



CA—Eu Std

FOCUS

Updated in September 2021

REGULATORY EVOLUTION

- To answer the Giovannini reports (2001 and 2003), CA Standards and Key Dates: European standards on CA has been set up in 2009 and updated in 2012 by the CAJWG (Corporate Actions Joint Working Group). An update could be issued in 2020 due to ECMS project and SRD2 impacts. They recommend common rules to process CA based on Key Dates definition, their sequences and processing methods pushing for ISO messaging and automation. Implementation in France has been sequenced by Euroclear Deliveries; ISO announcement in 2014), mandatory events processing in 2015, elective events processing in November 2018 and January 2019, ONGO events in April 2020.
- European MIG monitors global implementation of CAJWG standards. ECB has set up a CEG Corporate Event Group to monitor this implementation (cf below).

Shareholders Rights Directive Implementing Acts (SRD II) are based on the global principles of these standards and Europe stakeholders will have to comply to these rules by 2020, September the 3rd (cf ShRD2 focus form).
- T2S standards and ECMS (European Collateral Management) platform refer to CAJWG standards with a detailed description for their business and monitor their implementation under the vocable of CMH standards (Collateral Management Harmonisation). ECB is pushing for ISO20022 adoption and will monitor the standards implementation through the CEG.

FOCAL POINTS

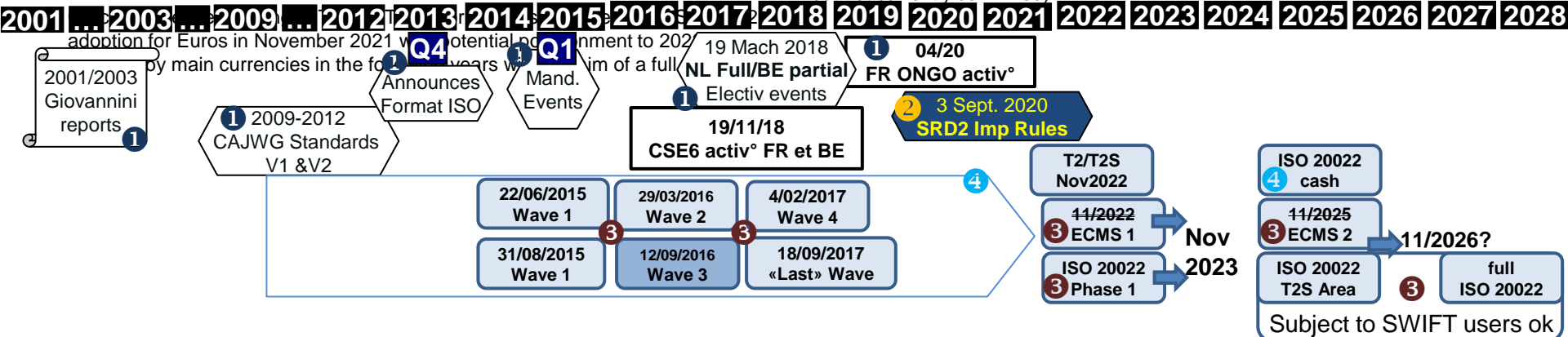
CAJWG Standards are to be considered as a common minimum recommendation to comply with.

Few CA may still be not fully compliant.

Regarding deadlines : the Market Deadline will impose custodians to propose custodian deadlines that will be matter of competition between them. SRD II impose greater pressure to transmit information and give time for investor to make decisions in case of options that will make STP processing mandatory to mitigate risks.

Issuer Agents have to adapt themselves from a domestic model to an International one (ISO format and electronic exchanges).

T2S created a new set of requirements draft by the CMH TF (Collateral Management Harmonization Task Force) in view of ECMS that has been postponed in November 2023. This will have impact on the initial two phases adaptation (CA for govies postponed to November 2023), and all CA for all securities initially planned for November 2025 (no view) including three phases adoption of ISO20022 format : on ECMS launch for parties involved in ECMS transactions and on a limited list of events, Nov. 2025 postponed to Nov. 2026 for all intermediaries in the T2S zone provided a full adoption of ISO20022 in the world by November 2028 or 2029 (SWIFT community agreement needed but not currently confirmed).



Updated on 29 September 2021

- ECB postponed the T2/T2S project to November 2022 and confirmed postponement of ECMS to November 2023
- New monitoring with a new ECB group (Corporate Event Group –CEG) link with CMH TF to monitor CA standards application)
- Pressure for ISO20022 adoption.

STATEMENT

- ❑ **ECMS platform has been postponed to November 2023.**
- ❑ **Letter from ECB to SWIFT** during the summer 2020 stating the migration to ISO20022 of T2S area and **asking for ISO20022 full migration in 2028. No answer at this stage, SWIFT mentioning no clear position of the community in favor for a migration.**
- ❑ **A new “Corporate Events Group”** has been set up by ECB to monitor standards application (GM, CA and identification of shareholders). SGSS has one representative.

FOR YOUR CONSIDERATION

- ❑ **Full compliance to European Standard for the French Market** (strict monitoring by European MIG and T2S HSG) since ASR modernization delivery. Corporate Bonds should be issued in FAMT.
- ❑ **SRD II impact** : Implementing acts published in 2018 September the 3rd introduce high pressure on deadlines and on standards implementation.
All SRD2 standards to be monitored by the T2S CEG
- ❑ **T2S CMH TF high pressure for ISO20022 implementation by 2025>2026.** Custodians conditioned this to the end of 3 Years coexistence period (pending issue). Dates still be unsure. **Pressure on schedule of CA Payment (ECB wishes for a payment settled before 09H00)**
On cash side, a huge work has been done by the CCBP+ working group to set up the translations' rules between ISO15022 and ISO20022 formats requested for the coexistence period. Translation of Securities messages is foreseen more complex and it does not exist any working group currently.
Translation rules exist for simpler Corporate Actions (phase 1) and is to be defined for more complex one even if elements exist for CA in line with global SMPG rules. The translation aspect is a concern for SGSS clients or counterparties that would not be able to deal with ISO20022 in 2026.
The new strategic approach of SWIFT (transaction update through a central platform instead of managing messages) could introduce confusion because it could give the feeling that ISO translation is not any more an issue.

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