



EUROPEAN CENTRAL BANK

EUROSYSTEM

Review of the functioning and governance of the AMI-SeCo

Update and next steps



01/12/2022

DG-MIP, ECB

Background

The aim of today's presentation is to:

1. To recap the main findings / proposal in the AMI-SeCo governance review
2. Give a status update on the implementation of the proposals
3. Invite the AMI-SeCo to endorse / approve the new set-up of substructures, including their renewed mandates
4. In light of the AMI-SeCo's mandate, agree on steps that could be taken by the AMI-SeCo to identify remaining barriers to, and potentials for, further financial market integration of AMI-SeCo markets

Summary of previous discussions

- The Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) was set up in 2017 by merging the T2S Advisory Group (a formal element of T2S governance) and COGESI (Contact Group on Euro Securities Infrastructures).
- To evaluate the lessons learned since its introduction, an in-depth review on the functioning of the AMI-SeCo was launched in 2021, including also a survey with AMI-SeCo members / NSGs and relevant follow-up discussions.
- Outcome:
 - AMI-SeCo has been functioning well.
 - AMI-SeCo has played a very useful role in providing a forum for interaction between the Eurosystem and market stakeholders at European level on market integration / harmonisation and on matters related to Eurosystem infrastructures.
 - No need for a major overhaul of the governance (no revolution) but rather enhancements to the transparency and the working procedures based on the lessons learnt.

Current status: AMI-SeCo Governance

- The AMI-SeCo's functioning is directly relevant to how the Eurosystem can receive advice from the AMI-SeCo on policy matters related to market infrastructures.
- The envisaged enhancements are currently being assessed within the Eurosystem governance. **Subject to final approval, enhancements would apply as from 1 January 2023 onwards.**

Two compositions

The needs of extending the membership for the harmonisation work and continuing to perform T2S-related governance functions with only T2S stakeholders warrants two meeting compositions of the AMI-SeCo:

- a) **AMI-SeCo T2S composition** – T2S members (T2S users, CSDs, CCPs and NCBs) responsible for the AMI-SeCo T2S advisory function (*i.e. the responsibilities derived from the former T2S Advisory Group, working on, for example, change requests, financing model, major strategic changes to T2S as clearly defined in the mandate*).
- b) **AMI-SeCo Harmonisation composition**– all members, also giving current observers a more formal role (no longer observers) in harmonisation discussions, and adding stakeholders and non-T2S markets who are relevant for the harmonisation work. This composition can also receive updates on T2S but will not participate in the process of providing formal advice on T2S.

In practice: Plenary meetings shall continue to be held with the broader Harmonisation composition by default, providing advice to the Eurosystem on market integration and harmonisation. The AMI-SeCo will be consulted in T2S composition when it formally gives advice on T2S topics (e.g. T2S change requests, T2S fees, etc.).

Geographical and business scope of harmonisation

With the take-up of the AMI-SeCo's harmonisation work (T2S agenda, SCoRE, CA standards), the scope of the harmonisation efforts have broadened beyond the euro area, in order to achieve true integration across the European Economic Area + CH and UK.

Adding representatives to the **Harmonisation composition** from **regions** covered by AMI-SeCo-sponsored market standards but **not currently represented** in its plenary:

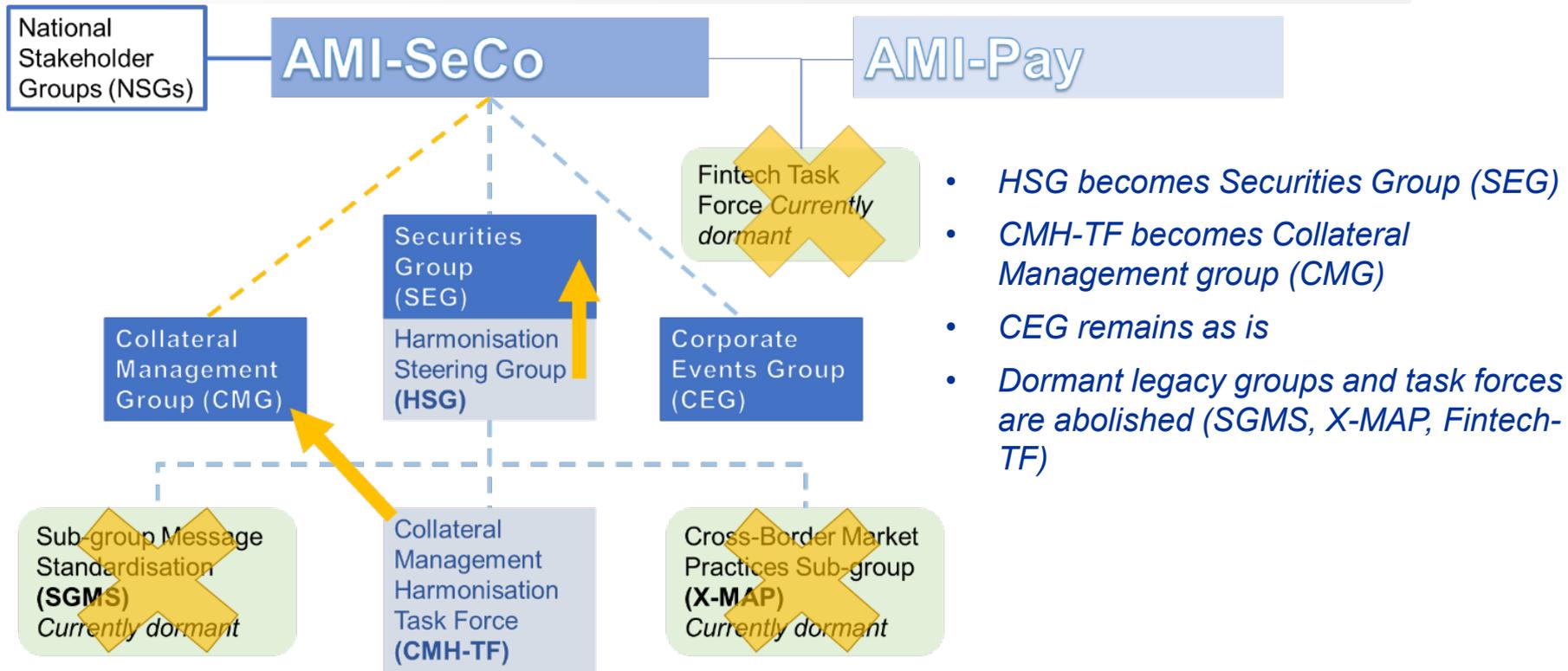
- 1 representative from the **CEE region**
- 1 representative from the **United Kingdom capital markets**
- 1 representative from the **Nordic / Baltic markets**
- Adding representatives to the **Harmonisation composition** from **pan-European issuers**:
- 1 representative of **equity issuers**
- 1 representative of **debt issuers**

Additional, non-substantive changes

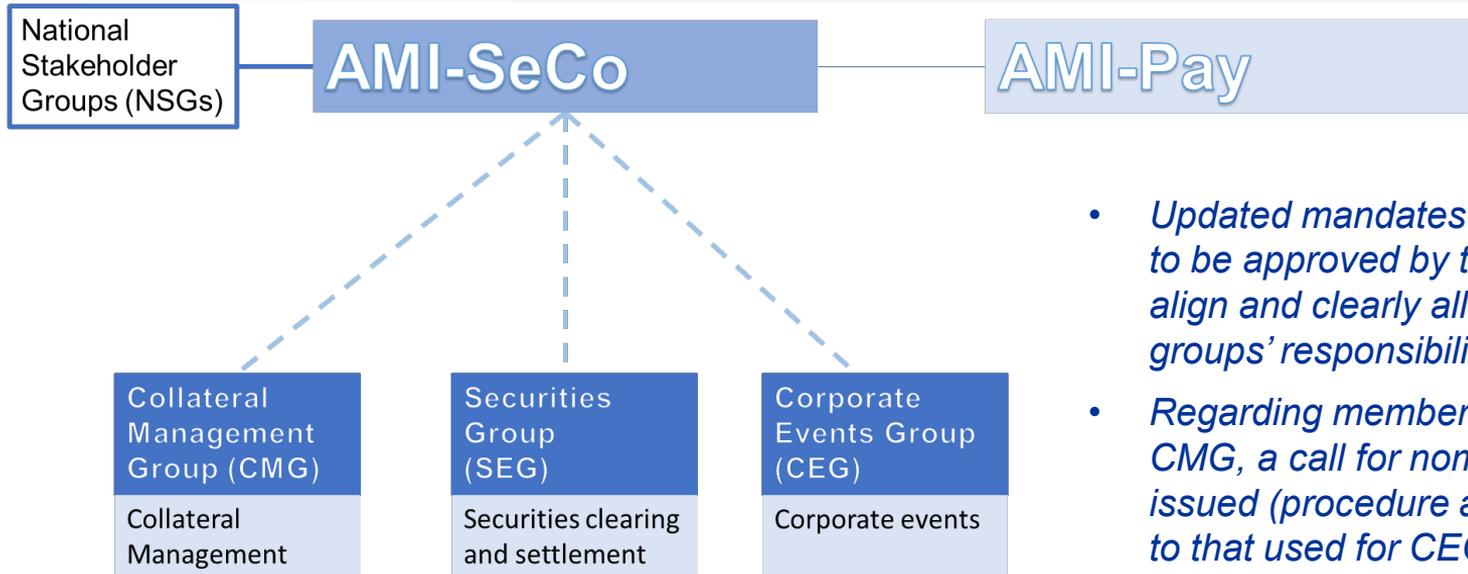
The suggested adaptations to the AMI-SeCo mandate also include some **streamlining** of its text and **clarifications** that do not change the functioning of the AMI-SeCo in substance. To highlight a few of these:

- Explicitly stating (on the basis of the relevant ISO definition) that AMI-SeCo decisions / agreements are made by consensus.
- Not naming in the mandate participating institutions (list of participating institutions to be kept separately from the mandate).
- Removing 2-year member terms and their 2-yearly review – members will continue to be appointed by the Chair based on nomination from the respective participating institution.

Substructures - Envisaged changes



Substructures - New (leaner) structure



- *Updated mandates of substructures to be approved by the AMI-SeCo to align and clearly allocate the new groups' responsibilities.*
- *Regarding membership of SEG and CMG, a call for nominations will be issued (procedure and criteria similar to that used for CEG).*

Next steps

- i) **The AMI-SeCo is invited to approve, in principle**, the proposed changes to the mandates and set-up of the SEG and the CMG, as well as the minor update to the CEG – in order to fully align the mandates of AMI-SeCo substructures.

- ii) **The AMI-SeCo is invited to take note** that, subject to final approval by Eurosystem governance:
 - The envisaged changes to the AMI-SeCo mandate and governance structure (incl. shift to two compositions, i.e. Harmonisation composition and T2S composition, as well as extended membership) would be applicable as from the 1 January 2023.
 - Secretariat will invite new members (based on extended business and geographical scope).
 - Secretariat will launch call for nominations of members to new SEG and new CMG.
 - Changes at the discretion of AMI-SeCo will be implemented continuously, with the major changes taking effect already as from the 1 January 2023.

Continuous work towards further financial market integration

The AMI-SeCo's mandate includes fostering financial integration in the field of securities and collateral management. In view of this, the AMI-SeCo foresees to continue the work towards further financial market integration (including harmonisation) with the following:

- a) Receive and overview and possibly some initial analysis of the possibilities and benefits that T2S can bring for financial market integration in the next AMI-SeCo meeting,
- b) As a follow up to this, to launch a broad stakeholder survey (including small and medium-sized financial market stakeholders) on remaining barriers for financial market integration