



EUROPEAN CENTRAL BANK

EUROSYSTEM

Eurosystem Collateral Management System (ECMS)

Plenary SMPG meeting

5 October 2022

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Agenda

- 1 ECB role
- 2 Eurosystem Collateral Management System (ECMS)
- 3 ECMS and SCoRE
- 4 Concluding remarks

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ECB role

in Financial Market
Infrastructures

ECB basic tasks

Exchange operations

To conduct foreign exchange operations

Monetary policy

To define and implement monetary policy

Market infrastructures

To promote the smooth operation of payment systems (Art. 3 ESCB/ECB Statute)

The ECB and national central banks may **provide facilities**, and the ECB may make **regulations**, to ensure **efficient** and sound clearing and payment systems within the Union and with other countries.

(Art. 22 ESCB/ECB Statute)

Foreign reserves

To hold and manage the official foreign reserves of the participating EU Member States

ECB roles in FMIs



Operator



Overseer



Catalyst

Basic task: Promote the smooth functioning of the payment system

target | T2
services

target | TIPS
services

target | T2S
services

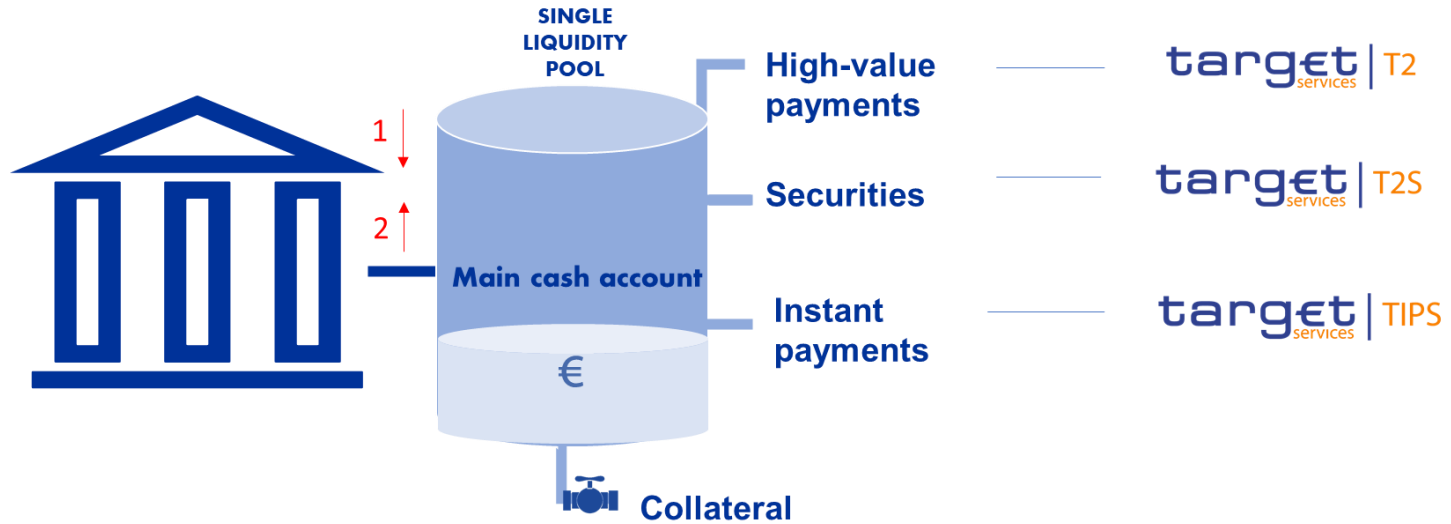
target | ECMS
services



Key concepts

- *safety and efficiency*
- *innovation and integration*
- *shape European market infrastructures and payments of tomorrow*

Single liquidity pool



Mobilisation of collateral
for intraday credit

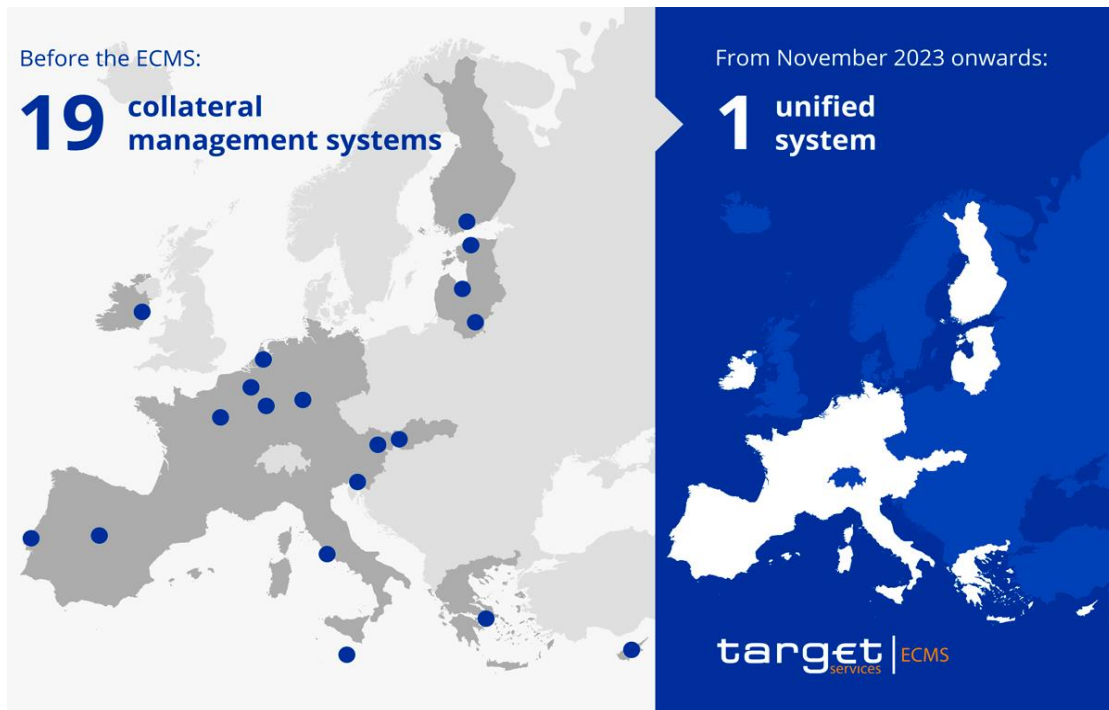
target services | ECMS

2

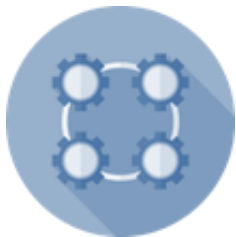
Eurosystem Collateral Management System (ECMS)

Project description

What? A single, unified collateral management system



WHY?



Harmonisation

of collateral management practices

target | ECMS
services



Efficiency

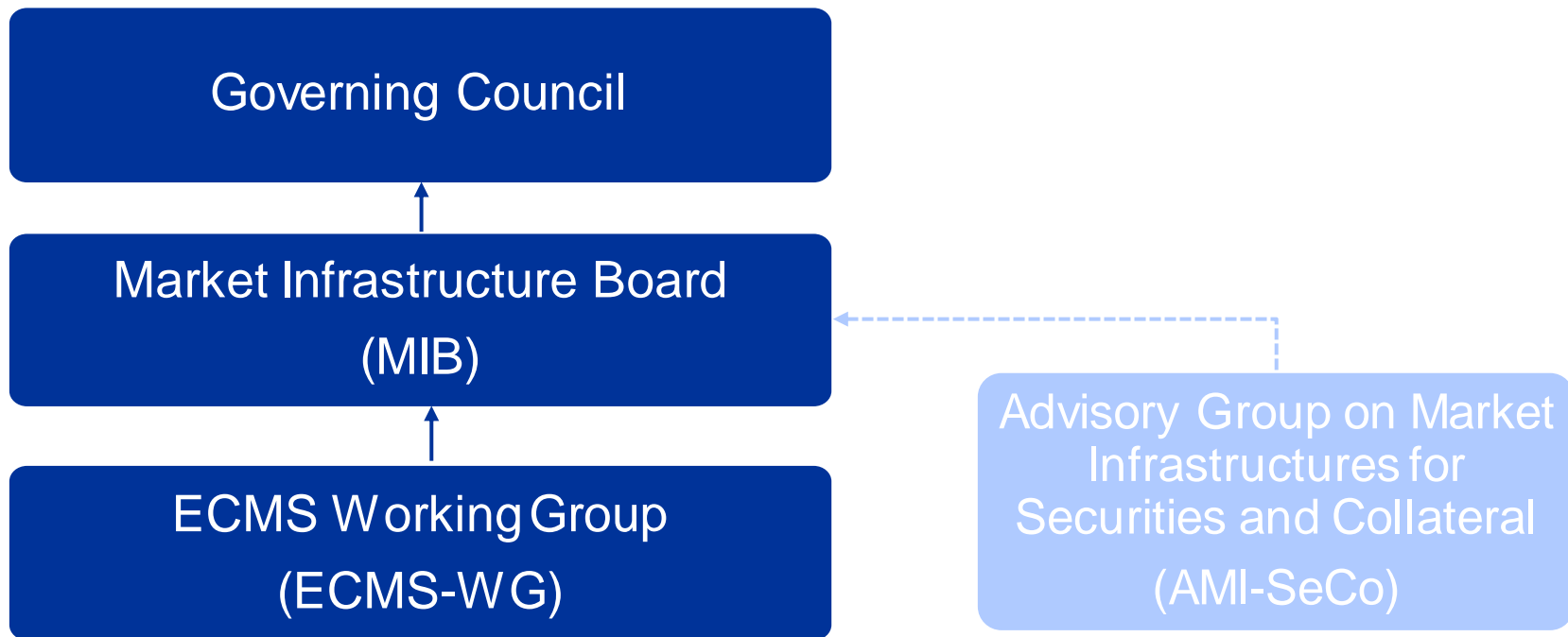
NCBs, their counterparties and other relevant actors to operate on one single system with a single interface.



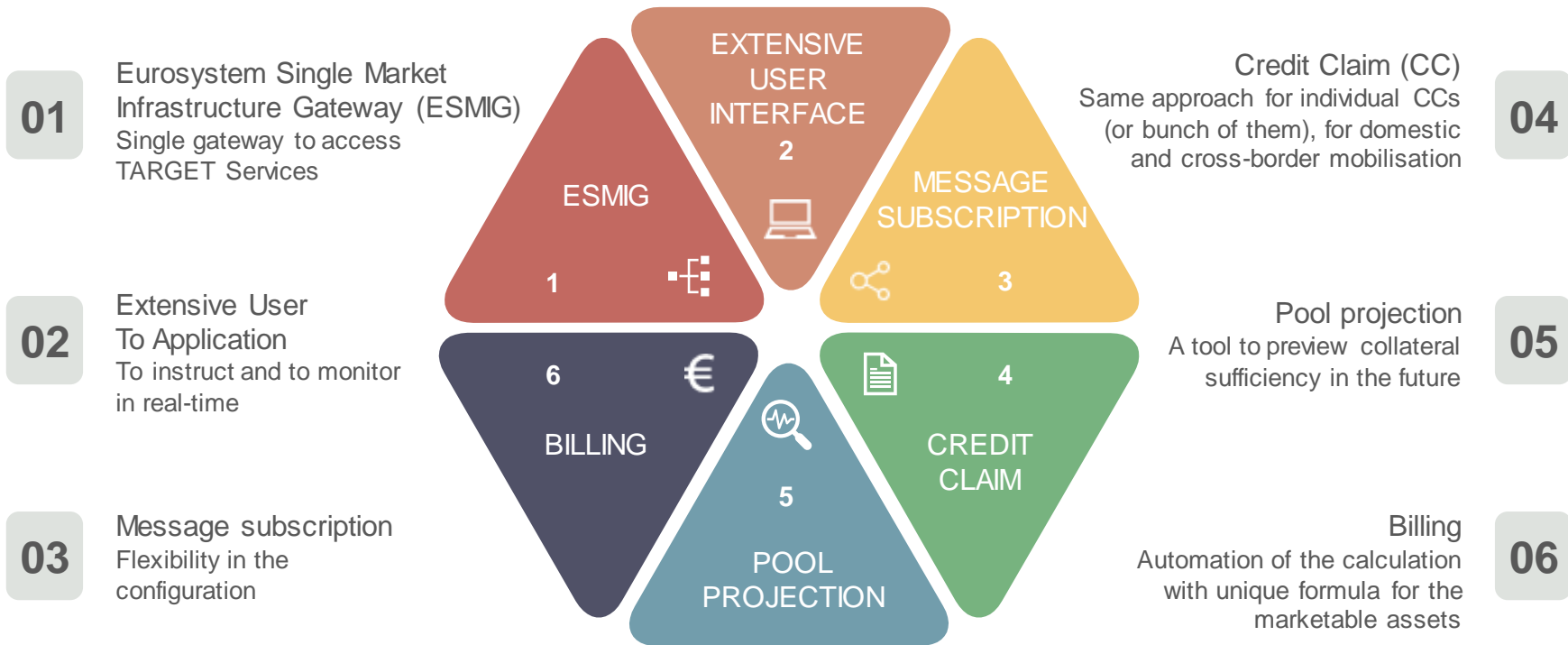
Integration

within the Eurosystem's market infrastructure landscape (T2 and T2S).

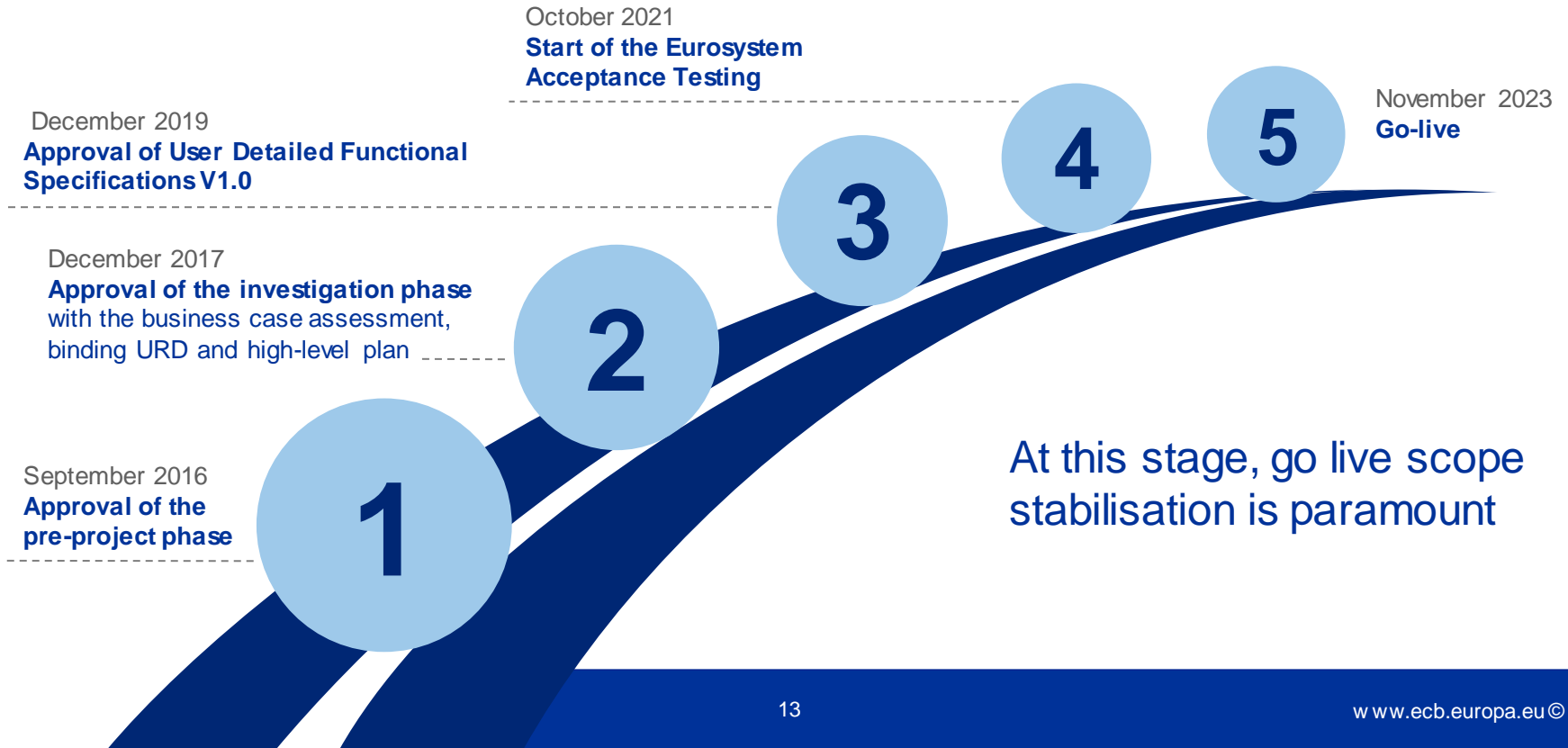
ECMS governance



Main new features for counterparties



ECMS key dates



Adoption of ISO 20022 messaging standards

ECMS will adopt ISO 20022 messaging standards

Now: ECMS upgrades messages to SR 2022 by the start of community testing

The MIB will upgrade the ECMS message version of the meeting announcement and CA messages to SR 2022 by the start of community testing (March 2023).

Next steps: The MIB analyses the impact of SR 2023

With regards to the ISO version of CA messages, and taking into account the market requests to support the latest ISO version possible, the MIB intends to assess the feasibility of moving to SR 2023 once the scope of the ISO release is known and complete (September/October 2022)

ECMS info

For more information, please refer to:

- ECMS page on the ECB website
 - <https://www.ecb.europa.eu/paym/target/ecms/html/index.en.html>

- ECMS Business Description Document
 - https://www.ecb.europa.eu/paym/target/ecms/profuse/shared/pdf/ecb.targetecms201022_Business_Description_Document_of_ECMS.en.pdf

- ECMS info pack - introduction to ECMS
 - https://www.ecb.europa.eu/paym/target/ecms/profuse/shared/pdf/ecb.targetecms201022_00_introduction_to_ECMS.en.pdf

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ECMS and SCoRE

The link between the two

SCoRE – common rules for managing collateral

In order to achieve harmonisation, AMI-SeCo agreed that a **pan-European rulebook containing common rules and standards** for interactions between **all market players** should be established.

Single
Collateral Management
Rulebook for
Europe



SCoRE – the journey towards harmonisation

Standards defined in three areas to date

Way towards harmonisation takes place in three steps



Triparty Collateral Management

1. Define



Corporate Actions

2. Plan



Billing Processes

3. Implement – ongoing



SCoRE – fostering implementation of SMPG work

- The Eurosystem took SMPG harmonised practices defined at global level into account in its preparation of the single rulebook for Europe.
- SMPG corporate action experts have played a key role in the creation of these standards and actively contribute to the development and review of the standards.
- The SCoRE standards will thus also help drive effective implementation of relevant SMPG global practices across all markets in Europe (implementation of all SCoRE standards is subject to a regular detailed monitoring exercise conducted by AMI-SeCo every six months).

ECMS and SCoRE

- ECMS is based on the principle of harmonisation. SCoRe standards as a base.
- Relevant SCoRE scope: Triparty Collateral Management, Billing Processes and Corporate Actions (CA) standards for debt instruments
- Continued good and timely collaboration with SMPG in the work of SCoRE/AMI-SeCo is important in the future development and evolution of the SCoRE Standards – and for the ECMS relevant ones, ***taking into account the ECMS evolution cycle in line with the ECMS governance***

Corporate Actions and Meeting messages

- ***ECMS go-live scope***: the MIB has decided, in respect of the SCoRE Corporate Actions (CA) Rulebook, to approve the implementation of 37 of the 39 CA/meeting events.
- The remaining two events, the Bondholder Meeting Event (BMET) and the Court Meeting Event (CMET), will be deployed as soon as possible in a post go-live ECMS release.
- Minimum expected impact during that period for ECMS eligible securities
- For the interim period, meeting announcements will still be received by the ECMS (seev.001) and NCBs will be alerted accordingly.

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Concluding remarks

Concluding remarks

- The Eurosystem is committed to, and drives European integration in its roles as catalyst and operator.
- ECMS and Messaging standardisation go hand in hand: it is of key interest and all initiatives are focused on the adoption of latest global messaging standards i.e. ISO 20022 with the goal of having a single messaging standard to facilitate communication between financial market stakeholders across Europe.
- Efficient and timely interaction between SMPG and AMI SeCo is important here in order to synchronise with the evolution cycle of ECMS (where relevant).



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for your
attention!**

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ECB: market infrastructure and
payments



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