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Eurosystem Collateral Management System (ECMS)

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Project overview

- ECMS (Eurosystem Collateral Management System) will be a single system for managing eligible assets used as collateral for Eurosystem credit operations.

- ECMS is an Eurosystem application that will be used by market participants (in their role as counterparties):
  - similar role as in the existing national collateral management systems; and
  - as opposed to a platform to which market participants outsource their business, like T2S.

- Realisation phase of the ECMS was approved by the Governing Council in December 2017.
# High-level planning for the realisation phase

**Go-live: November 2022**

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<th>Phase</th>
<th>2018</th>
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<th>2020</th>
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<td>Overall ECMS realisation phase</td>
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<td>Specifications phase</td>
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<td>Development and internal testing</td>
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<td>Eurosystem Acceptance Testing</td>
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<td>User Testing</td>
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*Operational phase*
ECMS governance structure

- Eurosysten-internal working group on ECMS (ECMS-WG), with the representatives of each of the 19 National Central Banks, has been formed and had its kick-off meeting in February 2018.

- ECMS-WG reports directly to the Market Infrastructure Board (MIB).
Collaboration with AMI-SeCo

• Interaction with market participants will be accomplished through the AMI-SeCo and the CMH-TF in addition to the interaction of NCBs with their respective counterparties.

• Dependency on the CMH-TF to submit **harmonised business processes and workflows for Triparty and corporate actions** to the AMI-SeCo by **June 2018**.

• ECB’s ECMS Project Team participated in the CMH-TF meeting as observer. It can contribute to the CMH-TF work by:
  – Providing a status update on the project at each CMH-TF meeting;
  – Indicating whether the CMH-TF harmonised business processes and workflows provide a sufficient basis to prepare the ECMS UDFS
Current status of ECMS work - UDFS

• Drafting of User Detailed Functional Specifications (UDFS) – provides the functional description and design of ECMS and how the user requirements will be implemented – has started on the Service Provider side.

• UDFS drafting work will run through 2018 and into Q3 2019. Work will be split into 8 iterations, each focusing on a different theme/part of the scope of the system.
Interaction of counterparties with the ECMS

- As of the ECMS go-live, NCBs will be able to replace their current collateral management systems with the ECMS. The ECMS will provide a single interface (with the possibility of communication in U2A and A2A) that will be different from what NCBs might have in place nowadays.

- Key decision has been made for ECMS to rely on harmonised functionalities and ISO 20022 as the messaging standard.
Relevant activities for ECMS counterparties

• Information on relevant ECMS functionalities will be made available timely by sharing relevant sections of the User Detailed Functional Specifications (UDFS), Connectivity Guide and/or training materials with counterparties.

• Agreed harmonisation will still require timely implementation → important to monitor the progress of important ECMS actors (e.g. counterparties, CSDs, Triparty Agents).

• One year prior to the go-live, NCBs will start conducting testing activities with their counterparties to make sure they are ready for migration to the new system.