Helmut Wacket
Head of Market Integration

Eurosysteem
deliberations on
taking collateral for
credit operations

AMI-SeCo meeting, Frankfurt
4-5 July 2017
Background

- The ECB presented at a high-level how the Eurosystem aims at making collateral management more efficient in the March 2017 AMI-SeCo meeting

- AMI-SeCo
  - welcomed the information and appreciated having been involved
  - agreed to have a dedicated workshop on the topic
  - agreed that technical work should continue on solving the realignment of cross-CSD Eurobond settlement transactions in T2S
AMI-SeCo workshop in Madrid on 11 May 2017

• A wide range of AMI-SeCo members and Eurosystem NCBs were represented

• The ECB elaborated on the Eurosystem deliberations on taking marketable collateral in T2S:
  • Horizon: ECMS go-live
  • Only location of NCB accounts (as collateral taker) to be affected

• The two ICDSs confirmed their service offering and their commitment to work on a solution for the realignment of cross-CSD Eurobond settlement transactions in T2S

• Participants expressed support emphasising the need for seamless asset servicing and the ability to pool collateral and liquidity management

• Follow-up questionnaire
Questionnaire to AMI-SeCo members

- More background information and detailed questions focussing on potential implications new policy might have for market participants
- 12 AMI-SeCo members replied
- The majority of respondents seem to agree with the Eurosystem’s preliminary assessment of potential benefits and challenges
- The ability to pool activity in T2S, the longer term effects on integration and harmonisation and level playing field were highlighted among the benefits for market stakeholders
- The need for an appropriate network of links, the solution to the realignment of Eurobonds and the availability of efficient asset servicing and tri-party services were highlighted among the challenges
- Avoiding undue complexity and aligning settlement windows were mentioned