

SPECIAL TERMS AND CONDITIONS FOR REAL-TIME GROSS SETTLEMENT DEDICATED CASH ACCOUNTS

Article 1

Opening and management of an RTGS DCA

- (1) Eesti Pank shall at the request of an MCA holder open and operate one or more RTGS DCAs, and one or more sub-accounts if required for use for AS settlement. If the MCA holder has adhered to the SCT Inst scheme by signing the SEPA Instant Credit Transfer Adherence Agreement, the RTGS DCA(s) (and any sub-accounts) shall not be opened or operated unless the MCA holder is and remains reachable at all times, either as a TIPS DCA holder or as a reachable party via a TIPS DCA holder.
- (2) Eesti Pank shall at the request of the holder of an account opened pursuant to paragraph 1 (RTGS DCA holder) add the RTGS DCA or its sub-account to a settlement bank account group for AS settlement. The RTGS DCA holder shall provide Eesti Pank with any relevant documents, duly signed by that RTGS DCA holder and the AS.
- (3) There shall be no debit balance on an RTGS DCA or its sub-accounts.
- (4) Sub-accounts shall have a zero balance overnight.
- (5) An RTGS DCA holder shall designate one of its RTGS DCAs in TARGET-Eesti for the purpose of processing automated liquidity transfer orders. By such designation the RTGS DCA holder instructs Eesti Pank to execute an automated liquidity transfer that credits the MCA in the event that there are insufficient funds on its primary MCA for the settlement of payment orders that are central bank operations.
- (6) A participant holding two or more RTGS DCAs and two or more MCAs shall designate one of its RTGS DCAs in TARGET-Eesti, which is not already designated to its primary MCA, for the purpose of processing automated liquidity transfer orders in the event that there are insufficient funds on one of its other MCAs for the settlement of payment orders that are central bank operations.

Article 2

Addressable BIC holders

- (1) RTGS DCA holders that are credit institutions as set out in Annex I, Article 4(1), points (a) or (b), or Annex I, Article 4(2), point (e), may register addressable BIC holders. RTGS DCA holders may register addressable BIC holders that have adhered to the SCT Inst scheme by signing the SEPA Instant Credit Transfer Adherence Agreement only if such entities are reachable, either as a TIPS DCA holder or as a reachable party via a TIPS DCA holder.
- (2) RTGS DCA holders that are entities as set out in Annex I, Article 4(2), points (a) to (d) may only register as an addressable BIC holder, any BIC that belongs to the same legal entity.
- (3) An addressable BIC holder may submit cash transfer orders to and receive cash transfer orders via an RTGS DCA holder.
- (4) An addressable BIC holder may not be registered by more than one RTGS DCA holder.

(5) Cash transfer orders submitted or cash transfers received by addressable BIC holders shall be deemed to have been submitted or received by the participant itself.

(6) The participant shall be bound by such cash transfer orders and any other action taken by the addressable BIC holders, regardless of the content of, or any non-compliance with, the contractual or other arrangements between that participant and such entity.

Article 3

Multi-addressee access

(1) An RTGS DCA holder that is a credit institution as set out in Annex I, Article 4(1)(a) or (b) may give authorisation to the following credit institutions and branches to use its RTGS DCA for the purpose of submitting and/or receiving cash transfer orders directly by way of multi-addressee access:

- a) credit institutions as set out in Annex I, Article 4(1), points (a) or (b) that belong to the same banking group as the RTGS DCA holder;
- b) branches of that RTGS DCA holder;
- c) other branches or the head-office of the same legal entity as the RTGS DCA holder.

(2) The authorisation to use an RTGS DCA by way of multi-addressee access as set out in paragraph 1 shall be given to entities referred to in point (a) of paragraph 1 that have adhered to the SCT Inst scheme by signing the SEPA Instant Credit Transfer Adherence Agreement only if such entities are reachable, either as a TIPS DCA holder or as a reachable party via a TIPS DCA holder.

(3) Annex I, Article 7 shall apply to RTGS DCA holders that give access to their RTGS DCA by way of multi-addressee access.

Article 4

RTGS liquidity transfer group

(1) At the request of an RTGS DCA holder Eesti Pank shall create an RTGS liquidity transfer group, for the purpose of enabling the processing of RTGS DCA-to-RTGS DCA liquidity transfer orders.

(2) At the request of an RTGS DCA holder Eesti Pank shall add one of the RTGS DCA holder's RTGS DCAs to or delete it from an existing RTGS liquidity transfer group created in TARGET-Eesti or another TARGET component system. The RTGS DCA holder shall inform all other RTGS DCA holders in that RTGS liquidity transfer group before making such a request.

Article 5

Transactions processed on an RTGS DCA and its sub-accounts

(1) Payment orders to other RTGS DCAs and cash transfer orders to AS guarantee fund accounts shall be processed via an RTGS DCA in TARGET-Eesti.

(2) Cash transfer orders related to RTGS AS settlement procedures shall be settled via an RTGS DCA or its sub-accounts in TARGET-Eesti.

(3) The following transactions may be processed via an RTGS DCA or its sub-accounts in TARGET-Eesti:

- a) cash transfer orders resulting from lodgements and withdrawals;
- b) liquidity transfer orders to another RTGS DCA within the same RTGS liquidity transfer group;

- c) liquidity transfer orders to a TIPS DCA or an MCA;
 - d) liquidity transfers to an overnight deposit account.
- (4) Liquidity transfer orders to T2S DCAs may be processed via an RTGS DCA in TARGET-Eesti.

Article 6

Liquidity transfer orders

- (1) An RTGS DCA 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.
- (2) A standing liquidity transfer order may be input or modified by the RTGS DCA holder at any time during a business day and shall become effective as of the next business day.
- (3) An immediate liquidity transfer order may be input by the RTGS DCA holder at any time during a business day. An immediate liquidity transfer order for processing in accordance with RTGS AS settlement procedures C or D may also be input by the relevant AS on behalf of the settlement bank.

Article 7

Rule-based liquidity transfer orders

- (1) An RTGS DCA holder may specify a floor and/or a ceiling amount for its RTGS DCA.
- a) By setting a ceiling and opting for a rule-based liquidity transfer order, if, following the settlement of a payment order or AS transfer order, the ceiling is breached, the RTGS DCA holder instructs Eesti Pank to execute a rule-based liquidity transfer order that credits an MCA designated by that RTGS DCA holder. The credited MCA may belong to another participant in TARGET-Eesti or in another TARGET component system.
 - b) By setting a floor, and opting for a rule-based liquidity transfer order, if, following the settlement of a payment order or AS transfer order, the floor is breached, a rule-based liquidity transfer order is initiated that debits an MCA authorised by the MCA holder. The debited MCA may belong to another participant in TARGET-Eesti Pank or in another TARGET component system. The holder of the debited MCA must authorise its MCA to be debited in this manner.
- (2) An RTGS DCA holder may authorise its RTGS DCA to be debited in the event that a floor is breached in one or more specified MCAs in TARGET-Eesti or another TARGET component system. By authorising its RTGS DCA to be debited, the RTGS DCA holder instructs Eesti Pank to execute a rule-based liquidity transfer order that credits the MCA(s) whenever the floor is breached.
- (3) An RTGS DCA holder may authorise its MCA designated for the purpose of automated liquidity transfer orders under Article 1(5) and (6) to be debited in the event that there is insufficient liquidity on the RTGS DCA to settle urgent payment orders, AS transfer orders or high priority payment orders on its RTGS DCA.

Article 8

Priority rules

- (1) The order of priority for the processing of cash transfer orders, in descending level of urgency, shall be:

- a) urgent;
 - b) high;
 - c) normal.
- (2) The following orders shall automatically be assigned the priority 'urgent':
- a) AS transfer orders;
 - b) liquidity transfer orders including automated liquidity transfer orders;
 - c) cash transfer orders to an AS technical account for RTGS AS settlement procedure D.
- (3) All cash transfer orders not listed in paragraph 2 shall automatically be assigned the priority 'normal', except payment orders to which the RTGS DCA holder has at its discretion assigned the priority 'high'.

Article 9

Processing of cash transfer orders on RTGS DCAs

- (1) Cash transfer orders on RTGS DCAs shall be settled immediately they are accepted, or later as indicated by the RTGS DCA holder in accordance with Article 16 or Article 17, provided in all cases that:
- a) there is available liquidity on the payer's RTGS DCA;
 - b) no cash transfer orders of equal or higher priority are queued; and
 - c) any debit limits set in accordance with Article 15 are observed.
- (2) If any of the conditions set out in points (a) to (c) of paragraph 1 are not met in relation to a cash transfer order, the following shall apply.
- a) In the case of an automated liquidity transfer order, Eesti Pank is instructed to execute the instruction partially and to execute further liquidity transfers whenever liquidity is available, up to the amount of the initial automated liquidity transfer order.
 - b) In the case of an immediate liquidity transfer order, the order shall be rejected without partial settlement or any further attempt to settle unless the order is initiated by an AS, in which case it shall be partially settled without any further attempt to settle.
 - c) In the case of a standing liquidity transfer order or a rule-based liquidity transfer order, the order shall be partially settled without any further attempt to settle. A standing liquidity transfer order triggered by mandatory RTGS AS settlement procedures C or D and for which there are insufficient funds on the RTGS DCA shall be settled following a pro rata reduction of all orders. A standing liquidity transfer order triggered by optional RTGS AS settlement procedure C and for which there are insufficient funds on the RTGS DCA shall be rejected.
- (3) Cash transfer orders on RTGS DCAs, other than those orders referred to in paragraph 2 shall be queued and processed in accordance with the rules set out in Article 10.

Article 10

Queue management and settlement optimisation

- (1) Cash transfer orders on RTGS DCAs that are queued in accordance with Article 9(3) shall be processed according to their priority. Subject to paragraph 2 to 5, the 'first in, first out' (FIFO) principle shall apply within each category or subcategory of cash transfer orders priority as follows:
- a) urgent cash transfer orders: the automated liquidity transfer orders shall be placed first in the queue. AS transfer orders and other urgent cash transfer orders shall be placed next in the queue;

- b) high priority cash transfer orders shall not be settled while urgent cash transfer orders are queued;
 - c) normal priority cash transfer orders shall not be settled while urgent or high priority cash transfer orders are queued.
- (2) The payer may change the priority of its cash transfer orders other than urgent cash transfer orders.
- (3) The payer may change the position of its cash transfer orders in the queue. The payer may move such cash transfer orders either behind the automated liquidity transfer orders in the queue or to the end of the respective queue with immediate effect at any time during the settlement window for customer and interbank payments as specified in Appendix V of Annex 1.
- (4) To optimise the settlement of queued cash transfer orders, Eesti Pank may;
- a) use the optimisation procedures described in Appendix I of Annex 1;
 - b) settle cash transfer orders with a lower priority (or of the same priority but accepted later) before cash transfer orders with a higher priority (or of the same priority accepted earlier), if the cash transfer orders with a lower priority would net out with payments to be received and result on balance in a liquidity increase for the payer;
 - c) settle cash transfer orders with normal priority before other queued normal priority payments accepted earlier, provided that sufficient funds are available and notwithstanding that this may contravene the FIFO principle.
- (5) Queued cash transfer orders shall be rejected if they cannot be settled by the cut-off times for the relevant message type as specified in Appendix V of Annex 1.
- (6) The provisions regarding settlement of cash transfer orders as set out in Appendix I of Annex 1 shall apply.

Article 11

Liquidity reservation orders

- (1) An RTGS DCA holder may instruct Eesti Pank to reserve a specified amount of liquidity on its RTGS DCA 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) An RTGS DCA holder shall assign one of the following statuses to a current or standing liquidity reservation order:
- a) high priority: allows the usage of the liquidity for urgent or high priority cash transfer orders;
 - b) urgent priority: allows the usage of the liquidity only for urgent cash transfer orders.
- (3) 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 and 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. Pending reservation orders shall be rejected at the end of the business day.
- (4) By requesting the reservation of a specified amount of liquidity for usage for urgent cash transfer orders, the RTGS DCA holder instructs Eesti Pank only to settle high priority and normal priority cash transfer orders if there is available liquidity after the amount reserved for usage for urgent cash transfer orders has been deducted.

(5) By requesting the reservation of a specified amount of liquidity for usage for high priority cash transfer orders, the RTGS DCA holder instructs Eesti Pank only to settle normal priority cash transfer orders if there is available liquidity after the amount reserved for usage for urgent and high priority cash transfer orders has been deducted.

Article 12

Recall request and answer

- (1) An RTGS DCA holder may enter a recall request to request the return of a settled payment order.
- (2) The recall request shall be forwarded to the payee of the settled payment order which may answer positively or negatively. A positive answer does not initiate a return of the funds.

Article 13

RTGS directory

- (1) The RTGS directory is a list of BICs used for the purpose of routing information and comprises the BICs of:
 - a) RTGS DCA holders;
 - b) any entity with multi-addressee access;
 - c) addressable BIC holders.
- (2) The RTGS directory shall be updated daily.
- (3) Unless otherwise requested by an RTGS DCA holder, its BICs shall be published in the RTGS directory.
- (4) RTGS DCA holders may only distribute the RTGS directory to their branches and entities with multi-addressee access.
- (5) RTGS DCA holders acknowledge that Eesti Pank and other CBs may publish RTGS DCA holders' names and BICs. In addition, names and BICs of addressable BIC holders or entities with multi-addressee access may be published and RTGS DCA holders shall ensure that addressable BIC holders or entities with multi-addressee access have agreed to such publication.

Article 14

Processing of cash transfer orders in TARGET-Eesti in the event of suspension or termination

- (1) Upon termination of an RTGS DCA holder's participation in TARGET-Eesti, Eesti Pank shall not accept any new cash transfer orders from that RTGS DCA holder. Cash transfer orders in the queue, warehoused cash transfer orders or new cash transfer orders in favour of that RTGS DCA holder shall be rejected.
- (2) If an RTGS DCA holder's participation in TARGET-Eesti is suspended on grounds other than those specified in Annex I, Article 25(1), point (a), Eesti Pank shall store all of that RTGS DCA holder's incoming and outgoing cash transfer orders on its RTGS DCA and only submit them for settlement after they have been explicitly accepted by the suspended RTGS DCA holder's CB.
- (3) If an RTGS DCA holder's participation in TARGET-Eesti is suspended on the grounds specified in Annex I, Article 25(1), point (a), any outgoing cash transfer orders from that RTGS DCA holder's RTGS DCA shall only be processed on the instructions of its representatives, including those appointed by a competent authority or a court, such as the RTGS DCA holder'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 15

Debit limits

(1) An RTGS DCA holder may limit the use of available liquidity for payment orders on its individual RTGS DCAs in relation to other RTGS DCAs, except any of the CBs, by specifying bilateral or multilateral limits. Such limits may only be defined in relation to normal priority payment orders.

(2) By specifying a bilateral limit, an RTGS DCA holder instructs Eesti Pank that an accepted payment order shall not be settled if the sum of its outgoing normal priority payment orders to another RTGS DCA holder's RTGS DCA minus the sum of all incoming urgent, high priority and normal priority payments from that RTGS DCA (the net bilateral position) would exceed this bilateral limit.

(3) An RTGS DCA holder may specify a multilateral limit for any relationship that is not subject to a bilateral limit. A multilateral limit may only be specified if the RTGS DCA holder has set at least one bilateral limit. If an RTGS DCA holder specifies a multilateral limit, it instructs Eesti Pank that an accepted payment order shall not be settled if the sum of its outgoing normal priority payment orders to all RTGS DCA holders' RTGS DCAs in relation to which no bilateral limit has been specified minus the sum of all incoming urgent, high priority and normal priority payments from those RTGS DCAs (the net multilateral position) would exceed this multilateral limit.

(4) Limits may be changed in real time with immediate effect or with effect from the next business day. If a limit is changed to zero, it shall not be possible to change it again on the same business day. The definition of a new bilateral or multilateral limit shall only be effective from the next business day.

Article 16

Participants' instructions with regard to settlement times

(1) An RTGS DCA holder may indicate the earliest time before which a payment order cannot settle or the latest time after which time the payment order will be rejected by using the earliest debit time indicator or the latest debit time indicator, respectively, or may indicate a time range during which the payment order will settle by using both indicators. An RTGS DCA holder may also use the latest debit time indicator solely as a warning indicator. In such cases, the payment order concerned shall not be rejected.

(2) In the event that 15 minutes prior to the indicated latest debit time the payment order has not been settled, the RTGS DCA holder concerned shall be notified accordingly.

Article 17

Payment orders submitted in advance

(1) Payment orders may be submitted up to 10 calendar days before the specified settlement date (warehoused payment orders).

(2) Warehoused payment orders shall be accepted and submitted for processing on the date specified by the RTGS DCA holder at the start of settlement window on that day for customer and interbank payments, as referred to in Appendix V of Annex 1. They shall be placed in front of payment orders of the same priority.

Article 18

Direct debit

- (1) An RTGS DCA holder (payer) may give its authorisation for another RTGS DCA holder (payee) in TARGET-Eesti or in another TARGET component system to debit the payer's RTGS DCA by direct debit.
- (2) To enable such arrangement the payer shall provide a prior authorisation to Eesti Pank entitling Eesti Pank to debit the payer's RTGS DCA upon receipt of a valid direct debit instruction.
- (3) If a payee receives the authorisation as described in paragraph 1, it may submit direct debit instructions to debit the payer's RTGS DCA by the amount specified in the instruction.
- (4) An RTGS DCA holder that requests to be added to a settlement bank account group of an AS shall be deemed to have given authorisation to Eesti Pank entitling Eesti Pank to debit the RTGS DCA holder's RTGS DCA and sub-account upon receipt of a valid direct debit instruction by that AS.

Article 19

Back-up payment functionality

In the event of the failure of its payment infrastructure, an RTGS DCA holder may request Eesti Pank to activate the back-up payment functionality. This allows the RTGS DCA holder to enter certain payment orders using the Graphical User Interface (GUI).

Article 20

Security rights in relation to funds on sub-accounts

- (1) Eesti Pank shall have a right to collateralisation under the rules on collateral over the balance on an RTGS DCA holder's sub-account opened under the arrangements between the relevant AS and its CB for the settlement of AS-related payment instructions in accordance with RTGS AS settlement procedure C. Such balance shall collateralise the RTGS DCA holder's obligation referred to in paragraph 7 towards Eesti Pank in relation to such settlement.
- (2) Upon receipt by Eesti Pank of a 'start-of-cycle' message, Eesti Pank shall ensure that the balance on the sub-account of the RTGS DCA holder (including increases or reductions of that balance resulting from crediting or debiting cross-system settlement payments to or from the sub-account, or from crediting liquidity transfers to the sub-account) at the moment the AS starts a cycle can only be used for the settlement of AS transfer orders related to that settlement procedure C. Upon receipt by Eesti Pank of an 'end-of-cycle' message the balance on the sub-account shall be available for the use of the RTGS DCA holder.
- (3) By confirming the balance on the RTGS DCA holder's sub-account, Eesti Pank guarantees to the AS payment up to the amount of this particular balance. By confirming, where applicable, the increase or reduction of the balance upon crediting or debiting cross-system settlement payments to or from the sub-account or crediting liquidity transfers to the sub-account, the guarantee is automatically increased or reduced by the amount of the payment. Notwithstanding the increase or reduction of the guarantee mentioned above, the guarantee shall be irrevocable, unconditional and payable on first demand. If Eesti Pank is not the AS's CB, Eesti Pank shall be deemed instructed to issue the guarantee mentioned above to the AS's CB.
- (4) In the absence of any insolvency proceedings in relation to the RTGS DCA holder, the AS transfer orders for the squaring of the RTGS DCA holder's settlement obligation shall be settled without drawing on the guarantee and without recourse to the security right over the balance on the RTGS DCA holder's sub-account.

- (5) In the event of the RTGS DCA holder's insolvency, the AS transfer orders for the squaring of the RTGS DCA holder's settlement obligation shall be a first demand for payment under the guarantee; the debiting of the instructed amount from the RTGS DCA holder's sub-account and crediting of the AS's RTGS AS technical account shall therefore equally involve the discharge of the guarantee obligation by Eesti Pank and a realisation of its collateral right over the balance on the RTGS DCA holder's sub-account.
- (6) The guarantee shall expire upon receipt by Eesti Pank of an 'end-of-cycle' message confirming that the settlement has been completed.
- (7) The RTGS DCA holder shall be obliged to reimburse to Eesti Pank any payment made by the latter under such guarantee.