



# CA—Eu Std

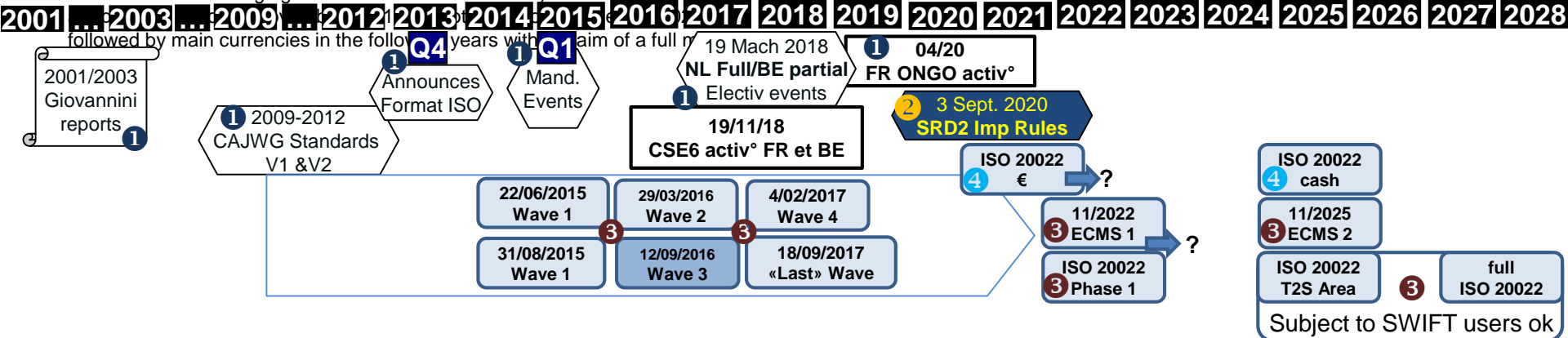
FOCUS

Updated in June 2020

### 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. This could change under the ECB pressure (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 3<sup>rd</sup>.
- T2S standards and ECMS (European Collateral Management) platform refer to CAJWG standards with a detailed description for their business and monitor their implementation. ECB is pushing for ISO20022 adoption and intends to take over the monitoring of the standards implementation.

On cash side the merging of T2 and T2S information system leads to ISO20022



### 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 has to adapt themselves from a domestic model to an International one (ISO format and electronic exchanges).

These standards are requested to comply with SRD II provisions.

T2S created a new set of requirements draft by the CMH TF (Collateral Management Harmonization Task Force) in view of ECMS launch in Nov. 2022. This include a two phases adaptation (CA for govies in November 2022, and all CA for all securities in November 2025) including three phases adoption of ISO20022 format : Nov. 2022 for those connected to ECMS or having clients connected to ECMS and on a limited list of events, Nov. 2025 for all intermediaries in the T2S zone provided a full adoption of ISO20022 in the world by November 2028 (SWIFT community agreement needed).

Updated on 29 June 2020

- postponement of ONGO CA implementation to April 2020, the 6<sup>th</sup> GO for activation
- New monitoring with ECB and link with CMH TF with ISO20022 pressure (Nov 2025?)
- GOR TF templates (SRD2) waited for June 2020

STATEMENT

- ❑ **Activation for ONGO on 2020 April the 6<sup>TH</sup>**
- ❑ **Letter from ECB to SWIFT** stating the migration to ISO20022 of T2S area and **asking for ISO20022 full migration in 2028. No answer at this stage.**
- ❑ **Disagreement with the Industry in regards new monitoring organization** (ECB take over for the whole Europe)
- ❑ On going actions of lobbying in course to ask **for T2/T2S and ECMS** (impact on CA standards) **postponement. No answer at this stage.**

FOR YOUR CONSIDERATION

- ❑ **Close to full compliance to European Standard for the French Market** (strict monitoring by European MIG and T2S HSG)
- ❑ **SRD II impact** : Implementing acts published in 2018 September the 3<sup>rd</sup> introduce high pressure on deadlines and on standards implementation. Potential impacts on CA processing (potential immediate transmission of exercise of rights) => waiting for GOR TF templates on June 2020 (announcement)
- ❑ **T2S CMH TF high pressure for ISO20022 implementation by 2025.** Custodians conditioned this to the end of coexistence period (pending) in 2028. Dates still be unsure. **No current vision on COVID19 impact on T2/T2S and ECMS projects with demand for postponement of these two projects by the industry.**

On cash side, the coexistence period between ISO20022 and ISO15022 was conditioned to definition of translation rules between the two formats. The work is going on under CCBP+ working group and is request huge work from industry stakeholders. Securities messages being more complex, no working group currently exists and the coexistence period could begin in 2025.

Translation rules exist for simpler Corporate Actions (November 2022 step). The translation aspect is a concern for SGSS clients or counterparties not being able to deal with ISO20022 in 2025.

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