

OUTCOME

Sixth meeting of the AMI-SeCo HSG's Collateral Management Harmonisation Task Force (CMH-TF)

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| DATE & TIME | 22 February 2018 - 14:00 to 16:00 CET (CONFERENCE CALL) |
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1. Introduction

CMH-TF members approved the agenda. CMH-TF members were informed that the implementation phase of the Eurosystem Collateral Management System (ECMS) project has started and the Eurosystem is now working on producing user detailed functional specifications (UDFS). It was recalled that according to the CMH-TF 2018 workplan, harmonisation on triparty collateral management and corporate actions should be provided by CMH-TF by June 2018 at the latest.

2. Feedback from AMI-Pay and MMCG members on CMH-TF report

CMH-TF members took note of the draft summary of feedback from AMI-Pay and MMCG members on the AMI-SeCo/CMH-TF report ([Report on collateral management harmonisation](#), December 2017), which indicates that they are fully supportive of the proposed 10 collateral management harmonisation activities and share the conclusions of the report and the approach taken. It was underlined that corporate actions should be handled in a harmonised manner and it should (optionally) be allowed to substitute collateral that will be subject to corporate actions. The responses will be considered in the work of the CMH-TF substreams. Subject to AMI-SeCo not objecting to the draft summary, it is envisaged that CMH-TF documentation will also be sent to NSGs for information.

Documents:

- Draft summary for AMI-SeCo on feedback received from AMI-Pay and MMCG members on CMH-TF report [subject to AMI-SeCo approval].

3. Collateral management harmonisation by workstreams – Status update

CMH-TF members took note of the status update of the work (fact finding) that is currently being conducted in the definition of proposals for harmonised business processes and workflows.

On triparty collateral management, work focuses on priority 1 activities. The development of harmonised business processes and workflows has progressed well for most priority 1 activities involving interaction with the Eurosystem. In particular, two pending activities require further input from the Eurosystem (i.e. Compulsory decrease of triparty collateral exposure amount due to deduction of up-coming corporate action event; Handling of a maximum triparty collateral exposure amount). ECB confirmed that the Eurosystem is working on these issues. Interactions with market participants are expected to be largely identical (as with the Eurosystem), but further confirmation is needed on the scope of some of the required processes (i.e. processes above which are pending input from the Eurosystem). Work on priority 2 activities will continue in the coming weeks.

As agreed in the January 2018 CMH-TF meeting, SWIFT will consider the approach for messaging required for the full lifecycle of a triparty transaction and outline and launch the next steps for the reverse engineering of existing triparty messages.

On corporate actions, the ECB reported that it had given detailed information to ECSDA and CASG on the ongoing CMH-TF harmonisation work and had, in light of ECMS project planning, requested ECSDA to urgently provide further review and detail of business processes and workflows to meet the harmonisation needs. ECSDA was also asked to review the existing market standards (CAJWG and SMPG standards) for each collateral management harmonisation activity. In order to get a full view of CSD practices, the survey of workstream 2 will be extended to all ECSDA members. The descriptions of harmonised business processes and workflows per CA event are expected to be circulated in the first half of March 2018. Finally, information on the key attributes of each CA event will also be prepared for review.

On bilateral collateral management, work is continuing on describing bilateral business processes and workflows. Further details in the descriptions will be added (e.g., on central counterparty clearing processes). The involvement in the substream will be widened with experts from industry associations (ISDA) to further review on the initial findings and contribute to the workstream analysis.

Status updates on the other activities (Billing Processes, Cut-Off Times, Collateral Dynamic and Static Data) are planned for the next CMH-TF meeting.

Follow-up:

- On triparty collateral management, an overview table will be provided to CMH-TF members with harmonisation proposals for priority 1 activities, for written feedback [one week]. CMH-TF members are invited to share the proposals within their industry groups and associations (including ICMA, ISLA, etc). SWIFT to outline and launch

reverse engineering of existing ISO 15022 messages.

- On *corporate actions*, CMH-TF will receive ECSDA feedback (when available).
- A breakdown of the next steps will be prepared covering the period until June 2018, based on the input received from various industry groups (ECSDA, SWIFT).

4. Overall progress in view of 2018 planning of CMH-TF

As a regular item, CMH-TF members took note of the overall progress in view of 2018 workplan.

5. AOB

No additional points were raised.