

Minutes of the 44th CASG meeting

1. Introduction

The chairman of the T2S Corporate Action Sub-Group (CASG) introduced new members to the group: Mr Jonathan Branagan (Citi, excused for this meeting) and Ms Brigitte Frei-Heger (SIX SIS), who replaces Mr Florentin Soliva, whom the CASG warmly thanked for his contribution to the work of the group. The CASG also welcomed two guests to this meeting: Mr Marcello Topa (Citi) and Mr Edwin de Pauw (Euroclear).

CASG members were updated on the HSG and AMI SeCo meetings that took place since the last September 2017 CASG meeting and the latest published CASG documentation on the ECB website. The agenda was then approved.

2. The Collateral Management Harmonisation Task Force (CMH-TF) and its Corporate Actions Sub-stream

The ECB team from the Collateral Management Harmonisation Task Force (CMH-TF) presented the outcome of the identification work on the CA-related collateral management issues yet to be harmonised. The CASG discussed the list of identified problems and considered that most issues listed are due to the lack of compliance with the CAJWG standards, which compliance is currently monitored by the EMIG. No problem was identified in relation to the T2S CASG standards. The ECB team working on the CMH-TF CA sub-stream was advised to liaise directly with the relevant groups (e.g. ECSDA, CAJWG) with regards to the few missing standards. CASG members considered the June 2018 deadline very tight, keeping also in mind that the focus when developing the already existing CAJWG standards was mainly on equities, not on the use of debt instruments.

3. Synergy between CASG and CAJWG in terms of CA standards compliance monitoring

The CASG chairman gave a presentation summarising the on-going discussions on the CASG/CAJWF synergy with regard to compliance monitoring. CASG members expressed support for the option of merging the monitoring under the EMIG, acknowledging the T2S community's requirements in terms of governance (e.g. approval, reporting and publication), resources and methodology. On the latter point, the CAJWG chairman proposed to align the colour coding for compliance monitoring between CASG and CAJWG and to reverse back to the standard traffic light colours (without blue). The two Chairmen of the CASG and the CAJWG are expected to further elaborate on their alignment proposal in view of the upcoming HSG discussion in March 2018.

4. Global Securities Market Practice Group (SMPG) White paper

The SMPG requested the CASG's endorsement of the approach proposed in the SMPG white paper, and subsequently the CASG's recommendation of the adoption and implementation of the new proposed ISO 20022 market claim messaging solution. CASG members were supportive of the new CA message creation but some expressed concerns as to potential impact of such a new CA notification message on the subsequent CA settlement messages as part of the same processing chain. The CASG will draft a letter to the Co-chairpersons of the SMPG CA WG confirming its support.

5. Issues on tax processing for market claims

Some CASG members having attended the EC hearing on the Code of conduct on Withholding Tax expressed their disappointment and frustration and suggested that the HSG and CASG put forward some recommendations.

The Afme's sub-group on operational tax provided a presentation and a discussion paper listing all challenges faced by the market and proposed some possible next steps. Thomas Rockstroh (Clearstream Frankfurt) also presented a list of tax processing problems related especially to market claims. The CASG discussed these tax processing issues and will report to the March 2018 HSG.

6. Proposed additions/changes to FAQ document

The CASG discussed and agreed on the proposed new draft of Q&A 1.15, which will be submitted to the March 2018 HSG for approval before publication on the ECB T2S website.

7. Issues list of the CASG

Despite the planned implementation of CR 515 (Allow instructions from CSD participants for n days after maturity date of security) in T2S Release 2.0 scheduled on 9 June 2018, CASG members expressed concerns that CRs raised by the CASG are not properly taken in due consideration in the CR prioritisation and selection process. These concerns will be reported in parallel to the HSG and to the CRG/CSG. Concerning CR 520 (Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing) also requested by the CASG, CASG members considered that the non-compliance of T2S with the current ISO 20022 version represent a reputational risk and operational costs for the industry.

A reminder email will be sent to the CAJWG chairman regarding most of the remaining pending issues of the CASG list, as they also relate to non-compliance with the CAJWG standards and were shared with the CAJWG in May 2017.

8. Any other business

The next CASG meeting will take place on 5-6 June 2018.