



EUROPEAN CENTRAL BANK

EUROSYSTEM

AMI-SeCo Corporate Events Group

Presentation to
AMI-SeCo

AMI-SeCo
25/06/2024



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Background

The aim of today's presentation is to:

1. Debrief the AMI-SeCo on CEG developments since the last AMI-SeCo meeting
2. Provide information on the forthcoming 2024 Monitoring Exercise
3. Seek AMI-SeCo approval on CEG membership changes




CEG Developments

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CEG Developments

Progress since December 2023 AMI-SeCo

- **Eight CEG Issues Notes, which further analyse items included in the CEG Issues Log, have been prepared for review by the CEG.**
- **Three of these issues notes were discussed in the CEG meetings held in May and June:**
 - A note analysing the potential implications of T+1 on the processing of corporate events ➡ the CEG analysis will be covered in detail under the dedicated T+1 agenda item.
 - A note presenting the outcome of a fact-finding exercise on the invoicing by intermediaries of responses to shareholder identification disclosure requests ➡ covered in the following slides.
 - A note analysing the need for a potential revision to the standards on the intended settlement of market claims ➡ see next slides.
- **Further issues note are currently under preparation (in conjunction with the relevant CEG Sponsors).**

A blurred background image showing a financial market data visualization. It features a candlestick chart with red and green bars, overlaid with several jagged line graphs in yellow, white, and cyan. The overall scene is dimly lit, suggesting a computer screen or a financial display in a dark environment.

Invoicing by Intermediaries of Responses to SI disclosure requests

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CEG Issues Note

Invoicing by Intermediaries of Responses to SI disclosure requests

Background

- The CEG noted that intermediaries in some countries have started to charge issuers and issuer agents for the processing of SI requests.
- The CEG agreed that this topic should be closely monitored in order to observe whether this practice becomes increasingly commonplace across AMI-SeCo markets.
- As a follow-up, a short fact-finding questionnaire was launched the results which are presented in a dedicated Issues Note (shared as a background document for this meeting).

CEG Issues Note

Invoicing by Intermediaries of Responses to SI disclosure requests

Summary of responses

- Of the 28 responding markets, 14 - *CZ, DE, DK, ES, FI, FR, GR, HR, IT, PL, PT, SE, SI, and SK* - reported that intermediaries in their markets charge for the provision of information/processing of shareholder identification disclosure (SID) requests.
 - In most of these markets, invoices are sent to the issuer and/or the issuer agent.
 - In a few markets invoices are sent to other intermediaries.
 - In 10 markets, the CSD / the first intermediary is charging.
 - In 3 markets other intermediaries further down the chain are also charging, while some markets indicated not knowing whether these intermediaries charge.
 - 2 markets reported charges also originating from the issuer agent.
 - In most markets, invoicing follows a 'bottom-up' approach, whereby intermediaries lower in the chain typically charge the intermediaries higher up in the chain. In one market, the opposite approach is taken.
- 14 markets - *AT, BE, BG, CH, CY, EE, HU, IS, LI, LT, LU, LV, MT, NL, NO, and RO* - reported that their intermediaries do not charge for the provision of information/processing of SID requests.

CEG Issues Note

Invoicing by Intermediaries of Responses to SI disclosure requests

Obstacles identified

- Seven markets (DE, FI, FR, GR, PT, SE, and SK) identified obstacles regarding the handling of these invoices from a processing point of view. The explanations behind these obstacles put forward by these markets are numerous and are provided in full in the note.
- Several markets highlighted a lack of harmonisation and difficulties to authenticate the received billing information, which, in turn, results in a reluctance or outright refusal from some recipients to pay the invoices.
- In the German market, it is noted that a draft regulation on the reimbursement of intermediaries' expenses is currently under preparation. The draft regulation, which is relevant for the processing of CA events, proxy voting and disclosure requests under SRD II, would not be an entirely new German law but instead an update of an existing law to consider changes brought about by SRD II.

CEG Issues Note

Invoicing by Intermediaries of Responses to SI disclosure requests

Overall summary

- The analysis shows that the SID process is fragmented both in terms of business practices (level of fees) and operational processes (billing).
- Aside from the observation of fees to process SID requests in half of the reporting markets, the feedback received exhibits a need for more transparent, harmonised, non-discriminatory and proportionate charges.
- Furthermore, there is a lack of harmonisation in terms of invoicing format, content of information exchanged, and invoicing flows, where diverging practices within and across markets result in non-machine-readable invoice formatting and unstructured workflows.

CEG Issues Note

Invoicing by Intermediaries of Responses to SI disclosure requests

Next steps

The CEG proposes to submit the Issues Note to the European Commission as part of its review of the implementation of SRD2.

The CEG also invites AMI-SeCo to provide guidance on whether the CEG should already carry out further work on this topic.



Intended settlement date of market claims

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CEG Issues Note

Intended settlement date of market claims

- An inconsistency in the Market Claims Standards defined by the JWG and the Market Claims Standards defined by the former T2S CASG was identified by the CEG in the context of the regular CEG monitoring exercises.
- Each set of standards prescribe a different approach to determining the intended settlement date of a market claim i.e. the process to reallocate the proceeds of a distribution (e.g. dividend or interest payment) to the contractually entitled party.
- A draft note on the topic has been prepared for discussion by the CEG. The draft analysis:
 - (i) sets out the current text of both standards
 - (ii) recalls earlier considerations by the former T2S CASG on this topic
 - (iii) identifies potential issues when market claims are raised at the close of the business day
 - (iv) explains the relevance of settlement fail penalties to the current discussion

CEG Issues Note

Intended settlement date of market claims

- While the CEG agreed that a harmonised approach is needed in order to achieve AMI-SeCo's agreed objective of defining a single rulebook for corporate events, the exact approach to follow will be influenced by whether market claims remain subject to CSDR settlement penalties.
- Currently market claims that are generated after the record date will in many cases generate CSDR late matching fail penalties.
- This is because the market claim will be generated with an intended settlement date equal to the payment date of the distribution, and because in many cases the payment date of the distribution will be equal to record date plus one, the market claim will be generated after the intended settlement date of the market claim.
- As a next step, the CEG will review the forthcoming consultation paper from ESMA on the scope of CSDR settlement penalties.



2024 Monitoring Exercise

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2024 Monitoring Exercise

Timeline

- The 2024 Monitoring Exercise will be launched on Monday 8 July
- Market stakeholders will have 8 weeks to respond to the survey (deadline: Friday 30 August)
- The results of the exercise will be documented in the 2024 *Corporate Events Compliance Report* will be submitted to AMI-SeCo for approval in the December 2024 meeting.



Changes to CEG membership

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Changes to CEG membership

- Clearstream Banking Frankfurt representation: *Krasimira Rayanova replaces Sabine Wolff*
- DACSI representation: *Ben van der Velpen replaces Henk Bruggeman*
- Euronext Securities Milan representation: *Davide Ren replaces Alessio Mottola*

AMI-SeCo is invited to approve these changes to the CEG membership