

Luxembourg, 14 November 2008

## **Announcement to BCL Counterparties**

### **CHANGES TO THE COLLATERAL FRAMEWORK (14 NOVEMBER 2008)**

On 14 November 2008, BCL will implement the collateral changes related to the acceptance of foreign collateral, as per ECB press releases published 15, 17, 23 October 2008 and 12 November 2008.

This means that as from 14 November and until end 2009, the following eligibility criteria for collateral will enter into force:

#### **1. Admission of collateral denominated in US dollar, sterling pounds or Japanese yen**

BCL Counterparties will be able to submit collateral in accordance with the following criteria:

- Type of asset: marketable debt instruments
- Credit standard: minimum requirement BBB- except for ABS for which the requirement remains unchanged at A-
- Place of issue/settlement: Euro Area
- Place of establishment of the issuer: European Economic Area
- Acceptable markets: Regulated market and certain non-regulated markets as specified by the ECB
- Currency of denomination: USD, GBP or JPY.

BCL wishes to recall that international debt securities in global bearer form issued after 1 January 2007 through ICSDs must, in order to be eligible, be issued in the form of New Global Notes (NGNs) and must be deposited with a Common Safekeeper (CSK) which is an ICSD or, if applicable, a CSD that fulfils the minimum standards established by the ECB.

An additional haircut of 8% shall be imposed by the Eurosystem on all such marketable debt instruments.

The exchange rate to be applied between the foreign currencies and the Euro will be the Euro foreign exchange reference rates, updated on a daily basis, as published on the ECB's website on the day before the valuation.

Counterparties are informed that a new safe custody account will have to be opened for the mobilization of foreign collateral. The transaction and custody fees charged for the foreign denominated debt instruments remain unchanged.

Where applicable, the custody proceeds (coupons/redemptions) on securities denominated in USD, GBP or JPY will be credited to BCL counterparties on segregated accounts.

BCL counterparties are invited to specify their standing instructions for the transfer of the cash proceeds to the cash correspondent of their choice. The deadline applied by BCL for the payment in the different currencies is as follows:

- USD: VD: 17:00 CET
- GBP: VD: 14:30 CET
- JPY: VD-1: 14:00 CET

## **2. Admission of syndicated loans governed by the laws of England and Wales**

BCL Counterparties will be able to submit collateral in accordance with the following criteria:

- Type of asset: syndicated loans to non-financial corporations
- Governing law: England and Wales
- For these syndicated loans, the number of laws applicable to (i) the counterparty; (ii) the creditor; (iii) the debtor; (iv) the guarantor; (v) the credit claim agreement; and (vi) the mobilization agreement shall not exceed three
- All other criteria regarding credit claims remain valid.

Mobilization of these assets will be done via domestic procedures.

Further specifications of the implementation and the legal aspects related to the acceptance of euro-denominated syndicated loans under the laws specified will be published in due course.

## CHANGES TO SWIFT MESSAGES (17 NOVEMBER 2008)

On 17 November 2008, BcL will implement the following changes to comply with the SWIFT Standards Release 2008. Counterparties are invited to update their collateral instructions accordingly.

### MT540 Receive Free

- Mandatory Sequence E - Settlement Details: the former field :22F:: SETR/COLL - must be instructed as :22F:: SETR/COLI.

### MT544 Receive Free Confirmation

- Mandatory Sequence E - Settlement Details: BCL will report the field 22F:: SETR/COLI in the MT544 .
- Optional Subsequence B1 Financial Instrument Attributes: where applicable, BCL will confirm the index factor of the security. e.g.:92A::INDX//1,12345678.

### MT542 Deliver Free

- Mandatory Sequence E - Settlement Details: the former field: 22F:: SETR/COLL - must be instructed as :22F:: SETR/COLO.

### MT546 Deliver Free Confirmation

- Mandatory Sequence E - Settlement Details: BCL will report the field:22F:: SETR/COLO in the MT546 .

### MT535 Statement of Holdings

- Optional Subsequence B1a – Financial Instrument Attributes: where applicable, BcL will report the index factor of the security. Rate will contain the public index rate used for inflation adjustment. e.g. :92A::INDX//1,12345678.

### MT564 Corporate Action Notification

- Mandatory Sequence A – General information :22F::CAEV// PRII.  
BCL will no longer report code word PRII (MBS interest payment with principal).  
BCL will instead segregate and notify two code words accordingly:
  - :22F::CAEV//PRED: Securities are redeemed in part before their scheduled final maturity date without reduction of the nominal value of the securities (commonly done by pool factor reduction)

- :22F::CAEV//PCAL: Securities are redeemed in part before their scheduled final maturity date with reduction of the nominal value of the securities (outstanding amount of securities reduced proportionally)

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