



EUROPEAN CENTRAL BANK

EUROSYSTEM

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Leveraging standards: from Market Infrastructures to Regulatory Reporting

XBRL Spain

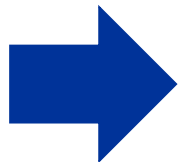
17 November 2016, Madrid

- 1 Standardisation and market infrastructures
- 2 New regulatory landscape
- 3 Moving forward

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Market Infrastructures challenges

- Integration of European market infrastructure a political priority for EU governments
- Further integration of market infrastructures in Europe
- Three actions possible for ECB/Eurosystem:
 - ✓ Regulations
 - ✓ Catalyst for change
 - ✓ Operator of market infrastructure



Use of global standards is a must

ECB experience with standardisation in market infrastructures

- Efficient and reliable real-time straight-through processing of payment and securities settlement transactions
- Major efforts to facilitate integration, through harmonisation and interoperability
- Development of more and more interoperable platforms globally

3 areas addressed from a market infrastructure perspective:

- Retail payments (SEPA)
- Large value payments (TARGET2)
- Securities settlement (T2S)

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New regulatory landscape



Leveraging standardisation experience

**Statistics &
Analysis**



**Operations &
Transactions**

Supervisory

Example: MMSR (Money Market Statistical Reporting)

- **ECB Regulation (OJ 16/12/2014):** larger Credit Institutions need to report daily data on money market transactions to the Eurosystem
- **Data collected:** related to Secured Market, Unsecured Market, Foreign Exchange Swaps and Euro Overnight Index Swaps
- **First reporting:** as of 1 April 2016 (50 largest credit Institutions)
- **Reporting Instructions:**
 - Established to set up a standardised/highly automated reporting framework
 - Aligned with ISO 20022 standards, or expand them where appropriate to be easier to implement by the banking industry
 - Identify the taxonomy of the variables across the different market segments as unique reference for NCBs and credit institutions

Example: SFT (Secured Financed Transactions)

- **Lack of transparency** in the secured financing market: FSB Recommendations on shadow banking and European Commission proposal for a EU regulation to enhance transparency in the SFTs market
- **Daily trade-level reporting** - Granular reporting required for monitoring and analysis:
 - To facilitate more effective macro-prudential monitoring of the possible systemic risks and vulnerabilities arising from SFTs
 - To enhance the micro-prudential supervision (facilitating the monitoring of liquidity risk and credit risks arising from SFTs)
 - To enhance oversight of financial market infrastructures (FMIs) that process SFTs
 - To achieve a better and more in-depth understanding of the SFT market segments relevant for monetary policy implementation
 - To support the monitoring and analysis of developments related to financial integration

Benefits

Quality of information

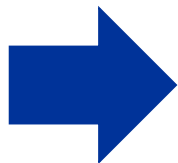
- Greater consistency
- Less necessity for ex post data reconciliations

Avoiding duplications in data requests

- Reducing reporting burden

More powerful services for users

- Faster reply to new data requests
- Richer information
- Higher data sharing



**Economies of scale in data management
and supporting IT solutions**



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Global challenges

- How to handle increasingly interrelated business segments (e.g. collateral and payments)?
- How to manage high volume of business information from multiple sources?
- How to effectively address the increasing need for (regulatory) reporting to multiple parties for multiple purposes?
- How to address market participants ever increasing requests for efficient and effective non-commercial solutions?
- How to manage globalising markets?

➔ Opportunities for standardisation

Need of a **common reference model** (incl. Data Dictionary) with **key reference data**



WHO



TRADES



WHAT

- LEI: Legal Entity Identifier
- UTI: Unique Transaction Identifier
- UPI: Unique Product Identifier

- Standardisation of data, a **strategic goal** for all financial actors
- Consideration, **awareness and commitment** at all levels
- Involvement of **all relevant stakeholders** (market participants, public authorities, regulators)

Many thanks for your attention!

<http://www.ecb.europa.eu/paym/html/index.en.html>