provide that the Company is managed by a Board composed of not more than seventeen (17) members including the Chairperson, the Deputy Chairperson and up to two (2) but not less than one (1) Outside Director who are appointed *intuitu personae* by the Shareholders Meeting for a renewable three-year term.

The Board is assisted by five Board Committees in carrying out its functions:

- the Audit & Finance Committee (AFC)
- the Board Risk Committee (BRC)
- the Strategy and Policy Committee (SPC)
- the Remuneration Committee (RemCo)
- the Nomination and Governance Committee (NGC)

The mission and activities of the Board Committees are set forth in the Company's Annual Report.

In addition, the following expert groups have been created and are consulted on the matters under their expertise:

- Operations and Technical Group
- Treasury and Liquidity Group
- Legal Advisory Group

The responsibility for the day-to-day management rests with the Chief Executive Officer (CEO). The CEO reports to the Board. Heads of Unit have delegated power for managing the activities relating to their units. The roles attributed to the various Units coincide with the functions required for carrying out the activities of EBA CLEARING.

Since 2015, a single Service Development and Management Unit has been entrusted with the management of the EURO1/STEP1, STEP2-T, and RT1 systems, with dedicated senior managers being assigned to the service lines respectively as well as to marketing, user relations and new initiatives.

EBA CLEARING applies a three-lines-of-defence approach for its risk management, ensuring different levels of control. The Chief Risk Officer and Audit Function have full operational independence and have a dotted reporting line to the BRC and AFC respectively. The Risk Management and Internal Audit functions are kept separate.

In order to ensure that all types of users are considered in the design and evolution of its systems and offerings, the Company maintains a broad range of communication channels with its (current and potential) users and other stakeholders. There are regular country or regional user meetings with the participation of all respective users and EBA CLEARING management. During these meetings, ongoing activities and projects are discussed and user feedback is requested. In the context of specific projects, steering groups and task forces may be created to ensure efficient exchanges throughout the project or initiative. Furthermore, the Company organises individual user visits and, when appropriate or desired, roadshows and information campaigns.

An identical structure has been adopted for user consultation for the two SIPS operated by the Company. Two Business Committees have been established:

- the EURO1 Business Committee
- the STEP2 Business Committee

Business Committees are consultative bodies providing recommendations to the Board. Business Committees are chaired by a Board member.

Similarly, the RT1 Working Group was established (with the funding institutions) to make best use of expert knowledge and facilitate frequent and constructive dialogue with the participants in the RT1 System. The RT1 Working Group is consulted on relevant issues surrounding the RT1 System and is asked to propose and provide feedback on RT1 System related initiatives and changes. In addition, the RT1 Practitioners Working Group was established and is accessible since to all RT1 Participants (including institutions in the joining process) to share feedback and discuss operational matters and best practices related to instant payment processing.

A dedicated corporate governance section, setting forth the governance arrangements, lines of responsibility, Board and management role and composition, and relations with stakeholders is included in the Annual Report. A report on the risk management and internal control functions is equally included in the Annual Report. The Annual Report is publicly available on the website of the Company at <https://www.ebaclearing.eu/about-eba-clearing/at-a-glance/reference-documents/>.

Further, the composition of the Board and the missions of the Board Committees are published on the website of EBA CLEARING at <https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/the-board/> and <https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/board-committees/> respectively.

### **c. Legal and regulatory framework**

EBA CLEARING, the operator of RT1, is a limited liability company incorporated under French law in the form of a *société par actions simplifiée à capital variable*. The Company has branches in Belgium and in Germany, and representative offices in Italy, Finland, and the United Kingdom.

EBA CLEARING's role is that of a 'business administrator'. The Company does not incur any rights or obligations arising from the sending and receiving of payment messages, and at no time does it hold any funds or deposits in relation to the operation of its systems.

RT1 is governed by the RT1 System Documentation, including in particular the RT1 Rules and Regulations. The RT1 Rules and Regulations comprehensively cover the rights and obligations arising from participation in the system.

The RT1 System Documentation is governed by German law. Each prospective RT1 Participant must provide a capacity opinion to participate in the system.

RT1 is designated under the Settlement Finality Directive (SFD)<sup>4</sup> and settles in central bank money in TARGET2.<sup>5</sup>

As System Operator, EBA CLEARING commissions the ECB to provide the RT1 technical account and related services, under an agreement governed by German law for the benefit of the RT1 Participants as third party beneficiaries.<sup>6</sup>

The Agreement implements the provisions of the TARGET2 Guideline, as amended, as well as other matters that are not covered by the TARGET2 Guideline. In particular, the Agreement provides the legal basis for the funds held on the technical account used by the System relying on the TARGET2 ASI6 real time settlement procedure.

Due to the classification of RT1 as an Other Retail Payment System, EBA CLEARING is overseen by the ECB and the Eurosystem's national central banks which monitor the compliance of the Company with the requirements under the revised oversight framework for retail payment systems. The oversight of RT1 is further detailed in the Company's Annual Report.

---

<sup>4</sup> Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems.

<sup>5</sup> As further described in **Section VI**, pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS.

<sup>6</sup> The Agreement is due to be replaced upon the migration of the RT1 technical account from TARGET2 to TIPS (see **Section VI**).

#### IV. The RT1 System<sup>7</sup>

RT1 is a real-time gross settlement payment system for the continuous processing of SEPA Instant Credit Transfers (SCT Inst) in immediately available euro-denominated central bank funds at a pan-European level. The payment system operates around the clock on every day of the year.

RT1 supports payment service providers in transferring euro transactions between payment accounts in a few seconds end to end, with immediate availability of the payment amount to the beneficiary.

Financial institutions from all over Europe can use RT1 for any payment product in euro that is fully compliant with the SCT Inst Scheme of the European Payments Council (EPC) and is in line with the ISO 20022 global messaging standards for real-time payments.

Since its launch in November 2017, RT1 has extended instant payment reach to over 99% of the account-servicing payment service providers adhering to the SCT Inst Scheme. The overall reach of the service has continued to grow in line with the rising SCT Inst adoption rate across Europe. RT1 currently has almost 80 participants across Europe and extends reach to over 2,000 PSPs from 25 different SEPA countries.<sup>8</sup>

RT1 is a real-time gross settlement payment system, providing instantaneous finality for payment transactions in the system. A real-time funds transfer occurs in RT1 before the payee's payment service provider credits the funds to the payee. Each participant maintains for the purpose of executing payments a funds balance in the RT1 System, which is adjusted upon the release of each payment transaction. The funds balance of each participant is an amount of central bank funds belonging to the participant, held by the ECB on a dedicated technical account which is operated by the System Operator in an administrative capacity on behalf of the Participants. It is not possible to have a negative funds balance, nor is it possible to anticipate funding at a later point in time.

The sum of all RT1 participants' positions will at all times be equal to the aggregate amount of the central bank funds maintained on a technical account in TARGET2.<sup>9</sup>

In addition, EBA CLEARING has provided an Instructing Party service to RT1 Participants since TIPS was launched in November 2018. This optional service allows RT1 Participants to exchange instant payments transactions and r-messages with TIPS Participants via the RT1 interface without having to establish a different connection.

In such a setup, messages are merely routed by RT1 to/from TIPS for settlement in that system. The proxy service provided to the users is limited to message exchange. Transactions sent to or received from TIPS by a user of the TIPS Instructing Party option do not affect and are not linked to the RT1 Participant's position in RT1. The processing and settlement of those messages as payment messages occur in TIPS subject to TIPS rules outside the remit of RT1. Users can decide whether messages eligible for TIPS are routed (and thus settled) there.

---

<sup>7</sup> The description of the system is subject to the envisaged changes described in **Section VI**.

<sup>8</sup> Regarding the average daily volumes and values, see **Section V**.

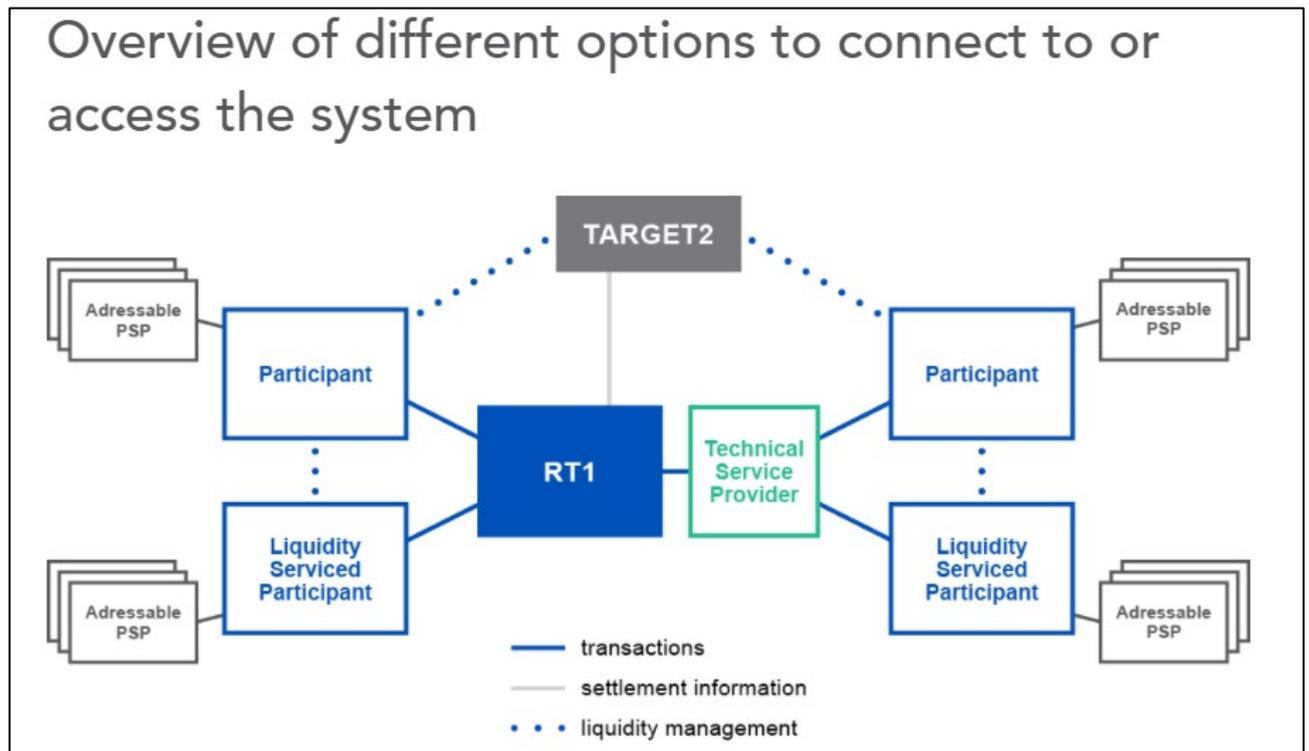
<sup>9</sup> As further described in **Section VI**, pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS.

Participants have multiple access and participation options to connect to the system. The RT1 access model has been designed to allow fair and open access to the system, with the goal of efficiently building reach across Europe.

There are three access options:

1. Participants can themselves set up a connection with the system to exchange messages;
2. Participants can be serviced participants relying on a liquidity provider to support them with liquidity services or on technical service providers to support them with connectivity or other technical services; or
3. Entities can become addressable payment service providers to be reachable in the system via a participant.

These access options are illustrated in the diagram below:



Financial Market Infrastructures providing instant payment clearing and settlement services from various European countries have collaborated with EBA CLEARING to interconnect their systems with RT1 to provide a single access window in their communities, which contributes to extend the reach across Europe.

The Company selects technology partners and makes available to users their services and technology, namely processing services using software and technical infrastructure commissioned from SIA S.p.A and calculation and interface capacities using software and technical infrastructure commissioned from SWIFT.

As per EBA CLEARING's user say governance,<sup>10</sup> RT1 is intrinsically user-defined and has evolved as a result of user requirements. Practicality and costs for the users are prime considerations underlying the design of the system, without compromising the resilience and robustness of the system and its compliance with oversight requirements.

### **i. Additional Optional Service**

The EPC Framework allows for Additional Optional Services (AOS) to accommodate the different customer needs and expectations across SEPA. AOS are services agreed between a closed user group of SEPA participants, usually a national community, that are not covered by the EPC Rulebooks.

All AOS introduced by one or more communities are listed on the EPC website. They should be available for use by any PSP that wishes to offer this service and should not impact the participants that are not members of the user group.

The RT1 platform was designed with the flexibility to include additional features for a group of participants on a closed user group basis. The platform currently supports the following AOS:

- Shorter timeframe instant payment (TC01)
- Non-time critical payment (NT01)
- No Limit Amount instant (NLA)
- Information exchange to facilitate fraud detection (A04)

Any community interested in an AOS may request its implementation on the RT1 platform. As a pan-European provider, EBA CLEARING also works with its user community on harmonising requirements across communities where possible. The objective is to deliver AOS satisfying the needs of several national communities.

### **ii. Value-added services supported by RT1**

EBA CLEARING has provided an Instructing Party service to RT1 Participants since TIPS was launched in November 2018. The RT1 Interface is connected to TIPS (via ESMIG) via both SWIFTNet and SIANet (both being the "Certified Network Service Providers" of TIPS) allowing participants to choose which network to use for the transactions forwarded to and from TIPS. RT1 Participants can therefore leverage their existing connection for RT1 (via SWIFTNet / SIANet / EBICS) and do not need to build a separate connection to TIPS.

### **b. System Design and Operations**

RT1 is a commercial and consumer Instant Payment processing system based on a credit transfer mechanism capable of routing SCT Inst Transactions between RT1 Participants. Payments are settled in real-time with immediate finality in RT1. Each Participant has, for the purpose of executing these payments, a funds balance in the system i.e. an amount of central bank funds belonging to the participant held by the

---

<sup>10</sup> See the corporate governance section of EBA CLEARING website for more details:  
<https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/user-say-governance/>

ECB on a dedicated AS technical account, which is operated by the RT1 System Operator in an administrative capacity, on behalf of the Participants.

Account Servicing payment service providers may subscribe to the SCT Inst Service as RT1 Participants. Alternatively, an entity may connect through an existing RT1 Participant which will require the inclusion of the entity in the SCT Inst Routing Table as an Addressable PSP.

RT1 Participants may send via the SCT Inst Service (i) SCT Inst Messages, (ii) Confirmation Messages and Rejection Messages, (iii) Status Inquiry Messages, as well as (iv) Recall/request for recall by the originator (RRO) Messages and Positive and Negative Response to a Recall/RRO, formatted in accordance with ISO20022 XML standards over secure network connections.

In line with the SCT Inst Rulebook, RT1 does not allow RT1 Participants to send (prior to settlement) cancellation messages for individual SCT Inst Transactions. To cancel the effects of an SCT Inst Message, the Originator RT1 Participant can submit a Recall/RRO message within the prescribed number of days following the Interbank Settlement Date.

SCT Inst and Positive responses to Recall/RRO Messages can be accepted for processing provided that sufficient liquidity is available.

RT1 will update the liquidity position for each participant in real time. The liquidity position in RT1 is an amount of central bank money belonging to the participant, placed on a dedicated technical account held by the ECB and managed by the RT1 system operator in an administrative capacity on behalf of the Participant to enable real-time settlement of individual payments.

Participants can fund their position by transferring funds to the technical account, or request the system operator to withdraw funds. Funding and withdrawal of the Participant's position will be managed by moving funds between RT1's technical account linked to the "ASI-6 real time" procedure in TARGET2 and the PM (RTGS) account used by the participant.<sup>11</sup>

RT1 regularly makes available reports to each participant to provide reconciliation information as well as liquidity management reporting.

RT1 Participants also have access to interactive services through the Participant Work Station (PWS) and through Application Programming Interfaces (APIs). These interfaces provide real-time information about the Participant's position and the status of its transactions in RT1. These interfaces also allow the RT1 Participant to request reports and routing table information and to manage its configuration in the RT1 system.

---

<sup>11</sup> As further described in **Section VI** pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS.

### c. Access and participation

In order to fulfil the admission criteria for the RT1 System, a participant must:

1. be authorised to act as a credit institution;
2. have TARGET2 account access i.e. (a) have a direct participant status in TARGET2 and hold and have access to an account in TARGET2, or (b) have a liquidity provider that has the status of a direct participant in TARGET2;<sup>12</sup>
3. be able to comply with the technical and operational requirements of the RT1 System, including requirements aiming at ensuring availability of the RT1 Participant during the operational times of the system;
4. have its registered office in a Member State of the EU, the EEA or the OECD, or a country or territory which is part of SEPA;
5. participate in the system via its registered office or a branch located in the geographical area of SEPA;
6. provide a capacity opinion with respect to its participation in the RT1 System; and
7. have adhered to the SCT Inst Scheme Rulebook of the European Payments Council.

Each Participant can have direct technical access to the platform, or can choose to connect through a Technical Service Provider (TSP).

RT1 Participants can manage their own position in RT1 through their own TARGET2 RTGS Account or they could use the account of a Liquidity Provider (that maybe another Participant) in which case they are referred to as Liquidity Served Participants (LSP). An entity that provides liquidity management to a LSP via its own PM account held within TARGET2 used for funding and withdrawal operations is called a Liquidity Provider. Liquidity Served Participants have an agreement with a Liquidity Provider to have access to the T2 funding/withdrawal mechanism (i.e. the position of the Liquidity Served Participant is funded/defunded via the PM account of the Liquidity Provider allowing the LSP to have a position in RT1 and send transactions).

### d. Processing

Each Participant can exchange messages with other Participants in RT1 24 hours a day every day of the year.

The scope of RT1 only covers the interaction between RT1 and its Participants (potentially acting on behalf of the Originator payment service provider (PSP) and Beneficiary PSP). All interactions with the Originator or Beneficiary are out of the scope of RT1 and are the responsibility of the respective PSPs of the Originator and Beneficiary.

The maximum targeted processing speed of the messages between RT1 and its Participants is 1.5 seconds.

---

<sup>12</sup> Regarding envisaged changes to the System, please see **Section VI**.

RT1 validates each message individually. If the message is accepted, it is forwarded in real time to the receiving RT1 Participant. If it is rejected, the result of the validation process is sent to the sending RT1 Participant in real time.

#### e. Settlement<sup>13</sup>

Upon processing of an SCT Inst Transaction, the liquidity position of each participant is updated in real time. Funds on the sending participant's position are deducted and the position of the receiving RT1 Participant is increased with the same amount.

At this moment, the SCT Inst transaction is final in accordance with the Settlement Finality Directive.

RT1 Participants must always have a positive position in RT1; an SCT Inst Message that would bring the position of the sending RT1 Participant below zero is rejected.

RT1 supports instantaneous fund transfers for instant payment transactions for RT1 Participants through funding in TARGET2 using Ancillary System Interface, settlement procedure 6 real-time (ASI 6-RT). Each Participant has a funds balance in the system i.e. an amount of central bank funds belonging to it held by the ECB on a dedicated AS technical account operated by the RT1 System Operator in an administrative capacity, on behalf of the Participants, to enable real-time central bank money settlement of individual payments.

TARGET2 is not available 24/7. Funds remain on the technical account when TARGET2 is closed. Participants and Liquidity Serviced Participants can fund or request the system operator to defund their position only when TARGET2 is open.

Regarding the instructing party service, since the introduction of TIPS in 2018, EBA CLEARING has acted as an instructing party and connects to TIPS on behalf of RT1 participants. Under the TARGET2 Guideline, the instructing party shall be an entity which has been designated as such by a TIPS DCA holder and which is allowed to send payment orders to the TIPS Platform and/or receive payment orders from the TIPS Platform on behalf of that TIPS DCA holder or a reachable party of that TIPS DCA holder. With this function, instructions are forwarded to/from TIPS on behalf of RT1 Participants, to be settled in TIPS. The processing and settlement of those messages occur in TIPS subject to the TIPS legal framework. TIPS performs a number of validations as described in the TIPS legal documentation as a result of which transactions are accepted or rejected.

It is important to note that transactions sent/received to/from TIPS by a user of this TIPS instructing party option do not affect and are not linked to the position of the participant in RT1.

---

<sup>13</sup> As described in **Section VI**, pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS. TIPS is available 24/7.

## f. Liquidity Management<sup>14</sup>

RT1 is an Ancillary System in TARGET2 and is a payment system separated from the other payment systems operated by EBA CLEARING. RT1 uses the Ancillary System Interface settlement procedure 6 real-time by using liquidity of the participants held on a dedicated technical account open with TARGET2-ECB and managed by the system operator of RT1.

The RT1 Participants can fund their position in RT1 directly from their own TARGET2 PM account or via another RT1 Participant acting as its Liquidity Provider or via a Liquidity Provider which is not a Participant (liquidity serviced participation). All instructions to fund the Participant's position in RT1 are executed against the RTGS account of the Participant or Liquidity Provider; withdrawal requests are directed to the System Operator.

RT1 provides features to support the liquidity management for RT1 Participants. RT1 runs a certain number of Liquidity Adjustment Checkpoint (LAC) throughout the business day.

The liquidity positions in RT1 can be adjusted by the RT1 Participants manually or via the Application Programming Interface (API) as well as by pre-configured automatic liquidity adjustments set by the Participant. Liquidity adjustments trigger a transfer of central bank money in TARGET2 between the TARGET2 account of the RT1 Participant or Liquidity Provider and the TARGET2 technical account of RT1. The interface with TARGET2 is based on the ASI-6 real time procedure.

## g. Exclusion / suspension / withdrawal

The occurrence of a suspension or exclusion event and the consequences thereof for the suspended / excluded participant and for the other participants are determined solely in accordance with the RT1 Rules. The systems' rules are proprietary and confidential, and are available to all participants, to prospective participants that have applied for becoming a participant, and to relevant authorities including in particular the European Central Bank / Eurosystem as overseer of RT1.

Operational defaults will be addressed in first instance through the activation of incident handling and, as applicable, crisis management arrangements.

A participant can be prevented by the System Operator from continuing to participate in the system if certain events occur.

---

<sup>14</sup> As further described in **Section VI**, pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS.

Events that may give rise to exclusion comprise in particular:

- termination of access to TARGET2 account
- loss of license to act as a credit institution
- insolvency or comparable situations (unless an exclusion or suspension would contravene legislation implementing the Bank Recovery and Resolution Directive (BRRD) or equivalent third country legislation)
- a suspension event has not been remedied within 30 calendar days

The criteria for participation in the RT1 System consist of necessary legal, technical and operational requirements to enable the processing of SCT Inst transactions, as well as funding and de-funding operations in TARGET2.

A participant may be suspended if non-compliance with the ongoing criteria for participation cannot be otherwise mitigated, e.g. in the case of relocation outside SEPA.

A participant can withdraw from the RT1 System by giving notice of termination at least five TARGET2 business days prior to the withdrawal.

#### **V. Basic statistical data**

The average daily volumes and values on a monthly basis are published on the Company's website: <https://www.ebaclearing.eu/services/instant-payments/statistics/>.

## VI. Envisaged changes to the system

The Governing Council of the ECB has adopted the measures listed below with the objective of creating full pan-European reach around its own instant payment system, TIPS. These measures are mandatory, and will be implemented in RT1 in December 2021.

The first measure is that Payment Service Providers (PSPs) that adhere to the SCT Inst Scheme of the EPC and are reachable in TARGET2 must become reachable in a TIPS central bank money liquidity account. In other words, the PSP must have the status of either: (i) a TIPS Participant; or (ii) a Reachable Party in TIPS. For the latter (Reachable Party), it is possible to be reachable via an Ancillary System holding a Technical Account in TIPS.

As noted above (**Section IV**), EBA CLEARING has provided an Instructing Party service to RT1 Participants since TIPS was launched in November 2018. The RT1 Interface is connected to TIPS (via ESMIG) via both SWIFTNet and SIANet (both being the “Certified Network Providers” of TIPS) allowing participants to choose which network to use for the transactions forwarded to and from TIPS. RT1 Participants can therefore leverage their existing connection for RT1 (via SWIFTNet / SIANet / EBICS) and do not need to build a separate connection to TIPS.

Participants may continue to use RT1 as their instructing party in TIPS to manage their TIPS Dedicated Cash Account (DCA) in parallel with the transactions managed with the AS RT1 using the RT1 liquidity on the AS Technical Account. In order to send and receive through the RT1 Technical Account in TIPS, Participants would need to configure the respective BIC(s) as reachable parties via RT1 AS in the TIPS directory. A new type of Authorised Account User - which will be identified by a unique BIC-11 - will be created to enable PSPs to be reachable via an AS Technical Account in TIPS.

The second measure is that Automated Clearing Houses (ACHs) offering instant payment services must migrate their technical accounts from TARGET2 to TIPS.

As an ACH, RT1 is required to migrate its technical account from TARGET2 to TIPS. RT1 will take the role of an “Ancillary System” in TIPS, opening an “AS Technical Account” which will be used for the funding / defunding of the Participants’ positions in the RT1 system (instead of the technical account in TARGET2, as is currently the case).

Further details regarding the manner in which EBA CLEARING is implementing these measures are described below.

The enhanced Instructing Party service will enable the liquidity management for instant payments from a single place and will make automation of the liquidity management possible leveraging on the RT1 functionalities for the participants having configured RT1 as instructing Party in TIPS for liquidity management (A2A messages).

Prior to the envisaged changes, liquidity management in RT1 was only possible during the Liquidity Adjustment Cycles (LACs) scheduled during the TARGET2 opening hours. Following the envisaged changes, RT1 Participants will be able to fund their RT1 positions 24/7, and the LAC schedule will be adjusted to facilitate this. EBA CLEARING is also adding new liquidity management functions for managing participants’ TIPS DCA

from the RT1 interface, and additional messages will be supported.

The existing reports provided by the RT1 system will be enhanced to include also inbound and outbound transactions exchanged with the TIPS Participants and other Ancillary systems. In addition, the TIPS daily reports (Account Turnover / Account statement) can be obtained and distributed (as files) via the RT1 Instructing Party to TIPS service.

RT1 Participants will have to open a TIPS DCA (or be reachable via a TIPS DCA) and inform EBA CLEARING of the TIPS Account BIC-11 and TIPS Account Number (and the BIC of the TIPS Account owner in case of an RT1 Participant with a Reachable Party in TIPS) to be configured in the RT1 system for the purpose of funding / defunding the RT1 Participants position. Going forward, all Participants will have to manage their payment capacity in RT1 through funding and defunding instructions with a TIPS account and configure it as the one to use for the funding and defunding of the RT1 position via the Technical Account in TIPS. Participants will continue to have the choice to either: (i) use the Instructing Party functionality in RT1 to manage their RT1 position; or (ii) manage their RT1 positions themselves.

## VII. Principle-by-principle narrative disclosure

The ECB classified RT1 as an Other Retail Payment System in 2017. EBA CLEARING, as the operator of RT1, must comply with nine PFMIs as detailed in the Revised Oversight Framework for Retail Payment Systems. The table below summarises EBA CLEARING’s compliance with these PFMIs.

Principles	Compliance
<p><b>Principle 1: Legal Basis</b> An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions</p>	<p>RT1 has a well-founded legal basis under all relevant jurisdictions.</p> <p>The material aspects of RT1 and activities relevant thereto are unambiguously governed by one single governing law, i.e. German law. All documents forming part of the System Documentation are governed by and construed in accordance with the laws of the Federal Republic of Germany. Similarly, the agreement for the participation and provision of fund transfer services in TARGET2-ECB for the RT1 System between the ECB and EBA CLEARING is equally governed by German law.</p> <p>RT1 has been designated under the Settlement Finality Directive.</p> <p>The existing RT1 legal documentation has been elaborated with the assistance of external counsel. The approach for those documents has been discussed by the Legal Advisory Group (“LAG”), an advisory expert forum which reviews draft provisions of the legal documentation of EBA CLEARING’s payment systems.</p> <p>The fund transfers in TARGET2 for the liquidity management between the RT1 technical account and user’s RTGS accounts are a matter of the legal framework of TARGET2.</p> <p>Regarding the instructing party service, since the introduction of TIPS in 2018, EBA CLEARING has acted as an instructing party and connects to TIPS on behalf of RT1 participants. In this function, instructions are forwarded to/from TIPS on behalf of RT1 Participants, to be settled in TIPS. The processing and settlement of those messages occur in TIPS subject to the TIPS legal framework. It is important to note that transactions sent/received to/from TIPS by a user of this TIPS instructing party option do not affect and are not linked to the position of the participant in RT1.</p>



Principles	Compliance
	<p>The RT1 System has been classified as an Other Retail Payment System ('ORPS'), and a subset of the key considerations of 9 Principles of the Principles for Financial Market Infrastructures applies to RT1, including Principle 1 on Legal Basis. RT1 is under oversight of the European Central Bank (ECB) as lead overseer.</p> <p>It is a condition for admission of a Participant that a capacity opinion is provided in accordance with requisite terms of reference. The purpose of the capacity opinion shall be to confirm, <i>inter alia</i>, that the Participant's obligations under the RT1 documents are legal, valid and binding, and that the performance of its rights and obligations will not cause such Participant to violate any laws or regulations applicable to it.</p>
<p><b>Principle 2: Governance</b> An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.</p>	<p>The governance arrangements of EBA CLEARING are effective, accountable and transparent, thereby supporting the stability of its payment services. For more information about the Company's governance bodies see the Corporate Governance section in the EBA CLEARING website (<a href="https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/">https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/</a>).</p> <p>The involvement of stakeholders in decisions, as well as the objectives of the system, are specified in an unambiguous and transparent manner within the Company's internal policies and procedures. Governance arrangements are clearly and thoroughly documented ensuring clear and direct lines of responsibility and accountability. The governance arrangements reflect the strategic aims and objectives of the Company, and they are designed to make them future-proof. The Board Nomination and Governance Committee supports in monitoring the effectiveness of the corporate governance framework.</p> <p>In addition to the Company's governance bodies, to ensure that all types of users are considered in the design and evolution of its systems and offerings, the Company maintains a broad range of communication channels with its (current and potential) users and other stakeholders. An identical structure has been adopted for user consultation for the two SIPS operated by the Company in the form of two Business Committees. Similarly, the RT1 Working Group was established to make best use of expert knowledge and facilitate frequent and constructive dialogue with the participants in the RT1 System. The RT1 Working Group is consulted on relevant issues surrounding the RT1 System</p>

Principles	Compliance
	<p>and is asked to propose and provide feedback on RT1 System related initiatives and changes. The RT1 Practitioners Working Group is accessible to all RT1 Participants (including institutions in the joining process) to share feedback and discuss operational matters and best practices related to instant payment processing.</p>
<p><b>Principle 3: Framework for the comprehensive management of risks</b>            An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.</p>	<p>EBA CLEARING’s risk management activities are organised within a “three lines of defence” mode of operation. The three lines of defence model incorporates the embedding of Risk Management and risk awareness through-out the Company. Moreover, it highlights the different levels of control and means for escalation, if required. The second line of defence, the Risk Management Function supported by the Chief Risk Officer ensures high standards of risk management through the development and maintenance of the Risk Management Framework including specific guidelines and policies. It coordinates the implementation of risk initiatives and raises the Chief Executive Officer’s awareness of risks consolidated levels as well as supporting the Board in optimising EBA CLEARING’s overall risk tolerance and risk limits. In addition, organisational arrangements are in place to ensure operational independence of the second line from the rest of the organisation.</p> <p>EBA CLEARING’s Risk Management Framework has been developed based on EBA CLEARING’s specific Risk Universe. The Risk Management Framework is composed of the Risk Assessment Methodology, Risk Tolerance Methodology, Risk Tolerance Statement, Risk Universe and Risk Identification.</p> <p>The Company’s Risk Management Framework Governance Policy (approved by the Board of Directors) describes the organisational structure, management oversight, roles, responsibilities and activities that EBA CLEARING considers necessary to support the embedding of strong risk management through-out its activities.</p> <p>Reviews of the policies and methodologies of the Risk Management Framework are prepared annually by the CRO and updates are communicated to the Chief Executive Officer, senior management and to the Board Risk Committee (and reported to the Board via the BRC).</p> <p>Finally, EBA CLEARING carries out independent audits on a periodic basis to ensure that all risk tools and methodologies were maintained in line with industry practice and oversight requirements during the assessment</p>



Principles	Compliance
	period.
<p><b>Principle 8: Settlement finality</b>  An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.</p>	<p>RT1 is a real-time gross settlement payment system, providing instantaneous finality for payment transactions in the system. A real-time funds transfer occurs in immediately available central bank funds in RT1 before the payee's payment service provider credits the funds to the payee. Participants maintain a position in the RT1 System, which is adjusted upon release of each payment transaction. The position of each participant is funded in central bank funds. The sum of all RT1 participants positions will at all times be equal to the aggregate amount of the central bank funds. Additionally, the amount of each participant's position in RT1 equals at all times the amount of its central bank funds position.</p> <p>The RT1 System design couples payee funds availability with inter-PSP settlement. Fund transfers between participants in RT1 are settled individually and in real time, prior to the crediting of funds by the Payment Service Provider (PSP) of the payee to its customer. RT1 provides instantaneous finality for payment messages as they are released.</p> <p>Participants continuously must hold sufficient liquidity to support real-time settlement. Each payment in RT1 will only be processed provided the amount of the pair of positions of the sending participant in RT1 and in central bank funds is sufficient. The funds balance of each participant is an amount of central bank funds belonging to it held by the ECB on a dedicated technical account operated by the System Operator in an administrative capacity only on behalf of the Participants. It is not possible to have a negative position, nor is it possible to anticipate funding at a later point in time.</p> <p>A final transfer, i.e. an irrevocable and unconditional transfer of funds which effects a discharge of the obligation to make the transfer between a sending RT1 Participant and a receiving RT1 Participant, occurs upon the adjustment of the pair of positions of the respective RT1 Participants in RT1 in central bank funds.</p> <p>According to the RT1 System Rules a transfer of funds within the System shall have occurred upon the adjustment of the position in RT1, which is funded by a position in central bank funds, of each of the sending and the receiving participant in RT1 in the amount of the payment message.</p>

Principles	Compliance
	<p>The RT1 System caters for real-time gross transfer of funds on a payment message per payment message basis within the System between the Participants without interposition of the System Operator.</p> <p>RT1 has been designated under the Settlement Finality Directive.</p> <p>The fund transfers in TARGET2 for the funding and de-funding operations in central bank funds are a matter of the legal framework of the TARGET2 system.<sup>15</sup></p> <p>The confirmation message as per the EPC SCT Inst Scheme determines the time at which a payment message is successful or not, i.e. whether it is accepted (“positive confirmation”) or rejected (“negative confirmation”). The EPC SCT Inst Scheme does not allow for revocation of transactions, and this is fully supported by the functionality of the RT1 system.</p> <p>Acceptance for settlement within the RT1 system will occur at the stage in the processing of the payment message at which it has been validated as per the system schemas and specifications and can be settled under the system’s rules and procedures, i.e. at the time of the processing that occurs following receipt of a positive confirmation message as per the EPC SCT Inst Scheme. If a payment message is not accepted for processing (negative confirmation), the payment message is rejected by the system.</p>
<p><b>Principle 13: Participant default rules and procedures</b></p> <p>An FMI should have effective and clearly defined rules and procedures to manage a</p>	<p>A financial default is not applicable in the case of RT1; positions in RT1 are pre-funded. It is not possible for a Participant to have a negative position, nor is it possible to anticipate funding at a later time.</p> <p>Non-compliance with the criteria for participation, including operational criteria, may give rise to a suspension or exclusion. Importantly, there are also incident handling and crisis management arrangements in place to handle abnormal events.</p>

<sup>15</sup> <sup>15</sup> As further described in **Section VI**, pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS.

Principles	Compliance
<p>participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.</p>	<p>The occurrence of a suspension or exclusion event and the consequences thereof for the suspended / excluded participant and for the other participants are determined solely in accordance with the RT1 Rules. The system's rules are proprietary and confidential, and are available to all participants, to prospective participants that have applied to become a participant, and to relevant authorities including in particular the European Central Bank / Eurosystem as overseer of RT1.</p> <p>Operational defaults will be addressed in the first instance through the activation of incident handling and, as applicable, crisis management arrangements.</p> <p>The declaration of an exclusion or suspension is decided by EBA CLEARING. In case of insolvency proceeding or moratorium against a Participant, EBA CLEARING has no discretion as it must either exclude or suspend the Participant upon receiving confirmation by competent authorities or the Participant itself of such events.</p> <p>In case of other exclusion or suspension events, EBA CLEARING has certain discretion to declare suspension or exclusion as it may but is not obliged to do so if it receives sufficient evidence to conclude to the existence of such exclusion or suspension event. Importantly, EBA CLEARING's decision will depend on the precise circumstances, and EBA CLEARING would seek to mitigate and solve any adverse circumstances, in particular in the case of an operational issue, through the activation of the incident handling and crisis management arrangements to avoid recourse, if not required, to a suspension or exclusion.</p> <p>A participant can be prevented by the System Operator from continuing to participate in the system if certain events occur.</p> <p><b>Exclusion</b>  Events that may give rise to exclusion comprise in particular:</p> <ul style="list-style-type: none"> <li>• termination of access to TARGET2 account</li> <li>• loss of license to act as a credit institution</li> <li>• insolvency or comparable situations (unless an exclusion or suspension would contravene legislation implementing the Bank Recovery and Resolution Directive (BRRD) or equivalent third country legislation)</li> </ul>



Principles	Compliance
	<ul style="list-style-type: none"> <li>• a suspension event has not been remedied within 30 calendar days</li> </ul> <p><b>Suspension</b> The criteria for participation in the RT1 System consist of necessary legal, technical and operational requirements to enable the processing of SCT Inst transactions, as well as funding and de-funding operations in TARGET2.</p> <p>A participant may be suspended if non-compliance with the ongoing criteria for participation cannot be otherwise mitigated, e.g. in the case of relocation outside SEPA.</p>
<p><b>Principle 17: Operational risk</b> An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management</p>	<p>EBA CLEARING has embedded the identification of operational risks to its services within its enterprise risk management framework, through which operational risks are monitored and the implementation of mitigating controls are tracked. Further, it leverages its business continuity management system and its ISO 27001 certified information security management system to ensure a high degree of security and operational reliability and that it has adequate contingency arrangements in place for the timely completion of daily processing in its services.</p> <p>The RT1 platform is a highly resilient processing system with full disaster recovery features and operational procedures, including an information and cyber security strategy and framework, that are regularly practiced with the user community. It provides the following key benefits:</p> <ul style="list-style-type: none"> <li>• A scalable processing engine: RT1 is based on a highly efficient and robust processing engine.</li> <li>• A highly experienced operator: the technical provider of RT1 is SIA, one of the largest financial processors in Europe. The SIA processing environment offers state-of-the-art technology with exceptional resilience features.</li> <li>• Two processing sites: the primary site maintained by SIA runs in cluster configuration with data sharing facility and a power distribution layout that has a fully radial configuration. The second processing site, also maintained by SIA, is equivalent to the primary site and works in a synchronous mode, meaning that all data is replicated in real time.</li> <li>• Three operations centres for system monitoring: EBA CLEARING runs three separate operations centres in</li> </ul>

Principles	Compliance
<p>should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.</p>	<p>different countries. Two of these independent sites operate in parallel mode during the processing day. The three sites are engaged in a regular rotation of shifts and ensure a constant monitoring of RT1.</p> <ul style="list-style-type: none"> <li>• Customer support for operations-related queries and emergency situations: the Investigations and Customer Support Unit (ICU) is EBA CLEARING's single point of contact for all operations-related queries.</li> <li>• The Company also has several channels and tools in place for incident and crisis communication.</li> <li>• Crisis simulation exercises: these exercises are organised by EBA CLEARING and SIA on an annual basis. Their main objective is to test the functionality of the disaster recovery arrangements, both in terms of file sending/receiving and connectivity to participants' workstations, including in a cyber-attack scenario.</li> <li>• ISO 27001 certification: since January 2013, EBA CLEARING's information security management system, which is geared towards managing and securing the Company's information assets, has been certified as ISO 27001- compliant. In 2018, the Company's information management system was re-certified to the new ISO 27001:2013 standard.</li> </ul> <p>On a quarterly basis, EBA CLEARING provides a service report to its participants, containing information related to RT1's performance and availability indicators.</p>
<p><b>Principle 18: Access and participation requirements</b> An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.</p>	<p>RT1 has objective and publicly disclosed criteria for participation, which permit fair and open access.</p> <p>These criteria have been developed using a risk-based approach and are available on the EBA CLEARING website: <a href="https://www.ebaclearing.eu/services/instant-payments/admission/">https://www.ebaclearing.eu/services/instant-payments/admission/</a>.</p> <p>In order to fulfil the admission criteria for RT1, a Participant must:</p> <ul style="list-style-type: none"> <li>• be authorised to act as a credit institution</li> <li>• have TARGET2 account access i.e. (a) have a direct participant status in TARGET2 and hold and have access to an account in TARGET2, or (b) have a liquidity provider that has the status of a direct participant in</li> </ul>



Principles	Compliance
	<p>TARGET2<sup>16</sup></p> <ul style="list-style-type: none"> <li>• be able to comply with the technical and operational requirements of the RT1 System, including requirements aiming at ensuring availability of the RT1 Participant during the operational times of the system</li> <li>• have its registered office in a Member State of the EU, the EEA or the OECD, or a country or territory which is part of SEPA</li> <li>• participate in the system via its registered office or a branch located in the geographical area of SEPA</li> <li>• provide a capacity opinion with respect to its participation in the RT1 System</li> <li>• have adhered to the SCT Inst Scheme Rulebook of the European Payments Council</li> </ul> <p>Participants can themselves set up a connection with the system to exchange messages, by fulfilling the criteria listed above. Participants can also be serviced participants relying on a liquidity provider to support them with liquidity services or on technical service providers to support them with connectivity or other technical services. Finally, entities can become addressable PSPs to be reachable in the system via a direct participant.</p> <p>In addition, there are cooperation models to facilitate access. Participants can offer liquidity and/or connectivity services to other participants or intermediary PSP services to non-participating PSPs in order to support reachability of these 'addressable PSPs'. Technical service providers (e.g. ACHs, service bureaus) can support participants in connecting to the system. Finally, liquidity providers can support users by providing/managing liquidity to fund/withdraw funds from a position in the system.</p>
<p><b>Principle 21: Efficiency and effectiveness</b> An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.</p>	<p>To ensure the Company understands its users' needs and in accordance with its user say governance structure, and in order to facilitate that all types of users are considered in the design and evolution of its systems and offerings, the Company maintains a broad range of communication channels with its (current and potential) users and other stakeholders.</p> <p>For RT1 in particular, the RT1 Working Group was established to make best use of expert knowledge and facilitate frequent and constructive dialogue with the participants in the RT1 System. The RT1 Working Group is consulted</p>

<sup>16</sup> As further described in **Section VI**, pursuant to a decision of the Governing Council of the ECB, RT1 is scheduled to move its technical account from TARGET2 to TIPS.

Principles	Compliance
	<p>on relevant issues surrounding the RT1 System and is asked to propose and provide feedback on RT1 System related initiatives and changes. the RT1 Practitioners Working Group was established and is accessible since to all RT1 Participants (including institutions in the joining process) to share feedback and discuss operational matters and best practices related to instant payment processing.</p> <p>In addition, the following expert groups have been established, which contribute to RT1 as well as to the two SIPS operated by EBA CLEARING:</p> <ul style="list-style-type: none"> <li>• Operations &amp; Technical Group (OTG): its mission is to analyse and review proposals and to formulate recommendations relating to operational, procedural, functional and technical aspects of the systems of EBA CLEARING.</li> <li>• Legal Advisory Group (LAG): its mission is to analyse and review proposals from a legal point of view and to formulate appropriate legal recommendations. The LAG also assists in the monitoring of legal projects and formulates recommendations regarding the resourcing for given projects.</li> <li>• Treasury and Liquidity Group (TLG): its mission is to act as an advisory expert group relating to the management and use of liquidity within the systems operated by EBA CLEARING.</li> </ul> <p>Other expert fora may also be established in accordance with identified needs.</p> <p>Finally, a service performance and availability report is published on a quarterly basis for users and other relevant stakeholders.</p>
<p><b>Principle 23: Disclosure of rules, key procedures, and market data</b> An FMI should have clear and comprehensive rules</p>	<p>The system’s documentation which is available to all users of RT1 enables participants to have a clear understanding of the system’s impact on the risks they incur through their participation.</p> <p>In addition, the Company publishes key information via relevant updates of the publicly available pages on the website of EBA CLEARING. The Company has also made available to participants in the User portal all the service</p>



<b>Principles</b>	<b>Compliance</b>
and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.	documentation. The present disclosure report complements EBA CLEARING's disclosure of rules, key procedures and market data.

## VIII. List of publicly available resources

EBA CLEARING and RT1:

- “About EBA CLEARING” section on website:  
<https://www.ebaclearing.eu/about-eba-clearing/at-a-glance/the-company/>
- By-laws of EBA CLEARING: <https://www.ebaclearing.eu/about-eba-clearing/at-a-glance/reference-documents/>
- EBA CLEARING Shareholders: <https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/the-shareholders/>
- EBA CLEARING Board: <https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/the-board/>
- EBA CLEARING Board Committees: <https://www.ebaclearing.eu/about-eba-clearing/corporate-governance/board-committees/>
- EBA CLEARING Annual Report 2020:  
<https://www.ebaclearing.eu/media/azure/production/2772/eba-clearing-annual-report-2020.pdf>
- RT1 section on EBA CLEARING website:  
<https://www.ebaclearing.eu/services/instant-payments/overview/>
- RT1 Statistics: <https://www.ebaclearing.eu/services/instant-payments/statistics/>

**End of document.**