

## **SPECIAL TERMS AND CONDITIONS FOR MAIN CASH ACCOUNTS**

### Article 1

#### **Opening and management of an MCA**

(1) Eesti Pank shall open and operate at least one MCA for each participant, except where the participant is an AS that only uses RTGS or TIPS AS settlement procedures, in which case the use of an MCA shall be at the discretion of the AS.

(2) For the purpose of the settlement of monetary policy operations as set out in Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (OJ L 91, 2.4.2015, p. 3–135), and the settlement of interest from such operations, the participant shall designate a primary MCA held with Eesti Pank.

(3) The primary MCA designated in accordance with paragraph 2 shall also be used for the following purposes:

- a) remuneration as set out in Annex I, Article 12, unless the participant has designated another participant in TARGET-Eesti for that purpose;
- b) the granting of intraday credit, where applicable.

(4) Any negative balance on a primary MCA shall not be lower than the credit line (if granted). There shall be no debit balance on an MCA that is not a primary MCA.

### Article 2

#### **Co-management of an MCA**

(1) At the request of an MCA holder Eesti Pank shall allow an MCA held by that MCA holder to be co-managed by one of the following:

- a) another MCA holder in TARGET-Eesti;
- b) an MCA holder in another TARGET component system;
- c) Eesti Pank, if it is necessary for Eesti Pank to perform its tasks and if Eesti Pank agrees to co-management.

If the MCA holder holds more than one MCA, each MCA held may be co-managed by a different co-manager. The co-manager shall have the same rights and privileges in relation to an MCA that it co-manages as it has in relation to its own MCA.

(2) The MCA holder shall provide Eesti Pank with evidence of the consent of the co-manager to act in that capacity. Such evidence of consent to act shall not be required where the co-manager is Eesti Pank.

(3) An MCA holder acting as co-manager shall fulfil the obligations of the MCA holder of the co-managed MCA under Annex I, Article 5(1), point (a), Annex I, Article 10(4), and Annex I, Article 31(1).

(4) The MCA holder of a co-managed MCA shall fulfil the obligations of a participant under Part I and Part II in respect of the co-managed MCA. In the event that the MCA holder does not have a direct technical connection to TARGET, Annex I, Article 5(1), point (a), Annex I, Article 10(4), and Annex I Article 31(1) shall not apply.

(5) Annex I, Article 7 shall apply to an MCA holder that designates an entity to act as co-manager of an MCA holder's MCA pursuant to this Article.

(6) The MCA holder shall immediately notify Eesti Pank if the co-manager ceases to act or the co-management arrangement between the MCA holder and the co-manager is terminated.

## Article 3

### **MCA liquidity transfer group**

- (1) At the request of an MCA holder Eesti Pank shall create an MCA liquidity transfer group, for the purpose of enabling the processing of MCA-to-MCA liquidity transfer orders.
- (2) On the request of an MCA holder Eesti Pank shall add one of the MCA holder's MCAs to or delete it from an existing MCA liquidity transfer group created in TARGET-Eesti or another TARGET component system. The MCA holder shall inform all other MCA holders in that MCA liquidity transfer group before making such a request.

## Article 4

### **Transactions processed via an MCA**

- (1) The following transactions shall be processed via an MCA in TARGET-Eesti
  - a) central bank operations;
  - b) liquidity transfer orders to and from overnight deposit accounts opened by Eesti Pank in the name of the participant;
  - c) liquidity transfer orders to another MCA within the same MCA liquidity transfer group;
  - d) liquidity transfer orders to a T2S DCA, TIPS DCA or RTGS DCA, or to a sub-account thereof.

## Article 5

### **Liquidity transfer orders**

- (1) An MCA holder may submit a liquidity transfer order as one of the following:
  - a) an immediate liquidity transfer order, which shall be an instruction for execution immediately;
  - b) a standing liquidity transfer order, which shall be an instruction for the recurring execution of the transfer of a specified amount on the occurrence of a predefined event each business day.

## Article 6

### **Rule-based liquidity transfer orders**

- (1) An MCA holder may specify a floor and/or a ceiling amount for its MCA.
- (2) By setting a ceiling and opting for a rule-based liquidity transfer order, if, following the settlement of a payment order, the ceiling is breached, the MCA holder instructs Eesti Pank to execute a rule-based liquidity transfer order that credits an RTGS DCA or another MCA within the same MCA liquidity transfer group designated by that MCA holder. The credited RTGS DCA or MCA may be in TARGET-Eesti or another TARGET component system.
- (3) By setting a floor and opting for a rule-based liquidity transfer order, if, following the settlement of a payment order, the floor is breached, a rule-based liquidity transfer order is initiated which debits an RTGS DCA or another MCA within the same MCA liquidity transfer group designated by that MCA holder. The debited RTGS DCA or MCA may be in TARGET-Eesti or another TARGET component system. The holder of the RTGS DCA or MCA to be debited must authorise its account to be debited in this manner.
- (4) An MCA holder may authorise its MCA to be debited in the event that a floor is breached in one or more specified RTGS DCAs or MCAs within the same liquidity transfer group in TARGET-Eesti or another TARGET component system. By authorising its account to

be debited, the MCA holder instructs Eesti Pank to execute a rule-based liquidity transfer order that credits the RTGS DCA(s) or MCA(s) whenever the floor is breached.

(5) An MCA holder may authorise its MCA to be debited in the event that there is insufficient liquidity on an RTGS DCA designated for the purpose of automated liquidity transfer orders under Annex III, Article 1(5) and (6) to settle urgent payment orders, AS transfer orders or high priority payment orders. By authorising its account to be debited, the MCA holder instructs Eesti Pank to execute a rule-based liquidity transfer order that credits its RTGS DCA.

## Article 7

### **Processing of Cash transfer orders**

(1) Cash transfer orders, once accepted, shall settle immediately provided that there is available liquidity on the payer's MCA.

(2) In the event that there are insufficient funds on an MCA to effect settlement, the relevant rule as set out in points (a) to (e) shall apply.

a) Payment order on the MCA: the instruction shall be rejected if it is initiated by Eesti Pank and would trigger both a change in the participant's line of intraday credit and a corresponding debit or credit of its MCA. All other instructions shall be queued.

b) Immediate liquidity transfer order: the order shall be rejected without partial settlement or any further attempt to settle.

c) Standing liquidity transfer order: the order shall be partially settled without any further attempt to settle.

d) Rule-based liquidity transfer order: the order shall be partially settled without any further attempt to settle.

e) Liquidity transfer order to an overnight deposit account: the order shall be rejected without partial settlement or any further attempt to settle.

(3) All cash transfer orders in the queue shall be processed following the 'first in, first out' (FIFO) principle without prioritisation or reordering.

(4) Cash transfer orders in the queue at the end of the business day shall be rejected.

## Article 8

### **Liquidity reservation orders**

(1) An MCA holder may instruct Eesti Pank to reserve a specified amount of liquidity on its MCA for the purpose of settling central bank operations or liquidity transfer orders to overnight deposit accounts using one of the following:

a) a current liquidity reservation order that shall have immediate effect for the current TARGET business day;

b) a standing liquidity reservation order to be carried out at the start of every TARGET business day.

(2) In the event that the amount of unreserved liquidity is not sufficient to fulfil the current or standing liquidity reservation order, Eesti Pank shall partially execute the reservation order. Eesti Pank is instructed to execute further reservation orders until the outstanding amount to be reserved is reached. Pending reservation orders shall be rejected at the end of the business day.

(3) Central bank operations shall be settled using the liquidity reserved as set out in paragraph 1 and other cash transfer orders shall only be settled using liquidity available after the amount reserved has been deducted.

(4) Notwithstanding paragraph 3, in the event of insufficient unreserved liquidity on the MCA holder's primary MCA for the purpose of decreasing the MCA holder's line of intraday credit Eesti Pank shall use the liquidity reserved.

## Article 9

### **Processing of cash transfer orders in the event of suspension or termination**

(1) Upon termination of a participant's participation in TARGET-Eesti, Eesti Pank shall not accept any new cash transfer orders from that participant. Cash transfer orders in the queue, warehoused cash transfer orders or new cash transfer orders in favour of that participant shall be rejected.

(2) If a participant is suspended from TARGET-Eesti on grounds other than those specified in Annex I, Article 25 (1), point (a), Eesti Pank shall store all of that participant's incoming and outgoing cash transfer orders on its MCA and only submit them for settlement after they have been explicitly accepted by the suspended participant's CB.

(3) If a participant is suspended from TARGET-Eesti on the grounds specified in Annex I, Article 25(1), point (a), any outgoing cash transfer orders from that participant's MCA shall only be processed on the instructions of its representatives, including those appointed by a competent authority or a court, such as the participant's insolvency administrator, or pursuant to an enforceable decision of a competent authority or a court providing instructions as to how the cash transfer orders are to be processed. All incoming cash transfer orders shall be processed in accordance with paragraph 2.

## Article 10

### **Entities eligible for intraday credit**

(1) Eesti Pank shall provide intraday credit to credit institutions established in the Union or the EEA that are eligible counterparties for Eurosystem monetary policy operations and have access to the marginal lending facility, including when those credit institutions act through a branch established in the Union or the EEA and including branches established in the Union or the EEA of credit institutions that are established outside the EEA, provided that such branches are established in Estonia. No intraday credit may be provided to entities that are subject to restrictive measures adopted by the Council of the European Union or Member States pursuant to Article 65(1)(b), Article 75 or Article 215 of the Treaty, the implementation of which, in the view of Eesti Pank, is incompatible with the smooth functioning of TARGET.

(2) Eesti Pank may also grant intraday credit to the following entities:

a) credit institutions established in the Union or the EEA that are not eligible counterparties for Eurosystem monetary policy operations and/or do not have access to the marginal lending facility, including when they act through a branch established in the Union or the EEA and including branches established in the Union or the EEA of credit institutions that are established outside the EEA;

b) treasury departments of central or regional governments of Member States and public sector bodies of Member States authorised to hold accounts for customers;

c) investment firms established in the Union or the EEA provided that they have concluded an arrangement with a participant with access to intraday credit as set out in paragraph 1 above to ensure that any residual debit position at the end of the relevant day is covered; and

d) entities other than those falling within point (a) that manage AS and act in that capacity;

provided that in the cases specified in points (a) to (d) the entity receiving intraday credit is established in Estonia.

(3) Intraday credit shall only be granted on TARGET business days.

(4) For the entities mentioned in paragraph 2(a) to (d), and in accordance with Article 19 of Guideline (EU) 2015/510 (ECB/2014/60), intraday credit shall be limited to the day on which it is granted and no extension to overnight credit shall be possible.

(5) Eesti Pank may provide access to the overnight credit facility to certain eligible CCPs, within the scope of Article 139(2)(c) of the Treaty in conjunction with Articles 18 and 42 of the Statute of the ESCB and Article 1(1) of Guideline (EU) 2015/510 (ECB/2014/60). Such eligible CCPs are those that, at all relevant times:

a) are eligible entities for the purposes of paragraph 2(d), provided also that those eligible entities are authorised as CCPs in accordance with the applicable Union or national legislation;

b) are established in the euro area;

c) have access to intraday credit.

(6) All overnight credit granted to eligible CCPs shall be subject to the terms of this Article 10 and to Articles 11 and 12 (including the provisions in relation to eligible collateral).

(7) The sanctions provided for in Articles 12 and 13 shall apply when eligible CCPs fail to reimburse the overnight credit extended to them by their NCB.

## Article 11

### **Eligible collateral for intraday credit**

Intraday credit shall be based on eligible collateral. Eligible collateral shall consist of the same assets as eligible for use in Eurosystem monetary policy operations, and shall be subject to the same valuation and risk control rules as those laid down in Part Four of Guideline (EU) 2015/510 (ECB/2014/60).

## Article 12

### **Credit extension procedure for intraday credit**

(1) Intraday credit shall be provided free of interest.

(2) The failure by an entity referred to in Article 10(1) to reimburse the intraday credit at the end of the day shall automatically be considered as a request by such entity for recourse to the marginal lending facility. If an entity referred to in Article 10(1) holds a DCA, any end-of-day balance on its DCA(s) shall be taken into account for the purpose of calculating the amount of the entity's recourse to the automatic marginal lending facility. This shall not trigger any equivalent release of assets pre-deposited as collateral for the underlying outstanding intraday credit.

(3) The failure by the entity referred to in Article 10(2), points (a), (c) or (d) to reimburse the intraday credit at the end of the day for whatever reason shall render that entity liable to the following penalties:

a) if the entity in question has a debit balance on its account at the end of the day for the first time within any 12-month period, then this entity shall incur penalty interest calculated at a rate of five percentage points above the marginal lending facility rate on the amount of such debit balance;

b) if the entity in question has a debit balance on its account at the end of the day for at least the second time within the same 12-month period, then the penalty interest mentioned in subparagraph (a) shall be increased by 2.5 percentage points for each time additional to the first that a debit position has occurred within this 12-month period.

(4) The Governing Council of the ECB may decide to waive or reduce the penalties imposed under paragraph 3, if the end-of-day debit balance of the participant in question is attributable to force majeure and/or technical malfunction of TARGET as defined in Annex VIII.

## Article 13

### **Suspension, limitation or termination of intraday credit**

- (1) Eesti Pank shall suspend or terminate access to intraday credit if one of the following events of default occurs:
- a) the participant's primary MCA with Eesti Pank is suspended or terminated;
  - b) the participant concerned ceases to meet any of the requirements laid down in Article 10 for the provision of intraday credit;
  - c) a decision is made by Finantsinspektsioon or another competent authority to implement in relation to the participant a procedure for the winding-up of the participant or the appointment of a liquidator or analogous officer over the participant or any other analogous procedure;
  - d) the participant becomes subject to the freezing of funds and/or other measures imposed by the Union restricting the participant's ability to use its funds;
  - e) the participant's eligibility as a counterparty for Eurosystem monetary policy operations has been suspended or terminated.
- (2) Eesti Pank may suspend or terminate access to intraday credit if an NCB suspends or terminates the participant's participation in TARGET pursuant to that NCB's implementation of Annex I, Article 25(2).
- (3) Eesti Pank may decide to suspend, limit or terminate a participant's access to intraday credit if the participant is deemed to pose risks on the grounds of prudence.