



EUROPEAN CENTRAL BANK

EUROSYSTEM

Substream 5: Collateral Dynamic and Static Data

Status Update

CMH-TF 25 October 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.”

Follow up tasks from last meeting

Task	Status
<ul style="list-style-type: none">• Complete the list of Collateral Management data elements including the analysis on their definition, purpose, source	Complete
<ul style="list-style-type: none">• Assessment of potential and need for harmonisation of practices regarding the elements and their attributes as well as identification of eventual barriers	In progress
<ul style="list-style-type: none">• Further analysis on key collateral data elements, their handling and storage, as well as their exchange via interfaces	In progress

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

CMHA 9 – Collateral Data

- Listing of common **data elements** of a security used by all market participants for collateral management completed
- Analysis on their attributes including a **common definition** as well as description and **purpose** for which the information is used
- Review on potential differences of use of data elements between international or local practises – **in progress**
- **The TF is invited to review the list of data elements and advise if the sub-stream's view is shared that, to this point, no specific harmonisation activity is needed.**

List of Data Elements 1/3

Data Element	Description/Definition	Purpose	Source	Differences between cross border and domestic
ISIN	Securities Identification Number	Required for the unique identification of securities	Account Numbering Agency → CSD	Can be a CSD or a dedicated entity
Maturity of the security	Maturity date of the security used as collateral	Required for the valuation of collateral (haircut),	Issuer/ Issuer Agent	
First/last trading day	First or last trading day of a security	Required for determining eligibility of collateral	Issuer CSD	
Quotation Type (FAMT / UNIT)	Standard Definition for Charles to look up in standards document	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
Minimum denominated amount	Lowest denomination of issue available for purchased	Required for (de)mobilisation of collateral	Issuer CSD	

List of Data Elements 2/3

Data Element	Description/Definition	Purpose	Source	Differences between cross border and domestic
Outstanding amount	Amount of the security that exists in the market	Required for determining eligibility of collateral	Issuer CSD, Common depository	As TPA, Euroclear offers the possibility to use the outstanding amount of a security as criteria (for example, limiting eligibility to 10% of the amount). The data can be very difficult to source for some markets. The issuer CSD should always have the information, but it is not always available.
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	Determines to what extent a certain index influences the price of an asset	Required for the valuation of collateral (also for CA events)	Calculation Agent & Paying Agent	
Primary exchange	Exchange where the instrument is listed first	Required for determining eligibility of collateral	Issuer / Exchange	
Settlement location	Possible settlement locations (description of issuer CSD and possible Investor CSDs)	Required for (de)mobilisation of collateral	Issuer CSDs / Investor CSDs	
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

List of Data Elements 3/3

Data Element	Description/Definition	Purpose	Source	Differences between cross border and domestic
Asset rating information	Evaluation of credit risk associated with the asset CSDs store multiple ratings for a single asset which are not shared; a combined rating is created using different methods (mostly lowest rating is used)	Required for the valuation of collateral (haircut), required for determining eligibility of collateral	Issuer / Prospect Rating Agency	Feedback from MT: Asset rating information is only available for bonds and similar instruments admitted to MT collateral management service, but according to arrangements with info-providers (rating agencies) MT is not allowed to disclose this info to third parties
Collateral quality	Code that classifies the risk of the security used as collateral (eg investment grade, non-investment grade)	Required for the valuation of collateral (haircut), required for determining eligibility of collateral	Issuer CSD	
Classification of a security used as collateral	CFI code of the security used as collateral. ISO standard type	Required for the valuation of collateral (haircut), required for determining eligibility of collateral	Issued by ANNA, Issuer CSD	
Jurisdiction of the issuer	Jurisdiction of the issuer of the security used as collateral. In case of securities issued by a foreign subsidiary, the jurisdiction of the ultimate parent company shall be reported or, if not known, jurisdiction of the subsidiary.	Required for determining eligibility of collateral	Issuer/ Issuer Agent	
LEI of the issuer	LEI of the issuer of the security used as collateral.	Required for the unique identification of securities	Issuer/ Issuer Agent	

CMHA 13 – Data exchanges via interfaces on asset information

- **Analysis** of processes CSDs use for data exchange with users and data providers **started**

Initial observations:

- CSDs mainly use end of day prices also due to client demand
- Communication between UCMS and CMSPs largely automated (though not in ISO 20022), Data providers mainly use proprietary files
- Some information in updates relates to derived information (rating information, prices) due to licensing contracts
- Main issues determined in initial analysis:
 - non-alignment of asset-class trees between UCMS and CMSPs
 - Processing of stock-splits vs. market price changes
 - Minimum denominations could be an issue for collateral mobility

Next Steps – Static Data

- **Complete** analysis on CMHA 13 with a focus on communication between TPAs and data providers and determine an eventual barrier
- **Start analysis** of CMHA 10 & 11 to complete work of the sub-stream (priority remains low)