

PP/MT  
N° 0529

To: Ms Daniela Russo, Deputy Director General  
Payments & Securities Systems  
European Central Bank  
Kaiserstrasse 29  
D-60311 Frankfurt am Main  
Email: [daniela.russo@ecb.int](mailto:daniela.russo@ecb.int)  
Cc: [ecb.secretariat@ecb.int](mailto:ecb.secretariat@ecb.int)

**Email**

Brussels, Thursday 26 July 2007

**Subject:**        *CCBM2 Initial Consultation*

Dear Ms Russo,

On 26 April 2007, the Eurosystem launched a public consultation on the review of the current Correspondent Central Banking Model (CCBM). In order to ensure that the envisaged new collateral management platform, called 'CCBM2', brings substantial benefits to its users, the European Banking Federation (EBF) and the European Association of Co-operative Banks (EACB) have developed initial recommendations, which you will find enclosed together with detailed answers to the consultation questions.

The views of the Target (cash) Working Group have also been sought and are included in our response.

First of all, the EBF and the EACB would like to express their support for the overall objective of the CCBM2 project, which is to enable a more efficient use of collateral within the Eurosystem by providing market participants with a single platform for both domestic and cross-border operations. We however believe that the success of the project will greatly depend on its ability to integrate the users' requirements at all stages.

In this respect, the following priorities should be taken into account by the Eurosystem:

- 1- In order to generate efficiencies, key features and operational procedures directly impacting users will need to be **standardised** and users should be able to access a **single interface** for monitoring their activities in CCBM2, T2 and T2S;
- 2- Arrangements enabling intra-day movement of collateral need to be developed to facilitate the **obtention of liquidity** by market participants and optimise liquidity management;

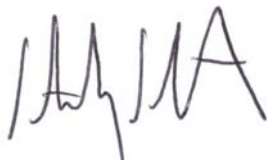
- 3- For users, it is essential that **all collateral arrangements** be supported by CCBM2, including repo, pooled or earmarked pledges. There should be **uniform terms** for all arrangements with a recognised **legal validity**;
- 4- CCBM2 should have the **technical capability to handle all types of securities** and credit claims so as to cope with any decision taken in the future by the Eurosystem regarding eligible collateral, including the possibility to accept non-euro securities outside the EEA.
- 5- CCBM2 must be based on the principle of **non-regression**. This means that there should not be any decrease in functionality or efficiency compared with the existing services.

Finally, as far as the relationship between CCBM2, TARGET2, and TARGET2-Securities is concerned, we recognise the potential synergies and efficiency gains which could result from the use of a single technical platform for all three projects.

However, we believe that the timing of CCBM2 and T2S should not be interdependent and that both projects should be decoupled and developed separately. In particular, there is no reason to wait for the planned T2S launch in 2013, although it is clear that the advent of both T2 and T2S will increase the benefits of CCBM2.

We trust that you will find the above considerations useful and remain at your disposal for any further communication.

Yours sincerely,



Patrick Poncelet, on behalf of Guido Ravoet  
EBF



Hervé Guider  
EACB Secretary General

Enclosed: EBF and EACB Answer to the Initial Consultation on CCBM2