



EUROPEAN CENTRAL BANK

EUROSYSTEM

Update on the activities of the Securities Group (SEG)

AMI-SeCo
teleconference

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Overview

The SEG had two meetings since the June AMI-SeCo meeting (one in September and one in October) and discussed the following topics:

- 1 AMI-SeCo survey on remaining barriers
- 2 EC's proposal for a directive on WHT procedures
- 3 Task Force on optimisation of T2S message customisation (TFOS)
- 4 T+1
- 5 14th T2S Harmonisation Progress Report

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AMI-SeCo survey on remaining barriers to post-trade market integration

- Based on agreement and guidance by AMI-SeCo in June a **detailed survey document** was agreed
- Survey contains **6 open questions with background** for orientation of respondents
- Survey was launched on 17 November and **runs until 31 January 2024**
- **Target audience:** AMI-SeCo members, incl. association members and NSG members
- The survey is executed via the **Epsilon survey tool**, background document was attached
- SEG will analyse the feedback and prepare a report for the AMI-SeCo by June 2024 (at the latest)

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EC's proposal for a WHT directive – AMI-SeCo views

- In June 2023, after a thorough public consultation and internal work, the European Commission (EC) published a proposal for a directive on withholding tax (WHT) procedures. The initiative is part of the EC's 2020 CMU Action Plan.
- In light of the high-relevance to post-trade processing, the SEG analysed the proposal in detail and prepared a letter to the Commission and Council
- EC staff showed openness and interest in the AMI-SeCo's observations
- The AMI-SeCo letter was sent on 17 November, it has since been published on the ECB website

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SEG Task Force on the optimisation of T2S message customisation (TFOS) – 1

- The TFOS was set up by the SEG in July 2023 to facilitate the input of the T2S community to the optimisation of the customisation of T2S messages (mainly by adding “pruned” ISO message elements to the T2S message schemas) based on a consensus among T2S / AMI-SeCo stakeholders
- The main output of the TFOS will be T2S CRs to be considered for implementation together with the TARGET Services ISO Message Unfreeze strategy, which currently targets June 2025 to bring most messages to their latest ISO version. The following steps are being progressed to achieve this:
 - a) Agree which changes, made by ISO/SWIFT b/n 2019 and 2023, should be implemented with the Unfreeze in settlement-relevant messages used by T2S with Unfreeze – **CRs are being drafted and submitted to T2S governance according to their priority**
 - b) Identify ISO message elements, available as of SWIFT MR 2019, which should be “unpruned” in T2S messages (*start Nov and continue thereafter based on input of participants*) – **in progress since Nov (e.g. UTI and LEI being considered), respective CRs are being drafted**
 - c) Provide the view of T2S Community regarding the changes from SWIFT MR 2024 (when it becomes available), which should be implemented together with the T2S Unfreeze (to note: the mandate of TFOS expires at end Q1 2024)
 - d) Where considered feasible the TFOS will agree on potential usage guidelines (best practices) for the T2S community on harmonized usage of certain elements to reap maximum benefit from T2S

SEG Task Force on the optimisation of T2S message customisation (TFOS) – 2

- The main focus of the TFOS (based on ToR) remains on content (what message elements to be unpruned / changed, guidelines how certain elements should be used by T2S Community, etc.)
- When the TFOS agrees to propose a message element for implementation (or changing the way T2S handles it), it needs to submit a change request (CR) to T2S governance (see similar CRs submitted in the past e.g. CR 768 or CR 806 or CR 807)
- In view of the tight timeline for potential inclusion in the T2S Unfreeze (June 2025), this process (TFOS CRs) might need an expedited procedure at least within the AMI-SeCo
- In order to ensure that the T2S community has an informed view on which SWIFT changes should be implemented in T2S for each ISO MR following the Unfreeze (i.e. first one scheduled for Nov 2025), it was proposed in TFOS discussions that the T2S Community input (i.e. from the AMI-SeCo) **is made a standing element** in the T2S governance framework (as of 2025)

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ESMA's call-for-evidence on shortening the standard settlement cycle – T+1

- In light of ESMA's call-for-evidence issued in October 2023, the SEG proposes to send a letter to ESMA / EC by the AMI-SeCo on the post-trade aspects
- SEG draft was also shared with CEG and CMG members for their written comments
- Draft to be discussed by the AMI-SeCo under next agenda item

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Key Messages of the 14th T2S HPR

In September 2023 five CSDs successfully migrated to T2S increasing the number of T2S markets monitored in this report to 26.

With regard to the T2S harmonisation agenda, little overall progress has been made since the last report on compliance with T2S harmonisation standards, primarily because of the high level of compliance already achieved.

A slight decrease in the overall compliance statistics is observed (91.6% to 90.7%) due to the markets migrating to T2S having, on average, a slightly lower compliance rate than the markets that migrated to T2S earlier.

The most problematic harmonisation area remains corporate actions, where a significant number of T2S markets have yet to reach full compliance with the T2S corporate actions standards and with the corporate actions market standards.

Overall compliance status

T2S markets	Core T2S settlement harmonisation																Harmonisation of post-trade environment of securities settlement	
	1 T2S messages - ISO 20022.	2 T2S matching fields.	3 Interaction with T2S (registration)	4 Interaction with T2S (tax procedures)	5 * Schedule for the settlement day	6 T2S CA standards	7 T2S settlement finality I	8 T2S settlement finality II	9 T2S settlement finality III	10 Outsourcing IT (settlement) services	12 Settlement cycle	13 Availability of omnibus accounts	14 Restrictions on omnibus accounts	15 Securities account numbering	16 Cash account numbering	18 CA market standards (CAJWG)	23 Securities amount data	
AT	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-?	B	
BE – Euroclear Bank	B	B	B	B	R-? *	R-2029	B	B	B	B	B	B	B	B	B	R-2029	B	
BE – Euroclear Belgium	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-?	B	
BE – NBB SSS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2025	B	
BG – BNBGSSS	B	B	B	B	B	R-Q4 2024	B	B	B	B	B	B	B	B	B	R-Q4 2024	B	
BG – CD AD	B	B	B	B	B	R-Q2 2024	B	B	B	B	B	B	B	B	B	R-Q2 2024	B	
CH	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	N/A	R-?	B	
DE	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-2024	B	
DK	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-2025	B	
EE	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
ES	B	R-2024	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q2 2025	B	
FI	B	B	B	B	R-? *	R-Q4 2029	B	B	B	B	B	B	R-?	B	B	R-?	B	
FR – Euroclear	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	B	R-?	R-?	
GR – BOGS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
HR	B	B	B	B	B	R-Q4 2024	B	B	B	B	B	B	B	B	B	R-Q2 2024	B	
HU	N/A	B	B	B	R-Q4 2025	R-Q4 2025	B	B	B	B	B	B	B	B	N/A	R-Q4 2025	B	
IT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2025	B	
LT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
LU – LUX CSD	B	B	B	B	B	R-Q4 2024	B	B	B	B	B	B	B	B	B	R-Q4 2024	B	
LV	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
MT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2023	B	
NL	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
PT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2025	B	
RO	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	
SI	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	
SK – CDCP	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B	

The assessment for T2S Standard 5 are marked with an asterisk “*” and are considered preliminary as there are differing interpretations within the AMI-SeCo / T2S community regarding point 4 of T2S Standard 5 (see following slides).

Changes in compliance statuses

Left = old

Right = new, 2023

T2S markets	Priority 1 standards																Priority 2 standards																					
	1	2	3	4	5	6	7	8	9	10	12	13	14	15	16	18	23																					
AT																R-Q1 2023	R-?																					
BE – Euroclear Bank	G	B	G	B	G	B	G	B	R-?	R-?	R-Q4 2024	R-2029	G	B	G	B	G	B	G	B	G	B	B	B	B	R-?	R-2029	G	B									
BE – Euroclear Belgium																																						
BE – NBB SSS																												R-Q4 2023	R-Q4 2025									
BG – BNBGSSS																																						
BG – CD AD																																						
CH																																						
DE																																						
DK																												R-Q4 2023	R-2025									
EE																												R-2023	B									
ES			R-?	R-2024																									R-Q4 2023	R-Q2 2025								
FI	B	B	B	B	B	B	B	B	G	R-?	Y-Q4 2029	R-Q4 2029	B	B	B	B	B	B	B	B	B	B	B	B	B	Y	R-?	B	B	G	B	R-?	R-Q4 2029	B	B			
FR – Euroclear																																						
GR – BOGS																																						
HR	Y-2023	B	G-2023	R-2024	B	B	B	B	Y-2023	B	Y-2024	R-Q4 2024	G	B	G	B	G	B	B	B	B	B	B	B	Y-2023	B	Y-2023	B	G-2023	B	G-2023	B	Y-2024	R-Q2 2024	B	B		
HU									R-Q4 2023	R-Q4 2025	R-Q4 2023	R-Q4 2025																							R-Q4 2024	R-Q4 2025		
IT																																						
LT																																						
LU – LUX CSD																																				R-Q4 2022	B	
LV																																				R-Q4 2023	R-Q4 2024	
MT																																				R-Q4 2022	B	
NL																																				R-?	R-Q4 2023	
PT																																						
RO																																					R-Q4 2023	R-Q4 2025
SI																																						
SK – CDCP																																						

The markets migrating to T2S in September 2023 showed a **high-level of compliance with the T2S harmonisation standards already in their preparations to T2S migration**. However, in certain harmonisation areas they could not secure full compliance by the time of their migration which affects the overall level of compliance of T2S markets.

Non-compliant markets

Standard 6 and 18 – Corporate actions – see CEG report for more details

- Standard 18 – *CA market standards* remains the key area of pronounced non-compliance, albeit with progress on sub-standards also driven by efforts to secure SCoRE compliance

Standard 2 – T2S matching fields

- Spain: The compliance gap is rated as low impact, and reforms underway will eliminate the gap in 2024..

Standard 5 – T2S calendar and schedule of the settlement day

- Hungary: owing to not fully following the T2S settlement schedule
- Euroclear Bank and Euroclear Finland: owing to not allowing directly connected party access to T2S by their customers – these latter cases will need further discussion and analysis in 2024, due to differing readings of Standard 5 point 4 in the community

Standard 14 – Restrictions on omnibus accounts

- France: non-compliance with the legal requirement under Standard 14 to separate registered securities from bearer securities under the same International Securities Identification Number (ISIN) at CSD level.
- Finland: non-compliance due to the restriction in national law on the access to omnibus accounts at the CSD.