

T2S PROGRAMME OFFICE

11 February 2016  
09.04.x01/2015/024212  
FINAL

## OUTCOME OF 38<sup>TH</sup> CASG MEETING

*Held on 12 January 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 the 6<sup>th</sup> Harmonisation Progress Report. The CASG gap analysis report will be discussed and approved at the meeting of the T2S Harmonisation Steering Group to be held on 26 and 27 January 2016.

The ECB team clarified the status with regards to rescheduling of T2S migration.

#### Action points:

- No

### 2. CASG gap analysis report

The CASG reviewed its analysis of compliance of T2S markets with the T2S CA standards. It focused in particular on the markets which have rescheduled their migration after the rescheduling of T2S migration at the end of 2015. The status of all markets was provisionally preserved compared to the previous draft; the only change is the Maltese market which has turned blue because of its full compliance with the BP standards as of December 2015. However, there were some clarifications which were requested by the CASG members from some markets, which will be followed up by the ECB Team or CASG members.

When discussing on compliance with Market Claim standard 23, the CASG clarified that:

- 1) There should be a user friendly facility available to participants for managing the interdependence between the settlement of a market claim and the underlying transaction as required by MC standard 23 for **all types of transactions** (including CCP and stock exchange transactions) in T2S; this is in line with the text of the CASG Standards which are addressed to CSDs and their users (including explicitly CCPs).
- 2) An example of such a facility is the possibility in T2S for a participant to put “on hold” (and

subsequently “release”) the underlying instructions against him on which market claims will be generated. In T2S this would require that the instructions are sent to T2S without having the “non-modifiable” indicator activated. If this indicator is not activated, then the processing indicators on an instruction can be modified but not the terms of the transaction;

- 3) One CASG participant mentioned that they were aware that some CCPs and trading venues did send settlement instructions to T2S without activating the “non-modifiable” indicator.

#### **Action Points**

- **The CASG agreed in principle with the updated draft of the CASG report**
- **The CASG secretariat is to send requests for additional clarifications to T2S markets, where relevant.**
- **The CASG secretariat to prepare the next draft of the CASG gap analysis for approval by the HSG members**

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

The CASG had an extensive discussion to agree on its feedback on CR T2S-0557-SYS (Skip validations on MSU/SUM for MCs and transformations). No definitive decision could be agreed as the matter revolved around the definition of fraction in T2S, where different opinions were expressed. It was clarified by the CRG representative that feedback on this is expected from the CASG latest by its March 2016 meeting. It was agreed that a small drafting group from the CASG should work to come up with a consensual definition of securities fraction in the context of T2S, taking into account the MSU and SUM functionalities.

The CASG went quickly through its list of open issues to review their status and found that it was mostly ok with the current version.

#### **Action Points**

- **Small drafting group from CASG to work on a consensual definition of fraction in T2S taking into account the T2S MSU and SUM functionalities**
- **No**

### **4. Possibility to enhance T2S functionality for CA processing**

The XMAP presented some proposals for enhancement of the T2S functionality for CA processing for future releases of T2S. In particular, the most interesting such proposal is with regards to elaboration of a restriction rule for selective blocking of all settlement instructions (except those for Corporate actions on stock) in an ISIN, which is to be initiated by the Issuer CSD for this security in T2S and be valid across

all CSDs. Then all investor CSDs for the security will be able to remove this blocking, presumably when they process in their books the corporate action.

The CASG members when discussing on the use of such facility mentioned that so far there is lack of clarity for which types of corporate actions the CSDs are planning to use this functionality. In addition, they mentioned that different CSDs process differently corporate actions – some may need to have restrictions in place, while others don't. Based on that, the CASG members agreed that there is need for further clarity on the practices of CSDs to use selective blocking of ISINs (which CSDs are using selective blocking for which CAs). Only when there is such clarity, the CASG can provide its opinion on the matter.

#### **Action Points**

- **CASG to provide its support for a XMAP survey with CSDs on the use of blocking of ISIN for CA processing**

## **5. ANY OTHER BUSINESS**

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

No other points were brought by CASG members, except the need to have a common process to face an issuer insolvency in T2S, on which the CASG member suggested to prepare a background document for future discussions.

#### **Action Points**

- **Paola is to prepare a proposal on a common process to address an issuer insolvency in T2S**

### **5.2 Next steps**

The CASG members have to come back asap to the CRG on T2S-0557-SYS (Skip validations on MSU/SUM for MCs and transformations). Therefore, they should have a telco in the near future. One CASG member suggested that due to the high number of issues the CASG needs to discuss, the meetings should be extended to 1 ½ days in order to be able to cover the agenda in full.

#### **Action Points**

- **CASG secretariat is to schedule a meeting/telco on the 12 February**