



## **ANNEXE 9**

**Provision of liquidity in US dollar,  
pound sterling, Canadian dollar,  
Swiss franc, yen and Chinese  
renminbi to market counterparties**





## **Article 1**

### **Procedure for allocating the available foreign currency liquidity**

1. Following a decision by the Governing Council to initiate a foreign currency liquidity-providing operation, the BCL shall provide foreign currency liquidity to market counterparties by means of collateralised transactions with such market counterparties in accordance with the tender procedures laid down in the tender announcement which shall be communicated to the latter. The BCL shall inform the ECB of the identity of the market counterparties and the amounts of their individual tender bids for the collateralised transactions.
2. Procedures applying to open market operations shall apply to the operations contemplated in this annex, except if otherwise provided for in the tender announcement.
3. The market counterparties that fulfil the eligibility criteria, if any, and the necessary technical prerequisites laid down in the tender announcement for collateralised transactions with market counterparties may submit requests for foreign currency liquidity.
6. There is no guarantee that foreign currency liquidity shall be made available under the procedures laid down in the tender announcement and there shall be no obligation for the ECB or the BCL to provide such liquidity.
7. The ECB shall take a decision, in line with the procedures laid down in the tender announcement, on the allocation of the available US dollar, pound sterling, Canadian dollar, Swiss franc, yen and Chinese renminbi liquidity in relation to tender bids or requests, as the case may be, submitted by market counterparties.

## **Article 2**

### **Provision of foreign currency liquidity via collateralised transactions with market counterparties**

1. The BCL shall provide foreign currency liquidity to market counterparties on a fully collateralised basis. For such transactions, the BCL shall only accept collateral that is eligible for Eurosystem monetary policy operations as set out in the tender announcement.
2. The BCL shall apply specific risk control measures in respect of the collateralised transactions with market counterparties. Such control measures shall be set out in the tender announcement.

**TENDER PROCEDURE FOR THE PROVISION  
OF US DOLLARS TO EUROSISTEM COUNTERPARTIES**

Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will conduct operations with the following characteristics.

- Type: The provision of US dollar (USD) funding to Eurosystem counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60) with the deviations contained in this statement of tender procedure.
- Settlement date: The settlement date will be indicated in the announcement of each operation and will usually be on the first or second business day following each operation's announcement and allotment.
- Maturity: The exact maturity will be indicated in the announcement of each operation.
- Type of auction: The auction type will be fixed rate tender and will be communicated in the announcement of each operation.
- Auction details : A fixed rate tender will be communicated in the announcement of each operation. The minimum bid amount is equal to USD 5 million. Bids exceeding this amount must be expressed as multiples of USD 0.1 million. The ECB should publicly announce the tender procedures and the tender allotment decision with respect to the tender results. In addition, the NCBs, if they deem it necessary, may announce the tender procedures and the ECB's tender allotment decision publicly and directly to counterparties.
- Maximum amount : No maximum will be applied and the European Central Bank (ECB) will satisfy all bids received, i.e. full allotment.
- Eligible counterparties: All institutions that are eligible for the ECB's marginal lending facility and have provided their US dollar standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective NCB in advance of the bid submission are deemed eligible.
- Risk control measures: The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, unless another percentage is indicated in the tender announcement for the relevant operation, a margin of 12% will be applied to cater for foreign exchange rate risk.

The euro value of the US dollar liquidity provided will initially be computed, on the allotment date, using the rate for EUR/USD that will be communicated in the tender announcement. For US dollar liquidity-providing operations with an initial maturity of more than eight calendar days, the EUR/USD exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The exchange rate applied to weekly updates is the official EUR/USD exchange reference rate as fixed and published by the ECB on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate which may trigger margin calls. It will also be subject to the normal daily mark-to-market valuation and variation margins applied to Eurosystem eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be exposed during the one-week period over which the exchange rate will remain fixed and for the expected time required to liquidate assets in case of the default of a counterparty.

For background information on risk control measures please refer to the Appendix to this Annex.

**Settlement details:** Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the counterparty in advance of the provision of credit by the NCB. On the settlement date, market counterparties are required to deliver eligible collateral to their local NCB by 16.00 Central European Time<sup>1</sup> (CET). Possible changes to this rule will be communicated in the announcement of each operation. On receipt of such collateral, the NCB will submit the corresponding US dollar payment instruction to the Federal Reserve Bank of New York (FRBNY) as soon as possible hereafter and ideally before 20.00 CET on the settlement date. On the maturity date, market counterparties are required to pay back US dollar funds to the accounts of NCBs at the FRBNY by 16.00 CET. Market counterparties are advised that if US dollar funds are repaid after 16.00 CET, the respective NCB cannot guarantee return of eligible collateral on the maturity date but will aim to do so on a 'best efforts' basis.

**Legal requirements:** The operations set out in this statement of tender procedure will take place, in principle, using existing legal documentation between the respective NCB and its eligible market counterparties. If certain NCB amendments are needed to such legal documentation, the NCBs will implement such amendments for the purposes of such operations.

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<sup>1</sup> CET takes into account the change to Central European Summer Time.

Market counterparties wishing to participate in any US dollar tender are required, before bidding, to provide to their respective NCB their US dollar standard settlement instructions (SSIs) and a statement of acknowledgement. In the statement of acknowledgement, market counterparties are required to explicitly acknowledge, as a condition of their participation in the tender:

- that they are bound by the conditions of the tender set out in this statement of tender procedure and communicated in the tender announcement; and
- the applicability of existing legal documentation between the market counterparty and the NCB to the operation in question, unless amendment of the legal documentation is necessary.

The provision of US dollar SSIs by market counterparties to their respective NCB should be effected via SWIFT. The statement of acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Where a market counterparty does not comply with the requirements laid down in this document, the procedures and sanctions set out in Part Five of the Guideline (EU) 2015/510 (ECB/2014/60) will apply.



**BACKGROUND INFORMATION ON THE METHODOLOGY APPLIED TO DEFINE THE FOREIGN  
EXCHANGE ADD-ON MARGIN TO BE APPLIED TO EURO COLLATERAL UNDERLYING US  
DOLLAR LIQUIDITY PROVISION**

Collateral assets underlying Eurosystem credit operations are subject to risk control measures. These risk control measures are applied to protect the Eurosystem against the risk of financial loss if the collateral has to be realised owing to the default of a counterparty. For US dollar liquidity backed by eligible collateral, the Eurosystem incurs a foreign exchange rate (FX) risk relating to possible movements in the US dollar exchange rate, in addition to the risk of change in value of the collateral.

The FX risk is addressed by adding a margin calculated on the amount of the US dollar liquidity provided. The euro value of the liquidity provided in US dollars is initially calculated on the allotment date using the prevailing market spot exchange rate on the allotment date. For US dollar liquidity-providing operations with an initial maturity of more than eight calendar days, the EUR/USD exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The EUR/USD exchange rate applied to US dollar liquidity-providing operations is the official EUR/USD exchange reference rate as fixed and published by the ECB on the day prior to the weekly update.

To obtain an adequate level of risk control for this FX risk in line with best market practices risk measures are estimated on the basis of the margin needed to reflect the possible loss of market value due to adverse movements in the exchange rate with a given level of statistical confidence over the relevant period. The length of this period corresponds to the one-week period over which the exchange rate will remain fixed plus the time expected to be required to liquidate the assets in case of default by a counterparty.

## **TENDER PROCEDURE FOR THE PROVISION OF POUNDS STERLING TO EUROSISTEM COUNTERPARTIES**

Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will conduct operations with the following characteristics.

- Type: The provision of pound sterling funding to Eurosystem counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60) with the deviations contained in this statement of tender procedure.
- Settlement date: The settlement date will be indicated in the announcement of each operation and will usually be on the first or second business day following each operation's announcement and allotment.
- Maturity: The exact maturity will be indicated in the announcement of each operation.
- Type of auction: The auction type will be fixed rate tender or variable rate tender and will be communicated in the announcement of each operation.
- Intended volume: For a variable rate tender the intended volume to be allotted by the ECB will be indicated in the announcement of the operation. Fixed rate tenders will be conducted either with full allotment or with an intended amount, which will be indicated in the announcement of the operation.
- Method of allotment: For a variable rate tender, bids received will be allotted according to the Dutch or American auction procedure.
- For a fixed rate tender with an intended maximum allotment amount, all bids received will be satisfied if the aggregate bid amount is equal or less than the intended maximum allotment amount; otherwise the allocation is carried out on a pro rata basis.
- For a fixed rate tender with full allotment, all bids received will be satisfied by the ECB.
- Auction details: A fixed rate tender will be communicated in the announcement of each operation. The minimum bid amount is equal to pounds sterling (hereinafter 'GBP') 1 million. Bids exceeding this amount must be expressed as multiples of GBP 0.1 million.

For variable rate tenders, market counterparties may submit bids for up to two different interest rate levels. In each bid, the counterparties must state the amount and the respective interest rate. The interest rates bid must be expressed as multiple of 0.01 percentage point. The minimum bid amount is equal to GBP 1 million for each bid. Bids exceeding this amount must be expressed as multiples of GBP 0.1 million. The total cumulated maximum bid amount of all bids submitted by a counterparty is equal to 10% of the intended volume of the operation.

The ECB should publicly announce the tender procedures and the tender allotment decision with respect to the tender results. In addition, the NCBs, if they deem it necessary, may announce the tender procedures and the ECB's tender allotment decision publicly and directly to counterparties.

**Eligible counterparties:** All institutions that are eligible for the ECB's marginal lending facility and have provided their pound sterling standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective national central bank (NCB) in advance of the bid submission are deemed eligible.

**Risk control measures:** The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, unless another percentage is indicated in the tender announcement for the relevant operation, a margin of 12 % will be applied to cater for foreign exchange rate risk.

The euro value of the pound sterling liquidity provided will initially be computed, on the allotment date, using the rate for EUR/GBP that will be communicated in the tender announcement. For pound sterling liquidity-providing operations with a maturity of more than eight calendar days, the EUR/GBP exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The exchange rate applied to weekly updates is the official EUR/GBP exchange reference rate as fixed and published by the ECB on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate which may trigger margin calls. It will also be subject to the normal daily mark-to-market valuation and variation margins applied to Eurosystem eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be exposed during the one-week period over which the exchange rate will remain fixed and for the expected time required to liquidate assets in case of the default of a counterparty.

For background information on risk control measures please refer to the Appendix to this Annex.

**Settlement details:** Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the counterparty in advance of the provision of credit by the NCB. On the settlement date, counterparties are required to deliver eligible collateral to their local NCB by 13.00 Central European Time (CET). Possible changes to this rule will be communicated in the announcement of each operation. On receipt of such collateral, the NCB will submit the corresponding pound sterling payment instruction to the Bank of England (BoE) as soon as possible thereafter and ideally before 15.00 CET on the settlement date. On the maturity date, counterparties are required to pay back pound sterling funds to the accounts of NCBs at the BoE by 13.00 CET. Counterparties are advised that if pound sterling funds are credited on the account of an NCB at the BoE after 13.00 CET, the respective NCB cannot guarantee return of eligible collateral on the maturity date but will aim to do so on a best effort basis.

**Legal requirements:** The operations set out in this statement of tender procedure will take place, in principle, using existing legal documentation between the respective NCB and its eligible counterparties. If certain NCB amendments are needed to such legal documentation, the NCBs will implement such amendments for the purposes of such operations.

Counterparties wishing to participate in any pound sterling tender are required, before bidding, to provide to their respective NCB their pound sterling SSIs and a statement of acknowledgement. In the statement of acknowledgement, counterparties are required to explicitly acknowledge, as a condition of their participation in the tender:

- (a) that they are bound by the conditions of the tender set out in this statement of tender procedure and communicated in the tender announcement; and
- (b) the applicability of existing legal documentation between the counterparty and the NCB to the operation in question, unless amendment of the legal documentation is necessary.

The provision of pound sterling SSIs by counterparties to their respective NCB should be effected via SWIFT. The statement of acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Where a counterparty does not comply with the requirements in this document, the procedures and sanctions set out in Part Five of Guideline (EU) 2015/510 (ECB/2014/60) will apply.

**BACKGROUND INFORMATION ON THE METHODOLOGY APPLIED TO DEFINE THE FOREIGN  
EXCHANGE ADD-ON MARGIN TO BE APPLIED TO EURO COLLATERAL UNDERLYING POUND  
STERLING LIQUIDITY PROVISION**

Collateral assets underlying Eurosystem credit operations are subject to risk control measures. These risk control measures are applied to protect the Eurosystem against the risk of financial loss if the collateral has to be realised owing to the default of a counterparty. For pound sterling liquidity backed by eligible collateral, the Eurosystem incurs a foreign exchange rate (FX) risk relating to possible movements in the pound sterling exchange rate, in addition to the risk of change in value of the collateral.

The FX risk is addressed by adding a margin calculated on the amount of the pound sterling liquidity provided. The euro value of the liquidity provided in pounds sterling is initially calculated on the allotment date using the prevailing market spot exchange rate on the allotment date that is provided in the tender announcement. For pound sterling liquidity-providing operations with a maturity of more than eight calendar days, the EUR/GBP exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The EUR/GBP exchange rate applied to pound sterling liquidity-providing operations is the official EUR/GBP exchange reference rate as fixed and published by the ECB on the day prior to the weekly update.

To obtain an adequate level of risk control for this FX risk in line with best market practices risk measures are estimated on the basis of the margin needed to reflect the possible loss of market value due to adverse movements in the exchange rate with a given level of statistical confidence over the relevant period. The length of this period corresponds to the one-week period over which the exchange rate will remain fixed plus the time expected to be required to liquidate the assets in case of default by a counterparty.

## **TENDER PROCEDURE FOR THE PROVISION OF CANADIAN DOLLARS TO EUROSISTEM COUNTERPARTIES**

Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will conduct operations with the following characteristics.

- Type: The provision of Canadian dollar funding to Eurosystem counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60) with the deviations contained in this statement of tender procedure.
- Settlement date: The settlement date will be indicated in the announcement of each operation and will usually be on the first or second business day following each operation's announcement and allotment.
- Maturity: The exact maturity will be indicated in the announcement of each operation.
- Type of auction: The auction type will be fixed rate tender or variable rate tender and will be communicated in the announcement of each operation.
- Intended volume: For a variable rate tender the intended volume to be allotted by the ECB will be indicated in the announcement of the operation. Fixed rate tenders will be conducted either with full allotment or with an intended amount, which will be indicated in the announcement of the operation.
- Method of allotment: For a variable rate tender, bids received will be allotted according to the Dutch or American auction procedure.
- For a fixed rate tender with an intended maximum allotment amount, all bids received will be satisfied if the aggregate bid amount is equal or less than the intended maximum allotment amount; otherwise the allocation is carried out on a pro rata basis.
- For a fixed rate tender with full allotment, all bids received will be satisfied by the ECB.
- Auction details: A fixed rate tender will be communicated in the announcement of each operation. The minimum bid amount is equal to Canadian dollars (hereinafter

'CAD') 1 million. Bids exceeding this amount must be expressed as multiples of CAD 0.1 million.

For a variable rate tender, market counterparties may submit bids for up to two different interest rate levels. In each bid, the counterparties must state the amount and the respective interest rate. The interest rates bid must be expressed as multiple of 0.01 percentage point. The minimum bid amount is equal to CAD 1 million for each bid. Bids exceeding this amount must be expressed as multiples of CAD 0.1 million. The total cumulated maximum bid amount of all bids submitted by a counterparty is equal to 10% of the intended volume of the operation.

The ECB should publicly announce the tender procedures and the tender allotment decision with respect to the tender results. In addition, the NCBs, if they deem it necessary, may announce the tender procedures and the ECB's tender allotment decision publicly and directly to counterparties.

**Eligible counterparties:** All institutions that are eligible for the ECB's marginal lending facility and have provided their Canadian dollar standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective national central bank (NCB) in advance of the bid submission are deemed eligible.

**Risk control measures:** The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, unless another percentage is indicated in the tender announcement for the relevant operation, a margin of 12% will be applied to cater for foreign exchange rate risk.

The euro value of the Canadian dollar liquidity provided will initially be computed, on the allotment date, using the rate for EUR/CAD that will be communicated in the tender announcement. For Canadian dollar liquidity-providing operations with a maturity of more than eight calendar days, the EUR/CAD exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The exchange rate applied to weekly updates is the official EUR/CAD exchange reference rate as fixed and published by the ECB on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate which may trigger margin calls. It will also be subject to the normal daily mark-to-market valuation and variation margins applied to Eurosystem eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be exposed during the one-week period over which



the exchange rate will remain fixed and for the expected time required to liquidate assets in case of the default of a counterparty.

For background information on risk control measures please refer to the Appendix to this Annex.

**Settlement details:** Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the counterparty in advance of the provision of credit by the NCB. On the settlement date, counterparties are required to deliver eligible collateral to their local NCB by 16.00 Central European Time (CET). Possible changes to this rule will be communicated in the announcement of each operation. On receipt of such collateral, the NCB will submit the corresponding Canadian dollar payment instruction to the Bank of Canada (BoC) as soon as possible thereafter and ideally before 20.00 CET on the settlement date. On the maturity date, counterparties are required to pay back Canadian dollar funds to the accounts of NCBs at the BoC by 16.00 CET. Counterparties are advised that if Canadian dollar funds are credited on the account of an NCB at the BoC after 16.00 CET, the respective NCB cannot guarantee return of eligible collateral on the maturity date but will aim to do so on a best effort basis.

**Legal requirements:** The operations set out in this statement of tender procedure will take place, in principle, using existing legal documentation between the respective NCB and its eligible counterparties. If certain NCB amendments are needed to such legal documentation, the NCBs will implement such amendments for the purposes of such operations.

Counterparties wishing to participate in any Canadian dollar tender are required, before bidding, to provide to their respective NCB their Canadian dollar SSIs and a statement of acknowledgement. In the statement of acknowledgement, counterparties are required to explicitly acknowledge, as a condition of their participation in the tender:

- (c) that they are bound by the conditions of the tender set out in this statement of tender procedure and communicated in the tender announcement; and
- (d) the applicability of existing legal documentation between the counterparty and the NCB to the operation in question, unless amendment of the legal documentation is necessary.

The provision of Canadian dollar SSIs by counterparties to their respective NCB should be effected via SWIFT. The statement of acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Where a counterparty does not comply with the requirements in this document, the procedures and sanctions set out in Part Five of Guideline (EU) 2015/510 (ECB/2014/60) will apply.

**BACKGROUND INFORMATION ON THE METHODOLOGY APPLIED TO DEFINE THE FOREIGN EXCHANGE ADD-ON MARGIN TO BE APPLIED TO EURO COLLATERAL UNDERLYING CANADIAN DOLLAR LIQUIDITY PROVISION**

Collateral assets underlying Eurosystem credit operations are subject to risk control measures. These risk control measures are applied to protect the Eurosystem against the risk of financial loss if the collateral has to be realised owing to the default of a counterparty. For Canadian dollar liquidity backed by eligible collateral, the Eurosystem incurs a foreign exchange rate (FX) risk relating to possible movements in the Canadian dollar exchange rate, in addition to the risk of change in value of the collateral.

The FX risk is addressed by adding a margin calculated on the amount of the Canadian dollar liquidity provided. The euro value of the liquidity provided in Canadian dollar is initially calculated on the allotment date using the prevailing market spot exchange rate on the allotment date that is provided in the tender announcement. For Canadian dollar liquidity-providing operations with a maturity of more than eight calendar days, the EUR/CAD exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The EUR/CAD exchange rate applied to Canadian dollar liquidity- providing operations is the official EUR/CAD exchange reference rate as fixed and published by the ECB on the day prior to the weekly update.

To obtain an adequate level of risk control for this FX risk in line with best market practices risk measures are estimated on the basis of the margin needed to reflect the possible loss of market value due to adverse movements in the exchange rate with a given level of statistical confidence over the relevant period. The length of this period corresponds to the one-week period over which the exchange rate will remain fixed plus the time expected to be required to liquidate the assets in case of default by a counterparty.

## **TENDER PROCEDURE FOR THE PROVISION OF SWISS FRANCS TO EUROSISTEM COUNTERPARTIES**

Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will conduct operations with the following characteristics.

- Type:** The provision of Swiss franc funding to Eurosystem counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60) with the deviations contained in this statement of tender procedure.
- Settlement date:** The settlement date will be indicated in the announcement of each operation and will usually be on the first or second business day following each operation's announcement and allotment.
- Maturity:** The exact maturity will be indicated in the announcement of each operation.
- Type of auction:** The auction type will be fixed rate tender or variable rate tender and will be communicated in the announcement of each operation.
- Intended volume:** For a variable rate tender the intended volume to be allotted by the ECB will be indicated in the announcement of the operation. Fixed rate tenders will be conducted either with full allotment or with an intended amount, which will be indicated in the announcement of the operation.
- Method of allotment:** For a variable rate tender, bids received will be allotted according to the Dutch or American auction procedure.
- For a fixed rate tender with an intended maximum allotment amount, all bids received will be satisfied if the aggregate bid amount is equal or less than the intended maximum allotment amount; otherwise the allocation is carried out on a pro rata basis.
- For a fixed rate tender with full allotment, all bids received will be satisfied by the ECB.
- Auction details:** A fixed rate tender will be communicated in the announcement of each operation. The minimum bid amount is equal to Swiss francs (hereinafter 'CHF') 1 million. Bids exceeding this amount must be expressed as multiples of CHF 0.1 million.

For a variable rate tender, market counterparties may submit bids for up to two different interest rate levels. In each bid, the counterparties must state the amount and the respective interest rate. The interest rates bid must be expressed as multiple of 0.01 percentage point. The minimum bid amount is equal to CHF 1 million for each bid. Bids exceeding this amount must be expressed as multiples of CHF 0.1 million. The total cumulated maximum bid amount of all bids submitted by a counterparty is equal to 10% of the intended volume of the operation.

The ECB should publicly announce the tender procedures and the tender allotment decision with respect to the tender results. In addition, the NCBs, if they deem it necessary, may announce the tender procedures and the ECB's tender allotment decision publicly and directly to counterparties.

**Eligible counterparties:** All institutions that are eligible for the ECB's marginal lending facility and have provided their Swiss franc standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective national central bank (NCB) in advance of the bid submission are deemed eligible.

**Risk control measures:** The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, unless another percentage is indicated in the tender announcement for the relevant operation, a margin of 10% will be applied to cater for foreign exchange rate risk.

The euro value of the Swiss franc liquidity provided will initially be computed, on the allotment date, using the rate for EUR/CHF that will be communicated in the tender announcement. For Swiss franc liquidity-providing operations with a maturity of more than eight calendar days, the EUR/CHF exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The exchange rate applied to weekly updates is the official EUR/CHF exchange reference rate as fixed and published by the ECB on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate which may trigger margin calls. It will also be subject to the normal daily mark-to-market valuation and variation margins applied to Eurosystem eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be exposed during the one-week period over which the exchange rate will remain fixed and for the expected time required to liquidate assets in case of the default of a counterparty.

For background information on risk control measures please refer to the Appendix to this Annex.

**Settlement details:** Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the counterparty in advance of the provision of credit by the NCB. On the settlement date, counterparties are required to deliver eligible collateral to their local NCB by 13.00 Central European Time (CET). Possible changes to this rule will be communicated in the announcement of each operation. On receipt of such collateral, the NCB will submit the corresponding Swiss franc payment instruction to the Swiss National Bank (SNB) as soon as possible thereafter and ideally before 15.00 CET on the settlement date. On the maturity date, counterparties are required to pay back Swiss franc funds to the accounts of NCBs at the SNB by 13.00 CET. Counterparties are advised that if Swiss franc funds are credited on the account of an NCB at the SNB after 13.00 CET, the respective NCB cannot guarantee return of eligible collateral on the maturity date but will aim to do so on a best effort basis.

**Legal requirements:** The operations set out in this statement of tender procedure will take place, in principle, using existing legal documentation between the respective NCB and its eligible counterparties. If certain NCB amendments are needed to such legal documentation, the NCBs will implement such amendments for the purposes of such operations.

Counterparties wishing to participate in any Swiss franc tender are required, before bidding, to provide to their respective NCB their Swiss franc SSIs and a statement of acknowledgement. In the statement of acknowledgement, counterparties are required to explicitly acknowledge, as a condition of their participation in the tender:

- (e) that they are bound by the conditions of the tender set out in this statement of tender procedure and communicated in the tender announcement; and
- (f) the applicability of existing legal documentation between the counterparty and the NCB to the operation in question, unless amendment of the legal documentation is necessary.

The provision of Swiss franc SSIs by counterparties to their respective NCB should be effected via SWIFT. The statement of acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Where a counterparty does not comply with the requirements in this document, the procedures and sanctions set out in Part Five of Guideline (EU) 2015/510 (ECB/2014/60) will apply.

## **BACKGROUND INFORMATION ON THE METHODOLOGY APPLIED TO DEFINE THE FOREIGN EXCHANGE ADD-ON MARGIN TO BE APPLIED TO EURO COLLATERAL UNDERLYING SWISS FRANC LIQUIDITY PROVISION**

Collateral assets underlying Eurosystem credit operations are subject to risk control measures. These risk control measures are applied to protect the Eurosystem against the risk of financial loss if the collateral has to be realised owing to the default of a counterparty. For Swiss franc liquidity backed by eligible collateral, the Eurosystem incurs a foreign exchange rate (FX) risk relating to possible movements in the Swiss franc exchange rate, in addition to the risk of change in value of the collateral.

The FX risk is addressed by adding a margin calculated on the amount of the Swiss franc liquidity provided. The euro value of the liquidity provided in Swiss franc is initially calculated on the allotment date using the prevailing market spot exchange rate on the allotment date that is provided in the tender announcement. For Swiss franc liquidity-providing operations with a maturity of more than eight calendar days, the EUR/CHF exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The EUR/CHF exchange rate applied to Swiss franc liquidity-providing operations is the official EUR/CHF exchange reference rate as fixed and published by the ECB on the day prior to the weekly update.

To obtain an adequate level of risk control for this FX risk in line with best market practices risk measures are estimated on the basis of the margin needed to reflect the possible loss of market value due to adverse movements in the exchange rate with a given level of statistical confidence over the relevant period. The length of this period corresponds to the one-week period over which the exchange rate will remain fixed plus the time expected to be required to liquidate the assets in case of default by a counterparty.



## **TENDER PROCEDURE FOR THE PROVISION OF YEN TO EUROSISTEM COUNTERPARTIES**

Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will conduct operations with the following characteristics.

- Type: The provision of yen funding to Eurosystem counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60) with the deviations contained in this statement of tender procedure.
- Settlement date: The settlement date will be indicated in the announcement of each operation and will usually be on the first or second business day following each operation's announcement and allotment.
- Maturity: The exact maturity will be indicated in the announcement of each operation.
- Type of auction: The auction type will be fixed rate tender or variable rate tender and will be communicated in the announcement of each operation.
- Intended volume: For a variable rate tender the intended volume to be allotted by the ECB will be indicated in the announcement of the operation. Fixed rate tenders will be conducted either with full allotment or with an intended amount, which will be indicated in the announcement of the operation.
- Method of allotment: For a variable rate tender, bids received will be allotted according to the Dutch or American auction procedure.
- For a fixed rate tender with an intended maximum allotment amount, all bids received will be satisfied if the aggregate bid amount is equal or less than the intended maximum allotment amount; otherwise the allocation is carried out on a pro rata basis.
- For a fixed rate tender with full allotment, all bids received will be satisfied by the ECB.
- Auction details: A fixed rate tender will be communicated in the announcement of each operation. The minimum bid amount is equal to Japanese yen (hereinafter 'JPY') 100 million. Bids exceeding this amount must be expressed as multiples of JPY 10 million.

For a variable rate tender, market counterparties may submit bids for up to two different interest rate levels. In each bid, the counterparties must state the amount and the respective interest rate. The interest rates bid must be expressed as multiple of 0.01 percentage point. The minimum bid amount is equal to JPY 100 million for each bid. Bids exceeding this amount must be expressed as multiples of JPY 10 million. The total cumulated maximum bid amount of all bids submitted by a counterparty is equal to 10% of the intended volume of the operation.

The ECB should publicly announce the tender procedures and the tender allotment decision with respect to the tender results. In addition, the NCBs, if they deem it necessary, may announce the tender procedures and the ECB's tender allotment decision publicly and directly to counterparties.

**Eligible counterparties:** All institutions that are eligible for the ECB's marginal lending facility and have provided their yen standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective national central bank (NCB) in advance of the bid submission are deemed eligible.

**Risk control measures:** The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, unless another percentage is indicated in the tender announcement for the relevant operation, a margin of 20% will be applied to cater for foreign exchange rate risk.

The euro value of the yen liquidity provided will initially be computed, on the allotment date, using the rate for EUR/JPY that will be communicated in the tender announcement. For yen liquidity-providing operations with a maturity of more than eight calendar days, the EUR/JPY exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The exchange rate applied to weekly updates is the official EUR/JPY exchange reference rate as fixed and published by the ECB on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate which may trigger margin calls. It will also be subject to the normal daily mark-to-market valuation and variation margins applied to Eurosystem eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be exposed during the one-week period over which the exchange rate will remain fixed and for the expected time required to liquidate assets in case of the default of a counterparty.

For background information on risk control measures please refer to the Appendix to this Annex.

**Settlement details:** Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the counterparty in advance of the provision of credit by the NCB. One TARGET2 business day before the settlement date, counterparties are required to deliver eligible collateral to their local NCB by 16.00 Central European Time (CET). Possible changes to this rule will be communicated in the announcement of each operation. On receipt of such collateral, the NCB will submit the corresponding yen payment instruction to the Bank of Japan (BoJ) as soon as possible thereafter and ideally on the same day (one TARGET2 business day before the settlement date). On the maturity date, counterparties are required to pay back yen funds to the accounts of NCBs at the BoJ by 9.00 Japan Standard Time (1.00 CET). Counterparties are advised that if yen funds are credited on the account of an NCB at the BoJ after 1.00 CET and they miss the BoJ cut-off time for funds transfers, the respective NCB cannot return the eligible collateral on the maturity date.

**Legal requirements:** The operations set out in this statement of tender procedure will take place, in principle, using existing legal documentation between the respective NCB and its eligible counterparties. If certain NCB amendments are needed to such legal documentation, the NCBs will implement such amendments for the purposes of such operations.

Counterparties wishing to participate in any yen tender are required, before bidding, to provide to their respective NCB their yen SSIs and a statement of acknowledgement. In the statement of acknowledgement, counterparties are required to explicitly acknowledge, as a condition of their participation in the tender:

- (g) that they are bound by the conditions of the tender set out in this statement of tender procedure and communicated in the tender announcement; and
- (h) the applicability of existing legal documentation between the counterparty and the NCB to the operation in question, unless amendment of the legal documentation is necessary.

The provision of yen SSIs by counterparties to their respective NCB should be effected via SWIFT. The statement of acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Where a counterparty does not comply with the requirements in this document, the procedures and sanctions set out in Part Five of Guideline (EU) 2015/510 (ECB/2014/60) will apply.

## **BACKGROUND INFORMATION ON THE METHODOLOGY APPLIED TO DEFINE THE FOREIGN EXCHANGE ADD-ON MARGIN TO BE APPLIED TO EURO COLLATERAL UNDERLYING YEN LIQUIDITY PROVISION**

Collateral assets underlying Eurosystem credit operations are subject to risk control measures. These risk control measures are applied to protect the Eurosystem against the risk of financial loss if the collateral has to be realised owing to the default of a counterparty. For yen liquidity backed by eligible collateral, the Eurosystem incurs a foreign exchange rate (FX) risk relating to possible movements in the yen exchange rate, in addition to the risk of change in value of the collateral.

The FX risk is addressed by adding a margin calculated on the amount of the yen liquidity provided. The euro value of the liquidity provided in yen is initially calculated on the allotment date using the prevailing market spot exchange rate on the allotment date that is provided in the tender announcement. For yen liquidity-providing operations with a maturity of more than eight calendar days, the EUR/JPY exchange rate applied will be updated on a weekly basis, with the first update to be effected one week after the settlement day. The EUR/JPY exchange rate applied to yen liquidity-providing operations is the official EUR/JPY exchange reference rate as fixed and published by the ECB on the day prior to the weekly update.

To obtain an adequate level of risk control for this FX risk in line with best market practices risk measures are estimated on the basis of the margin needed to reflect the possible loss of market value due to adverse movements in the exchange rate with a given level of statistical confidence over the relevant period. The length of this period corresponds to the one-week period over which the exchange rate will remain fixed plus the time expected to be required to liquidate the assets in case of default by a counterparty.

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Appendix 6

**PROCEDURES FOR THE PROVISION  
OF CHINESE RENMINBI TO EUROSISTEM COUNTERPARTIES<sup>2</sup>**

The provision of Chinese renminbi ('renminbi') to market counterparties should be seen as a backstop liquidity facility addressing temporary malfunctioning in the Chinese money markets and related shortage of available renminbi. Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will provide renminbi to eligible counterparties (hereinafter 'market counterparties') in accordance with the following procedures.

Type:	The provision of renminbi term funding to market counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60), with the deviations contained in this statement of operational procedure.
Activation:	<p>Upon the ECB's deployment, market counterparties that wish to have recourse to the facility must submit a request to their NCB by 13.00 Central European Time (CET)<sup>3</sup> specifying the renminbi amount requested, in order for funds to be disbursed after three business days. The NCB may request additional information to evaluate whether the requested funds are intended to be used in accordance with the purpose of the facility.</p> <p>NCBs will confirm the fulfilment of the request and the provision of the renminbi by 10.00 CET on the next business day following submission of the request. Requests can be fulfilled partially.</p>
Settlement date:	The settlement date will in principle be three business days after the market counterparty's request, unless otherwise communicated by the NCB.
Maturity:	[One week] / [The maturity otherwise decided pursuant to Article 6(3) of the Guideline].
Price:	[1-Week Shanghai Interbank Offered Rate ('SHIBOR') plus 100 basis points] [The rate otherwise decided pursuant to Article 8(2) of this Guideline]. The applicable SHIBOR rate can be found on the Reuters Screen page 'SHIBOR' as of 09.30 Beijing time published on the business day when the market

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<sup>2</sup> To be used for renminbi liquidity-providing operations upon counterparties' request.

<sup>3</sup> CET takes into account the change to Central European Summer Time.

counterparty submits a request for renminbi liquidity to its NCB, provided that such day is a business day in both Frankfurt and Beijing. If the date the market counterparty submits a request for renminbi liquidity to its NCB is not a business day in both Frankfurt and Beijing, the applicable SHIBOR rate will be the one published on the immediately previous date that was a business day in both Frankfurt and Beijing.

**Maximum amount:** The Eurosystem will set and communicate limits on the maximum renminbi amount that will be provided to each individual market counterparty and on the overall renminbi amount that will be provided to market counterparties. If the total renminbi amount of the requests received by market counterparties exceeds such overall amount, requests will be fulfilled pro rata.

**Eligible counterparties:** All institutions in the euro area that are eligible for the ECB's marginal lending facility and which have provided their renminbi standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective NCB in advance of their request are deemed eligible.

**Risk control measures:** The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, an initial margin of 25 % will be applied to cater for foreign exchange rate risk.

The euro value of the renminbi liquidity provided will be initially computed, on the confirmation date, using the rate for EUR/CNY that is published on the ECB website as part of the daily FX concertation procedure on the business day prior to the confirmation date.

If the Eurosystem conducts renminbi liquidity-providing operations with an initial maturity longer than one week, the EUR/CNY exchange rate will be updated on a weekly basis, with the first update to be effected one week after the settlement date. The exchange rate applied to weekly updates is the official EUR/CNY exchange rate as fixed and published as indicated above on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate, which may trigger margin calls. Any additional collateral to be provided or any collateral to be returned will be settled on the TARGET2 business day following notification of the new exchange rate.

All renminbi liquidity-providing operations will also be subject to the normal daily mark to market valuation and variation margins applied to eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be

exposed during the one week over which the exchange rate will remain fixed and for the expected time required to liquidate assets in the event of default by a market counterparty.

**Settlement details:** Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the market counterparty in advance of the provision of credit by the NCB. One business day before the settlement date, market counterparties are required to deliver eligible collateral to their local NCB by 16.00 CET. Possible changes to this rule will be communicated to the market counterparties in the confirmation of the operation. On receipt of such collateral, the NCB will submit the corresponding renminbi payment instruction as soon as possible thereafter on the same day (one TARGET2 business day before the settlement date). On the maturity date, market counterparties are required to pay back renminbi to NCB accounts (as indicated) by 10.00 Beijing time (3.00 CET). Market counterparties are advised that if renminbi are credited on the account of the relevant NCB after 3.00 CET, the respective NCB cannot guarantee the return of collateral on the maturity date but will aim to do so on a 'best efforts' basis.

**Legal requirements:** The operations described in this statement of procedure will take place, in principle, using existing legal documentation between the respective NCB and its eligible market counterparties. If certain NCB amendments to such legal documentation are needed, the NCBs will implement such amendments for the purposes of such operations.

Market counterparties wishing to request renminbi are required, before requesting the provision of renminbi, to provide to their respective NCB their renminbi standard settlement instructions (SSIs) and a statement of acknowledgement. In the statement of acknowledgement, market counterparties are required to explicitly acknowledge, as a condition for the fulfilment of their request, the following:

- that they are legally bound by the conditions of the facility laid down in this statement of procedure and published on the ECB's website; and
- the applicability of existing legal documentation between the market counterparty and the NCB to the operation in question, subject to this statement of procedure and to any specific amendment of the legal documentation implemented by the NCBs for the purposes of operations described in this statement of procedure.

The provision of renminbi SSIs by market counterparties to their respective NCBs should be effected via SWIFT. The Statement of Acknowledgement



may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Market counterparties acknowledge and agree as follows.

- (1) There is no guarantee that renminbi liquidity will be made available and there is no obligation for the ECB or the NCBs to provide such liquidity to market counterparties.
- (2) A market counterparty that has received renminbi liquidity provision pursuant to this statement of procedure should, for as long as it has not repaid in full to the NCB the renminbi amount received, be obliged to notify the relevant NCB immediately if it: (a) encounters difficulties in receiving to its account transfers of renminbi amounts allocated to it; (b) encounters difficulties in transferring renminbi amounts to the relevant NCB; (c) is unable to repay when due renminbi amounts provided to it pursuant to this statement of procedure; or (d) becomes aware of any law, rule, regulation or similar which has the effect of: (i) preventing, restricting or limiting the general availability of the renminbi at a spot rate of exchange (of renminbi for euro) in any legal local foreign exchange market in accordance with normal commercial practice; (ii) preventing, restricting or limiting the exchange of renminbi for euro; (iii) imposing any material exchange controls, limitation or restrictions on the convertibility of renminbi for euro; or (iv) limiting or restricting the transfer of renminbi in any fashion inside or outside the People's Republic of China.
- (3) By requesting recourse to this facility for the provision of renminbi liquidity, the relevant market counterparty entitles the Eurosystem to pass on any cost or loss, including late payment interest, incurred by the Eurosystem in relation to its operations to make renminbi available to the relevant market counterparties in accordance with this statement of procedure, subject to the applicable law and provided that such cost or loss was not caused by the relevant NCB's or the ECB's own negligence or wilful misconduct. If an event of default occurs in relation to an operation entered into pursuant to this statement of procedure, the relevant transaction will be deemed to have terminated and the close-out will take place in accordance with the NCB's regulatory or contractual documentation. In addition, the defaulting market counterparty will bear all the costs and losses incurred by the Eurosystem as a consequence of such default, including, without limitation, any difference between the collateral provided by the market

counterparty and the replacement value of the renminbi amount, any late payment interest owed by the Eurosystem, any costs incurred by the Eurosystem in replacing the renminbi amount not repaid by the market counterparty or any foreign exchange changes between the date of the default and the date the Eurosystem replaces the renminbi amount not repaid by the market counterparty.

- (4) Where a market counterparty does not comply with the requirements laid down in this document, the procedures and sanctions laid down in Part Five of Guideline (EU) 2015/510 (ECB/2014/60) will apply.

#### **TENDER PROCEDURE FOR THE PROVISION OF CHINESE RENMINBI TO EUROSISTEM COUNTERPARTIES<sup>4</sup>**

The provision of Chinese renminbi ('renminbi') to market counterparties should be seen as a backstop liquidity facility addressing temporary malfunctioning in the Chinese money markets and related shortage of available renminbi. Following a decision by the Governing Council, the Eurosystem national central banks (NCBs) will provide renminbi to eligible counterparties (hereinafter 'market counterparties') in accordance with the following procedures.

Type:	The provision of renminbi term funding to market counterparties against collateral that is eligible for Eurosystem monetary policy operations as set out in the applicable legal framework (hereinafter 'eligible collateral'), in accordance with the procedures set out in Article 8 and Title III of Part Two of Guideline (EU) 2015/510 (ECB/2014/60) with the deviations contained in this statement of tender procedure.
Settlement date:	The settlement date will be indicated in the announcement of each operation and will usually be [three] business days following each operation's announcement and allotment.
Maturity:	One week, unless otherwise indicated in the announcement of each operation.
Type of auction:	The auction type will be fixed rate tender and will be communicated in the announcement of each operation.
Intended volume:	The intended maximum volume to be allotted by the ECB will be indicated in the announcement of the operation.

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<sup>4</sup> To be used for renminbi liquidity-providing operations through tender procedures.

- Method of allotment:** All bids received will be satisfied if the aggregate bid amount is equal to or less than the intended maximum allotment amount; otherwise the allocation is carried out on a pro rata basis.
- Auction details:** The details of the auction, including any minimum bid amount and any maximum bid amount will be communicated in the announcement of each operation. The ECB should publicly announce the tender procedures and the tender allotment decision with respect to the tender results. In addition, the NCBs, if they deem it necessary, may announce the tender procedures and the ECB's tender allotment decision publicly and directly to counterparties.
- Deal Rate:** 1-Week Shanghai Interbank Offered Rate ('SHIBOR') plus 100 basis points unless otherwise communicated in the tender announcement. The applicable SHIBOR rate can be found as of 09.30 Beijing time on the Reuters screen page 'SHIBOR' published on the business day of the tender announcement, provided that such day is a business day in both Frankfurt and Beijing. If the day the market counterparty submits a request for renminbi liquidity to its NCB is not a business day in both Frankfurt and Beijing, the applicable SHIBOR rate will be the one published on the immediately preceding day that was a business day in both Frankfurt and Beijing.
- Eligible counterparties:** All institutions in the euro area that are eligible for the ECB's marginal lending facility and have provided their renminbi standard settlement instructions (SSIs) and a statement of acknowledgement (specified below) to their respective NCB in advance of their bid are deemed eligible.
- Risk control measures:** The usual risk control measures as defined in Title VI of Guideline (EU) 2015/510 (ECB/2014/60) and in Guideline (EU) 2016/65 (ECB/2015/35) will be applied. In addition, an initial margin of 25% will be applied to cater for foreign exchange rate risk.
- The euro value of the renminbi liquidity provided will be initially computed, on the allotment date, using the rate for EUR/CNY that is published on the ECB website as part of the daily FX concertation procedure, unless otherwise communicated in the tender announcement.
- For renminbi liquidity-providing operations with an initial maturity greater than one week, the EUR/CNY exchange rate will be updated on a weekly basis, with the first update to be effected one week after the settlement date. The exchange rate applied to weekly updates is the official EUR/CNY exchange rate as fixed and published on the day prior to the weekly update. The collateral position will therefore be subject to weekly revaluations due to movements in the exchange rate which may trigger margin calls. Any extra

collateral to be pledged or any collateral to be returned will be settled on the TARGET2 business day following the notification of the new FX rate.

All renminbi liquidity-providing operations will also be subject to the normal daily mark to market valuation and variation margins applied to eligible collateral due to movements in the value in euro of the collateral. The margin therefore caters for the foreign exchange risk to which the Eurosystem will be exposed during the one-week maturity of the operation over which the exchange rate will remain fixed and for the expected time required to liquidate assets in the event of default by a market counterparty.

Settlement details:

Similarly to the settlement of other Eurosystem credit operations, there must be a delivery of eligible collateral by the market counterparty in advance of the provision of credit by the NCB. One TARGET2 business day before the settlement date, market counterparties are required to deliver eligible collateral to their local NCB by 16.00 CET. Possible changes to this rule will be communicated to the market counterparties in the announcement of each operation. On receipt of such collateral, the NCB will submit the corresponding renminbi payment instruction as soon as possible thereafter on the same day (one TARGET2 business day before the settlement date). On the maturity date, market counterparties are required to pay back renminbi to NCB accounts (as indicated) by 10.00 Beijing time (3.00 CET). Market counterparties are advised that if renminbi are credited on the account of the relevant NCB after 3.00 CET, the respective NCB cannot guarantee the return of collateral on the maturity date but will aim to do so on a 'best efforts' basis.

Legal requirements:

The operations described in this statement of procedure will in principle take place using existing legal documentation between the respective NCB and its eligible market counterparties. If certain NCB amendments to such legal documentation are needed, the NCBs will implement such amendments for the purposes of such operations.

Market counterparties wishing to request renminbi are required, before submitting a bid for the provision of renminbi, to provide to their respective NCB their renminbi SSIs and a statement of acknowledgement. In the statement of acknowledgement, market counterparties are required to explicitly acknowledge, as a condition for their participation in the tender:

- that they are bound by the conditions of the tender set out in this statement of tender procedure and communicated in the tender announcement; and

- the applicability of existing legal documentation between the market counterparty and the NCB to the operation in question, unless amendment of the legal documentation is necessary.

The provision of renminbi SSIs by market counterparties to their respective NCBs should be effected via SWIFT. The statement of acknowledgement may similarly be communicated via SWIFT or in another form as required by applicable national laws.

Market counterparties acknowledge and agree as follows.

- (1) There is no guarantee that renminbi liquidity will be made available and there is no obligation for the ECB or the NCBs to provide such liquidity to market counterparties.
- (2) A market counterparty that has received renminbi liquidity provision pursuant to this statement of procedure should, for as long as it has not repaid in full to the NCB the renminbi amount received, be obliged to notify the relevant NCB immediately if it: (a) encounters difficulties in receiving to its account transfers of renminbi amounts allocated to it; (b) encounters difficulties in transferring renminbi amounts to the relevant NCB; (c) is unable to repay when due renminbi amounts provided to it pursuant to this statement of procedure; or (d) becomes aware of any law, rule, regulation or similar which has the effect of: (i) preventing, restricting or limiting the general availability of the renminbi at a spot rate of exchange (of renminbi for euro) in any legal local foreign exchange market in accordance with normal commercial practice; (ii) preventing, restricting or limiting the exchange of renminbi for euro; (iii) imposing any material exchange controls, limitation or restrictions on the convertibility of renminbi for euro; or (iv) limiting or restricting the transfer of renminbi in any fashion inside or outside the People's Republic of China.
- (3) By requesting recourse to this facility for the provision of renminbi liquidity, the relevant market counterparty entitles the Eurosystem to pass on any cost or loss, including late payment interest, incurred by the Eurosystem in relation to its operations to make renminbi available to the relevant market counterparties in accordance with this statement of procedure, subject to the applicable law and provided that such cost or loss was not caused by the relevant NCB's or the ECB's own negligence or wilful misconduct. If an event of default occurs in relation to an operation entered into pursuant to this statement of procedure, the relevant transaction will be deemed to have terminated and the close-out will take place in accordance with the

NCB's regulatory or contractual documentation. In addition, the defaulting market counterparty will bear all the costs and losses incurred by the Eurosystem as a consequence of such default, including, without limitation, any difference between the collateral provided by the market counterparty and the replacement value of the renminbi amount, any late payment interest owed by the Eurosystem, any costs incurred by the Eurosystem in replacing the renminbi amount not repaid by the market counterparty or any foreign exchange changes between the date of the default and the date the Eurosystem replaces the renminbi amount not repaid by the market counterparty.

- (4) Where a market counterparty does not comply with the requirements laid down in this document, the procedures and sanctions laid down in Part Five of the Guideline (EU) 2015/510 (ECB/2014/60) will apply.