Marginal Lending on Request

Applying via U2A/A2A - Test principles and screen tutorial for ECMS

Version control

Version	Date	Amendments
1.0	11.08.2023	Initial Version

Content

1. Test Principles

Scenarios and Preconditions

1. Test Principles

Szenario: Applying for Marginal Lending on Request

The **Automatic** Marginal Lending function **is not cover**ed in this document as it will be treated separately.

Required roles:

- The 4-Eyes-Principle is **not yet available** in ECMS. Therefore, the instruction is entered using the **2-Eyes-Principle**. Please check whether your user has the required "Super Validator" role.
- U2A User: ECMS ENTITY - U2A STANDING FACILITIES EXECUTION - #66
- A2A User: ECMS ENTITY - A2A CASH COLLATERAL AND MAXIMUM CREDIT LINE EXECUTION

CLM MCA: For a successful end-to-end test, an existing main cash account in T2/CLM PreProd/UTEST is required. This must be linked to your collateral pool in ECMS.

Collateral pool: Your Collateral Pool must have sufficient balance for your successful application for MLOR. Furthermore, the pool must be approved for MLOR (set up by Bundesbank).

1. Test Principles

- „Marginal Lending Facility" is the position in ECMS where each utilisation of MLOR is listed.
- ECMS also lists the amount of the **calculated interest rates**.
- When applying for MLOR, Counterparties can select between two settlement options:
1. immediate,
2. to the beginning of the next day, in case there is a credit position due on the next business day. (Offsetting MLOR against due transactions)
- Remark: With the ECMS go live, operational procedure for MLOR will be different from the current one: Marginal lending operations will be settled via central bank CLM-Accounts. The counterparties' accounts held at the Bundesbank, since March 20, 2023, will cease to exist and the settlement of the marginal lending is carried out via an CLM account.
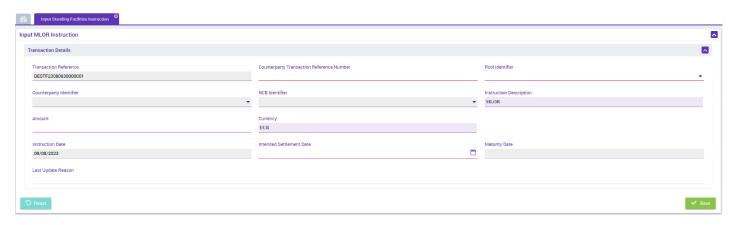
2. Applying for MLOR

Screen tutorial and Monitoring

2. MLOR Setup
2.1 U2A - Instructions

Modul: Collateral and Credit

Collateral and Credit >> Exposure >> Standing Facilities >> **Input Standing Facilities Instruction**

Transaction Reference: is assigned automatically.

Counterparty Transaction Reference Number: unique reference.

Pool Identifier: Pool selection via Dropdown.

Amount: any amount

Intended Settlement Date: ECMS business day on which the MLOR instruction is settled (either on the same day or on the following day, in the case there is already a credit transaction due).

Last Update Reason: filling is optional.

Fields highlighted in grey are filled automatically by ECMS after selecting the Pool Identifier.

Application Header:

```
<AppHdr xmlns="urn:iso:std:iso:20022:tech:xsd:head.001.001.01">
    <Fr>
        <FIId>
            <FinInstnId>
                <BICFI>INSTITUTS-BIC</BICFI>        ◄─────────
                <ClrSysMmbId>
                    <ClrSysId>
                        <Prtry>ECMS</Prtry>
                    </ClrSysId>
                    <MmbId>A2A-USER-REFERENZ</MmbId>  ◄─────
                </ClrSysMmbId>
                <Othr>
                    <Id>MARKDEFFXXX</Id>
                </Othr>
            </FinInstnId>
        </FIId>
    </Fr>
    <To>
        <FIId>
            <FinInstnId>
                <BICFI>TRGTXETTECM</BICFI>
                <Othr>
                    <Id>MARKDEFFXXX</Id>
                </Othr>
            </FinInstnId>
        </FIId>
    </To>
    <BizMsgIdr>202303050002</BizMsgIdr>    ◄─────
    <MsgDefIdr>admi.005.001.01</MsgDefIdr> ◄─────
    <CreDt>2023-05-03T06:41:24Z</CreDt>
</AppHdr>
```

Please check your A2A user in the reference data module.

1. User reference
2. Are the necessary roles assigned?
3. Is the DN* of the signature certificate stored?

*DN: Distinguished Name

<BizMsgIdr> must correspond to an individual one-off value

<MsgDefIdr> corresponds to the value „pacs.009.001.08" for MLOR instructions

```xml
<Document xmlns="urn:iso:std:iso:20022:tech:xsd:pacs.009.001.08">
    <FICdtTrf>
        <GrpHdr>
            <MsgId>NONREF</MsgId>
            <CreDtTm>2023-07-25T11:57:51+02:00</CreDtTm>
            <NbOfTxs>1</NbOfTxs>
            <SttlmInf>
                <SttlmMtd>CLRG</SttlmMtd>
                <ClrSys>
                    <Cd>TGT</Cd>
                </ClrSys>
            </SttlmInf>
        </GrpHdr>
        <CdtTrfTxInf>
            <PmtId>
                <InstrId>TEST20230725666</InstrId>
                <EndToEndId>20230725000666</EndToEndId>
                <UETR>c9a21120-0534-4883-98f2-f0b8e3ea5835</UETR>
            </PmtId>
            <PmtTpInf>
                <LclInstrm>
                    <Prtry>MLOR/INTERNAL POOL ID IHRES POOLS</Prtry>
                </LclInstrm>
            </PmtTpInf>
            <IntrBkSttlmAmt Ccy="EUR">20000</IntrBkSttlmAmt>
            <IntrBkSttlmDt>2023-07-25</IntrBkSttlmDt>
            <InstgAgt>
                <FinInstnId>
                    <BICFI>MARKDEFFCMS</BICFI>
                </FinInstnId>
            </InstgAgt>
            <InstdAgt>
                <FinInstnId>
                    <BICFI>BIC IHRES CLM MCAs</BICFI>
                </FinInstnId>
            </InstdAgt>
            <Dbtr>
                <FinInstnId>
                    <BICFI>MARKDEFFXXX</BICFI>
                </FinInstnId>
            </Dbtr>
            <Cdtr>
                <FinInstnId>
                    <BICFI>IHR BIC IN ECMS</BICFI>
                </FinInstnId>
            </Cdtr>
        </CdtTrfTxInf>
    </FICdtTrf>
</Document>
```

Adjust the mandatory fields.

Information on how to fill in the message area for each common ECMS message type, can also be found in the published catalogue of messages.

[ECMS catalogue of messages and credit claim files (europa.eu)](europa.eu)
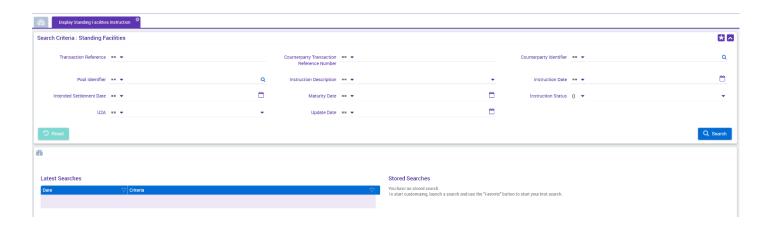
2. MLOR Setup
2.3 U2A/A2A - Monitoring

Modul: Collateral and Credit

Collateral and Credit >> Exposure >> Standing Facilities >> **Display Standing Facilities Instruction**

>> Click on the Search button (if necessary, enter search criteria) >> select the instruction and click on the View button to jump to the details.

2. MLOR Setup
2.3 U2A/A2A - Monitoring

Modul: Collateral and Credit

Collateral and Credit >> Payment And Credit Line Instructions >> **Display Instructions**

In this screen, ECMS lists the payment instructions sent to CLM, resulting from MLOR requests. (Credit disbursement and repayment, payment of credit interest)

>> Click on the Search button (if necessary, enter search criteria) >> select the instruction and click on the View button to jump to the details.