

Triparty Collateral Management Adaptation Plan

BNY Mellon

Activity	Triparty Collateral Management
Plan submitted by	BNY Mellon
NSG	Belgium
Date	January 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

As previously communicated, BNY Mellon is a strong supporter of the harmonisation work carried out under the aegis of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo), and in particular of the work of the Task Force on Collateral Management Harmonisation.

The Adaptation Plan Table gives detailed comments on BNY Mellon's alignment status to the Triparty Collateral Management standards. To complement these detailed comments, this letter sets out some high-level comments that are relevant for the compliance with the CMH-TF standards.

Where we are in scope for business process harmonization and not yet aligned with the standard, we have included our high level gap assessment to our current offering and plan to align with the standard. Please note that the detailed impact assessment and requirements documentation is in progress and the timelines are subject to change if additional scope/impact is uncovered as a part of that process.

To align with the ISO20022 messaging format for the Triparty Standards, our technical impact assessment is underway. However, we require the finalized SWIFT messages/formats in order to complete this part of our plan. Any delay in the publishing/distribution of the finalized messages/formats will impact our timelines.

In regards to our client communication and client testing approach, we will discuss with key clients their appetite to utilize ISO20022 messaging with BNYM. Given our clients are not leveraging ECMS connectivity, we expect client appetite for ISO20022 messaging to be low in Phase 1 of the Standards. Our Client Testing Approach will be based on client requests.

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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>				Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process.	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of Issues - Q1 2021 onward	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in November 2021 if our user base is ready.	Implementation complete in November 2022
Additional Information	Message Name	Message Identifier							
	Triparty Collateral Transaction Instruction	colr.019	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Triparty Collateral Status and Processing Advice	colr.020	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Triparty Collateral Allegement Notification	colr.021	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Triparty Collateral Collateral and Exposure Report	colr.022	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Triparty Collateral Unilateral Removal Request	colr.023	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Collateral Management Cancellation Request	colr.005	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Collateral Management Cancellation Status	semt.020	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Receipt Acknowledgment	admi.007	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Approval of Debit	camt.036	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Eligible Securities Creation Request	reda.025	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Eligible Securities Deletion Request	reda.TBD	Adaptation Required	Message source validation, message routing, format, and client configuration	No				

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				needs to be developed and tested.					
	Collateral Value Creation Request	reda.024	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Close Link Creation Request	reda.027	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Close Link Deletion Request	reda.TBD	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
	Collateral Data Status Advice	reda.028	Adaptation Required	Message source validation, message routing, format, and client configuration needs to be developed and tested.	No				
STANDARD 2	Initiation of a triparty transaction	<i>TPAs shall offer harmonised business processes and workflows for the initiation of a triparty collateral management transaction.</i>	Implemented	N/A	N/A	N/A	N/A	N/A	N/A
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	N/A	N/A	N/A	N/A	N/A
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>	Implemented	N/A	N/A	N/A	N/A	N/A	N/A
STANDARD 5	Revaluation of a triparty transaction	<i>TPAs shall support harmonised business processes and workflows when revaluing a triparty collateral management transaction.</i>	Implemented	N/A	N/A	N/A	N/A	N/A	N/A
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>	Adaptation Required	For matched trades on day 1 For in scope clients, don't allow clients to send a cancellation instruction. Enhance system to use a termination instruction instead.	No	Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of Issues - Q1 2021 onward	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in November 2021 if our user base is ready.	Implementation complete in November 2022

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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 business process. Impact assessment in currently underway	No	Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of Issues - Q1 2021 onward	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in November 2021 if our user base is ready.	Implementation complete in November 2022
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	Support clients (both givers and takers) to receive the delta reporting at regular intervals.	No	Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of Issues - Q1 2021 onward	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in November 2021 if our user base is ready.	Implementation complete in November 2022
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	N/A	N/A	N/A	N/A	N/A
STANDARD 10	Closure of a triparty transaction	<i>TPAs shall support harmonised business processes and workflows when closing a triparty collateral management transaction.</i>	Adaptation Required	Support the termination of a matched trade on Day 1, irrespective if it is overnight or term plus allow termination to occur when start date = end date.	No	Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process.	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of Issues - Q1 2021 onward	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in November 2021 if our user base is	Implementation complete in November 2022

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								ready.	
STANDARD 11	Handling of corporate actions	<i>TPAs shall support harmonised business processes and workflows when handling corporate actions on securities allocated to a triparty collateral management transaction.</i>	Adaptation Required	The business flows for Collateral Givers are aligned with taskforce standards. The business flows for Collateral Takers requires adaption and are currently under investigation.	No				
STANDARD 12	Partial settlement	<i>TPAs shall support harmonised business processes and workflows for the partial settlement of a triparty collateral management instruction.</i>	Implemented	N/A	N/A	N/A	N/A	N/A	N/A
STANDARD 13	Reference data	<i>TPAs shall facilitate the communication of reference data by collateral givers and collateral takers using harmonised messaging.</i>	Adaptation Required	Support the addition of Security Pricing provided by Collateral Takers, including eligibility application and reporting.	No	Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process.	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of Issues - Q1 2021 onward	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in November 2021 if our user base is ready.	Implementation complete in November 2022
STANDARD 14	Usage of baskets	<i>TPAs shall support the usage of customised collateral baskets by collateral givers and collateral takers.</i>	Implemented	N/A	N/A	N/A	N/A	N/A	N/A
STANDARD 15	Future dated processing	<i>TPAs shall support the handling of future-dated requests submitted by collateral givers and collateral takers for triparty transactions settling in commercial bank money.</i>	Adaptation Required	Support Future dated modification and terminations	No	Initial communication to our clients will be in June 2020. Subsequent communications are planned as we move through the design and development process.	Impact analysis/Requirements - Current through Q3 2020 Development - Q4 2020 - Q1 2021 Internal Testing and Resolution of	We will monitor potential user testing demand/user delays and report as part of our updates. We will support user testing beginning in	Implementation complete in November 2022

