

European financial markets: financial collateral arrangements and legal certainty, consequences on the SMEs

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The ECB appreciates that in order to meet the objectives of ensuring an integrated European financial market and supporting the smooth functioning of the single monetary policy in the economic and monetary union, the creation of a uniform minimum legal framework for arrangements set up to limit credit risk in financial transactions through the provision of securities and cash as collateral under both pledge and transfer of title arrangements (including repurchase agreements) is proposed. Moreover, the ECB highly welcomes this initiative as a significant and important effort to further promote the efficient and safe use, both at a domestic level and cross-border level, of financial collateral in order to establish a sound legal framework for payment and security settlement systems as well as for the operations of central banks.