Eurosystem Collateral Management System

Information pack

May 2020

Settlement of Monetary Policy operations in the ECMS

Instruments within the scope of ECMS

	Provision of liquidity	Absorption of liquidity
Open market operations	✓ **Reverse transactions (MRO, LTRO, TLTRO…)** Foreign exchange swaps Outright purchases	Reverse transactions Foreign exchange swaps ✓ **Collection of fixed-term deposits** Issuance of ECB debt certificates Outright sales
Standing Facilities	✓ **Marginal lending facility**	Deposit facility

Link to tender process

- Collection of bids is managed in the usual NCB application, which remains outside the ECMS.

- The processing of bids is likewise conducted outside the ECMS.

- The ECMS will receive the results of the process.

MLoR

- MLoR activated on ECMS.

- real time request or to be settled on next business date.
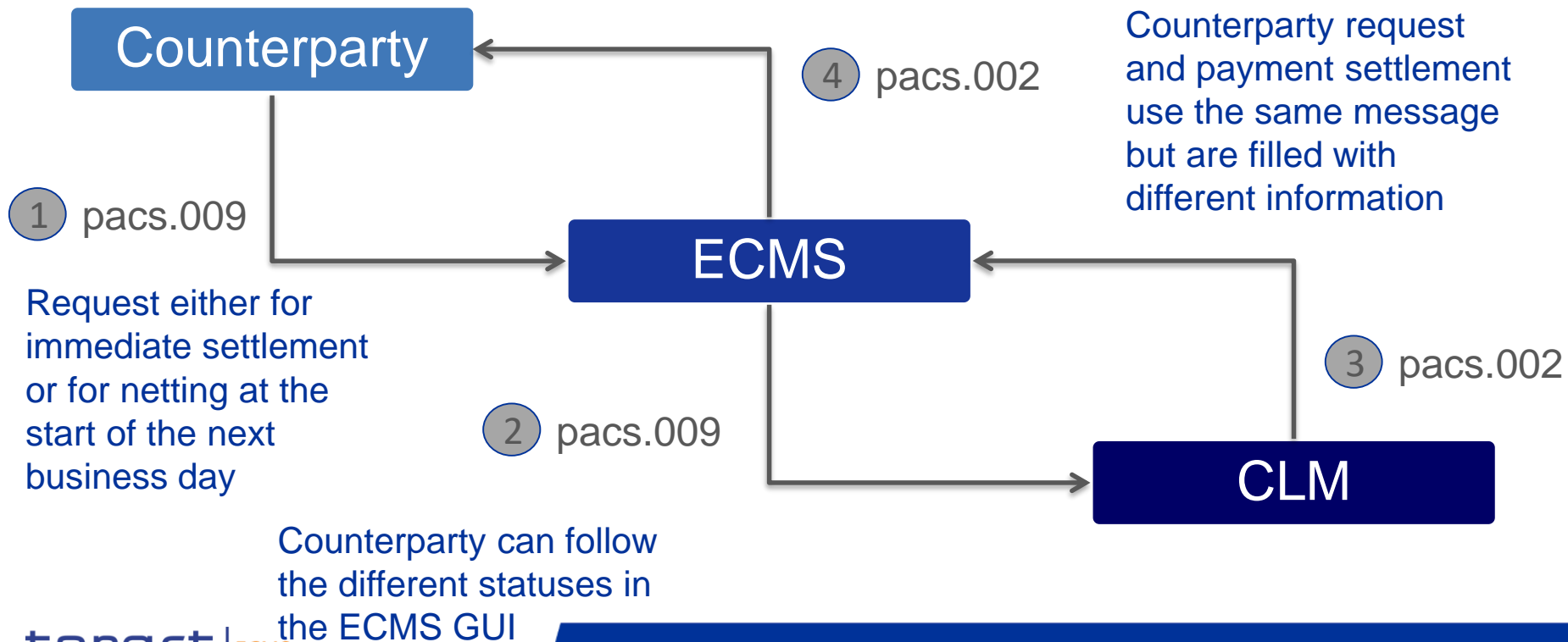
- Possible multiple requests.

Settlement of payments – general principles

- All payments are settled in T2 (CLM)

- Settlement occurs in the MCA designated by the counterparty

- This may be its own MCA or that of another CLM participant (subject to the necessary agreements)
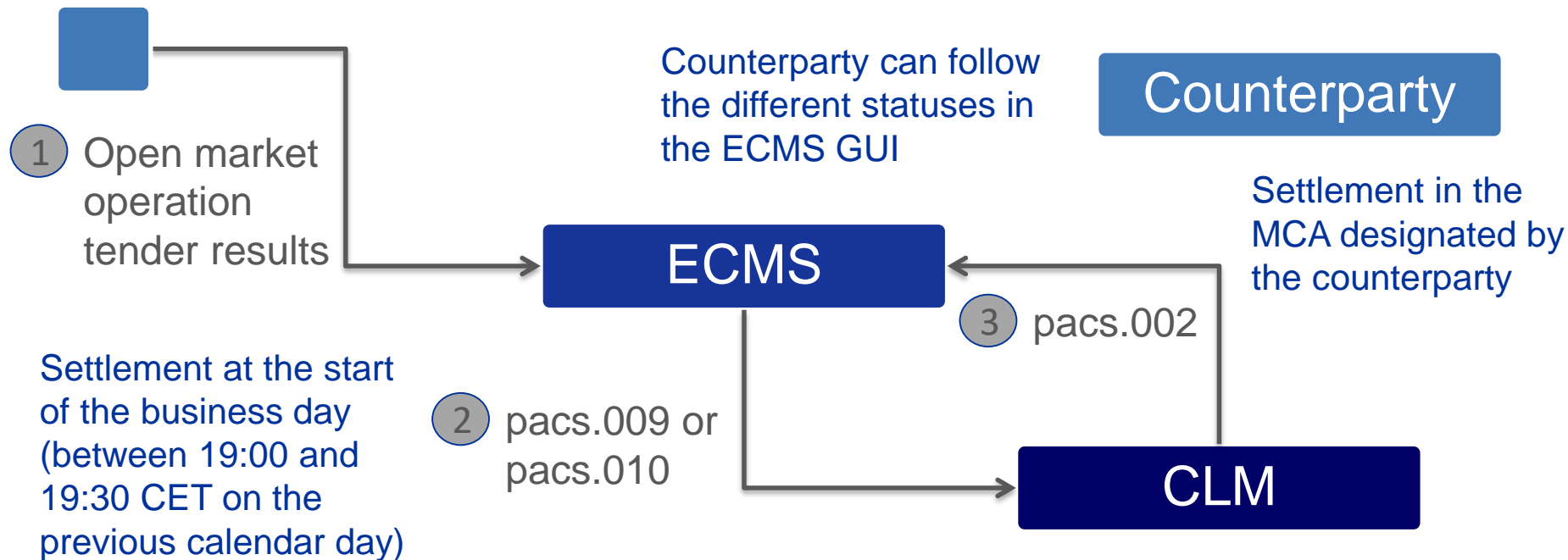
Netting of payments

New operations are netted out against any maturing liquidity providing operations (e.g. OMO and marginal lending). Availability depends on the setup in each NCB and of the system.

Request access to the Marginal Lending Facility

Counterparty

ECMS

CLM

(1) pacs.009

Request either for immediate settlement or for netting at the start of the next business day

(2) pacs.009

Counterparty can follow the different statuses in the ECMS GUI

(4) pacs.002

Counterparty request and payment settlement use the same message but are filled with different information

(3) pacs.002

target services | ECMS

Settlement of an open market operation

Counterparty

Counterparty can follow the different statuses in the ECMS GUI

Settlement in the MCA designated by the counterparty

1 Open market operation tender results

ECMS

3 pacs.002

Settlement at the start of the business day (between 19:00 and 19:30 CET on the previous calendar day)

2 pacs.009 or pacs.010

CLM

target services | ECMS

Payments at maturity of an operation

Separate payments for principal and interest

(1)(2) pacs.009 or pacs.010

At the start of the business day (simultaneous with settlement of new operations)

CLM

ECMS

(3) pacs.002

Settlement in the MCA designated by the counterparty

Counterparty can follow the different statuses in the ECMS GUI

Counterparty

target services | ECMS
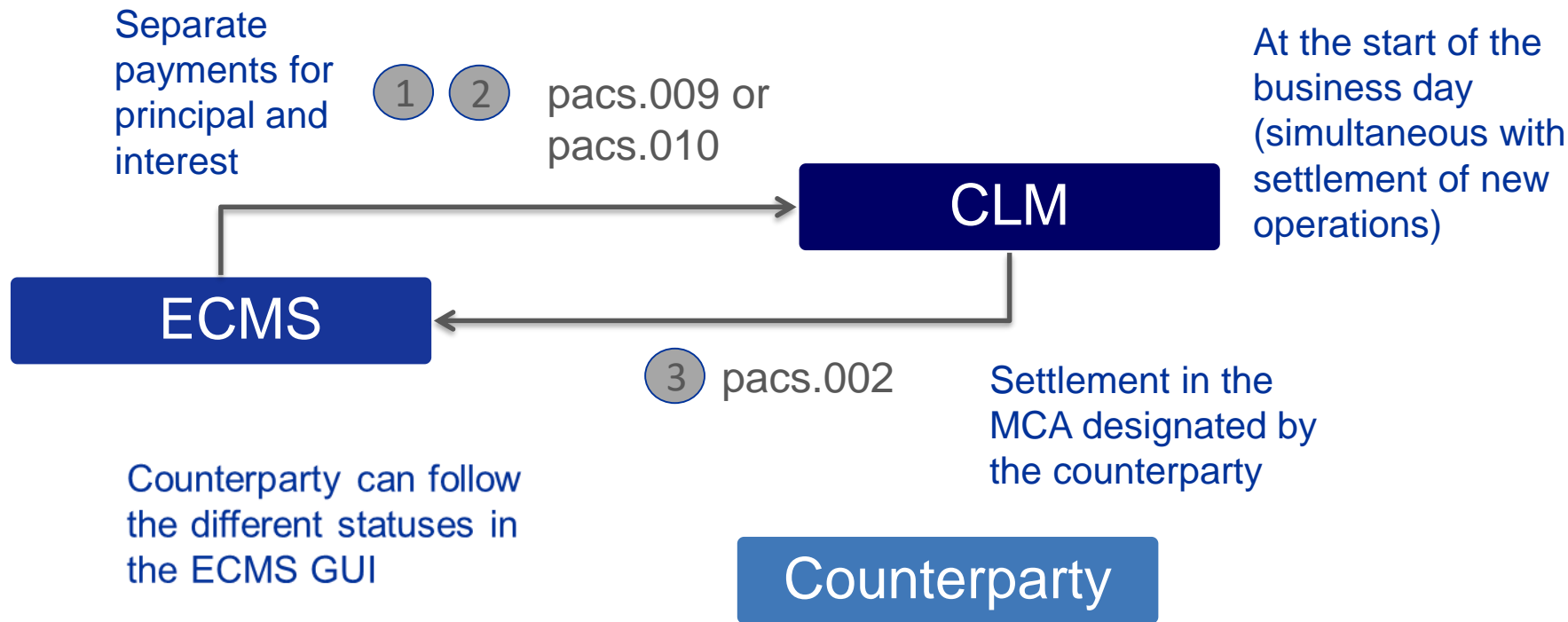
Calculation of accrued interest

- Last-day accrual approach

- Same calculation process applies to all outstanding open market operations (including fixed-term deposits), marginal lending and cash as collateral, using the respective interest rates

- In the case of TLTRO type operations, interest will be accrued at a provisional rate (that can be indexed to an underlying reference rate), before the final rate is known

target | services | ECMS