



EUROPEAN CENTRAL BANK

EUROSYSTEM

# AMI-SeCo Collateral Management Group

Presentation to AMI-SeCo

**AMI-SeCo**  
**25/06/2024**

**Gaël Delaunay & Markus Mayers**  
Co-Chairs of the Collateral Management Group



# Background

The aim of today's presentation is to:

1. Give an overview of CMG activities since the December 2023 AMI-SeCo meeting, including an outlook of future work of the CMG
2. Submit proposals for changes to the composition of the CMG for approval by AMI-SeCo



# 1.

## Overview of activities and future working plan

AMI-SeCo Collateral Management  
Group

# CMG activities

- The CMG's purpose is to support AMI-SeCo on any issue related to the harmonisation and integration of collateral management falling in the mandate of the AMI-SeCo.
- The CMG has met four times (3x online part-day; 1x in-person full-day) since its inauguration in December 2023.
- The CMG's focus has been on (i) reviewing harmonisation agenda which AMI-SeCo had established in 2017; (ii) clarifying which areas requiring further harmonisation are most relevant for the industry, therefore should concentrate CMG upcoming efforts; and (iii) the preparation of the H1 2024 SCoREBOARD.

# CMG activities

- In February 2024, the CMG launched a written consultation among its members to reevaluate the relevance of the **remaining harmonisation activities**, as identified by CMH-TF in 2017, and to propose new activities, if any were of interest to the industry
- As a result, all the remaining activities were confirmed as relevant. No new activities were identified
- Further CMG discussion revealed preference to focus CMG work on Taxation Processes, Bilateral Collateral Management and Margin Calls

## The ten Collateral Management Harmonisation activities



### 1. Triparty Collateral Management

Harmonisation of Triparty Collateral Management workflows and messaging in order to facilitate interoperable processes allowing collateral mobility across Triparty Agents.



### 2. Corporate Actions

Harmonisation of Corporate Actions processes, workflows and messaging by reinforcing existing harmonisation standards or adding new harmonisation standards (taking into account specific considerations from a collateral management perspective).



### 3. Taxation Processes

Harmonisation of tax processing in the context of collateral management (taking into account identification of parties in collateralised transactions).



### 4. Bilateral Collateral Management

Harmonisation of workflows for bilateral collateral management (covering non-cleared OTC derivatives and securities financing). Interoperability and leverage of existing infrastructures and market platforms.



### 5. Margin Calls

Interoperability and leverage of existing infrastructures and market platforms for margin processes.



### 6. Billing Processes

Harmonisation of billing procedures, workflows and messaging.



### 7. Cut-off Times

Minimum requirements for end-of-day cut-off times to avoid possible different value dates in cross-infrastructure transactions in different markets, which may create frictions for market participants active in different markets.



### 8. Collateral Dynamic and Static Data

Harmonisation of data exchanges to ensure that information / data is available where necessary. Market practices needed for use of data.



### 9. Sourcing of Collateral

Minimum requirements for sourcing/movement of collateral across Europe.



### 10. Non-euro Collateral

Market practices for the handling of non-euro denominated collateral (including related corporate action processes).

# Summary of CMG activities in H1 2024

## Taxation processes

- The CMG – acknowledging that harmonisation in this field may progress also without changes in the legal frameworks - set up a dedicated expert group on taxation processes, the Taxation Processes Expert Group (TPEG). TPEG is currently composed of 8 members. It is led by Paola Deantoni, [from Société Générale]. Meetings started in April 2024.
- **Key objectives of the TPEG:**
  - TPEG will investigate 8 business processes requiring further harmonisation
  - TPEG will analyse three key pillars: 1. mobilisation of collateral with NCBs (bilaterally); 2. mobilisation of collateral with non-NCBs (bilaterally); and 3. mobilization of collateral using Triparty Agents (with NCBs or non-NCBs)
  - TPEG plans to map the differences per country on: (i) tax treatment regarding types of collateral transaction; (ii) identification of the beneficial owner (collateral giver/taker); (c) need of tax status certification
  - A fact-finding exercise focusing on pillar 1 involving NCBs [NSGs] is expected to be launched in the next weeks

# Summary of CMG activities in H1 2024

## Bilateral Collateral Management and Margin Calls

- No dedicated CMG expert group established (yet).
- Concrete analyses by individual CMG members were shared regarding business processes (see next slide) on Bilateral Collateral Management and Margin Calls areas.
- Based on these initial analyses, the CMG aims to clarify the problem statement on these processes and to discuss the further course of action.
- Other (collateral management) processes possibly impacted by a potential T+1 implementation in AMI-SeCo markets will be further analysed in the upcoming months.

# Summary of CMG activities in H1 2024

## List of CMG focus items

Under the remit of the TPEG

Other items of interest

Business process requiring harmonisation	CMHA
Identification of Collateral Transaction (and Relevant Parties) for Taxation Purposes	CMHA 3 – Taxation processes
Identification of Tax Treatment of Securities Depending on Collateral Transaction Type	CMHA 3 – Taxation processes
Identification of Existing Differences per Market Relevant to Collateral Management	CMHA 3 – Taxation processes
Provision of Tax Service by (I)CSDs	CMHA 3 – Taxation processes
Identification of Securities Subject to Withholding Tax	CMHA 3 – Taxation processes
Transmission of Information on Counterparty Taxation Status to Local (I)CSD	CMHA 3 – Taxation processes
Tax Reclaim Process for Securities Used as Collateral	CMHA 3 – Taxation processes
Handling of Tax Reduction	CMHA 3 – Taxation processes
Exchanges for Substitutions	CMHA 4 - Bilateral Collateral Management
Minimum Market Standards Framework for Cleared Derivatives Across Clearers and CCPs	CMHA 4 - Bilateral Collateral Management
Exchanges for Interest Payments	CMHA 4 - Bilateral Collateral Management
Manufactured Payments	CMHA 4 - Bilateral Collateral Management
Exchanges for Margin Calls	CMHA 5 – Margin Calls



# Summary of CMG activities in H1 2024

## Asset Servicing

- The CMG's Asset Servicing Expert Group (ASEG) which the CMG "took over" from its predecessor, the CMH-TF, has been looking into the implementation of SCoRE CA Standard 13: Reversal of a corporate action.
- The ASEG will have largely fulfilled its mandate in November 2024 with the implementation of the first wave of the SCoRE standards (on Corporate Actions, Single Triparty Model, and Billing processes).
- It is anticipated that the ASEG will transfer the SCoRE CA Standards to the CEG by the end of 2024 in view of consolidating the maintenance and monitoring of all European corporate events standards under the CEG as a basis for the creation of a single rulebook for corporate events.
- Alessio Mottola (who successfully led the ASEG) could become the CEG Co-Chair as of then.
- With a view to ensuring a smooth transition, James Cunningham could remain CEG co-chair until the conclusion of this year's CEG monitoring exercise.

# Work plan for H2 2024

For H2 2024, CMG intends to:

- **Progress further on the harmonisation of Tax Processes**
- **Further develop concrete harmonisation proposals or recommendations for Bilateral Collateral Management and Margin Calls activities**



# 2.

## Changes to the composition of the CMG

---

AMI-SeCo Collateral Management  
Group

# Changes to the composition

AMI-SeCo is invited to take note of following changes in the composition of the CMG:

- **Teresa Castilla, from Iberclear, requested to leave the group.**
- **Alessio Mottola, from Euronext Milan, is no longer available to the CMG.**

AMI-SeCo is invited to approve two appointments:

- **Kristoffer Kjelsø Sønderlev from Euronext Securities Copenhagen is appointed as new CMG member, thereby replacing Alessio Mottola as CMG member.**
- **Alessio Mottola is appointed co-chair of the CEG, formally taking on this position and replacing James Cunningham as from December 2024, on the assumption that AMI-SeCo's CEG will be entrusted with the maintenance and monitoring of (i) the SCoRE Corporate Action Standards (currently maintained by the ASEG); and (ii) the Market Standards for Corporate Actions Processing as well as the Market Standards for General Meetings (currently maintained by the industry's Joint Working Group) as from December 2024.**

**As a general observation, limited participation of some members in the CMG matters (meetings and feedback on written consultations) creates issues for the functioning of the Group**