

# MANDATE OF THE HARMONISATION STEERING GROUP

## Supporting the Advisory Group on Market Infrastructures for Securities and Collateral

### 1. Preamble

Major T2S stakeholders have insisted that they will not be able to reap the full benefits of T2S if post-trade processes related to T2S are not harmonised. Thus post-trade harmonisation is a key deliverable of the T2S project. In their view, unless key national specificities in local markets are harmonised, T2S will not achieve its objective.

Upon request by the T2S Advisory Group (AG), the T2S Programme Board (the predecessor of the Market Infrastructure Board - MIB)<sup>1</sup> agreed in 2011 to allocate the necessary ECB resources to support the work of a T2S Harmonisation Steering Group (HSG).

Following the establishment of the Advisory group on Market Infrastructures for Securities and Collateral (AMI-SeCo) in 2017, the HSG shall continue working on the T2S harmonisation agenda<sup>2</sup> as well as on issues related to other securities clearing, settlement and collateral management harmonisation activities subject to the AMI-SeCo guidance.

The group is in principle composed of MIB and senior AMI-SeCo members and is supported in its work by the ECB Team and the T2S National User Groups (NUGs).

**The key objective of the HSG is to advise the AMI-SeCo on issues related to its securities and collateral management harmonisation agenda.**

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<sup>1</sup> The T2S Board became the Market Infrastructures Board in 2016

## **2. Mandate**

### **2.1 Tasks**

The AMI-SeCo endorses the mandate of the HSG which includes the following tasks:

- To analyse the list of T2S and collateral management harmonisation items (also known as “harmonisation activities”) which is maintained by the ECB. The HSG provides guidance to the ECB and AMI-SeCo regarding the relevant issues, the proposed standards or best market practices, and the priorities and implementation plans included in the relevant AMI-SeCo harmonisation lists;
- To assess and follow the implementation of the T2S and collateral management harmonisation standards and best market practices in T2S, and where relevant in non-T2S markets, with the help of NUGs;
- To present a status update of the HSG work in each AMI-SeCo and MIB meeting and seek advice where necessary;
- To advise the AMI-SeCo to undertake initiatives for communicating key harmonisation policy issues to the relevant EU authorities;
- To support the AMI-SeCo in assessing and forming an opinion on the potential impact of financial innovation (e.g. Distributed Ledger Technology) on post-trade and the wider EU financial market integration.

### **2.2 Expiry**

The HSG’s mandate shall expire:

- when the AMI-SeCo decides to dissolve the HSG; or
- when the AMI-SeCo mandate expires;

## **3. Composition**

### **3.1 Chairperson**

The AMI-SeCo shall appoint the Chairperson of the HSG upon proposal of the AMI-SeCo Chairman. As a rule, the Chairperson shall be an AMI-SeCo or a MIB member. The HSG

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<sup>2</sup> AMI-SeCo takes over the responsibilities of the AG

Chairperson shall be entitled to designate an alternate to replace him/her in exceptional circumstances.

The HSG Chairperson shall have the following tasks and responsibilities:

- determine the frequency, format and agenda of the meetings;
- conduct the HSG meetings;
- invite external experts and/or members of the ECB or the 4CB to the HSG meetings on a specific topic;
- report to the AMI-SeCo;
- inform the MIB;
- represent the group in liaising with other relevant European bodies and initiatives.

### **3.2 Secretary**

The Secretary shall be a member of the ECB, designated by the AMI-SeCo Chairperson.

The Secretary shall have the following tasks and responsibilities:

- co-ordinate the organisation of the meetings and relevant documents;
- support the Chairperson in the preparations for the HSG meetings;
- draft outcomes of the meetings;
- support the Chairperson in preparations for reporting to AMI-SeCo and informing the MIB, when required;

### **3.3 Members**

Members shall be appointed by the AMI-SeCo, upon proposal of the AMI-SeCo Chairperson and based on suggestions by individual AMI-SeCo members.

The members of the HSG shall:

- have an appropriate level of seniority and expertise in post-trade arrangements and processes.
- be able to initiate actions and mobilise resources in order to contribute to the AMI-SeCo harmonisation goals.
- be in principle member either of the AMI-SeCo or the MIB and be able to contribute substantially to the relevant HSG topics.

### **3.4 Participation**

Members in the HSG participate on a personal basis and can therefore be replaced only in exceptional circumstances and with the approval of the Chairperson.

Members shall provide adequate resources for achieving progress within a short time period.

The Chairperson should reconsider the membership of members who are not actively contributing and/or not participating in three consecutive meetings.

### **3.5 Reporting**

The HSG will deliver a progress report to the AMI-SeCo at least on an annual basis. Lack of progress in certain harmonisation items or by certain markets shall be flagged so that the AMI-SeCo can make proposals on how to foster implementation. This report shall be published on the ECB website and be submitted to the Governing Council for information.

## **4. Working procedures**

### **4.1 Meetings**

The HSG should meet as regularly as required for fulfilling its mandate. The exact frequency and form of the meetings is ultimately a decision of the HSG Chairperson but it is understood that the HSG has at least one meeting/teleconference in between two AMI-SeCo meetings. When considered feasible, written procedures may be applied.

The Chairperson shall decide on the agenda for each meeting.

The Secretary shall circulate meeting documentation sufficiently in advance of the meetings (at the latest three working days prior to an HSG meeting date).

The HSG shall normally hold its meetings in the premises of the ECB. Meetings may also be hosted by HSG members' institutions or by means of teleconferencing.

### **4.2 Deliverables**

The HSG shall aim at working in consensus. Deliverables shall be produced in accordance with the HSG's tasks (see 2.1).

If considered feasible, written procedures may be applied.

### **4.3 Substructures**

The HSG may establish substructures to support its work in an efficient manner. The HSG shall define the mandate of such substructures. The HSG shall coordinate with the AMI-SeCo and the MIB in order to avoid the duplication of substructures on similar topics.

### **4.4 Interaction and information exchange**

The HSG shall co-operate with public authorities and industry initiatives currently working on post trade harmonisation and use their work as starting point in its analysis. The work of other AMI-SeCo substructures should also be taken into account when harmonisation items are assessed in the AMI-SeCo harmonisation agenda. The NUGs shall also be activated in monitoring harmonisation standards implementation by relevant actors and markets.

### **4.5 Transparency**

The ECB shall make available all relevant documentation and information (HSG agenda and documents) on the ECB website.

In exceptional cases, the Chairperson may decide to restrict the publication of individual documents on the ECB website if these documents contain confidential information as defined in Schedule 1 of the T2S Framework Agreement (FA) and the T2S Currency Participation Agreement (CPA). The members, and invited experts should not disclose such information to the public.