



EUROPEAN CENTRAL BANK

EUROSYSTEM

Eurosystem Collateral Management System

Information pack

Using credit claims in the ECMS

January 2020

target | ECMS
services

What credit claims can be managed in the ECMS?



Credit claims mobilised on an individual basis

General framework



Additional credit claims mobilised on an individual basis

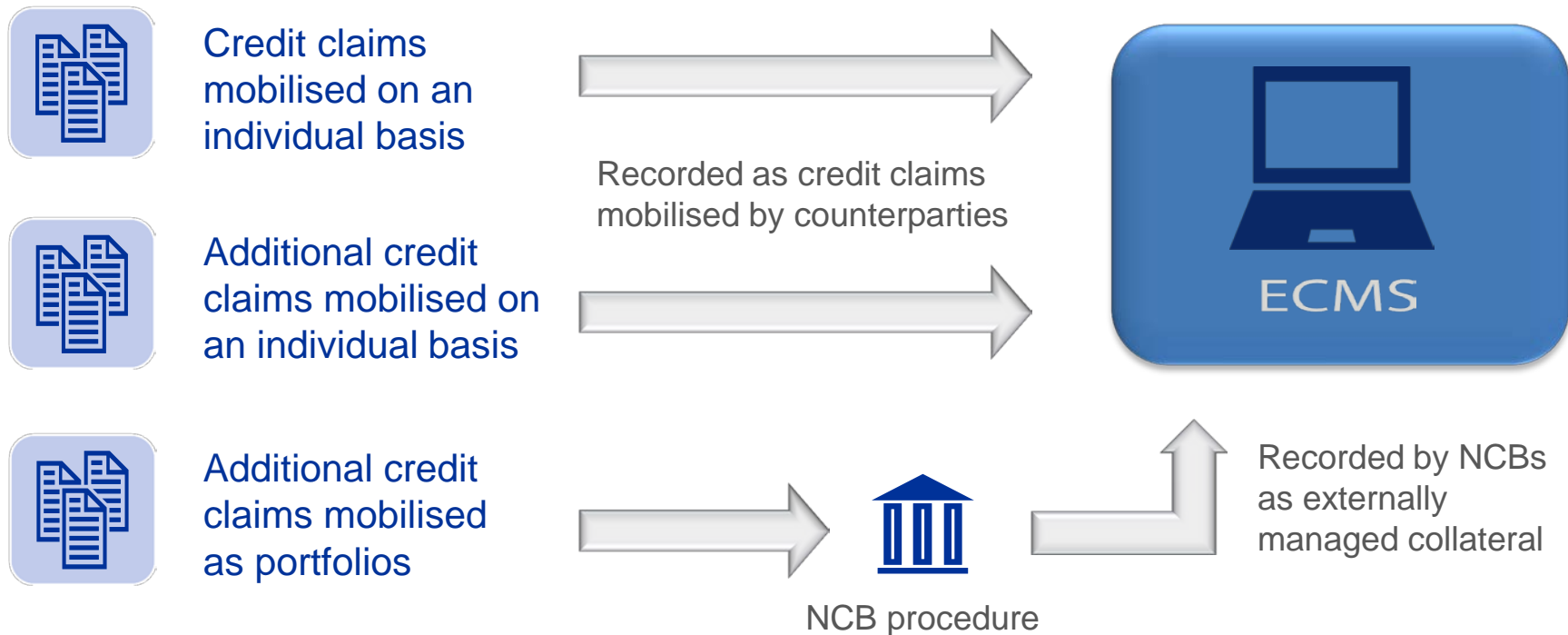
Temporary framework



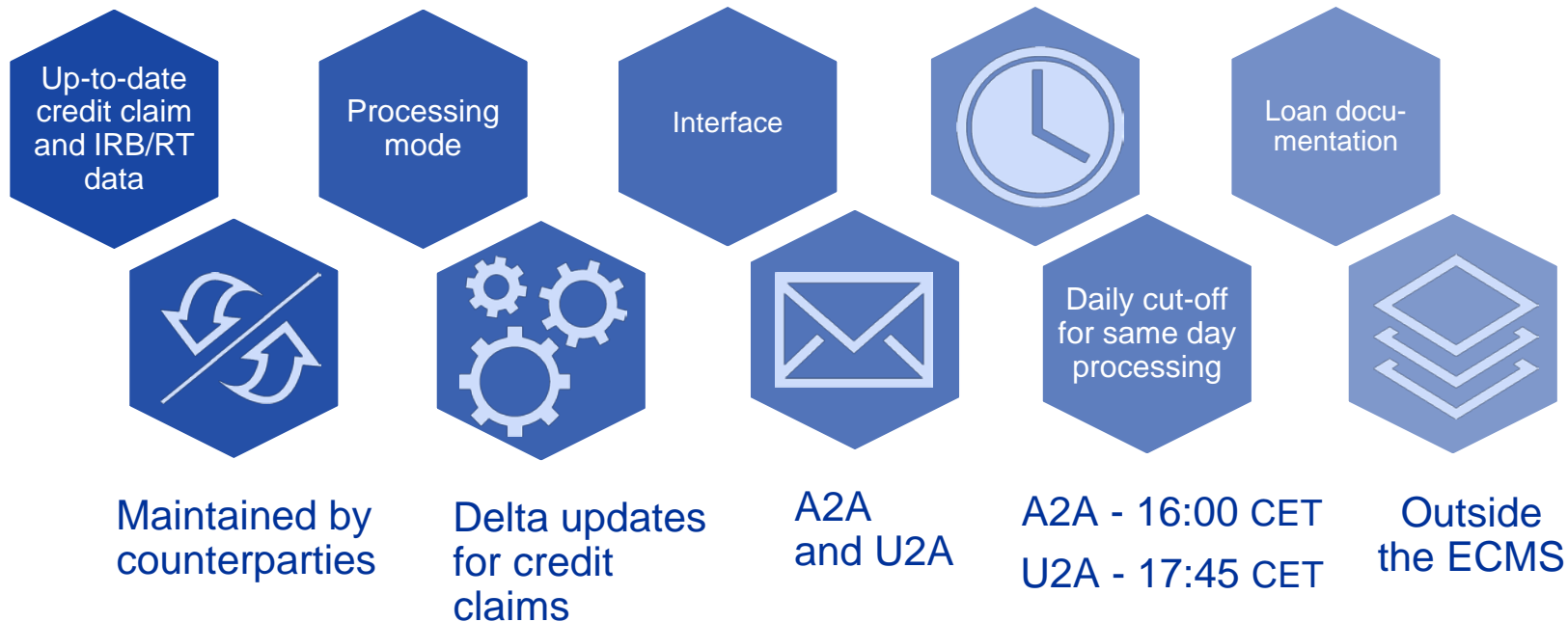
Additional credit claims mobilised as portfolios of credit claims

Temporary framework

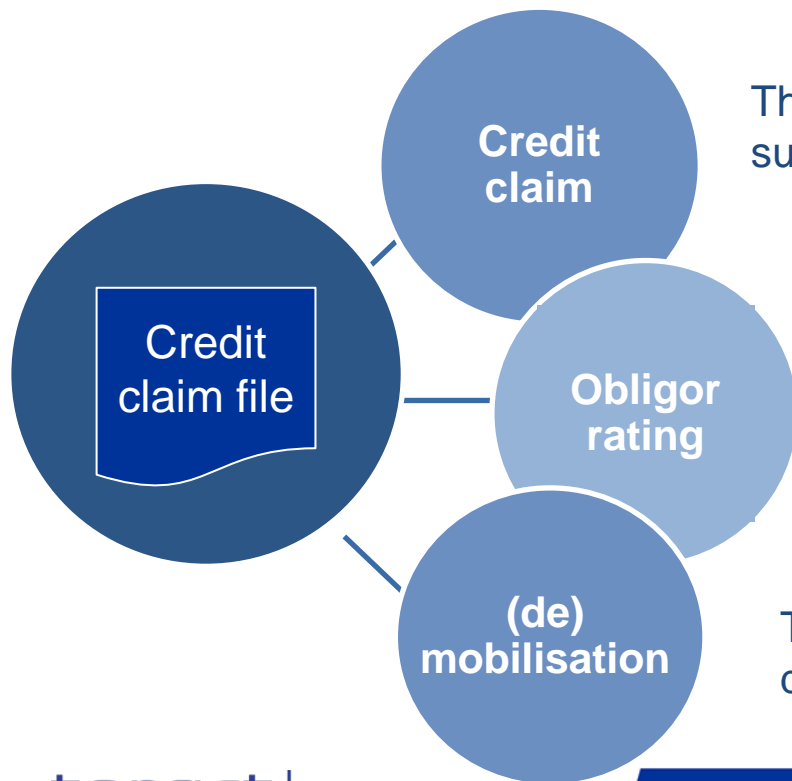
Recording of credit claims in the ECMS



Key principles related to credit claims



Credit claim file content

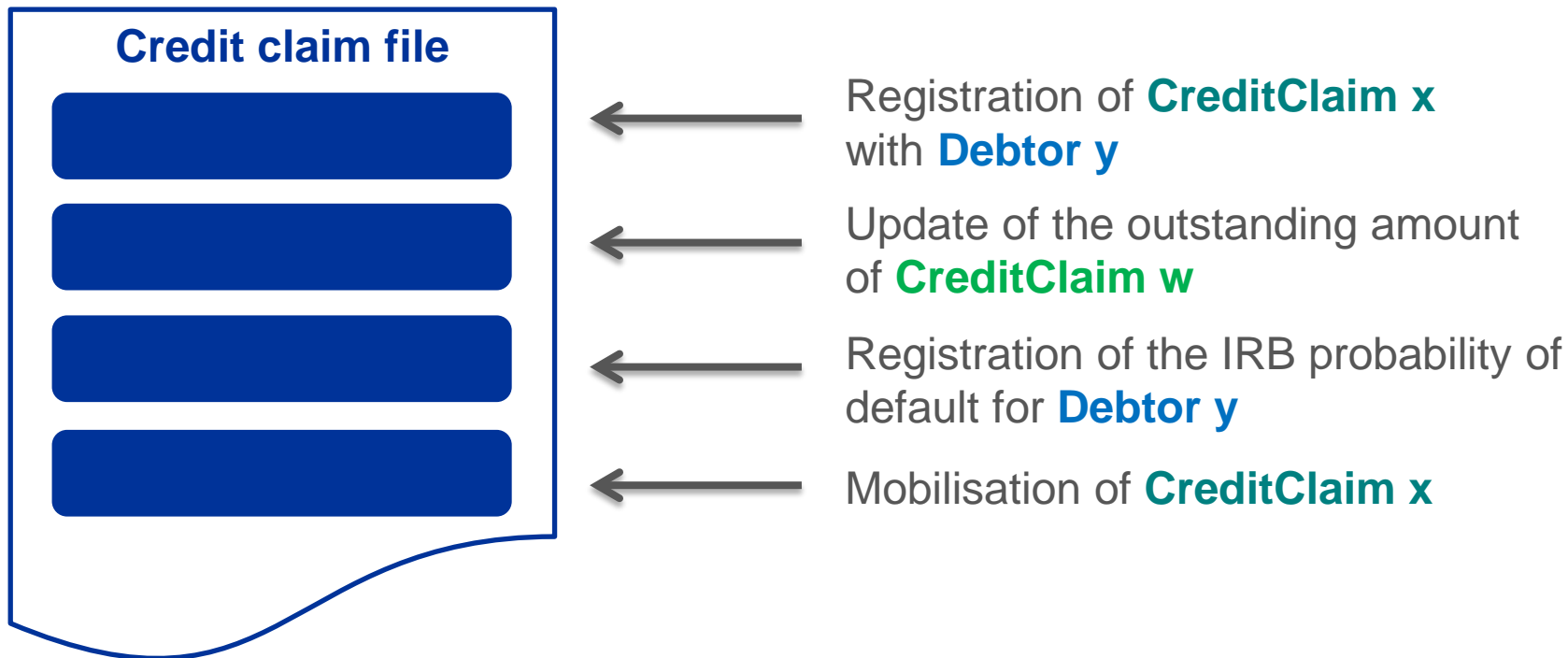


The registration and update of the credit claim via the submission of detailed information to the ECMS.

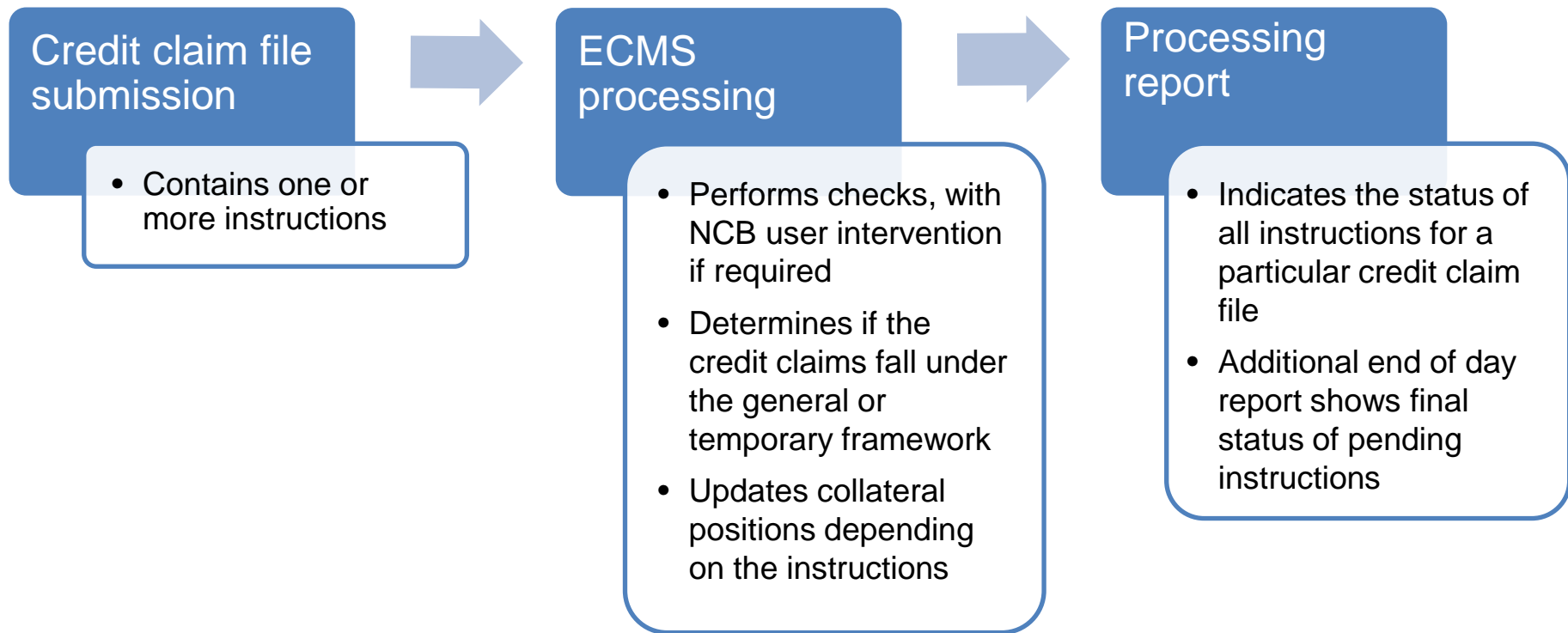
The registration and update of an associated probability of default if the credit quality requirements of a credit claim are to be fulfilled using IRB (or RT for ACCs).

The request to mobilise a registered credit claim or demobilise a credit claim mobilised as collateral.

Example of credit claim file



Credit claim life cycle



Credit claim information (1)

CREDITOR

- The creditor of the credit claim does not always have to be the counterparty
- The code of the creditor should be indicated when the counterparty makes the registration

DEBTOR

- The debtor code and code type used (as designated by the NCB).
- The debtor name

GUARANTOR

- The guarantor code and code type used (as designated by the NCB).
- The guarantor name
- The guarantee's reference

Credit claim information (2)

CREDIT CLAIM

Counterparty's credit claim reference

Eurosystem's credit claim reference

Contract number as known by the debtor

Credit claim governing law

Loan type (ECMS code list)

Subordination indicator

Set-off risk indicator

Outstanding amount

Currency

Origination date

Maturity date

Interest rate type (fixed or variable)

Changing interest rate indicator

Resetting period < 1 year indicator

Changing interest rate date

Negative cashflow indicator

Cap indicator

Agent bank

Referenced Eurosystem index (ECMS Code list)

Update date

Rating information

OBLIGOR

- The debtor or guarantor and code type used (as designated by the NCB).
- The debtor or guarantor name

RATING

Rating type (IRB or RT)

Credit Assessment system code (ECMS code list)

Probability of default

Rating date

Rating validity date

Mobilisation and demobilisation

- The simple registration of a credit claim does not necessarily mean that it can be used as collateral, as eligibility checks are only conducted upon mobilisation.
- If a credit claim becomes ineligible, it should be demobilised.
- If a credit claim matures, there is no need for demobilisation.

(de)mobilisation

Counterparty's credit claim reference

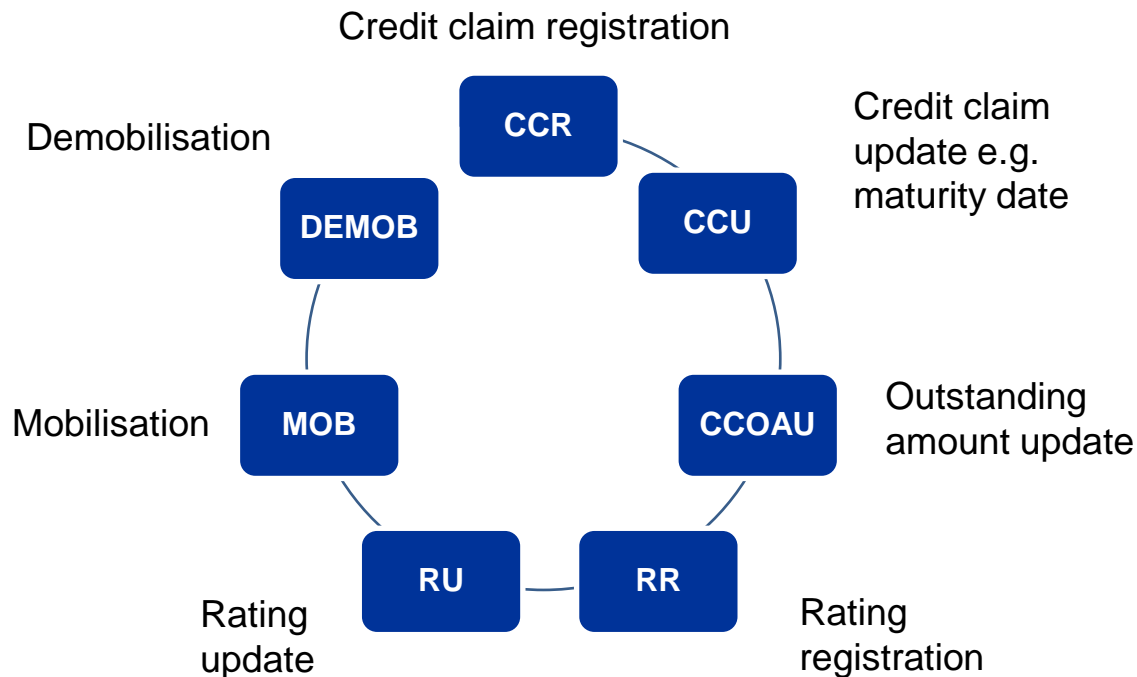
ECMS asset account

Eurosystem's credit claim reference

Due to legal obligations, in some countries the registration has to be fully processed before the mobilisation of the credit claim using the Eurosystem's credit claim reference.

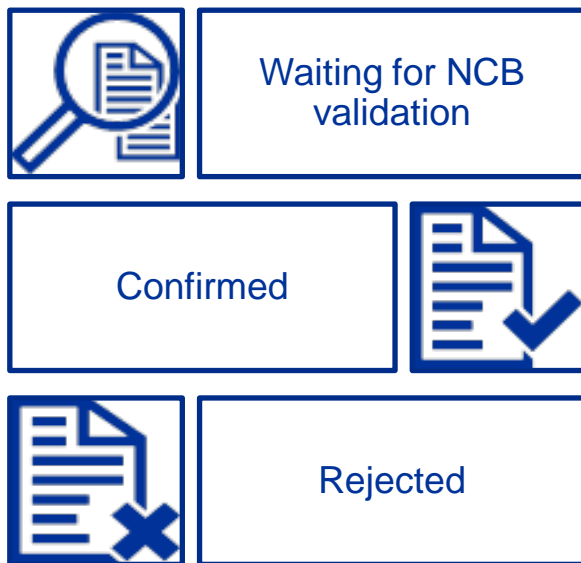
Credit claim file and instructions

- Each file and each instruction is identified via a unique reference per counterparty.
- A credit claims file may contain multiple instructions of different types (in a defined order) but with the same intended settlement date (which may be in the future).



Status of instructions and credit claims

Status of an instruction



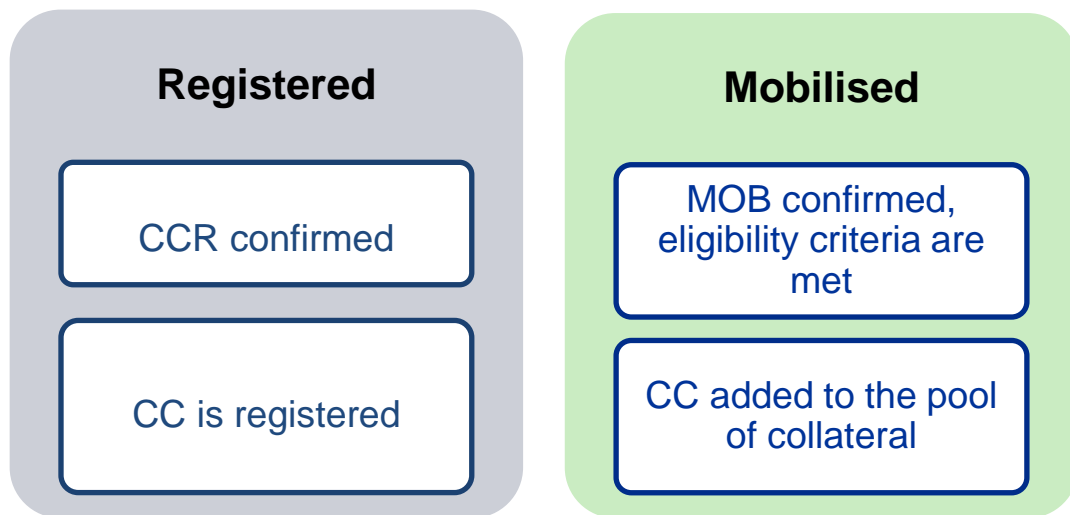
Status of a credit claim



Credit claim lifecycle – Scenario 1

Step 1 A credit claim registration is sent

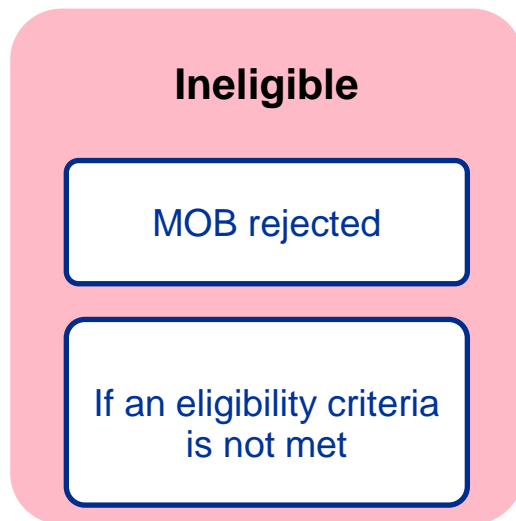
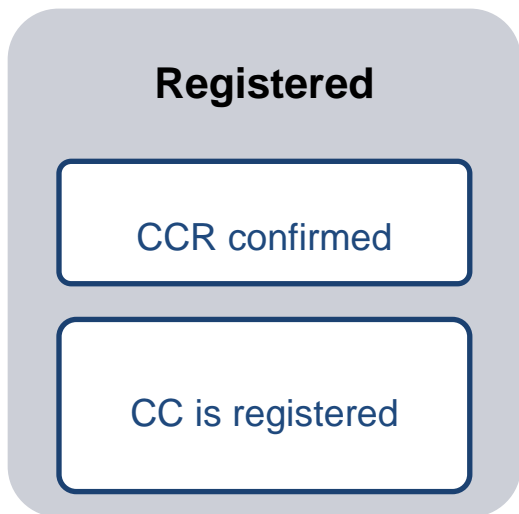
Step 2 A credit claim mobilisation is sent



Credit claim lifecycle – Scenario 2

Step 1 A credit claim registration is sent

Step 2 A credit claim mobilisation is sent, but for an ineligible credit claim. The mobilisation instruction is automatically rejected without need for NCB intervention.

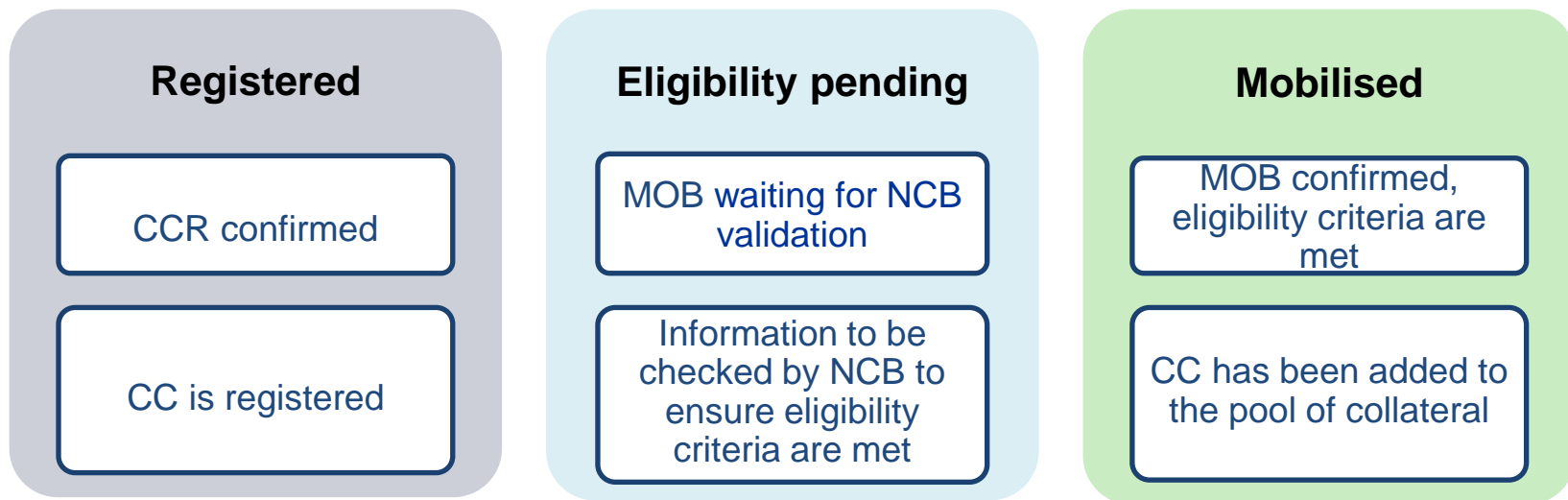


Credit claim lifecycle – Scenario 3

Step 1 A credit claim registration is sent

Step 2 A credit claim mobilisation is sent but the NCB has to take action

Step 3 The NCB has confirmed the mobilisation

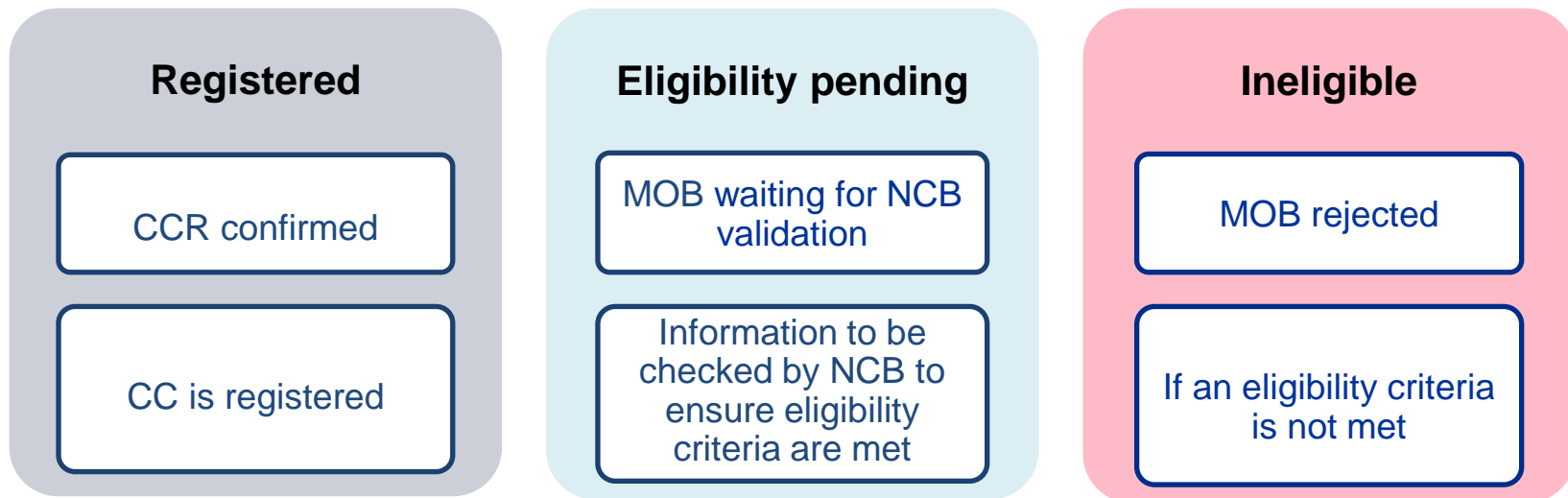


Credit claim lifecycle – Scenario 4

Step 1 A credit claim registration is sent

Step 2 A credit claim mobilisation is sent but the NCB has to take action

Step 3 The NCB has rejected the mobilisation

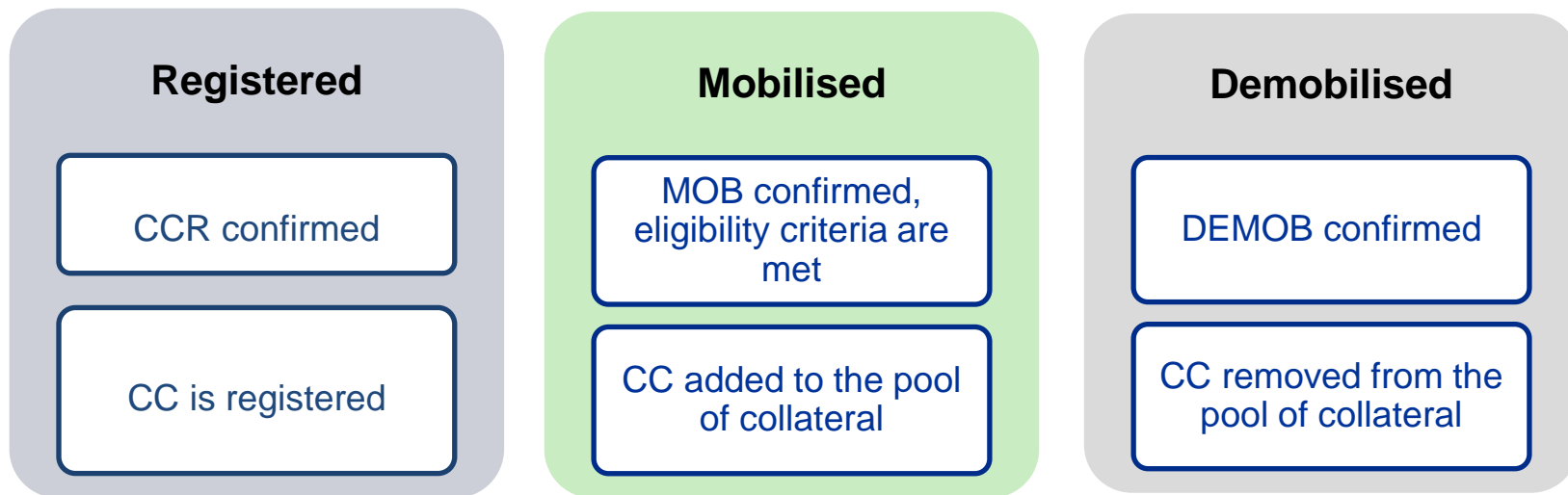


Credit claim lifecycle – Scenario 5

Step 1 A credit claim registration is sent

Step 2 A credit claim mobilisation is sent

Step 3 A credit claim demobilisation is sent



Credit claim lifecycle – Scenario 6

- Step 1** A credit claim registration is sent
- Step 2** A credit claim mobilisation is sent
- Step 3** Debtor rating has been updated
- Step 4** A credit claim demobilisation is sent

Registered

CCR confirmed

CC is registered

Mobilised

MOB confirmed,
eligibility criteria are
met

CC added to the pool
of collateral

Demobilised

DEMOB confirmed

CC removed from the
pool of collateral

Ineligible

Upon daily check

CC value sets at zero

Cross border credit claims

- The same process applies to cross-border credit claims as for all credit claims.
- The only difference is that the two NCBs involved will have access to different sets of information and are responsible for different actions.
- Some NCBs may not use the ECMS to manage credit claims. However, as soon as one of the NCBs involved in a cross-border credit claim is in the ECMS, the related instructions will be processed in the ECMS.
- Even if one of the NCBs involved does not use the credit claim functionality of the ECMS, credit claim instructions must still be entered into the ECMS (either by the counterparty, or by the NCB on behalf of the counterparty).