

**Additional Terms and Conditions of Banque centrale du Luxembourg,
when acting as CCB and as assisting NCB for credit claims**

N.B. These Additional Terms and Conditions are made available by the BCL for information purposes. They shall apply from 1 October 2007 following the entry into force of Article 172 of the law of 13 July 2007 on markets in financial instruments amending BCL's organic law of 23 December 1998.

According to a Luxembourg draft law on markets in financial instruments, ex ante notification, which is required under Luxembourg law to create a pledge in favour of BCL will be replaced by a register. The draft law is under consideration with the Parliament. It is envisaged that the introduction will take place as soon as the law comes into force and the technical formalities have been implemented at the BCL. These Additional Terms will be amended at such time.

I. Terms and Conditions of BCL, when acting as CCB

Counterparties may use credit claims to collateralise Eurosystem credit operations on a cross-border basis (i.e. counterparties may obtain funds from their respective home central bank (HCB) – the national central bank of the Member State where they are located – by making use of credit claims governed by a law other than the national law of the HCB). The national central bank of the country whose law governs the credit claim acts as correspondent central bank (CCB).

The following provisions apply when Banque centrale du Luxembourg (BCL) acts as CCB.

Under an agreement concluded within the Eurosystem, the BCL has been instructed and authorised to exercise the rights and discharge the obligations of the HCB, on its behalf and on its account, arising from these Additional Terms and Conditions

Eurosystem counterparties that wish to use, as collateral in credit operations with other Eurosystem NCBs, credit claims governed by Luxembourg law have to comply with the following provisions, which complement the General Terms and Conditions currently applicable between counterparties and their respective HCB. These Terms and Conditions do not establish any contractual relationship with the BCL. The HCB is responsible for ensuring that its counterparties are legally bound by the terms hereof.

When the HCB provides interface services between its counterparties and the CCB, the HCB is purely acting as the messenger for the counterparty without taking any responsibility. The obligation to comply with the requirements – in particular the legal requirements – remains with the counterparty.

If the counterparty wishes to contact the Banque centrale du Luxembourg, please contact the following:

Banque centrale du Luxembourg

2, boulevard Royal

L-2983 Luxembourg

By phone: +352 4774 4451 or +352 4774 4452

E-mail: bo@bcl.lu

1. Legal requirements

1.1 The legal technique used for the creation of a security interest is a pledge subject to the specific regime provided for in the law of 23 December 1998, as amended by a law of 13 July 2007 concerning markets in financial instruments. The law dated 5 August 2005 on financial collateral arrangements will apply subject to the specific provisions of the law of 23 December 1998 as amended.

1.2 The claim pledged in favour of the HCB will be recorded in the register of the BCL according to the operational requirements set out hereafter. The creation of such pledge will be effective on the date of registration and shall be enforceable against third parties on that date.

Additional steps may be required, if and to the extent the debtor is established in the jurisdiction of the HCB, by the conflict of law rules of the jurisdiction of the HCB.

1.3 Notification of the debtor prior to the mobilisation of the credit claims is required. The BCL will carry out the required ex ante notification of the debtor according to the law of 5 August 2005 on financial collateral arrangements on behalf of the HCB.

1.4 Notification/registration may also be required in accordance with the requirements of the conflict of law rules of the HCB. Registration/notification should be performed according to the rules of the jurisdiction that requires registration/notification.

1.5 The security interest constituted hereunder over the credit claim is a pledge in favour of the HCB for the secured obligations defined in the General Terms and Conditions of the HCB. In addition to the actions of the BCL referred to herein, the HCB shall ensure that the pledge is validly created by the counterparty in accordance with its General Terms and Conditions.

1.6 All payments of interest, principal and other payments under the pledged credit claim shall be made to the counterparty (if provided for by the arrangements in place between the counterparty and the HCB, on behalf of the HCB). The notification of the pledge to the debtor (if requested) will indicate that the debtor may continue to pay the counterparty until further notice. Upon instruction of the HCB, if the counterparty is in default, the BCL will notify the debtor that all payments are to be made to the HCB to be applied by the HCB to the discharge of the secured obligations or to be held on pledge pending such discharge. The HCB may also request that payments are made to the HCB from the time of mobilisation at the same conditions. If this is requested, the notification by the BCL will inform the debtor accordingly and indicate the payment details provided to the BCL by the HCB.

- 1.7 In addition to any requirements under the HCB's General Terms and Conditions, the pledgor represents and warrants to the HCB at each constitution of a pledge that:
- 1.7.1 The credit claim complies with the "eligibility criteria" set out in the *General Documentation on Eurosystem monetary policy instruments and procedures* and in the General Terms and Conditions of the HCB;
 - 1.7.2 It has the unrestricted capacity to dispose of the credit claim;
 - 1.7.3 The credit claim is free from any encumbrance or security interests (other than this pledge), is not subject to any option, undertaking to sell or transfer, delegation, attachment or any other measure or condition which would affect the rights of the HCB or which could lead to a restriction on the ability of the HCB to hold a valid, enforceable and effective pledge over the pledged credit claim or to realise the pledge in accordance with the terms hereof.
- 1.8 The Pledgor shall not sell or otherwise dispose of all or any of its rights, title and interest in the pledged credit claim (including by way of sub-participation (disclosed or undisclosed), syndication or otherwise) and shall not create, grant or permit to exist (a) any encumbrance or security interest (including of lower rank) over or (b) any restriction on the ability to transfer or realise, all or any part of the pledged credit claim (other than, for the avoidance of doubt, the pledge constituted hereunder).
- 1.9 If the counterparty fails to pay the secured obligations when due, the HCB shall be entitled, without any requirement of prior notice, to realise the pledge in the most favourable manner provided for by applicable law. In particular, the HCB (i) may appropriate the pledged credit claim at its fair market value, as determined by it or, upon the choice of the HCB, by an external expert appointed by it (which may be any other central bank of the Eurosystem) applying market standard methods of valuation, (ii) sell or arrange for the sale of the Pledged Claim in a private sale at normal commercial conditions, in a public sale, or a sale through a stock exchange, in accordance with the modalities determined by the HCB, (iii) request payment of the amounts due under the credit claim from the debtor, or (iv) request in court that the credit claim be attributed to it in discharge of the secured obligations in accordance with the valuation established by an expert appointed by the court. The secured obligations will be discharged up to the value determined in case of appropriation or up to the sums or proceeds received, and any additional amounts shall be returned to the counterparty after full and final discharge. The BCL may assist the HCB in relation to the enforcement and may act on its behalf under the arrangements in place between them and under the instructions of the HCB.

2. Operational requirements

- 2.1 In the case of contingency, the counterparty has to submit to BCL directly/via the HCB a list of authorised signatures.
- 2.2 The counterparty has to indicate to the BCL the ECAF sources/system used for assessing credit claims, when sending the information on credit claims to the BCL.
- 2.3 The counterparty has to send the information listed below to the BCL according to the format message SWIFT MT 598, subtype 511 presented in Annex 13 of BCL's General Terms and Conditions, which are available on BCL's website (www.bcl.lu/fr/operations_bancaires/conditions/index.html)
- 2.4 List of credit claims details:
 - 2.4.1 The format message has to be sent via SWIFT by 16:00 CET.
 - 2.4.2 The delivery of the credit claim agreement is not required.
- 2.5 Each credit claim and debtor/guarantor has to be assigned a standard identification number. This is in principle assigned by the BCL.
- 2.6 BCL will confirm that the credit claims have been accepted and recorded in the register, once the instruction from the HCB (MT540) has been received, and the notification (if any) has been performed.
- 2.7 By the end of the business day following the acceptance, counterparties will receive a confirmation about the value assigned to the accepted claims from the BCL and/or HCB, which will then be available for use as collateral in credit operations with the HCB.
- 2.8 Counterparties have to promptly communicate to the BCL any change, which affects the eligibility or valuation of the credit claim or changes any other information initially provided. This update can be done by sending a format message SWIFT MT 598, subtype 511 presented in Annex 13 of BCL's General Terms and Conditions, which are available on BCL's website (www.bcl.lu/fr/operations_bancaires/conditions/index.html)
- 2.9 Counterparties will receive from the relevant HCB periodical reporting about the outstanding amount of collateral deposited and available for further use.
- 2.10 In case of withdrawal of credit claims, the counterparty must instruct the HCB, which will confirm the withdrawal to the BCL.

II. Terms and Conditions of BCL, when acting as Assisting NCB

The following provisions apply when BCL acts as Assisting NCB (ACB), i.e. in those situations where the debtor/guarantor/creditor is located in Luxembourg, but the credit claim agreement is governed by the law of another country.

These provisions complement the terms and conditions currently applicable between counterparties and their respective home central bank (HCB).

1. Legal requirements

- 1.1 Notification of the debtor prior to the mobilisation of the credit claims is required.

Notification has to be performed, according to the law of 5 August 2005 on financial collateral arrangements, by the HCB or by the counterparty.

- 1.2 Notification/registration may also be required, in accordance with the requirements of the conflict of law rules of the HCB. Notification/registration should be performed according to the rules of the jurisdiction that requires notification/registration.

- 1.3 In relation to management of the credit claim, additional terms and enforcement, to the extent these would be governed by Luxembourg law under the relevant private international laws, reference is made to the Additional Terms and Conditions set out above. Some of these terms will not apply unless there is a specific agreement to this effect between the HCB and the counterparty.