

TRANSITION FROM CHARGING IN KRONOS2 TO CHARGING IN TARGET DKK

Recipients: Sector groups and contact persons in TARGET DKK

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Kronos2 is planned to have its last operational day on Wednesday before Easter, 16 April 2025. TARGET DKK¹ will go live on Tuesday 22 April 2025.

Danmarks Nationalbank (DN) has chosen 1 May 2025 as the cut-off date for transitioning from the monthly Kronos2 charging to the new monthly TARGET DKK charging. Charging in Kronos2 will therefore continue up until and including April 2025 and TARGET DKK charging will take effect on 1 May 2025.

The purpose of Danmarks Nationalbank's charging in Kronos2 as well as in TARGET DKK is to recover the part of Danmarks Nationalbank's costs for operation, management and further development that the sector is to pay.

Upon transition to TARGET DKK, the settlement of DKK payments will migrate from Danmarks Nationalbank's infrastructure onto the TARGET Services platform. In terms of charging/cost recovery, this means

- the sector will cover a smaller share of Danmarks Nationalbank's costs compared to Kronos2,
- each account holder will be charged for their own activity in TARGET Services via the platform's Billing setup.

This memo provides details of the transition from Nationalbanken's current charging in Kronos2 to charging in TARGET DKK, and the model for the new TARGET DKK charging.

Brief details are also provided on monthly billing from the ECB for the account holders' own activity in TARGET Services.

Finally, details are provided on the one-off charges that will be levied following the development of TARGET DKK and closing the current infrastructure.

¹ TARGET DKK is the term for the new payment infrastructure at Danmarks Nationalbank in Danish kroner. TARGET DKK consists of TARGET Services in Danish kroner and Danmarks Nationalbank's system for collateral management and monetary policy instruments (SPI).

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1. FROM KRONOS2 TO TARGET DKK CHARGING

Remaining period of Kronos2 charging

The monthly Kronos2 charging will continue up to and including April 2025. Hereafter it will be replaced by the new monthly TARGET DKK charging.

The latest adjustment of the monthly Kronos2 fees was on 1 April 2024. Under normal circumstances, fees would be adjusted again on 1 April 2025. As there will only be one month left of Kronos2 charging by that time, the current fees will be maintained until the end of April 2025. Consequently, there will be no more adjustments to the monthly Kronos2 fees.

Once Kronos2 is discontinued, there will be a final balance between Nationalbanken and the sector because of the difference between Kronos2 income and expenses since the last adjustment. This means that the sector will either be charged or given a refund to settle the final balance.

Settlement of the balance will be combined with settlement of the temporarily continuing Kronos2 operating costs described in the next section. This charging will take place in Q1 2026.

Temporarily continuing Kronos2 operating costs

Danmarks Nationalbank is contractually obliged to continue bearing costs for Kronos2 service providers after the transition to TARGET DKK until 31 December 2025 (costs will be reduced compared to full operation).

As is the case with 'normal' Kronos2 operating costs, the costs are shared 50/50 between Danmarks Nationalbank and the sector.

The sector's share of the costs is shared among account holders according to the same model used to distribute 'normal' Kronos2 operating costs. All account holders who are direct participants in Kronos2 must therefore take part in covering this Kronos2 cost – including those who will become co-managees in TARGET DKK.²

Charging will be levied as a one-off charge in Q1 2026 once the costs are finalised. Exact date and individual amounts will be communicated to account holders prior to charging.

Danmarks Nationalbank will release an estimate for budgeting purposes, expectedly in Q3 2025.

² The allocation key for the temporarily continuing costs will be calculated based on 2024 data. The used key for the current fee was calculated based on 2023 data. This means the same key will not be used again, but the new key is calculated using the same model.

Transition to new monthly TARGET DKK charging

From 1 May 2025, Danmarks Nationalbank's monthly Kronos2 fee(s) will be replaced by a monthly TARGET DKK fee. The model behind the new charging is described in section 2 below.

Please note: Currently, besides the Kronos2 fee, Nationalbanken also charges a Kronos2-T2S fee and a monthly amount pertaining to use of Information Services on T2S. In TARGET DKK Nationalbanken will only charge one fee. Charges regarding T2S will be handled via the billing-setup'et on TARGET Services, just like for T2 and TIPS. Further about this in section 3 below: "Billing for own activity in TARGET Services (ECB)".

While the Kronos2 fee(s) have been charged monthly in advance, TARGET DKK fees will be charged in arrears. Charging takes place on the 11th banking day of the following month, in accordance with the TARGET opening days in euro.

TARGET in euro is open on all weekdays, except:

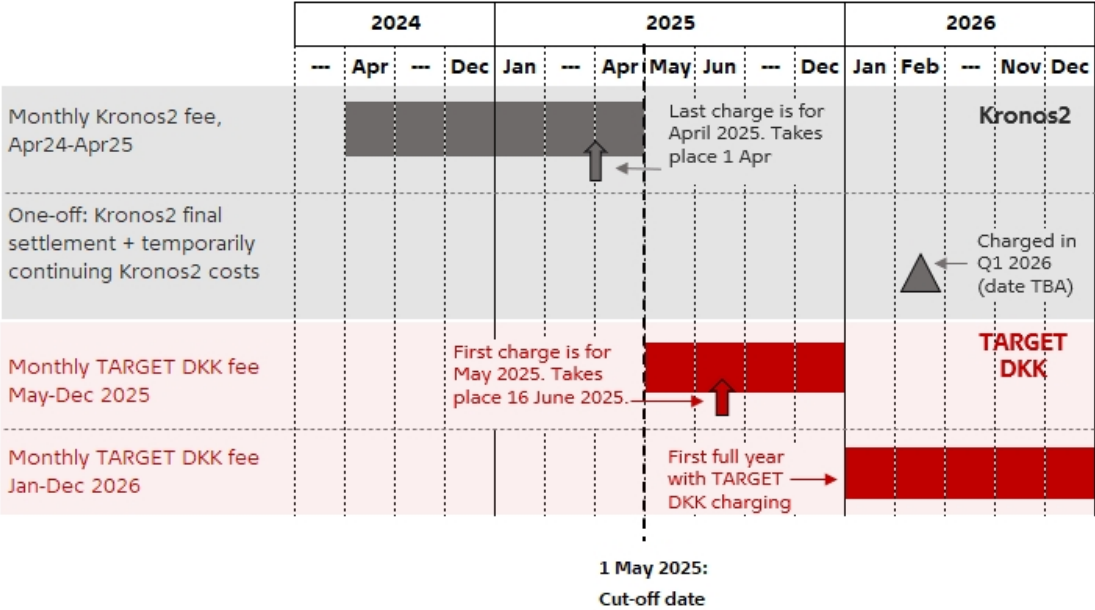
- 1 January (New Year's Day)
- Good Friday
- Easter Monday
- 1 May (Labour Day)
- 25 December (Christmas Day)
- 26 December

The TARGET DKK charging will take place for the first time on 16 June 2025.

The fee will be fixed until end December 2025 and will be adjusted for the first time with effect from January 2026. After that, the fee will be fixed for 12 months at a time.

Each participant will be notified during spring 2025 of the monthly fee that will apply from May to December 2025.

Illustration of the transition from Kronos2 to TARGET DKK charging



2. MODEL FOR NATIONALBANKEN'S CHARGING IN TARGET DKK

Upon transition to TARGET DKK, the pricing model from Kronos2 will largely be continued with just a few differences.

The model in TARGET DKK is summarised below. More details can be found in the '*Pricing structure in TARGET DKK*' memo, which is distributed along with this memo and is also available on the TARGET DKK area in MS Teams. It will also be posted on Danmarks Nationalbank's website.

Model in TARGET DKK:

- All direct participants will be charged a monthly fee by Nationalbanken. Nationalbanken will not bill co-managees or settlement systems.
- The fee will be charged monthly in arrears on the 11th banking day of the following month. Charging follows the euro calendar and will therefore take place on the 11th TARGET banking day in accordance with the TARGET opening days in euro. If this is not a banking day in DKK, charging will take place on the next banking day in DKK.
- Debiting will be made from the participant's MCA account in TARGET Services.
- Invoices will be sent by email in parallel with debiting.
- The monthly fee will be fixed for 12 months at a time, following the calendar year. The annual adjustment will therefore take effect from January and the adjusted fee will be charged for the first time on the 11th banking day in February. Every year around 1 February, Danmarks Nationalbank will inform participants of the new fee.
- This is an on-account charge to cover the sector's share of Nationalbanken's costs for the calendar year in question. The difference between Nationalbanken's actual costs and income will be settled through the annual adjustment of fees.

The fee will be calculated using the same formula as in Kronos2, with the following exceptions:

- The distribution key in Kronos2 is based on the previous year's number and value of *all movements on the settlement account*. In TARGET DKK, it will be based on the number and value of only *outgoing RTGS payments*.
- The minimum fee in TARGET DKK will be kr. 1,000 per month compared to kr. 300 in Kronos2.

Overview of the main differences between Nationalbanken's monthly charging in Kronos2 and TARGET DKK

	How does it work in Kronos2?	How will it work in TARGET DKK?
Charging by Danmarks Nationalbank	Monthly in advance on 1st banking day of the month <i>(according to DKK calendar for banking days).</i>	Monthly in arrears on the 11th banking day of the following month <i>(according to the TARGET opening days in euro).</i>
Annual fee adjustment	April (new fee will be charged for the first time on the 1st banking day in April).	January (new fee will be charged for the first time on the 11th banking day in February).
Model for distributing the costs to be covered by the sector among account holders	<ul style="list-style-type: none"> • 1 per cent is distributed evenly among all participants regardless of activity. • 99 per cent is distributed based on an equal weighting of the participant's share of the total number and total value of all settlement account movements in the previous year. • No institution at a group level may cover more than one third of the distribution key. 	Similar to Kronos2, only with the difference that instead of all settlement account movements used to calculate 99 per cent of the key, outgoing RTGS payments will be.
Minimum monthly fee	Kr. 300	Kr. 1,000
Other recurring charges by Danmarks Nationalbank?	Account holders participating in T2S are charged a monthly Kronos2-T2S fee and an amount to cover their own use of Information Services in T2S.	No, Danmarks Nationalbank will only charge one monthly fee. In addition to Nationalbanken's charging, account holders will be billed by the ECB for their activity on the TARGET Services platform.
Who will be charged by Danmarks Nationalbank?	Everyone with a settlement account in Kronos2 (with a few specific exceptions).	All direct participants in TARGET DKK, apart from settlement systems. Co-managees will not be charged.

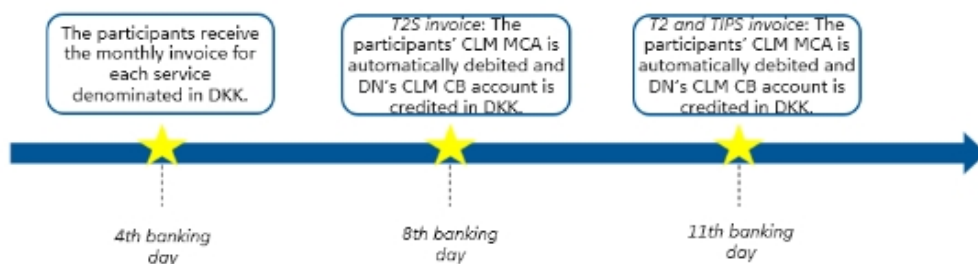
3. BILLING FOR OWN ACTIVITY IN TARGET SERVICES (ECB)

Account holders who are direct participants on the TARGET Services platform will be billed monthly for their own activity in each service (T2, T2S, TIPS). Co-managees will not be billed by the ECB.

Billing will be in arrears for the previous month's activity.

Invoices and charges will be in DKK for activity in DKK. Participants who also use services in EUR will continue to receive an invoice and be billed in EUR for EUR activities as is the case now.

Billing will be automatic in the TARGET Services' Billing module, where the following will generally take place each month for services in DKK:



Billing will follow the EUR calendar. If the 8th or 11th banking day is not a banking day in DKK, billing will take place on the next banking day in DKK.

The rates and billing structure are determined by the ECB pricing model. Please refer to the ECB's pricing guide: [TARGET Services pricing guide, V2.0.pdf](#)

Please note: The first billing that direct participants will experience for their DKK activity in TARGET Services will be on the 8th and 11th banking day of May 2025 for activity in April, specifically the period 22 – 30 April 2025.

For TARGET Services, the cut-off date is therefore not 1 May 2025, as it is for Nationalbanken's billing. Rather, it is the day DKK goes live on TARGET Services. The reason is that TARGET Services billing is related to specific use/activity on the platform.

4. COVERAGE OF DANMARKS NATIONALBANK'S PROJECT COSTS

The sector shall pay half of Nationalbanken's external costs for developing TARGET DKK and closing the current infrastructure (Kronos2).

TARGET DKK development cost

Charging related to developing TARGET DKK will take place once the final costs are known after go-live (expected in Q3 2025).

The total amount to be recovered by the sector for developing TARGET DKK is estimated at kr. 90 million. This amount is still subject to uncertainty.

The final amount will be distributed among account holders using the same model that will be used to distribute ongoing TARGET DKK costs, cf. section 2 above and the separate memo "Pricing model in TARGET DKK".

This means that only direct participants will be part of the cost recovery and thus charged by Danmarks Nationalbank. Co-managees will not be charged.

The project cost allocation key will be based on 2024 data, i.e. based on RTGS activity in Kronos2 in 2024.

The date and exact amount will be communicated to each participant prior to charging.

Costs of closing the current infrastructure

Once Kronos2 has been taken out of use, the infrastructure must be shut down technically and physically. By its very nature, this work can only be carried out after go-live, and therefore following completion of the development part of the project.

The cost of shutdown activities will therefore be calculated separately - and the sector's half of the cost charged separately - once the work has been completed and the costs are known. This is expected to be in Q1 2026.

The amount will be distributed among account holders (direct participants only) using the same key as used to distribute the development costs.

The date and exact amount will be communicated to each participant prior to charging. Danmarks Nationalbank will release an estimate for budgeting purposes (expected in Q3 2025).

5. OVERVIEW OF CHARGING IN 2025 AND 2026

	2025												2026		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Monthly fee (Nationalbanken): Kronos2	Last charging will concern April 2025														
Monthly fee (Nationalbanken): TARGET DKK					First charge will be for May 2025 - will take place 16 June 2025. Herinafter monthly on the 11th banking day.										
Montly usage fee (ECB): TARGET Services					First charge will concern the period 22-30 April 2025. Takes place 13 May for T2S and 16 May for T2 and TIPS. Hereinafter monthly on the 8th and 11th banking day for T2S and T2/ TIPS, respectively.										
One-off charge: Kronos2 final settlement + temporarily continuing Kronos2 costs													Q1 2026 (Final date to be accounced)		
One-off charge: TARGET DKK development cost						Q3 2025 (Final date to be accounced)									
One-off: Costs to shut down current infrastructure after TARGET DKK go-live													Q1 2026 (Final date to be accounced)		

Grey: Concerning Kronos2

Red: Concerning TARGET DKK

Blue: Concerning TARGET Services