

**French Feedback to consultation paper of the European Central Bank
Subject: The next generation of Collateral Management (CCBM2)**

Executive Summary

As an introduction, two general remarks:

1. The specific needs of treasurers in terms of access to the different systems

The issue regarding the kind of tool which should be set up for treasurers has been raised:

- should it be a portal allowing the access to a “database”, composed of the 3 systems (T2, T2S, CCBM2), from which each participant would build up its bespoke interface?
- should it be a uniform intelligent interface which would govern the 3 systems (T2, T2S, CCBM2)?

The French Group is in favour of a portal from which participants would build up their own interfaces/screens

2. Beyond CCBM2, effective Market failures related to collateral management

We understand that CCBM2 is mainly a smart collateral facility management tool for National Central Banks linked to T2, SSS and banks and providing interface to CMS. Nevertheless, the French Market points out it will not be able to work out the majority of effective failures related to cross border collateral circulation and management on the Market. More specifically we consider there is a strong need of CSD's procedures harmonisation. Therefore the French market urges for a parallel harmonisation stream involving this topic, among others, and submitted to market consultation at a later stage.

1. Governance related point: For evident efficiency reasons the implementation and use of CCBM2 should be mandatory for all NCBs. Besides, regarding the optional module choice, it has to be made in accordance with the users' community
2. Intraday mobilisation and use: On Principle 6 - Links harmonization need - users have to be ensured to be able to do intraday CCBM2, that is the intraday possibility to instruct the CSD and obtain the corresponding credit line, thanks to the optimisation of the CSDs' links not to block securities on several days, to improve timing and to avoid the so-called “spaghetti” architecture drawbacks.
3. Unique ICM interface – single window concept
4. Need of freezing credit line equivalent, more specifically an optional collateral pocket should exist in a CCBM2 module for contingency use
5. Collateral mobilisation in different currencies for contingency purpose
6. Chronology coherence for T2, T2S, CCBM2 and compatible with the ESCB tools (for instance, night time settlement)
7. Introduction of flexibility between registering, recording and mobilisation (for instance for credit claims), i.e. be able to connect high performance registering/recording system to CCBM2 mobilisation module in order to save time for the whole project
8. Business need for the integration of tripartite repo issues with – for eligible CMS – normative criteria to prevent risks
9. There is a need of harmonisation and standardization on many topics such as opening hours, legal frame, credit claims, etc...

It has been underlined that direct and indirect participants need secured tools with functionalities that give a detailed and clear vision on operations.