

# Bank of England

## Euro Liquidity Bridge – changes for CHAPS Direct Participants ahead of ISO 20022 migration

This document is specifically intended for CHAPS Direct Participants who use the Bank's Euro Liquidity Bridge facility in RTGS. It has been updated in March 2023 to reflect confirmed dates for the introduction of the new RTGS core ledger and settlement engine in summer 2024.

### Overview

Bank of England (the Bank) offers and operates a 'Euro Liquidity Bridge' which allows CHAPS Direct Participants (DPs) to use euro cash sent to the Bank via TARGET2 as collateral to raise intraday sterling liquidity in RTGS. This facility is co-hosted by the Dutch central bank, De Nederlandsche Bank (DNB).

As you will likely be aware, as part of the European Central Bank's Eurosystem T2-T2S consolidation project, TARGET2 payments migrated to ISO 20022 on 20 March 2023. Prior to this, the DNB launched a new Payments Hub to replace customer accounts currently held in the TARGET2 Home Accounting Module (HAM). This is explained further in the section titled 'DNB Payments Hub'.

Between 20 March 2023 and the Bank launching its new RTGS core ledger in summer 2024 (Transition State 3), the current RTGS system will not be able to process ISO 20022 format messages from DNB. The Bank has developed a solution to continue operating the Euro Liquidity Bridge, without causing excessive impact or costs to either the Bank or DPs. This is explained further in the section titled 'Interim changes to Euro Liquidity Bridge'.

### DNB Payments Hub

On Friday 23 September, we successfully migrated our accounts to the DNB Payments Hub. All DPs should now have updated the BIC used to address the Bank's euro cash collateral account to **FLORNL2ACAC**.

To ensure your payments to fund your Euro Liquidity Account are processed, please do not duplicated the receiver BIC (FLORNL2ACAC) in field 56 [intermediary] of your MT202 payments message. Please leave field 56 blank.

## **Interim changes to Euro Liquidity Bridge**

For an interim period from the morning of 20 March 2023 and up until TS3 (summer 2024), the Bank will operate the Euro Liquidity Bridge facility manually. Specifically for funding DP Euro Liquidity Accounts (ELAs) in RTGS1, which mirror monies held in the Bank's euro cash collateral account at DNB.

**Therefore for this interim period, DPs will need to first contact the Bank before they fund the Bank's euro cash collateral account at DNB.** Due to additional time and work required for the manual process, use of the Euro Liquidity Bridge will only be allowed on a last resort basis. As such DPs will be limited to using the Euro Liquidity facility at maximum once per day, and when contacting PSC will need to confirm why they require this in addition to using all other routes available for raising sterling liquidity.

**Both MT and MX formats will be accepted** during this period for funding the Bank's euro cash collateral account at DNB.

**Defunds are not affected and will still be initiated by DPs as normal via the Enquiry Link,** and completed by the Bank and DNB to normal processing times.

Following the launch of the renewed RTGS settlement engine in summer 2024 (Transition State 3), operation of the Euro Liquidity Bridge will return to a normal straight-through-processing basis, and can be used by DPs without any restrictions. However, only MX format messages will be accepted after this time.

### **Process for funding:**

- From 20 March 2023, **DPs will be required to first contact the Bank** (using their institution's standard communication with the Bank for RTGS, either by calling the PSC helpdesk or by emailing [psc.secure@bankofengland.co.uk](mailto:psc.secure@bankofengland.co.uk)) **before they fund the Bank's euro cash collateral account at DNB.**
- PSC will then confirm these funds have settled with the DNB and manually process the payment to fund the DP's ELA in RTGS to mirror these. From the time of funding the

Bank's euro cash collateral account at DNB, DPs should **allow approximately 1 hour** for their ELA in RTGS to be funded.

## Process for defunding:

- As normal via the Enquiry Link.

## Timeline:



### In summary, the new requirements for DPs are:

- If not already undertaken on the morning of Friday 23 September 2022, DPs must ensure they have changed the BIC used to address the Bank's euro cash collateral account at DNB to **FLORN2ACAC**.
- From 20 March 2023, DPs will need to contact PSC prior to funding the Bank's Euro cash collateral account at DNB using their institution's standard communication with the Bank for RTGS (either by calling the PSC helpdesk or via email [psc.secure@bankofengland.co.uk](mailto:psc.secure@bankofengland.co.uk)). DPs will be asked to confirm they have exhausted all other options for raising sterling liquidity before requesting to use the Euro Liquidity Bridge.

If you have any queries relating to this publication, or the Bank of England RTGS Renewal ISO 20022 migration, please either refer to the Bank's [ISO 20022 webpage](#) and [Technical Resources webpage](#) or contact [RTGSReadiness@bankofengland.co.uk](mailto:RTGSReadiness@bankofengland.co.uk).