

## Practical aspects - Standing Facilities

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### *General considerations*

Counterparties may use either the marginal lending facility to obtain overnight liquidity from Banque de France against collateral or the deposit facility to make overnight deposits with Banque de France. In the latter situation, no collateral is given to the counterparty. Access to standing facilities is granted only on days when both RTGS and SSS are operational.

Institutions must fulfill the general counterparty eligibility criteria. Collateral must be composed of eligible assets. Eligibility criteria are set out in the General Documentation<sup>1</sup>.

### *Practical information*

Practical modalities to participate in monetary operations are legally defined in the Monetary Policy Council decision 2006-02<sup>2</sup>:

Institutions fulfilling the eligibility criteria specified in the legal decision above must also hold a RTGS account at Banque de France<sup>3</sup>.

Any Standing facilities request must be addressed to Banque de France Monetary Policy Operations Back Office (BOPM):

- Using the TELMA system if the counterparty has subscribed to it;
- If not, Banque de France back office can also be reached at the following numbers:

**Main: (33) 1 42 92 27 16**

**Others: (33) 1 42 92 38 34**

**(33) 1 42 92 27 61**

**(33) 1 42 92 69 97**

All phone requests must imperatively be confirmed by fax at the following number:

**Fax: (33) 1 42 92 41 90**

Mandatory information is (please see Annex 1):

- Date of request

<sup>1</sup> General Documentation on Eurosystem Monetary Policy Instruments and Procedures.

Please see <http://www.ecb.int> or <http://www.banque-france.fr>

<sup>2</sup> [http://banque-france.fr/poli\\_mone/telechar/regle\\_poli/dec2006-02.pdf](http://banque-france.fr/poli_mone/telechar/regle_poli/dec2006-02.pdf)

<sup>3</sup> Under 3G, counterparties shall access the standing facilities through a French intermediary RTGS account

- Marginal Lending Facility / Deposit Facility
- Requested Amount
- Nature of Collateral, i.e. credit claims, Euroclear France securities, foreign securities through CCBM (Correspondent Central Banking Model)<sup>4</sup>
- Signature of a person entitled to<sup>5</sup>.

Settlement of deposit facilities occurs only minutes after reception of request.

The marginal lending facility requires both operational and legal pre requisite, depending on the type of collateral intended to be used:

- Any use of credit claims requires establishments to sign a credit claims mobilization convention;
- Any use of eligible securities requires establishments to sign a repo/reverse repo convention. An additional pre-deposit account convention is necessary if securities are to be delivered through CCBM;
- Any use of non pre-deposited foreign securities via CCBM requires the marginal lending request to be sent by 4.00 pm at the latest.
- Marginal lending settlement requires the requested amount to be fully covered by eligible collateral.

### ***Marginal lending under the new 3G scheme***

As a general rule, the closing time for the TARGET system is 6.00 pm (ECB Time). No payment orders are accepted for processing in the RTGS system after the closing time, although remaining payments, i.e. which had been ordered before closing time, are still processed.

Each counterparty must express its preferences whether it intends to use its RTGS account or its HAM account to input its marginal lending operations.

Marginal Lending requests must be transmitted to Banque de France before 06.15 pm (06.30 pm on the last day of the maintenance period). It is to each participant own responsibility to forecast the amount to be requested, which depends on its own reserve requirements.

If a participant has a debit balance on its RTGS account after a marginal lending facility request, an automatic marginal lending will occur. RTGS account must always stay in credit at the end of the day.

Whereas automatic lending facilities, marginal lending on request are not necessarily executed. Banque de France is solely responsible of checking that the counterparty' pool of collateral can cover the lending before confirming the operation.

For example, the following situation occurs at the end of the day:

Balance PM	:	-100
Balance HAM	:	0

<sup>4</sup> Applicable only to Marginal Lending Facility

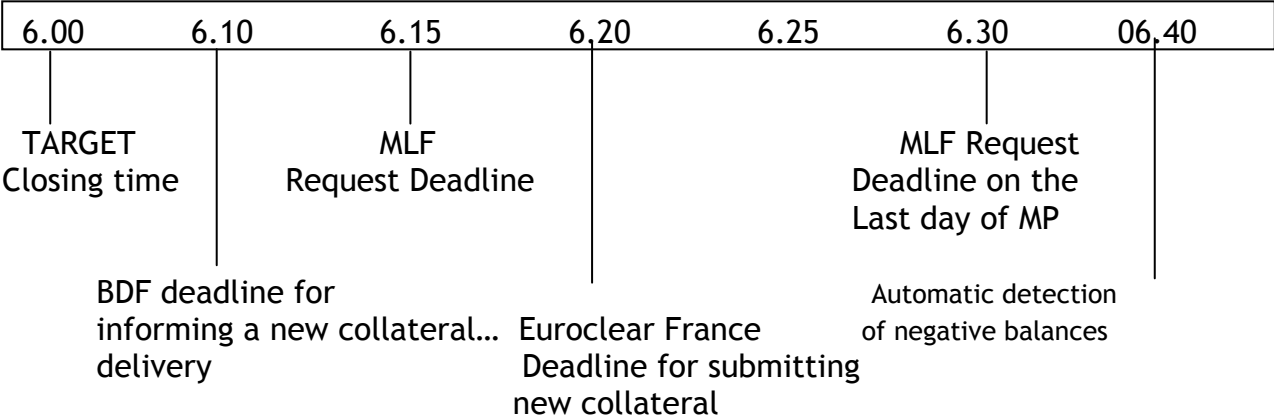
<sup>5</sup> Encompasses those entitled to and those who are fully able to delegate (authorized agents who benefit the type III powers are fully entitled to represent their establishments on behalf of such a type of transaction). Any piece of information on authorized agent delegation can be provided by email. Please contact [seri.dossiers@banque-france.fr](mailto:seri.dossiers@banque-france.fr)

Credit Line : 200  
 Request for : 250

As the amount requested exceeds the available collateral (100, i.e amount of the credit line minus the debit position of the account), new collateral (50) is required.

In case new collateral is required, the deadline is 06.10 pm for informing Banque de France and 06.20 pm for submitting the instruction to deliver collateral to Euroclear.

The global scheme can be resumed as follows:



At 06.40 pm, the PM module (under Target 2) detects any used credit lines. Any negative balances on RTGS accounts are automatically considered to be a request for the marginal lending facility. This negative amount is thus converted in marginal lending facilities by the SFM (Standing Facilities Module).

For example, if the end of the day situation is the following:

Credit Line : 200  
 Account balance : - 100

The Standing Facilities Module automatically inputs a marginal lending of 100 on the credit institution account. This operation is already backed by collateral as intraday credit, which is backed by collateral, is converted in overnight credit. A connected payment is sent to the PM. The account and the credit line are simultaneously credited /debited, respectively for the same amount.

Credit Line : 100  
 Account balance : 0  
 Marginal lending account : - 100

Repayment of standing facilities occurs at the opening of the day at 07.00 pm. The SSP inputs a connected payment unwinding the previous operation. Interest payment occurs on a separate account.

At the re-opening of the day, the situation would be:

Credit line : 200  
 Account balance : -100 - interest charges

## Annex 1: Standing facility request application form

INSTITUTION :  
CIB :  
Contact Name :  
N° TEL :  
N° FAX :

INSTITUTION SIGNATURE

BANQUE DE FRANCE  
BACK OFFICE  
POLITIQUE MONETAIRE  
N° TEL 01-42-92-27-16  
N° FAX 01-42-92-41-90

### STANDING FACILITIES REQUEST

#### TYPE OF REQUEST

<b>DEPOSIT</b>	Amount :
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<b>MARGINAL LENDING</b>	Amount :
	Collateral :
	CREDIT CLAIMS 01 : CP01
	FRENCH SECURITIES 01 (Euroclear France) : TF01
	FOREIGN SECURITIES 01 (Euroclear france via links) : TF01
	FOREIGN SECURITIES 02 (CCBM) : TF02

SIGNATURE  
Name, acting as: