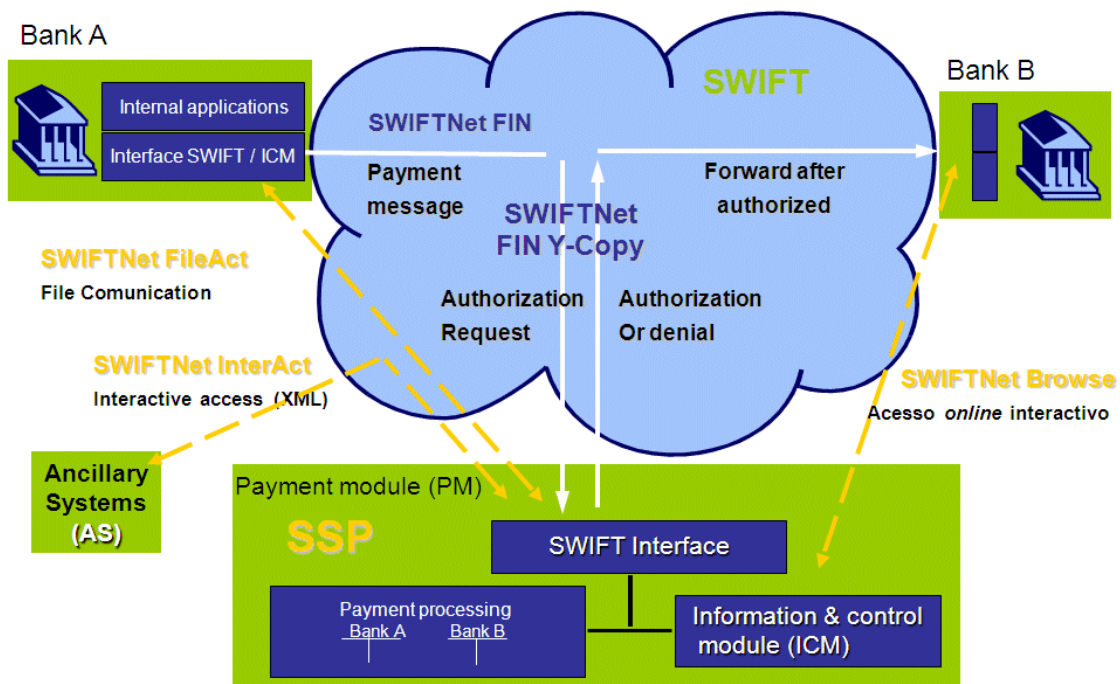


## Payment Flows

TARGET2 basically processes the following types of payment in the Payments Module (PM):

MT103	Customer payment	Mandatory
MT103+	Customer payment (Straight Through Processing)	Mandatory
MT202	Bank-to-bank payments	Mandatory
MT204	Direct debit payments	Optional

Two interfaces were developed to access the PM of TARGET2: one is based on the FIN Y-Copy (Participant Interface) mechanism and the other on the XML mechanism enhanced by SWIFTNet services (Ancillary System Interface).



### Participant Interface

Operation (example):

(Sending) participant A sends an MT202 message to (receiving) participant B.

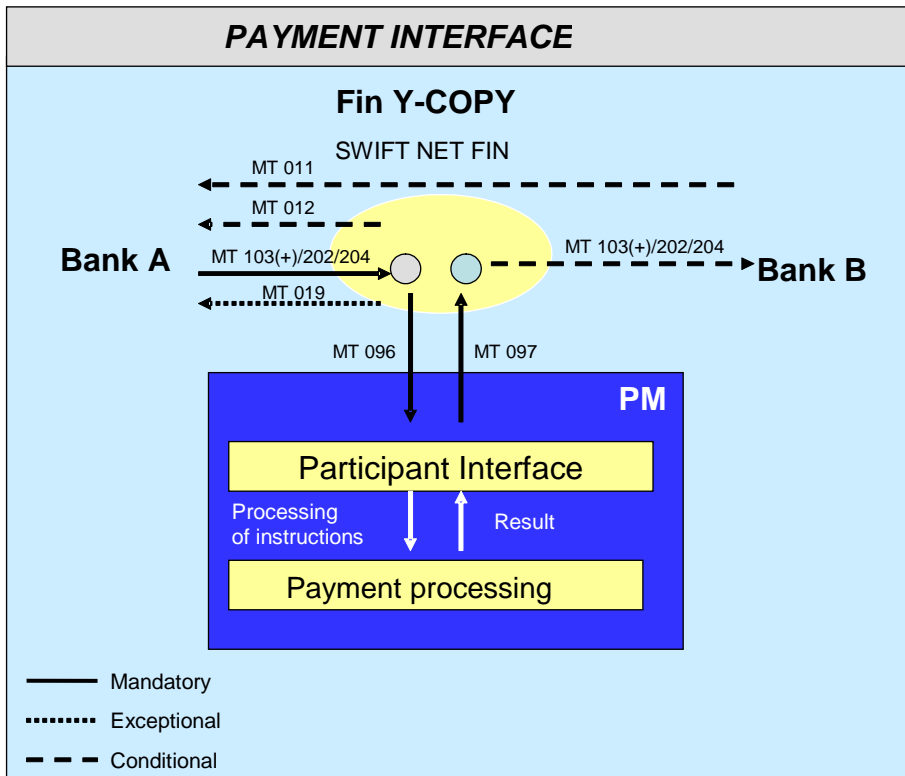
This message is sent to SWIFT, which stores it and generates a copy in the format of an MT096 (Settlement Request). This request is then sent to the PM.

MT096 is processed by the PM and if participant A has sufficient liquidity, its RTGS account is debited and the RTGS account of participant B is credited.

Subsequently, the system generates an MT097 confirmation message, which is sent to SWIFT.

Upon receiving this confirmation, SWIFT sends the initial message to participant B, stating the time at which the payment was settled.

If the payment order is rejected, SWIFT generates an MT019 message, which is only sent to participant A.



**Ancillary System Interface (ASI)**

The ASI was specifically developed for the settlement of incoming payments from ancillary systems. This interface offers six settlement procedures (i.e. two real-time procedures and four batch procedures). Through ASI, ancillary systems may send payment orders via XML, which are subsequently processed in the PM. In the last stage of the process, the ancillary system is notified, regardless of whether the payments have been settled or rejected.

Under specific conditions, participating credit institutions involved in the settlement of operations within an ancillary system may receive FIN messages notifying them of its result (in the case illustrated by the following diagram, the settlement bank receives an MT202 message stating that its RTGS account has been credited).

