# TARGET Instant Payment Settlement Authorised Account User and TIPS Directory

### TIPS Contact Group #8



Frankfurt am Main, 04.07.2018



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# 1. Configuration of party reference data

- In the configuration of reference data for any given party (i.e. a TIPS Participant or a Reachable Party), BICs are used with two different purposes:
  - <u>Party identification</u>: one and only one BIC identifies the party. This BIC is the one specified as *Party Code* when creating the party (i.e. the *Payment Bank*) in the CRDM.
  - <u>Authorisation to settle</u>: one BIC refers to one and only one TIPS Account or CMB. These BICs (i) are specified when configuring the so-called *Authorised Account Users* for the party and (ii) are the ones to be used for addressing the party in a payment transaction (i.e. as Originator or Beneficiary).



# 2. Authorised Account User

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- It is a link between a BIC and a TIPS Account or CMB. ۲
- It is needed in order to authorise the BIC to use the related TIPS Account or CMB for settlement purposes.
- Each BIC can be linked to a unique TIPS Account or CMB.
- Each CMB can have no more than one Authorised Account • User, while TIPS Accounts may have any number.



# 3. TIPS Directory

- The TIPS directory includes the list of all BICs of TIPS Participants and Reachable Parties that are addressable within TIPS.
- In other terms, for each party the TIPS directory includes all the BICs configured as Authorised Account Users for the party.
- This implies that a party is included in the TIPS Directory if and only if at least one AAU has been configured for the party.
- Each element of the TIPS directory includes three BICs:
  - User BIC: BIC configured as AAU and to be used to address instant payments in TIPS.
  - **Party BIC**: BIC that identifies the related TIPS Participant or Reachable Party.
  - Account Owner BIC: BIC that identifies the TIPS Participant owning the TIPS Account for which the User BIC has been authorised, also through a CMB.



## 4. Example 1

• <u>TIPS Participant with one TIPS Account</u>. In this case, reference data for the party shall include (i) one BIC as Party Code identifying the party and (ii) at least one BIC as AAU to address the TIPS Account.

Valid From		Code Type		Party Mnemonic			
30-Nov-2018		BIC		PARTDEFFXXX			
AUTHORISED ACCOUNT USER							
AAU BIC	Cash .	Account Number	Valid From	Valid From Va			
PARTDEFFXXX	-	TIPSDCA012	30-Nov-2018		-		
TIPS DIRECTORY							
User BIC	Institution Name	Party BIC	Account Owner BIC		Participation Type		
PARTDEFFXXX	Black Knight	PARTDEFFXXX	PARTDEFFXXX		01		



#### PARTY CODE

## 4. Example 2

• <u>TIPS Participant with three TIPS Accounts</u>. In this case, reference data for the party shall include (i) one BIC as Party Code identifying the party and (ii) at least three BICs as AAUs to address the three TIPS Accounts.

#### PARTY CODE

Valid From	n	Code Type				Party Mnemonic		
30-Nov-20	18	BIC				PARTDEFFXXX		
AUTHORISED ACCOUNT USER								
AAU BIC		Cash Account Number			Valid From	Valid To		
PARTDEFFXXX		TIPSDCA012			30-Nov-2018		-	
PARTDEFF123		TIPSDCA012			30-Nov-2018	-		
PARTDEFF456		TIPSDCA345			30-Nov-2018	-		
PARTDEFF789		TIPSDCA678			30-Nov-2018		-	
TIPS DIRECTORY								
User BIC	Institutio	on Name	Party BIC	A	Account Owner BIC		Participation Type	
PARTDEFFXXX	Black	Knight	PARTDEFFXXX		PARTDEFFXXX		01	
PARTDEFF123	BK Brai	nch 123	PARTDEFFXXX		PARTDEFFXXX		01	
PARTDEFF456	BK Brai	nch 456	PARTDEFFXXX		PARTDEFFXXX		01	

PARTDEFFXXX

PARTDEFFXXX



PARTDEFF789

BK Branch 789

01

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## 4. Example 3

 Reachable Party authorised to settle on a TIPS Account via a CMB. In this case, reference data for the party shall include (i) one BIC as Party Code identifying the party and (ii) one BIC as AAU to address a CMB linked to the TIPS Account.

PARTY CODE
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Valid From	Code Type	Party Mnemonic
30-Nov-2018	BIC	PARTDEFFXXX
30-Nov-2018	BIC	REACDEFFXXX

#### AUTHORISED ACCOUNT USER

AAU BIC	Cash Account Number	Valid From	Valid To
REACDEFFXXX	TIPSCMB987	30-Nov-2018	-

#### **TIPS DIRECTORY**

User BIC	Institution Name	Party BIC	Account Owner BIC	 Participation Type
REACDEFFXXX	White Knight	REACDEFFXXX	PARTDEFFXXX	 02



# 5. Operational considerations

- CRDM allows TIPS Participants configuring AAUs for their own TIPS Accounts and for the CMBs of their Reachable Parties.
- At the same time, the Guideline mandates that all BICs used to configure AAUs shall belong to a TIPS Participant or to a Reachable Party.
- At application level, CRDM only checks that a BIC used to configure an AAU exists in the BIC Directory.
- Central Banks have two options to ensure the prescription of the Guideline is fulfilled:
  - <u>Option 1</u>: they may configure AAUs for their TIPS Participants and Reachable Parties (not granting the related privileges to their TIPS Participants).
  - <u>Option 2</u>: they may allow their TIPS Participants configuring AAUs for themselves and for their Reachable Parties and perform thereafter ex-post checks of the TIPS Directory.

