

AMI-SeCo Corporate Events Group and SRD II Standards – Proposal

1. Introduction

At present, the core objective of the AMI-SeCo Corporate Events Group (CEG) is to monitor and assess for all the respective European markets the implementation of, and compliance with, all European corporate event standards, starting with two existing sets of corporate actions (CA) standards namely the TARGET2-Securites (T2S) CA standards and the Joint Working Group (JWG) CA standards. The CEG mandate¹ also foresees that, in a next step, the CEG's responsibilities could include further areas, e.g. the monitoring and assessment of the implementation of, and compliance with, additional standards, e.g. the Shareholder Identification Standards endorsed by the Joint Industry Association SRD II Steering Committee and other related standards such as the General Meeting standards endorsed by the JWG.

The CEG falls under the responsibility of the [Advisory Group on Market Infrastructures for Securities and Collateral](#) (AMI-SeCo). The AMI-SeCo facilitates an active dialogue and interaction with all relevant financial market stakeholders with a view to fostering pan-European financial market integration and contributing to harmonised market standards and processes. Within its areas of competence and with the objective of providing an inclusive forum, the AMI-SeCo brings together representatives from all relevant stakeholders, including banks active in the European Union in their role as T2S users, central securities depositories (CSDs), central counterparties (CCPs), national central banks and financial market industry associations.

2. Proposal

This note outlines a proposal for the AMI-SeCo to take over from the Joint Industry Association Shareholder Rights Directive (SRD) II Steering Committee responsibility for the Standards on Shareholder Identification.

Responsibility would cover both:

- (i) definition/maintenance of these Standards; and
- (ii) monitoring and assessing compliance with these Standards.

¹ <https://www.ecb.europa.eu/paym/groups/shared/docs/452d0-ami-seco-2020-07-16-ami-seco-corporate-events-group-mandate.pdf>

The transfer of responsibility would take place during the summer of 2021 (following agreement at the AMI-SeCo meeting of 24/25 June and subsequent confirmation by the Joint Industry Association SRD II Steering Committee).

The CEG would subsequently include these Standards in its 2021 compliance monitoring and assessment exercise.

Through the 2021 compliance monitoring and assessment exercise, the CEG may identify a need for a Frequently Asked Questions (FAQ) document to be added to the Standards, and/or a need for changes to the Standards.

Any FAQ document, any changes to an FAQ document, and any changes to the Standards would be subject to approval by the AMI-SeCo. Any industry association that has endorsed the Standards and that does not have a seat at the AMI-SeCo will be invited to participate in AMI-SeCo meetings that discuss any such approvals.

This note also sets out a roadmap for further consolidation of the definition, maintenance and monitoring of corporate event standards defined at European level. The roadmap proposes a phased integration of further standards into the scope of the CEG work at an appropriate future date and with the involvement of all relevant stakeholders. Such consolidation would enable the AMI-SeCo CEG to realise its objective to create a single rulebook for corporate events in Europe.

3. Background / rationale

SRD II covers three core operational processes:

- Corporate actions
- General meetings
- Shareholder identification.

For each of these core processes, there is a set of high-level industry Standards.

Currently, the financial market industry's Joint Working Group (JWG) has responsibility for the definition and maintenance of both the Corporate Actions and General Meeting Standards.

The Joint Industry Association SRD II Steering Committee currently has responsibility for the definition and maintenance of the Standards on Shareholder Identification.

The CEG currently has responsibility for compliance monitoring and assessment of all Corporate Action Standards in Europe covering the Corporate Action Standards developed by the AMI-SeCo's earlier Corporate Actions Sub-Group and the JWG's Corporate Action Standards.²

There is currently no active process for the monitoring of compliance with the General Meeting and the Shareholder Identification Standards.

The following table summarises the current situation and sets out the current proposal for change:

² The CEG mandate also foresees that the CEG would take over responsibility for the SCoRE Corporate Action Standards in the medium term once the CMH-TF has completed its work on this topic.

<u>Standards</u>	<u>Responsibility for definition and maintenance</u>	<u>Responsibility for compliance monitoring and assessment</u>
Market Standards for Corporate Action Processing ³	Joint Working Group	AMI-SeCo CEG
T2S Corporate Action Standards ⁴	AMI-SeCo CEG	AMI-SeCo CEG
SCoRE Corporate Action Standards ⁵	CMH-TF (in medium term AMI-SeCo CEG)	CMH-TF (in medium-term AMI-SeCo CEG)
Market Standards for General Meetings ⁶	Joint Working Group	No current process
Market Standards for Shareholder Identification ⁷	Joint Industry Association SRD2 Steering Committee / Proposal: AMI-SeCo CEG	No current process / Proposal: AMI-SeCo CEG

Putting in place a compliance monitoring and assessment process for Shareholder Identification Standards now will i) enhance the focus and interest in this process ii) help those markets and intermediaries which are yet to implement the process iii) reduce the risk of divergent national practices. The mandate of the CEG explicitly allows for the possibility that the CEG takes over responsibility for further SRD2-related standards.

The transfer of responsibility for the Shareholder Identification Standards to the CEG is expected to be seamless for the following reasons:

- The transfer will be with the formal approval of the Joint Industry Association SRD2 Steering Committee.
- The membership of the CEG includes many of the industry experts who participated in the definition of the Standards and has Issuer representation.
- The Standards have been endorsed by the relevant industry associations, there is messaging which supports the process and the text is stable.

4. Future developments / expected timeline

As suggested by its mandate, it is expected that progressively the CEG will take over responsibility for definition, and for compliance monitoring and assessment, for the full set of corporate event-related market standards.

³ [Market Standards for Corporate Actions Processing](#)

⁴ The T2S Corporate Action Standards are comprised of the [T2S Market Claims Standards](#), the [T2S Transformations Standards](#) and the [T2S Buyer Protection Standards](#)

⁵ [SCoRE Corporate Actions Standards](#)

⁶ [Market Standards for General Meetings](#)

⁷ [Market Standards for Shareholder Identification](#)

This will be a step-by-step process, and each step will be dependent on the maturity of the text of the standards, the availability of resources, and the approval by the relevant governance bodies.

Following the CEG taking over during the summer of 2021 responsibility for the definition, maintenance, monitoring and assessment of the Market Standards on Shareholder Identification, the next major step would be for the CEG to take over responsibility for the Market Standards for General Meetings.

In their current form, the Market Standards for General Meetings comprise 41 separate standards.

A current objective of the JWG is to re-write the Market Standards for General Meetings and merge them with the JWG’s Corporate Action Standards. It is expected that this process will be complete during the course of 2022.

Successful completion of this process will create the preconditions for the CEG to take over responsibility for the General Meeting standards, including both definition and compliance monitoring and assessment, as well as responsibility for definition of the Market Standards for Corporate Action Processing.

The following table summarises the setup foreseen in the medium term for the definition, maintenance and monitoring of European corporate event standards. This setup will enable the AMI-SeCo Corporate Events Group to realise its objective to create a single rulebook for corporate events in Europe.

<u>Corporate Event Standards</u>	<u>Responsibility for definition, maintenance, compliance monitoring and assessment</u>
Market Standards for Corporate Action Processing	AMI-SeCo CEG
T2S Corporate Action Standards	
SCoRE Corporate Action Standards	
Market Standards for General Meetings	
Market Standards for Shareholder Identification	
<i>Other potential future corporate event standards</i>	

5. Next steps

If the AMI-SeCo supports and approves the proposal that the CEG take on responsibility for definition, maintenance, monitoring and assessment of the Market Standards for Shareholder Identification over the summer 2021, the next step would be for the AMI-SeCo Chair to write a letter to the co-chairs of the SRD II Steering Committee advising that the AMI-SeCo supports the proposal, and asking for a response no later than 30 July that confirms the formal agreement of the SRD2 Steering Committee.

Upon receipt of this confirmation, and at the latest on 2 August, the CEG will launch the 2021 CEG monitoring survey.

The AMI-SeCo is invited to:

- **Support the proposal as outlined in this document;**
- **Agree that the AMI-SeCo Chair sends a letter to the SRD II Steering Committee seeking confirmation that the SRD II Steering Committee transfer the responsibility for the definition, maintenance, monitoring and assessment of the Market Standards for Shareholder Identification to the AMI-SeCo CEG;**
- **Agree that, conditional of the receipt of this confirmation, the CEG launches the 2021 monitoring survey including the Shareholder Identification Standards.**