

Clearstream Spotlight

CCBM changes streamline Eurosystème pledging

The abolition of the repatriation rule by the Eurosystème will result in more efficient collateral pledging to Eurosystème central banks and will create collateral pooling opportunities for Clearstream customers.

In the Eurosystème, banks use the correspondent central banking model (CCBM) for collateral pledges of third-country securities to their National Central Banks. The repatriation rule under this model stipulates that the securities must first be transferred back to the issuer CSD in the country where they were originally issued before they can be used as collateral.

This repatriation rule will be abolished on 26 May 2014. From then on, the securities to be used as collateral will no longer have to pass through the issuer CSD but can directly be pledged to the central bank of the investor CSD/ICSD (the Correspondent Central Bank, CCB). The CCB will then onward pledge the securities to the National Central Bank in the country of the bank wishing to pledge the securities in the first place (the Home Central Bank, HCB).

Greater efficiency

This represents a significant efficiency gain in the processing of central bank pledges in the Eurosystème. For customers of both Clearstream's ICSD in Luxembourg and the CSD in Frankfurt, the abolition of the repatriation rule means that their European Central Bank (ECB)-eligible assets can now be pooled

on their Clearstream account to then be transferred directly to the Clearstream accounts of Banque Centrale du Luxembourg or the Deutsche Bundesbank acting as the respective CCBs.

From there, they will then be pledged to the HCBs without leaving the highly secure Clearstream environment and while still benefiting from Clearstream's full suite of asset services. This presents customers with the opportunity to consolidate their ECB-eligible holdings on their Clearstream accounts as they no longer need to move the assets back to their issuer CSDs. This consolidation is possible for securities from markets to which Clearstream has established assessed settlement links to the issuer CSD. Please see the list of links to the right.

Cross-border triparty collateral management

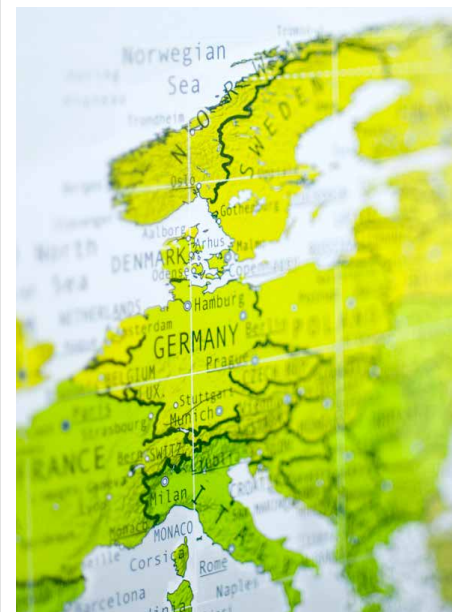
The abolition of the repatriation rule is a first step towards full cross-border triparty central bank collateralisation which will be implemented on 29 September 2014. Customers will then be able to choose Clearstream as their agent and benefit from our full suite of triparty services for pledges to HCBs.

Customers are advised to request their HCBs to enable the use of triparty cross-border services via Deutsche Bundesbank and/or Banque Centrale du Luxembourg as a CCB to be able to reap the full benefits of the Clearstream service.

Extensive reach

Clearstream already provides assessed settlement links to the issuer CSDs of the following markets. These links enable Clearstream customers to pool ECB-eligible securities from all these markets in a single collateral account to pledge them to their HCB via Deutsche Bundesbank or Banque Centrale du Luxembourg as the CCB.

Eurobonds (XS)
Austria (AT)
Belgium (BE)
Finland (FI)
France (FR)
Germany (DE)
Italy (IT)
Luxembourg (LU)
Malta (MT)
Netherlands (NL)
Slovakia (SK)
Slovenia (SI)
Spain (ES) – German CSD/Deutsche Bundesbank only



More information

For more information on these topics, please contact your Relationship Manager. If you would prefer not to receive our email news, please ask your RM to remove you from the mailing list.