

Advisory Group on Market Infrastructures for Securities and Collateral

The Chair

ECB-UNRESTRICTED

Javier Pérez-Tasso
CEO of SWIFT

Furthering financial market integration: AMI-SeCo agreement for moving to ISO 20022 messaging in Europe for Triparty Collateral Management, Corporate Actions and Billing Processes

24 February 2020

Dear Mr Pérez-Tasso,

I am writing to you in my capacity as chair of the Eurosystem's Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) to present to you the AMI-SeCo's agreement for moving European financial markets to ISO 20022 messaging for Triparty Collateral Management, Corporate Actions and Billing Processes and I seek your support in this regard.

The AMI-SeCo fosters European harmonisation of post-trade services. The AMI-SeCo represents a wide community of financial market stakeholders in Europe, including national and international Central Securities Depositories (CSDs), market participants, Eurosystem central banks and industry associations. The AMI-SeCo consists of members from the European Union, the United Kingdom and Switzerland (see Annex 2). It has been successful in defining pan-European harmonisation standards for securities settlement, triparty collateral management services, billing processes and corporate actions for debt instruments. Work also progressed on the definition of corporate action standards for other instruments.

The AMI-SeCo is strategically working towards the development of a Single Collateral Management Rulebook for Europe (SCoRE)¹. The goal of the SCoRE is to have fully harmonised business processes/workflows as well as the common adoption of ISO 20022 messaging for post-trade activities including collateral management. In line with its SCoRE strategy, the AMI-SeCo has agreed on a roadmap for all relevant financial market stakeholders² to adopt ISO 20022 messaging for triparty collateral management, corporate actions and billing processes (as described in the AMI-SeCo Standards³):

- The AMI-SeCo agreed to adopt ISO 20022 messages for triparty collateral management processes by November 2022.
- The AMI-SeCo agreed to move to ISO 20022 messages in the fields of corporate actions and billing processes in two waves.
 - Wave 1: By November 2022, all CSDs⁴, as well as triparty service agents⁵ are required to have the capacity to support and to offer the ISO 20022 messaging as described in the AMI-SeCo corporate action standards and billing standards. Eurosystem central banks and Eurosystem counterparties have to be able to use these ISO 20022 corporate action and billing messages.
 - Wave 2: By November 2025, ISO 20022 messaging for corporate actions and billing would become applicable for actors in Wave 2. At the latest by then, custodians (account servicers) should offer ISO 20022 messaging to clients (that have the capability for ISO 20022 standards).

Considering the size of European financial markets on a global scale, such a move will support further integration of financial markets and reduce costs, risks and complexity. Annex 3 provides the details on the ISO 20022 messages in scope of the AMI-SeCo's roadmap.

The AMI-SeCo recommends to SWIFT the following: (i) end the maintenance/equivalence by November 2025 for ISO 15022 (for the above mentioned activities); and (ii) end the co-existence at the latest by November 2028. The AMI-SeCo strongly believes that greater (cost-) efficiency and effectiveness, reduced complexity and higher consistency can be achieved with ISO 20022 as the single messaging in

¹ Further details such as the mandate are provided on the ECB webpage. The ECB regularly monitors compliance with the standards and publishes the results in harmonisation progress reports: <https://www.ecb.europa.eu/paym/intro/governance/html/index.en.html>

² Relevant stakeholders include (i) CSDs, triparty agents, custodians, Eurosystem central banks and their counterparties. While not explicitly referred to, issuers, issuer agents and central counterparties are expected to take the AMI-SeCo roadmap into account.

³ AMI-SeCo Standards for Triparty Collateral Management, Corporate Actions and Billing Processes are on the ECB website.

⁴ For AMI-SeCo standards on corporate actions: CSDs act in their role as provider of account services to Eurosystem central banks and Eurosystem counterparties. For billing services, CSDs act in their role as account service providers to account owners.

⁵ For AMI-SeCo standards on corporate actions: either triparty agents provide corporate action information or the associated CSDs (on behalf of the triparty agents depending on their internal set-up) provide it. For billing services, triparty agents provide billing information to collateral givers and collateral takers.

these areas. A consistent approach is needed to deliver on the commitment of the financial community to transition to a single global standard.

- The AMI-SeCo takes the view that discontinuing the maintenance (one-to-one equivalency) as of November 2025 would be an important driver to move from one (legacy) standard to another richer standard. Therefore, the AMI-SeCo recommends SWIFT, in its capacity of registration and maintenance authority, to embark on a strategic plan, where the ISO 15022 standard for the above mentioned activities should no longer be maintained as from November 2025 (while taking into account changes required as part of regulatory/mandatory market enhancements that need to be withheld until decommissioning of the corporate action messages in ISO 15022).
- The AMI-SeCo also takes the view that the coexistence period should be as short as possible, ending at the latest by November 2028. The shorter the coexistence period, the lower the maintenance costs for account servicers (in particular those with global activities) for keeping two ISO standards for corporate actions and billing in parallel. Further background on the AMI-SeCo recommendation and its motivation can be found in Annex 1.

The AMI-SeCo invites SWIFT to initiate the necessary steps which will lead to decisions that are consistent with the AMI-SeCo's recommendation. The AMI-SeCo assumes that the scope and timelines (above as endorsed by the AMI-SeCo) will be taken into account by SWIFT to elaborate on the next steps and to embark on the development of a strategic vision and plan for creating a Single Collateral Management Rulebook that could also be used beyond Europe. The AMI-SeCo and its National Stakeholder Groups stand ready to contribute to this effort. Any related feedback you might have would be welcome by 2 June 2020.

I would like to thank you in advance for your cooperation and look forward to hearing from you.

Yours sincerely,



Ulrich Bindseil

Encl.

- Annex 1: AMI-SeCo recommendation - background and motivation
- Annex 2: List of AMI-SeCo markets and name of member firms and associations
- Annex 3: Details of ISO 20022 message types in scope

Annex 1: AMI-SeCo recommendation - background and motivation

The AMI-SeCo Standards and agreement on a roadmap for moving to ISO 20022 messaging are available on the ECB website. Financial market stakeholders in AMI-SeCo markets have prepared adaptation plans by end 2019 and the AMI-SeCo implementation monitoring on the adaptation will start in Q1 2020.

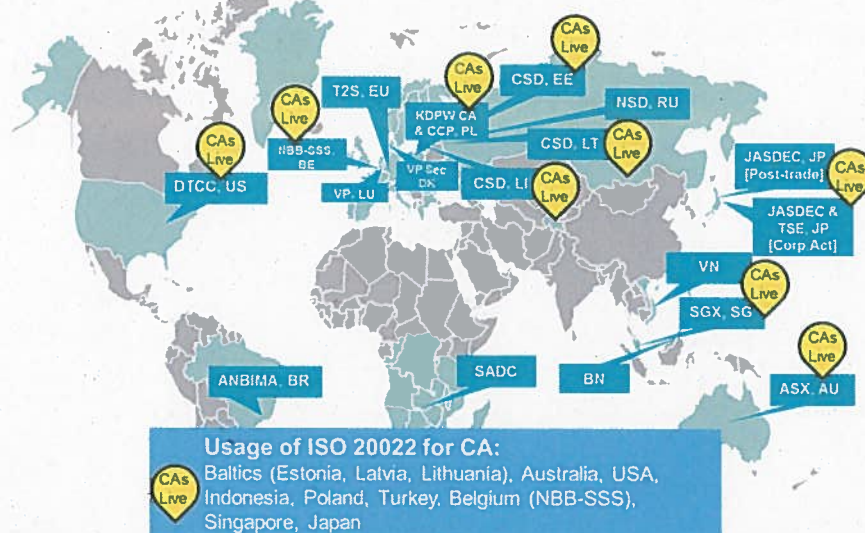
<https://www.ecb.europa.eu/paym/intro/publications/html/index.en.html>

- [Triparty Collateral Management: Single Collateral Management Rulebook for Europe](#)
- [Corporate Actions: Single Collateral Management Rulebook for Europe](#)
- [Collateral Management Harmonisation: Single Collateral Management Rulebook for Europe](#)
- [Billing Processes: Single Collateral Management Rulebook for Europe](#)
- [Monitoring Framework: Single Collateral Management Rulebook for Europe](#)

Momentum is building up for using ISO 20022 in AMI-SeCo markets. Significant developments took place since the 2018 SWIFT survey⁶, as dedicated harmonisation standards were adopted by AMI-SeCo in 2019 on triparty collateral management, corporate actions and billing. AMI-SeCo has also started other standardisation efforts in on collateral management for using ISO 20022, for which AMI-SeCo is reaching out to the widest possible network of financial market participants, Eurosystem central banks and financial market infrastructures (see 10 harmonisation activities in report above “Collateral Management Harmonisation: Single Collateral Management Rulebook for Europe”).

Main actors have made ISO 20022 part of their overall business strategy. Major stakeholders that are globally active in collateral management and corporate actions have a large share in overall messaging activity: including national and international Central Securities Depositories (CSDs), market participants, Eurosystem central banks and industry associations have decided to adopt ISO 20022. New initiatives based on ISO 20022 messages, such as bilateral collateral management, asset servicing and taxation processes, will further increase the share of AMI-SeCo stakeholders in messaging activity. The implementation monitoring of adoption by AMI-SeCo based on sound methodology will foster structured migration by all relevant stakeholders.

⁶ AMI-SeCo letter to SWIFT on survey: <https://www.ecb.europa.eu/paym/initiatives/shared/docs/21c25-eurosystem-advisory-groups-on-market-infrastructures-input-to-the-consultation-the-iso-20022-migration-study.pdf>



ISO 2022 for CA

Existing usage:

Baltics (Estonia, Latvia, Lithuania)
 Australia
 USA
 Indonesia
 Poland
 Turkey
 Belgium (NBB SSS)
 Singapore
 Japan

November 2022

Europe

Wave 1 actors:
 CSDs
 Eurosystem NCBs
 Eurosystem counterparties
 TPAs

November 2025

Europe

Wave 2 actors:
 Account servicers/
 custodians

Standardisation is critical for cross-industry processing with standardisation of datasets, workflows and messaging (in European and in a global context). AMI-SeCo agreed on guiding principles for collateral management harmonisation. AMI-SeCo agreed that harmonisation should lead to a single pan-European collateral management rulebook, with a single list of standards for the interaction of financial market infrastructures and their users, including central banks. Harmonisation should lead to messaging based on the latest international standards (ISO20022) so that in a global context, use of single standard facilitates international transactions processing. Harmonisation should lead to interoperability with standardisation also provides opportunities for risk mitigation, with intraday real-time delivery of data and it should lead to straight-through processing, which standardisation is a precondition for innovation within SFTs and collateral management. Finally harmonisation should remove operational impediments to availability, usage and mobility of collateral with standardisation being able to provide more data and identifiers.

Regulatory reporting is another key driver for ISO 20022. Regulations such as the ECB's Money Market Statistical reporting Regulation (MMSR), the EU's Securities Financing Transactions Regulation (SFTR) and the Central Securities Depositories Regulation (CSDR) rely on ISO 20022 messages and are placing renewed impetus on the need for greater acceleration of these efforts.

Lessons learnt should be taken into account: full benefits will only be achieved with a holistic approach and clear milestones for post-trade providers implementing a common operating model.

The medium/long term strategy of the European post-trade industry represented in the AMI-SeCo provides a clear roadmap to move to an integrated approach for post trade activities based on the ISO 20022 standard (including for all asset servicing and tax reporting). The AMI-SeCo will continue working on harmonisation and contribute to the strategic objective of an integrated approach for post trading activities in Europe. Clarity on co-existence is needed, which should be as short as possible.

Annex 2: List of AMI-SeCo markets and name of member firms and associations

See separate attachment

(https://www.ecb.europa.eu/paym/intro/governance/shared/pdf/ami_seco_members.pdf)

Annex 3. Details of ISO 20022 message types in scope

1. Corporate Actions

- AMI-SeCo agreed to fully migrate to the corporate action (CA) message types listed in Table 1 by November 2025.
- AMI-SeCo recommends stopping the maintenance of the message types listed in Table 2 on SWIFT FIN as of November 2025 (Standards Release 2025) except for changes required as part of regulatory/mandatory market enhancements that need to be withheld until decommissioning of the CA messages in 2028 and recommends removing the message types listed in Table 2 from SWIFT FIN as of November 2028.

Table 1: ISO 20022 for CA

Message name	Message identifier
Corporate Action Notification	seev.031
Corporate Action Event Processing Status Advice	seev.032
Corporate Action Instruction	seev.033
Corporate Action Instruction Status Advice	seev.034
Corporate Action Movement Preliminary Advice	seev.035
Corporate Action Movement Confirmation	seev.036
Corporate Action Movement Reversal Advice	seev.037
Corporate Action Cancellation Advice	seev.039
Corporate Action Instruction Cancellation Request	seev.040
Corporate Action Instruction Cancellation Request Status Advice	seev.041
Corporate Action Instruction Statement Report	seev.042
Corporate Action Movement Preliminary Advice Cancellation Advice	seev.044
Meeting Notification	seev.001
Meeting Cancellation	seev.002
Meeting Entitlement Notification	seev.003
Meeting Instruction	seev.004
Meeting Instruction Cancellation Request	seev.005
Meeting Instruction Status	seev.006
Meeting Vote Execution Confirmation	seev.007
Meeting Result Dissemination	seev.008

Table 2: ISO 15022 for CA

Message name	Message identifier
Corporate Action Notification	MT564
Corporate Action Instruction	MT565
Corporate Action Confirmation	MT566
Corporate Action Instruction Status and Processing Advice	MT567
Corporate Action Narrative	MT568

2. Triparty Collateral Management

- AMI-SeCo agreed to migrate to the triparty and collateral management message types listed in Table 3
- AMI-SeCo recommends stopping the maintenance of the message types listed in Table 4 on SWIFT FIN as of November 2025 (Standards Release 2025).
- AMI-SeCo recommends removing the message types listed in Table 4 from SWIFT FIN as of November 2028.

Table 3 ISO 20022 for triparty and collateral management

Message name	Message identifier
Triparty Collateral Transaction Instruction	colr.019
Triparty Collateral Transaction Instruction Processing Advice	colr.020
Triparty Collateral Allegement Notification	colr.021
Triparty Collateral and Exposure Report	colr.022
Triparty Collateral Status Advice	colr.023
Triparty Collateral Allegement Notification Cancellation Request	colr.024
Triparty Collateral Unilateral Removal Request	reda.074
Collateral Management Cancellation Request	colr.005
Securities Message Cancellation Advice*	semt.020
Collateral Management Cancellation Status	colr.020
Receipt Acknowledgement	admi.007
Debit Authorisation Response	camt.036
Eligible Securities Creation Request	reda.025
Eligible Securities Deletion Request	reda.TBD
Collateral Value Creation Request	reda.024
Close Link Creation Request	reda.027
Close Link Deletion Request	reda.TBD
Collateral Data Status Advice	reda.028

* The semt.020 is used for the cancellation of a status advice or a report

Table 4 ISO 15022 for triparty collateral management

Message name	Message identifier
Triparty Collateral Instruction	MT527
Triparty Collateral Status and Processing Advice	MT558
Triparty Collateral and Exposure Statement	MT569

3. Billing Processes

- Currently, no ISO 15022 message exists today for Billing purposes.
- AMI-SeCo agreed fully migrating to the messages listed in Table 5 on the SWIFT network as of Nov 2025.

Table 5: ISO 20022 for Billing processes

Message name	Message identifier
Billing Report	camt.077