

OUTCOME

SEVENTEENTH MEETING OF THE AMI-SECO HSG'S

COLLATERAL MANAGEMENT HARMONISATION TASK FORCE (CMH-TF)

DATE & TIME	17th June 2020 – 10:00 to 12:00 and 14:00 to 16:30 CET
------------------------	--

1. Introduction

CMH-TF members are invited to take note of the agenda and the outcome of the previous meeting. Members will also be informed that a reply letter was received from SWIFT on the AMI-SeCo's agreement for moving European financial markets to ISO 20022 messaging for Triparty Collateral Management, Corporate Actions and Billing Processes.

Documents: [Outcome of the sixteenth meeting of the AMI-SeCo HSG CMH TF.](#)

[Reply letter received from SWIFT on the AMI-SeCo's agreement for moving European financial markets to ISO 20022 messaging for Triparty Collateral Management, Corporate Actions and Billing Processes.](#)

Outcome

- CMH-TF members took note of the *Reply letter received from SWIFT on the AMI-SeCo's agreement for moving European financial markets to ISO 20022 messaging for Triparty Collateral Management, Corporate Actions and Billing Processes*. In the letter, SWIFT explained that the International Securities Services Association (ISSA) will issue a survey. In the survey, AMI-SeCo's request towards SWIFT and its community will be considered, in particular AMI-SeCo's request to (i) discontinue maintenance of ISO 15022 for Triparty Collateral Management, Corporate Actions and Billing Processes by November 2025 and (ii) end co-existence of ISO 15022 and ISO 20022 in these business areas by November 2028.

Follow-up

- CMH-TF members (and industry associations such as ICMA/ISLA) are invited to contribute to ISSA's survey.

2. Overview report on the Adaptation Plans for the AMI-SeCo Standards

The overview report shows the latest status on the Adaptation Plans, which were prepared in the majority of AMI-SeCo markets for adaptations related to: (i) AMI-SeCo Standards for Triparty Collateral Management, (ii) AMI-SeCo Standards for Corporate Actions and (iii) AMI-SeCo Standards for Billing Processes. The overview report also provides an assessment of the Adaptation Plans (with the assignment of a colour-code status in accordance with the methodology defined by AMI-SeCo). Adaptation Plans are published on the [ECB website](#).

The CMH TF members are invited to

- *provide comments on the assessment of the Adaptation Plans.*

Documents: Adaptation Plans for the AMI-SeCo Standards (Draft June 2020).

[Presentation on Adaptation Plans](#)

Outcome

- CMH-TF members welcomed the progress made on the Adaptation Plans. The majority of AMI-SeCo markets have provided Adaptation Plans, each of which have expressed strong support and commitment to implement the AMI-SeCo Standards.
- On Triparty Collateral Management, most TPAs confirm the implementation deadline by November 2022. Further confirmation is needed from some TPAs on when to implement the ISO 20022 messaging standard after internal reorganisation (Euroclear and SIX SIS).
- On Corporate Actions and Billing Processes, substantial progress has been made. However, no Plans were received from CSDs in CZ, DK, PL, RO, SE and UK.

Follow-up

- Action is needed to reach out to markets with no Plan (CZ, DK, PL, RO, SE and UK) by CMH-TF members, the Eurosystem and industry associations (such as ICMA/ISLA).
- TPAs are invited to provide clarifications on their Plans for Corporate Actions and Billing Processes, i.e. that the information provided by a CSD is also applicable for the TPA (when the CSD also acts as a TPA). Chair of the CMH-TF Expert Group on Triparty Collateral Management is invited to report back to the CMH-TF.

3. SCoREBOARD – First Compliance and Progress Report

The SCoREBOARD report assesses the compliance of CSDs, TPAs, Custodians and issuers (issuer agents) with three sets of standards, i.e.: (i) AMI-SeCo Standards for Triparty Collateral management, (ii) AMI-SeCo Standards for Corporate Actions and (iii) AMI-SeCo Standards for Billing Processes. The SCoREBOARD also follows the progress in defining additional standards.

The CMH TF members are invited to

- *provide comments on the SCoREBOARD.*

Documents: SCoREBOARD – First Compliance and Progress Report (Draft June 2020).

[Presentation on SCoREBOARD](#)

Outcome

- CMH-TF members took note of the status and good progress made towards compliance with most Standards and agreed with the follow-up actions in the SCoREBOARD report. Some markets require attention with low or no participation (CZ, IE, PL, RO, and UK).

Follow-up

- On the basis of the SCoREBOARD report, the CMH-TF should start a reflection on how to deal with the overall impact if some markets were not able to meet the compliance deadlines.
- The ECB CMH-TF secretariat will provide further suggestions to coordinate/align the level of participation of custodians across the different markets, to enhance the education on the Standards and to further the engagement with issuers.
- Further considerations should also be made in the next survey round to obtain a more granular level of information on specific topics (e.g. the Eurobond market and the Investor CSD perspective).

4. CMH-TF Expert Groups on Collateral Management Harmonisation

3.1. Triparty Collateral Management Expert Group

The Expert Group will debrief on its ongoing work. There will be an update on progress towards defining the related ISO 20022 messaging and the overall timeline for finalisation.

The CMH TF members are invited to provide direction to the work

Documents: [Presentation of the Triparty Collateral Management Expert Group](#)

Outcome

- The Expert Group is developing guidance on the SCoRE Standards for Triparty Collateral Management. The CMH-TF took note of the ongoing discussions related to cancellation of pending instructions. The CMH-TF agreed with the guidance for reporting of cash balances (intended versus unintended), reference data (on individual pricing data) in the message structure and the handling of future dated instructions. A list of frequently asked questions (FAQs) is being prepared. The triparty ISO 20022 messages are on track.

Follow up

- The SCoRE Standards for Triparty Collateral Management should be updated end-Q3 2020 (including the triparty ISO 20022 messages and Expert Group guidance).
- The governance arrangements for adoption of the triparty ISO 20022 messages should be presented to the CMH-TF.

3.2. Bilateral Collateral Management Expert Group

The Expert Group will debrief on its workplan and focus of the work covering SFT and mobility of collateral across CSDs in T2S.

The CMH TF members are invited to provide direction of the work

Documents: [Presentation of the Bilateral Collateral Management Expert Group](#)

Outcome

- The CMH-TF agreed with the direction on the guidance on usage of Settlement Transaction Type codes and the questions for CSDs on their current usage.

Follow-up

- Questions on the current usage of Settlement Transaction Types codes will be send to CSDs (ECSDA). Afterwards, the guidance note on usage of Settlement Transaction Type codes will be sent to the CMH-TF for comments.

3.3. Asset Servicing Expert Group

The Expert Group will debrief on its work, in particular related to guidance to industry stakeholders on the implementation of the already agreed Standards and the applicability of the AMI-SeCo Standards on Corporate Actions (CA) for debt instruments to other instruments.

The CMH TF members are invited to provide direction of the work

Documents: [Presentation of the Asset Servicing Expert Group](#)

Outcome

- The CMH-TF agreed with the general direction of the work, i.e. the analysis on the applicability of the CA Standards to other asset classes, the FAQs, the analysis on the feedback from NSGs on the guidance for Standard 6 (Business Day Rule) and the development of guidance for Standard 8 (Payment time).
- A dedicated FAQ spreadsheet on Billing Processes will be maintained to provide common guidance for implementation in response to questions from AMI-SeCo stakeholders.

Follow-up

- CMH-TF should reach out to additional experts on Billing Processes (including via industry associations) to ensure a wide coverage of topics.

3.4. Taxation Processes

The Expert Group will debrief on its work, related to harmonised tax collection and reclaim processes. The focus is on harmonisation of processes and practices.

CMH TF members are invited to provide direction of the work

Outcome

- Members took note of the discussions in the Expert Group related to the objective of the work, as well as the work strategy previously agreed by TPEG, which consisted of collecting data on operational processes and data elements on tax processes (that would form the basis for outlining harmonisation proposals with the aim of making operational processes and tax data exchange more efficient). It was pointed out that different operational processes in each market are often a direct consequence of national tax laws (and steps need to be taken on the side of the European national tax authorities).

Follow-up

- Consider if CMU could provide an opportunity to improve current practices.

5. Updates on ongoing developments

CMH-TF members are invited to debrief on ongoing developments (e.g. the ECMS project, industry work, etc.). CMH-TF members are invited to raise any additional points and report on developments which could be of interest to all members.

Outcome

- The CMH-TF took note of that the ECMS project is on track.
- Following an AMI-Pay/SeCo survey on the impact of COVID 19 with the European financial community, the Market Infrastructure Board (MIB) is reviewing the timeline of the T2-T2S consolidation project.

6. AOB

The CMH TF members are invited to raise any additional points for exchange of views.

No other developments announced.