



EUROPEAN CENTRAL BANK

EUROSYSTEM

Eurosystem Collateral Management System

ECB Operations
Managers Group

March 2020

An introduction to the ECMS

target | ECMS
services

A single, unified collateral management system

The Eurosystem Collateral Management System will replace the 19 local collateral management systems of the NCBs in operation today.

Go-live is planned for **November 2022**.

Before the ECMS:

19 collateral management systems



From November 2022 onwards:

1 unified system



The ECMS – key aspects

The ECMS will work together with the other TARGET services to ensure that cash, securities and collateral flow freely across Europe.

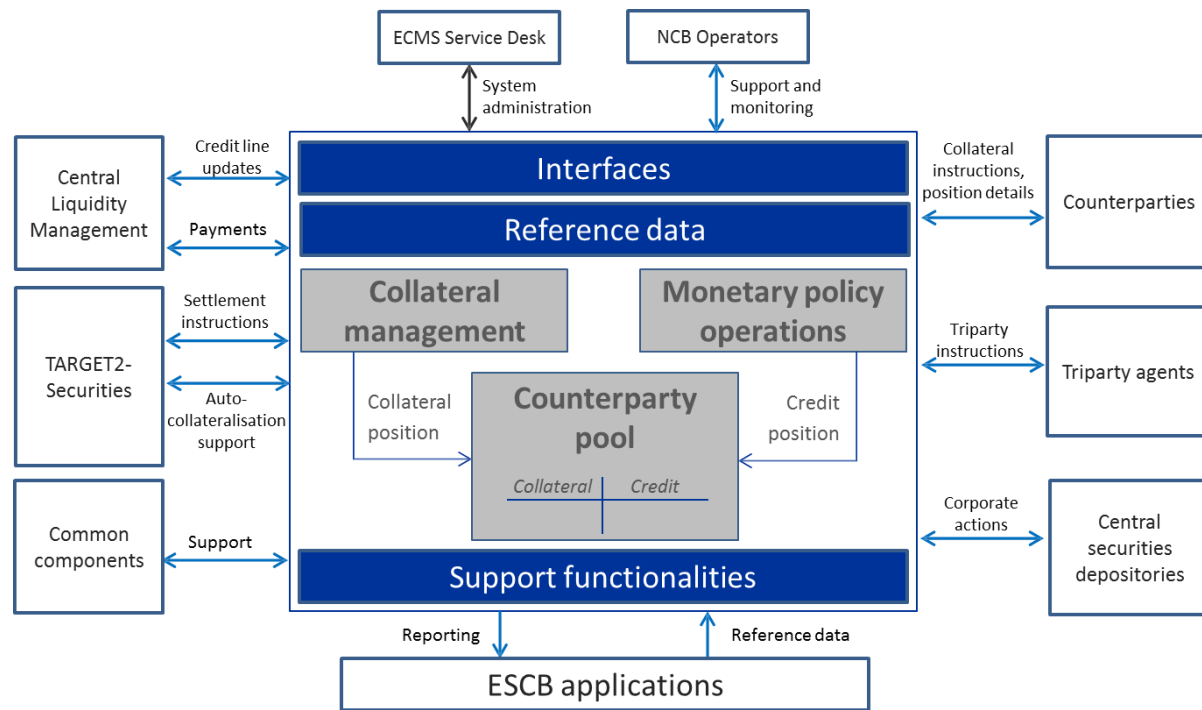
The ECMS keeps track of the individual collateral and credit positions of counterparties belonging to the Eurosystem national central banks.

The ECMS calculates the credit line available to each counterparty and send this information to the central liquidity management tool (CLM).

The ECMS converts counterparties' (de-) mobilisation instructions into settlement instructions which are sent to and settled in TARGET2-Securities (T2S).

Interaction of the ECMS with the outside world

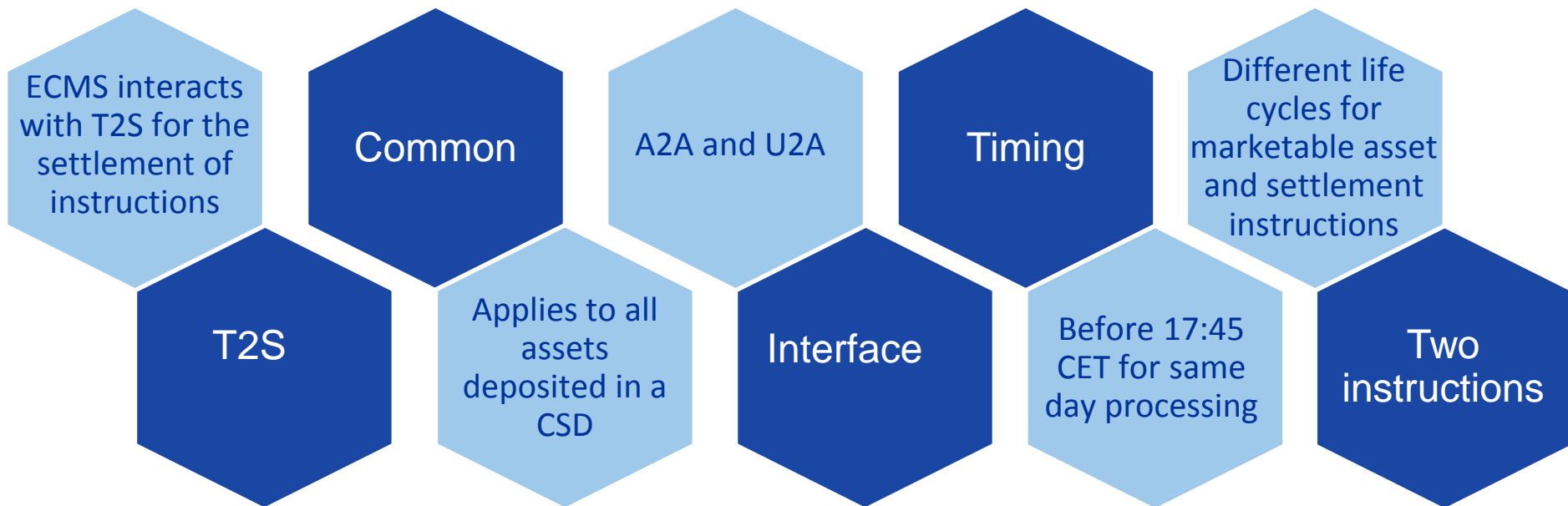
The ECMS interacts with many other services to provide Eurosystem NCBs and their communities with common functionality for managing marketable assets and credit claims used as collateral in Eurosystem credit operations.



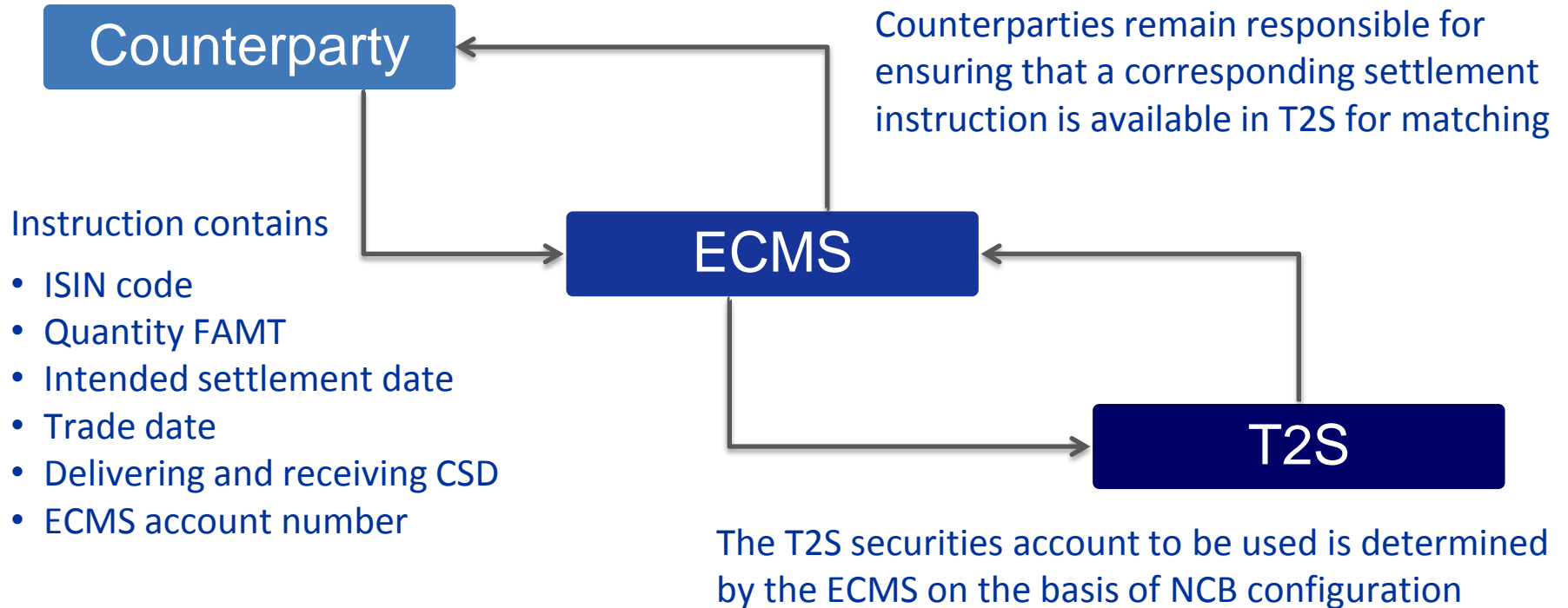
Instruments within the scope of ECMS

	Provision of liquidity	Absorption of liquidity
Open market operations	<ul style="list-style-type: none">✓ Reverse transactions (MRO, LTRO, TLTRO, ...)Foreign exchange swapsOutright purchases	<ul style="list-style-type: none">Reverse transactionsForeign exchange swaps✓ Collection of fixed-term depositsIssuance of ECB debt certificatesOutright sales
Standing Facilities	<ul style="list-style-type: none">✓ Marginal lending facility	<ul style="list-style-type: none">Deposit facility

Marketable assets - features



Marketable asset instructions in the ECMS



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.

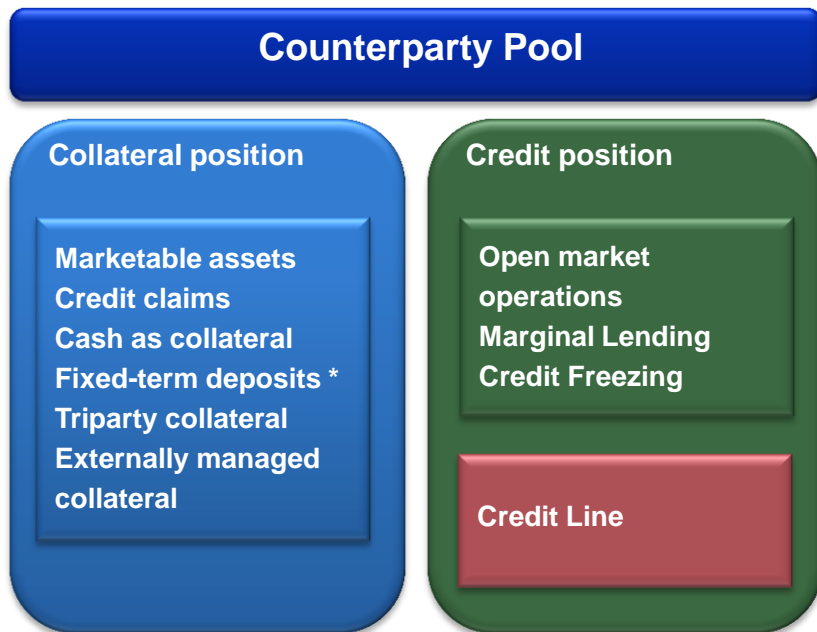
Settlement of payments – general principles

- All payments are settled in T2 (CLM)
- Settlement occurs in the Main Cash Account designated by the counterparty
- This may be its own Main Cash Account 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.

Counterparty pool for Eurosystem credit operations

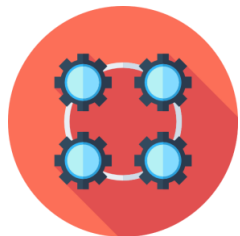


* When activated for use as collateral

The ECMS supports multi-pooling functionality. A single pool must however be used for the collateralisation of Eurosystem credit operations.

The difference between the total collateral available and the amount of outstanding Eurosystem monetary policy operations determines the over/under-collateralisation of the pool. This is called the **suggested credit line** in the ECMS.

Benefits of the ECMS



Harmonisation
of collateral
management
practices



Efficiency

NCBs, their counterparties and other relevant actors to operate on one single system with a single interface.



Integration
within the Eurosystem's
market infrastructure
landscape (T2 and T2S).

Indicative numbers on ECMS

1.500
credit line
updates per day

400
marketable asset
instructions per day
(mob./demob.)

1.200
payments
per day

25.000
average marketable
asset positions

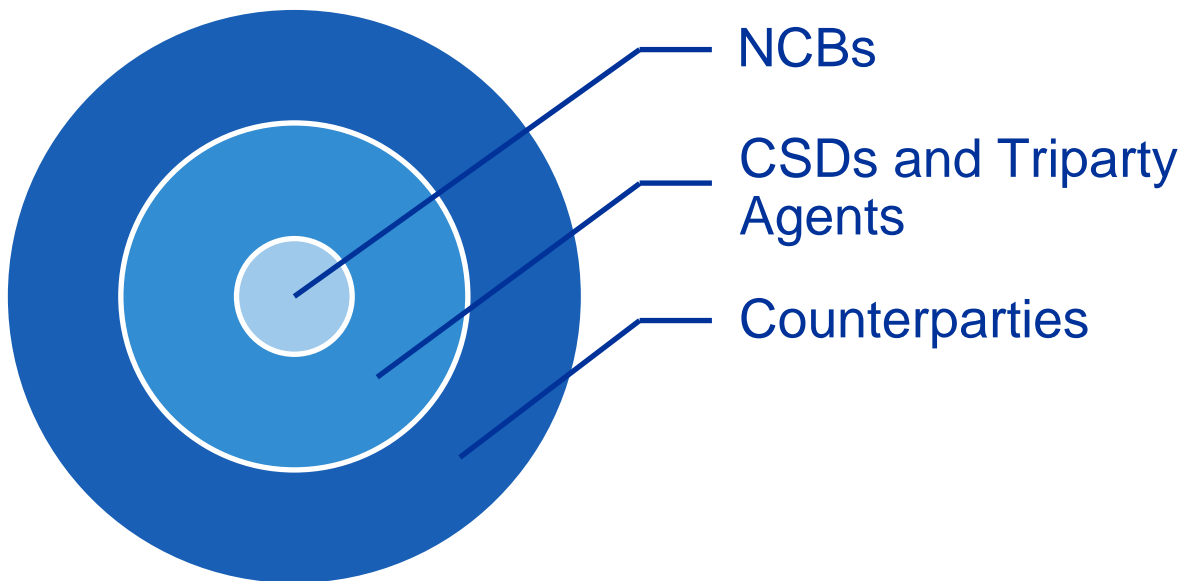
2.000
messages per day

2.700
counterparties
expected in the system

Around 25.000
eligible collateral
marketable assets

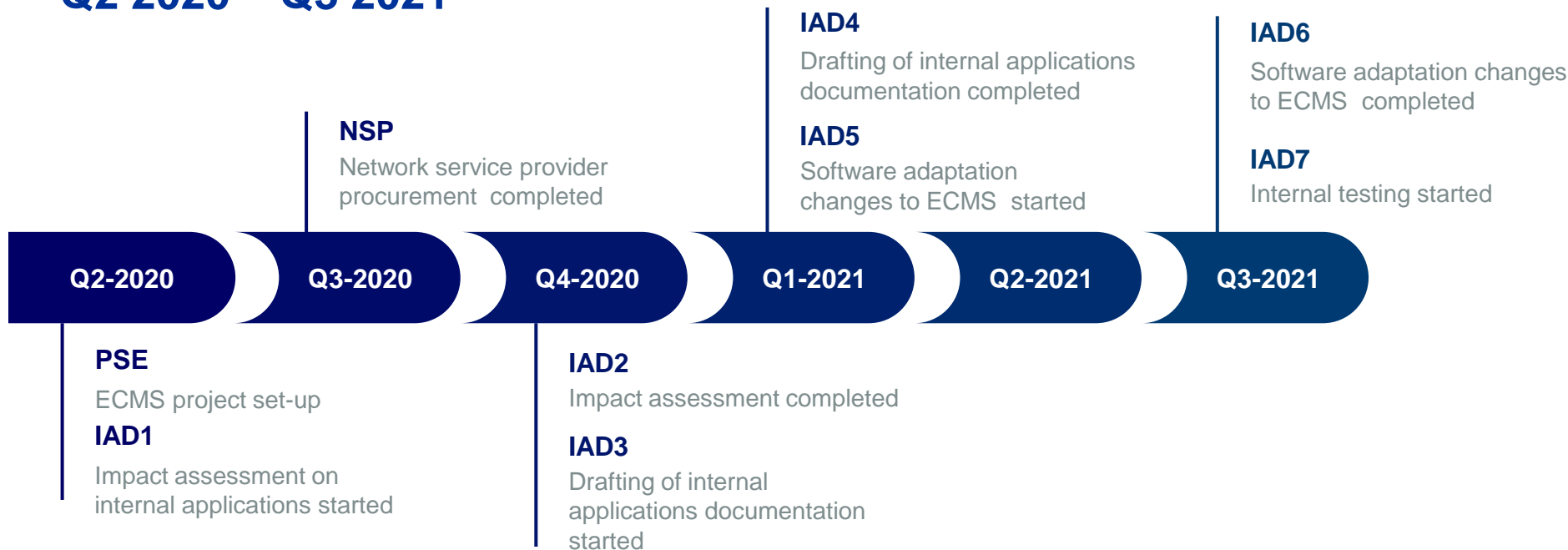
Who needs to be ready?

The ECMS Community



What are the main milestones up to Q3 2021?

Q2 2020 – Q3 2021



High level project timeline

Go-live: November 2022

