

CORE(FR) PAYMENT SYSTEM – KEY ASPECTS OF THE COMMON GUARANTEE FUND 2023

The CORE(FR) Financial Security Mechanism is based on a Common Guarantee Fund (CGF) fed by all the Direct Participants. Individual Guarantees are called when the debit balance is not covered by the fund. Contributions (in central bank money) to the fund are mandatory for all Direct Participants.

In case of a lack of liquidities during the settlement period, the Settlement Agent Target-RTGS would send a request to CORE(FR) for confirmation purpose of the use of the fund. When the amount of the fund is insufficient, then the settlement is rejected, a partial clearing is calculated after the exclusion of the defaulting Participant from the clearing and its withdrawal from the system. Would this partial clearing be successful, then a differential clearing is calculated. Would it be rejected, then a specific “cards” clearing is calculated.

The amount of the fund is reviewed annually according to CORE(FR) governance and SIPS framework and must constantly cover the largest part of the debit balances of all Direct Participants (80%). The fund can be used for one (or more) defaulting Direct Participants at the same time but its amount is estimated to address the case of a single defaulting Participant.



The defaulting Participant must refund the fund before the end of the Target day. Should it be defaulting for this refund, then the other Direct Participants would be called to bring the requested liquidities (equal to the part of their own contribution that has been used).

Replenishment calls do not modify the amount of the CGF. The real amount that could be temporarily used is equal to the sum of the individual parts of the non-defaulting Direct Participants. There is no replenishment call if the amount of the failure of a Participant is less than the amount of its own part in the CGF.

The defaulting Direct Participant is liable for penalties with regard to its counterparties.

The money of the CGF, recorded in the account of the CGF (hosted by the Banque de France), at the end of the Target day, is remunerated, or debited as the case may be, by Banque de France at the rate defined by the Board of Governors of the European Central Bank.