

Luxembourg, 31<sup>st</sup> of January 2019.

To the attention of all BCL account holders

**Market infrastructure projects of the Eurosystem (VISION 2020) and its impact on Luxembourg credit institutions**

Dear Madams, dear Sirs,

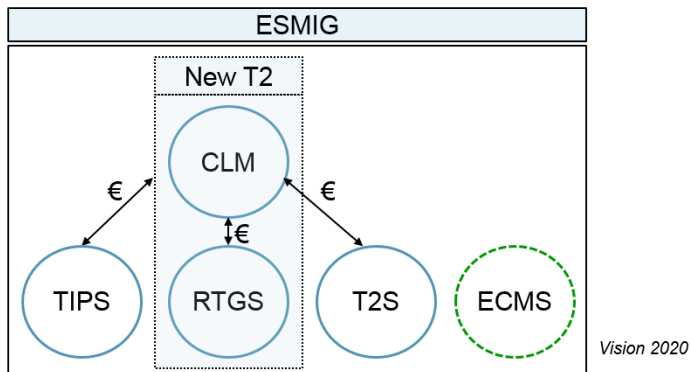
In the context of a strategic review of its infrastructures Target2 and T2S and of the services for management of Eurosystem collateral, the Eurosystem has elaborated the programme **VISION 2020**. This programme is composed of three projects with a significant impact on all counterparties of the Eurosystem and other market actors.

The first, **TIPS** (TARGET Instant Payment Settlement), operating 365 days per year on a 24 hours basis, offers the market the possibility to use an instant settlement service for retail payments. It was launched in November 2018.

**TARGET Consolidation**, the second project, going live in November 2021, will replace the Target2 platform by a new system for gross settlement of payments (**RTGS**) and by a new tool for centralised liquidity management, **CLM** (Central Liquidity Management).

The third project, **ECMS** (Eurosystem Collateral Management System) will consist of a centralised collateral management system. It will be delivered in November 2022.

In order to facilitate the communication with these new systems, the Eurosystem will implement a single gateway, **ESMIG** (Eurosystem Single Market Infrastructure Gateway), based on the ISO 20022 Standard, which will serve as a unique entry point to all these services as from 2021.



We would like to draw your attention on the implications the project **TARGET Consolidation** will have on all BCL account holders (participants and non-participants of Target2). It is important to note that the effects of this consolidation will not be limited to payment activities, but will concern also other financial services provided by the BCL to its counterparties, such as the management of current accounts and of reserves, the deposits (*deposit facility*) as well as credit operations, including the intraday credit and the *marginal lending facility*.

The impact on Target2 participants is particularly important, and the BCL will inform them regularly via existing communication channels, amongst which the Target2 user group.

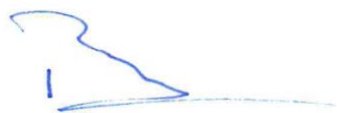
Concerning institutions not participating in Target2, their accounts will be in principle migrated to the new service **CLM** and will be directly accessible via the ESMIG gateway. The BCL is aware of the specific needs of counterparties who use their account only on a modest basis, and advocates at the level of the Eurosystem for a simplified access for these institutions.

In view of these major changes, the Banque centrale du Luxembourg invites all its account holders already now to consider putting in place an internal project structure in order to prepare for the adaptations required for their systems.

In order to communicate efficiently and quickly on this topic, we request you to communicate via mail ([Target.conso@bcl.lu](mailto:Target.conso@bcl.lu)), preferably before **15 February 2019**, the contact details of a person responsible for the management of this transition within your institution.

Finally, you will find enclosed a note of the Eurosystem detailing the main phases of the **TARGET Consolidation** project. This note, which was communicated to the « Payments Committee » of the ABBL on 4 October 2018, will provide you more extensive information on these projects.

With kind regards



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Market Infrastructures  
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**Pierre Beck**  
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