

SPECIAL TERMS AND CONDITIONS

OF THE DEUTSCHE BUNDESBANK FOR SUBMITTING CREDIT CLAIMS AS ELIGIBLE ASSETS IN KEV

KEV Terms and Conditions

(Version: January 2016)

General provisions

1 Substance and function

(1) The following special terms and conditions govern the technical details between the Deutsche Bundesbank (hereinafter “the Bank”) and its monetary policy counterparties (hereinafter “participants”) pursuant to section V No 1 of the General Terms and Conditions of the Deutsche Bundesbank (hereinafter “AGB/BBk”) regarding the submission and administration of credit claims pursuant to section V No 10 of the AGB/BBk; these credit claims are governed by German law and are submitted using the KEV IT application (Credit claims – submission and administration) as collateral for monetary policy operations pursuant to section V of the AGB/BBk. Further technical details regarding the use of KEV can be found in the KEV documentation, which is a component of these special terms and conditions.

(2) The special terms and conditions supplement the latest version of the AGB/BBk. Unless otherwise stipulated in these terms and conditions, the AGB/BBk apply.

(3) Furthermore, when credit claims are submitted as collateral in KEV, the latest version of the following terms and conditions applies.

- The General Terms and Conditions for the Bundesbank ExtraNet (General Terms and Conditions for ExtraNet) including the Bundesbank ExtraNet documentation. These apply to access to KEV via ExtraNet unless otherwise stipulated in these special terms and conditions.
- Special Terms and Conditions for assessing the credit risk of assets that are not published by the ECB in the list of collateral pursuant to section V No 3 (1) of the General Terms and Conditions of the Deutsche Bundesbank (Creditworthiness Conditions).

2 Participation criteria, application to participate

- (1) Applications to participate in KEV are to be submitted by counterparties on a Bank form¹ signed with legally binding effect to the Bank.
- (2) Applications to participate in KEV may also be submitted by foreign credit institutions located in the euro area in order to submit and manage credit claims governed by German law using the Bank as Correspondent Central Bank. In this case, these special terms and conditions and other terms and conditions referred to therein apply analogously as part of the General Terms and Conditions of the Home Central Bank of the foreign participant. For all other issues, the General Terms and Conditions of the Home Central Bank apply.
- (3) Each participant must see to it that the technical requirements specified in the KEV documentation are fulfilled in order to ensure that participation is trouble-free.
- (4) A prior test is required for participation in KEV. The participant and the Bank agree upon the test schedule bilaterally.
- (5) The standard language for participation in the KEV application is German; the language for standard transmitting submission data and return data regarding the administration of credit claims via the KEV application may, at the participant's request, be English.

3 Access routes

- (1) KEV is normally accessed via the Bank's ExtraNet. The General Terms and Conditions for ExtraNet apply unless otherwise stipulated in No 5 of these Special Terms and Conditions. Technical specifications are described in the KEV documentation and the ExtraNet documentation.
- (2) There are two standard channels for accessing KEV via the ExtraNet.
 - (a) In the online procedure, the credit claim data are recorded interactively by staff members of the participant according to the dual control principle on the participant's client and submitted to the Bank for each credit claim.
 - (b) In the file transfer procedure, the credit claim data are compiled by the participant in an XML data format and transferred in bulk to the Bank. The Bank provides the XML template to be applied and a detailed explanation in the KEV documentation (section "File transfer user handbook").

¹ All the necessary forms are available as download from the Deutsche Bundesbank's website (www.bundesbank.de) under "Service → Services for banks and companies → KEV → Customer information → Forms".

(3) The range of functions in KEV that is available to the participant depends on the access channel (online or file transfer procedure) and the selected credit risk assessment systems pursuant to No 5 of the Creditworthiness Conditions.

4 Disruptions in access to KEV

(1) If a participant is not able to access KEV via the ExtraNet or experiences functional disruptions to the ongoing operation of KEV, the backup guidelines are to be followed. The participant must inform the Bank immediately by telephone (phone +49 69 2388 1470).

(2) As a backup procedure, it can be agreed that the participant shall fax submissions, updates and returns of credit claims, as well as updates of credit risk assessments with the relevant backup form to the Bank (fax +49 69 2388 1460), until the disruption has been repaired. The participant must inform the Bank immediately when the disruption comes to an end.

(3) Participants in the file transfer procedure are to use the online procedure as a backup in the event of functional disruptions to file transfer. For the rest, subsection (2) applies.

5 Access to KEV via the ExtraNet

(1) The Bank carries out those measures described in the General Terms and Conditions for ExtraNet (section 2 “User security measures”) to guard against unauthorised access and for identifying the participant; the Bank has no further commitment. The participant shall be held responsible for the consequences of unauthorised data transmission. Further details may be found under item 2 of the General Terms and Conditions for ExtraNet.

(2) By derogation from item 3 (3) indent 2 of the General Terms and Conditions for ExtraNet, the participant in the KEV procedure is not permitted to assign the user IDs and passwords assigned to him or her pursuant to item 2 (1) of the General Terms and Conditions for ExtraNet to multiple authorised employees as a group (functional user). All provisions in the General Terms and Conditions for ExtraNet relating only to functional users are therefore null and void.

(3) If the participant has assigned a user ID and password to a staff member and this staff member leaves his or her employment or is no longer active in the KEV unit, the participant shall, according to item 3 (6) indent 1 of the General Terms and Conditions for ExtraNet, always delete the staff member’s authorisation immediately as described in the ExtraNet documentation and, if required, apply for new authorisation. Item 3 (6) indent 2 of the General Terms and Conditions for ExtraNet does not apply.

(4) By derogation from the specifications in chapter 3.3 of the ExtraNet documentation, the participant is not permitted to change the first name and/or last name of an authorised staff member. The user ID and/or password assigned to a staff member may not be transferred to another staff member.

(5) The participant shall be held liable for all legally significant acts which entail the use of the security features pursuant to item 2 (1) of the General Terms and Conditions for ExtraNet.

(6) The participant is liable for any damages arising from non-compliance of the participant or his or her staff members with these Terms and Conditions and other applicable rules.

(7) The aforementioned rules which deviate from the General Terms and Conditions for ExtraNet are integrated into the application for assignment of a user ID for ExtraNet in combination with roles for the KEV system (application for initial registration) and into the application for assignment of roles for the KEV system to an user with already existing user ID for ExtraNet (application for secondary registration). They are to be accepted by signing with legally binding effect the printout of the registration form that has to be sent to the Bank.

(8) The participant shall assign the KEV role “user manager” at least to one staff member. Periodically, the user manager(s) of each participant keeping a collateral account with the Bank are invited via e-mail to verify all KEV authorisations assigned to the participant’s staff members.

6 Operating and submission hours

(1) KEV is available to all participants from 8.00 to 18.00 Frankfurt local time on each TARGET2 business day.

(2) Submissions, updates and returns of credit claims, as well as updates of credit risk assessments received in KEV by 11.00 are processed on the same day. Orders received after 11.00 are processed on the next business day at the latest. The precondition for this is that all mandatory information for assessing the eligibility of the credit claim is available to the Bank.

(3) If processing is not completed within the time frame specified in section 1 for good cause, the Bank will inform the participant of this separately. The Bank is under no further obligations.

7 Fees and costs

(1) The Bank does not levy any fees for collateralisation through credit claims in KEV. If credit claims are used on a cross border basis, the exceptions pursuant to section V No 13 (4) of the AGB/BBK apply.

(2) The participant must cover his or her own costs. This also applies to possible implementation routines between his or her internal data base and the XML data record for the use of the file transfer procedure.

8 Submission and administration of credit claims

(1) The credit claim data required in accordance with the KEV documentation are to be recorded online in KEV by the participant according to the dual control principle or to be submitted to the Bank using the file transfer procedure. Credit claims in respect of which a borrower's note has been issued (credit claims against borrowers' notes) and credit claims with joint and several liability have to be marked as such. Upon submission of the credit claim joint and several debtors (if existing) that are liable for the whole credit claim in addition to the debtor are to be identified as "joint and several debtors" under specification of their debtor ID. Where IRB and RT rating systems are used, the Bank is to be provided with the current credit assessment of the debtor or guarantor. Incomplete information results in rejections.

If the participant does not know the debtor ID of a joint and several debtor, the participant must ask the Bank for it prior to the submission of the respective claim. The request has to be send via e-mail to kev@bundesbank.de; it has to contain detailed information on the full company name and the registered business address of the joint and several debtor. The Bank will inform the participant about the assigned debtor IDs via answering e-mail.

(2) The value date can differ from the submission date of a credit claim; if the value date is in the future, the credit claim can be booked in the participant's stock of credit claims but may not be recognised as collateral until the value date.

(3) Any change to credit claim data must be recorded immediately in KEV; this includes a change in the nominal amount (in particular, redemptions and partial redemptions), in the maturity date and the type of interest payment or in the credit assessment of the debtor or guarantor when using IRB or RT rating systems.

(4) If a credit claim is completely booked out, the participant has to distinguish between an update and a return.

(a) An update is to be carried out when a credit claim is fully cancelled or fully repaid.

(b) A credit claim is to be returned if an existing credit claim assigned as collateral is to be released pursuant to section V No 11 (6) of the AGB/BBk.

(5) Credit claims which the Bank no longer regards suitable pursuant to section V No 3 (3) of the AGB/BBk will be sent back to the participants by the Bank. These are identified as returns.

(6) If a credit claim is taken back or returned, it is only booked out if this does not lead to undercollateralisation of the participant at the Bank.

Final provisions

9 Amendments to the KEV terms and conditions

Amendments to these Special Terms and Conditions shall be announced to participants in circulars. Unless other arrangements are agreed in specific cases, they shall be deemed to be agreed one month after the sending of the circular. The circular may also be sent electronically.

10 Non-compliance with the KEV terms and conditions

Any detrimental consequences resulting from a participant's failure to comply with these Special Terms and Conditions shall be borne by the participant irrespective of whether an objection has been expressly made.

11 Liability

The Bank's liability is covered by the General Terms and Conditions of the Deutsche Bundesbank, section I No 12 et seq, provided the present terms and conditions do not state otherwise. The Bank's liability regarding access to KEV via the ExtraNet is covered by item 8 of the General Terms and Conditions for ExtraNet.

12 Applicable law, place of jurisdiction, partial invalidity

These Terms and Conditions and the legal relationships between the Bank and the KEV participants shall be governed by German law.

The sole place of jurisdiction for disputes arising between the Bank and the participants in connection with participation in KEV shall be Frankfurt am Main.

If a provision laid down in these Special Terms and Conditions is or becomes invalid, this shall be without prejudice to the validity of all other provisions or agreements.