



Response on CCBM2 User Requirements

Pag 10 -1.2 Principles of CCBM2

Principle 1 : ... business relationship with counterparties and CSD's : we want to add ICSD's

Pag 11 – 1.2 Principles of CCBM2

Principle 4 : ...held at the local CSD : we want to add ICSD

Pag 12 – 1.2 Principles of CCBM2

Principle 6 : The issue of repatriation of securities will be further discussed in the Eurosystem. The result of this discussion will not affect the CCBM2- functionalities.

For us repatriation is a very important point : without repatriation settlement is very time consuming and not (cost) efficient.

Pag 14 – 1.3.1. Generalities

Voluntary participation : Participation in CCBM2 is voluntary : For us the CCBM2 must be mandatory for all NCB 's so that we will have one harmonized system for our collateral handling.

Page 15 – 1.3.2. Modular structure

Mandatory and optional modules : one mandatory module / three optional modules : we don't understand why only the Message Router module is mandatory. How can a bank handle his collateral without the Credit & Collateral Module ?

Page 16 – 1.3.3. Message Router

Functionality : ...possibility also tri-party services which are currently subject to analysis : We believe that the possibility to use the tri-party service with the ICSD's is a necessary instrument for our collateral management. On basis of one swift message (MT527) our tri-party agent will handle all the securities transfers. This offers also a solution for the mobilization of fresh collateral in the CM of T2.

Page 17 – 1.3.4. Credit & Collateral Module

Functionality : The Credit & Collateral Module is the core service module of CCBM2, although it is optional : Is this not a contradiction ? See also our remark Page 15.

Page 20 – 1.3.7 Support functions

Note Respecting the principle of decentralization of the execution of the monetary policy, each participating NCB will manage its own static data. Only the common data will be managed centrally. What about prices and pool factors ? For us financial information on the marketable assets must be managed centrally and if possible on basis of one feeder system. Banks must have a clear view where the data is coming from.

Page 21 – 1.3.7. Support functions

All participating NCBs and their counterparties have at their disposal tools to : ...

Can we understand that this tool is a WIROW like system ? WIROW can be the basis of this tool but extended with the possibility to send instructions. Also important is an automatic link between the reports and the sending of instructions so that we have an integrated and performed system.

Page 22 – 1.4. ICT

What about a Back Up system and contingency system and procedures ? For a partial answer see page 163

Page 27 – 2.3. Workflow Manager

Validity Checks . NCB participating in CCBM2 : see our remark page 14

Page 29 – 2.4. A2A Interfaces

Automated Communication : ... CCBM2 will be able to process incoming/outgoing formats adapted by all the CSDs : add ICSDs

Page 32 – 3.1. Module presentation

Optional Module The Credit & Collateral Module is an optional module : see our remark page 17

Optional Module Participating NCBs can choose the pooling or the earmarking functionality or both : On which basis will the NCBs do the choice ? For us this is in contradiction with our wish to have uniformed procedures.

Page 39 – 3.5.1. Functional principles of pooling

Using the pool : The collateral pool also enables to provide in internal and external collateral needs : credit freezing (optional). What is the meaning of optional ? For the NCB's or counterparties ? Credit freezing is very useful (e.g. CCP margins) so for us this must be mandatory in the CCBM2 system for all NCBs.

Page 41 – 3.5.2.1. Management of the pool

Collateral subpools : CCBM2 allows several collateral subpools per counterparty. This allows to segregate collateral which was delivered in the global pool of the counterparty per NCB. Clarification is needed on this item but subpools could be useful.

Page 48 – 3.5.3.2. Internal and external collateral needs : credit freezing (optional)

See our remark page 39

Page 71 – 3.9. Liquidity absorbing reverse transactions ... (optional)

Optional : Why not mandatory ?

Page 72 – 3.10. External Collateral Management Systems (optional)

Introduction :... Tri-party services offered by ICSDs : see our remark page 16

Page 74 3.10.2. Transaction by transaction mode

Interfacing with CCBM2 use : The counterparty sends instructions to the external CMS. We suppose that this will be done on basis of the present standards (MT 527).

Page 88 – 4.3.4. Interaction with SSSs

Sending instructions : ... sends a securities instruction to the SSS : = CSD or ICSD (see also remark of repatriation : principle 6)

Page 97 – 4.5.1. Corporate actions

Corporate actions : .. by the various CSDs for this purpose : CSD & ICSDs

CCBM2 participants : Stage 3 : We propose that CCBM2 can send a MT566 message to the counterparty.

Page 105 – 5.2. Generalities

Notification procedures : CCBM2 supports the two main legal procedures for notifying the debtor of the credit claims : we opt for one legal procedure for the notification namely the most simple procedure.

Page 109 – 5.3.2. Recording

Recording data: The counterparty has to hand over all necessary data for : How ?

Documents : Depending on the country where the credit claim is issued, original contracts should be sent to the NCB for specific national legal requirements : Harmonization of procedures (also legal) is needed

Page 110 – 5.3.3. Validations

Eligibility Checks : ... depending on the country where the credit claim is issued : see our remark about lack of harmonization

Page 111 – Validations

Additional checks : Depending on the country of issue.. : see our remark about lack of harmonization

Page 125 – 6.3.1. Reference data on actors

Different actors : Central Securities Depositories (CSDs) and Securities Settlement Systems (SSSs) : add International Central Securities Depositories (ICSDs) to the list

Page 127 – Reference data on actors

Check on close links : Each NCB is responsible for maintaining the close links information on its counterparties : How ? On basis of own information or information received from counterparties (see page 109) ?

Page 132 – 6.4.1 Characteristics of the marketable assets

Static data not synchronized with EADB : .. mainly for theoretical valuation reasons : Pool factor, inflation index rate, interest rate ... : see our remark page 20 we need a clear view which data (e.g. which feeder system) will be used for the calculation of the market or theoretical value and the same data must be used by all NCBs.

Page 134 – 6.4.3. Elements for asset valuation

Asset price : Part of the answer on our remarks page 20 & page 132

Page 139 – 6.5.1. Characteristics of the credit claims

Data to be stored Note ...the national legal requirements and availability. Some data might be mandatory and other data might be country-specific : see our remarks page 105, 109, 110 and 111 : lack of harmonization.

Page 140 – 6.5.2. Elements for credit claims pricing

Daily theoretical price : Currently, the use of theoretical pricing is not mandatory : Why not one system for all NCBs ?

Page 147 – 7.4.1. Reporting on the production database

Characteristics : we want to have a not restrictive an open reporting tool (see also our remark page 21)

Page 153 – 8.2. TARGET2 contingency module

TARGET2 Contingency Module : Possibility to use tri-party services to feed T2 CM (see also our remark page 16)

Page 163 – 9.1.2.1. High availability and continuity

Dual hosting operations model with regional sites : The data, the application modules and the configuration data will be kept up-to-date in the regions by means of data replication techniques on both the application and the database level : Is this meaning no loss of data and thus no CM ?