



SETTLING
WITHOUT
BORDERS

Eurobond XCSD settlement in T2S

Joint presentation of Clearstream and Euroclear

11 May 2017 in Madrid



Post-trade made easy

clearstream | DEUTSCHE BÖRSE
GROUP

Making eligible assets available in T2S

- Eurosystem new collateral management system aims to mobilise marketable collateral only in T2S for Eurosystem credit operations
- How will securities of non-participating (I)CSDs be made available in T2S with the aim (inter alia) of enabling higher collateral mobility and liquidity efficiency in T2S?

Two cases:

1. **ESCB eligible securities issued in a T2S CSD, held in the (I)CSDs**
2. **ESCB eligible securities issued in the ICSD**

ESCB eligible securities issued in T2S CSD, held in the ICSDs

- Eurosystem credit operations in ESCB eligible securities issued in a T2S CSD and held in the ICSDs would settle in an efficient way through the (I)CSD approved links with the T2S CSDs
- Under the assumption that NCB would be able to receive any type of collateral in T2S the current option whereby NCB would receive Eurosystem credit operations collateral in the ICSD would be discontinued

ESCB eligible securities issued in the ICSDs

- ESCB eligible Eurobonds (denominated in Euro) are already or will be made eligible by Clearstream Banking Frankfurt and Euroclear CSDs and therefore are available for settlement on T2S
- However, whilst intra-CSD settlement is efficient on T2S for T2S-out securities, a solution still needs to be implemented to achieve efficient X-CSD settlement.



Clearstream and Euroclear are organizing regular workshops and are studying functional feasibility and required legal framework of potential solutions. A further update will be provided at the AMI SeCo of July 4-5th in Frankfurt.

Scope & objectives

- ESCB eligible Euro-denominated Eurobonds to be settled on T2S, potentially extended to other T2S-out securities
- Allow for efficient settlement of Eurosystem credit operations, T2S auto-collateral on stock and on flow and standard settlement transactions on T2S
- Allow for efficient cross-border settlement of Eurosystem credit operations and standard settlement transactions if such securities are held in the ICSDs

Key principles

- Preservation of settlement efficiency and adequate asset servicing
- Free choice of (I)CSD location for collateral giver to hold its collateral securities
- X-CSD settlement on T2S available to all T2S CSD members
- Leveraging existing T2S functionalities and framework, including Investor CSD set-up
- Solution available at the latest at the time of Eurosystem collateral management system renewal