

## OUTCOME OF 39<sup>TH</sup> CASG MEETING

*Held on 23-24 May 2016 at ECB premises in Frankfurt*

### 1. Introduction by the Chairman

The CASG chairman welcomed the participants in the meeting. He explained that the main item on the agenda is the CASG gap analysis report prepared for 2016 mid-year Harmonisation Progress Update. The CASG gap analysis update will be discussed and approved at the meeting of the T2S Harmonisation Steering Group to be held on 9-10 June 2016.

#### **Action points:**

- No

### 2. CASG gap analysis report

The CASG reviewed the analysis of compliance of T2S markets with the T2S CA standards. The only changes of statuses compared to the previous gap analysis were for NBBSSS (upgrade from green to blue) and for Latvian market (upgrade from yellow to green).

However, the CASG members agreed that some further information is required from some NUGs.. In particular, when discussing the compliance of the Italian market with Market Claim standard 23, the CASG agreed to provide the IT NUG with a clarification regarding the full compliance with this standard. It was underlined that CCP and on-exchange transactions should be send in modifiable mode to T2S, i.e. CSD participants should be able to put them on hold.

#### **Action Points**

- **The CASG agreed in principle with the updated draft of the CASG report**
- **The CASG secretariat and some CASG members to send requests for additional clarifications to T2S markets, where relevant, aiming to get their feedback asap but no later than 31 May**

- **The CASG secretariat, in close collaboration with a few CASG members and the CASG chairman, to work on a message to be sent to the IT NUG in the next days**
- **The CASG secretariat to prepare the next draft of the CASG gap analysis for approval by the HSG members in its June meeting**
- **Following the approval by the HSG (including any comments), the ECB team to publish the gap analysis on the CASG webpage.**

### **3. Issues list of the CASG**

The CRG provided an update of the status of T2S change requests, on which the CASG was consulted or which were initiated by the CASG. There were no further questions to the CRG from the CASG.

The CASG had a discussion on the list of open issues.

Regarding some controversial issues on specific T2S markets compliance, the CASG members agreed to seek further information regarding the practices followed domestically.

In addition, Paola provided the background information on the issue how to process market claims in the case of an issuer's insolvency in T2S. In particular, she mentioned that in this case the market standards for corporate action processing are clear, i.e. that the corporate actions on stock should be reversed.

However, there is no guidance in the standards on what to do with the market claims – i.e. whether they should be reversed as well.

Michael gave a presentation on the potential impact of the draft CSDR buy-in regime on corporate actions processing. In particular, he explained that the buy-in process described in the settlement discipline regulatory technical standards of ESMA (which are still subject to approval by the Commission) and the buyer protection standards on corporate actions will result in some occasions in conflicting guidance.

#### **Action Points**

- **Ben in collaboration with other CASG members to work on proposal for a list of questions on CA processing practices. These questions could be part of a survey the CASG may decide to run in addition to the gap analysis**
- **CASG members to provide Q&As to be included in the FAQ or some clarifications on CA issues**

### **4. Scenarios for transformations in T2S**

Michael presented a list of scenarios for transformations.

The CASG agreed to add these scenarios, once final, in the FAQs, as is the case for the market claims scenarios. The aim is to facilitate CSDs and CCPs when they need to detect and generate transformations..

### **Action Points**

- **Michael to finalise the list of transformations scenarios**
- **CASG members to approve the list of transformations scenarios**
- **ECB team to add these scenarios in the FAQs**

## **6. Fiscal status of market claims and ex/cum flags (James Cunningham)**

James informed the CASG members that he was tasked by the HSG to further clarify the issues around the fiscal status of market claims and ex/cum flags. He will prepare a note for the June HSG on this.

### **Action Points**

- **James will elaborate and present a note to the June HSG meeting**

## **7. ANY OTHER BUSINESS**

### **7.1 Any other item proposed by CASG members**

Anne presented the issue of how to handle the transfer of corporate action entitlements between the first and second leg of repo transaction. One possible solution would be a request from T2S stakeholders for a new change request in order to do this automatically in T2S in the context of tri party services.

One proposal could be to use “CLAI” reference for the transaction type of such transfers, the one which is currently used for market claims.

There was no conclusion in the CASG as to the follow action on this. The issue could be part of the additional survey to the T2S markets.

### **Action Points**

- **CASG members to make a proposal for a relevant question in the context of a potential and additional CASG survey (see 7.2)**

### **7.2 Next steps**

The CASG members agreed to consider issuing a stock taking survey with the T2S markets regarding some of the issues which go beyond the usual CA standards compliance gap analysis.

The scope of this additional survey should be very clearly defined. Its complementarity to the regular CASG gap analysis should also be very clearly underlined in order to avoid confusion of the receiving NUGs.

**Action Points**

- **CASG secretariat to provide a date for a CASG telco in order to discuss the survey with the T2S NUGs**
- **Potentially another telco is to be held in September to discuss the outcome of the survey**
- **Next CASG gap analysis is to be launched on time so that the CASG gap analysis report/update is finalised at the next CASG meeting on 17 October**