



TERMS AND CONDITIONS OF CENTRAL BANK OF MALTA WHEN ACTING AS CCB AND AS ASSISTING NCB FOR CREDIT CLAIMS

Terms & Conditions of Central Bank of Malta, 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 the Central Bank of Malta acts as CCB.

Eurosystem counterparties that wish to use, as collateral in credit operations with other Eurosystem NCBs, credit claims governed by Maltese law have to comply with the following provisions, which complement the terms and conditions currently applicable between counterparties and their respective HCB.

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.

1. Legal requirements

- (a) The legal technique used for the creation of a security interest is pledge.
- (b) The credit claim shall be governed by Maltese law.
- (c) Notification of the debtor prior to the mobilisation of the credit claims when used as collateral is a legal requirement under Maltese law. The notification should be confirmed by the debtor and the confirmation delivered by the counterparty to the Central Bank of Malta by SWIFT MT599 or by fax.
- (d) When the NCB (which is not the CCB) plays the role of HCB, notification/registration may also be required, in accordance with the

Pjazza Kastilja, Valletta VLT 1060, Malta

Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com

requirements of the conflict of law rules of the HCB and/or the CCB. Registration/notification will be performed according to the rules of the jurisdiction that requires registration/notification.

- (e) Notification to the debtor after the mobilisation of the credit claim is required following certain events (e.g. event of default and similar events)
- (f) For the purpose of creating a valid and enforceable security interest over the credit claim, the credit claim agreement should have the following legally binding clauses:
 - (i) The counterparty's declaration of the existence, validity and enforceability of the credit claim and of the absence of any restriction on the mobilisation and the realisation of the credit claim and of the absence of any impediment relating to banking secrecy and confidentiality with regard to the NCBs who have an interest on the credit claim; and,
 - (ii) a declaration from the counterparty that the credit claim is not simultaneously used as collateral in favour of any third party and will not be used as collateral by a third party during the term of the credit claim agreement.

(g) In the event that the Central Bank of Malta is notified by the HCB of a counterparty's default, the Central Bank of Malta shall, if so instructed by the HCB, undertake to assist the HCB in the realisation of the credit claim and take any necessary actions which are required under Maltese law to enable the HCB to realise the asset.

2. Operational requirements

- (a) The counterparty has to submit to the Central Bank of Malta a list of authorised signatures together with information on the identity of the authorised signatories.
- (b) The counterparty has to indicate to the Central Bank of Malta the ECAF sources/system used for assessing credit claims when sending the information on credit claims to the Central Bank of Malta
- (c) To use credit claims on a cross-border basis, the counterparty has to send to the Central Bank of Malta by fax a list of credit claim details (Annex 1) and a payments schedule of the credit claim.
- (d) A certified copy of the credit claim agreement is required. The credit claim agreement has to be sent by fax and subsequently by mail to the following address: Central Bank of Malta, Monetary Operations and Collateral Management Office, Castille Place, Valletta, VLT 1060, Malta.

Pjazza Kastilja, Valletta VLT 1060, Malta

Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com

- (e) Each credit claim and debtor/guarantor has to be assigned a standard identification number. This is assigned by the Central Bank of Malta and communicated to the counterparty in the Confirmation of the Acceptance of the Credit Claim (Annex 2).
- (f) Credit claims will be accepted once their eligibility has been checked and notification of delivery of the credit claim agreement is confirmed.
- (g) By the end of the business day following the acceptance, the counterparty will receive by fax / SWIFT a confirmation about the value assigned to the accepted credit claim from the Central Bank of Malta (Annex 2), which will then be available for use as collateral in credit operations with the respective HCB.
- (h) Counterparties have to promptly communicate to the Central Bank of Malta any changes which affect the eligibility and valuation of the credit claim, such as redemptions, partial or early payments, debtor's creditworthiness etc. Notification should be done by using the template provided in Annex 1 with the appropriate marking for 'Updates of characteristics of credit claim' in the 'Type of Operation' row and sending it to the Central Bank of Malta via fax or SWIFT.
- (i) The Central Bank of Malta will verify the existence and details of credit claims submitted as collateral under Maltese law. To this effect, the Central Bank of Malta will send a quarterly summary of the credit claim to the counterparty by fax and mail. The counterparty must check the information, sign the accompanying certification (Annex 3) and return it to the Central Bank of Malta by mail.
- (j) To request the release of a credit claim the counterparty must use the standard Annex 1 form with the appropriate marking for 'Withdrawal of the credit claim' on the 'Type of Operation' and send the instruction to the Central Bank of Malta via fax or SWIFT.

3. Terms & Conditions of the Central Bank of Malta, when acting as Assisting NCB

The following provisions apply when the Central Bank of Malta acts as Assisting NCB (ACB), i.e. in those situations where the debtor/guarantor/creditor is located in Malta, 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):

- (a) Notification of the debtor prior to the mobilisation of the credit claims is required.

Pjazza Kastilja, Valletta VLT 1060, Malta

Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com

- (b) When the “NCB name(s)” plays the role of HCB, notification/registration may be required, in accordance with the requirements of the conflict of law rules of the HCB and/or the ACB. Registration/notification will be performed according to the rules of the jurisdiction that requires registration/notification.
- (c) Notification to the debtor after the mobilisation of the credit claim is required following certain events (e.g. event of default and similar events).

4. Costs and fees

Any fees incurred by the Central Bank of Malta in the management of the credit claim shall be passed on to the HCB for debiting to the counterparty. Such fees may include any transaction and service fees as laid down by the Eurosystem as well as any costs and charges incurred on realisation of the collateral.

5. Contacts

The following contact details can be used regarding these terms and conditions and the handling of credit claims:

Mail address:

Central Bank of Malta
Castille Place,
Valletta
VLT 1060
Malta

CCBM Operations

Payment Systems Office

Phone numbers: +356 2550 3601/3609

Fax: +356 21 247480

Credit Claims Details

Monetary Operations and Collateral Management Office

Phone numbers +356 2550 5401/5402

Fax +356 21 250 011

Pjazza Kastilja, Valletta VLT 1060, Malta

**Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com**

Annex 1

List of credit claims details to be submitted by counterparties to the Central Bank of Malta¹.

Recipient: Central Bank of Malta

Monetary Operations & Collateral Management Office

Tel No: +356 2550 5402/ +356 2550 5401

Fax No: + 356 21 250 011

E-mails: psailaj@centralbankmalta.com

galeas@centralbankmalta.com

Counterparty details	To be completed by the counterparty	Instructions for completion
Credit institution name		Official name of the counterparty
Credit institution address		Address of the counterparty
Credit institution telephone number		Tel No of the counterparty
Credit institution fax number		Fax No of the counterparty
Credit institution ID		BIC code (if BIC code is not available, use the MFI code, (see PDF file on the ECB website http://www.ecb.int/stats/pdf/mon/ey/mfi/mfilist-3-mt.pdf))
File submission details		
Submission date		dd/mm/yyyy
Type of operation		a) For initial submission b) Update of characteristics of the credit claim c) Withdrawal of the credit claim
Credit claims details		
Credit claim identification number		Generated by the Central Bank of Malta
Date of the credit claim agreement		dd/mm/yyyy
Governing law of the credit claim agreement		ISO country code of the country whose law governs the credit claim agreement

¹ All details are mandatory.

Furthermore, irrespective of the fact that a credit claim fulfils all eligibility criteria, a counterparty must not submit as collateral any credit claim for which it, or any other entity which it has close links, is the debtor or guarantor.

Pjazza Kastilja, Valletta VLT 1060, Malta

Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com

Outstanding amount		Full amount in euros
Currency		Euros
Date of maturity		dd/mm/yyyy
Type of interest		a) Fixed rate b) Variable rate c) Variable with adjustment period of more than one year
Syndicated loan		Yes/No
Debtor details		
Debtor name		Official name of the debtor
Debtor street and number		Address of the debtor
Debtor postal code and city		Code and city
Country of location		ISO country code
Debtor telephone number		Tel No of the debtor
Debtor fax number		Fax No of the debtor
Debtor identification number		Generated by the Central Bank of Malta
Debtor corporate sector		a) Central government b) Other general government c) Corporation (non-financial, non-insurance)
Debtor PSE class		PSE 1 (assessed as being equivalent to Central government) PSE 2 (assessed as being one credit quality step below the Central government) PSE 3 (treated as a private sector issuer or debtor)
Guarantor details		
Guarantor name		Official name of the guarantor
Guarantor street and number		Address of the guarantor
Guarantor postal code and city		Postal code and city

Pjazza Kastilja, Valletta VLT 1060, Malta

Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com

Country of location		ISO country code
Guarantor telephone number		Telephone number of the guarantor
Guarantor fax number		Fax number of the guarantor
Guarantor identification number		Generated by the Central Bank of Malta
Guarantor corporate sector		a) Central government b) Other general government c) Corporation (non-financial, non-insurance)
Guarantor PSE class		PSE 1 (assessed as being equivalent to Central government) PSE 2 (assessed as being one credit quality step below the Central government) PSE 3 (treated as a private sector issuer or debtor)
Credit assessment		
Credit assessment source		a)ECAI b)IRB c)ICAS d)RT
Credit assessment system		System name, according to the source mentioned above
PD%/Credit rating		PD or rating class according to the source mentioned above
Credit assessment date		dd/mm/yyyy (the most recent date of the credit assessment)

Signature of the counterparty's authorised person:

Name in Block Letters of the counterparty's authorised person:

--	--

Pjazza Kastilja, Valletta VLT 1060, Malta

Telephone: (+356) 2550 0000 Facsimile: (+356) 2550 2500 E-mail: info@centralbankmalta.com
Website: www.centralbankmalta.com

Confirmation of the Acceptance of the Credit Claim

Counterparty: _____

Address: _____

Tel No: _____

Date (dd/mm/yyyy): _____

The Central Bank of Malta has accepted the credit claim submitted by the counterparty on the _____ as eligible according to the eligibility criteria specified in the documentation *'Implementation of Monetary Policy in the euro area: General documentation on Eurosystem monetary policy instruments and procedures'*.

Credit Claim Characteristics:

Credit Claim Identification Number (assigned by the Central Bank of Malta):

Value assigned (after deduction of haircut): _____

Debtor Name: _____

Debtor Identification Number (assigned by the Central Bank of Malta):

Guarantor Name: _____

Guarantor Identification Number (assigned by the Central Bank of Malta):

Monetary Operations & Collateral Management Office
Financial Markets Division
Central Bank of Malta
Castille Place
Valletta VLT1060

[Date – to be submitted on the first working day of every quarter]

Dear Sir/Madam

We confirm that all credit claims submitted by *[name of the credit institution]* to the Central Bank of Malta as collateral for Eurosystem credit operations comply with the eligibility criteria outlined in the “*General Documentation on Eurosystem Monetary Policy Instruments and Procedures*”.

Additionally, we confirm and warrant that no credit claim submitted as an underlying asset is being simultaneously used as collateral to the benefit of any third party and undertake that we shall not mobilise any credit claim as collateral to any third party.

We also confirm and warrant to communicate to the Central Bank of Malta immediately by not later than within the course of the next business day any event which materially affects the actual contractual relationship between us and the Central Bank of Malta, in particularly early, partial or total repayments, downgrades and material changes in the conditions of the credit claim.

Authorised signature