

ICMA ERCC – survey on cut-off times

Tentative results

7 December 2017

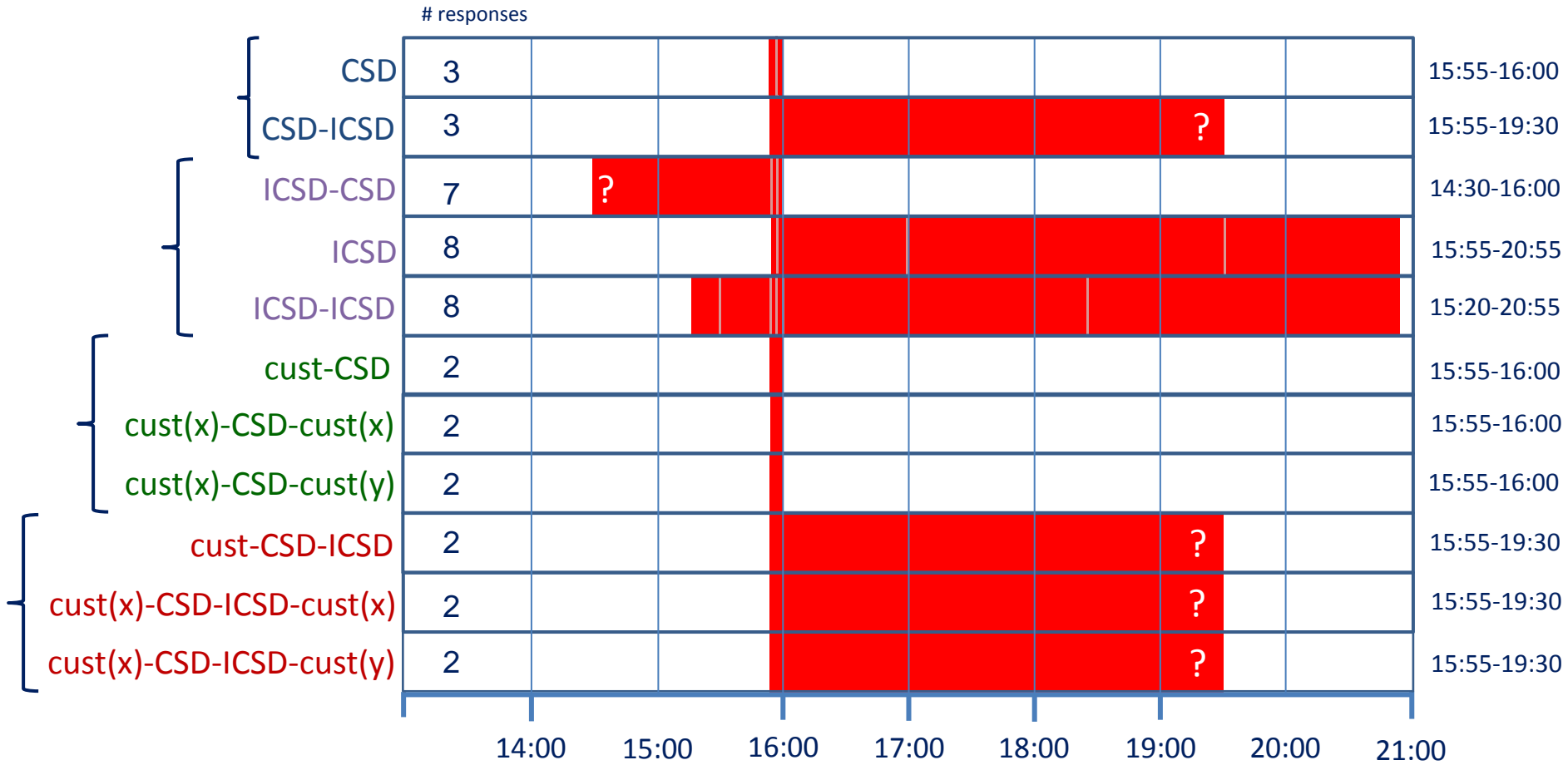


Background:

- CMHA 7 looks at settlement/collateral cut-off times – assessed as part of CMH-TF sub-stream 4
- Objective to update findings from the ECB's July 2014 report on [Improvements to commercial bank money \(CoBM\) settlement arrangements for collateral operations](#) and to reassess the situation post-T2S migration
- ICMA ERCC asked to update a previous survey on initiating deadlines which formed a basis for the 2014 report
- The survey was sent out to ICMA ERCC member firms in early November. Feedback has been received from 15 firms, covering a sample of global broker-dealers and a few more domestically focused banks
- Tentative results are included in these slides for DE, FR, IT markets, however:
 - The analysis is not yet concluded
 - Responses with pending open questions are still excluded
 - More detailed comparison with the previous results still to follow

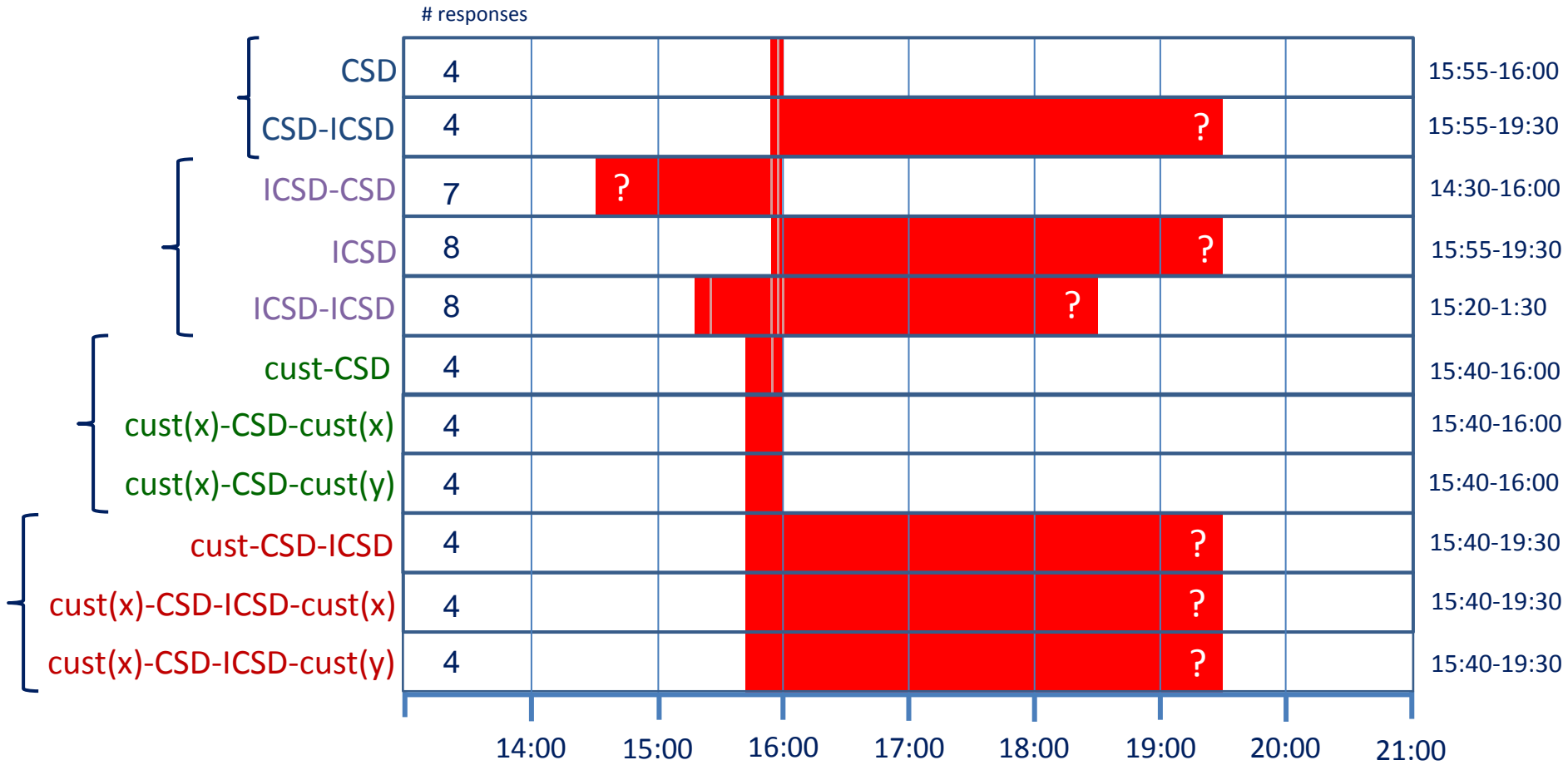
range of internal cut-off times in banks for instructions for same-day settlement

German fixed-income securities repos --- batch-processing



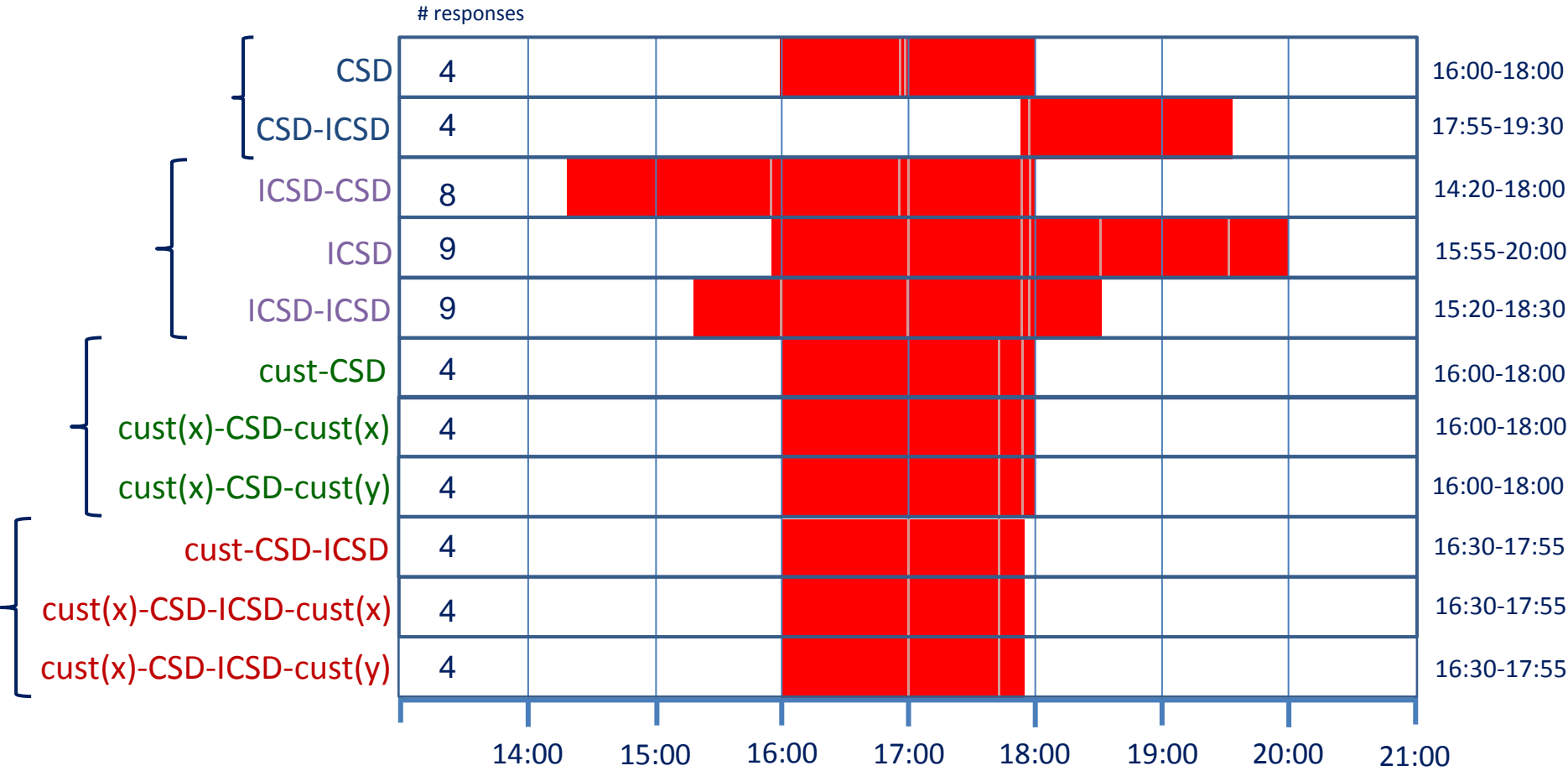
range of internal cut-off times in banks for instructions for same-day settlement

German fixed-income securities repos --- real-time DvP settlement



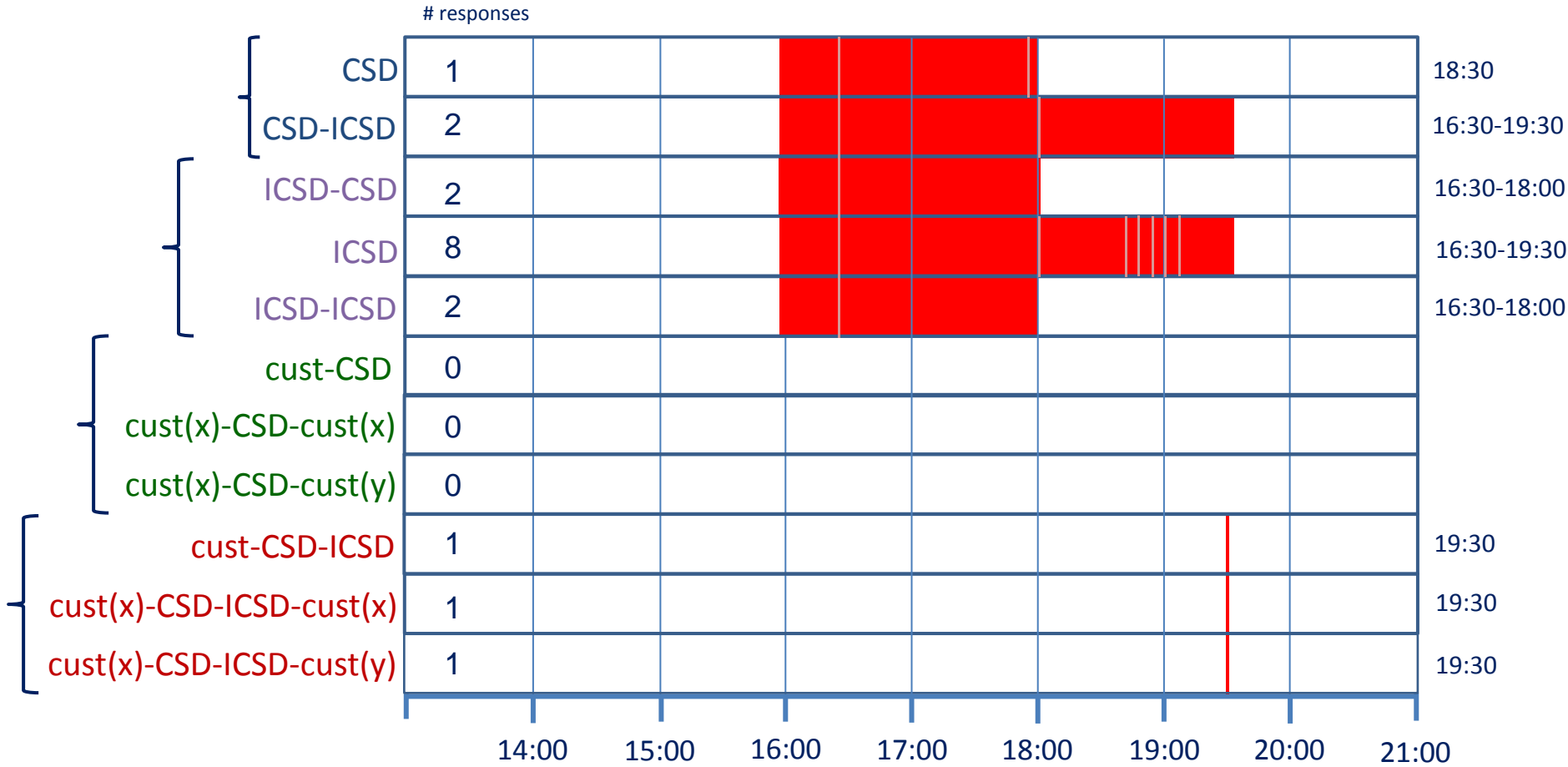
range of internal cut-off times in banks for instructions for same-day settlement

German fixed-income securities --- **real-time FOP settlement**



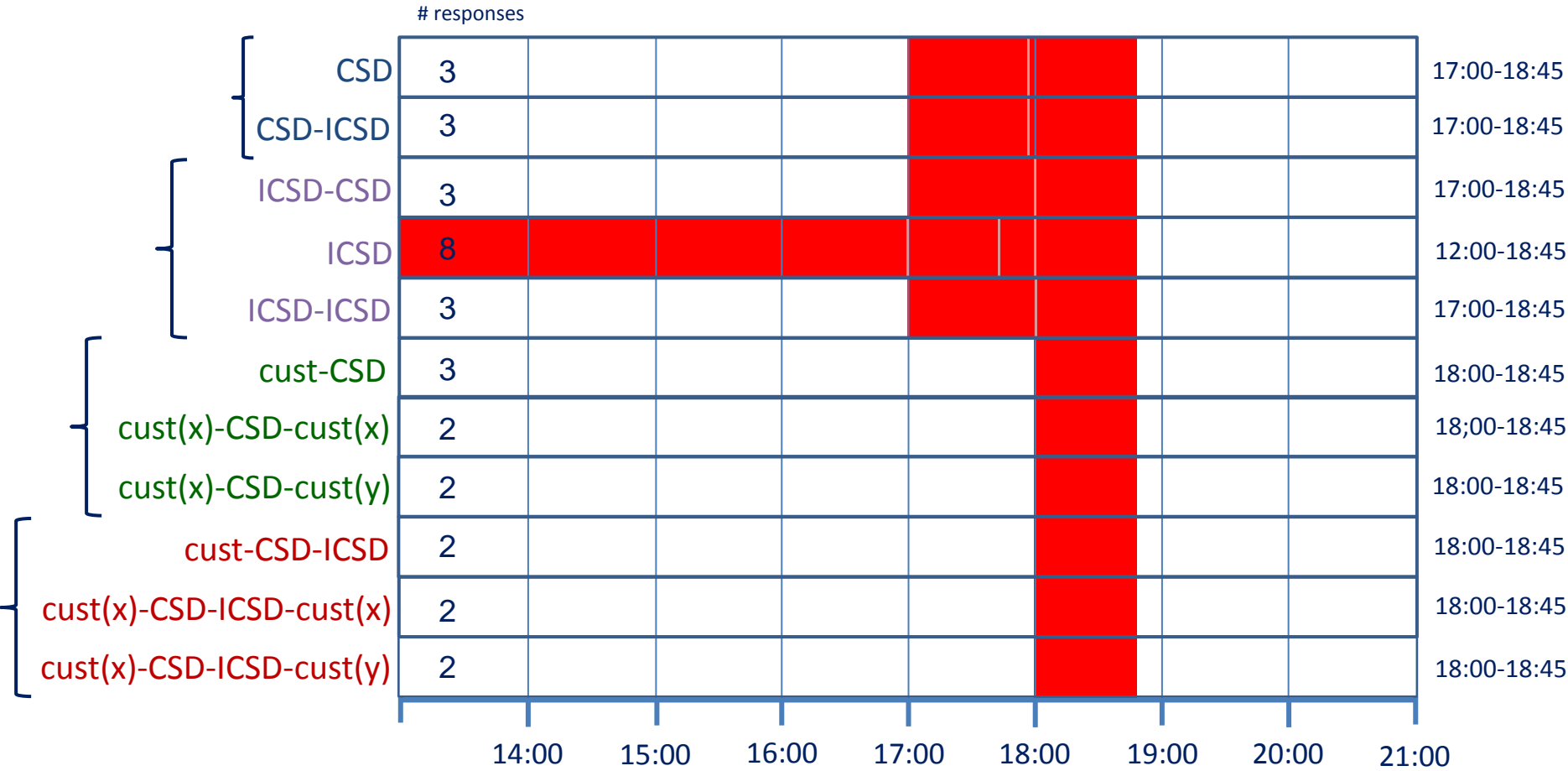
range of internal cut-off times in banks for instructions for same-day settlement

German fixed-income securities repos --- tri-party settlement



range of internal cut-off times in banks for instructions for same-day settlement

German fixed-income securities repos --- EGCP

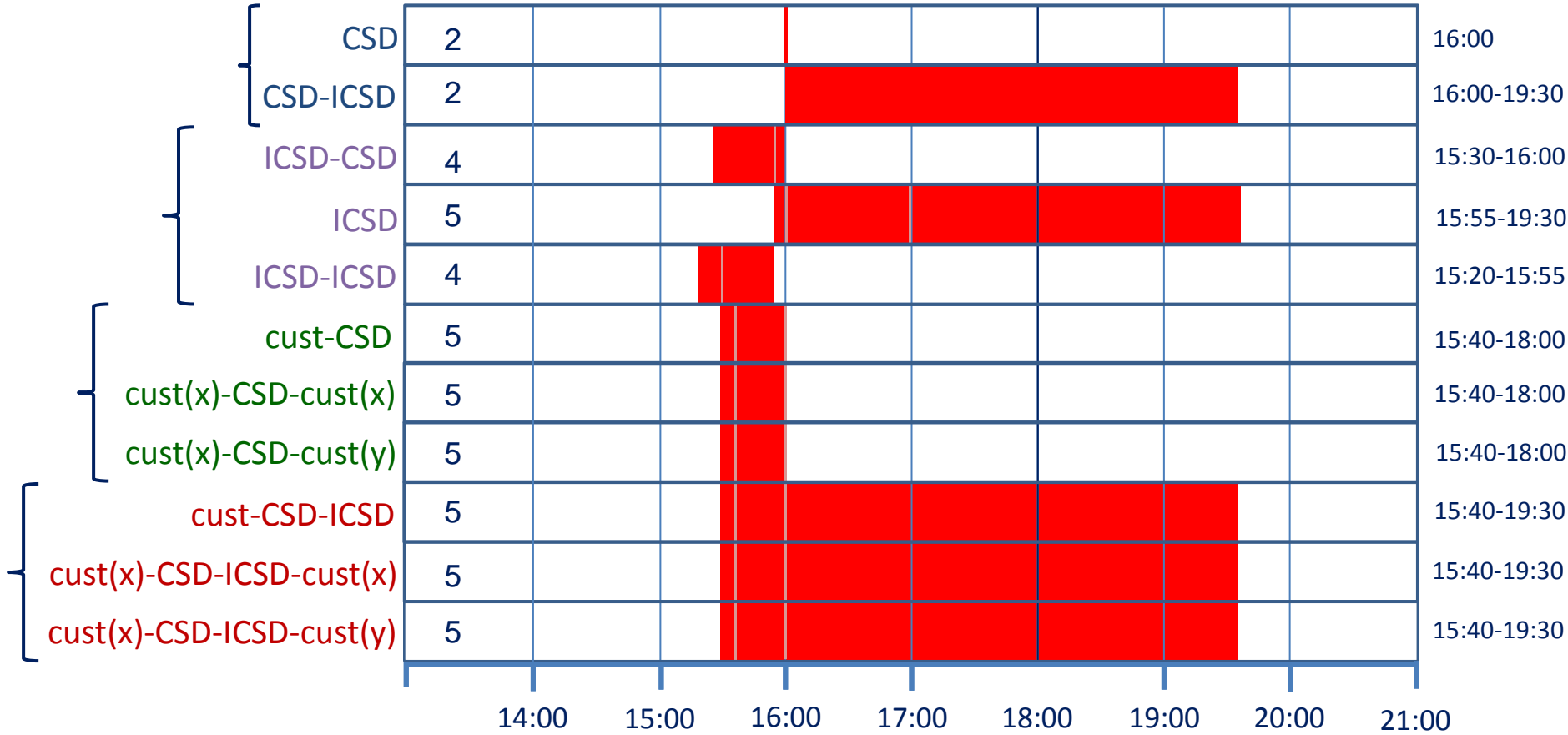
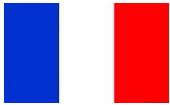


Some observations:

- 1) Where only custodians are involved, cut-off times are more restricted (as one would expect with another layer in the settlement process).
- 2) However, where custodians plus ICSDs are involved, there is less of a problem (need to investigate further).
- 3) ICSD-CSD and sometimes ICSD-ICSD (the Bridge) combinations are more restrictive than CSD-ICSD combinations.
- 4) Where only one ICSD is settling, cut-offs are less restrictive (as one would expect).
- 5) Where only one CSD is involved however (except for IT), there appears to be less flexibility.
- 6) FOP cut-offs are more uniform, showing perhaps that payment arrangements may be a restrictive factor.

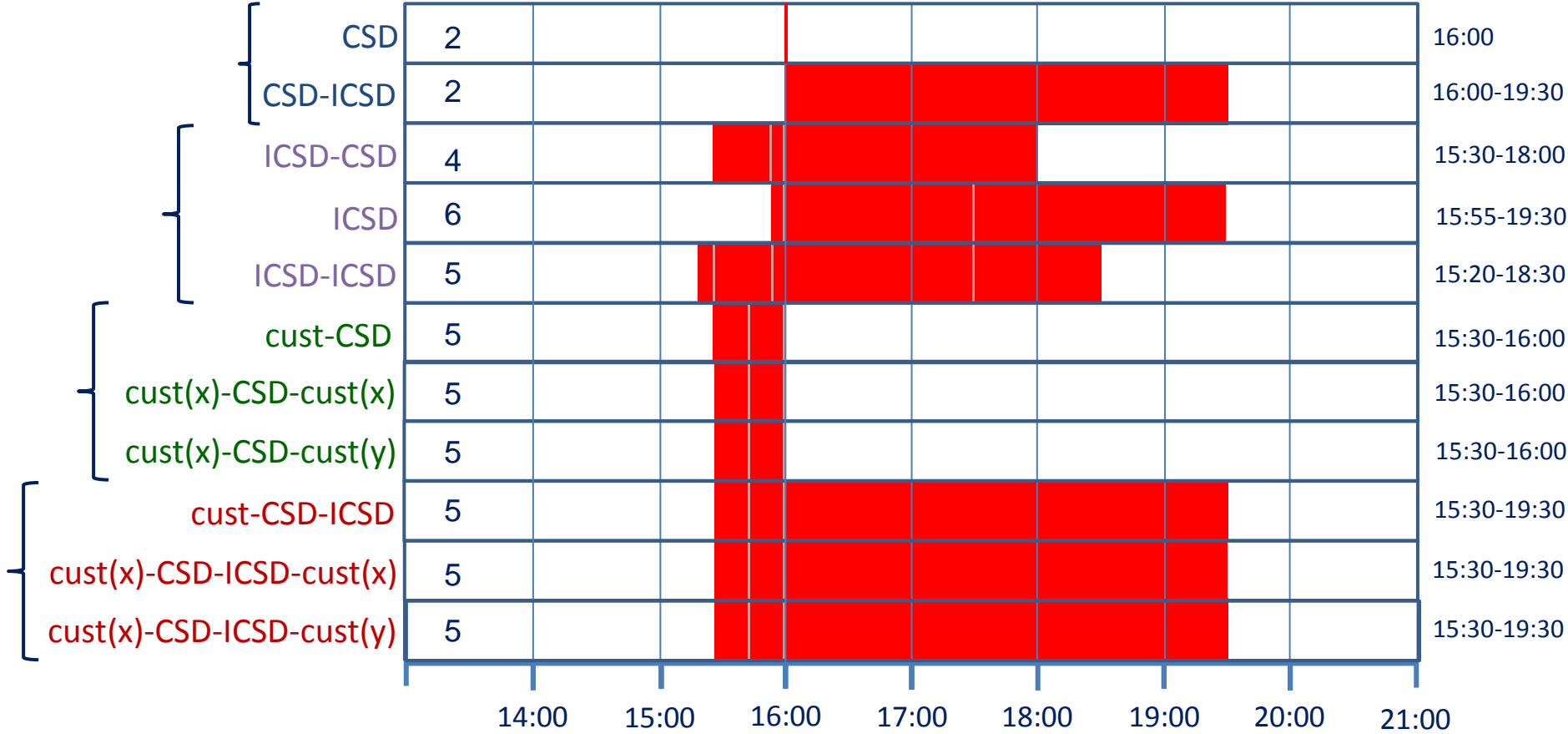
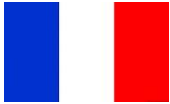
range of internal cut-off times in banks for instructions for same-day settlement

French fixed-income securities repos --- **batch-processing**



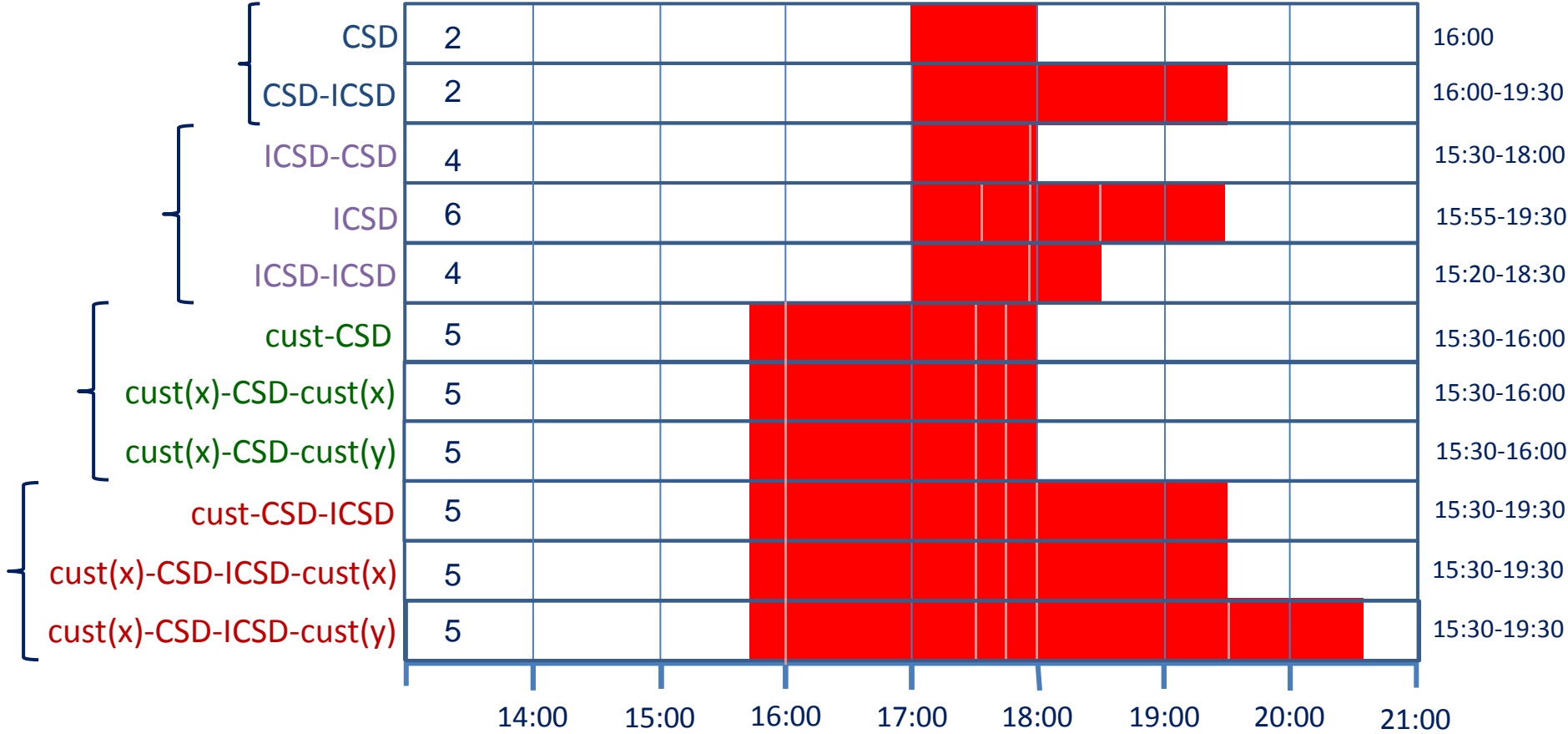
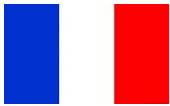
range of internal cut-off times in banks for instructions for same-day settlement

French fixed-income repos --- **real-time DvP settlement**



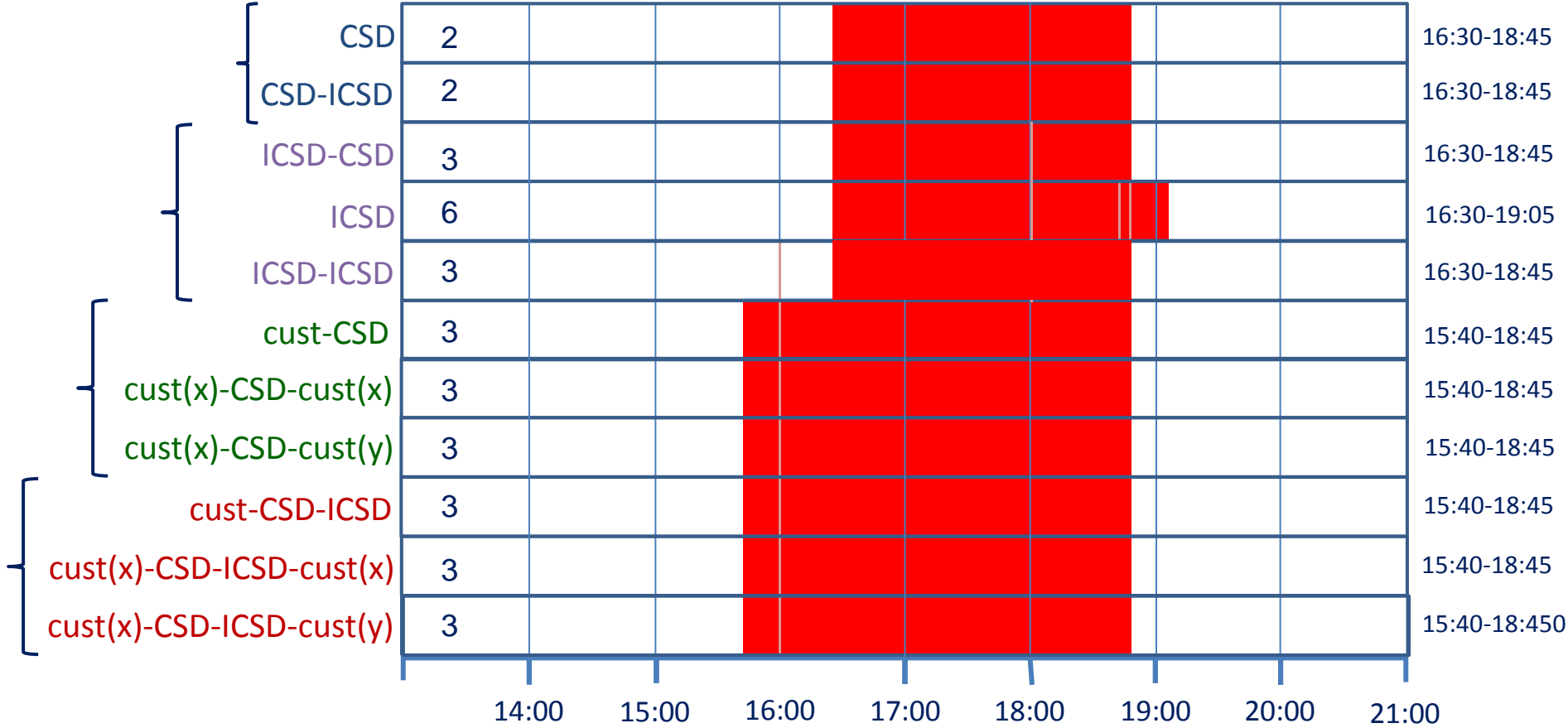
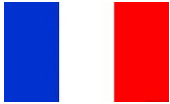
range of internal cut-off times in banks for instructions for same-day settlement

French fixed-income securities --- real-time FoP settlement



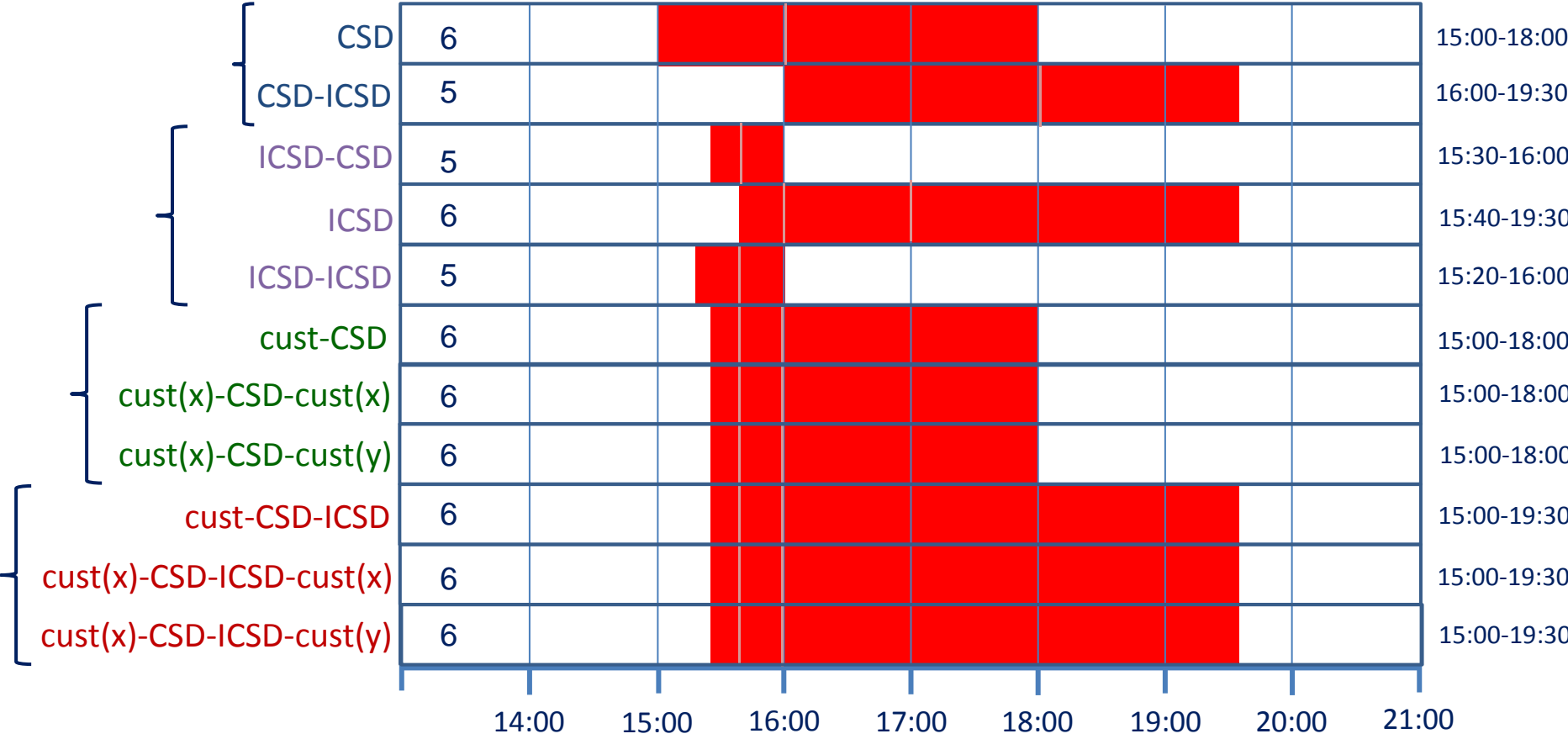
range of internal cut-off times in banks for instructions for same-day settlement

French fixed-income repos --- **tri-party settlement**



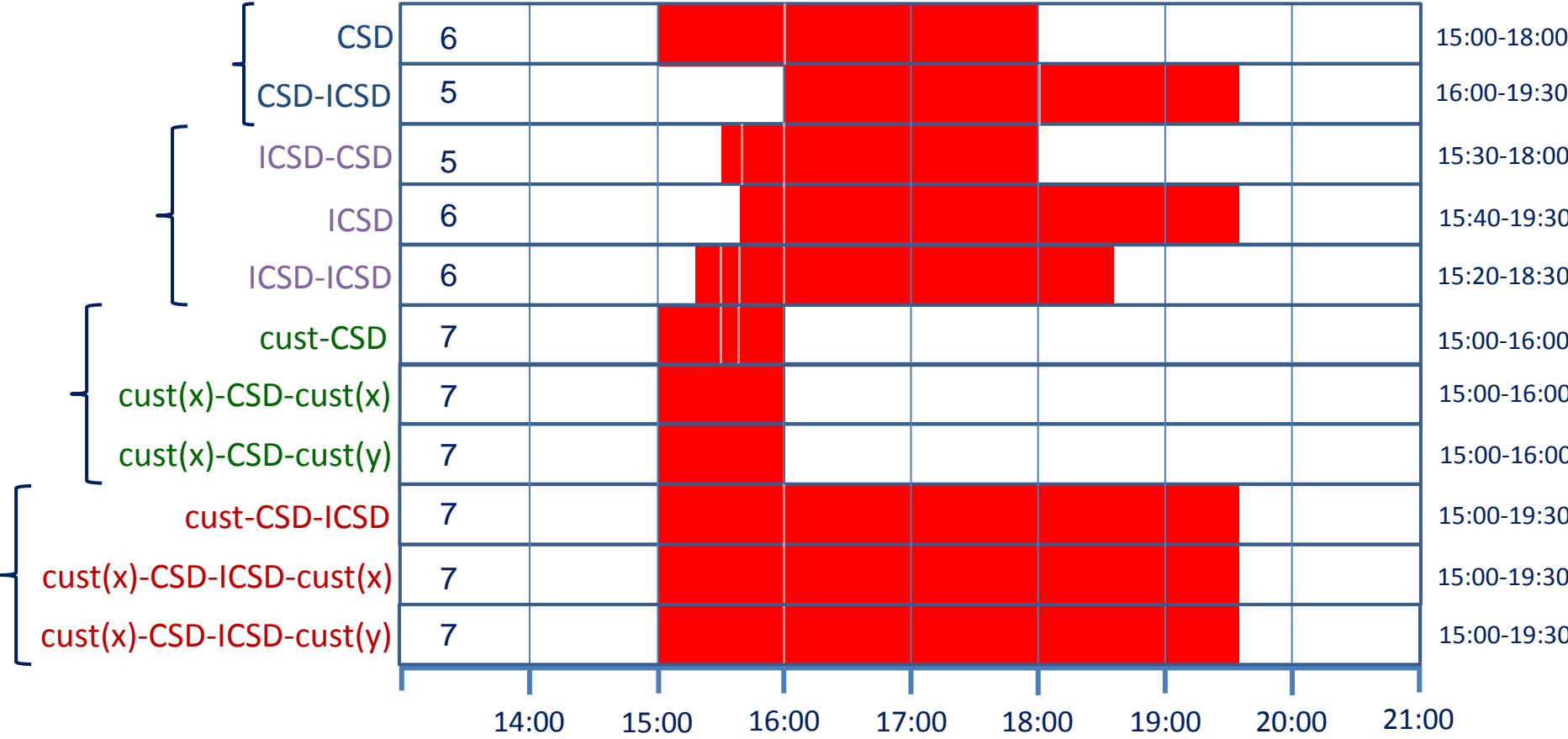
range of internal cut-off times in banks for instructions for same-day settlement

Italian fixed-income repos --- batch-processing



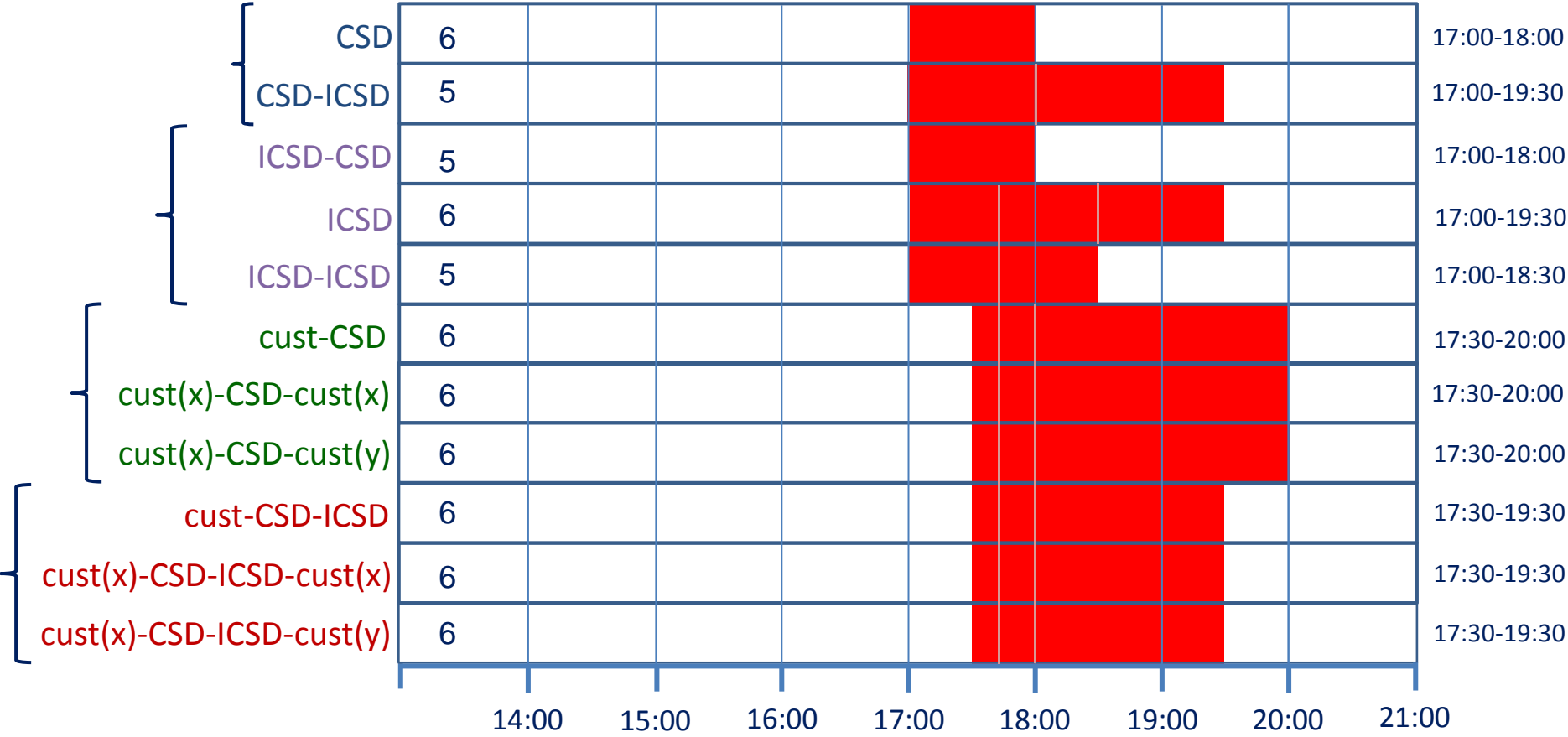
range of internal cut-off times in banks for instructions for same-day settlement

Italian fixed-income repos --- **real-time DvP settlement**



range of internal cut-off times in banks for instructions for same-day settlement

Italian fixed-income securities --- **real-time FOP settlement**



range of internal cut-off times in banks for instructions for same-day settlement

Italian fixed-income repos --- **tri-party settlement**

