

Work plan of AMI SeCo's HSG CMH-TF

The AMI SeCo's HSG CMH-TF (CMH-TF) should develop a work plan to establish a detailed list of CMHAs for submission to the HSG by Q4 2017. The work plan should indicate milestones and present meeting dates. This note sets out a proposal for a work plan covering the period from 24 August 2017 until Q4 2017 (Phase I of the CMH-TF work) and, with a view to a medium-term planning, a draft work plan for the implementation and monitoring framework of the CMHAs covering the period from Q1 2018 until [Q4 2018] (Phase II of the CMH-TF work).

TF members are invited to discuss the draft work plan (including deliverables) and the indicative time lines.

1. Introduction

In line with the CMH-TF's Terms of Reference, the CMH-TF's work is planned to consist of two sequential phases:

- **Phase I: Deepen the analysis of the HSG's initial deliberations on collateral management harmonisation needs with a view to presenting a detailed list of harmonisation activities (CMHAs) to the AMI-SeCo/HSG by Q 4 2017**
- **Phase II: Subject to AMI-SeCo approval of the list of CMHAs, work on the next steps towards implementation**

The CMH-TF is expected to prioritise its work in line with business needs and to regularly update the HSG on its work, including the prioritisation thereof.

This note is structured to be consistent with these two phases and the need for prioritising work.

2. Proposed work plans

2.1 Phase I (until Q4 2017): Identifying and prioritising CMHAs

Phase I requires the conduct of an in-depth analysis and the presentation of a detailed and prioritised list of CMHAs to the AMI-SeCo by Q4 2017. The HSG's initial deliberations should form the basis. With a view to proposing such a list of relevant CMHAs ultimately to the AMI-SeCo, the CMH-TF's work should include at least (in line with the CMH-TF's Terms of Reference):

- i) identification of barriers to the efficient management of collateral;
- ii) analysis of existing market standards/market best practices/guidance with a view to performing a gap analysis and proposing relevant AMI-SeCo standards/best practices/guidance;
- iii) definition of agreed terminology on key concepts relevant to collateral management;

Considering the challenging time table to carry out this work, it is assumed that the CMH-TF establishes dedicated sub-streams. It is proposed that there could be four sub-streams which should cover at least the following items:

Group 1	Triparty Collateral Management
Group 2	Corporate Actions
	Taxation Forms
	Non-Euro Collateral Management
Group 3	Bilateral Collateral Management
	Margin Calls
	Collateral Dynamic and Static Data
Group 4	Fee and Billing Processes
	Reporting
	Cut-Off Times

The successful conduct of this Phase I work will lead to the following **deliverables**:

- Detailed description of the identified activities. This includes a detailed description of each barrier with a detailed issue description and a detailed description of gaps.
- Assessment of priority for each activity vis-a-vis others to determine the relative order of priorities (and dependencies), based on a transparent prioritisation methodology.
 - Where needed and applicable: identify dependencies between different activities that could influence the success and priority.
 - Assess for each activity, if the activity falls into the main remit of the CMH-TF or if it is an existing issue from custody/settlement perspective that influences collateral & funding efficiencies. It should then be determined if such activities could be considered in other sub-structures of AMI-SeCo (e.g. the CMH-TF could be involved with a representative in the other TF to achieve and monitor progress).
- Preparation of a glossary.

2.2 Phase II (as from Q1 2018): Implementing agreed CMHAs and monitoring framework

As part of this Phase II, the next steps towards implementation have to be developed, including harmonisation of procedures for (triparty) collateral management based on ISO 20022 and harmonisation of ancillary activities which are necessary for the efficient management of collateral, for example, the processing of corporate action events and taxation forms during the lifetime of a repo. Phase II also requires setting up a framework for monitoring compliance with agreed collateral management harmonisation standards/best practices/guidance. The successful conduct of this Phase II work will lead to the following **deliverables**:

- defining a harmonised business process and workflow to address the identified harmonisation needs, in line with the ISO 20022 standard, where applicable;
- identifying the data elements necessary for the functioning of this process;

- identifying/defining an ISO 20022 compliant message(s) by which these data elements should be transmitted;
- identifying who will have to implement the new harmonisation standards/best practices and what should be monitored at which level (e.g. Only at the level of CMSPs, at the level of direct Users of CMSPs, at national level) and how.

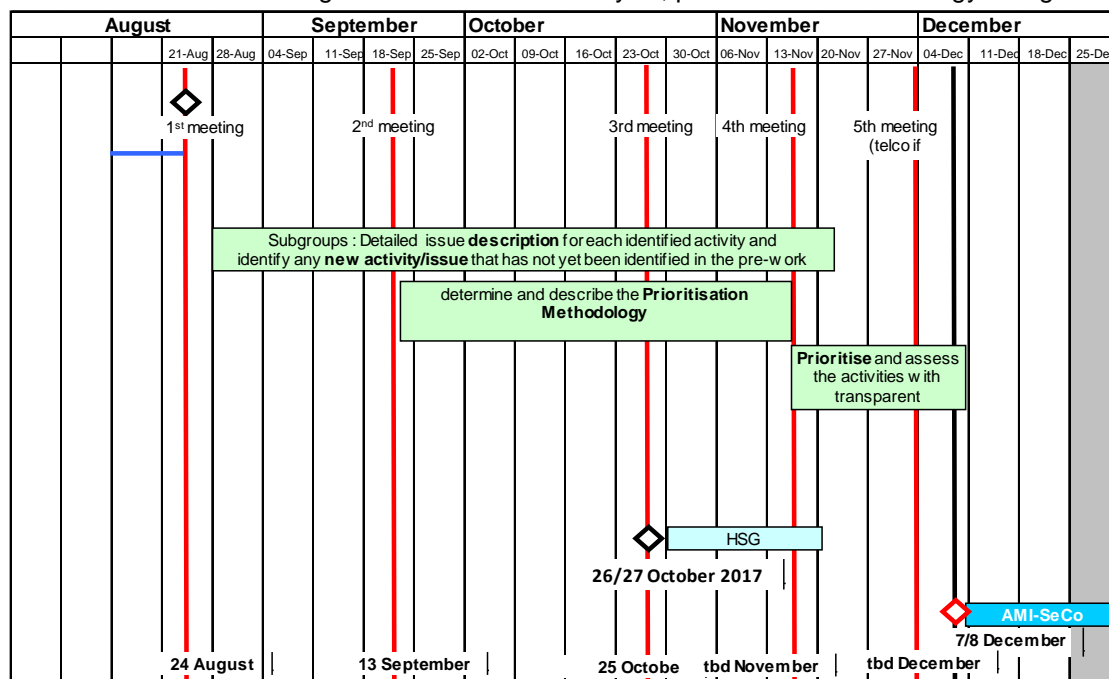
3. Proposed timelines for Phases I and II

This section sets out indicative timelines for the CMH-TF’s work. If deemed necessary, physical meetings could be complemented by conference calls. Sub streams should decide organise their work in line with the overall timeline proposed for the CMH-TF.

3.1 Phase I timeline: Identifying and prioritising CMHAs

In Phase I, there will be four meetings of the CMH-TF to identify and prioritise the CMHAs. If necessary, a fifth meeting / telco could be organised. In these four meetings, the following sequence could be organised:

- First meeting: Set-up the sub-streams and in principle agreement on the activities that will be analysed.
- Second meeting: Presentation of the barriers to the efficient management of collateral and harmonisation needs. Collect views on a prioritisation methodology and glossary.
- Third meeting: Presentation of the analysis of existing market standards/market best practices/guidance and gaps to be filled to address the identified barriers and meet harmonisation needs. Presentation of prioritisation methodology and glossary.
- Fourth meeting: Finalisation of the analysis, prioritisation methodology and glossary.



3.2 Phase II timeline: Implementation and monitoring

Subject to AMI-SeCo approving the list of CMHAs identified in Phase I, the work to be conducted in Phase II could be planned as follows (high level plan):

ID	FUNCTIONAL AREA	CMHA¹	BUSINESS PROCESS	REQUIRED DATA ELEMENTS	ISO20022 MESSAGING
1	TRIPARTY COLLATERAL MANAGEMENT	1, 12, 15, 19	JUNE 2018	DEC 2018	DEC 2018
2	BILATERAL COLLATERAL MANAGEMENT	2, 8	DEC 2018	DEC 2018	DEC 2018
3	CORPORATE ACTIONS	3, 16	JUNE 2018	DEC 2018	DEC 2018
4	TAXATION	4, 17	DEC 2018	DEC 2018	DEC 2018
5	MARGIN CALLS	5	DEC 2018	DEC 2018	DEC 2018
6	FEE AND BILLING PROCESSES	6, 14	SEP 2018	SEP 2018	SEP 2018
7	REPORTING	7	TBD	TBD	TBD
8	COLLATERAL DYNAMIC AND STATIC DATA	9, 10, 11, 13	MAR 2018	MAR 2018	MAR 2018
9	NON-EURO COLLATERAL MANAGEMENT	20	JUNE 2018	JUNE 2018	JUNE 2018
10	CUT-OFF TIMES	18	DEC 2018	DEC 2018	DEC 2018

¹ The numbering refers to the HSG discussion note "Proposal for collateral management harmonisation activities (CMHAs) of AMI-SeCo. It was the preliminary list of activities identified by the HSG.