

Press release

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ECB harmonises rules for Eurosystem collateral management

- Harmonised rules and arrangements defined for mobilisation and management of collateral in Eurosystem credit operations
- Harmonisation marks step towards European capital markets union
- New rules take effect with launch of Eurosystem Collateral Management System, scheduled for 18 November 2024

The European Central Bank (ECB) has today published harmonised rules and arrangements for the mobilisation and management of collateral in Eurosystem credit operations marking a step towards further financial integration in the euro area and the capital markets union.

The new rules and arrangements can be found in the guideline on the management of collateral in Eurosystem credit operations (ECB/2024/22), which the ECB published today. A document containing further information for Eurosystem counterparties on the harmonised processes, procedures and arrangements involved in the mobilisation and management of collateral in Eurosystem credit operations is also available on the ECB's website.

The General Documentation has been amended to take account of Guideline ECB/2024/22.

The Eurosystem's harmonised rules and arrangements and the amendments to the General Documentation will come into effect with the launch of the Eurosystem Collateral Management System (ECMS), which is planned for 18 November 2024. The ECMS is a unified system for managing assets mobilised as collateral in Eurosystem credit operations. It will replace the existing individual collateral management systems belonging to the national central banks of the euro area countries.

Annex

The harmonised rules and arrangements for the mobilisation and management of collateral in Eurosystem credit operations reflect the following developments:

- the implementation of a Eurosystem policy establishing that assets mobilised as collateral will be held in accounts in TARGET2-Securities (T2S);
- the adoption of market standards relevant for Eurosystem collateral management, as set out in the Single Collateral Management Rulebook for Europe (SCoRE);
- updates to the eligibility criteria applicable to securities settlement systems (SSSs), links between SSSs and triparty agents (TPAs);
- the alignment of domestic and cross-border handling procedures;
- the implementation of a single operational method – pooling – for maintaining collateral mobilised by Eurosystem counterparties;
- the adoption of a harmonised approach for recovering external costs charged by central securities depositories (CSDs) and TPAs from counterparties.

The General Documentation has been amended to take account of Guideline ECB/2024/22 and implements certain other changes relating to:

- the prioritisation of credit assessments from the national central banks' in-house credit assessment systems (ICASs), where available, over those from other credit assessment systems for the provision of credit assessment of debtors and guarantors of credit claims used to determine the eligibility of the credit claim and the applicable valuation haircuts;
- the provision of greater clarity in the Eurosystem credit assessment framework (ECAAF) with regard to the acceptance of local currency and foreign currency ratings from external credit assessment institutions (ECAIs);
- the expression in face amount (FAMT) of the quantity of debt instruments to be eligible as collateral and comply with market standards for the denomination of securities.

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