

Advisory Group on Market Infrastructures for Securities and Collateral

**DRAFT**

November 2022

# MANDATE OF THE CORPORATE EVENTS GROUP

## 1. Preamble

With a view to fostering financial market integration in the fields of securities clearing and settlement and collateral management in Europe, the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo)<sup>1</sup> assists the Eurosystem in the pursuit of its interests and provides advice on infrastructures managed by the Eurosystem, namely the TARGET Services, particularly on TARGET2-Securities (T2S), the Eurosystem Collateral Management System (ECMS) and related matters.<sup>2</sup> There is consensus among financial market stakeholders that harmonisation of post-trade processes, including usage of international standards (such as, e.g. ISO 20022), and integration are prerequisite for reaping efficiency gains. Furthermore, there is consensus that financial market stakeholders and markets greatly benefit from integration and the adoption of AMI-SeCo established common rules, procedures and standards at pan-European level.

In furtherance of its objective to foster harmonisation and financial market integration, the AMI-SeCo has developed market standards for the processing of corporate events and has created a process to monitor and assess compliance with these standards. In 2020, the AMI-SeCo, the Joint Working Group (JWG) and relevant industry associations, agreed to consolidate the monitoring and assessment of compliance with the *Market Standards for Corporate Actions*

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<sup>1</sup> [Add reference to AMI-SeCo mandate]

<sup>2</sup> <https://www.ecb.europa.eu/paym/target/html/index.en.html>

*Processing* (defined by the JWG) with the monitoring and assessment of compliance with all corporate event standards defined by the AMI-SeCo into a single pan-European group called the Corporate Events Group (CEG) as part of the AMI-SeCo governance.<sup>3</sup> In 2021, the AMI-SeCo also agreed on a roadmap which would see the CEG progressively take over responsibility for the definition, maintenance and monitoring of all corporate event related market standards defined at European level at an appropriate future date with the involvement of all relevant stakeholders.<sup>4</sup> Such consolidation would enable AMI-SeCo to realise its objective of creating a single rulebook for corporate events in Europe.

The AMI-SeCo has mandated the CEG to carry out the technical work and prepare the discussions for AMI-SeCo on any issue related to the harmonisation and integration of corporate events falling in the mandate of the AMI-SeCo and subject to the AMI-SeCo's guidance. The core task of the CEG is to define, maintain and monitor the implementation of, and compliance with, European corporate event standards. The CEG's work will not cover securities and collateral management harmonisation and integration as these areas are covered by dedicated AMI-SeCo substructures.

## **2. Mandate**

### **2.1 Tasks**

The CEG shall have the following harmonisation tasks:

#### Definition and maintenance of harmonisation activities

- To define and maintain market standards for the processing of corporate events.
- To analyse and – where appropriate – present harmonisation and integration proposals or advice to the AMI-SeCo on any matters affecting corporate events, provided that no other AMI-SeCo substructures cover such matters within their own mandate.
- Provide clarifications on, and interpret, corporate event standards owned by the AMI-SeCo to market stakeholders, if and when necessary.<sup>5</sup>

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<sup>3</sup> The responsibility for definition and maintenance of the *Market Standards for Corporate Actions Processing* (and the *Market Standards for General Meetings*) remains with the JWG until decided otherwise.

<sup>4</sup> The first step in this [roadmap](#) saw AMI-SeCo assume responsibility for the definition, maintenance and monitoring of the *Market Standards for Shareholder Identification*.

## Monitoring

- To assess and follow the implementation of European corporate event standards endorsed by the AMI-SeCo falling within the mandate of the CEG with the help of National Stakeholder Groups (NSGs).
- To present a status update of the work of the CEG in each AMI-SeCo meeting and seek guidance where necessary.

The CEG shall also have the following tasks:

- To assess key financial market integration developments and policy issues with a view to any remaining barriers to market integration in AMI-SeCo markets, in particular also including the potential impact of such developments and issues on the Eurosystem's TARGET Services.
- To advise the AMI-SeCo when communicating key harmonisation policy issues to the relevant EU authorities.
- If requested, to support the AMI-SeCo in assessing and forming an opinion on the potential impact of financial innovation on corporate events and the wider EU financial market harmonisation and integration.

The CEG performs the above tasks in coordination with other AMI-SeCo substructures. In case a harmonisation area or financial market integration policy issues are covered by a specific mandate of another AMI-SeCo substructure (e.g. on securities or collateral management), the CEG will not actively cover such area and issues to avoid undue overlaps in AMI-SeCo work. In its reports covering such areas the CEG will rely on the assessments and input prepared by such other, dedicated AMI-SeCo substructures, as appropriate.

## **2.2 Geographical scope**

The geographical scope of reference for the CEG shall in principle correspond to that of AMI-SeCo, i.e. the European Economic Area, Switzerland and the United Kingdom.

## **2.3 Deliverables**

Without prejudice to any future additional regular or ad-hoc deliverable, the CEG will deliver a progress report to the AMI-SeCo on the endorsed harmonisation activities at least on an annual basis.

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<sup>5</sup> The CEG will assume responsibility for the *SCoRE Corporate Action (CA) Standards* following a transition period to avoid disruption of already initiated and ongoing AMI-SeCo monitoring processes. During this transition period, the AMI-SeCo's Collateral Management Group (CMG) will retain responsibility for the definition, maintenance and monitoring of the *SCoRE CA Standards*. After the transition period, the CEG, upon approval by the AMI-SeCo, will take over the relevant tasks for the *SCoRE CA Standards* set out in Section 2.1.

basis. Lack of progress in certain harmonisation items or by certain markets shall be flagged so that the AMI-SeCo can make proposals on how to foster implementation. After endorsement by the AMI-SeCo this report shall be published on the ECB website.

Furthermore, the CEG will regularly report on its other tasks to the AMI-SeCo.

## **2.4 Expiry**

The CEG's mandate shall expire:

- when the AMI-SeCo decides to dissolve the CEG; or
- when the AMI-SeCo mandate expires.

# **3. Composition**

## **3.1 Chairperson(s)**

The AMI-SeCo shall appoint the Chairperson(s) of the CEG upon proposal by the AMI-SeCo Chairperson. The CEG Chairperson(s) shall be entitled to designate an alternate to replace him/her in exceptional circumstances.

The CEG Chairperson(s) shall have the following tasks and responsibilities:

- determine the frequency, format and agenda of the meetings;
- conduct the CEG meetings in line with the CEG's working procedures;
- invite an external expert(s) and/or member(s) of the ECB or the 4CB to the CEG meetings on a specific topic(s) on an ad hoc basis as observer(s), thereby taking into account that the number of observers should be limited;
- liaise with the Chairperson(s) of the other AMI-SeCo substructures with a view to ensuring coordination and no overlaps of AMI-SeCo work;
- report to the relevant composition(s) of the AMI-SeCo;
- represent the CEG in liaising with other relevant European bodies and initiatives – provided such liaison is in line with its mandate and / or endorsed by the AMI-SeCo.

## **3.2 Secretary**

The Secretary shall be an experienced member of staff of the ECB, designated by the AMI-SeCo Chairperson.

The Secretary shall have the following tasks and responsibilities:

- co-ordinate the organisation of the meetings and relevant documents;
- support the Chairperson(s) in the preparations for the CEG meetings;
- draft outcomes of the meetings;
- coordinate CEG interaction with other AMI-SeCo substructures;
- support the Chairperson(s) in preparations for reporting to AMI-SeCo.

### **3.3 Members**

The members and observers of the CEG shall be appointed by the AMI-SeCo, upon proposal by the AMI-SeCo Chairperson and based on suggestions by individual AMI-SeCo members. The CEG shall have a broad and balanced composition and aim to represent a wide variety of stakeholders.

Each member of the CEG shall:

- have an appropriate level of expertise in corporate events processing.
- ensure that they have sufficient time to be actively involved in the CEG's work and actively contribute to, and / or participate in, meetings and the preparation of CEG deliverables.
- be able to initiate actions.
- mobilise adequate resources for achieving progress within a short time period and in order to contribute to the AMI-SeCo's harmonisation and European financial market integration goals.

Observers may participate in the discussion but their views are not taken into account by the Chairperson(s) when they assess the level of consensus achieved (see 4.1). The number of observers shall be kept to the minimum.

### **3.4 Participation**

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

The Chairperson(s) may raise to the attention of the AMI-SeCo Chairperson to reconsider the membership of members who are not actively contributing and/or not participating in three consecutive meetings.

## **4. Working procedures**

### **4.1 Principles**

The CEG shall aim to reach agreements or make decisions by consensus as defined by ISO<sup>6</sup> and in line with the AMI-SeCo working procedures. The Chairperson(s) will determine whether consensus has been reached. Deliverables shall be produced in accordance with the CEG's tasks. Major CEG deliverables and strategic input to the AMI-SeCo should be discussed in meetings. If considered feasible, written procedures may be applied.

### **4.2 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 Chairperson(s) but it is understood that the CEG has at least one meeting/teleconference in between two regular AMI-SeCo meetings. When considered feasible, written procedures may be applied.

The Chairperson(s) shall propose the agenda for each meeting.

The Secretary shall circulate meeting documentation sufficiently in advance of the meetings (at the latest three working days prior to an CEG meeting date).

The CEG shall normally hold its meetings via teleconference or at the premises of the ECB.

### **4.3 Substructures**

The CEG may establish substructures to support its work in an efficient manner. The CEG shall define the mandate of such substructures. The CEG shall make sure that the tasks of its substructures do not create any undue overlap with the work carried out by other substructures established by the AMI-SeCo.

### **4.4 Interaction and information exchange**

In order to maximise synergies, the CEG shall co-operate with public authorities and industry initiatives currently working on post trade harmonisation and financial market integration issues and use their work as input for its own analysis. The work of other AMI-SeCo substructures

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<sup>6</sup> ISO defines consensus as: "General agreement, characterized by the absence of sustained opposition to substantial issues by any important part of the concerned interests and by a process that involves seeking to take into account the views of all parties concerned and to reconcile any conflicting arguments. Consensus need not imply unanimity" (ISO/IEC Guide 2:2004 Standardization and related activities – General vocabulary).

should also be taken into account when harmonisation items and/or financial market integration issues are assessed in the AMI-SeCo harmonisation and financial market integration agendas. The CEG will rely also on the input from the NSGs in monitoring implementation of harmonisation standards by relevant actors and markets and assessing financial market integration developments and policy issues.

#### **4.5 Transparency**

The ECB shall make all relevant CEG documentation and information available to the members of the AMI-SeCo in the relevant composition.