



EUROPEAN CENTRAL BANK

EUROSYSTEM

Eurosystem Collateral Management System

Information pack

Handling of corporate actions in the ECMS

January 2020

target | ECMS
services

Corporate actions – general aspects

- NCBs are responsible for managing corporate action (CA) events related to marketable assets held as collateral by the NCB at the time of the CA.
- The ECMS automatically processes defined CA events, based on the AMI-SeCo corporate actions standards.

Link: https://www.ecb.europa.eu/paym/intro/publications/pdf/ecb.AMI-SeCo_Corporate_Actions.pdf?579152921f0a983d706ebcb0c5a3d75a

ECMS as intermediary

The ECMS acts as an intermediary between CSDs/TPAs and counterparties.

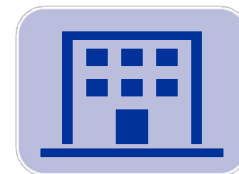
CSDs/TPAs



NCBs / ECMS



Counterparties



In **A2A mode**, all CA messages to and from the ECMS are based on ISO 20022 messaging

For elective CA events, counterparties can provide their instructions via **U2A mode** (outgoing information will also be provided in U2A mode by the ECMS)

Handling of corporate actions in the ECMS

- As CA events are automatically processed by the ECMS, there is no need for counterparties to demobilise assets subject to a CA event from the pool.
- The ECMS informs the CSD of the counterparty's choices in elective CAs.
- For some types of CA event, the marketable asset position may be blocked to prevent the position from being demobilised while the CA is ongoing.
- The ECMS can handle both CA events which trigger cash flows and those that entail securities movements.
- Any payments stemming from CA events are generated by the ECMS and executed in CLM (in the main cash account of the counterparty).

ECMS coverage of corporate action events

| ID | Name |
|-------------|---|
| ACTV | Trading Status: Active |
| BIDS | Repurchase Offer / Issuer Bid/ Reverse Rights |
| BMET | Bond Holder Meeting |
| BPUT | Put Redemption |
| BRUP | Bankruptcy |
| CAPI | Capitalisation |
| CERT | Non-US TEFRA D Certification |
| CHAN | Change |
| CLSA | Class Action / Proposed Settlement |
| CMET | Court Meeting |
| CONS | Consent |
| CREV | Credit Event |
| DFLT | Bond Default |
| DLST | Trading Status: Delisted |
| DRAW | Drawing |
| DSCL | Disclosure |
| DTCH | Dutch Auction |
| EXOF | Exchange |
| EXTM | Maturity Extension |
| INCR | Increase in Value |

| ID | Name |
|-------------|--|
| INFO | Information |
| INTR | Interest Payment |
| LIQU | Liquidation Dividend / Liquidation Payment |
| MCAL | Full Call / Early Redemption |
| OTHR | Other Event |
| PARI | Pari-Passu |
| PCAL | Partial Redemption Without Pool Factor Reduction |
| PINK | Payment in Kind |
| PLAC | Place of Incorporation |
| PPMT | Instalment Call |
| PRED | Partial Redemption With Pool Factor Reduction |
| REDM | Final Maturity |
| REDO | Redenomination |
| REMK | Remarketing Agreement |
| RHDI | Intermediate Securities Distribution |
| SUSP | Trading Status: Suspended |
| TEND | Tender / Acquisition / Takeover / Purchase Offer |
| TREC | Tax Reclaim |
| WTRC | Withholding Tax Relief Certification |
| WRTH | Worthless |

Message flows for corporate actions

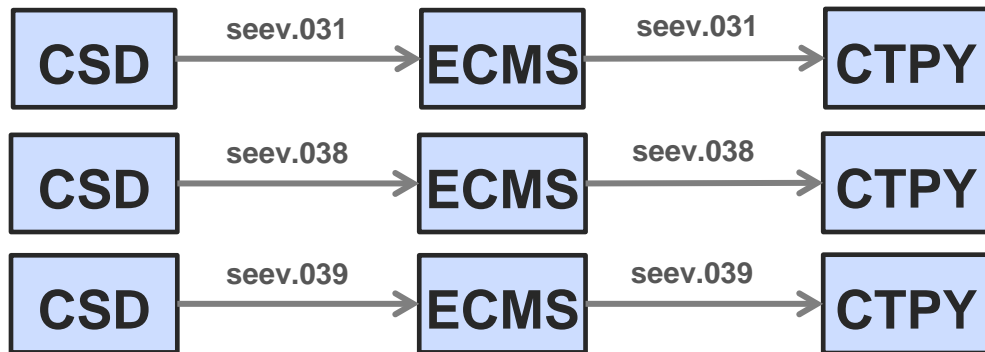
1. CA Announcement activity
2. CA Instruction activity
3. CA Advice activity
4. CA Confirmation activity
5. CA Reversal activity
6. Meeting Announcement activity
7. Meeting Instruction activity
8. Meeting Result Dissemination activity

ECMS corporate action messages

| Code | Name |
|-----------------|---|
| seev.001 | Meeting Notification |
| seev.002 | Meeting Cancellation |
| seev.003 | Meeting Entitlement Notification |
| seev.004 | Meeting Instruction |
| seev.005 | Meeting Instruction Cancellation Request |
| seev.006 | Meeting Instruction Status |
| seev.007 | Meeting Vote Execution Confirmation |
| seev.008 | Meeting Result Dissemination |
| seev.031 | Corporate Action Notification |
| seev.032 | Corporate Action Event Processing Status Advice Process |

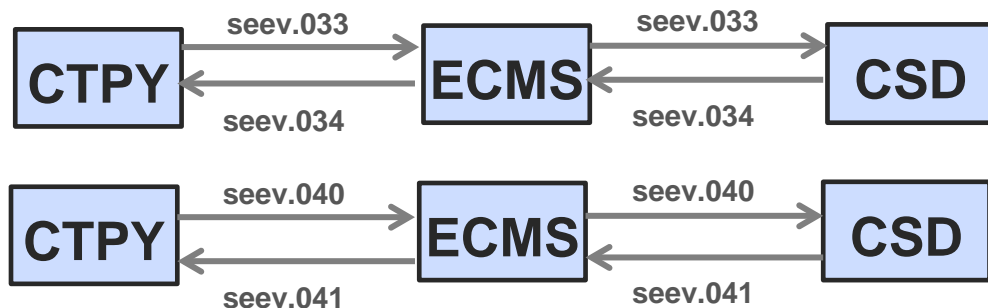
| Code | Name |
|-----------------|--|
| seev.033 | Corporate Action Instruction |
| seev.034 | Corporate Action Instruction Status Advice |
| seev.035 | Corporate Action Movement Preliminary Advice |
| seev.036 | Corporate Action Movement Confirmation |
| seev.037 | Corporate Action Reversal Advice |
| seev.039 | Corporate Action Cancellation Advice |
| seev.040 | Corporate Action Instruction Cancellation Request |
| seev.041 | Corporate Action Instruction Cancellation Request Status Advice |
| seev.042 | Corporate Action Instruction statement Report |
| seev.044 | Corporate Action Movement Preliminary Advice Cancellation Advice message |

1. CA Announcement activity



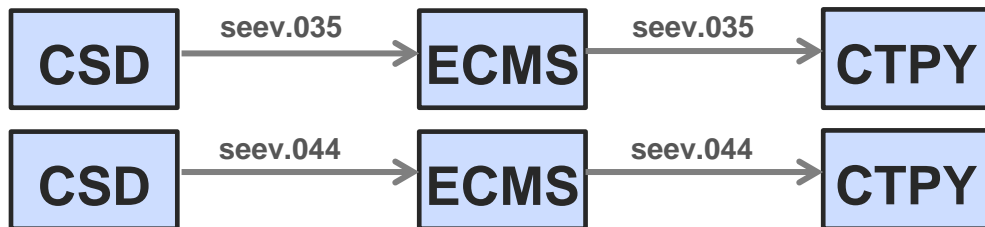
| ISO Message | ISO Code | Sent to |
|---|----------|--------------|
| Corporate Action Notification (CANO) | seev.031 | Counterparty |
| Corporate Action Cancellation Advice (CACN) | seev.039 | Counterparty |

2. CA Instruction activity



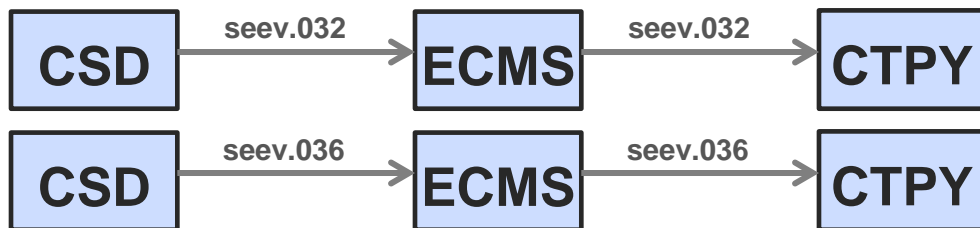
| ISO Message | ISO Code | Sent by | Sent to |
|--|----------|--------------|--------------|
| Corporate Action Instruction (CAIN) | seev.033 | Counterparty | |
| Corporate Action Instruction Status Advice(CAIS) | seev.034 | | Counterparty |
| Corporate Action Instruction Cancellation Request (CAIC) | seev.040 | Counterparty | |
| Corporate Action Instruction Cancellation Request Status Advice (CACS) | seev.041 | | Counterparty |

3. CA Advice activity



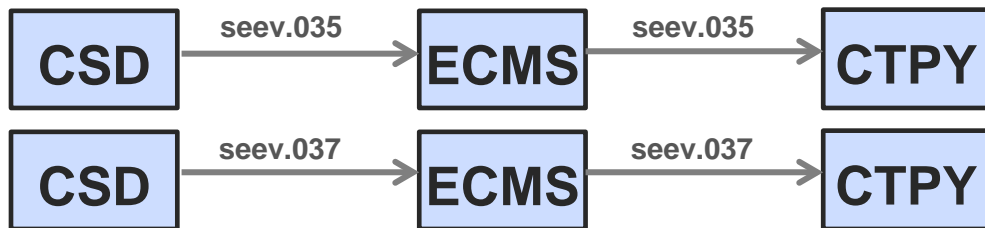
| ISO Message | ISO Code | Sent to |
|---|----------|--------------|
| Corporate Action Movement Preliminary Advice (CAPA) | seev.035 | Counterparty |
| Corporate Action Movement Preliminary Advice Cancellation Advice (CAPC) | seev.044 | Counterparty |

4. CA Confirmation activity



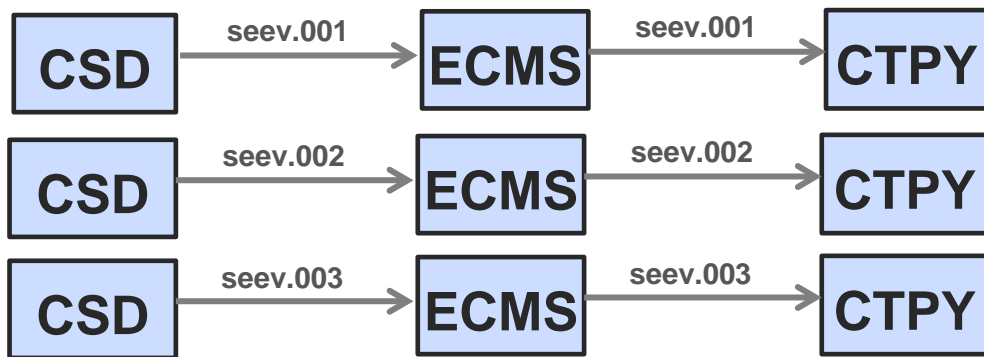
| ISO Message | ISO Code | Sent to |
|--|----------|--------------|
| Corporate Action Event Processing Status Advice (CAPS) | seev.032 | Counterparty |
| Corporate Action Movement Confirmation (CACO) | seev.036 | Counterparty |

5. CA Reversal activity



| ISO Message | ISO Code | Sent to |
|---|----------|--------------|
| Corporate Action Movement Preliminary Advice (CAPA) | seev.035 | Counterparty |
| Corporate Action Movement Reversal Advice (CARE) | seev.037 | Counterparty |

6. CA Meeting Announcement activity



| ISO Message | ISO Code | Sent to |
|---|----------|--------------|
| Meeting Notification (MENO) | seev.001 | Counterparty |
| Meeting Cancellation (MECN) | seev.002 | Counterparty |
| Meeting Entitlement Notification (MENT) | seev.003 | Counterparty |

7. CA Meeting Instruction activity



| ISO Message | ISO Code | Sent by | Sent to |
|---|----------|--------------|--------------|
| Meeting Instruction (MEIN) | seev.004 | Counterparty | |
| Meeting Instruction Cancellation Request (MEIC) | seev.005 | Counterparty | |
| Meeting Instruction Status (MEIS) | seev.006 | | Counterparty |
| Meeting Vote Execution Confirmation (MECO) | seev.007 | | Counterparty |

8. CA Meeting Result Dissemination activity



| ISO Message | ISO Code | Sent to |
|-------------------------------------|----------|--------------|
| Meeting Result Dissemination (MERD) | seev.008 | Counterparty |