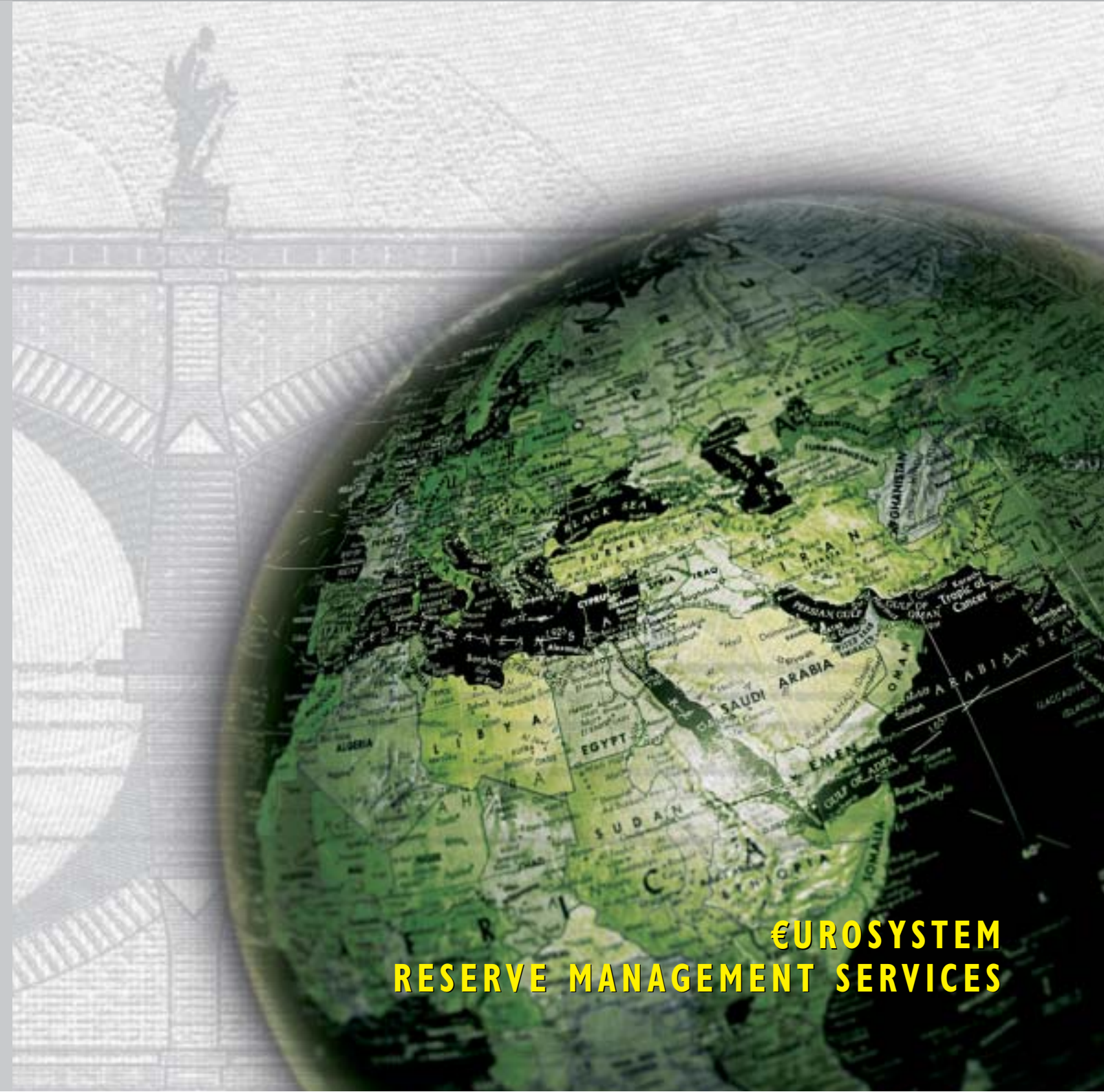




EUROPEAN CENTRAL BANK

**THE EUROSYSTEM**

THE CENTRAL BANK SYSTEM OF THE EURO AREA

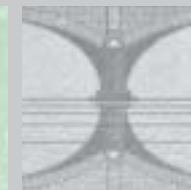


**EUROSYSTEM  
RESERVE MANAGEMENT SERVICES**

# THE NEW EUROSYSTEM FRAMEWORK



FRAMEWORK



KEY ASPECTS



RANGE OF SERVICES



FURTHER INFORMATION



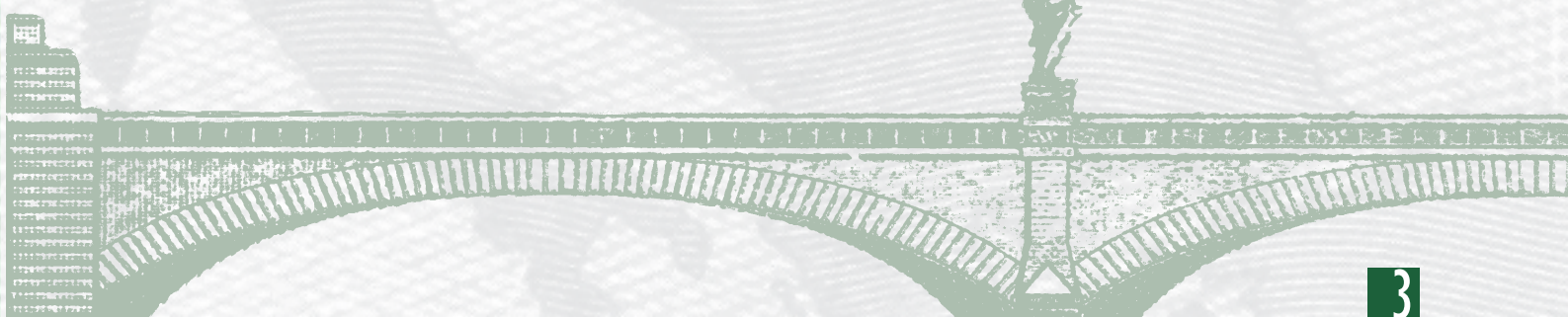
Since its introduction, the euro has firmly established its role as an important reserve currency, supported by its continuously increasing use at an international level. The Eurosystem, comprising the European Central Bank and the national central banks of those Member States of the European Union which have adopted the euro, has followed this trend closely and has developed a new framework that specifically addresses the type of services required to support the management of euro-denominated reserve portfolios.

The new framework builds on the well-established reserve management services infrastructures already in place for many years at individual Eurosystem central banks. Consistent with the manner in which reserve management services have been provided over the years, the new framework continues to be based on the core principles of financial security, legal security and confidentiality. This basis allows customers to comprehensively manage their euro-

denominated reserve assets in a safe, confidential and reliable environment. Being available to new and existing customers alike, the new framework acknowledges long-standing customer relationships, allowing for their continuation and further enhancement. The services themselves are provided by certain national central banks of the Eurosystem, identified as “Eurosystem service providers”. These providers have committed to offering the complete set of reserve management services falling under the new framework. Eurosystem service providers and the other central banks of the Eurosystem may also offer specific reserve management services on an individual basis.

As the reserve management services offered under the new framework are addressed to traditional central bank customers, they should not be seen as competing with the services offered by private financial institutions. The Eurosystem’s services are tailor-made to address the special needs and concerns

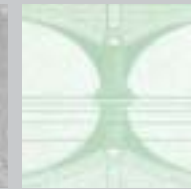
of those institutions that operate in the same area of central banking activities as the Eurosystem itself. The services offered under the new framework help this core group of customers to manage their euro-denominated reserve assets more effectively and with greater flexibility.



# THE KEY ASPECTS OF THE NEW FRAMEWORK



FRAMEWORK



KEY ASPECTS



RANGE OF SERVICES



FURTHER INFORMATION

## 1. A SINGLE ACCESS POINT FOR CUSTOMERS

In moving towards a uniform approach, the Eurosystem members joined forces and worked together to develop a harmonised framework for the provision of a comprehensive range of reserve management services in euro. As a result, customers are now in a position to make use of high-quality services for their euro-denominated reserve assets through a single access point in the euro area. An appealing feature of the new framework is the possibility for customers to settle and hold in safe-keeping an extensive range of fixed-income euro-denominated securities issued across the entire euro area, using one single custody account with a Eurosystem service provider.

## 2. A HARMONISED SERVICE LEVEL

The Eurosystem has capitalised on its knowledge and experience in the field of reserve management and has established, under the new framework, a high degree of harmonisation with regard to the services that are offered. Each of the Eurosystem service providers will offer, as a minimum, the same set of services to the framework's customers. Furthermore, these standardised services will be offered with harmonised terms and conditions. The provision of these services will naturally benefit from the premium payment infrastructure established in the European Union via the TARGET payment system, which plays an indispensable part in the fast and secure processing of customers' euro payments.

## 3. ATTRACTIVE TERMS AND CONDITIONS

The Eurosystem has assigned considerable importance to ensuring that the services included under the new framework are offered with attractive terms and conditions. One aspect of this involves the remuneration rates applicable to certain services and in particular with regard to the remuneration of cash balances. In this context, a new and automatic overnight investment facility has been introduced which provides for the investment of customers' daily working balances at attractive remuneration rates. Remuneration rates on Eurosystem reserve management services in general take into account the special characteristics of financial and legal security as well as the confidentiality offered by the Eurosystem while also being consistent with overall market conditions.

## EUROSYSTEM SERVICE PROVIDERS

Within the Eurosystem, six central banks – **the Banca d'Italia, the Banco de España, the Banque centrale du Luxembourg, the Banque de France, De Nederlandsche Bank and the Deutsche Bundesbank** – offer the full set of harmonised reserve management services under the new framework, thus acting as Eurosystem service providers. **The European Central Bank** performs an overall coordination role in this set-up, ensuring the smooth functioning of the framework.

## WHO CAN BENEFIT FROM THE NEW FRAMEWORK?

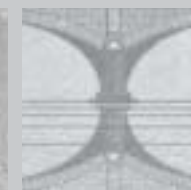
The new Eurosystem reserve management services framework is available to the following institutional customers in respect of their holdings of euro-denominated reserve assets:

- **central banks and monetary authorities**
- **public authorities and governmental agencies**
- **international organisations**

# RANGE OF SERVICES ...



FRAMEWORK



KEY ASPECTS



RANGE OF SERVICES



FURTHER INFORMATION

The new Eurosystem reserve management services framework offers a wide range of custody, settlement, investment and cash services for customers' euro-denominated reserve portfolios. A summary of the core reserve management services is provided in this brochure, while more comprehensive details on all services can be obtained from any of the Eurosystem service providers or the European Central Bank. All services are fully supported by extensive reporting, with all movements on accounts in both cash and securities being reported to customers in line with general market standards. Customised reporting services may also be provided if required.

## SECURITIES SERVICES

### EURO-DENOMINATED SECURITIES

Custody (safe-keeping) and settlement services are provided for an extensive range of fixed-income euro-denominated securities, including:

- government securities;
- agency securities;
- covered bonds; and
- supranational securities.

These services cover all such securities issued across the entire euro area. A complete overview of the individual securities concerned is available on the European Central Bank's website via the Eurosystem's Eligible Assets Database. This database offers convenient navigation, allowing customers to easily determine the exact types of security for which the reserve management services are available under the new framework.

## CUSTODY AND SETTLEMENT

One of the key aspects of the new Eurosystem framework for reserve management services is that customers only need to open a single account with a Eurosystem service provider. Via this account, customers will be able to conveniently settle and hold in safe-keeping the entire range of euro-denominated securities referred to in the previous section.

The underlying settlement services cover both free of payment and delivery against payment settlement operations, with related payments being effected on the designated account with the Eurosystem service provider. Settlement of cash flows arising from coupon payments, redemptions and other corporate actions forms part of the integrated custody and settlement facility.

## EXECUTION OF ORDERS FOR CUSTOMERS

At the specific request of customers, Eurosystem service providers will execute securities orders for customers in the secondary market. Such purchases or sales of securities will be carried out on a "best effort" basis for

the entire range of eligible securities for which custody accounts are provided. The parameters of the order are set by the customer in accordance with its portfolio management objectives.

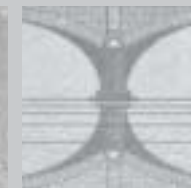
## FACILITATION OF AUTOMATIC SECURITIES LENDING PROGRAMMES

In recognition of the increasing use of automatic securities lending programmes by central banks and international organisations, the new Eurosystem reserve management services framework facilitates such programmes. The Eurosystem service providers will offer these programmes via customers' third-party agents or via (international) central securities depositories. Agreements will be put in place as necessary in order to grant the securities lending agent access to customers' securities holdings. In certain cases, additional sub-accounts may be opened for customers.

# ... RANGE OF SERVICES



FRAMEWORK



KEY ASPECTS



RANGE OF SERVICES



FURTHER INFORMATION

## **AUTOMATIC OVERNIGHT INVESTMENT FACILITY**

Prominent among the services available under the new Eurosystem framework is a flexible overnight investment facility for cash balances on customers' accounts. This service covers all payment accounts held by customers with the Eurosystem service providers. It is available on a customised basis, addressing individual customers' needs in terms of the working balance desired for their portfolio management or other activities.

The facility comprises two investment tiers, with the first tier being an investment of a fixed amount directly with the Eurosystem service provider at an attractive remuneration rate and consistent with overall market conditions. The second tier involves the investment of customers' balances in the market, on an agency basis, with carefully selected and highly-rated counterparties, and is remunerated in accordance with the rate at which the funds are placed in the market.

This two-tier investment service allows for the optimisation of cash management. Customers can maintain a high level of liquidity throughout the day (making the settlement of possible operations easier), knowing that at the end of the day the Eurosystem provides for an automatic overnight investment facility at an attractive rate. The placement of investments under each of the tiers is optional, with customers having the possibility of using both tiers or only one depending on their particular preferences and general circumstances.

## **FIXED-TERM DEPOSIT SERVICES**

Fixed-term deposit services are available to customers on an agency basis. Such transactions are carried out upon customers' request, either on an individual basis or as part of a standing order arrangement. In all cases, the deposits are placed with highly-rated counterparties fulfilling prudent selection criteria, accepted by the customer, and are remunerated at market conditions.

## **EXECUTION OF INVESTMENTS ACCORDING TO STANDING INSTRUCTIONS**

Customers are offered the possibility to issue standing instructions for the execution of certain investments. In this context, the various individual services constituting the complete set of Eurosystem reserve management

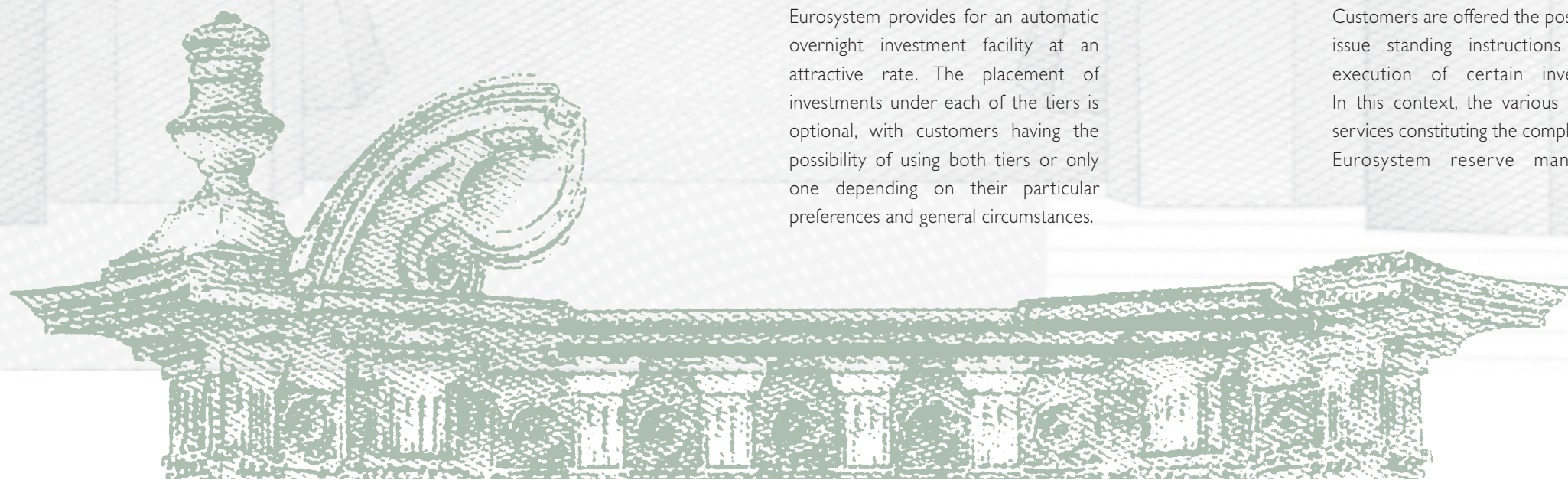
services could be combined in a convenient standing arrangement to meet the specific needs of customers. Standing instructions will be carried out automatically by the respective Eurosystem service provider unless specifically terminated or replaced by the customer in advance of predefined deadlines.

## **FOREIGN EXCHANGE OPERATIONS**

Foreign exchange services are available to customers directly from the Eurosystem service providers. This facility covers the purchase and sale, on a spot basis, of euro against non-euro area G10 currencies.

## **ADDITIONAL SERVICES**

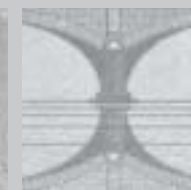
In addition to the services provided under the new framework, each of the Eurosystem service providers also offers certain ancillary services on an individual basis, catering for a variety of specific needs. This high degree of flexibility ensures that customers' requests are comprehensively met in the most efficient manner.



# FURTHER INFORMATION



FRAMEWORK



KEY ASPECTS



RANGE OF SERVICES



FURTHER INFORMATION

More detailed information on the reserve management services offered under the new framework can be obtained from each of the Eurosystem service providers as well as from the European Central Bank using the contact details provided. The latest information on the range of services available can also be found on the various websites listed in this section.

## DE NEDERLANDSCHE BANK

Payments and Securities Department  
Tel.: +31 20 524 2459  
E-mail: [account.managers.bve@dnb.nl](mailto:account.managers.bve@dnb.nl)  
Website: [www.dnb.nl](http://www.dnb.nl)

## BANQUE DE FRANCE

Reserve Management Services  
Tel.: +33 1 4292 2762  
E-mail: [rms@banque-france.fr](mailto:rms@banque-france.fr)  
Website: [www.rms.banque-france.fr](http://www.rms.banque-france.fr)

## BANCO DE ESPAÑA

Back Office Division  
Tel.: +34 91 338 5700  
E-mail: [rms.spain@bde.es](mailto:rms.spain@bde.es)  
Website: [www.bde.es](http://www.bde.es)

## EUROPEAN CENTRAL BANK

Back Office Division  
Tel.: +49 69 1344 7428/8570  
E-mail: [erms@ecb.int](mailto:erms@ecb.int)  
Website: [www.ecb.int/eurosystem-rms](http://www.ecb.int/eurosystem-rms)



## BANQUE CENTRALE DU LUXEMBOURG

Front Office and Treasury  
Tel.: +352 47 74 44 30  
E-mail: [rms@bcl.lu](mailto:rms@bcl.lu)  
Website: [www.bcl.lu](http://www.bcl.lu)

## DEUTSCHE BUNDESBANK

Market Operations Division  
Central Bank Services  
Tel.: +49 69 95 66 78  
E-mail: [cbs@bundesbank.de](mailto:cbs@bundesbank.de)  
Website: [www.bundesbank.de](http://www.bundesbank.de)

## BANCA D'ITALIA

Payment System Department  
Correspondent Banking Unit  
Tel.: +39 06 4792 5881/3844  
E-mail: [rms@bancaditalia.it](mailto:rms@bancaditalia.it)  
Website: [www.bancaditalia.it](http://www.bancaditalia.it)

### Internet links to other Eurosystem members:

- Belgium (Nationale Bank van België/ Banque Nationale de Belgique):  
<http://www.bnb.be/sg/index.htm>
- Greece (Bank of Greece):  
<http://www.bankofgreece.gr/>
- Ireland (Central Bank & Financial Services Authority of Ireland):  
<http://www.centralbank.ie/>
- Austria (Oesterreichische Nationalbank):  
<http://www.oenb.co.at>
- Portugal (Banco de Portugal):  
<http://www.bportugal.pt/>
- Finland (Suomen Pankki – Finlands Bank):  
<http://www.bof.fi/>