Eurosystem **C**ollateral **M**anagement **S**ystem

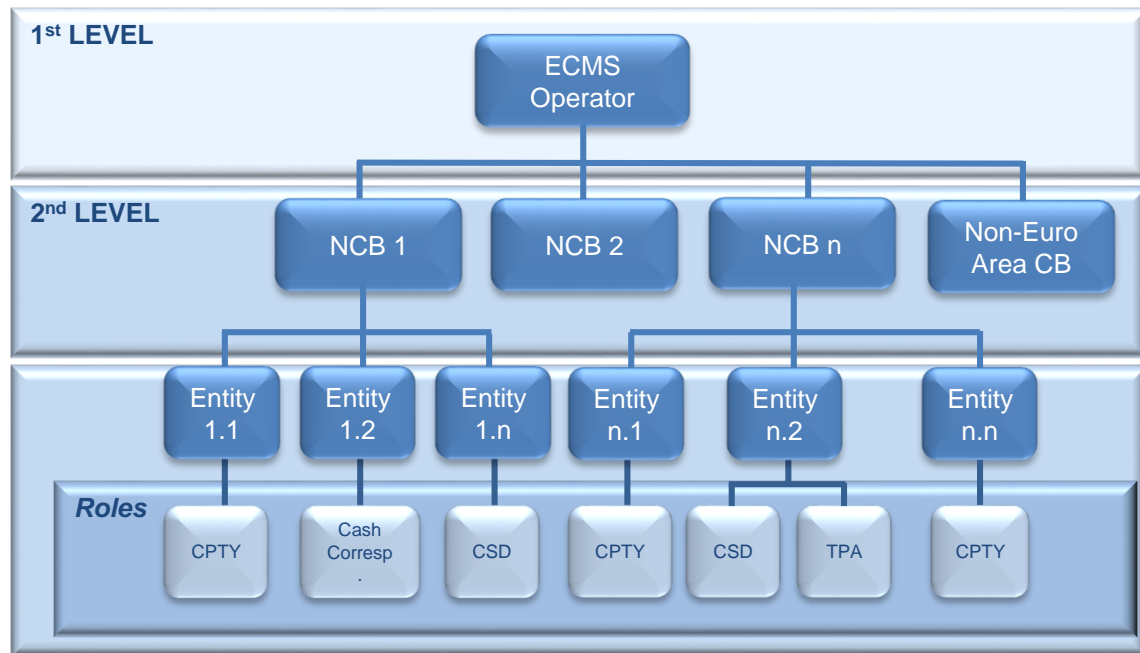Information pack

ECMS parties

January 2020

target | services ECMS

Hierarchical party model

All legal entities (e.g. counterparties, central securities depositories and triparty agents) which interact with the ECMS are known as "parties".

The different party types are allocated to different levels in the ECMS party model.

Business roles

- A party may play more than one business role, e.g. that of a central securities depository (CSD) and a triparty agent (TPA).

- Some legal entities may have contractual relationships with more than one NCB. In such a case, these legal entities will be defined in the ECMS as separate parties, linked to each relevant NCB.

- Each party will be identified in the ECMS by a unique code.

Banking groups

- The ECMS offers dedicated functionality for banking groups

- A banking group is a group of counterparties. A counterparty can only belong to one banking group

- The entity designated as the manager of a banking group has access to aggregated information on the whole banking group, and detailed information on the pool position of each member of the group
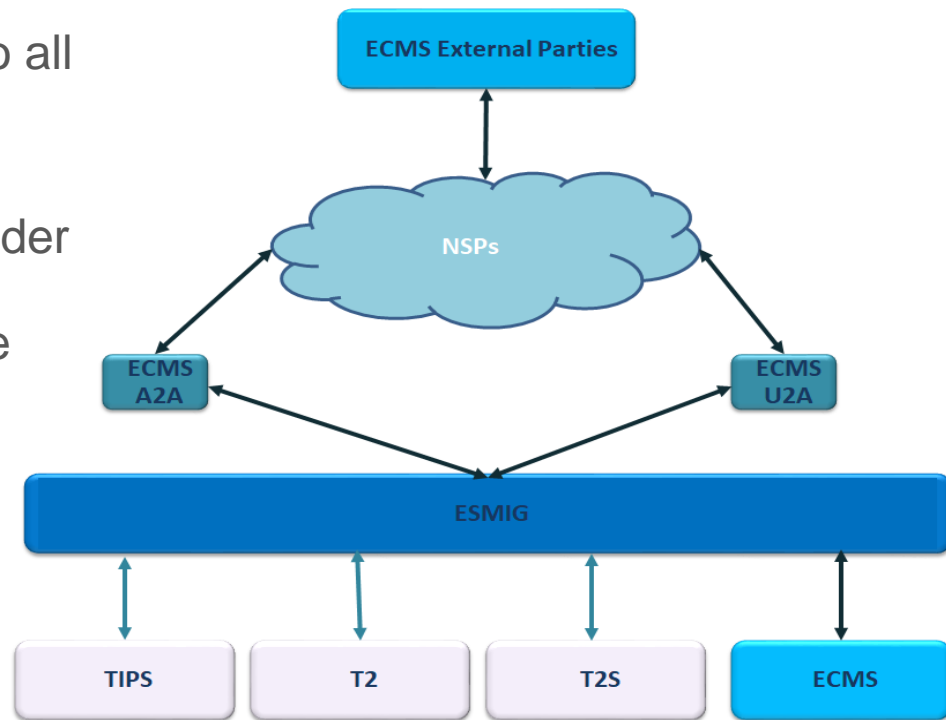
Eurosystem Single Market Infrastructure Gateway

ESMIG provides a **single entry point** to all TARGET services, including the ECMS

- free choice of Network Service Provider

- single sign on and a single certificate

- **A2A** communication via ISO 20022 messages

- **U2A** connection **via a GUI**

Modes of connectivity – A2A and U2A

A2A mode

Communication with the ECMS via ISO 20022 messages, files which are compliant with the ISO 20022 format or XML messages. A file may contain several messages.

All ECMS actors interacting in A2A are expected to be ISO20022 compliant.

All communication between CSDs, TPAs and the ECMS is in A2A mode.

U2A mode

Online screen-based activities performed by ECMS actors via a GUI – graphical user interface. Counterparties can fully manage their pool in U2A mode only, and do not need an A2A connection.

Network service providers (NSP)

- SWIFT and SIA Colt, as licensed NSPs, will provide client specific solutions for the connection between ECMS external actors' interface and ESMIG.

- They will provide an easy access solution in U2A mode, designed especially for participants with only a low volume of transactions.

- Individual users can log on to all TARGET Services with a single sign-on and a single certificate.

- If an ECMS actor uses more than one connectivity provider to connect to the ECMS, then a separate certificate needs to be assigned to each user and application for each connectivity provider.

Authentication and authorisation

Each ECMS user needs a **unique login name** and a **certificate** to access the ECMS.

| which includes the Distinguished Name (DN) defined by the NSP | assigned by the NSP to ECMS users (persons or applications) |

- Once ESMIG has authenticated the user and checked that the user is authorised to address the ECMS, the ECMS checks the rights of the user to carry out a specific function in the ECMS.

- Authorisation is granted based on the user's privileges (embedded in pre-defined roles) which are stored in the ECMS reference data.

Authentication and authorisation

- Users have access to the data objects of the party they belong to. **An NCB can extend the data scope of one ECMS actor (for specific activities) to allow it to operate on behalf of a different ECMS actor.**

Una controparte non è obbligata a connettersi direttamente ad ECMS (e quindi a selezionare un NSP) in quanto può delegare completamente la gestione del conto pool ad un terzo soggetto.

Instructing scenarios

For A2A communication, the ECMS manages three instructing scenarios

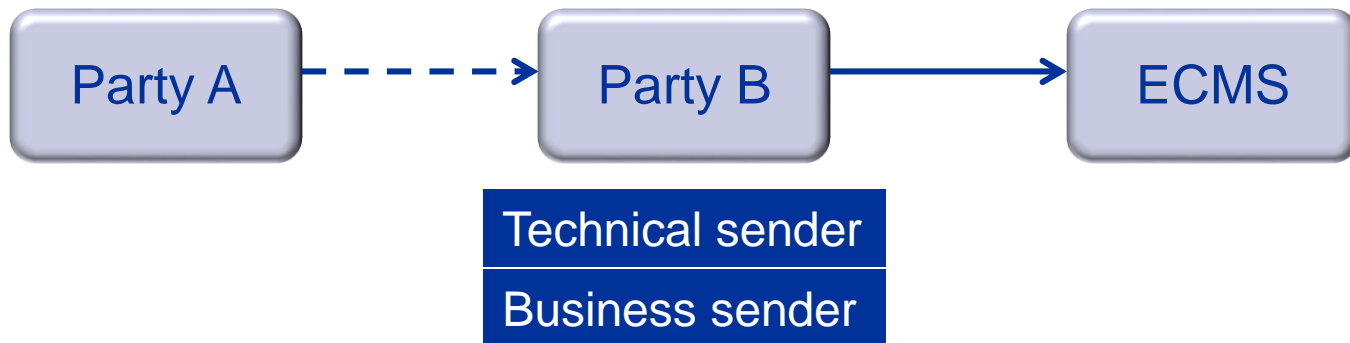| Direct submission of messages	Indirect submission of messages: case 1	Indirect submission of messages: case 2

Instructing scenario – direct submission

- The ECMS party sends and signs its own instructions, and receives notifications regarding the status of the instructions.

- This means that this party acts both as technical <u>and</u> business sender.

Party A $\longrightarrow$ ECMS

Technical sender
Business sender

Instructing scenario – indirect submission case 1

- ECMS party A fully relies on another entity, ECMS party B for signing and sending the instructions party A wants to submit to the ECMS for processing.

- ECMS party B therefore acts both as technical <u>and</u> business sender on behalf of ECMS party A.

Party A ⇢ Party B → ECMS

Technical sender
Business sender

target | ECMS
services

Instructing scenario – indirect submission case 2

- ECMS party A wishes to maintain responsibility for signing the instructions it wants to submit to the ECMS for processing. ECMS party A is therefore the business sender.

- However, ECMS party A relies on ECMS party B to actually send the instructions to the ECMS. ECMS party B is the technical sender.

| Party A | ---→ | Party B | →| ECMS |

Business sender   Technical sender