

**ADVISORY GROUP ON MARKET INFRASTRUCTURES FOR SECURITIES AND
COLLATERAL (AMI-SECo)
THE CHAIR**

Chairs of the National Stakeholders Groups (NSGs)

06 November 2018

Contact person: Benjamin Hanssens

Ext.: 6829

E-mail: benjamin.hanssens@ecb.europa.eu

Topic: Invitation to AMI-SeCo NSGs to (i) actively plan for the implementation of the agreed AMI-SeCo Collateral Management Harmonisation agenda and (ii) review their composition to ensure proper implementation monitoring.

Dear Chairs of the National Stakeholder Groups,

Planning the implementation of Collateral Management Harmonisation (CMH) agenda

In December 2017, the AMI-SeCo agreed on its Collateral Management Harmonisation (CMH) agenda¹. In particular, the AMI-SeCo endorsed that harmonised business processes, workflows, data elements and messaging in ISO 20222 in well-identified collateral management areas should form the basis for a “Single Rulebook for collateral management in Europe” (the CMH Standards).

For some of its most critical parts, the AMI-SeCo’s CMH agenda is already entering into the implementation phase. In June 2018, the AMI-SeCo endorsed the collateral management harmonisation report on triparty collateral management² and the report on corporate actions.³ Both reports consist of a set of harmonised business processes, workflows and data elements.⁴ Based on the achieved harmonisation, the AMI-SeCo Collateral Management Harmonisation Task Force (CMH-TF), together with SWIFT, is now working on harmonised ISO 20022 messaging in these areas. In parallel, the AMI-SeCo, through its CMH-TF, is continuing its harmonisation work in the remaining collateral management areas. In addition, the CMH-TF has started to develop a CMH monitoring framework. A priori, it is expected that the CMH monitoring framework will be largely similar to the approach that was applied in the context of implementing T2S harmonisation.

¹ See AMI-SeCo [Report on Collateral Management Harmonisation](#)

² See AMI-SeCo [Report on Triparty Collateral Management](#)

³ See AMI-SeCo [Report on Corporate Actions](#):

⁴ Harmonisation of some less critical elements is still ongoing for CA handling of debt securities. In addition, harmonisation of CA handling for non-debt securities is still to be launched.

The AMI-SeCo shares the view that preparations to implement CMH have to start very soon, so that all relevant stakeholders will be in the position to support the CMH Standards. In particular, launching planning for the implementation of CMH Standards in the areas of triparty collateral management and corporate actions is urgent, as these areas are also most critical for ensuring relevant stakeholders' smooth interaction with the Eurosystem's envisaged Eurosystem Collateral Management System (ECMS). Therefore, the AMI-SeCo invites the National Stakeholders Groups (NSGs) to start developing their concrete implementation plans related to harmonised triparty collateral management and corporate actions, and each NSG is asked to formally express its intent to implement such plan.⁵

Review of NSGs' compositions

A key responsibility of the NSGs will be to ensure that their markets start planning and, in due course, to ensure close monitoring of their markets' implementation of all CMH Standards and to regularly provide information on their markets' readiness and compliance. In the light of the need to start planning now and the NSGs' responsibilities for collateral management harmonisation – a role which already exists (see [NSG mandate](#)) – the AMI-SeCo invites all NSGs to review their compositions and, where not the case yet, include collateral management expertise in their NSG composition.

NSG's Letter of intent

In my capacity of chair of the AMI-SeCo, I invite the Chair of each NSG (acting on behalf of the respective NSG members) to send a Letter of Intent to the AMI-SeCo Chair (AMI-SeCo@ecb.europa.eu). In particular, such Letter of Intent should confirm the NSG's intention to:

1. immediately start the planning and preparations in the respective markets to implement the achieved harmonisation in the areas of triparty collateral management and corporate action handling;
2. implement the CMH Standards to be agreed by the AMI-SeCo and prepare in due time a detailed NSG implementation plan;
3. review the NSG composition and consider how to best integrate respective collateral management expertise to support the implementation of the collateral management harmonisation agenda.

To facilitate NSG chair's communication, a possible example of a "letter of intent" is attached as Annex 1. **NSGs are kindly requested to submit their letters by 13 November 2018.** All letters received will be shared as background documentation for the next AMI-SeCo meeting on 20/21 November 2018.

Yours sincerely,

[signed]

Marc Bayle de Jessé

⁵ NSGs in each market will also be invited in due time to submit their detailed implementation plans for the yet-to-be delivered harmonised processes.

Annex 1 – Example of a possible NSG Letter of Intent

[Name of the NSG] [Date]

Subject: Letter of intent in relation to NSG’s implementation of European collateral management harmonisation

In order to achieve the objective of creating a true single and integrated market for collateral management and post trade harmonisation more widely, the NSG [name] confirms that preparations [started/will start] to adopt the already achieved harmonisation in the areas of triparty collateral management and corporate action handling (as endorsed by the AMI-SeCo in June 2018). Furthermore, the NSG [name] confirms its intention to adopt the envisaged Collateral Management Harmonisation (CMH) Standards of the AMI-SeCo in all CMH areas identified in the AMI-SeCo’s December 2017 report⁶ and to prepare a concrete and detailed NSG implementation plan in due course.

In the light of NSGs taking responsibility for the implementation of the CMH agenda, the NSG [name] [has reviewed/will review] its composition.

Yours faithfully,

[signed]

[NSG Chair]

⁶ See [AMI-SeCo Report on Collateral Management Harmonisation](#)