

TARGET2 – INDIRECT PARTICIPATION

As a Direct Participant of TARGET2 (second-generation Trans-European Automated Real-Time Gross Settlement Express Transfer) we are able to send and receive Euro payments on behalf of those correspondent banks registered as indirect participants.

Overview

TARGET2 is an electronic payment platform designed to deliver Real Time Gross Settlement (RTGS) of euros within the Euro area and the UK.

This service provides flexibility, speed and certainty when dealing with cross-border payments. In addition to supporting the Single Euro Payment Area (SEPA) and EU expansion plans, TARGET2 provides a Euro settlement system which:

- is a modern and centralised RTGS system
- does not distinguish between domestic and intra Euro payments
- settles payments direct to receiving participants rather than via National Central Banks on the same platform
- is able to provide advanced MI and optimised liquidity.

Key features and benefits

By making us your Direct Participant bank, you will be able to:

- benefit from later cut-off times compared with the Euro 1 settlement system for incoming funds
- retain your existing SWIFTNet Infrastructure to deliver and receive transfers
- avoid development and implementation costs incurred by Direct Participation
- consolidate your payments through a single NOSTRO account
- remove the need to maintain comprehensive payment routing information
- be directly addressable on the TARGET2 Single Shared Platform (SSP) database by other financial institutions, improving your reachability.

How does TARGET2 work?

The underlying principle of TARGET2 is the Single Shared Platform (SSP). The SSP incorporates a directory of participating financial institutions, which facilitates the settlement of payments on a uniform basis.

The alternatives to direct participation include registering indirectly through us as either:

- an Indirect Participant – for financial institutions with Head offices in the European Economic Area (EEA)
- an Addressable BIC – for financial institutions with Head offices outside of the EEA.

Please note that under TARGET2 rules, Indirect Participants or Addressable BICs can only nominate one Direct Participant to act on their behalf.

TARGET2 Payment formats

There are no changes required to SWIFT MT202 or MT103 payment formats.



Registration

We will handle the registration process on your behalf, once we have received a SWIFT message or written confirmation of your agreement to register as an Indirect Participant or Addressable BIC. Your registration onto the SSP database will then be confirmed and the TARGET2 directory will be updated within approximately two weeks of receipt.

TARGET2 is part of a suite of complementary Euro settlement services along with EBA, the net settlement system. If your organisation is resident within the EU, you may also want to talk to us about your indirect participation in SEPA Credit Transfer (SCT) Scheme.

Further Information

If you have any questions about the TARGET2 system or would like to discuss your organisation's requirements, please contact your relationship manager.

 Contact your relationship manager

 Visit [lloydsbank.com/business](https://www.lloydsbank.com/business)

Please contact us if you would like this information in an alternative format such as Braille, large print or audio.

If you have a hearing or speech impairment you can use Text Relay (previously Typetalk).

Important information

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