

CCBM OPERATIONAL SPECIFICITIES FOR THE USE OF SLOVENIAN MARKETABLE ASSETS

I. General provisions

1. When establishing collateral on securities issued and settled in KDD - Centralna klirinško depotna družba d.d (hereinafter referred to as KDD) for the purpose of cross border use of collateral through the CCBM model, the originator shall observe the valid KDD Rules and Regulations and the Operational specifics for the use of Slovenian marketable assets as stipulated hereinafter.
2. The originator is a legal entity or natural person, who originates a transaction in the KDD information system or gives a transaction instruction in the KDD information system to its KDD member.
3. Securities issued in KDD may be used as collateral for the Eurosystem claims on cross border basis through the CCBM model if they are deemed eligible as defined in the Resolution on General Rules for Monetary Policy Implementation (Official Gazette of the Republic of Slovenia No. 131/06 and 103/07).
4. When contacting Banka Slovenije its point of access shall be:
 - e-mail: pool@bsi.si
 - fax: ++386 1 2515447
 - telephone: ++386 1 4719205
 - postal address: Banka Slovenije, Banking Operations Department, Slovenska 35, SI-1505 Ljubljana

II. Operational specifics governing the securities transfer

5. The originator and the counterparty whose HCB has chosen to use repo collateralisation technique when using eligible Slovenian securities through CCBM, has to fulfil the following technical requirements in the KDD information system in order to render each CCBM operation valid, binding and enforceable:
 - a) Securities have to be transferred for the CCBM purposes specifically to the securities account of the HCB opened in the KDD by Banka Slovenije.
 - b) The transfer of securities has to be performed according to the KDD Rules and Regulations (available at: <http://www.kdd.si>).
 - c) Securities transferred to the securities account of the HCB opened in KDD have to be free of any other third party rights.
6. Shall the conditions listed in the paragraph 4 be fulfilled, Banka Slovenije considers the transferred securities to the HCB as eligible collateral. If the required conditions are not met the securities are delivered back onto the originator's original account.

III. Operational specifics governing the pledge

7. The originator and the counterparty whose HCB has chosen to use pledge collateralisation technique when using eligible Slovenian securities through CCBM, has to fulfil the following technical requirements in the KDD information system in order to render each CCBM operation valid, binding and enforceable:
 - a) The pledge on securities has to be entered on securities account of the HCB's counterparty or its custodian, opened within KDD (or done via any KDD member).

- b) The HCB in whose favour the pledge is entered has to be stated as the pledgee.
 - c) The chosen pledge technique has to be Maximum pledge.
 - d) The HCB in whose favour the pledge is entered has to be identified with its KDD identification code (KID code).
 - e) The HCB as pledgee has to be indicated as being exclusively entitled to the proceeds.
 - f) The HCB has to be the sole pledgee and the first pledgee on securities. Securities have to be free of any other third party rights.
 - g) A zero amount has to be entered under the claim field.
 - h) The maturity date of pledge transaction has to be left blank.
 - i) The pledge must be performed in accordance with the KDD Rules and Regulations.
 - j) Banka Slovenije has to be stated as the KDD member using its KDD registry membership code.
8. The originator and the counterparty has to accommodate the following restrictions when performing pledge operations:
- a) Transfer of pledged securities between or to other accounts is not permitted after the HCB's counterparty or its custodian (member of the KDD) has entered a valid pledge and before the transaction is completely matched by Banka Slovenije with the appropriate SWIFT messages - MT540 received from HCB.
 - b) The value of marketable assets in MT540 should be equal to the value of securities mobilised within the pledge transaction (i.e. one pledge transaction number) deposited on one account that is opened at a single KDD member.
 - c) When returning collateral, the value of marketable assets stated in the SWIFT message MT542 should not exceed the quantity of the same securities previously delivered (pledged) within one single pledge transaction (i.e. one pledge transaction number) deposited on one account that is opened at a single KDD member.
9. In case the same type of security is pledged twice, separately and consecutively, in favour of a single HCB and all of these securities are held on the same securities account within the same KDD member, Banka Slovenije will apply the FIFO method (first-in, first-out) when returning the collateral. (Appendix 1 – Example of a pledge right deletion).

IV. Concluding provisions

10. On the day these CCBM operational specifics enters into force, the CCBM operational specifics for the use of Slovenian marketable assets from 20 March 2007 shall cease to be valid.
11. These CCBM operational specifics shall enter into force from 1 January 2008.

Ljubljana, 21 December 2007

dr. Marko Kranjec
Governor

Appendix 1: Pledge deletion example

On 1 June 2006 Banka Slovenije receives information from KDD about a pledge with the serial number 55555 in favour of the HCB. Securities are held on HCB counterparty's securities account 12345 managed by KDD member 5C. ISIN of the securities pledged is SI1234567890 and the amount is EUR 50.000.000. The instruction received by the HCB from its counterparty is sent to Banka Slovenije. After performing the necessary checks Banka Slovenije confirms the transaction to the HCB with MT544.

On 20 June 2006 Banka Slovenije receives a second pledge with the serial number 66666 in favour of the same HCB. Securities are deposited on the same securities account 12345 and managed by the same KDD member 5C. ISIN of the securities pledged is again SI1234567890, but the amount differs and is exactly EUR 100.000.000. The transaction is again confirmed by Banka Slovenije through MT544.

Consequently, the HCB receives an instruction to return EUR 40.000.000 of pledged securities from its counterparty. The fields in the MT542 sent by the HCB to Banka Slovenije shall, in accordance with the CCBM User Requirements, be the following:

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:35B:ISIN SI1234567890  
36B::SETT//FAMT/40000000,  
:95R::REAG/KDDS/5CX12345
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Banka Slovenije will delete the pledge entered under serial number 55555 in the amount of EUR 40.000.000 and confirm it with MT546.