

Bank of England

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

This update is specifically intended for CHAPS Direct Participants and includes some new requirements. This publication has been updated in August 2022 to include confirmed dates on which DPs will need to action.

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 will migrate to ISO 20022 on 21 November 2022. Prior to this, the DNB is also launching a new Payments Hub to replace customer accounts currently held in the TARGET2 Home Accounting Module (HAM). This will result in the Business Identifier Code (BIC) for the Bank of England's euro account changing. This is explained further in the section titled 'DNB Payments Hub'.

Between 21 November 2022 and the Bank launching its new RTGS core ledger in spring 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

Update: We will migrate the Bank's euro cash collateral account to the DNB's new Payments Hub on Friday 23 September 2022. This replaces customer accounts currently held in the TARGET2 HAM.

On the morning of Friday 23 September, DPs will need to update the BIC used to address the Bank's euro cash collateral account to **FLORN2ACAC** instead of the current

TRGTXECSNLX. The new BIC **FLORNL2ACAC** is already used for defunds of euro cash from the Bank's account to DPs. The account number will remain unchanged.

DPs will not be able to use the Euro Liquidity Bridge from 07:00 CET to 10:00 CET (06:00 to 09:00 BST) on the day of account migration. After 10:00 CET (09:00 BST) payments should not be sent to the TARGET2 HAM BIC (TRGTXECSNLX).

Other than the BIC change, the Euro Liquidity Bridge will continue to operate as normal up to end of day on 18 November 2022.

Interim changes to Euro Liquidity Bridge

For an interim period from the morning of 21 November 2022 and up until TS3 (spring 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. A short window for testing MT and MX messages is also available for DPs wishing to test prior to go-live. **DPs can test MT messages until end-August 2022** (in addition to the previous July test period), and **MX messages from Monday 22 August to Friday 26 August 2022.**

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 RTGS2 core ledger in spring 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.

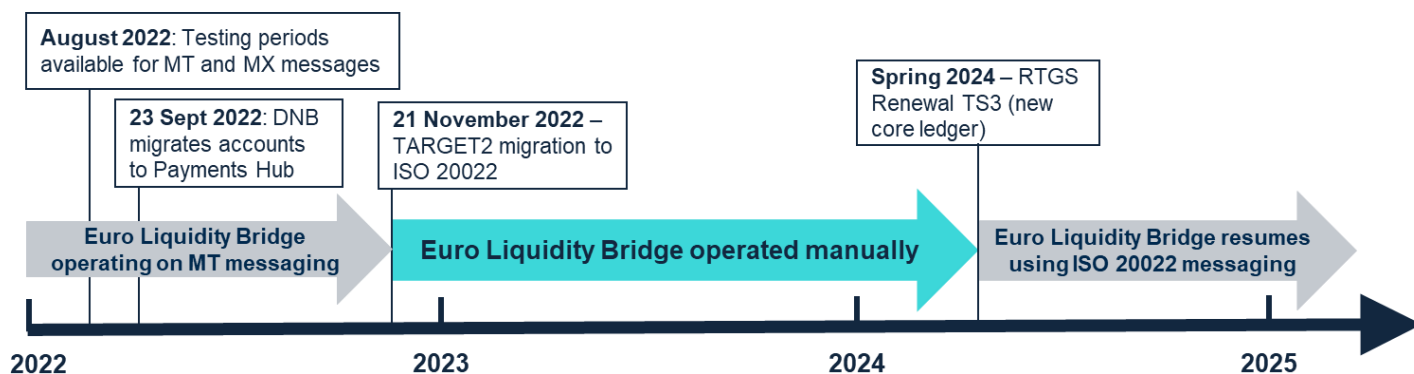
Process for funding:

- From 21 November 2022, **DPs need to call PSC** via the helpdesk Tel: +44 (0) 203 461 5999 or via email (psc.secure@bankofengland.co.uk) **before funding the Bank's euro cash collateral account.**
- 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:

- **On the morning of Friday 23 September 2022, DPs will need to change the BIC used to address the Bank's euro cash collateral account at DNB to FLORNL2ACAC, from the existing TRGTXECBNLX.** The new FLORNL2ACAC BIC is already used for defunds of euro cash from the Bank's account to DPs, so no change will be required for defunds. **Testing periods are available for DPs wishing to test MT and MX messages in August 2022.**
- **From 21 November 2022, DPs will need to inform PSC via the helpdesk Tel: +44 (0) 203 461 5999 or email (psc.secure@bankofengland.co.uk) before funding the Bank's TARGET2 euro cash collateral account.** DPs will be asked to confirm they have exhausted all other options for raising sterling liquidity before

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.