

Update by the Securities

Group



Overview

- 1 AMI-SeCo survey on remaining barriers
- T2S Harmonisation Standard 5 and DCP access
- 3 TFOS work
- 4 Change to SEG composition

AMI-SeCo survey on remaining barriers

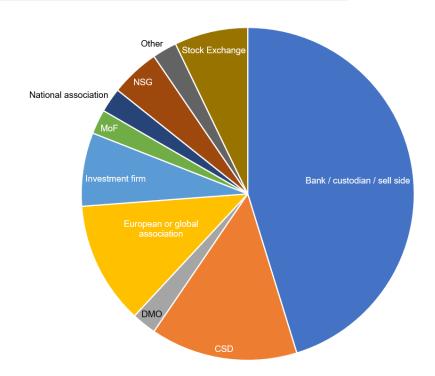
Approach and processing

Survey background and execution

- Background: AMI-SeCo agreed to take stock of remaining barriers in post-trade with a view to the fact that the last systematic stock-take of barriers happened in 2016 / 2017 by EPTF and in view of the developments in the post-trade environment since
- Target audience: AMI-SeCo members and NSGs, all other relevant and interested stakeholders
- Execution: Survey ran between end-Nov 2023 and mid-Feb 2024

Statistics on feedback

- In total 42 responses
- Balanced representation of various stakeholders
- All key industry associations and CSD groups participated
- Most major custodians represented in AMI-SeCo



Overall impressions on feedback

- No major surprises regarding the barriers and issues highlighted
 - Lot of already known issues / areas mentioned
 - Significant convergence of views on individual issues (albeit with some notable differences at places between different stakeholder groups)
- Overall, EPTF report barriers are still considered highly relevant, and many respondents pointed out limited follow-up on the EPTF findings
- Respondents broadly agree with the examples of issues / barriers listed in survey document
- Useful input and inventory of issues gained

Main / most mentioned areas

- Fragmentation of national legal frameworks
- Lack of harmonised WHT processing
- Lack of harmonised CA processing
- Barriers in national registration and shareholder identification processes
- Diverging messaging and lack of common reference data
- Undue settlement restrictions (location of settlement restricted by issuers, CCPs)
- Diverging use of T2S functionalities across markets (e.g. partial release / settlement, x-CSD already matched, etc.)
- Fragmentation of DLT initiatives / use of new technologies

Processing done by the SEG so far

- Structured and grouped the issues mentioned by respondents according to distinct areas / topics
- For each issue / barrier highlighted
 - a) included summary of the issue
 - b) included reference to previous or on-going relevant reports / work
- Shared the document containing the raw feedback (this is not yet the report!)

Structure proposed

Executive summary

- 1) Introduction
- 2) History / Context / Objectives
- 3) Barriers
 - 3.1 Differences in substantive legal concepts, conflict of law rules
 - 3.2 Issuance
 - 3.3 Clearing
 - 3.4 Settlement
 - 3.5 Custody and asset servicing
 - A. Corporate events
 - B. General meetings
 - C. Shareholder identification and registration
 - D. Tax processing
 - 3.6 Connectivity / messaging and data
 - 3.7 DLT initiatives / interoperable innovation
 - 3.8 Other barriers
- 4) Feedback on AMI-SeCo harmonisation monitoring
- 5) Key outcomes and messages
- 6) Way forward
- 7) Conclusion

High-level key takeaways (expected key messages)

- This report will be an important milestone in European discussion post-trade barriers (following Giovannini (2001/2003) and EPTF (2017)
- Major obstacles to post-trade integration continue to persist and will hamper CMU unless addressed
- Opportunity and urgency for further steps to tackle the problems

Approach to describe barriers in the report

- The approach which could be followed to describe barriers in the report could include the following elements:
 - Description of the barrier (incl. access, rights, information) as specific as feasible
 - Impact and priority based on economic assessment
 - Ideal state / vision (SMART objectives)
 - Follow-up (what actions by whom)
- The follow-up should be such that it can be monitored by the AMI-SeCo ('living document')

Identifying areas for further fact finding and prioritisation

- Feedback received is uneven, in some areas, further work (fact-finding / analysis) is necessary to articulate the barriers clearly
- Not everything needs to be done by the AMI-SeCo, in some areas further fact finding can be recommended to external stakeholders
- Some areas are well-known and covered by existing AMI-SeCo workstreams
- Important to identify and prioritise areas for further work by SEG to complete the report (e.g. areas where no work has been done recently by the community)

Next steps and timeline

The SEG proposes to target end-2024 with the publication of the AMI-SeCo report (i.e. submission of final draft to Dec 2024 AMI-SeCo meeting for approval)

25 June: AMI-SeCo plenary

•AMI-SeCo to endorse SEG proposal on approach **5 Nov:** reg. SEG call

 to discuss mature draft of the report End-2024 / Jan 2025

publication











End Sept: adhoc SEG call

 discuss first draft of report **4-5 Dec:** AMI-SeCo plenary

 to endorse final draft report

Next steps and timeline

 AMI-SeCo members are invited to endorse the timeline and approach proposed by the SEG



T2S Harmonisation Standard 5 and DCP access

T2S Standard 5 and DCP access

- To recall, there are diverging interpretations of T2S Standard 5 regarding offering DCP access
- SEG agreed in principle that any expectations by the AMI-SeCo on DCP access should be formulated separately from the standard on the T2S calendar business day schedule (T2S Standard 5)
- New T2S Standard 5 should be agreed as a package including a separately articulated AMI-SeCo expectation / recommendation on CSDs offering DCP access
- Before making a concrete proposal, SEG agreed to gather more information, and to take stock of existing policies among T2S CSDs (survey launched via T2S CSG)
- SEG plans to make a proposal for the AMI-SeCo meeting in December.



Work by the TFOS

Work by the SEG Task Force on the optimisation of T2S message customisation (TFOS)

- TFOS work is key in ensuring that the opportunity provided by the TARGET ISO unfreeze is used by the community to the maximum benefit
- TFOS submitted 4 T2S change requests, identifying improvements to T2S messages, based on ISO changes introduced after 2019 (T2S current version)
- In its discussions, the TFOS took note that the current customisation approach of T2S allows for T2S actors to request changes to the messages to facilitate their STP
- As the go-live of the unfreeze is postponed by a year, the TFOS mandate was extended until end-2024
- Future work planned to draft additional T2S CRs to unprune message elements needed by T2S actors for STP processing and introduce UTI (subject to ISO CR initiated by TFOS), as well as potential harmonisation proposals for message use



Change to SEG composition

Change to SEG composition since last AMI-SeCo

- AFME representation: Pablo Garcia replaces Peter Tomlinson
- ECSDA representation: Enrica Cremonini replaces Anna Kulik

AMI-SeCo is invited to approve these changes to the SEG composition