

ECB Consultation paper on the extension of T2 operating hours

Answers

DK

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| 1 | Chapter 3.1 | A1 | Do you see any other reasons for extending T2 operating times?

The consultation document comprehensively describes the possible reasons to be considered. Our consultation's reply aims at helping to better segment and prioritize these reasons to ensure a proportionate way forward according to market participants' needs.

| 2 | Chapter 3.1 | A2 | Do you think that further extending T2 operating hours would significantly benefit cross-border payments? If so, how (e.g. by supporting specific payment corridors or addressing specific friction points)?

Cross-border payments are important but only represent a small portion of payments. Most payments are made domestically, then within other European countries. An extension of T2 operating hours would still be beneficial for cross-border payments, but the impact is likely to be small to moderate.

| 3 | Chapter 3.1 | A3 | Which driver(s) should the Eurosystem consider, in order of priority?

Instant payments represent the most urgent and pressing driver. The current 100.000 Euro limit will be lifted in October 2025, leading to greater liquidity volatility. These payments are available 24/7, and consequently, financial institutions must be able to access TARGET services with the same round-the-clock availability to ensure smooth and uninterrupted transaction processing. Looking ahead, extended – or even continuous – securities trading hours are also becoming increasingly relevant. In the context of the upcoming transition to a T+1 settlement cycle by 2027, the technical workstream focusing on trading has assessed the current operating hours of European trading venues. Surveys conducted within this workstream indicate that an increasing number of trading platforms are considering longer operating hours, to align better with shortened settlement cycles and global market dynamics. Moreover, the evolution toward settling wholesale financial market transactions using new technologies, such as trigger or Distributed Ledger Technology (DLT), will probably become a true game changer. Unlike many traditional trading venues, which – at least in the short to medium term – are only contemplating limited extensions to 20/5 or 22/5 models, DLT-based infrastructures may inherently support 24/7 operations. The high degree of automation and decentralization associated

with DLT not only makes continuous settlement technically feasible, but also more realistic and scalable from a long-term perspective. If the Digital Euro for retail payments becomes a reality, further liquidity segregation will occur, making liquidity management even more complex. In addition to the liquidity reduction caused by the Digital Euro, the issue of providing sufficient liquidity must be addressed. For market participants, their reputation is important – and liquidity shortages can be damaging to their image. A sound target picture solving the current issues regarding Instant Payments could ideally be feasible for the Digital Euro as well. Currently the institutions do not have any significant excess liquidity on the DCAs. A liquidity shortage on one of the DCAs is an undesirable effect that must be avoided. Lastly, extending RTGS business hours to better facilitate cross-border payments should be seen as a possible long-term development (c.f. G20 targets). Nevertheless, any such development should be proportionate and take into account the respective organizational circumstances and business policy decisions of the individual banks. For instance, extending RTGS business hours for customer or bank-to-bank payments should not lead to the automatic expectation that all banks offer HVPs to all clients outside their “regular” business hours. This should rather be pursued under an “opt-in” model.

In summary, 24/7/365 access to central infrastructures such as T2 is becoming increasingly critical – not only to support instant payments via CLM, but also to facilitate the broader transformation of financial markets towards faster, more efficient, and continuous operations, whether driven by regulatory developments or technological innovation.

| 4 | Chapter 3.2 | B1 | Which form(s) of extending operating hours should the Eurosystem give priority to and why?

A 24-hour availability of several central bank infrastructure components on all calendar days is imperative – primarily driven by the around-the-clock availability of instant payments. In the short run, this should focus on the components to manage liquidity between MCAs and the TIPS DCA and using ECBs liquidity facilities against collateral via a 24/7/365 open CLM . Furthermore, the current remuneration disadvantage of TIPS DCAs faced by banks should be abolished. Equally, availability seven days a week is a necessary extension. Instant payments are also fully operational on weekends, and institutions are expected to process customer transactions without interruption. Consequently, the T2 components needed to manage liquidity for instant payments, in particular CLM, must also be available on weekends to support this seamless processing chain and prevent bottlenecks or settlement delays. Accordingly, TARGET holidays must be reconsidered. Instant payments remain functional even on these designated non-working days, thus the needed T2 components should also be available on such days to ensure end-to-end transaction processing. Of course, the question of how and when necessary, maintenance windows can be scheduled needs to be addressed. However, institutions are expected to operate on a 24/7/365 readiness basis, which implies that the Eurosystem should reflect this operational model in its infrastructure. Planned downtimes would need to be minimized and strategically placed to avoid disruptions during high-activity periods. This

leads directly to the topic of value dates, which becomes a critical issue under a continuous operations model. If T2 were to remain open – either fully or partially – on days it is currently closed, it would be essential to clearly define which value dates apply for transactions processed on these days. As for intraday credit, the absolute minimum requirement is that the relevant credit lines are consistently available during the full operational window. Whether additional components of the Eurosystem, such as ECMS and T2S, would also need to be available on weekends, for instance, to support repo transactions depends on the business model and market activity of individual institutions. This question is further addressed under point G2.

| 5 | Chapter 3.2 | B2 | Which form(s) of extending operating hours should the Eurosystem discard or give lower priority to and why?

From our perspective, an adjustment of the key cut-off times in T2 is not strictly mandatory, but it should not be excluded from consideration either. While such a change may not be an immediate priority, it could become increasingly relevant in the broader context of aligning operational processes across the Eurosystem. A key consideration is that any shift in cut-off times in T2 would have to be mirrored in related systems, particularly T2S, CLM, TIPS and ECMS, to avoid fragmentation or operational inconsistencies across the settlement infrastructure. Maintaining synchronized cut-off points is critical to ensuring seamless processing between cash, securities, and payments. However, under the current T2 framework, the day ends at 18:00 and interest for customers may be booked as of the next value date, potentially resulting in inconsistencies which especially affects corporate customers. This discrepancy could create unintended financial consequences for institutions and especially corporate customers alike but must be balanced against the massive restructuring effort. Further reference on this issue can be found under point B4. In summary, it is not a core requirement in the short term, adjusting the key cut-off times in T2. The significant effort involved must be taken into account. Careful coordination across T2, T2S and TIPS would be essential to ensure such a change enhances, rather than complicates, the broader payments and settlement ecosystem.

| 6 | Chapter 3.2 | B3 | Would you have a preference for the Eurosystem to extend the operating hours of both the CLM and the RTGS, or only the operating hours of CLM? Please state the reason for your preference.

The extension of CLM operating hours is essential in the context of instant payments, particularly to ensure that liquidity is available over the weekend. Instant payments, by their very nature, require 24/7/365 liquidity provisioning, and CLM plays a central role in this. CLM offers each participant a centralised platform to monitor and manage liquidity across all TARGET Services – including T2, T2S, and TIPS. However, its role is limited to liquidity monitoring and steering within the TARGET ecosystem. It does not enable the generation of new liquidity or the settlement of payments. By contrast, RTGS is specifically designed to enable the settlement of interbank and customer payments in central bank money on a real-time basis. It plays a critical role not only in settling payments, but also in

facilitating access to liquidity through mechanisms such as monetary policy operations, collateral management, and central bank credit operations. Therefore, for institutions to have full and flexible access to liquidity over weekends and during non-standard hours, in the long-run it is not sufficient to rely on CLM alone. Extended opening hours of liquidity management tools in RTGS should be considered, while those of customer payments should be treated according to the necessities of this business. Ultimately, this issue also ties into the technical and operational setup of individual institutions within the TARGET Services. For example, institutions that are not direct clearing participants rely more on an access to RTGS – for instance, to manage liquidity needs or to interact with other counterparties. In such cases, having access to RTGS beyond current opening hours would be highly beneficial, enabling them to remain competitive and responsive in a 24/7/365 payment environment. Hence it could, therefore, be reasonable to extend the operating hours of RTGS accordingly, so that the liquidity required for instant payments can be generated, moved, and settled in central bank money. On the other hand, costs for staff coverage as well as IT-infrastructure associated with extending RTGS opening hours to weekends should not be underestimated. As currently – pre instant payments - there are no significant liquidity shortages affecting institutions, opening RTGS over the weekend seems not an urgent necessity at this time. Nonetheless, we cannot rule out the possibility that this situation may change in the future. There may be a transition from abundant to less ample excess liquidity as well as increases in TIPS activity. Therefore, while an adjustment to RTGS does not appear to be a top priority at the moment, it must be considered in the medium to long term.

| 7 | Chapter 3.2 | B4 | Do you identify any challenges in relation to altering the time at which T2 changes its business day?

The Eurosystem should deepen the further analysis of the following three options:

1. synchronize the business day with all TARGET services at 24:00 (major change for all systems)
2. leave the change of business day at 18:00 for all TARGET services.
3. shifting the start of business day for all TARGET services to a later point in time somewhere between 18:00 and 24:00.

These options will have to be assessed in conjunction with the duration of non-availability of components (downtimes), especially for interbank and customer payments. For example, a shorter downtime might compensate for possible disadvantages of the (current) early change of business day. The first option might be considered positive with a view on eliminating economic asymmetries (cf. interest calculation for instant payments) and desirable temporal overlaps with other economic zones (especially USA and LATAM). However, it leads to a significant increase in staff demand and asks for fundamental restructuring in the backend systems. Even though it is reasonable to expect that many routine processes will become increasingly standardized and automated, reducing the

need for manual intervention, the complete elimination of human back-up and oversight is neither realistic nor advisable. , Particularly given the requirements of sound governance and operational risk management. Moreover, the principle of proper business conduct demands that institutions are able to respond to incidents or exceptions in a timely and controlled manner. Therefore, we expect that from a regulatory and prudential perspective, institutions would be required to maintain a minimum level of staff presence if the change of business day were at 24:00. The third option mitigates the costs incurred for staff to some extent. The “same day, same value” rule would be violated for a reduced period as compared to today.

| 8 | Chapter 3.2 | B5 | Would you have a preference as regards the time at which T2 changes its business day?

At least over a short- to mid-term horizon, we are in favour of keeping the T2 business day change at 18:00, as today. With a view on a long-term target picture, further analysis would be needed whether a shift of the business day in the late evening hours would be advantageous. This requires a careful balancing of the benefits and, risks and costs (for further details see our comments to B4).

| 9 | Chapter 3.2 | B6 | How important would it be to actively manage your credit line during the extended operating hours, either by mobilising new collateral or by reassigning already mobilised collateral to the intraday credit line?

With regard to instant payments and intraday credit, it is essential that the credit line remains continuously available which means 24/7/365 – this is the minimum requirement for ensuring uninterrupted liquidity access, especially in the context of extended payment operations. Without guaranteed access to intraday credit at all times, institutions would face unnecessary liquidity constraints. Whether it is necessary for systems such as ECMS and T2S (TARGET2-Securities) to also remain open on weekends or TARGET holidays depends largely on the business models and operational needs of individual institutions. For example, institutions that rely on collateralized liquidity via repo transactions may require access to ECMS and T2S to mobilize or substitute collateral, or to conclude secured funding operations even outside standard business hours. In conclusion, while continuous access to intraday credit lines is non-negotiable, the need for weekend availability of ECMS and T2S will depend on the institution’s liquidity and collateral strategies. However, the Eurosystem should anticipate growing demand for extended collateral and securities settlement services as the market evolves toward a 24/7 operational environment. In the long-run, ECMS and T2S will also need to be open on weekends. The opening hours of T2 and T2S should remain synchronized and should be open 24/7. Please also refer to Question G2.

| 10 | Chapter 4.1 | C1 | Do you identify any other risk(s) that the Eurosystem should take into consideration?

A weekend liquidity shortage is a serious problem and can have unpredictable consequences for individual institutions or even the financial stability. The Eurosystem must provide appropriate measures and instruments to meet these requirements, which must also be suitable for stress scenarios.

| 11 | Chapter 4.1 | C2 | Do you have adequate mitigating measures for the risks mentioned, or can you put these in place?

The measures include extending opening hours, providing automatic liquidity transfers based on flexible rules, and considering interest over all liquidity held in TARGET accounts.

| 12 | Chapter 4.1 | D1 | From your institution's perspective, what are the main financial stability risks to consider when extending T2 operating hours?

At the moment the main risk stems from not being able to access MCA liquidity over (long) weekends.

| 13 | Chapter 4.1 | D2 | Is the current framework sufficient, or is there a need for additional measures to mitigate those risks?

Swift action of the Eurosystem is needed to at least provide a 22.5/7/365 CLM for liquidity transfers between MCA and TIPS DCA. There also should be the possibility to use automated task to keep the TIPS DCA within a desired range (floor and ceiling parameters).

| 14 | Chapter 4.2 | E1 | Do you identify any other challenge(s) or cost implications that the Eurosystem should take into consideration?

Apart from the anticipated major cost drivers of technical modifications and internal organisational adjustments – particularly with respect to staffing – we do see substantial interest rate costs. These result from a missing remuneration of TIPS DCA liquidity and the value date gap between “Friday” and “Monday”. Parties gaining liquidity over the weekend have to pay interest to their clients without remuneration of the Eurosystem for excess liquidity. Coming back to the financial impact of IT-related aspects we point out to not underestimate them. This includes the cost of implementing technical changes, the ongoing need for IT resources to support extended operations, and potential investments in further automation to ensure smooth processing and operational efficiency. While these costs may not be prohibitive, they could be substantial, especially for institutions with more complex infrastructures. A business day change at 24:00 would have massive cost implications for the institutions, because they would “lose” 6 hours of batch processing, especially for corporate customers who expect their statements early in the morning.

| 15 | Chapter 4.2 | F1 | If T2 remains open on Saturdays and Sundays without end-of-day procedures, how do market participants expect trade prices to adapt over the weekend? Given the absence of end-of-day procedures, do market participants foresee market interest rates continuing to be priced from Fridays to Mondays as they are overnight? Alternatively, is there a possibility that in the absence of formal end-of-day procedures, a distinct “rate from Saturdays to Sundays” could develop?

In general, we would like to note that this is not just an issue at the weekend, but that this question arises equally for all weekdays when there are no longer any end-of-day procedures. On these days, too, the question arises as to how prices will adjust after 6 p.m. The adjustment of interest payments needs to be achieved in a fair manner (see E1). Example: A corporate client receives liquidity on Saturdays. The bank typically remunerates these payments for Saturdays and Sundays. However, TARGET does not remunerate these payments over the weekend, and the bank loses interest. Of course, the bank receives interest when liquidity is transferred on Saturdays. However, this does not balance out, as it depends on the bank’s business model. Therefore, a synchronized remuneration on Saturdays and Sundays would be desirable. If the business day change occurs at 18:00, it is worth discussing whether this lack of asynchronous interest payments leads to unintended consequences or can be somehow compensated or even ignored.

| 16 | Chapter 4.2 | F2 | What would the impact be if a reporting day (end-of-quarter or year) fell on a weekend or a newly operational public holiday? What impact do market participants foresee on market interest rates, such as €STR or repo rates?

Any possible change to the calculation of the €STR should be consulted on its own (for example with the EU RFR Working group).

| 17 | Chapter 4.2 | F3 | If T2’s downtime is reduced to close to zero, do market participants see a need to adjust the timing of interest rate calculations to more frequently than once a day?

If we understand correctly the “interest rate calculation” refers to applying the key interest rates of ECB for e.g. the deposit facility rate more than just once a day. We consider it highly unrealistic that the €STR will be fixed more than once a day. We also do not consider this necessary in the short term. Another aspect is the development of products in the interbank market or for customers that provide for shorter interest periods than daily interest (e.g., hourly interest instead of daily interest on deposits at institutions). We assume that this development will be primarily market-driven. Possible product offerings from the highly depend on how monetary policy of the Eurosystem will be implemented in the future.

| 18 | Chapter 5.1 | G1 | Do you agree with this preliminary assessment of the possible effects of a change in T2 operating hours on T2S? If not, please give reasons.

In the future, it will be necessary to align the opening hours of T2 and T2S as well as the business days.

| 19 | Chapter 5.1 | G2 | Do you identify other ways – direct or indirect – in which an extension of T2 operating hours may impact T2S?

Depending on an institution's business model and the availability of eligible collateral, it would be highly desirable to align the operating hours of ECMS and T2S with those of T2 and CLM. Such alignment would provide the necessary flexibility to mobilize collateral on demand and thus enable the generation of new liquidity at any time. This capability becomes increasingly important in a real-time financial environment where uninterrupted liquidity access is essential for maintaining market stability and operational efficiency. In particular, as the use of Distributed Ledger Technology (DLT) expands within the capital markets - where 24/7 operations are often a core design principle - market participants will likely begin to transact and acquire new collateral assets continuously, including over weekends. Assuming that these assets are eligible as central bank collateral, this reinforces the need for infrastructure that can support collateral mobilization and settlement without time constraints. In this context, the risk highlighted on page 18, second paragraph, of the consultation paper becomes particularly relevant. It points out that, with extended T2 hours, new payment and settlement initiatives – such as the digital euro or DLT-based solutions – may increasingly rely on central bank liquidity during weekends. However, in the absence of access to traditional funding mechanisms like the repo market or central bank credit operations, which are currently unavailable during weekends and TARGET holidays, participants could face significant liquidity bottlenecks. This underscores the importance of ensuring that institutions have uninterrupted access not only to intraday credit but also to the tools necessary for collateral generation and settlement. In that sense, extending T2S operating hours is not merely an operational upgrade – it becomes a prerequisite for enabling a fully functioning 24/7/365 financial ecosystem. Moreover, while such a change would undeniably introduce additional costs – for instance, related to staffing, operational support, and system maintenance – these should be weighed against the strategic importance of future-proofing the Eurosystem's infrastructure. The transition to T+1 settlement, broader market integration, and technological innovation all point to an environment where continuous access to liquidity and collateral will no longer be optional but fundamental. In conclusion, a synchronized extension of operating hours across T2 and T2S is not just beneficial – it is essential for ensuring functional, liquid, and resilient markets in a 24/7/365 operating model.

| 20 | Chapter 6.1 | H1 | What notice period should the Eurosystem provide to market participants to allow them to adjust to extended operating hours? Responses will enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establish an effective implementation strategy.

We expect to need at least 3, rather 5 years notice period for extending T2 opening hours over the weekend. However, if amendments to T2 business day changes were mandated (e.g. to 24:00) this would require far more time for preparation. In addition, changes may be needed in labor law, e.g., if employees have to regularly work night hours because manual/human control is required.

| 21 | Chapter 6.1 | H2 | Would you have a preference for a staggered approach or a single transition to extended operating hours? Responses will enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establish an effective implementation strategy.

Yes, we prefer a staggered approach with T2 and CLM having priority, followed by ECMS and T2S, depending on market demand. While RTGS currently seems not to be so relevant, opening RTGS for liquidity management purposes also on weekends might be necessary due to emerging liquidity shortages.

| 22 | Chapter 6.1 | H3 | Do you have short-term solutions to facilitate liquidity management while the Eurosystem considers potential extensions to T2 operating hours?

Automated tools are the minimum measures and should be installed as soon as possible. In addition, it would be advisable if the Eurosystem were to implement automated and rule-based tools to support liquidity transfers between cash accounts at any time. Also, an increased automation of financial processes – such as the automated calculation of minimum reserve requirements across multiple accounts – would help facilitate the liquidity management. Another measure would be to calculate the remuneration based on the total liquidity over all MCA and DCA above the minimum reserve at a specific time of day, e.g., 18:00. This would avoid the transfer of liquidity to the deposit account in the CLM. The liquidity transfer before 18:00 would be significantly lower, easing the burden on banks in their daily operations. These measures can also reduce additional staffing requirements once operating hours are extended to also cover weekends and TARGET holidays. To simplify administration, it is imperative that the interest rate be calculated on all liquidity held by MCAs and DCAs.

| 23 | Chapter 6.1 | H4 | To enable the Eurosystem to formulate concrete proposals for extending T2 operating hours and establishing an effective implementation strategy, what timeline would your institution prefer when it comes to extending T2 operating hours?

See H1

| 24 | N/A | N/A | Additional feedback |