

## Minutes of the 43<sup>rd</sup> CASG meeting

### 1. Introduction / Welcome

The CASG chairman congratulated the Spanish market and the Baltic countries for their successful migration to T2S on 18 September 2017.

CASG members were informed that a new Slovakian CSD, NCDPCP, will join T2S on 30 October 2017. They expressed concerns that no information has been provided as regards this new CSD's compliance with the T2S harmonisation and CASG standards. It was agreed that the issue will be raised to the HSG.

### 2. September 2017 CASG gap analysis update

The CASG discussed the draft September/End 2017 CASG gap analysis update following the 5<sup>th</sup> migration wave to T2S.

Following the completion of the 5 defined T2S migration waves, CASG members expressed concerns regarding the high non-compliance rate with CA standards and the status quo observed in some markets where no implementation plan has been defined to comply with T2S CASG standards. The draft End 2017 CASG gap analysis report will contain key messages from the CASG, inviting the T2S governing bodies to react to this situation. The current draft report will be revised and resent to CASG members for comments before its submission to the 26-27 October 2017 HSG, taken into account the outcome of the CASG discussions.

Other issues / points were raised / made when discussing the status of the following markets:

- Clearstream Banking Frankfurt to explain the new implementation deadline of H2 2018
- Euroclear Finland to provide an update on future migration to T2S
- LuxCSD to clarify if the issue of market claims settled through T2 relates to German bonds issued in CBF (i.e. for which LuxCSD is acting as an investor CSD) or relates to German bonds for which LuxCSD is the issuer CSD
- CDCP to clarify if rules of operations cover sufficiently the 3 Buyer Protection needs regarding announcement of key dates, agreement on market practice and publication of BP forms.

### 3. Possible synergies between CASG and CAJWG regarding compliance monitoring

The CASG chair gave a presentation setting out a proposal to align for T2S markets the compliance monitoring processes for the CASG and the CAJWG market standards. CASG members expressed

support for the objectives of improving efficiency, and of synchronising the reporting timeframes. Some CASG members expressed concerns that the proposed new structure for the CAJWG standards may be too bureaucratic, and that some relevant parties may have insufficient expertise, so that the new structure would not actually improve compliance.

Other CASG members expressed the view that the compliance monitoring process for the CAJWG standards may benefit from the enhanced role of the ECB and the Eurosystem, and that the newly created National Stakeholder Groups would be well-placed to play a role, as they are intended to have broad representation from relevant stakeholders. The view was also expressed that there was no reason to change the current reporting tools for the CAJWG standards as these were already sufficiently granular, and were already aligned with the CASG process. It was agreed that the comments by CASG members will be reflected in the proposal to be presented to the HSG by the CASG and the CAJWG Chairmen on behalf of their respective groups.

#### **4. Proposed additions/changes to FAQ document**

The CASG discussed the proposed new draft of Q&A 3.15, and noted that the March 2017 report on the CASG fact-finding survey had identified cases of non-compliance with CASG Standard 3 on Transformations. It was agreed that some additional explanatory text will be drafted for question 3.15, and the End 2017 CASG gap analysis report will also be updated to take into account these cases of non-compliance.

CASG members considered the current proposed draft of Q&A 4.4 not concise enough and too weak in its guidelines. A new proposal will be drafted taking into consideration the feedback.

In addition, with regard to Q&A 1.30 related to Standard 11 on Market Claims, Ben and Mike will provide a proposed draft to clarify the current text.

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

CASG members checked the pending issues and agreed on their latest statuses. Relevant items on the CASG list of pending issues will be further investigated and accordingly revised taken into account the outcome of the CASG discussions.

On behalf of the Italian market, Monte Titoli gave a presentation setting out a question relating reverse market claims. The case concerned a transaction for which there would have been a reverse market claim if the transaction had fully settled on or before record date. The CASG discussed the case, and confirmed that if such a transaction partially settles on or before record date then a partial reverse market claim should be generated. (This conclusion is in line with the second scenario set out on Slide 4 of the RMC partial settlement presentation from Monte Titoli). The CASG standards are not explicit on the question of whether one or more market claims should be generated after close of business on record date in the event that the partial settlement of the underlying transaction is made up of two or more separate partial settlements that take place on or before record date. CASG members expressed the view that in this case only one market claim should be generated. The question will be covered in a future review of the CASG FAQ document, A presentation on tax processing prepared by the German market was briefly discussed. It was agreed that further discussion should take place during the next CASG meeting.

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

The ECB team in charge of the Collateral Management Harmonisation Task Force (CMH-TF) presented the general scope of the CMH-TF work and clarified the objectives of the CA-related CMH-TF sub-stream (identification of specific barriers to be harmonised). A consultation is on-going to identify the CA-related collateral management issues until end September 2017 to which the CASG members were welcome to reply. Existing collateral-related issues already identified by the CASG were shared with the CA-related CMH-TF sub-stream.

Once the CMH-TF CA sub-stream delivers its outcome by end 2017, possible work to be carried out by either the CAJWG or the T2S CASG will be identified and the interaction between the CASG and the CMH-TF can then be further clarified.

## **7. 10 October 2017 CASG teleconference; issues to be finalised and submitted to the October 2017 HSG**

After the last CASG meeting a request was received from the Nasdaq colleagues on 28 September 2017 (see email distributed to CASG members on 29 September 2017) in order to clarify their interpretation of CASG Transformations Standard 9.

The CASG will have a teleconference on 10 October 2016 from 15:00 to 16:00 CET to discuss

- the new drafts of the End 2017 CASG gap analysis report,
- the proposed changes to the CASG FAQ,
- potential feedback to the consultation of the CA-related CMH-TF sub-stream,
- clarification request on Transformations Standard 9 from the Nasdaq colleagues and
- any other business, if time allows.

Dial-in details of the 10 October 2016 telco were shared with CASG members (see email sent on 28 September 2017).

## **8. CASG 2018 tentative meeting dates**

Tentative meeting dates for next year have been agreed, yet to be aligned with HSG and AMI SeCo meeting dates:

- 6-7 February 2018 (room booking confirmed)
- 5-6 June 2018
- 6-7 November 2018 (to be changed after HSG discussions)