

Outcome

SIXTEENTH MEETING OF THE AMI-SECO HSG'S

COLLATERAL MANAGEMENT HARMONISATION TASK FORCE (CMH-TF)

DATE & TIME	12 March 2020 – 10:00 to 12:00 CET (via webex/conference call)
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1. Introduction

Meetings are organised via webex/conference calls until further notice.

2. Overview of Adaptation Plans for the AMI-SeCo Standards

Adaptation Plans have been prepared in the majority of AMI-SeCo markets by (I)CSDs and Triparty Agents (TPAs) and have been endorsed by NSGs for:

- (iii) AMI-SeCo Standards for Triparty Collateral management,
- (ii) AMI-SeCo Standards for Corporate Actions and
- (iii) AMI-SeCo Standards for Billing Processes.

The status overview shows a strong support and commitment to the implementation of the AMI-SeCo Standards. Adaptation Plans are published on the [ECB website](#).

The CMH TF members are invited to

- *provide comments on the overview of the Adaptation Plans received.*
- *agree to launch the next step, i.e. start the detailed assessment of each Plan and assign a colour-code status in accordance with the methodology defined by AMI-SeCo.*

Documents: [Presentation Overview of Adaptation Plans for the AMI-SeCo Standards](#)
[Draft Overview of Adaptation Plans for the AMI-SeCo Standards \(February 2020\)](#)

Discussion summary:

- The CMH Secretariat presented the status of the Adaptation Plans. In total, CSDs and TPAs were asked to prepare 100 Adaptation Plans (in The NSGs in EU, UK and Switzerland). Overall takeaway:
 - In the euro area, CSDs are committed to adopt CA and Billing Standards by

November 2022 and the majority of plans are provided. Some CSDs have not yet submitted plans: ATHEXCSD (GR), ID2S (FR) and Malta Stock Exchange (MT/ for billing).

- Many non-euro area CSDs have already submitted or will soon submit Plans. Plans are not provided for markets in CZ, DK, PL, RO, SE and UK.
- Some plans require further updates. In particular, information on (interim) implementation milestones is sometimes missing and the confirmation of the deadline of November 2022 is sometimes lacking.
- CSDs and TPAs should confirm the following key milestones for the implementation of the AMI-SeCo Standards:
 - April 2020: Analysis should have started;
 - Nov 2020: Analysis should be complete/ Adaptation should have started;
 - May 2021: Internal Testing should have started (i.e. pilot testing with SWIFT to verify/confirm the messaging)/ User Communication should have started;
 - Nov 2021: Adaptation should be complete / User Testing should have started (i.e. a close user group should start testing);
 - May 2022: User Testing should be in progress (i.e. testing window should be planned to cover a wider user group)/ User Communication in more detail;
 - Nov 2022: Standards should be implemented.
- It should be understood that confirmation of these milestones is subject to the fact that there may be challenges/changes/delays, which will then have to be addressed. Deviations should be documented (through the monitoring process) also in view of Investor CSDs being impacted (by the Issuer CSDs through CSD links).
- The monitoring surveys are issued twice per year and are scheduled to allow submission of the monitoring reports to the respective AMI-SeCo meetings in H1 and H2 of each year.

Follow up

- CMH-TF is invited to provide feedback on the status report (i.e. not provided in call) to CMH Secretariat by 20 March 2020.
- All CSDs/TPAs should confirm milestones in the (updated) Adaptation Plans by 5 May 2020. If milestones cannot yet be confirmed by early May, a time indication should be given by when they can be confirmed.
- In the next CMH TF meeting (date to be confirmed), there will be a discussion on the case if the CSDs/TPAs cannot commit to the milestones for the implementation of the AMI-SeCo Standards.

3. 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 ISO 20022 messaging.

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

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

Discussion summary:

- The Chair of the CMH-TF Triparty Collateral Management Expert Group (TCM EG) gave a presentation on the status of the work (addressing questions related to the implementation of the AMI-SeCo Standards for Triparty Collateral Management, the ongoing development of the ISO 20022 messaging format and associated messaging guidelines).

Follow-up

- The work on the ISO 20022 triparty messages should be completed asap (for scenarios involving commercial bank activities). The draft reference data messaging should be validated by TPAs. The CMH-TF discussions of end-2019 on the impact on TPAs of the amendments under AIFMD / UCITS should be summarised. An additional interaction (e.g. workshops) of TPAs and ECMS NCB Project Managers is to be considered.

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 to the work

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

Discussion summary:

- The co-Chairs of the CMH-TF Bilateral Collateral Management Expert Group (BCM EG) gave a presentation on the work related to guidance on transaction types in settlement instructions (including analysing improvements that could be achieved by using transaction types and aspects that should be better explained to promote their use).

Follow-up:

- The BCM EG should continue its analysis to determine guidance/market practices on the use of transaction types in settlement instructions. The BCM EG should prepare a survey to collect information from CSDs on current usage of transaction types. The BCM EG should involve a wide range of stakeholders in its analysis (including ICMA, ECSDA, SMPG, etc.).

3.3. Asset Servicing Expert Group

The Expert Group will debrief on its work, in particular related to guidance-support to industry stakeholders on the implementation of the already agreed Standards and the applicability of the 15 AMI-SeCo Standards (for debt instruments) to other instruments. There will be an update on ISO 20022 messaging.

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

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

Discussion summary:

- The Chair of the CMH-TF Asset Servicing (AS EG) gave a presentation on the status of the work. Regarding Standard 6 (Business day rule), the CMH-TF agreed with the AS EG's proposed guidance for common implementation for existing securities and to submit it to NSGs and industry groups. Regarding Standard 5 (Negative cash flows), the CMH-TF took note of the foreseen adaptations in the Danish NSG and agreed with the AS EG's proposed guidance to the Danish NSG i.e. the CSD should send a notifications/confirmations using the event code INTR (Interest Payment) only. The work on the applicability of CA Standards beyond debt instruments is ongoing and will be presented in the next CMH-TF. Members of the CMH-TF welcomed the progress made, which should maintain close liaison with industry groups.

Follow-up:

- Regarding Standard 6 (Business day rule), the NSGs and industry groups will be consulted on the guidance for common implementation.
- Regarding Standard 5 (Negative cash flows), Danish NSG is invited to provide more details about the redesigned model in Denmark.

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

Documents: [Presentation of the Taxation Processes Expert Group](#)

Discussion summary:

- The Chair of the CMH-TF Taxation Processes Expert Group (TPEG) gave a presentation on the status of the work, including the planned approach and next steps, as agreed by the TPEG members in the last TPEG conference call (3 March 2020).
- In general, the TPEG analysis will be based on the information collected in August 2019 (from the CMH-TF's survey sent to NSGs), which will be supplemented/corrected by TPEG

members for this purpose. Once the analysis is completed by the TPEG, the entire data set will also be presented to the CMH-TF and AMI SeCo. The details of the TPEG work plan will be further discussed and confirmed in other conference calls.

- At the same time, further clarifications are needed for the objective(s) of TPEG and ensure total consistency and coordination in relation to the terminology in use.
- It was suggested to prioritise markets with the aim of creating a benchmark.

Follow-up:

- With a view to prioritising markets, the asset usage will be investigated (i.e., mobilisation of assets as Eurosystem collateral). In the same vein, TPAs in the TCM EG will provide similar data from a broad market perspective. Feedback from TPA's point of view would also help prioritise AMI SeCo's markets.

4. AOB

- Documents: [Outcome of the fifteenth meeting of the AMI-SeCo HSG CMH TF.](#)
[Letter from AMI-SeCo Chair to 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.](#)