

# MANDATE OF THE CORPORATE EVENTS GROUP

## 1. Preamble and objectives

The mandate of the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)<sup>1</sup> gives it a role to foster financial market integration in the field of securities and collateral management. In furtherance of this objective, the AMI-SeCo has developed corporate action (CA) standards relating to T2S (T2S CA standards) and to collateral management (SCoRE CA standards). The AMI-SeCo has created a process to monitor and assess compliance with these standards.

The Joint Working Group (JWG) was set up in the summer of 2007 by a group of industry associations to develop a set of CA standards as part of the private sector work to tackle a barrier to cross-border investment, namely, Barrier 3 (national differences in CA processes), identified by the Giovannini Reports in 2001 and 2003<sup>2</sup>. The JWG and the industry associations provide support for an annual process to monitor and assess compliance with the JWG CA standards.

There is agreement between all parties that there is a need to reap synergies, and to maximise efficiency and effectiveness in the existing processes for monitoring and assessing compliance with CA standards, in order to facilitate achieving the vision of a single CA rulebook for Europe.

Accordingly, the AMI-SeCo, the JWG and the industry associations<sup>3</sup>, agree to consolidate the monitoring and assessment of compliance with the JWG CA standards<sup>4</sup> and the monitoring and assessment of compliance with the AMI-SeCo CA standards comprising of the T2S CA standards<sup>5</sup> and the SCoRE CA standards<sup>6</sup> into a single pan-European group called Corporate Events Group (CEG) as part of the AMI-SeCo governance.

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<sup>1</sup>AMI-SeCo mandate: [https://www.ecb.europa.eu/paym/intro/governance/shared/pdf/ami\\_seco\\_mandate.pdf](https://www.ecb.europa.eu/paym/intro/governance/shared/pdf/ami_seco_mandate.pdf)

<sup>2</sup> Giovannini Reports: [https://ec.europa.eu/info/publications/giovannini-reports\\_en](https://ec.europa.eu/info/publications/giovannini-reports_en)

<sup>3</sup> Industry associations have observer status in the meetings of the AMI-SeCo.

<sup>4</sup>JWG CA standards:

[https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/casg/ecb.targetseccasg120606\\_MarketStandardsForCorporateActionsProcessingCAJWGStandardsRevised2012Updated2015.en.pdf?5a5c8308c24a6618ed600daf627df86c](https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/casg/ecb.targetseccasg120606_MarketStandardsForCorporateActionsProcessingCAJWGStandardsRevised2012Updated2015.en.pdf?5a5c8308c24a6618ed600daf627df86c)

<sup>5</sup>AMI-SeCo T2S CA standards: <https://www.ecb.europa.eu/paym/target/t2s/governance/html/casg.en.html>

The core objective of the 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 the three existing sets of CA standards (i.e. T2S CA standards, SCoRE CA standards and JWG CA standards), thereby using fully harmonised procedures and processes.<sup>7</sup>

Given the wide diversity of countries, markets, securities and stakeholders involved in CA processes, and in order to produce compliance assessment reports that are of a consistently high quality, and that are recognised as such by all relevant stakeholders, it is important for the work and the representativeness of the CEG to be as inclusive as possible, with individuals from various relevant industry working groups and national Market Implementation Groups (MIGs) / National Stakeholder Groups (NSGs) with all relevant sectors of the industry also represented.

The responsibility for defining and maintaining the CA standards endorsed by the JWG will remain with the JWG.<sup>8</sup> All parties recognise the need for maintaining consistency between the different sets of European standards. Accordingly, there will be a need for both the CEG and the JWG to be closely associated with each other's work.

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<sup>6</sup> AMI-SeCo Single Rulebook for Collateral Management - Corporate Actions:  
<https://www.ecb.europa.eu/paym/intro/publications/pdf/ecb.AMISeCo>

<sup>7</sup> In a next step, the CEG's responsibilities could include the monitoring and assessment of the implementation of, and compliance with, additional standards, e.g. the Shareholder Rights Directive II (SRD2) related standards and the General Meeting standards endorsed by the JWG.

<sup>8</sup> This is also the case for the General Meetings standards.

## 2. Mandate

### 2.1 Tasks

The mandate of the CEG will include general and specific tasks.

#### Definition and maintenance

- Define which markets should respond to which set of CA standards.
- Make proposals to the AMI-SeCo on maintaining / updating the endorsed SCoRE CA standards<sup>9</sup> and the T2S CA standards as a result of market feedback / developments or changes in the JWG CA standards, if and when necessary.
- Provide clarifications and interpret the SCoRE CA standards and the T2S CA standards to market stakeholders, if and when necessary.

#### Reporting by national markets

- Consolidate all three sets of CA standards (i.e. T2S CA, SCoRE CA and JWG CA standards) into a single reporting template for each market to complete.
- To the extent possible, apply harmonised deadlines for all standards for each market to respond.
- CEG Secretariat to maintain the contact details for all MIGs/NSGs with a single point of contact at European level for all relevant national markets in relation to the CEG's monitoring and assessment activities.
- CEG Secretariat will send / collate the responses / reports to and from each market.

#### Monitoring<sup>10</sup>

- Where necessary, assist in the preparation of roadmaps / adaptation plans by the stakeholders of the national markets to comply with the three sets of CA standards (i.e. T2S CA, SCoRE CA and JWG CA standards).
- Monitor the status of progress in the implementation by national markets against the existing adaptation plans / roadmaps on the three sets of CA standards.
- Engage with relevant industry or regulatory bodies (e.g. JWG, Securities Market Practice Group (SMPG), Society for Worldwide Interbank Financial Telecommunication (SWIFT) etc.) with respect to corporate events harmonisation.
- Contribute to a broader understanding by stakeholders of the importance of corporate events harmonisation within the context of the AMI-SeCo objective of fostering financial market integration in Europe.

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<sup>9</sup> The CEG will assume responsibility for these tasks in the medium term. See Section 2.2 for more details.

<sup>10</sup> Definition of monitoring is as follows; "monitoring the progress of each MIGs/NSGs roadmap / adaptation plans towards implementation ensuring all milestones are adhered to".

## Assessment<sup>11</sup>

Assessments will form the basis of whether or not a market is deemed to be compliant or not.

Upon completion of the monitoring and assessment stages the following actions will be taken:

- Share its monitoring and assessment reports together with its findings with the JWG, the AMI-SeCo and national markets.
- Interact with / consult the owners of each set of standards (i.e. T2S CA, SCoRE CA and JWG CA standards) in questions of interpretation / clarifications of their standards and to provide input to the work on maintaining / updating the standards, if and when necessary as a result of market feedback / developments or changes in the corporate events standards space.

## 2.2 Transition period

The CEG will carry out its tasks related to the JWG CA standards and the T2S CA standards as described in Section 2.1 from its formation. There will be a transition period as regards the relevant tasks of the SCoRE CA standards in order to avoid disruption of already initiated and ongoing CMH-TF monitoring processes.

During this transition, the CMH-TF will maintain its roles of monitoring the implementation of the SCoRE CA standards and of being a reference board for the clarification and interpretation of the SCoRE CA standards. After the transition period – which will be restricted to the time period necessary to establish the necessary awareness and momentum for compliance with the SCoRE CA standards – the CEG, upon approval by the AMI-SeCo, will take over the tasks for the SCoRE CA standards as set out in Section 2.1.

## 2.3 Geographical scope:

The geographical scope of reference for the CEG shall be in principle corresponding to that one of AMI-SeCo, i.e. European Union, Switzerland and United Kingdom<sup>12</sup>.

The creation of CEG as a pan-European corporate events standards monitoring group does not in itself imply a change in the geographical scope of the existing standards (AMI-SeCo markets for SCoRE CA standards, T2S markets for T2S CA standards, European markets for JWG CA standards). With a view to the objectives of full harmonisation, efficiency and wide coverage, the CEG will analyse and prepare a proposal on the possibility of aligning the geographical scope of the three sets of standards initially in scope (i.e. T2S CA, SCoRE CA and JWG CA standards).

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<sup>11</sup> Definition of assessment is as follows: *“each market report is to be assessed for accuracy by cross referencing the report versus any market data available to, and accessible by, the CEG, e.g. as announced by the Issuer / Issuer CSD or available and accessible from other sources”;*

<sup>12</sup> Additional markets could also be included to cover the JWG CA standards, e.g. EEA markets.

## **2.4 Deliverables**

The CEG report(s) shall, based on a methodology endorsed by the AMI-SeCo, present the status of the preparation of adaptation plans / roadmaps by national markets as well as the assessment of progress in implementing the three sets of CA standards by national markets against such adaptation plans / roadmaps, together with the practical assessment of compliance. The status assessments will use input provided by the relevant national markets / stakeholders and measured against the existing adaptation plans / roadmaps. Where appropriate, information will also be collected from other relevant actors. In determining its assessment, the CEG is not bound by the self-assessment of the respective national market, but will form its own opinion, using all relevant information, and based on a clear and transparent process, including the gathering of further information from national markets, and national market experts.

Lack of progress in certain harmonisation items or by certain markets shall be flagged to the AMI-SeCo including – where relevant – proposals on how to accelerate implementation.

## **2.5 Expiry**

The mandate of the CEG is in principle open ended, but shall be subject to review, if deemed necessary.

# **3. Working procedures**

## **3.1 Reporting**

The CEG regularly reports to the AMI-SeCo after completion of a monitoring cycle / exercise. Reports are shared with the JWG. The CEG will ensure effective communication with the AMI-SeCo and the JWG to align as much as possible the CEG workplan for upcoming monitoring cycles with the general workplan of the AMI-SeCo and the JWG in relation to harmonisation.

## **3.2 Principles of working procedures**

To perform its tasks, the CEG will make its own decisions on how it sets up and operates the European monitoring framework for the sets of standards on the basis of the following principles:

- In order to limit resource needs by stakeholders of the monitoring process, the monitoring framework should strive to achieve, in the medium term and after the conclusion of the transition period for the relevant CMH-TF tasks (see 2.2), the maximum feasible level of efficiency by
  - employing an aligned monitoring cycle with aligned timelines and questionnaires / surveys across the sets of standards to the greatest extent possible;

- operating a single contact point (via the CEG secretariat) to all monitored national market stakeholders.
- Pro-actively assist national markets in setting up adaptation plans / roadmaps and implementing the sets of standards.
- Providing full transparency to any external stakeholders on its monitoring exercises and its assessments, inter alia by publishing its final monitoring reports and all other relevant final documents.
- Conducting an annual review meeting after the completion of the monitoring and assessment period, with all markets that are in scope, key stakeholders and the industry experts to discuss the reporting, foster greater relationships and discuss in detail any barriers that may prevent compliance with the standards.

### **3.3 Meetings**

The CEG should meet as regularly as required for fulfilling its mandate. The exact frequency and form of the meetings is ultimately a decision of the CEG Chairpersons. The Chairpersons shall decide on the agenda for each meeting. The dates of meetings shall be communicated to members and observers sufficiently in advance, and the Secretary shall circulate meeting documentation sufficiently in advance of the meetings.

In principle, the CEG shall meet in person or by means of teleconferencing. Physical meetings should be avoided whenever justified by efficiency and safety considerations (e.g. in the event of pandemics to prevent the spread of highly contagious diseases or to reduce the environmental impact of the group's activities).

### **3.4 Interaction and information exchange with industry groups and national markets**

The CEG shall co-operate with public authorities and industry initiatives that have a genuine interest in harmonisation and use their work as input to its analysis. The CEG shall maintain regular interaction with relevant industry groups and, when required, the JWG and the Broad Stakeholder Group (BSG), as well as relevant technical groups.

Interaction with national markets needs to ensure that all relevant stakeholders have a possibility of being represented at a national level, without restrictions in the modality of organisation in the national market. The nature of the representative body can be freely chosen by the market according to its specific needs and/or existing organisational solutions.<sup>13</sup>

In order to facilitate greater insight into the nuances and barriers in markets, the annual review meeting aims to foster greater relationships with market infrastructures, such as Central Securities Depository (CSD), Stock

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<sup>13</sup> As a default, the CEG will interact with the National Stakeholder Group established in a local market unless the local market indicates that it wishes to have another group as the local contact point. The CEG will interact with only one local group per market in its monitoring tasks.

Exchange and Central Counterparty (CCP) in order to ascertain the challenges and what work is required to overcome them. Collaboration is therefore vital to ensure the CEG adheres to the mandate.

### **3.5 Transparency**

All relevant documentation and information shall be made available on the ECB website.

In exceptional cases, the Chairperson may decide to restrict the publication of individual documents on the ECB website, if these documents contain confidential information. The members and invited experts may not disclose such information to the public. The Secretary shall be responsible of distributing and publishing all the produced documentation.

Final CEG reports shall also be sent to the European Commission.

## **4. Composition**

### **4.1 Chairpersons**

The AMI-SeCo Chairperson shall appoint the Chairpersons of the CEG on the basis of their experience, reputation and technical expertise in dealing with CA harmonisation. The Chairpersons shall be market representatives with clear long-standing experience in the European work on corporate action standards.

The Chairpersons shall have the following tasks and responsibilities:

- determine the frequency, format and agenda of the meetings;
- chair the CEG meetings;
- invite external experts, members of other corporate action working groups, and/or industry representatives to the CEG meetings on a specific topic;
- represent the CEG in the AMI-SeCo and – in this capacity – shall be invited to the meetings of the AMI-SeCo;
- represent the CEG in liaisons with other relevant European industry bodies or regulatory bodies and initiatives relevant to the objectives and tasks of the CEG.

It is expected that the Chairpersons will be invited to attend meetings of the JWG.

### **4.2 Members**

The composition of the CEG shall reflect the wide variety of stakeholders involved in the corporate action harmonisation process, fostering the participation and allowing the representation in each segment of the field, with the aim of capturing a full representation of the industry and national markets. Ensuring that all monitored national markets are represented either directly or indirectly (via a sponsor / person familiar with the

local market and acting as an interlocutor for several markets, see Section 4.3) is a key guiding principle of the composition.

Members shall be appointed by the AMI-SeCo upon proposal of the AMI-SeCo Chairperson who will consult the Chairpersons of the CEG and the Chairperson of the JWG on such proposals. The AMI-SeCo members, JWG members and relevant industry associations may make proposals as well. Members shall:

- have an appropriate level of seniority and expertise on CA related principles and processes;
- preferably, have previous or current experience of working in, or together with, a group responsible for corporate action harmonisation (i.e. E-MIG, CASG, CMH-TF);
- be able to devote sufficient amount of their time and / or initiate actions and mobilise appropriate resources in their institutions in order to contribute to the intensive CEG work plan and objectives.

Members can be replaced by an alternate in exceptional circumstances. Such alternates must be notified to the Secretary sufficiently in advance.

#### **4.3 Role of a Sponsor**

As not all national markets will have a member from that market on the CEG, and in order to develop within the CEG specific expertise on all national markets, the CEG Chairpersons will appoint individual members of the CEG as Sponsors for one or more national markets. The Sponsor for a national market shall closely follow national market developments with relation to corporate actions and shall act as resource for that market with respect to the work of the CEG. It is expected that the Sponsor of a market will significantly contribute to the assessment by the CEG of the compliance of that market. The identity of the Sponsor for each market will be made public.

### **5. Secretariat and resources**

The ECB provides the Secretariat to support the work of the CEG and its Chairpersons in view of delivering on the tasks of the group.

The Secretary shall be an experienced member of staff of the ECB and shall have the following tasks and responsibilities:

- co-ordinate the organisation of the meetings and relevant documents;
- design and coordinate the execution of surveys as instructed by the Chairpersons;
- support the Chairpersons in the preparations for the CEG meetings;
- draft summaries of the meetings;



- support the Chairpersons in preparations for reporting to the AMI-SeCo and communication with the JWG;
- support the Chairpersons in liaisons with other relevant European bodies and initiatives.