



EUROPEAN CENTRAL BANK
EUROSYSTEM

Single Collateral Management Rulebook for Europe (SCoRE)

Plenary SMPG meeting

15 November 2023

Single Collateral Management Rulebook for Europe
common rules for managing collateral



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1 ECB role and Single Collateral Management Rulebook for Europe

2 Progress towards implementation of SCoRE

3 Concluding remarks



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1.

ECB role

Single Collateral Management
Rulebook for Europe

ECB role



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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 role

to promote the smooth functioning of the payment system



Operator
of financial market infrastructures
and platforms



Overseer



Catalyst
promoting financial market integration

target | T2
services

target | TIPS
services

target | T2S
services

target | ECMS
services



SCORE
SINGLE COLLATERAL MANAGEMENT RULEBOOK
FOR EUROPE

Single Collateral Management Rulebook for Europe (SCoRE)

SCoRE: a **pan-European rulebook** containing a single set of rules and standards for interactions between all market players.

ECMS: the Eurosystem's single, unified collateral management system (based on SCoRE)



Single Collateral Management Rulebook for Europe (SCoRE)

A common set of rules, business processes: **data and workflows**

A single set of messaging standards: **ISO 20022**

Implementation: National Stakeholder Groups



CSDs, NCBs, counterparties, custodians, issuers/agents, CCPs, TPAs

Monitoring the progress of implementation



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Harmonisation areas

10 areas were identified where further harmonisation is needed to facilitate efficient collateral management.

So far, standards were created in 3 areas.

Other areas/standards will follow.

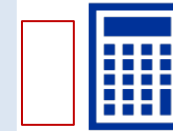


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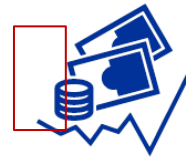
1. Triparty Collateral Management

Harmonisation of triparty collateral management workflows and messaging in order to facilitate interoperable processes allowing collateral mobility across triparty agents.



6. Billing Processes

Harmonisation of billing procedures, workflows and messaging.



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).



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.



3. Taxation Processes

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



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.



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.



9. Sourcing of Collateral

Minimum requirements for sourcing/movement of collateral across Europe



5. Margin Calls

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



10. Non-Euro Collateral

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



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2.

Progress towards implementation of SCoRE

Monitoring



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The Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) monitors the progress made and assesses compliance with SCoRE.

- Two times per year, a monitoring report is published (SCoREBOARD), which tracks the progress of key actors in the EEA, UK and Switzerland.
- A ‘traffic light approach’ is used to report compliance with the Standards.



- The Standard has been implemented
- Implementation of the Standard is on schedule (based on the agreed milestones)
- Implementation is behind schedule (based on the agreed milestones)
- Implementation has not started

Monitoring



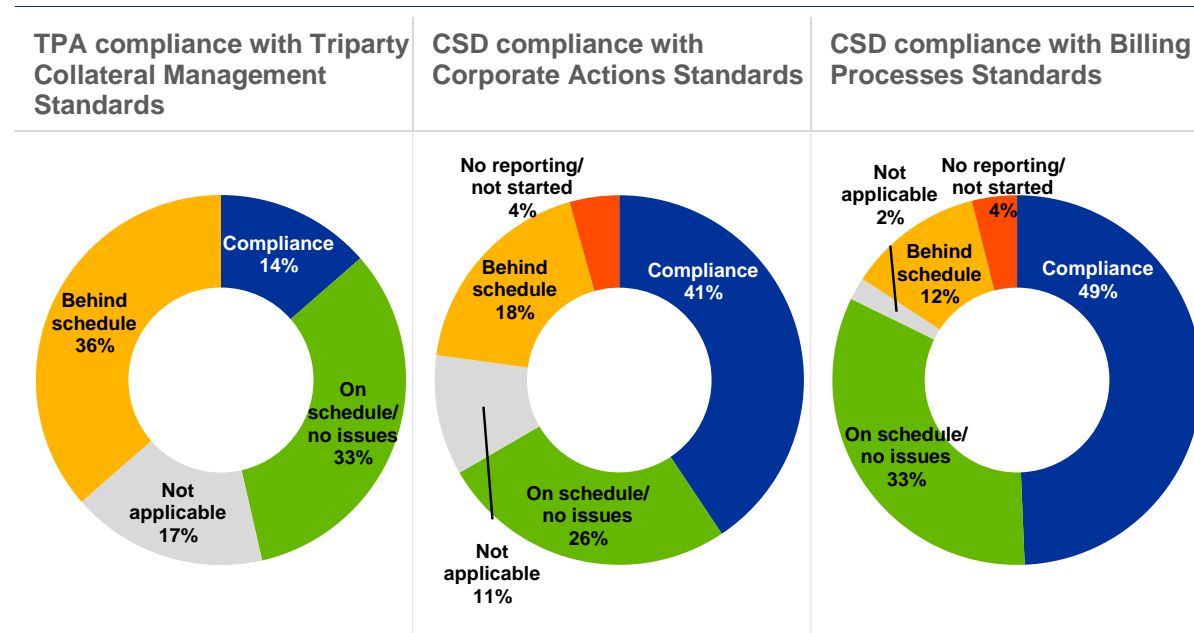
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Compliance with SCoRE Standards

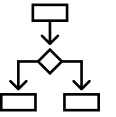
- for triparty collateral management.
- for corporate actions.
- for billing processes.

TPA and CSD compliance with the standards

H1 2023



(1) Implementation of SCoRE Standards for Triparty Collateral Management



Compliance: The greatest level of compliance has been achieved with:

- Standard 12 (Partial allocation),
- Standard 14 (Usage of baskets) and
- Standard 15 (Future dated processing).

On schedule: Implementation is on track for compliance with:

- Standards 2 to 6 (process/workflows),
- 9 and 10 (reporting on stock and closure).

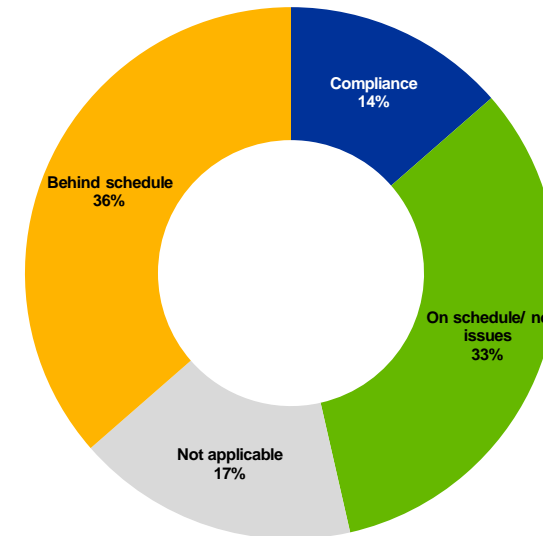
Behind schedule: Implementation is behind schedule for:

- Standard 1 (ISO 20022) and 13 (Reference data).
- Standards 7 (Unilateral removal).

Not applicable: Some Standards are only applicable for the collateralisation of central bank credit operations:

- Standard 11 (Handling of corporate actions), Standard 16 (Operating hours) and Standard 17 (Cut-off times).

TPA compliance with the SCoRE Triparty Collateral Management Standards



For more information, please check the [rulebook](#) approved by AMI-SeCo

(2) Implementation of SCoRE Standards for Corporate Actions



Compliance: The greatest level of compliance has been achieved with:

- Standards 4 to 8 (relating to rounding rules, negative cash flow, business day conventions, securities amount data and payment times),
- Standard 11 (Default options) and
- Standard 14 (Foreign currency).

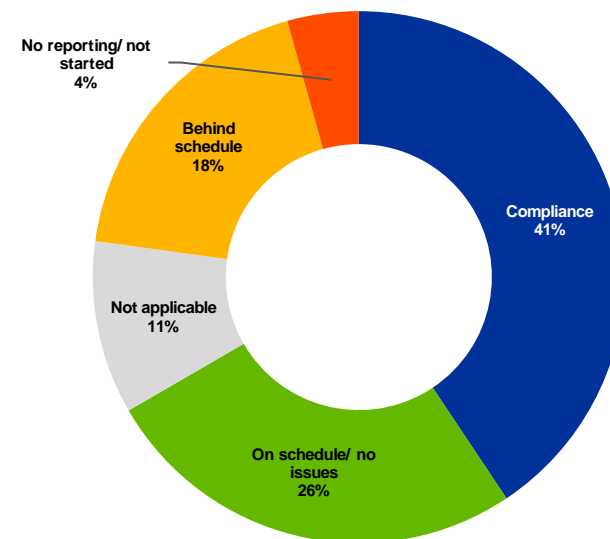
On schedule: Implementing is on schedule:

- Standards 1 and 13 (relating to workflows and reversals).

Behind schedule: Implementation is behind schedule:

- Standard 1 (G-H on meeting events), Standard 2 (Provision of data necessary for calculating proceeds), Standard 3 (Consistency of information provided by the issuer)

CSD compliance with the SCoRE Corporate Actions Standards



For more information, please check the [rulebook](#) approved by AMI-SeCo

(3) Implementation of SCoRE Standards for Billing Processes



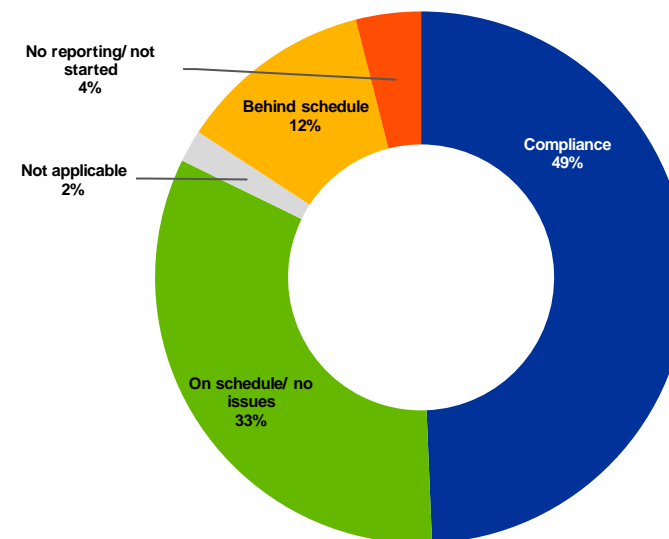
Compliance: There has been a high level of compliance with:

- Standard 2 (Billing cycle) and Standard 3 (Cut-off date).

On schedule: The implementation is on schedule for:

- Standard 1 (ISO 20022) and Standard 4 (Payment dates)

CSD compliance with the SCoRE Billing Collateral Management Standards



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For more information, please check the [rulebook](#) approved by AMI-SeCo



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3.

Concluding remarks



Concluding remarks



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- The Eurosystem is committed to the goal of implementing a single rulebook (with processes and messaging standard ISO 20022) to facilitate communication between financial market stakeholders.
- The monitoring confirms the strong willingness of all stakeholders to implement the rulebook (no showstoppers have emerged that could affect the overall migration).
- Regular updates to the SCoRE Standards are foreseen to add guidance and take into account regular changes to ISO 20022 messages (from the annual ISO message maintenance process). Efficient and timely interaction between SMPG and AMI SeCo is important.



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Thank you for
your attention



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