



EUROPEAN CENTRAL BANK

EUROSYSTEM

Substream 5: Collateral Dynamic and Static Data

Status Update

CMH-TF 20 September 2017

Objectives of the Substream

“Regarding collateral dynamic and static data, further analysis is needed on what data is needed, the source of the data (CSD/vendor) and how data is sent (message). Industry initiatives (AFME) should be taken into account. As the data is an attribute of the security used as collateral, this item may also be of relevance to other activities. There may also be different local interpretations on data requirements and thus a common definition of each data element is needed.”

Static Data - Initial Considerations

- The workstream focuses on the detection of potential for harmonisation of the handling of data elements used for Collateral Management.
- Therefore, it is necessary to first identify data elements relevant for Collateral Management and agree on a common definition and purpose.
- Then, the efficient management of the necessary information as well as the data exchange shall be subject to analysis, ensuring an harmonised way of handling relevant aspects of collateral data management
- Since the activities of the workstream are closely related to other business process, the progress made in the other workstreams shall be carefully monitored in order to detect any synergies.

Prioritisation of Harmonisation Activities

CMHA 9 Collateral data	CMHA 10 SSI/static data	CMHA 11 places of settlement	CMHA 12 data exchange
HIGH	LOW	LOW	MEDIUM

Progress to Date

- Listing of common **data elements** of a security used by all market participants.
- Overlap to the work of other workstreams is avoided by focusing on elements which are mainly used for collateral management.
- Analysis on their attributes including a **common definition** as well as description and **purpose** for which the information is used.
- Description of the **original source** of the data and **workflow** for the exchange of data

Example of approach to analysis

Data Element	Description/Definition	Purpose	Source	Differences between cross border and domestic
Quotation Type (FAMT / UNIT)		Required for the valuation of collateral (also for CA events), required for (de)mobilisation of collateral	Issuer to inform upon issuance or Issuer CSD	Within some countries, bonds may be traded in UNITS or FAMT Italy: Bonds FAMT Shares: UNITS
UNIT Size information for assets where quantity is expressed as UNIT	determines the quantity of one unit of a bond	Required for (de)mobilisation of collateral, valuation of collateral, CA events	Issuer or Issuer CSD	
Minimum deliverable amount	Minimum amount to be instructed for a single Settlement instruction	Required for (de)mobilisation of collateral	Issuer Agent	Feedback from MT: Minimum denomination amount is the info available in MT system
Pool Factor	Partial repayment without reduction of nominal amount	Required for the valuation of collateral (also for CA events)	Calculation Agent & Paying Agent	
Index Factor		Required for the valuation of collateral (also for CA events)	Calculation Agent & Paying Agent	
ISIN	Securities Identification Number	Required for the unique identification of securities	Account Numbering Agency → CSD	Can be a CSD or a dedicated entity
Place of issuance	Issuer CSD, where is the global note located	Required for (de)mobilisation of collateral	Issuer CSD	Distinction for Eurobonds to be looked at www.ecb.europa.eu

Example of data element

Pool Factor Data Source

- The issuer appoints a calculating agent when issuing the security, this agent is documented in the prospectus of the security.
- This role is distinct from the paying agent, though in practice often performed by the same firm.
- The calculating agent forwards this information to the depositary of the security, which will in turn include it in its Corporate Action notification messages.

Next Steps – Static Data

- **Complete** the list of Collateral Management **data elements** including the analysis on their definition, purpose, source
- Assessment of potential and need for **harmonisation** of practices regarding the elements and their attributes as well as identification of eventual **barriers**
- **Further analysis** on key collateral data elements, their handling and storage, as well as their exchange via interfaces