



EUROPEAN CENTRAL BANK

EUROSYSTEM

Eurosystem Collateral Management System

Information pack

Credit freezing in the ECMS

January 2020

target | ECMS
services

Credit freezing functionality

- Offered by the ECMS to counterparties to enable the reservation of collateral in the counterparty pool for a specific purpose.
- NCBs are responsible for configuration in the ECMS.

NCBs define the credit freezing types which apply to their community

NCBs may authorise individual counterparties to use some or all of these types

NCBs adjust the reference data of the counterparty's pool to reflect the types they have authorised

- The counterparty (or a third party on behalf of the counterparty) can instruct the authorised credit freezing type. NCBs may also send credit freezing instructions.

Credit freezing process

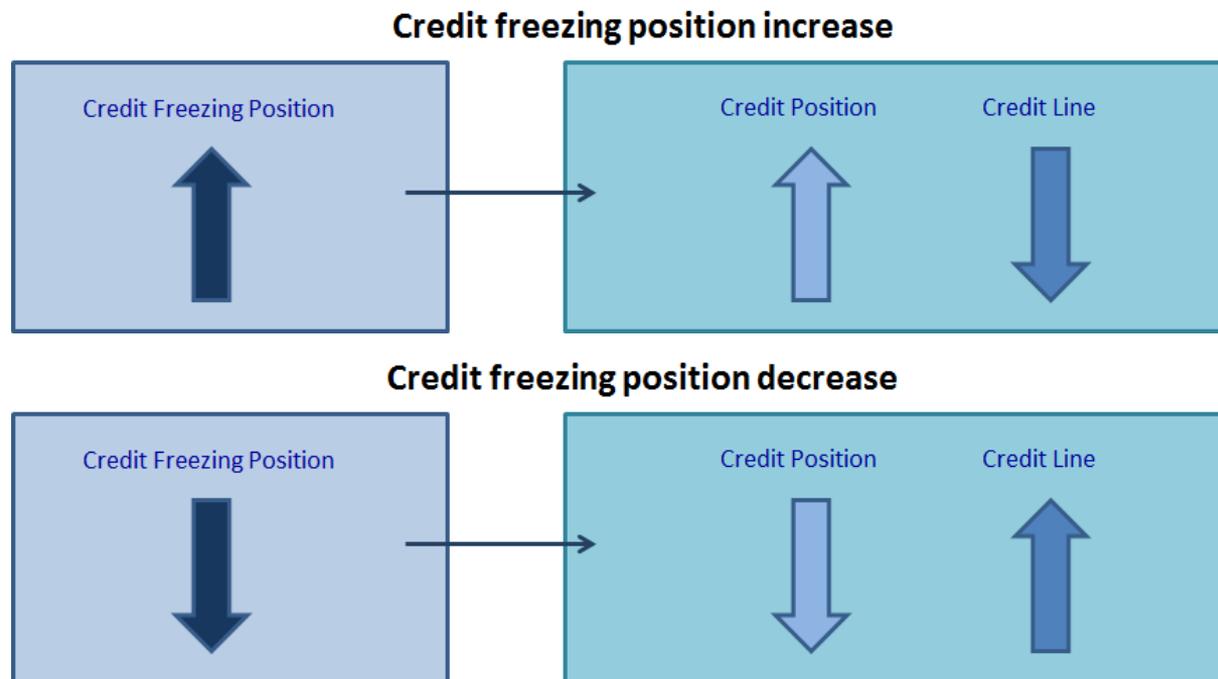
- Counterparties (or a third party of their behalf) instruct the ECMS as to the value of the authorised credit freezing type.
- This can be performed in either U2A or A2A mode, up to 17:45 CET.
- Credit freezing consumes collateral. If there is not enough free collateral, the ECMS rejects the instruction.
- If the instructed credit freezing type does not exist or is not authorised for the counterparty, the ECMS rejects the instruction.



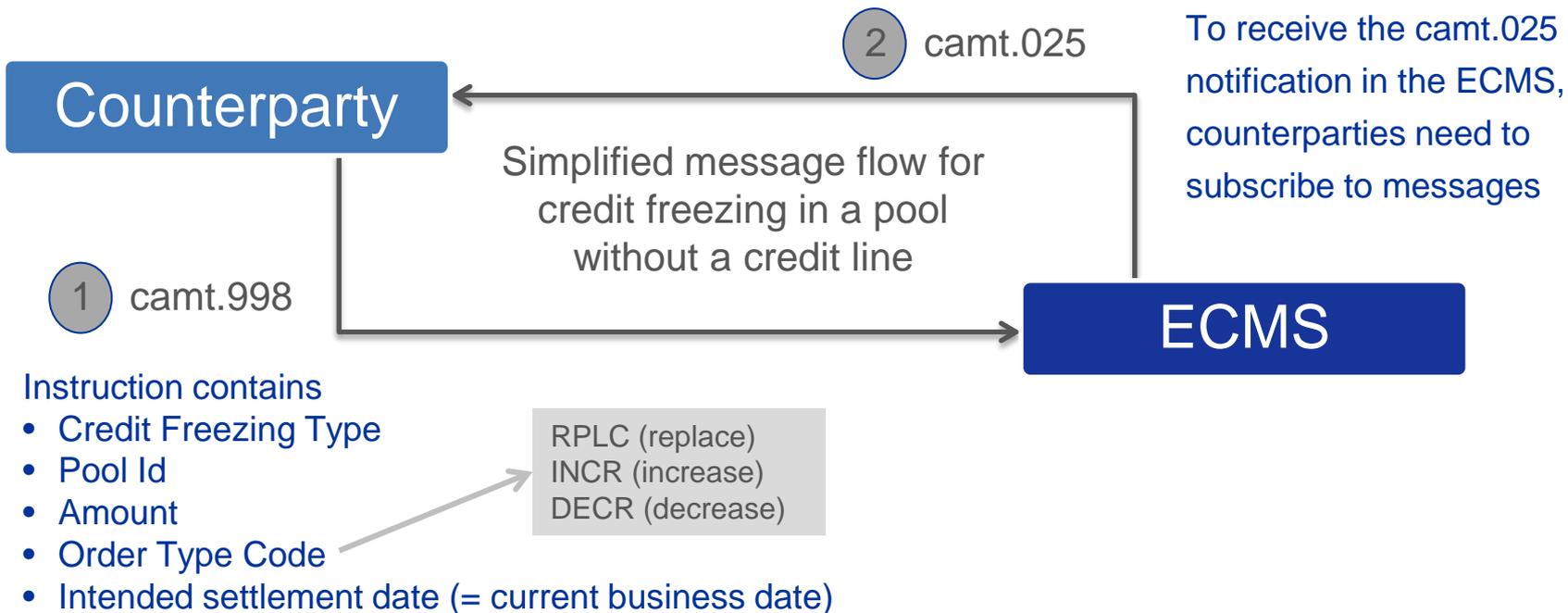
Impact on the credit position and credit line

If the credit freezing instruction has been successfully processed, it has an impact on the **credit position** and the **credit line**

(if a credit line has been defined for the pool)



A2A mode – credit freezing messages



Credit freezing for contingency purposes

- One particular credit freezing type is that used by the Eurosystem for contingency purposes.
- Counterparties may pre-set the value of credit freezing that would apply under contingency mode. This value can also be set after the activation of ECONS II (Enhanced Contingency Solution II) by mobilising additional collateral.
- Upon activation of ECONS II, the ECMS switches to contingency mode and automatically performs a liquidity transfer within ECONS II for the set value from the NCB's account to the counterparty's account.