1. Preamble and objectives

Safe and efficient financial market infrastructures are necessary for the reliable transfer of funds and securities, the smooth implementation of monetary policy and financial stability.

In line with the Treaty on the Functioning of the European Union and the Statute of the ESCB¹, the Eurosystem has a keen interest in the prudent design and management of financial market infrastructures operating in the single currency. The Eurosystem provides financial market infrastructures for payment and securities settlement, engages in discussions with market stakeholders to facilitate the further integration of financial markets in Europe and oversees financial market infrastructures and payment instruments.

The Advisory Group on Market Infrastructures for Securities and Collateral (hereinafter referred to as the AMI-SeCo) shall assist the Eurosystem in the pursuit of the above interests, facilitating an active dialogue with market participants and financial market infrastructures, with a view to fostering financial market integration in the field of securities and collateral management, and to providing advice on market infrastructures managed by the Eurosystem and related projects.

The AMI-SeCo shall also act as an advisory body to the Eurosystem for all issues related to TARGET2-Securities (T2S)².

2. Responsibilities and tasks

The AMI-SeCo shall advise the Eurosystem on matters related to securities clearing and settlement and collateral management, as well as T2S. It shall also address, in line with user needs, all relevant aspects of the provision or modification of Eurosystem services in this regard; provide advice to the Eurosystem on developments in securities and collateral management and their potential impact on the Eurosystem; and facilitate an efficient and effective interaction between the Eurosystem and the relevant financial market actors on matters of common concern, with an emphasis on:

¹ Protocol (No 4) on the Statute of the European System of Central Banks and of the European Central Bank.

² T2S services allow for the core, neutral and borderless settlement of securities transactions on a delivery-versus-payment basis in central bank money. Settlement is performed via a single technical platform integrated with participating central banks’ real-time gross settlement systems.
• providing advice and a forum for the exchange of views on all market developments relevant for the harmonisation and integration of securities settlement and collateral management;

• contributing to the harmonisation of market practices and processes in the fields of securities clearing and settlement, and collateral management, with a view to fostering integrated financial market infrastructures;

• receiving input from (T2S) National User Groups, which are to form the link between the national markets and the AMI-SeCo;

• providing advice and resolutions on T2S-related matters. In its T2S advisory function, the AMI-SeCo shall be responsible for:
  - supporting the consistency of the T2S scope defining set of documents, in particular their full compliance with the T2S user requirements document;
  - supporting the Eurosystem’s review and prioritisation of change requests to the T2S scope defining set of documents, in line with the applicable procedures specified in the Schedules of the Framework Agreement (FA) on “Governance” and “Change and Release Management”;
  - supporting the Eurosystem in any adjustment to the T2S pricing framework;
  - continuing to foster the work on harmonisation in the field of securities settlement related to T2S and supporting T2S implementation efforts in the market;
  - advising on decisions to be taken by the Governing Council, the Market Infrastructure Board (MIB), the CSD (central securities depository) Steering Group and the Non-euro Currencies Steering Group which, in the view of the MIB, have implications for T2S users;
  - advising on practices and policies that contribute to an effective and cost-efficient implementation of T2S in the post-trading T2S environment;
  - advising on operational issues;
  - providing advice when disputes arise between the Eurosystem and one or more CSDs and/or between the Eurosystem and one or more non-euro area national central banks (NCBs), in line with the dispute resolution procedures in the Framework Agreement (FA) and the Currency Participation Agreement (CPA).

Each full member of the AMI-SeCo may:
  - propose advice on T2S-related issues;
  - initiate a change request in line with the procedure in the FA Schedule on “Change and Release Management”.

3 In this respect, the AMI-SeCo is to take over the responsibilities of the T2S Advisory Group.
3. Composition and term

The AMI-SeCo shall be composed of the Chairperson, the Secretary, full members and observers.

- The Chairperson shall be the Director General in charge of the Directorate General Market Infrastructure and Payments at the European Central Bank (ECB).
- The Secretary shall be a highly experienced ECB staff member in the area of market infrastructures and is to be appointed by the Chairperson. The ECB shall provide the Secretary with operational and secretarial support.
- The Chairperson may designate an alternate to replace the Secretary in exceptional circumstances.

In order to foster financial market integration, it is essential that the representation of members and observers be balanced (including from a geographical point of view).

Full members:

Users (market participants/T2S users):

- Up to 24 senior executive managers representing banks active in the European Union in their role as T2S users. They shall cover the various interests of market participants in securities clearing and settlement, and collateral management. The aim is for the AMI-SeCo to be broadly representative, meaning that its members shall include small, medium and large institutions and markets, reflecting the various types of service provided to/requested by users. Replacements for user members who resign during a regular term shall be selected by the AMI-SeCo Chairperson based on applications received from the relevant industry organisation.

Financial market infrastructures (CSDs and CCPs):

- Up to eight members of the CSDs and up to four central counterparties (CCPs), which are also T2S users.

NCBs:

- Senior managers representing the Deutsche Bundesbank, the Banco de España, the Banque de France, the Banca d’Italia and eight other euro area NCBs on a rotating basis. In exceptional cases, other euro area NCBs may participate in meetings upon their specific request and with the Chairperson’s consent. Non-euro area central banks that have signed the CPA shall be eligible to participate from the date of the signature of the CPA.

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\(^4\) Based on expressions of interest.
Observers

In order to provide input from their constituencies and convey the AMI-SeCo’s conclusions, the following institutions and organisations shall each be entitled to have one observer in the AMI-SeCo:

- European Association of Co-operative Banks (EACB);
- European Banking Federation (EBF);
- European Association of Clearing Houses (EACH);
- European Savings Bank Group (ESBG);
- Federation of European Securities Exchanges (FESE);
- European Fund and Asset Management Association (EFAMA);
- European Central Securities Depositories Association (ECSDA);
- Association for Financial Markets in Europe (AFME), sell-side representation and buy-side representation;
- European Securities and Markets Authority (ESMA);
- European Commission;
- Eurosystem oversight function;
- One representative of the central banks forming the 4CB.

The seniority and commitment of the AMI-SeCo members are of core importance for it to be an efficient and effective advisory body. Members shall be expected to actively contribute to the work of the AMI-SeCo, and their employers shall ensure that they have sufficient time to be actively involved in the AMI-SeCo’s work. The Chairperson may reconsider the membership of members who do not actively contribute and/or participate in three consecutive meetings. The aim is for the AMI-SeCo’s members to be active discussion partners for the Eurosystem and to encompass a wide range of actors and regions, with an emphasis on the euro area.

Full members shall be nominated for a renewable term of two years and are to be selected by the Chairperson, after consultation with the MIB and the Market Infrastructure and Payments Committee (MIPC). The Chairperson shall have the possibility to invite observers to attend the AMI-SeCo meetings on an ad hoc basis. The AMI-SeCo set-up and the outcome of its work shall be evaluated after two years.

4. Reporting

The AMI-SeCo shall provide advice to the MIB or the MIPC, depending on the issue at stake and in line with the respective mandates. Upon request, the AMI-SeCo may also advise the CSD Steering Group or the Non-euro Currencies Steering Group on T2S-related issues. In relation to its T2S advisory function, the AMI-SeCo may, in exceptional cases, provide advice
on T2S issues directly to the ECB’s Governing Council, if it considers that the General Principles of T2S or other core elements of T2S are at risk.

5. Working procedures

The AMI-SeCo shall work in an open and transparent manner. Documentation shall be published on the ECB’s website to allow market participants not represented in the Group to follow the relevant discussions. The AMI-SeCo shall liaise with (T2S) National User Groups in order to form a link to activities pursued in national user communities. The MIB and the MIPC may provide guidance to the AMI-SeCo, either on their own initiative or upon request.

Provision of advice

The AMI-SeCo shall provide advice to the Eurosystem on market developments in the area of securities and collateral management. Full members shall be entitled to take part in the AMI-SeCo’s provision of advice, while observers shall be entitled to participate in the AMI-SeCo’s meetings and discussions, but not in the process of providing advice.

The AMI-SeCo’s advice shall be adopted by way of consensus. Where consensus cannot be reached, the Chairperson may, after having an open and transparent exchange of views, assess the degree of consensus by asking for the views of its full members. The AMI-SeCo’s advice and the degree of consensus shall be communicated to the MIB and/or MIPC as appropriate. The Chairperson shall be entitled to take a positions on the adoption of advice.

The AMI-SeCo shall also provide advice to the MIB or any other T2S governance body concerning the T2S matters outlined above in “Responsibilities and tasks” and shall adopt resolutions on the organisation of the AMI-SeCo’s work or the work of its sub-groups in relation to the matters referred to in the same paragraph.

For T2S matters, full members shall be entitled to take part in the AMI-SeCo’s provision of advice or resolutions. Observers are entitled to participate in the AMI-SeCo’s meetings, but do not participate in the process of providing advice or resolutions. The AMI-SeCo’s advice relating to T2S shall be submitted directly to the MIB, the ECB’s Governing Council, the CSD Steering Group or the Non-euro Currencies Steering Group as appropriate.

Any full member of the AMI-SeCo may propose a resolution or advice on T2S matters. The Chairperson may decide that the proposed resolution or advice needs first to be analysed by a sub-structure, i.e. a technical sub-group or a task force.

Advice or resolutions on T2S matters shall, in principle, be adopted by way of consensus. If consensus cannot be reached, the Chairperson may decide to hold a vote. In such cases,
advice or resolutions on T2S matters shall be adopted in accordance with the following voting rules.

- Advice or resolutions on T2S matters shall be adopted by consensus, or, if consensus cannot be reached, by simple majority of the full members of the AMI-SeCo.
- The AMI-SeCo shall consist of three separate groups of full members for T2S matters: T2S users (encompassing banks and CCPs), CSDs and NCBs. Each of these three groups shall have one-third of the votes. The votes on T2S matters shall be distributed based on the number of members in each group, i.e. each T2S user would have 1/28, each CSD 1/8, and each NCB 1/12 of a vote. In the event of a tied vote, the Chairperson shall have the casting vote.
- Advice or resolutions on T2S matters may also be adopted by written procedure, unless one-quarter of members with a right to vote object. A written procedure shall require:
  - normally no fewer than three working days for consideration by every member;
  - a record of any such procedure in the conclusions of the subsequent AMI-SeCo meeting.

Advice and/or resolutions are to be sent to the MIB and/or MIPC as appropriate. For T2S matters, the AMI-SeCo may transmit its advice and/or resolutions directly to the Governing Council if at least two-thirds of the user members consider that the General Principles of T2S or other core elements of T2S are at risk.

**Sub-structures**

The AMI-SeCo may establish sub-structures to support its work if it considers it to be necessary. It shall coordinate this with the MIB and/or MIPC in order to properly involve all relevant governance bodies and to avoid duplication of sub-structures on similar topics.

**Meetings**

As a rule, the AMI-SeCo shall meet at least twice a year. Ad hoc meetings may be organised where necessary, at the discretion of the Chairperson. The AMI-SeCo shall aim to meet with the Advisory Group on Payments (AMI-Pay) once a year to discuss topics of common interest.

In principle, meetings shall take place at the ECB’s premises in Frankfurt am Main. Meeting dates shall be set and communicated to members and observers sufficiently in advance. The meeting documentation shall be distributed to members and observers at least five working days, and the agenda at least ten working days, before the meetings. In addition, the Chairperson may invite the AMI-SeCo to provide its advice by other means, including by way of written procedure.
The working language shall be English. Full members and observers shall participate in the meetings of the AMI-SeCo on a personal basis.