Using credit-claims as collateral with BCL

User Guide

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INTRODUCTION

This informational document provides counterparties with the details of the operational set-up designed by the Banque centrale du Luxembourg, in order to cope with the mobilisation of non-marketable credit claims as collateral.

SECTION I : BASIC FEATURES

1. GENERAL ELIGIBILITY CRITERIA

The eligibility criteria for non-marketable assets (Title III, chapter 1, section 1 of the Guideline on the implementation of the Eurosystem monetary policy framework) have been defined as follows:

- *Type of asset:* It must be a credit claim which is a debt obligation of a debtor to an Eurosystem counterparty. Credit claims that have a "reducing balance" (i.e. where the principal and interest are paid off according to a pre-agreed schedule) and drawn credit lines are also eligible. Undrawn credit lines (e.g. undrawn facilities of revolving credit claims), current account overdrafts and letters of credit (which authorise the use of credit but are not credit claims per se) are not eligible. The share of a syndicate member institution in a syndicated claim is considered an eligible type of credit claim. Credit claims may not afford rights to the principal and/or the interest that are subordinated to the rights of holders of other credit claims or debt instruments of the same debtor.

  The credit claim must have: (a) a fixed, unconditional principal amount; and (b) an interest rate that cannot result in a negative cash flow. In addition, the interest rate should be one of the following: (i) zero coupon-style; (ii) fixed; or (iii) floating linked to another interest rate reference or to the inflation rate. These features must be maintained until the redemption of the obligation.

- *Type of debtor/guarantor*: Eligible debtors and/or guarantors are non-financial corporations,[1] public sector entities and international or supranational institutions. Each debtor is individually and severally liable for the full repayment of the credit claim in question (co-debtors jointly liable for individual credit claims are excluded).

- *Place of establishment of the debtor/guarantor*: The debtor must be established in the euro area.

  The guarantor must also be established in the euro area, unless a guarantee is not needed to establish the high credit standards for non-marketable assets, as set out in the Guideline on the implementation of the Eurosystem monetary policy framework, Title IV.

  This requirement does not apply to international or supranational institutions.

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[1] As defined in the ESA 2010.

- *Credit standard:* The quality of credit claims is assessed through the underlying creditworthiness of the debtor/guarantor. Credit claims must meet the high standards specified in the ECAF rules for non-marketable assets, as set out in the Guideline on the Implementation of the Eurosystem monetary policy framework, Title IV.

- *Minimum size*: At the time of submission for use as collateral (mobilisation) by the counterparty, the credit claim must meet a minimum size threshold. The threshold for domestic and cross-border operations with BCL has been set to EUR 500,000.

- *Governing laws:* The credit claim agreement and the agreement between the counterparty and the NCBs mobilising the credit claim as collateral ("mobilisation agreement") must both be governed by the law of a Member State belonging to the euro area. Furthermore, the total number of different governing laws that are applicable to (i) the counterparty, (ii) the creditor, (iii) the debtor, (iv) the guarantor (if relevant), (v) the credit claim agreement and (vi) the mobilisation agreement may not exceed two.

- *Currency of denomination*: The credit claim must be denominated in euro.

2. LEGAL ASPECTS OF CREDIT CLAIMS

General approach

From a legal point of view, the central banks of the Eurosystem have to ensure that a valid security interest is created over the credit-claims and that the existence of the security interest can be verified and the collateral realised swiftly without obstacles. A description of the relevant legal provisions can be found in the Guideline on the Implementation of the Eurosystem monetary policy framework, Title III. The details of the legal requirements related to a mobilisation of credit claims in Luxembourg are available in BCL's General Terms and Conditions (GTC).

As a general principle, a credit claim governed by Luxembourg law will be mobilised according to the BCL "Master Pledge Agreement for credit claims" (Annex 14 to BCL's GTC). A credit claim governed by a foreign euro-area law will be mobilised with the National Central Bank (acting as Correspondent Central Bank i.e. the CCB) of the country whose law governs the claim. Additional requirements regarding the mobilisation in a cross-border context are available on the website of each euro-area NCB.

Notification to the debtor of the mobilisation of a credit claim and registration of the pledges into BCL's pledge register

Depending on the jurisdiction that governs the claim, and the legal mobilisation technique used, different notification requirements may be applicable.

Under Luxembourg law, and if pledge is used, the notification of the debtor is a legal precondition for the validity of the mobilisation of credit claims as collateral. Following the entry into force of the amended article 22-1 of BCL's organic law, a pledge register has been made available since October 1st, 2007. The registration of pledges in favour of BCL into this register implies that a formal notification of the debtor will no longer be required under Luxembourg law in order to create a valid pledge.

If a credit claim governed by Luxembourg law but granted to a debtor in another euro area country is submitted to BCL, the pledge is registered, but its validity may still be subject to notification requirements under the jurisdiction of the debtor. Notification shall in this case be made by the counterparty. Information on the necessity to notify under the jurisdiction of the debtor may be obtained from the Assisting Central Bank (ACB), i.e. the NCB of the country of residence of the debtor.

The mobilisation through CCBM of a claim governed by foreign law will also be registered in the above mentioned pledge register, and will only be subject to the notification

procedures if so required under the jurisdiction of the CCB. In this case, notification may either be performed by the CCB or the counterparty.

The registration will be performed automatically upon a counterparty's request to mobilise (MT540) an asset with BCL. No further action is required by the counterparty.

Consultation of the register is possible for legitimate third parties. Consultation requests should be exclusively transmitted to BCL through the intermediary of the relevant counterparty.

After a counterparty's request to withdraw a credit claims from its pool, the pledge will be deleted from the register once BCL has confirmed the release of the asset.

Impact of banking secrecy rules on the mobilisation and realisation of credit claims

Counterparties must ensure that banking secrecy restrictions are waived to the extent necessary for a valid mobilisation and realisation of credit claims. A need for such a waiver has been identified in Luxembourg, and counterparties will accordingly have to introduce a specific clause in their claim contracts. The wording proposed by BCL reads as follows (translated from the French text in Annex 8 to BCL's GTC):

The [debtor] accepts and authorises the transmission by the [creditor] in favour of Banque centrale du Luxembourg or any other member of the Eurosystem, of any information related to the debtor or to the loan contract and which is necessary to mobilise the loan as a guarantee in favour of Banque centrale du Luxembourg or any other member of the Eurosystem. The debtor also accepts and authorises the use of this information by these parties in order for them to ensure all the means of publicity required to create or maintain the validity of the guarantee (incl. the registration into a credit register accessible to authorised third parties). The [debtor] hereby accepts the transmission of this information as afore mentioned, as well as in the case of the realisation of the guarantee by Banque centrale du Luxembourg (or a Central Bank of the Eurosystem), the transmission of this information to any third party which may acquire the credit claim.

Restrictions regarding the mobilisation of credit claims

Counterparties must ensure that credit claims are **fully transferable** and can be mobilised as collateral for Eurosystem credit operations without restrictions. Various options will be available to central banks in order to proceed to the realisation of the credit claim in case of a default of the counterparty.

Restrictions regarding the realisation of credit claims

The claim agreement must not contain any contractual restrictions regarding the realisation of the credit claims as collateral, including any form, time or other requirement with regard to realisation.

Set-off risks

The debtor of the credit claim is required to waive in the agreement relating to such credit claim its rights of set-off as well as any other defences against the counterparty that pledged the credit claim in favour of the BCL. Such waiver also applies against persons in favour of which the BCL assigned the pledged credit claim further to an enforcement of the collateral. This provision also applies in case the BCL counterparty uses CCBM for a cross-border mobilisation of the credit claim by means of a correspondent central bank, namely a central bank of European system of central banks.

3. CREDIT ASSESSMENT OF CREDIT CLAIMS

The Eurosystem credit assessment framework (ECAF) provides the Eurosystem with a tool to ensure that the eligible collateral meets its credit quality threshold. It provides a consistent and coherent framework for the whole set of Eurosystem eligible assets.

Credit quality assessment sources

The ECAF relies on four equally ranked credit quality assessment (CQA) sources to establish the Eurosystem requirement of "high credit standards" for nonmarketable debt instrument obligors/debtors, i.e.:

- External credit assessment institutions (ECAIs) i.e. rating agencies,

- NCBs' internal credit assessment systems (ICASs), • Counterparties' internal ratings-based (IRB) systems, and

- Third-party providers' rating tools (RTs).

Key principles of the framework

- <u>No ranking</u>

    There is no ranking between CQA sources. This means that counterparties can freely select **one** source among those that are eligible. Moreover, none of the four eligible sources in general, and none of those available in a specific country in particular, has a preferred status and generally they cannot overrule another eligible source.

- <u>No rating hopping</u>

    Counterparties are required to choose a main CQA source amongst the ones available in their jurisdiction and to stick to it for a minimum predetermined time period (e.g. one year). Only under special circumstances and upon receipt of a reasoned request, may an NCB allow the use of a complementary credit assessment source. Under certain circumstances, and for the assets concerned, counterparties may also complement the chosen CQA source with the PSE rule described on page 11.

Key concepts and elements of the ECAF

- Definition of default

  The definition of a "default event" is a key element for the comparability of credit assessment systems. In most systems, it is the likelihood or probability of a default event occurring that is modelled.[2] The definition of default that tends to be applied in the context of the ECAF is consistent with regulatory requirements and capital rules.[3] In paragraph 452 of the Basel II framework (Committee on Banking Supervision's International Convergence of Capital Measurement and Capital Standards: A Revised Framework), it is established that a default has occurred when either or both of the two following events have taken place:

  - the obligor is unlikely to pay its credit obligations to the banking group in full, without recourse by the bank to actions such as realising security;

  - the obligor is past due more than 90 days on any credit obligation to the banking group.

- The probability of default (PD) as the ECAF's credit quality measurement metric

  The PD, or the likelihood of an obligor facing a credit default event, is the risk metric that is used as the centre measure for the definition of the eligibility threshold and performance monitoring. Systems participating in the ECAF must be able to produce PDs or to translate their rating outputs into a comparable PD measure.[4] The PD is defined over a 12-month horizon. Those obligors with a PD value below or equal to the threshold PD as defined by the Eurosystem are eligible obligors.

- The credit quality threshold

  The Governing Council decided to set the Eurosystem credit quality threshold for eligibility at step 3 of the harmonised rating scale, corresponding to a triple B rating. The Eurosystem uses an operational instrument, the PD (currently the limit is set at **40 basis points**), to translate the risk preference of the Governing Council. The level of this operational instrument is controlled by the Eurosystem and can be modified whenever the risk preference changes.

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[2] One exception to this is the practice of ECAIs, which instead model the likelihood of a credit loss occurring.

[3] A credit assessment system which fails to be consistent with regulatory requirements and capital rules will also fail to gain wide acceptance.

[4] Analysis shows that PDs have a strong relation to the ratings of ECAIs. Obviously, the equivalence is not perfect, but then some differences can be found even between the grades used by the three major ECAIs (S & P, Moody's and Fitch). Furthermore, PD is a very common concept and most other credit assessment sources generate PDs. That is why the PD has been chosen as the credit risk measurement for benchmarking.

The ECAF's performance-monitoring framework

The ECAF's performance-monitoring framework involves the ex-post comparison of observed default rates for all debtors assessed to be eligible by a credit assessment system with the ex-ante probabilities of default linked to these debtors by this system. The aim of this process is to monitor that the PD assessments presented to the Eurosystem by the different CQAs are reliable.

The ex-post performance-checking framework which is detailed in the Guideline on the Implementation of the Eurosystem monetary policy framework, Title IV, could as an ultimate sanction, lead to the exclusion of non-performing CQA sources.

Consequences of persistent non-compliance and infringement

A cautionary measure of "rating notching up" (or "PD moving down") or recalibration of the system's output has been foreseen and should encourage counterparties to revise and improve their PD estimation methodology. In cases where there is no improvement within two years of the first non-compliance, the possible exclusion of non-compliant systems from the ECAF will be considered.

Also, in the event of flagrant infringement of the rules governing the systems in question will be excluded from the ECAF.

Specific cases in the context of establishing high credit standards

- The treatment of non-rated public sector entities (PSEs) in the ECAF

  The classification of PSEs in three categories and the treatment of each of those categories is presented in the table below.

PSE classification	*ECAF treatment*
1) Non-central government PSEs with tax raising powers and subject to specific institutional arrangements that suggest a probability of default similar to central government.	Treated as central government, i.e. subject to the central government fulfilling the ECAF's rating threshold.
2) Other non-central government PSEs and administrative, non-commercial bodies owned by central or local governments subject to strict lending rules and for which default appears very unlikely due to their special public status.	Eligible if central government rating is at least one notch above the ECAF's rating threshold (i.e. if the rating threshold is A, then the central government needs to be rated AA).
3) Commercial and non-commercial bodies owned by central or local governments not falling under the previous category.	Treated like a private issuer or obligor.

4. ADMINISTRATIVE, REPORTING AND MONITORING ISSUES

Legal Documentation

In addition to the acceptance of BCL's GTC, a Luxembourg counterparty intending to use **domestic** credit claims also has to adhere specifically to the BCL "Master Pledge Agreement for credit claims" (this document is annexed to BCL's GTC).

In the context of a cross-border use of credit claims, specific procedures have been developed. These procedures imply that through the signing of BCL's general terms and conditions, counterparties also accept the specific requirements imposed by the relevant correspondent central bank. Further to this document, additional explanations are provided through the brochure entitled "Correspondent Central Banking Model (CCBM) procedures for Eurosystem counterparties" (Annex 7 of BCL's GTC).

Management of credit claims

The counterparties will in principle remain in charge of the management of the claims, subject to certain contractual restrictions.

In particular the payment of principal and interest will continue to be made to the counterparty, until a notification to the contrary has been made to the debtor.

Acceptance of the counterparty's credit assessment source

In the assessment of the credit standards for eligible assets, the Eurosystem takes into account credit assessment information from a credit assessment system belonging to one of the following sources: external credit assessment institutions (ECAIs), NCB's in-house credit assessment systems (ICASs), counterparties' internal ratings-based (IRB) systems, and third-party providers' rating tools (RTs).

Counterparties shall select one system (its own IRB system, an eligible rating tool, or a NCB's ICAS) from an available credit assessment source, except for ECAIs, where all accepted ECAI systems (Moody's, Fitch, S&P…) may be used.

Counterparties have to stick to the selected source for a minimum period of one year so as to preclude "hopping" between credit assessments. Only in special circumstances, and upon submission of a reasoned request, may (non-IRB) counterparties be allowed to use several systems or sources. Counterparties wishing to change their credit assessment sources after the minimum period of one year will also have to submit a reasoned request to the BCL.

Upon request, BCL will provide the relevant forms allowing counterparties to submit or change a credit assessment source.

For a counterparty intending to use its IRB system, additional requirements are imposed, i.e. the counterparty has to obtain an authorization from BCL.

For that purpose, counterparties have to submit a request to BCL, together with the following documents:

- A copy of the decision of the relevant banking supervisory authority within the EU authorizing the counterparty to use its IRB system for capital requirements purposes on a consolidated or unconsolidated basis, together with any specific conditions for such use.

- Information on its approach to assigning probabilities of default to debtors, as well as data on the rating grades and associated one-year probabilities of default used to determine eligible rating grades (SWIFT messages only accept rating grades expressed in terms of probabilities of default).

- A copy of Pillar III (market discipline) information that the counterparty is required to publish on a regular basis in accordance with the requirements on market discipline under Pillar 3 of the Basel II framework and the Capital Requirements Directive

- The name and the addresses of the competent banking supervisor and the external auditor

The request has to be signed by the counterparty's CEO or CFO or an authorized signatory on their behalf. If necessary, the listed documentation should be translated in the working language of BCL.

Forms for these purposes will be made available by BCL upon request.

Reporting

Counterparties must inform the BCL **immediately** (no later than within the course of the next business day) about any credit event including delay of payments of the submitted debtors that is known to the counterparty and if necessary, withdraw or substitute the assets.

Furthermore, in order to ensure that a valid security is created over credit claims and that the credit claims can be swiftly realized in the event of a counterparty's default, a quarterly self-certification is imposed to counterparties. In this self-certification counterparties must: (i) confirm and warrant the compliance of the credit claims submitted, with the eligibility criteria of the Eurosystem, (ii) confirm and warrant compliance with the specific provisions foreseen in Annex 8 (section 4.1.2) to BCL's GTC, regarding Luxembourg banking secrecy rules (iiI) confirm and warrant that no credit claim submitted is being simultaneously used as collateral

to the benefit of any third party and undertake that the counterparty shall not mobilize any credit claim as collateral to any third party, (iv) confirm and warrant to communicate immediately any event which materially affects the actual contractual relationship between the counterparty and BCL.

Moreover, counterparties using an IRB system are under the obligation to communicate the following information on an annual basis:

- A copy of the most up-to-date assessment of the counterparty's IRB system by the counterparty's supervisor translated in the working language of BCL.

- Any changes to the counterparty's IRB system recommended or required by the supervisor, together with the deadline by which such changes must be implemented.

- The annual update of the Pillar III (market discipline) information that the counterparty is required to publish on a regular basis in accordance with the requirements of the Basel II framework and the Capital Requirements Directive.

- Information on the competent banking supervisor and the external auditor.

This yearly communication has to be signed by the counterparty's CEO or CFO or an authorized signatory on their behalf. The relevant supervisory authority receives a copy of this letter from the Eurosystem.

Monitoring

• Before starting the use of credit claims, BCL will perform a one-off verification of the procedures used by the counterparty to transmit the information on the existence of credit claims. This verification may either be performed directly by BCL on the basis of the information submitted by the counterparty, or by the external auditors at the expense of the counterparty.

• On a regular basis, BCL will monitor the information received on credit claims and credit assessment systems:

  - For credit claims: on-site checks by external auditors according to a mandate given by the counterparty to the external auditors. The content of such a mandate can be found in Annex 8 of BCL's GTC.

  - For credit assessment systems: Ex-post checks on-site by external auditors of the information related to the counterparty's static pool.

    Establishing the static pool implies:

> Segregating from the set of rated debtors at the beginning of the period, those meeting the eligibility criteria defined in the GD and;

> Extracting from this sub-set a list of debtors that also meet the credit quality standards (i.e. a probability of default of 40 basis points or less.)

For the specific case of IRB systems, the ECAF monitoring framework foresees that the static pool encompasses debtors, issuers or guarantors for all counterparty IRB sub-systems validated by the supervisory authority and relevant for providing both corporate and public sector entity credit assessments.

All debtors fulfilling the above conditions at the beginning of period t constitute the static pool for t. At the end of the foreseen 12-month period, the realized default rate for the static pool of debtors at time t is computed. On an annual basis, the rating system provider (the counterparty in case of IRB) has to agree to submit to the Eurosystem the number of eligible debtors contained in the static pool at time t and the number of those debtors in the static pool (t) that defaulted in the subsequent 12-month period. The realized default rate of the static pool of a credit assessment system recorded over a one-year horizon serves as an input to the ECAF performance monitoring process which comprises an annual rule and a multi-period assessment. In case of a significant deviation between the observed default rate of the static pool and the credit quality threshold over an annual and / or a multi-annual period, the Eurosystem consults the rating system provider to analyse the reasons for that deviation. This procedure may result in a correction of the credit quality threshold applicable to the system in question.

The submitted information regarding the size of the static pool and the observed number of defaults will have to be confirmed by the counterparty's external auditor.

Fees

For domestic credit claims BCL will apply **the same** fee as currently applied to the marketable domestic assets, i.e. a 30 EUR transaction fee and a service fee of 0,0065% per annum, which is charged on the nominal value of the assets held each month. For credit claims used on a cross-border basis the Eurosystem has decided to also extend the actual CCBM fee structure to credit claims, i.e. a 30 EUR transaction fee and a service fee of 0,0069% per annum, which is charged on the nominal value of the assets held each month. No additional fees are charged for the registration in the pledge register. Consultation of the register will be charged EUR 20 per request.

SECTION II: GENERAL SWIFT MESSAGE FLOWS

1. GENERAL OUTLINE

In an effort to reduce the operational changes to a minimum, and in order to keep costs low, BCL communicates with counterparties on credit claims by using Swift messages. Relying on Swift also provides the advantage of a secure and auditable message infrastructure.

Credit claims communication rely on the standard MT54X messages (where instead of an ISIN code, the credit claim identifier is used) already currently used for the mobilisation of marketable securities, to which a new proprietary message MT598 is added in order to allow counterparties to provide BCL with the relevant static data of the credit claim.

This new message is a structured free-text message whose content is **not validated** by the Swift network. BCL (just like National Bank of Belgium and De Nederlandsche Bank) has nevertheless decided to impose a structure which is ISO 15022 compliant and which has been approved by Swift.

The following message types will be used for credit claims:

MT598	delivery of static data (sent by counterparties)
MT548	confirmation of receipt of static data (sent by BCL)
MT540	mobilisation of collateral (sent by counterparties)
MT544	confirmation of receipt of collateral (sent by BCL)
MT542	request for release of collateral (sent by counterparties)
MT546	confirmation of return of collateral (sent by BCL)

2. DOMESTIC CREDIT CLAIM MOBILISATION

Delivery of new static data and mobilisation of a credit claim

The domestic mobilisation with BCL covers all those cases where the credit claim contract is governed by Luxembourg law, and the debtor is a resident of either Luxembourg, **or another euro-area country**.

The **basic scenario** covers the case of a credit claim governed by Luxembourg law and granted to a Luxembourg debtor.

In order to mobilise such a claim, the counterparty which has performed all its administrative duties as defined in BCL's GTC, provides the required static data via an MT598 to BCL.

In order to assess the eligibility of the credit claims granted to non-credit institutions, BCL refers to the industry sector classification, NACE Rev 2.

If BCL assesses the credit claim as being eligible, the assets and the debtor are assigned an identification number and recorded in BCL's static data database.

BCL informs the counterparty of this acceptance via an MT548 and provides the relevant identification numbers, which will form the basis of all future communication between BCL and its counterparty.

The effective mobilisation as collateral may only occur after the counterparty has received an MT548 from BCL confirming the acceptance of the credit claim.

The mobilisation will have to be made via an MT540, as for marketable securities. This message contains a specific field[5] in which counterparties have to confirm that the debtor notification has been performed.

Further information on the standard MT54X messages used by BCL is available in Annex 10 to BCL's GTC.

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[5] Field :70a: Declaration details

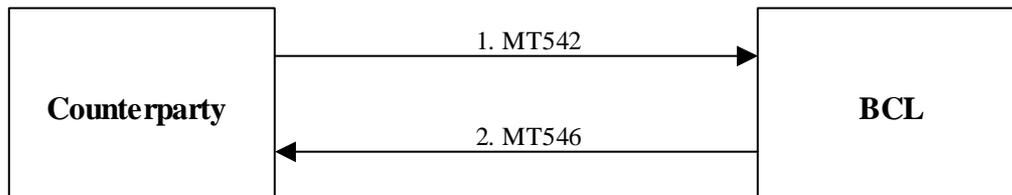|	
Format:	: 70E::4!c//10*35
Qualifier	DECL
BCL usage	DECL//NOTIFICATION

For credit claims this field is mandatory for the time being. Counterparties have to certify in their instruction that the debtor has been notified

Delivery of static data and request for mobilisation as collateral:

Counterparty		BCL
	1. MT598 →	
	← 2. MT548	
	3. MT540 →	
	← 4. MT544	

Request for the release of collateral:

Counterparty		BCL
	1. MT542 →	
	← 2. MT546	
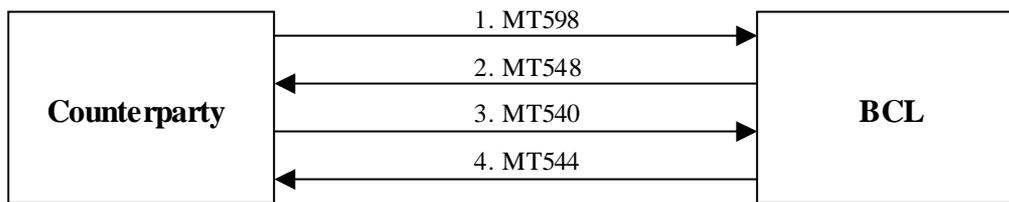
A **variant of the basic scenario** has to be applied when the credit claim governed by Luxembourg law is granted to a foreign euro-area debtor.

After having received the static data, BCL will have to contact the relevant Assisting National Central Bank in order to obtain the debtor identification number, the processing time may therefore be lengthened accordingly.

Update of static data

The Guideline on the Implementation of the Eurosystem monetary policy framework and BCL's GTC foresee that counterparties have to communicate to BCL immediately, but no later than within the course of the next business day, any event that materially affects the actual contractual relationship between the counterparty and BCL and, in particular, early partial or total repayments, downgrades and material changes in the conditions of the claim.

To do so, counterparties have to provide BCL with a new MT598 message specifying the code UPDT in field 23G (see below) and which contains the new credit claim details, including however also all unchanged data previously sent, as well as all data previously provided by BCL to counterparties when applicable (i.e. claim or debtor identification numbers).

If a credit claim is partially redeemed, an updated MT598 is sufficient, no MT542 for the reimbursed part is required.

If the outstanding amount of the claim is increased, the provision of a UPDT MT598 with the increased amount is required. In order to mobilise the additional amount, a new MT540 for the additional amount is required.

3. CROSS-BORDER CREDIT CLAIM MOBILISATION

Delivery of new static data and mobilisation of a credit claim

Cross-border mobilisation will be required for those credit claims governed by a foreign euro-area law and granted to a debtor in the same foreign euro-area country (for example a credit claim granted by a Luxembourg counterparty to a German debtor under German law would qualify as a cross-border credit claim).

For the mobilisation of cross-border credit claims, the Eurosystem has decided to use the Correspondent Central Bank Model (CCBM).

Claims granted by a Luxembourg counterparty under a foreign euro-area law and granted to a debtor in a third foreign euro-area country are not eligible as they violate the general eligibility criteria which states that : "the total number of different governing laws that are applicable to (i) the counterparty, (ii) the creditor, (iii) the debtor, (iv) the guarantor (if relevant), (v) the credit claim agreement and (vi) the mobilisation agreement may not exceed two." (Guideline on the Implementation of the Eurosystem monetary policy framework, Title III).

For example a credit claim granted by a Luxembourg counterparty under German law to a French debtor would not be eligible.

The **basic scenario** of a cross-border mobilisation differs substantially from the domestic case as it introduces a new party, the Correspondent Central Bank (CCB). The CCB acts as an agent for BCL and performs the mobilisation in favour of BCL according to its domestic law and procedures.

Counterparties whishing to mobilise such a claim will need to contact the national central bank of the country whose law governs the credit claim (the CCB) in order to obtain the information on the CCB's procedures (i.e. to mobilise a claim under German law to a German debtor, the counterparty needs to contact first Deutsche Bundesbank).

The CCB's procedures, communication protocols and data requirements may vary substantially from those imposed by BCL.

Further details on the handling procedures of all the CCBs and contact details are available on the website of the ECB. (http://www.ecb.europa.eu/paym/ccbm/html/index.en.html)

Counterparties will first have to provide the CCB with the required static data.

The CCB will check the eligibility of the credit claim with the assistance of BCL where required.

The CCB assigns the relevant credit claim and debtor identification numbers.

Only after having received these numbers, can the counterparty provide a complete MT598 to BCL.

Once the counterparty has received the confirmation MT548 indicating that the static data has been stored at BCL, it may send an MT540 to BCL. At the same time the counterparty may have to instruct the CCB of this mobilisation according to the CCBs requirements.

CCBs may either consider the prior delivery of the static data as being also a mobilisation request, they may require a specific mobilisation instruction as is the case for BCL, or they may consider that the MT540 sent by BCL is sufficient.

Once these formalities have been performed, BCL and the CCB will apply standard CCBM procedures to mobilise the asset.

Cross-border credit claim mobilisation: message flows
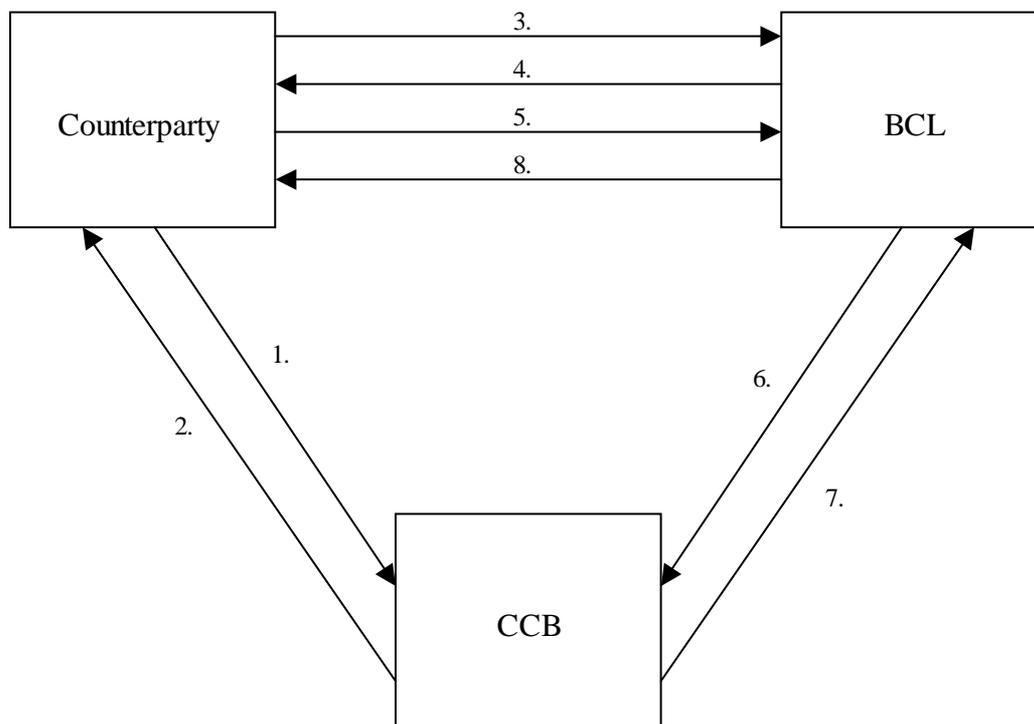
1. Delivery of static data to the CCB according to the CCBs requirements.

2. Confirmation of acceptance of the static data by the CCB and assignment of debtor and credit claim identification numbers.

3. Delivery of complete static data with debtor and credit claim identification numbers to BCL via MT598.

4. Confirmation of acceptance of the claim via MT548 by BCL to the counterparty.

5. Request for mobilisation via MT540

6. Request for mobilisation via MT540 sent by BCL to the CCB

7. Confirmation of mobilisation via MT544 sent by the CCB to BCL

8. Confirmation of mobilisation via MT544 sent by BCL to the counterparty

Depending on the CCBs procedures, the counterparty may eventually also be informed of the mobilisation by the CCB.

Request for the release of collateral: messages flows
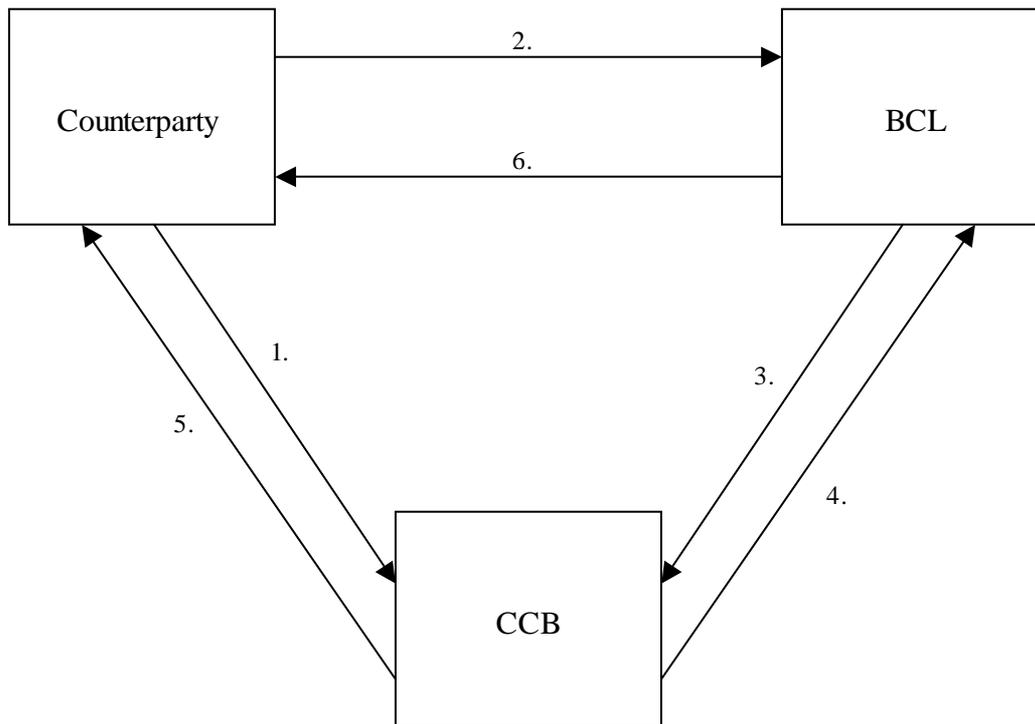
1. Request for release of collateral sent by the counterparty to the CCB according to the CCBs requirements.

2. Request for release of collateral sent by the counterparty via MT542 to BCL.

3. Request for release of collateral sent via MT542 from BCL to the CCB.

4. Confirmation of release of collateral sent from CCB to BCL.

5. Eventual confirmation of release sent by CCB to the counterparty (see CCB procedures).

6. Confirmation of release of collateral sent via MT546 from BCL to counterparty.

Update of static data

Just as for domestic claims, the Guideline on the implementation of the Eurosystem monetary policy framework and BCL's GTC foresee that counterparties have to communicate to BCL and the CCB immediately, but no later than within the course of the next business day any

event that materially affects the actual contractual relationship between the counterparty, the CCB, and BCL; in particular early, partial or total repayments, downgrades and material changes in the conditions of the claim.

To do so, counterparties have to provide BCL with a new MT598 message specifying the code UPDT in field 23G (see below) and which contains the new credit claim details, including however also all unchanged data previously sent, as well as all data previously provided by BCL or the CCB to counterparties when applicable (i.e. any claim or debtor identification numbers).

If an asset is partially redeemed, an updated MT598 is sufficient, no MT542 for the reimbursed part is required.

If the outstanding amount of the claim is increased, the provision of an UPDT MT598 with the increased amount is required. BCL will confirm the receipt and processing of the update via a MT 548. In order to mobilise the additional amount, a new MT540 for the additional amount is required.

Counterparties also need to provide the CCB with the updated information in accordance with the CCB's procedures.

Further details on the handling procedures of all the CCBs are available on the website of the ECB under : http://www.ecb.europa.eu/paym/ccbm/html/index.en.html.

SECTION III : SWIFT MESSAGE STRUCTURE

The detailed information on all Swift messages used by BCL (including MT598) can also be found in Annex 10 of BCL's GTC, which is entitled: "BCL Swift User Guide".

1. MT598 DELIVERY OF STATIC DATA

Detail of MT598 Credit Claim Definition Request Proprietary Message

Status	Tag	Qualifier	Generic Field Name	Detailed Field Name	Content/Options	No
M	20			Client Transaction Reference Number	16x	1
M	12			Sub-Message Type	3!n (=511)	2
M	77E			Proprietary Message	73x [n*78x]	3
Detail of Proprietary Message Field of 77E tag						
Mandatory Sequence A General Information						
M	16R			Start of Block	GENL	4
M	20a	4!c	Reference	(see qualifier description)	C or D	5
M	23G			Function of the Message	4!c[/4!c]	6
-----> Repetitive Optional Subsequence A1 Linkages						
M	16R			Start of Block	LINK	7
M	20a	4!c	Reference	(see qualifier description)	C or D	8
M	16S			End of Block	LINK	9
-----| End of Subsequence A1 Linkages						
M	16S			End of Block	GENL	10
End of Sequence A General Information						

Mandatory Sequence B Deposit Details

M	16R			Start of block	LDDET	11
M	20a	4!c	Reference	(see qualifierdescription)	C or D	12
O	95C	OAID	Observed agent identifier	(see qualifier description)	:4!c//3!a5!n	13
31	21B	CTID	Contract identifier	(see qualifier description)	:4!c//60y	14
O	23	INID	Instrument identifier	(see qualifier description)	:4!c//60y	15
M	22F	24!c	Indicator	(see qualifierdescription)	:4!c//4!c	16
M	98A	4!c	Date	(see qualifierdescription)	:4!c//8!n	17
M	19B	4!c	Amount	(see qualifierdescription)	:4!c//3a15d	18
M	22H	INTP	Indicator	Interest rate Type	:4!c//4!c	19
M	17B	ELGG	Flag	Eligibility through Guarantor	:4!c//1!a	20
C/M	17B	CAFL	Flag	Cap Information	:4!c//1!a	21
C/M	92A	REFR	Rate	(see qualifierdescription)	:4!c//10x	22
C/M	70C	COMT	Comt	Comment	:4!c//4*35x	23

-----> Repetitive Mandatory Subsequence B1 Credit ClaimParties

M	16R			Start of Block	BLPRTY	24
M	95a	4!c	Party	(see qualifierdescription)	P, R or U	26
O	94a	4!c	Place	(see qualifierdescription)	C, D or G	27
M	13a	4!c	Number Identification	(see qualifierdescription)	A or B	28
O	92A	PBDF	Rate	Probability of Default	:4!c//[N]15d	29
M	16S			End of Block	BLPRTY	30
M	16S			End of Block	LDDET	31

-----| End of Subsequence B1 Credit ClaimParties

End of Mandatory Sequence B Deposit Details

MT 598 DELIVERY OF CREDIT-CLAIM STATIC DATA – FIELD SPECIFICATIONS

1. Field 20: Client Transaction Reference Number

FORMAT

16x

PRESENCE

Mandatory

DEFINITION

This field specifies the reference assigned by the Sender to unambiguously identify the message.

Please use the same reference as TRN in field 20C in block GENL.

NETWORK VALIDATED RULES

This field must not start or end with a slash '/' and must not contain two consecutive slashes '//' (Error code(s): T26).

USAGE RULE

This reference has to be unique per running year

2. Field 12: Sub-Message Type

FORMAT

3!n

PRESENCE

Mandatory

DEFINITION

This field is used to specify the message type number as agreed by the Sender and Receiver or as defined by SWIFT (for messages being used in advance of implementation), for the proprietary message contained in the MT n98. For a Bank Loan Definition, **use sub-message type 511**.

3. Field 77E: Proprietary Message

FORMAT

Option E   73x [n*78x]   (Text)

PRESENCE

Mandatory

DEFINITION

This field is used to convey the message contents in a format agreed to by the Sender and the Receiver.

In defining the format to be sent within field 77E, the following rules apply:

- All characters and codes described in *Standards General Information* are allowed.

- The following exceptions are allowed:

  ✓ Carriage return, Line feed, Colon 'CrLf:' may be used to separate fields included in field 77E, eg,

    :77E::20:ref1'CrLf'
    :21:ref2'CrLf'
    :79:test'CrLf' etc...

  ✓ Line 1 (ie, 73x) may consist of only Carriage return, line feed, Colon 'CrLf:', eg,

    :77E:'CrLf'
    :21:ref:'CrLf' etc...

  ✓ Line 1 may consist of blank characters, eg,

    :77E:eee'CrLf'

- Carriage return, line feed, hyphen ('CrLf-') indicates the end of the text.

- The maximum size of this field is limited to 9800 characters.

4. Field 16R: Start of Block

FORMAT

Option R   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the following code:

GENL   General Information

5. Field 20a: Reference

FORMAT

Option C   :4!c//16x   (Qualifier) (Reference)

Option D :   4!c//25x   (Qualifier) (Reference

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	SEME	N		C or D	Sender's Reference

DEFINITION

This qualified generic field specifies:

SEME   Reference assigned by the Sender to unambiguously identify the Bank Loan.

USAGE RULES

Reference must not start or end with a slash '/' and not contain two consecutive slashes '//'

BCL requires this field to be identical to the TRN of field 20.

---

6.   Field 23G: Function of the Message

FORMAT

Option G   4!c[/4!c]   (Function)(Sub-function)

PRESENCE

Mandatory

DEFINITION

This field identifies the function of the message

CODES

✓   Function must contain one of the following codes:

CANC   This is a request to cancel a previously sent message

NEWM   This is a new message

UPDT   This is a request to update a previously sent message

✓   Sub-function, when present, must contain one of the following code

CODU   This message is being sent as a copy, for information purposes and the message is a duplicate of a message previously sent.

COPY   The message is being sent as a copy, for information purposes.

DUPL   The message is for information/confirmation purposes. It is a duplicate of a message previously sent

USAGE RULES

To cancel a previously sent instruction, Function is CANC. The reference in the linkage sequence must contain the reference assigned previously by the Sender to unambiguously identify the message to be cancelled. A copy of at least the mandatory fields of the message to be cancelled must be present; optional fields need not be present.

7. Field 16R: Start of Block

FORMAT

Option R   16c

PRESENCE

Mandatory in an optional sequence

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

When used, this field must contain the following code:

LINK   Linkages.

8. Field 20a: Reference

FORMAT

Option C   4!c//16x   (Qualifier) (Reference)

Option D   4!c//25x   (Qualifier) (Reference)

PRESENCE

Mandatory in an optional sequence

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	PREV	N		C or D	Previous Reference

DEFINITION

This qualified generic field specifies:

PREV   Reference of the linked message which was previously sent.

USAGE RULES

Reference must not start or end with a slash '/' and not contain two consecutive slashes '//'

9. Field 16S: End of Block FORMAT

FORMAT

Option S   16c

PRESENCE

Mandatory in an optional sequence.

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the follow ing code :

LINK   Linkages

10. Field 16S: End of Block

FORMAT

Option S   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the follow ing code :

GENL   General Information.

11. Field 16R: Start of Block

FORMAT

Option R   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the follow ing code:

LDDET   Loan/Deposit Details.

12. Field 20a: Reference

FORMAT

Option C   :4!c//16x   (Qualifier) (Reference)

Option D   :4!c//25x   (Qualifier) (Reference)

PRESENCE

Mandatory

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	IREF	N		D	Internal Loan Book Reference
2	O	LDCD	N		C	Loan Identification Code

DEFINITION

This qualified generic field specifies:

IREF   This field contains the counterparty's internal loan book reference.

LDCD   This field contains the fifteen-digit loan identification code.

USAGE RULES

For domestic credit claims, this loan identification code is assigned by BCL and as such is not mandatory in a new message (NEWM). For eligible foreign credit claims mobilised via CCBM, i.e. where the law governing the claim and the country of the debtor are equivalent, the correspondent central bank (CCB) will assign this code, and the code is mandatory in a NEWM. This means that the counterparty will have to retrieve the code from the CCB, prior to sending the MT598 to BCL. For loans to foreign debtors under Luxembourg law, BCL will assign the code which is not mandatory in a NEWM.

If the function of the message is UPDT, field 20C::LDCD is mandatory.

13. Field 95C: Observed agent identifier

FORMAT

Option C   :4!c//3!a5!n   (Qualifier) (Identifier)

PRESENCE

This field is mandatory.

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	OAID	N		C	Observed agent identifier

DEFINITION

Typically the observed agent identifier stands for the entity that is the creditor of a loan/credit claim (definition in the AnaCredit Regulation ECB/2016/13)

BCL USAGE

The observed agent will normally be identical to the MFI_ID (RIAD CODE) of the Eurosystem counterparty mobilising the credit claim

14. Field 21B: Contract identifier

FORMAT

Option B   :4!c//60y   (Qualifier) (Identifier)

PRESENCE

This field is mandatory.

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	CTID	N		B	Contract identifier

DEFINITION

The contract identifier is an Anacredit data. It stands for a legally binding agreement between two or more parties under which one or multiple instruments are created. The contract identifier applied by the reporting agent to uniquely identify each contract. Each contract must have one contract identifier. This value will not change over time and cannot be used as the contract identifier for any other contract.

BCL USAGE

The contract identifier is the same as the one reported in Anacredit

15. Field 23: Instrument identifier

FORMAT

4!c//60y   (Qualifier) (Identifier)

PRESENCE

This field is mandatory.

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	INID	N			Instrument identifier

DEFINITION

The instrument identifier is an Anacredit data. It stands for a specific instrument created under a contract between two or more parties. It is an identifier applied by the reporting agent to uniquely identify each instrument under a single contract. Each instrument must have one instrument identifier. This value will not change over time and cannot be used as the instrument identifier for any other instrument under the same contract.

BCL USAGE

The instrument identifier is the same as the one reported in Anacredit

16. Field 22F: Indicator

FORMAT

Option C   :4!c//4!c   (Qualifier) (Indicator)

PRESENCE

Optional

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	GLAW	N		C	Governing law indicator

DEFINITION

This qualified generic field specifies:

GLAW   Indicates the governing law of the credit-claim contract

CODES

If Qualifier is GLAW and Data Source Scheme is not present, Indicator must contain a valid two-digit ISO code of a euro-area country (i.e. DE)

17. Field 98A: Date

FORMAT

Option A   :4!c//8!n   (Qualifier) (Date)

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	ISSU	N		A	Issuance Date
2	M	VALU	N		A	Value Date
3	M	MATU	N		A	Maturity Date

DEFINITION

This qualified generic field specifies:

ISSU   The date on which the contract was issued.

MATU   The latest agreed maturity date, ie, the date on which the principal is to be returned.

VALU   The date on which the movement is to take place.

Date must be a valid date expressed as YYYYMMDD. Claims without a fixed maturity must be identified by using 99999999 as maturity date.

18.   Field 19B: Amount

FORMAT

Option B   :4!c//3!a15d   (Qualifier) (Currency Code) (Amount)

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	NOMA	N		B	Currency and Nominal Amount
2	M	OUTS	N		B	Currency and Outstanding Amount

DEFINITION

This qualified generic field specifies:

NOMA   Currency and Nominal Amount

OUTS   Currency and Outstanding Amount

USAGE RULES

The integer part of Amount must contain at least one digit. A decimal comma is mandatory and is included in the maximum length. The number of digits following the comma must not exceed the maximum allowed for the specified currency.

Currency Code must be EUR or a valid national denomination thereof.

For revolving credits it is understood that NOMA will be used as the maximum limit agreed for the loan. The OUTS amount is the amount effectively drawn.

For syndicated loans, NOMA is understood to be the global amount of the syndicated loan, while OUTS is the amount currently in the counterparty's books NOMA must be equal or higher than OUTS.

19.   Field 22H: Indicator: Interest Rate Type

FORMAT

Option H   :4!c//4!c   (Qualifier) (Indicator)

PRESENCE

Mandatory

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	INTP	N		H	Interest Rate Type

DEFINITION

This qualified generic field specifies:

INTP   This field indicates whether the interest rate is fixed, variable or variable long

CODES

When Qualifier is INTP, Indicator must contain one of the following codes:

FIXD   The interest rate is fixed.

VARI   The interest rate is variable, with a resetting period of less than 1 year

LNGV   The interest rate is long variable, with a resetting period of more than 1 year

20. Field 17B: Flag

FORMAT

Option B   :4!c//1!a   (Qualifier) (Flag)

PRESENCE

Conditional : this field is mandatory for variable-rate credit claims (22H::INTP/VARI is present)

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	C	CAFL	N		B	Cap information

DEFINITION

This qualified generic field specifies:

CAFL   Cap Flag   Whether claim has a cap or not.

CODES

Flag must contain one of the following codes:

Y   Cap existing

N   No cap existing

This field must be present only for credit claims with floating interest rates.

21. Field 17B: Flag

FORMAT

Option B   :4!c//1!a   (Qualifier) (Flag)

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	ELGG	N		B	Eligibility through guarantor flag.

DEFINITION

This qualified generic field specifies:

ELGG   Eligibility Flag   Whether claim is eligible for collateral through the guarantor or not .

CODES

Flag must contain one of the following codes:

N   No.

Y   Yes.

BCL USAGE RULES

Assets which lack a valid debtor credit assessment may become eligible if a valid guarantor credit assessment is available, and if the guarantee meets the validity criteria defined in the Guideline on the implementation of the Eurosystem monetary policy framework, Title IV).

If the content of field 17B::ELGG// is Y, then the guarantor information (sequence GUAR) in block BLPRTY becomes mandatory.

22. Field 92A: Reference rate

FORMAT

Option A   :4!c/10x   (Qualifier) (Reference rate)

PRESENCE

Conditionnal : this field is mandatory for variable-rate credit claims (22H::INTP/VARI is present)

DEFINITION

Defines the reference rate of a credit claim from a set of codelist controlled values (see below)

CODES

This field must content the value corresponding to the type of reference rate.

Reference rates	Values
1 week LIBOR	1WLIBOR
1 week EURIBOR	1WEUBOR
1 week EURIBOR CMS	1WEUCMS
1 week LIBOR CMS	1WLICMS
2 weeks LIBOR	2WLIBOR
2 weeks EURIBOR	2WEUBOR
2 weeks EURIBOR CMS	2WEUCMS
2 weeks LIBOR CMS	2WLICMS
1 month LIBOR	1MLIBOR
1 month EURIBOR	1MEUBOR
1 month EURIBOR CMS	1MEUCMS
1 month LIBOR CMS	1MLICMS
2 months LIBOR	2MLIBOR
2 months EURIBOR	2MEUBOR
2 months EURIBOR CMS	2MEUCMS
2 months LIBOR CMS	2MLICMS
3 months LIBOR	3MLIBOR
3 months EURIBOR	3MEUBOR
3 months EURIBOR CMS	3MEUCMS
3 months LIBOR CMS	3MLICMS
6 months LIBOR	6MLIBOR
6 months EURIBOR	6MEUBOR
6 months EURIBOR CMS	6MEUCMS
6 months LIBOR CMS	6MLICMS
9 months LIBOR	9MLIBOR
9 months EURIBOR	9MEUBOR
9 months EURIBOR CMS	9MEUCMS
9 months LIBOR CMS	9MLICMS
12 months LIBOR	1YLIBOR
12 months EURIBOR	1YEUBOR
12 months EURIBOR CMS	1YEUCMS
12 months LIBOR CMS	1YLICMS
OTHER	OTHER
1 Year Euro IRS	1YEURIRS

2 Year Euro IRS	2Y EURIRS
3 Year Euro IRS	3Y EURIRS
4 Year Euro IRS	4Y EURIRS
5 Year Euro IRS	5Y EURIRS
6 Year Euro IRS	6Y EURIRS
7 Year Euro IRS	7Y EURIRS
8 Year Euro IRS	8Y EURIRS
9 Year Euro IRS	9Y EURIRS
10 Year Euro IRS	10Y EURIRS
11 Year Euro IRS	11Y EURIRS
12 Year Euro IRS	12Y EURIRS
13 Year Euro IRS	13Y EURIRS
14 Year Euro IRS	14Y EURIRS
15 Year Euro IRS	15Y EURIRS
20 Year Euro IRS	20Y EURIRS
25 Year Euro IRS	25Y EURIRS
30 Year Euro IRS	30Y EURIRS

BCL USAGE RULES

This field must be present only for credit claims with floating interest rates.

23. Field 70C : Reference rate comment

FORMAT

Option C   :4!c//4*35x   (Qualifier) (Comment)

PRESENCE

Conditionnal : this field is mandatory when field 92A Reference Rate is filled with 'OTHER'.

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	C/M	COMT	N		C	Comment

DEFINITION

Free text field to explain what reference rate is used. The field "OTHER" is included for temporary situations

BCL USAGE

If field 92A "Reference Rate" is filled with 'OTHER', a comment must be provided in field 70C "Reference Rate Comment",

24. Field 16R: Start of Block

FORMAT

Option R   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the following code:

BLPRTY   Bank Loan Party

USAGE RULES

The sequence specifying the Bank Loan Party (16R:BLPRTY) must be repeated at least 3 times:

1. One sequence to specify the information on the Debtor.
2. One sequence to specify the parameters on the Creditor.
3. One sequence to specify the Beneficiary National Central Bank.
4. When field 17B is Y another sequence to specify the parameters of the Guarantor.

25. Field 95a: Party

FORMAT

Option P	:4!c//4!a2!a2!c[3!c]	(Qualifier) (BIC/BEI)
Option R	:4!c/[8c]/34x	(Qualifier) [Data Source Scheme] (Proprietary Code)
Option U	:4!c//3*35x	(Qualifier) (Name)

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	DEBT	N		P or U	Bank Loan Debtor
	M	CRED	N		P or U	Bank Loan Creditor
	O	GUAR	N		P or U	Bank Loan Guarantor
	M	BENF	N		P or U	Bank Loan Beneficairy National Central Bank
2	CM	ALTE	N		R	Alternate Identification

This qualified generic field specifies:

DEBT	The party which is the debtor of the loan.
CRED	The party which is the creditor of the loan.
GUAR	The party which is the guarantor of the loan.
BENF	Bank Loan Beneficiary National Central Bank
ALTE	Alternate identification for the party specified in the DEBT or GUAR sequence

BIC specifies the Bank Identifier Code. BEI specifies the Business Entity Identifier.

Proprietary Code specifies a local national code or market segment code identifying the party.

USAGE RULES

The BIC/BEI must be a SWIFT registered address, either connected or non-connected.

Proprietary Code (Format Option R) must not start or end with a slash '/' and not contain two consecutive slashes '//'.

In a NEWM message, format Option R ALTE is mandatory for DEBT or GUAR not domiciled in Luxembourg.

In an UPDT message, format option R ALTE is mandatory for sequence DEBT and GUAR.

When format Option R ALTE is used, it must be followed by exactly 15 characters.

For sequence CRED, only format option P or U may be used.

For sequence BENF, only format option P may be used. In a CCBM transaction, the BENF is understood to be the correspondent central bank. The BIC code must be a valid BIC code of a euro-area NCB as defined below :

NATIONAL CENTRAL BANK	SWIFT CODE
CENTRAL BANK OF LUXEMBOURG	BCLXLULL
BANQUE NATIONALE DE BELGIQUE	NBBEBEBB
BANCA D'ITALIA	BITAITRR
BANCO DE ESPANA	ESPBESMM
BANCO DE PORTUGAL	BGALPTPL
BANK OF GREECE	BNGRGRAA
BANQUE DE FRANCE	BDFEFR2L
CENTRAL BANK OF IRELAND	IRCEIE2D
DEUTSCHE BUNDESBANK	MARKDEFF
DE NEDERLANDSCHE BANK	FLORNL2A
OESTERREICHISCHE NATIONALBANK	NABAATWW
SUOMEN PANKKI - FINLANDS BANK	SPFBFIHH
BANKA SLOVENIJE	BSLJSI2X

NARODNA BANKA SLOVENSKA	NBSBSKBX
CENTRAL BANK OF CYPRUS	CBCYCY2N
CENTRAL BANK OF MALTA	MALTMTMT
EESTI PANK	EPBEEE2X
LATVIJAS BANK	LACBLV2X
LIETUVOS BANKAS	LIABLT2X

EXAMPLE

:95P::DEBT//CORPLULL

:95R::ALTE//123456789012345

26. Field 94a: Place

FORMAT

Option C	:4!c//2!a	(Qualifier) (Country Code)
Option D :	4!c//[2!a]/35x	(Qualifier) [Country Code] (Place)
Option G	:4!c//2*35x	(Qualifier) (Address)

PRESENCE

Optional

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	O	ADDR	N		G	Address
2	O	CITY	N		D	City
3	O	POST	N		D	Postal Code
4	O	DOMI	N		C	Country of Domicile

DEFINITION

This qualified generic field specifies:

ADDR	Address	Address of the party.
CITY	City	City or town.
DOMI	Country of Domicile	Country of domicile.
POST	Postal Code	Postal code or zip code.

USAGE RULES

Country Code must be a valid euro-area ISO country code.

Each time option U is used for field 95, field 94a must be repeated 4 times in order to contain the complete address (94G::ADDR, 94D::CITY, 94D::POST and 94C::DOMI). The data in field 94a must belong to the party identified in field 95a.

EXAMPLE

:95U::DEBT//BIG CORP

:94G::ADDR//SMALL STREET, 5

:94D::CITY///LUXEMBOURG

:94D::POST///2983

:94C::DOMI//LU

27. Field 13a: Number Identification

FORMAT

Option A	:4!c//3!c	(Qualifier) (Number)
Option B	:4!c/[8c]/30x	(Qualifier) [Data Source Scheme] (Number)

PRESENCE

Optional

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	CM	CASS	N		A	Credit Assessment Source
2	CM	ENTY	N		B	Entity Type
3	O	ECAI	N		A	ECAI Harmonized Rating Scale
4	O	CORP	N		B	Corporate Sector Type
	Or	PSEC	N		B	PSE Class

DEFINITION

This qualified generic field specifies:

CASS	Credit Assessment Source	Specifies the credit assessment source.
ECAI	ECAI Harmonized Rating Scale	Specifies the ECAI Harmonized Rating Scale
ENTY	Entity Type	Specifies the Entity Type
CORP	Corporate Sector Type	Specifies the corporate sector to which the party belongs.
PSEC	PSE Class	Specifies the PSE class to which the party belongs.

- The use of qualifiers CASS and ENTY is mandatory in the block defining the debtor (DEBT) and the block defining the guarantor (GUAR). They are not required in block CRED and BENF.

- The qualifier CASS should be followed by a one digit value ranging from 1 to 4.

    - 1 (IRB) stands for Internal Rating Based System;

    - 2 (RT) stands for Rating Tool (a software sold and managed by ECAI);

    - 3 (ECAI) stands for External Credit Assessment Institution;

    - 4 (ICAS) stands for Internal Credit Assessment System (AT, DE, ES, FR etc.)

The qualifier CASS always specifies the main CAS selected by the counterparty. The PSE-rule may only be used in conjunction to this rule.

- The qualifier ECAI should be followed by a one digit value ranging from 1 to 3.

ECAI Credit Assessment		Credit Quality Steps		
		1	2	3
		ELIGIBLE		
Short—Term	FitchRatings	F1+	F1	F2
	Moody's		P-1	P-2
	Standard & Poor's	A-1+	A-1	A-2
	DBRS		R-1H/R-1	R-1L/R-2H/R-2/R-2L
Long-Term	FitchRatings	AAA/AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-
	Moody's	Aaa/Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3
	Standard & Poor's	AAA/AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-
	DBRS	AAA/AAH/AA/AAL	AH/A/AL	BBBH/BBB/BBBL

- The qualifier ENTY should be followed by a one character value consisting which can be either C or P.

    - C is used for entities belonging to the corporate sector

    - P is used for public sector entities such as defined by supervisors.

- Format Option B must not start or end with a slash '/' and not contain two consecutive slashes '//'.

- The qualifier CORP should be followed by a 1 digit alphabetical character (expressing the corporate sector as defined in Statistical Classification of Economic Activities in the European Community, Rev.2) ranging between A and U, but excluding K and T.

Code	Economic Sector
A	Agriculture, forestry and fishing
B	Mining and quarrying
C	Manufacturing
D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities
F	Construction
G	Wholesale and retail trade; repair of motor vehicles, motorcycles
H	Transport and storage
I	Accommodation and food service activities
J	Information and communication
K	Financial and Insurance activities
L	Real estate activities
M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defence; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Activities of households as employers; undifferentiated goods- and services- producing activities of households for own use
U	Activities of extraterritorial organisations and bodies

- The qualifier PSEC, defining the category of the public sector entity, should be followed by a one digit value ranging from 1 to 3. The different categories of public sector entities are defined as follows:

PSE class	Definition	ECAF treatment
1	Non-central government PSEs with taxraising powers and subject to specific institutional arrangements that suggest a probability of default similar to central government.	Treated as central government, i.e. subject to the central government fulfilling the ECAF's rating threshold.
2	Other non-central government PSEs and administrative, non-commercial bodies owned by central or local governments subject to strict lending rules and for which default appears very unlikely due to their special public status.	Eligible if central government rating is one notch above the ECAF's rating threshold. (i.e. if the rating threshold is A, then the central government needs to be rated AA)
3	Commercial and non-commercial bodies owned by central or local governments not falling under the previous category.	Treated like a private issuer or obligor.

- For credit claims which are eligible without the need for a guarantee, the following combination of qualifiers may apply within the sequence DEBT or GUAR:

CASS	1, 2, 4	1, 2, 4	1, 2, 4	1, 2, 4	3	3	3
ENTY	C	P	P	P	C	P	P
ECAI					1-3		1-3
CORP	A-U				A-U		
PSEC			1-2	3		1-2	3
PBDF	x%	X%		X%			

- For credit claims which are eligible through a guarantee, only the qualifiers CASS and ENTY in the sequence DEBT are required.

28. Field 92A: Rate: Probability of Default

FORMAT

Option A   :4!c//[N]15d   (Qualifier) (Rate)

PRESENCE

Optional

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	O	PBDF	N		A	Probability of Default

DEFINITION

This qualified generic field specifies:

PBDF   Probability of Default   Probability that a party does not reimburse a loan.

USAGE RULES

The integer part of percentage must contain at least one digit. The decimal comma is mandatory and is included in the maximum length.

EXAMPLE

A 0, 10% probability must be shown as:

:92A::PBDF//0,10

(0,10 = 0,10% - Normally, only five digits after the decimal point are taken into consideration)

29. Field 16S: End of Block

FORMAT

Option S   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the following code:

BLPRTY   Bank Loan Party

30. Field 16S: End of Block

FORMAT

Option S   16c

PRESENCE

Mandatory in an optional sequence

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the following code:

LDDET   Loan Deposit Details

Example of received request :

```
:20:<TRN 1>
:12:511
:77E:
:16R:GENL
:20C::SEME//TRN 1
:23G::NEWM
:16S:GENL
:16R:LDDET
:20D::IREF//0123456789ABCDE0123456789ABCDE
:20C::LDCD//0123456789ABCDE
:95C::OAID//LUB000XX
:21B::CTID//ABCDE278994793
:23::INID//EFGHIJKLAMNE7890
:22F::GLAW//LU
:98A::ISSU//YYYYMMDD
:98A::VALU//YYYYMMDD
:98A::MATU//YYYYMMDD
:19B::NOMA//EUR99000000000,00
:19B::OUTS//EUR99000000000,00
:22H::INTP//FIXD/VARI/LNGV
:17B::CAFL//Y
:17B::ELGG//Y
:92A::REFR//1WLIBOR
OR
:92A::REFR//OTHER
:70C::COMT//TEST
:16R:BLPRTY
```

```
:95U::DEBT//<DEBTOR NAME>

:95R::ALTE//0123456789ABCDE

:94G::ADDR//<DEBTOR STREET, NUMBER>

:94D::CITY///<<DEBTOR CITY>>

:94D::POST///<DEBTOR POST CODE>

:94C::DOMI//<DEBTOR COUNTRY>

:13A::CASS//1/2/3/4

:13B::ENTY//C/P

:13A::ECAI//1/2/3 :13B::CORP//H

OR

:13B::PSEC//1/2/3

:92A::PBDF//0,11000
:16S:BLPRTY

:16R:BLPRTY

:95P::CRED//<BIC>

:16S:BLPRTY

:16R:BLPRTY
:95U::GUAR//<GUARANTOR NAME>

:95R::ALTE//0123456789ABCDE

:94G::ADDR//<GUARANTOR STREET, NUMBER>

:94D::CITY///<<GUARANTOR CITY>>

:94D::POST///<GUARANTOR POST CODE>

:94C::DOMI//<GUARANTOR COUNTRY>

:13A::CASS//1/2/3/4

:13B::ENTY//C/P

:13A::ECAI//1/2/3 :13B::CORP//H

OR

:13B::PSEC//1/2/3

:92A::PBDF//0,09000
:16S:BLPRTY

:16R:BLPRTY
:95P::BENF//<BIC>

:16S:BLPRTY

:16S:LDDET
```

2. MT548 SETTLEMENT STATUS AND PROCESSING ADVICE SENT BY BCL

Detail of MT548

Status	Tag	Qualifier	Generic Field Name	Detailed Field Name	Content/Options	No
Mandatory Sequence A General Information						
M	16R			Start of Block	GENL	1
M	20C	SEME	Reference	Sender's reference	:4!c//16x	2
M	23G			Function of the Message	4!c[/4!c]	3
-----> Repetitive Mandatory Subsequence A1 Linkages						
M	16R			Start of Block	LINK	4
O	13a	LINK	Number identification	Linked message	A or B	5
M	20c	4!c	Reference	(see qualifier description	:4!c//16x 6	6
M	16S			End of Block	LINK	7
-----| End of Subsequence A1 Linkages						
-----> Repetitive Mandatory Subsequence A2 Status						
M	16R			Start of Block	STAT	8
M	25D	4!c	Status	(see qualifier description)	:4!c/[8c]/4!c	9
-----> Repetitive Optional Subsequence A2a Reason						
M	16R			Start of Block	REAS	10
M	24B	4!c	Reason	(see qualifier description)	:4!c/[8c]/4!c	11
O	70D	REAS	Narrative	Reason Narrative	:4!//6*35x	12
M	16S			End of Block	REAS	13

-----	**End of Subsequence A2a Reason**					
M	16S		End of Block	STAT		*14*
-----	**End of Subsequence A2 Status**					
M	16S		End of Block	GENL		*15*
End of Sequence A General Information						

MT 548 BCL RESPONSE TO A DELIVERY OF CREDIT-CLAIM STATIC DATA – FIELD SPECIFICATIONS

1. Field 16R: Start of Block

FORMAT

Option R   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the following code:

GENL   General Information

2. Field 20C: Reference: Sender's reference

FORMAT

Option C   : 4!c//16x   (Qualifier) (Reference)

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	SEME	N		C	Sender's Reference

DEFINITION

This qualified generic field specifies:

SEME   Reference assigned by the Sender to unambiguously identify the message.

USAGE RULES

Reference must not start or end with a slash '/' and not contain two consecutive slashes '//'

3. Field 23G: Function of the Message

FORMAT

Option G   4!c[/4!c]   (Function) (Sub-function)

PRESENCE

Mandatory

DEFINITION

This field identifies the function of the message.

CODES

- Function must contain one of the following codes:

    CAST   Cancellation Request status.
                  This message gives the status of the Receiver's cancellation request

    INST   Transaction status.
                  This message gives the status of the Receiver's transaction

- Sub-function, when present, must contain one of the following codes:

    CODU   This message is being sent as a copy, to a party other than the account owner/ account servicer, for
                  information purposes and the message is a duplicate of a message previously sent.

    COPY   The message is being sent as a copy to a party other than the account owner/ account servicer, for
                  information purposes.

    DUPL   The message is for information/confirmation purposes. It is a duplicate of a message previously sent.

USAGE RULES

To reply to a cancellation request, Function is CAST. The reference in the linkages sequence must contain the Receiver's reference of the cancellation request.

To give the status of a transaction, Function is INST. The reference in the linkages sequence must contain the Receiver's reference of the transaction (original instruction).

4. Field 16R: Start of Block FORMAT

FORMAT

Option R   16c

PRESENCE

Mandatory in an optional sequence

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the following code:

LINK   Linkages.

5.   Field 13a: Number Identification: Linked Message

FORMAT

Option A   :4!c//3!c   (Qualifier) (Number Id)

PRESENCE

Optional

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	O	LINK	N		A	Linked Message

DEFINITION

This qualified generic field specifies:

LINK   Linked Message   Message type number / identifier of the message referenced in the linkage sequence.

USAGE RULES

Number must not start or end with a slash '/' and not contain two consecutive slashes '//'
Number contains the FIN message type number of the linked message, i.e. the received MT598.

6.   Field 20C: Reference

FORMAT

Option C   :4!c//16x   (Qualifier) (Reference)

PRESENCE

Mandatory

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	RELA	N		C	Related reference

DEFINITION

This qualified generic field specifies:

RELA   Reference of the linked message which was previously received.

USAGE RULES

Reference must not start or end with a slash '/' and not contain two consecutive slashes '//'

7. Field 16S: End of Block FORMAT

FORMAT

Option S   16c

PRESENCE

Mandatory in an optional sequence.

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the following code:

LINK   Linkages

8. Field 16R: Start of Block

FORMAT

Option R   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the following code:

STAT   Status.

9. Field 25D: Status

Option D :4!c/[8c]/4!c (Qualifier) [Data Source Scheme] (Status Code)

PRESENCE

Mandatory

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	IPRC	N		D	Instruction Processing Status
	Or	CPRC	N		D	Cancellation Processing Status

DEFINITION

This qualified generic field specifies:

IPRC	Instruction Processing Status	Processing status (at account servicer level) of the credit claim definition request.
CPRC	Cancellation Processing Status	Status of a cancellation request previously instructed by you.

CODES

If Qualifier is IPRC or CPRC and Data Source Scheme is not present, Status Code must contain one of the following codes:

PACK	Accepted/Acknowledged	The credit claim definition has been accepted.
REJT	Rejected	The request of credit claim definition has been rejected for processing.

10. Field 16R: Start of Block

FORMAT

Option R 16c

PRESENCE

Mandatory

DEFINITION

This field specifies the start of a block and the name of that block.

CODES

This field must contain the following code:

REAS Reason

11. Field 24B: Reason

FORMAT

Option B   :4!c/[8c]/4!c   (Qualifier) (Data Source Scheme) (Reason Code)

PRESENCE

Mandatory in an optional sequence

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	PACK	N	C6	B	Acknowledgement Reason
	or	REJT	N	C6	B	Rejection Reason

DEFINITION

This qualified generic field specifies:

PACK   Acknowledgement Reason   Additional information on the Acknowledgement.

REJT   Rejection Reason   Reason related credit-claim definition has a rejected processing status.

CODES

If Qualifier is REJT and Data Source Scheme is not present, Reason Code must contain the following code:

NARR   Narrative

12. Field 70D: Narrative: Reason Narrative

FORMAT

Option D   :4!c//6*35x   (Qualifier) (Narrative)

PRESENCE

Optional

QUALIFIER

Order	M/O	Qualifier	R/N	CR	Options	Qualifier Description
1	M	REAS	N		D	Reason Narrative

DEFINITION

This qualified generic field specifies:

REAS   Reason Narrative   Further information on the reason in narrative form.

USAGE RULES

Unless bilaterally agreed between the Sender and Receiver, narrative field 70a must not contain information that can be provided in a structured field.

A maximum of 6 lines of information among the ones presented below will be provided simultaneously in field 70D.

0	Invalid message structure
1	Claim reference already exists
2	Invalid/missing claim reference
3	Governing law not eligible
4	Invalid date constellation
5	Outstanding amount is too high
6	Currency not eligible
7	Threshold not met
8	Guarantor information missing
9	Information missing in block BLPTRY
10	Invalid BIC/BEI
11	Invalid DOMI for debtor/guarantor
12	Address incomplete
13	Country not eligible
14	Invalid DOMI-GLAW combination
15	Credit quality threshold not met
16	"LINK" block is missing
17	Unrecognised previous reference
18	Invalid GLAW-BENF combination
19	Invalid claim reference
20	Debtor/Guarantor code missing
21	Insufficient credit quality information
22	Invalid credit assessment source
23	SEME not equal to TRN
24	TRN is a duplicate
25	Invalid message function
26	Invalid interest rate type
27	Invalid guarantee flag
28	Invalid content in field 13a
29	Static data successfully stored • Claim ID: 1234567890ABCDE • Debtor ID: 1234567890ABCDE • Guarantor ID 1234567890ABCDE (if applicable)
30	Static data successfully updated

13. Field 16S: End of Block

FORMAT

Option S   16c

PRESENCE

Mandatory

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the following code:

REAS   Reason.

14. Field 16S: End of Block

PRESENCE

Mandatory

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the following code:

STAT   Status.

15. Field 16S: End of Block

PRESENCE

Mandatory

DEFINITION

This field specifies the end of a block and the name of that block.

CODES

This field must contain the following code:

GENL   General Information.