

Triparty Collateral Management Adaptation Plan

Clearstream Banking Luxembourg

Activity	Triparty Collateral Management
Plan submitted by	Clearstream Banking Luxembourg
NSG	Luxembourg
Date	February 2020

Background

The Adaptation Plan provides information on the changes which will be implemented to meet the AMI-SeCo Standards for Triparty Collateral Management which form part of the Single Collateral Management Rulebook for Europe (SCoRE). Full details of the Triparty Collateral Management Standards can be found on the [ECB website](#).

The document is structured as follows: Section 1 (Cover Letter) provides a high-level summary of the changes in order to implement the AMI-SeCo Standards. Section 2 (Adaptation Plan Table) then provides a more detailed overview per Standard covering a feasibility assessment and the implementation milestones.

1 Cover Letter

Clearstream Banking Luxembourg fully supports the introduction of collateral management harmonization standards endorsed by AMI-SeCo. This support is reflected by active participation in the design of new standards for Triparty Collateral Management, Corporate Actions and Billing in the different workstreams of the Collateral Management Harmonisation Task Force and by the commitment to target implementation of these standards and migration to the Eurosystem's ECMS platform according to the current published Go-Live timeline of November 2022. The resulting changes will impact TPA and (I)CSD operations for all market actors in Luxembourg, Germany and the ICSD, however Clearstream Banking Luxembourg will seek to limit impact to clients as far as possible. Clearstream Banking Frankfurt is already compliant with 9 out of the 17 standards and work is now focusing on the implementation of the remaining changes associated with ECMS. More information regarding specific impacts will be given during the course of 2020.

Please note that as technical implementation details within the standards have not yet been fully specified, all details, including all dates in this report are

indicative based on current information, and cannot therefore be considered final. This will be refined once full impacts and requirements are known. Full details are given in the text below. Please note that the discussion of the CMH-TF standards and milestones with all members of the NSG is planned for mid-2020.

We encourage all Clearstream agents and customers, particularly ECMS participants, to review the standards herein described, in order to become aware of potential changes in relation to collateral management processing.

Feasibility Assessment / Legal barriers:

In order for Clearstream to adopt the new Eurosystem Collateral Management System (ECMS), where the said model is essentially ISO 20022 Swift based (in terms of instructions and reporting channel), new processes, legal documentation, features, message flows and functions need to be implemented in Clearstream's collateral management system.

A new account structure will be required in order to support the collateral account being in T2S and thus, settlement for the transfer of the securities from the Collateral Giver's account to the Collateral Taker's account will take place in T2S. The exact legal account structure remains to be clarified.

The new ISO Swift 20022 standards, along with the specifics of the ECB requirements, introduce new messages and process flows such as: unilateral removal of securities, reporting on flows, reporting on stocks, authorisation by the central bank for the payment of custody income, reference data, eligibility baskets. Final versions of the swift messages are expected to be published mid-February 2020 in MyStandards for review by the TPAs. The messages regarding Reference data, Eligible Securities Deletion Request, Close Link Deletion Request, and Income compensation messages still need to be defined.

Both ISO 15022 and ISO 20022 formats will be supported during the transition period. Exact procedures for the support of both ISO standards are not yet finalised as ISO 20022 introduces new messages that do not exist in ISO 15022. Specific mapping (where possible), validation and processing of the messages in both versions will be required. More information will follow in due course.

Our initial analysis of the requirements identified no critical legal barriers. However, we will only be able to confirm that after the finalisation of the ECMS requirements and a subsequent analysis of the impacts has taken place, especially in the case of the legal account structure.

Milestones:

We have indicated that we will communicate to our clients the relevant impacts and changes introduced by ECMS in Q3 2020. It should be noted that this will be a high-level description. Further detailed information will be published during

the remainder of 2020 and 2021, subject to the finalisation of relevant requirements.

Clearstream Banking Luxembourg targets to start User Testing in November 2021, subject to clarification by the Eurosystem regarding scope, planning and details of User Testing.

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Postal address 60640 Frankfurt am Main, Germany

Telephone +49 69 1344 0

Website www.ecb.europa.eu

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For specific terminology please refer to the [ECB glossary](#) (available in English only).

2 Adaptation Plan Table

AMI-SeCo Standard			Feasibility Assessment			Implementation Milestones			
No.	Name of Standard	Standard	Adaptation Required?	Description of Changes Required	Legal Barrier Identified?	User Communication	Internal Adaptation	Start of User Testing	Implemented by Nov. 2022?
STANDARD 1	Implementation of ISO 20022 messages for triparty collateral management	<i>TPAs shall support the usage of ISO 20022 messages for triparty collateral management activities covered by the Standards.</i>	Yes	New Swift ISO standard messages	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes
Additional Information	Message Name	Message Identifier							
	Triparty Collateral Transaction Instruction	colr.019	Yes	New Swift 20022 message required.					
	Triparty Collateral Status and Processing Advice	colr.020	Yes	New Swift 20022 message required. New usage of message.					
	Triparty Collateral Allegement Notification	colr.021	Adaptation Required	New Swift 20022 message required. New flows of messages required.					
	Triparty Collateral Collateral and Exposure Report	colr.022	Adaptation Required	New Swift 20022 message required. New type of report as it is near real time and settlement notification related.					
	Triparty Collateral Unilateral Removal Request	colr.023	Adaptation Required	New Swift 20022 message required. New process.					
	Collateral Management Cancellation Request	colr.005	Adaptation Required	New Swift 20022 message required. Usage of messages changes in the relevant flows.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes
	Collateral Management Cancellation Status	semt.020	Adaptation Required	New Swift 20022 message required. Usage of messages changes in the relevant flows.					
	Receipt Acknowledgment	admi.007	Adaptation Required	New Swift 20022 message required.					
	Approval of Debit	camt.036	Adaptation Required	New Swift 20022 message required. New process.					
	Eligible Securities Creation Request	reda.025	Adaptation Required	New Swift 20022 message required. New process.					
	Eligible Securities Deletion Request	reda.TBD	Adaptation Required	New Swift 20022 message required. New process.					
	Collateral Value Creation Request	reda.024	Adaptation Required	New Swift 20022 message required.					
	Close Link Creation Request	reda.027	Adaptation Required	New Swift 20022 message required. New process.					
	Close Link Deletion Request	reda.TBD	Adaptation Required	New Swift 20022 message required. New process.					
	Collateral Data Status Advice	reda.028	Adaptation Required	New Swift 20022 message required. New process.					
STANDARD 2	Initiation of a triparty transaction	<i>TPAs shall offer harmonised business processes and workflows for the initiation of a</i>	Implemented	N/A	No	N/A	N/A	N/A	Yes

AMI-SeCo Standard			Feasibility Assessment				Implementation Milestones			
No.	Name of Standard	Standard	Adaptation Required?	Description of Changes Required	Legal Barrier Identified?	User Communication	Internal Adaptation	Start of User Testing	Implemented by Nov. 2022?	
		<i>triparty collateral management transaction.</i>								
STANDARD 3	Increase of a triparty transaction	<i>TPAs shall support harmonised business processes and workflows for the increase of a triparty collateral management transaction.</i>	Implemented	N/A	No	N/A	N/A	N/A	Yes	
STANDARD 4	Decrease of a triparty transaction	<i>TPAs shall support harmonised business processes and workflows for the decrease of a triparty collateral management transaction.</i>	Adaptation Required	New flow of messages required and reporting process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 5	Revaluation of a triparty transaction	<i>TPAs shall support harmonised business processes and workflows when revaluing a triparty collateral management transaction.</i>	Adaptation Required	New flow of messages required and reporting process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 6	Cancellation of a triparty instruction	<i>TPAs shall support harmonised business processes and workflows for the cancellation of a triparty collateral management instruction.</i>	Implemented	N/A	No	N/A	N/A	N/A	Yes	
STANDARD 7	Unilateral removal process	<i>TPAs shall support harmonised business processes and workflows for the unilateral removal of a specific asset in triparty collateral management.</i>	Adaptation Required	New flow of messages required and is a new process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 8	Reporting on flows	<i>TPAs shall support harmonised business processes and workflows for the reporting on flows in order to provide real time information on securities collateralising triparty collateral transactions.</i>	Adaptation Required	New flow of messages required and reporting process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 9	Reporting on stocks	<i>TPAs shall support harmonised business processes and workflows for reporting on stocks in triparty collateral management.</i>	Implemented	N/A	No	N/A	N/A	N/A	Yes	
STANDARD 10	Closure of a triparty transaction	<i>TPAs shall support harmonised business processes and workflows when closing a triparty collateral management transaction.</i>	Implemented	N/A	No	N/A	N/A	N/A	Yes	

AMI-SeCo Standard			Feasibility Assessment				Implementation Milestones			
No.	Name of Standard	Standard	Adaptation Required?	Description of Changes Required	Legal Barrier Identified?	User Communication	Internal Adaptation	Start of User Testing	Implemented by Nov. 2022?	
STANDARD 11	Handling of corporate actions	TPAs shall support harmonised business processes and workflows when handling corporate actions on securities allocated to a triparty collateral management transaction.	Adaptation Required	New flow of messages required and reporting process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 12	Partial settlement	TPAs shall support harmonised business processes and workflows for the partial settlement of a triparty collateral management instruction.	Implemented	N/A	No	N/A	N/A	N/A	Yes	
STANDARD 13	Reference data	TPAs shall facilitate the communication of reference data by collateral givers and collateral takers using harmonised messaging.	Adaptation Required	New flow of messages required and is a new process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 14	Usage of baskets	TPAs shall support the usage of customised collateral baskets by collateral givers and collateral takers.	Adaptation Required	New flow of messages required and is a new process.	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 15	Future dated processing	TPAs shall support the handling of future-dated requests submitted by collateral givers and collateral takers for triparty transactions settling in commercial bank money.	Implemented	N/A	No	N/A	N/A	N/A	Yes	
STANDARD 16	Operating hours	TPAs shall provide access to triparty services on those days on which the RTGS is open. Allocations to triparty transactions involving central banks as collateral taker shall be possible according to a harmonised operating schedule on those days.	Implemented	Change of Operating Hours only	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	
STANDARD 17	Cut-off times	TPAs shall offer harmonised cut-off times for triparty services involving central banks as collateral taker.	Implemented	Change of Cut-off Times only	No	Q3/2020	01/04/2020 - 31/05/2022. To be confirmed; subject to further planning;	Nov 2021 targeted. Subject to User Testing planning.	Yes	