

Collateral Management Services

Guidelines for accessing Eurosystem liquidity via Deutsche Bundesbank

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Guidelines for accessing Eurosystem liquidity via Deutsche Bundesbank

Clearstream's agency service for administering the collateral pledge to central banks facilitates access to liquidity in a streamlined, cost-efficient way, while ensuring optimal collateral management for your pool of assets.

This document outlines the participation and setup requirements, for German and international customers alike, to use Clearstream's collateral management services to access Eurosystem liquidity via Deutsche Bundesbank.

Deutsche Bundesbank can act on its own behalf as National Central Bank in case of domestic counterparties or as Corresponding Central Bank (CCB) acting on behalf of the Home Central Bank (HCB) participating in accordance with the Triparty Cross-Border Model of the Eurosystem.

Participation criteria - Deutsche Bundesbank

Counterparties eligible for Eurosystem financing via Deutsche Bundesbank must have been accorded Monetary Financial Institution (MFI) status in Germany, have a local branch and have a T2 cash account with the Bundesbank or permission from Bundesbank to use a cash settlement agent.

In addition, counterparties eligible for Eurosystem financing via any other central bank belonging to the Eurosystem can mobilise their assets within Clearstream via Deutsche Bundesbank acting as CCB on behalf of the respective HCB.

For further information, please refer to the web site of the European Central Bank (ECB - www.ecb.int) or of Deutsche Bundesbank (www.bundesbank.de).

Setup requirements - Clearstream

The link between Clearstream's two collateral management systems - CmaX in Luxembourg and Xemac in Frankfurt - gives you the flexibility to combine domestic and international assets held in both the international and the national central securities depositories.

- The requirements for sourcing domestic assets held in CASCADE are as follows:
 - Main (settlement) account in CASCADE;
 - Dedicated sub-account in CASCADE (enabling collateral segregation for pledge to the Bundesbank);
 - Access to the online Xemac application¹;
 - Legal framework: Xemac Special Conditions.
- The requirements for sourcing international assets held in Creation are as follows:
 - Main (settlement) account in Creation;
 - Dedicated collateral account in Creation (enabling collateral segregation for pledge to the Bundesbank via Xemac);
 - Access to the online Xemac application¹;
 - Legal framework: Collateral Management Service Agreement and Transaction Banking Service Agreement.

1. The Xemac Registration Form and Xemac Installation Manual are available at www.clearstream.com.

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Collateral eligibility and valuation

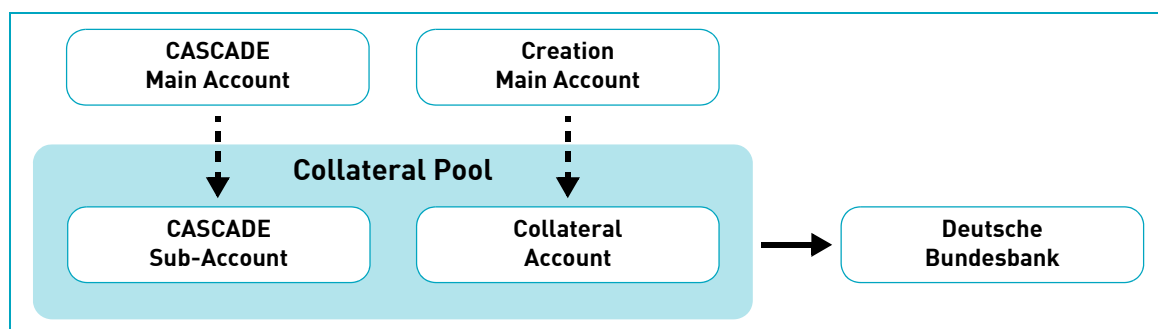
Eurosystem credit operations are collateralised in accordance with the ECB regulatory framework and stated eligibility, valuation and margin criteria.

All assets from the ECB list (the Eligible Assets Database) are eligible as long as they are held through approved links in CASCADE or in Creation. In addition to German securities, international assets from Austria, Belgium, France, Germany, Italy, the Netherlands and Slovenia, as well as Eurobonds, can be pledged.

Pledging collateral to the Bundesbank via Xemac

As a participant, you are required to enter collateral into the collateral pool to make it available for allocation to the Bundesbank:

- Securities held in CBF are selected from the CASCADE main account and transferred to the dedicated CASCADE sub-account via Xemac. When you enter a global claim amount in Xemac, the system automatically allocates available collateral to cover the exposure.
- Securities held in CBL are automatically transferred from the Creation main account to the dedicated collateral account via the AutoAssign facility and become available for pledge to the Bundesbank via Xemac.



Comprehensive Xemac reporting, consisting of a collateral management exposure summary and a detailed breakdown of allocated securities, is available throughout the day.

Any reduction in the global exposure amount must be approved in advance by the Bundesbank before collateral can be released.

Any credit extended to you within the scope of Eurosystem money market operations by Bundesbank is administered bilaterally by the Bundesbank. Xemac treats all claims in favour of the Bundesbank as global amounts, making it easier for you to manage multipurpose exposures to gain access to the Bundesbank's intraday or overnight credit facilities or for participation in a Eurosystem tender conducted by Bundesbank.

Value-add features

Collateral reuse: To maximise the return on your collateral, you can onwards pledge received securities (for example, from Euro GC Pooling or Triparty Collateral Management) to the Bundesbank.

Collateral optimisation: Excess collateral is available immediately in the collateral pool upon release. Substitutions against other eligible collateral are triggered automatically.

Efficient pooling: Xemac manages one central, multipurpose collateral pool for the collateralisation of several exposure types, including Eurex margining, Euro GC Pooling exposures, Clearstream credit lines, collateral pledge to the Eurosystem/Deutsche Bundesbank, Clearstream's lending services or bilateral exposures among Xemac customers. Xemac also allows the creation of sub-collateral pools, segregating holdings to cover specific collateral exposures through customer references.

Further information

Contact

If you are interested in further information about any of our Global Securities Financing solutions, please contact our dedicated GSF team.

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