



EUROPEAN CENTRAL BANK

EUROSYSTEM

# AMI-SeCo Corporate Events Group

Presentation to  
AMI-SeCo

AMI-SeCo  
01/12/2022



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# Background

**The aim of today's presentation is to:**

1. Give an overview of CEG developments since the last AMI-SeCo meeting
2. Present the results of the 2022 annual CEG Compliance Monitoring Report
3. Set out the Report's main findings with respect to compliance with the SI Standards



# CEG Developments

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# CEG Developments

*Progress since June 2022 AMI-SeCo*

- **The CEG has had three meetings since the last AMI-SeCo meeting.**
- **The main priority of the CEG has been the preparation of the 2022 Corporate Events Compliance Report.**
- **As part of the work on compliance monitoring, the CEG has done significant work on an issue raised by the Italian NSG.**
- **In its other work, the CEG has:**
  - Analysed questions from CEG members and NSGs on the practical implementation of the Shareholder Identification (SI Standards).
  - Prepared a summary of the authentication and validation checks to be performed upon receipt of a disclosure request.
  - Worked on a proposal to address uncertainties in the application of SRD II to depositaries and trustees.
  - Developed an overview table identifying the securities subject to disclosure requests in AMI-SeCo markets.



# 2022 Monitoring Exercise

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# 2022 Monitoring Exercise

## *Background*

- In July 2022, market stakeholders across Europe were invited to complete a self-assessment to indicate their level of compliance with the:
  - *Market Standards for Corporate Action Processing (Market CA Standards)*
    - Markets covered: EEA, Switzerland and United Kingdom
  - *Market Standards for Shareholder Identification (SI Standards)*
    - Markets covered: EEA
  - *T2S Corporate Actions Standards (T2S CA Standards)*
    - Markets covered: markets that have migrated to T2S + markets that intend to migrate to T2S
- In case compliance with the standard was not yet achieved, each market was asked to provide further information on the barriers to implementation (if any) together with details of the market's progress towards achieving compliance since the last monitoring exercise.
- The results of the exercise are made publicly available in the *Corporate Events Compliance Report*.

# 2022 Monitoring Exercise

## *Introduction*

The report includes information on:

- **Participation**
  - What was the level of participation across markets?
- **Progress**
  - What changes have been reported since the last exercise?
- **Compliance**
  - What is overall status of compliance?

# 2022 Monitoring Exercise

## *Participation*

- **There was full participation by all AMI-SeCo markets in the 2022 monitoring exercise.**
- This is the first year in which full participation has been achieved, helping to provide a comprehensive picture of the state of corporate event processing in Europe.





# 2022 Monitoring Exercise

## *Progress*

- **The monitoring exercise shows few advances in CA compliance over the past twelve months.**
  - In some cases, a decrease in overall levels of compliance with CA standards was observed. This can be attributed to a more rigorous self-assessment coupled with an increase in the level of information made available to the CEG for its assessment via the enhanced reporting template.
  - As with last year, non-domestic markets also had the possibility to report non-compliance cases (observed in their role as users of non-domestic CSDs) which further enhanced the quality of the assessment.
- **However, there are concrete plans to improve CA compliance.**
  - The reporting shows that the SCoRE Standards are acting as a catalyst for further implementation of existing CA standards, with at least ten markets reporting plans to either significantly increase compliance or achieve full compliance with existing standards by November 2023.
  - Most remaining markets plan to achieve full compliance as part of an overhaul of their asset servicing infrastructure.
- **This is the second year in which the Report covers the SI Standards.**
  - Reporting is more complete than last year, but there are still difficulties in achieving consistency across markets.

# 2022 Monitoring Exercise

## Overall status

- 6 markets (no change vs. 2021) are now fully compliant with the *Market CA Standards*.
- 15 markets (no change vs. 2021) are fully compliant with the *T2S CA Standards* (no change vs. 2021).
- 8 markets (+2 vs. 2021) are fully compliant with the *SI Standards*.

Market	Cash Distributions	Security Distributions	Distributions with Options	Mandatory Reorgs	Mandatory Reorgs with Options	Voluntary Reorgs	Market Claims	T Transformations	Buyer Protection	Shareholder Identification	MARKET CA STANDARDS	T2S CA STANDARDS	SI STANDARDS
AT - OeKB (T2S)	96%	95%	83%	96%	93%	92%	89%	100%	100%	86 %	R-Q1 2023	R-?	R-?
BE - Euroclear Bank	96%	95%	83%	91%	86%	85%	4%	8%	0%	0%	R-?	G-Q4 2024	R-?
BE - EBe (T2S)	100%	100%	100%	96%	71%	100%	100%	100%	94%	48%	R-?	R-?	R-?
BE - NBB-SSS (T2S)	100%	100%	N/A	95%	81%	88%	100%	100%	100%	N/A	R-?	B	N/A
BG - BNBGSSS	86%	N/A	N/A	89%	N/A	N/A	0%	0%	N/A	N/A	R-?	N/A	N/A
BG - CD AD	92%	95%	83%	91%	89%	85%	80%	91%	82%	67%	R-Q4 2023	N/A	R-Q4 2023
CH - SIX SIS (T2S)	100%	100%	100%	100%	100%	100%	100%	92%	100%	N/A	B	R-?	N/A
CY - CSE	63%	55%	83%	52%	54%	50%	0%	0%	0%	10%	R-Q4 2023	N/A	R-Q4 2022
CZ - CSD Prague	21%	64%	0%	48%	21%	31%	0%	0%	0%	95%	R-?	N/A	R-?
CZ - SKD	61%	81%	N/A	74%	N/A	27%	89%	0%	N/A	N/A	R-?	N/A	N/A
DE - CBF (T2S)	86%	100%	83%	95%	96%	100%	75 %	92%	94%	90%	R-?	R-?	R-?
DK - Euronext Securities Copenhagen (T2S)	96%	95%	50%	96%	96%	92%	100%	100%	100%	90%	R-?	B	R-?
EE - Nasdaq CSD (T2S)	92%	95%	83%	96%	96%	96%	100%	100%	100%	90%	R-2023	B	R-?
ES - Iberclear (T2S)	96%	91%	67%	91%	75%	77%	100%	100%	100%	100%	R-Q4 2023	B	B
FI - EFI (T2S)	88%	91%	0%	87%	82%	85%	0%	92%	0%	100%	R-?	Y-Q4 2029	B
FR - EF (T2S)	92%	100%	100%	96%	100%	100%	100%	100%	100%	67%	R-?	B	R-?
GR - BOGS (T2S)	100%	N/A	N/A	100%	100%	100%	100%	100%	100%	N/A	B	B	N/A
GR - ATHEXCSD	100%	100%	33%	100%	100%	88%	0%	100%	100%	76%	R-?	N/A	R-?
HR - SKDD	50%	59%	0%	61%	46%	31%	0%	0%	0%	86%	R-Q3 2023	Y-Q3 2023	R-Q3 2023
HU - KELER (T2S)	25%	27%	0%	35%	29%	19%	7%	92%	100%	86%	R-Q4 2024	R-Q4 2023	R-Q4 2023
IE - Euroclear Bank	91%	73%	0%	83%	79%	85%	4%	8%	0%	0%	R-?	G-Q4 2024	R-?
IS - Nasdaq CSD	83%	82%	83%	83%	86%	85%	100%	0%	100%	90%	R-?	N/A	R-?
IT - Euronext Securities Milan (T2S)	96%	95%	83%	96%	96%	96%	100%	100%	100%	86%	R-Q4 2025	B	R-?
LI - SIX SIS	100%	100%	100%	100%	100%	100%	100%	92%	100%	100%	B	R-?	B
LT - Nasdaq CSD (T2S)	96%	95%	83%	96%	96%	96%	100%	100%	100%	90%	R-Q4 2022	N/A	R-?
LU - CBL	75%	91%	67%	78%	75%	85%	70%	83%	8%	0%	R-?	N/A	R-?
LU - LuxCSD (T2S)	100%	100%	100%	100%	93%	92%	100%	100%	0%	100%	R-Q4 2023	R-Q4 2023	B
LV - Nasdaq CSD (T2S)	96%	95%	83%	96%	96%	96%	100%	100%	100%	90%	R-Q4 2022	B	R-?
MT - MSE (T2S)	71%	68%	83%	70%	75%	77%	100%	100%	100%	94%	R-?	B	R-?
NL - ENL (T2S)	100%	100%	100%	100%	100%	100%	100%	100%	100%	15%	B	B	R-?
NO - Euronext Securities Oslo	46%	45%	17%	26%	29%	27%	0%	0%	0%	0%	R-?	N/A	R-?
PL - KDPW	83%	82%	83%	78%	75%	77%	20%	8%	0%	100%	R-Q4 2023	N/A	B
PL - SKARBNET4	N/A	N/A	N/A	93%	N/A	N/A	N/A	N/A	N/A	N/A	R-Q3 2023	N/A	N/A
PT - Euronext Securities Porto (T2S)	88%	86%	83%	87%	89%	88%	100%	100%	100%	95%	R-Q4 2025	B	R-?
RO - Dep. Cen. (T2S)	92%	95%	83%	91%	96%	69%	100%	100%	100%	100%	R-?	B	B
RO - SaFIR	91%	N/A	N/A	89%	N/A	N/A	13%	44%	N/A	N/A	R-?	N/A	N/A
SE - Euroclear Sweden	75%	64%	67%	74%	71%	73%	40%	8%	92%	76%	R-?	N/A	R-?
SI - KDD (T2S)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	B	B	B
SK - KDCP (T2S)	0%	0%	0%	0%	0%	0%	100%	100%	100%	100%	R-?	B	B
UK - Euroclear UK&Int	88%	95%	67%	100%	100%	100%	100%	100%	100%	N/A	R-2025	N/A	N/A

# Issue raised by the Italian NSG

## *Italian procedure for responding to SI disclosure requests*

- **In the 2021 Report, the CEG concluded that the Italian market practice of transmitting the response to an SI disclosure request through the custody chain is not in line with the SI Standards.**
- In March 2022, the Italian NSG submitted a paper to the CEG for discussion. The paper (i) provided further information on the different options available to issuers in the Italian market regarding the receipt of responses to an SI request and (ii) invited the CEG to consider changing the text of SI Standard 3.1.
- **Based on discussions in several CEG meetings in 2022, the CEG reconfirms its view that the current Italian practice** requiring that shareholder identification responses be sent through the custody chain **is not in line with the SI Standards.**
- The CEG views are set out in more detail in a background document provided to AMI-SeCo members.
- The CEG intends to include the conclusions from this document in a future CEG FAQ document that will be submitted to the AMI-SeCo for approval.



# SI Standards – main findings

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# SI Standards

## *Main findings contained in the 2022 CEG Report*

- The definition of shareholder is not consistent across markets. This creates difficulties in particular in instances where the shareholder is considered to be the account owner rather than the beneficial owner. A harmonised European definition of shareholder is therefore needed.
- The SI process is considered to be working satisfactorily at a domestic level in many markets. Greater challenges are faced in respect of cross-border activity owing to differences in, inter alia, the definition of shareholder and operational procedures across markets. Such differences need to be eliminated in order to deliver a single European process.
- Several markets report a substantial increase in the volumes of SI requests received over the last twelve months.
- Many markets report suboptimal rates of response by intermediaries in the custody chain.

# SI Standards

## *Main findings*

- Many issuer agents and intermediaries are not yet able to process SI requests in the correct ISO 20022 reporting format. This creates significant problems for all parties in the chain and leads to a break in straight-through processing.
- SRD II is applicable to shares (i) issued by companies whose registered office is in the European Economic Area (EEA) and (ii) admitted to trading and listed on an EEA regulated market. Several markets, meanwhile, have disclosure requirements in place which extend beyond listed shares to cover, for example, bonds and investment funds. The operational processing of SRD II related and non-SRD II related requests is, however, not always the same which increases complexity.
- A number of markets experienced difficulties in verifying that requests come from, or are made on behalf of, the issuer, as central securities depositories (CSDs) and intermediaries may not have a contractual relationship with either the issuer or the SI agent. This results in the need for time-consuming manual processes to validate SI requests prior to processing.

# SI Standards

## *Main findings*

- The CEG has also identified challenges with (i) verifying, in an automated manner, whether the ISIN stipulated in the disclosure request is in the scope of the applicable law and (ii) when a threshold is applied, checking whether the figure given as threshold is compatible with the national legal framework – such check can only be performed by either the issuer (agent) or the issuer CSD.
- Paper-based requests are being received in a number of markets. Such requests are not consistent with the objectives of the SI Standards and the SRD II Implementing Regulation, which requires SI requests to be machine readable (which cannot be achieved with paper requests).
- The receipt of shareholder identification information is a prerequisite for the smooth execution of other corporate event processes in some AMI-SeCo markets. In those markets, the CEG noted that withholding payments and prohibiting investors from participating in general meetings are two of the tools used by issuers as mitigation measures to deal with cases where information on the holders of the securities is not disclosed upon request.



# Next Steps

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# Next steps

- AMI-SeCo is invited to approve the publication of the 2022 *Corporate Events Compliance Report*.
- The *Corporate Events Compliance Report* will then be shared with ESMA as the AMI-SeCo input to ESMA's recent call for evidence on the implementation of SRD II.
- The CEG will follow-up on items identified as part of this year's monitoring exercise throughout 2023.