



CA—Eu Std

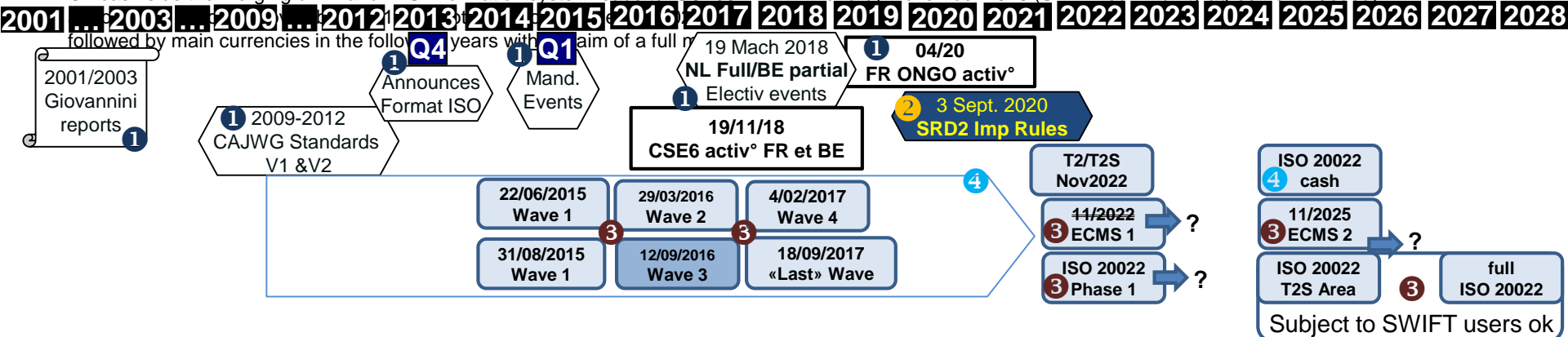
FOCUS

Updated in September 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 3rd.
- 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 to be postponed between June and Novembre 2023. This will have impact on the initial two phases adaptation (CA for govies in November 2022 (postponed), and all CA for all securities in 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 (to be confirmed) 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 15 September 2020

- ECB postponed the T2/T2S project to November 2022 and confirmed postponement of ECMS between June to November 2023 (new plan proposal in October 2020)
- New monitoring with ECB and link with CMH TF with ISO20022 pressure (Nov 2025?)
- ECB is setting up a new Corporate Event Group to monitor CA standards application)

STATEMENT

- ❑ **Council of Governor confirmed the T2/T2S postponement to November 2022 that implies a postponement of ECMS platform between June and November 2023. Ongoing survey to give conclusions in October 2020**
- ❑ **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.**
- ❑ **The new CA standards monitoring organization will be led by ECB**, ongoing call for membership of the new monitoring working group

FOR YOUR CONSIDERATION

- ❑ **Calendar aspects to be reconsidered as the consequence of T2/T2S postponement including below dates.**
- ❑ **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 3rd 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 (phase 1). The translation aspect is a concern for SGSS clients or counterparties not being able to deal with ISO20022 in 2025.

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