

**ADVISORY GROUP ON MARKET INFRASTRUCTURES  
FOR SECURITIES AND COLLATERAL  
Revised Mandate (DRAFT)**

**1. Preamble and objectives**

Safe and efficient financial market infrastructures are necessary for the reliable transfer of funds and securities, the smooth implementation of monetary policy and financial stability.

In line with the Treaty on the Functioning of the European Union and the Statute of the ESCB<sup>1</sup>, the Eurosystem has a keen interest in the prudent design and management of financial market infrastructures operating in the single currency. The Eurosystem provides financial market infrastructures for payment and securities settlement, engages in discussions with market stakeholders to facilitate the further integration of financial markets in Europe and oversees financial market infrastructures and payment instruments.

The Advisory Group on Market Infrastructures for Securities and Collateral (hereinafter referred to as the AMI-SeCo) shall assist the Eurosystem in the pursuit of the above interests, facilitating an active dialogue with market participants and financial market infrastructures, with a view to fostering financial market integration in the field of securities clearing and settlement and collateral management, and to providing advice on market infrastructures managed by the Eurosystem, namely the TARGET Services<sup>2</sup>, particularly on TARGET2-Securities (T2S), Eurosystem Collateral Management System (ECMS) and related matters. The AMI-SeCo mandate, as approved by the Governing Council, sets out the functioning and direction of the work of AMI-SeCo.

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<sup>1</sup> Protocol (No 4) on the Statute of the European System of Central Banks and of the European Central Bank ([http://data.europa.eu/eli/treaty/tfeu\\_2016/pro\\_4/oj](http://data.europa.eu/eli/treaty/tfeu_2016/pro_4/oj)).

<sup>2</sup> <https://www.ecb.europa.eu/paym/target/html/index.en.html>

## 2. Responsibilities and tasks

### **Fostering harmonisation and European financial market integration**

The AMI-SeCo provides the forum for exchanging information between the Eurosystem and financial market stakeholders and shall discuss matters related to the integration of securities and collateral management infrastructures, as well as post-trade services and corporate events. The AMI-SeCo shall strive to promote financial market harmonisation by committing to the adoption of AMI-SeCo established common rules, procedures, and standards at pan-European level in these fields. The AMI-SeCo shall endeavour to cover also markets beyond the euro area, i.e., the European Economic Area countries and the United Kingdom and Switzerland.

It shall also provide advice to the Eurosystem on developments in securities clearing and settlement and collateral management, together with corporate events related to these fields, and their potential impact on Eurosystem TARGET Services, in particular T2S and ECMS, as well as facilitate an efficient and effective interaction between the Eurosystem and the relevant financial market actors on matters of common concern, with an emphasis on:

- providing advice and a forum for the exchange of views on all market developments relevant for the harmonisation and integration of securities clearing and settlement and collateral management;
- contributing to the harmonisation of market processes in the fields of securities clearing and settlement, and collateral management, as well as corporate events related to these fields, by promoting – where appropriate – single rulebooks and market standards with a view to fostering integrated financial market infrastructures;
- receiving input from National Stakeholder Groups (NSGs), which are to form the link between the national markets and the AMI-SeCo;
- engaging with relevant industry or regulatory bodies, and as needed, communicate key harmonisation and financial market integration policy issues to the relevant EU authorities.

### **Providing advice and resolutions on T2S-related matters**

In its T2S advisory function, the AMI-SeCo shall be responsible for:

- supporting the consistency of the T2S scope defining set of documents, in particular their full compliance with the T2S user requirements document;
- supporting the Eurosystem's review and prioritisation of change requests to the T2S scope defining set of documents, in line with the applicable procedures specified in the Schedules of the Framework Agreement (FA) on "Governance" and "Change and Release Management";
- supporting the Eurosystem in any adjustment to the T2S pricing framework;

- continuing to foster the work on harmonisation in the field of securities settlement related to T2S and supporting T2S implementation efforts in the market;
- advising on decisions to be taken by the Governing Council, the Market Infrastructure Board (MIB), the CSD (central securities depository) Steering Group and the Non-euro Currencies Steering Group which, in the view of the MIB, have implications for T2S users;
- advising on practices and policies that contribute to an effective and cost-efficient implementation of T2S in the post-trading T2S environment;
- advising on operational issues;
- providing advice to the MIB regarding potential derogations requested by candidate (I)CSDs from T2S eligibility criteria;
- providing advice when disputes arise between the Eurosystem and one or more CSDs and/or between the Eurosystem and one or more non-euro area national central banks (NCBs), in line with the dispute resolution procedures in the T2S Framework Agreement (FA) and the Currency Participation Agreement (CPA).

### **3. Compositions**

The AMI-SeCo shall have two compositions, notably one on T2S-related matters (AMI-SeCo T2S composition, assuming the responsibilities of the former T2S Advisory Group, AG) and one on general market integration and harmonisation matters (AMI-SeCo harmonisation composition).

The AMI-SeCo harmonisation composition consists of the members and observers in T2S composition and additional members as set out below. Without prejudice to the provisions in the section 'Provision of advice on T2S matters', the Chairperson may decide to invite those members from the AMI-SeCo harmonisation composition who are not members or observers of the AMI-SeCo T2S composition as observers to discussions on matters related to the provision of advice on T2S.

In order to foster financial market integration and harmonisation at pan-European level, it is essential that the representation of members and observers be balanced and involve all major stakeholder groups and, in terms of geography, cover, directly or indirectly, all markets for which the work of the AMI-SeCo is relevant.

The Chairperson of both AMI-SeCo compositions shall be the Director General in charge of the Directorate General Market Infrastructure and Payments at the European Central Bank (ECB). The ECB shall provide the Secretariat of both AMI-SeCo compositions.

The seniority and commitment of the AMI-SeCo members are of core importance for it to be an efficient and effective advisory body. Members shall be expected to actively contribute to the

work of the AMI-SeCo, and their employers shall ensure that they have sufficient time to be actively involved in the AMI-SeCo's work. The Chairperson may reconsider the membership of members who do not actively contribute and/or participate in three consecutive meetings. The aim is for the AMI-SeCo members to be active discussion partners for the Eurosystem and to encompass a wide range of stakeholders and regions at European level.

Members and observers shall be nominated by their institution and appointed by the Chairperson. The Chairperson shall have the possibility to invite entities not listed below to attend the AMI-SeCo meetings on specific matters on an ad hoc basis as observers.

### **Members in the AMI-SeCo T2S composition:**

#### Users (market participants/T2S users):

- Up to 24 senior executive managers representing banks active in the European Union in their role as T2S users. They shall cover the various interests of market participants in securities clearing and settlement, and collateral management. The aim is for the AMI-SeCo to be broadly representative, meaning that its members shall include small, medium, and large institutions and markets, reflecting the various types of service provided to/requested by users.

#### Financial market infrastructures (CSDs and CCPs):

- Up to eight members of the CSDs and up to four central counterparties (CCPs), which are also T2S users.

#### NCBs:

- Senior managers representing the Deutsche Bundesbank, the Banco de España, the Banque de France, the Banca d'Italia and eight other euro area NCBs on a rotating basis<sup>3</sup>. In exceptional cases, other euro area NCBs may participate in meetings upon their specific request and with the Chairperson's consent. Non-euro area central banks that have signed the CPA shall be eligible to participate from the date of the signature of the CPA.

#### Observers in the AMI-SeCo T2S composition:

- European Securities and Markets Authority (ESMA);
- European Commission;
- Eurosystem oversight function;
- One representative of the central banks forming the 4CB.

### **Members in the AMI-SeCo harmonisation composition:**

- All members and observers of the AMI-SeCo in its T2S composition;

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<sup>3</sup> Based on expressions of interest.

- Representatives of relevant pan-European and global associations or communities of banks (including also cooperative and savings banks), CSDs, CCPs, stock exchanges / trading infrastructures, buy-side institutions (e.g., fund managers) and issuers;
- Representatives of markets covered by AMI-SeCo's harmonisation and integration discussions that are not represented in the AMI-SeCo T2S composition;
- In case not already represented in either the AMI-SeCo's T2S composition and/or the AMI-SeCo's Harmonisation composition, the Chairperson(s) of the respective substructures of the AMI-SeCo.

#### **4. Provision of advice**

The AMI-SeCo shall provide advice to the MIB or the MIPC, depending on the issue at stake and in line with the respective mandates. Upon request, the AMI-SeCo in its T2S composition may also advise the CSD Steering Group or the Non-euro Currencies Steering Group on T2S-related issues. In relation to its T2S advisory function, the AMI-SeCo in its T2S composition may, in exceptional cases, provide advice on T2S issues directly to the ECB's Governing Council, if it considers that the General Principles of T2S or other core elements of T2S are at risk.

##### **Provision of advice on T2S matters**

The AMI-SeCo in its T2S composition shall provide advice to the MIB or any other T2S governance body concerning the T2S matters outlined above in "Responsibilities and tasks" and shall adopt resolutions on the organisation of the AMI-SeCo's work or the work of its sub-groups (if any) in relation to T2S matters. For T2S matters, members in the AMI-SeCo's T2S composition shall be entitled to take part in the AMI-SeCo's provision of advice or resolutions. The AMI-SeCo's advice relating to T2S shall be submitted directly to the MIB, the CSD Steering Group or the Non-euro Currencies Steering Group as appropriate.

Any member of the AMI-SeCo in its T2S composition may propose a resolution or advice on T2S matters and may initiate a change request in line with the procedure in the Schedule on "Change and Release Management" that is part of the T2S Framework Agreement. The Chairperson may decide that the proposed resolution or advice needs first to be analysed by a sub-structure, i.e., a technical sub-group or a task force.

If consensus cannot be reached on the provision of advice on T2S matters, the Chairperson may decide to hold a vote. In such cases, advice or resolutions on T2S matters shall be adopted in accordance with the following voting rules.

- Advice or resolutions on T2S matters shall be adopted by consensus, or, if consensus cannot be reached, by simple majority of the members of the AMI-SeCo in its T2S composition.
- The AMI-SeCo shall consist of three separate groups of members in its T2S composition: T2S users (encompassing banks and CCPs), CSDs and NCBs. Each of these three groups shall have one-third of the votes. The votes on T2S matters shall be distributed based on the number of members in each group, i.e., each T2S user would have 1/28, each CSD 1/8, and each NCB 1/12 of a vote. In the event of a tied vote, the Chairperson shall have the casting vote.
- Advice or resolutions on T2S matters may also be adopted by written procedure, unless one-quarter of members with a right to vote object. A written procedure shall require:
  - normally no fewer than three working days for consideration by every member;
  - a record of any such procedure in the conclusions of the subsequent AMI-SeCo meeting.

Advice and/or resolutions are to be sent to the MIB and/or MIPC as appropriate. For T2S matters, the AMI-SeCo in its T2S composition may transmit its advice and/or resolutions directly to the Governing Council, if at least two-thirds of the user members consider that the General Principles of T2S or other core elements of T2S are at risk.

## **5. Working procedures**

The AMI-SeCo shall work in an open and transparent manner. Without prejudice to Section 4, the AMI-SeCo's decisions / resolutions or advice shall be adopted by way of consensus as defined by the International Organisation for Standardisation (ISO)<sup>4</sup>. It is the responsibility of the Chairperson to ensure an open and transparent discussion, and ultimately to determine if a consensus has been reached.

Documentation shall be published on the ECB's website to allow market participants not represented in the AMI-SeCo to follow the relevant discussions. The AMI-SeCo shall liaise with National Stakeholder Groups (NSGs) in order to form a link to activities pursued in national user communities. The MIB and the MIPC may provide guidance to the AMI-SeCo, either on their own initiative or upon request.

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<sup>4</sup> ISO defines consensus as "general agreement, characterised by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments. Consensus need not imply unanimity" (*ISO/IEC Guide 2:2004 Standardization and related activities – General vocabulary*)

**Sub-structures**

The AMI-SeCo may establish substructures to support its work if it considers it to be necessary. Substructures carry out the technical work and prepare the discussions in the AMI-SeCo's respective composition. Discussions in the respective AMI-SeCo composition should focus on strategic matters. Substructures should be composed of experts in the relevant field who contribute to the work. The number of observers in substructures should be limited. The AMI-SeCo shall coordinate the establishment of substructures with the MIB and/or MIPC in order to properly involve all relevant governance bodies and to avoid duplication of sub-structures on similar topics.

**Meetings**

As a rule, the AMI-SeCo shall meet at least twice a year. Ad hoc meetings may be organised where necessary, at the discretion of the Chairperson. The AMI-SeCo shall aim to meet with the Advisory Group on Payments (AMI-Pay) once a year to discuss topics of common interest.

In principle, meetings shall take place via teleconference or at the ECB's premises in Frankfurt am Main. Meeting dates shall be set and communicated to members and observers sufficiently in advance. The meeting documentation shall be distributed to members and observers at least five working days, and the agenda at least ten working days, before the meetings. In addition, the Chairperson may invite the AMI-SeCo to provide its advice by other means, including by way of written procedure.

The working language shall be English. Members and observers, in the AMI-SeCo T2S composition as well as in the AMI-SeCo harmonisation composition, shall participate in the meetings on a personal basis.