

MANDATE OF THE SECURITIES GROUP

1. Preamble

With a view to fostering financial market integration in the fields of securities clearing and settlement and collateral management in Europe, the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)¹ assists the Eurosystem in the pursuit of its interests and provides advice on infrastructures managed by the Eurosystem, namely the TARGET Services, particularly on TARGET2-Securities (T2S), the Eurosystem Collateral Management System (ECMS) and related matters.² There is consensus among T2S stakeholders that harmonisation of post-trade processes, including usage of international standards (such as, e.g. ISO 20022), and integration are prerequisite for reaping the full benefits of T2S and the ECMS. Furthermore, there is consensus that both T2S CSDs and markets as well as non-T2S CSDs and markets greatly benefit from integration and the adoption of AMI-SeCo established common rules, procedures and standards at pan-European level in these fields, even if these CSDs/markets do not use T2S and the ECMS.

The AMI-SeCo has mandated its Securities Group (SEG) to carry out the technical work and prepare the discussions for AMI-SeCo on the T2S harmonisation agenda well as on other issues related to the harmonisation and integration of securities clearing, settlement and post-trade services activities falling in the mandate of the AMI-SeCo and subject to the AMI-SeCo's

¹ [Add reference to AMI-SeCo mandate]

² <https://www.ecb.europa.eu/paym/target/html/index.en.html>

guidance. The SEG's work will not cover corporate events and collateral management harmonisation and integration as these areas are covered by dedicated AMI-SeCo substructures.

2. Mandate

2.1 Tasks

The SEG shall have the following harmonisation tasks:

Definition and maintenance of harmonisation activities

- To prepare, maintain and analyse the list of T2S harmonisation activities which have been endorsed by the AMI-SeCo. The SEG provides advice to the AMI-SeCo regarding the relevant issues, the proposed standards or best market practices, and the priorities and implementation plans included in the relevant AMI-SeCo harmonisation lists.
- To analyse and – where appropriate – present harmonisation and integration proposals or advice to the AMI-SeCo on any matters affecting securities clearing and settlement or securities post-trade services, provided that no other AMI-SeCo substructures cover such matters within their own mandate.

Monitoring

- To assess and follow the implementation of the T2S harmonisation standards and best market practices, and the implementation of any other harmonisation standards endorsed by the AMI-SeCo falling within the mandate of the SEG, in T2S, and where relevant in non-T2S markets, with the help of National Stakeholder Groups (NSGs).
- To present a status update of the work of the SEG in each AMI-SeCo meeting and seek guidance where necessary.

The SEG shall also have the following tasks:

- To assess key financial market integration developments and policy issues with a view to any remaining barriers to market integration in AMI-SeCo markets, in particular also including the potential impact of such developments and issues on the Eurosystem's TARGET Services.
- To advise the AMI-SeCo when communicating key harmonisation policy issues to the relevant EU authorities.

- If requested, to support the AMI-SeCo in assessing and forming an opinion on the potential impact of financial innovation on post-trade and the wider EU financial market harmonisation and integration.

The SEG performs the above tasks in coordination with other AMI-SeCo substructures. In case a harmonisation area or financial market integration policy issues are covered by a specific mandate of another AMI-SeCo substructure (e.g. on corporate events or collateral management), the SEG will not actively cover such area and issues to avoid undue overlaps in AMI-SeCo work. In its reports covering such areas the SEG will rely on the assessments and input prepared by such other, dedicated AMI-SeCo substructures, as appropriate.

2.2 Geographical scope

The geographical scope of reference for the SEG shall in principle correspond to that of AMI-SeCo, i.e. the European Economic Area, Switzerland and the United Kingdom.

2.3 Deliverables

Without prejudice to any future additional regular or ad-hoc deliverable, the SEG will deliver a progress report to the AMI-SeCo on the endorsed harmonisation activities at least on a annual basis. Lack of progress in certain harmonisation items or by certain markets shall be flagged so that the AMI-SeCo can make proposals on how to foster implementation. After endorsement by the AMI-SeCo this report shall be published on the ECB website.

Furthermore, the SEG will regularly report on its other tasks to the AMI-SeCo.

2.4 Expiry

The SEG's mandate shall expire:

- when the AMI-SeCo decides to dissolve the SEG; or
- when the AMI-SeCo mandate expires.

3. Composition

3.1 Chairperson(s)

The AMI-SeCo shall appoint the Chairperson(s) of the SEG upon proposal by the AMI-SeCo Chairperson. The SEG Chairperson(s) shall be entitled to designate an alternate to replace him/her in exceptional circumstances.

The SEG Chairperson(s) shall have the following tasks and responsibilities:

- determine the frequency, format and agenda of the meetings;
- conduct the SEG meetings in line with the SEG's working procedures;
- invite an external expert(s) and/or member(s) of the ECB or the 4CB to the SEG meetings on a specific topic(s) on an ad hoc basis as observer(s), thereby taking into account that the number of observers should be limited;
- liaise with the Chairperson(s) of the other AMI-SeCo substructures with a view to ensuring coordination and no overlaps of AMI-SeCo work;
- report to the relevant composition(s) of the AMI-SeCo;
- represent the SEG in liaising with other relevant European bodies and initiatives – provided such liaising is in line with its mandate and / or endorsed by the AMI-SeCo.

3.2 Secretary

The Secretary shall be an experienced member of staff of the ECB, designated by the AMI-SeCo Chairperson.

The Secretary shall have the following tasks and responsibilities:

- co-ordinate the organisation of the meetings and relevant documents;
- support the Chairperson(s) in the preparations for the SEG meetings;
- draft outcomes of the meetings;
- coordinate SEG interaction with other AMI-SeCo substructures;
- support the Chairperson(s) in preparations for reporting to AMI-SeCo.

3.3 Members

The members and observers of the SEG shall be appointed by the AMI-SeCo, upon proposal by the AMI-SeCo Chairperson and based on suggestions by individual AMI-SeCo members. The SEG shall have a broad and balanced composition and aim to represent a wide variety of stakeholders.

Each member of the SEG shall:

- have an appropriate level of expertise in securities post-trade arrangements and processes.

- ensure that they have sufficient time to be actively involved in the SEG's work and actively contribute to, and / or participate in, meetings and the preparation of SEG deliverables.
- be able to initiate actions.
- mobilise adequate resources for achieving progress within a short time period and in order to contribute to the AMI-SeCo's harmonisation and European financial market integration goals.

Observers may participate in the discussion but their views are not taken into account by the Chairperson(s) when they assess the level of consensus achieved (see 4.1). The number of observers shall be kept to the minimum.

3.4 Participation

Each member can be replaced by an alternate in exceptional circumstances. Such alternates must be notified to the Secretary sufficiently in advance.

The Chairperson(s) may raise to the attention of the AMI-SeCo Chairperson to reconsider the membership of members who are not actively contributing and/or not participating in three consecutive meetings.

4. Working procedures

4.1 Principles

The SEG shall aim to reach agreements or make decisions by consensus as defined by ISO³ and in line with the AMI-SeCo working procedures. The Chairperson(s) will determine whether consensus has been reached. Deliverables shall be produced in accordance with the SEG's tasks. Major SEG deliverables and strategic input to the AMI-SeCo should be discussed in meetings. If considered feasible, written procedures may be applied.

³ ISO defines consensus as: "General agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments. Consensus need not imply unanimity" (ISO/IEC Guide 2:2004 Standardization and related activities – General vocabulary).

4.2 Meetings

The SEG should meet as regularly as required for fulfilling its mandate. The exact frequency and form of the meetings is ultimately a decision of the SEG Chairperson(s) but it is understood that the SEG has at least one meeting/teleconference in between two regular AMI-SeCo meetings. When considered feasible, written procedures may be applied.

The Chairperson(s) shall propose the agenda for each meeting.

The Secretary shall circulate meeting documentation sufficiently in advance of the meetings (at the latest three working days prior to an SEG meeting date).

The SEG shall normally hold its meetings via teleconference or at the premises of the ECB.

4.3 Substructures

The SEG may establish substructures to support its work in an efficient manner. The SEG shall define the mandate of such substructures. The SEG shall make sure that the tasks of its substructures do not create any undue overlap with the work carried out by other substructures established by the AMI-SeCo.

4.4 Interaction and information exchange

In order to maximise synergies, the SEG shall co-operate with public authorities and industry initiatives currently working on post trade harmonisation and financial market integration issues and use their work as input for its own analysis. The work of other AMI-SeCo substructures should also be taken into account when harmonisation items and/or financial market integration issues are assessed in the AMI-SeCo harmonisation and financial market integration agendas. The SEG will rely also on the input from the NSGs in monitoring implementation of harmonisation standards by relevant actors and markets and assessing financial market integration developments and policy issues.

4.5 Transparency

The ECB shall make all relevant SEG documentation and information available to the members of the AMI-SeCo in the relevant composition.