

T2S CORPORATE ACTIONS STANDARDS

GAP ANALYSIS REPORT

Covering the monitoring period September 2014 – February 2015

Table of contents

Executive Summary	3
Introduction	5
1. Overall results	7
1.1 T2S markets compliance status	10
1.2 Statistics on T2S markets current compliance	14
1.3 AT - Austria	19
1.4 BE - Belgium	20
1.4.1 <i>BNY Mellon CSD</i>	20
1.4.2 <i>Euroclear Belgium</i>	21
1.4.3 <i>National Bank of Belgium SSS</i>	22
1.5 CH - Switzerland	22
1.6 DE - Germany	23
1.7 DK - Denmark	25
1.8 EE - Estonia	26
1.9 ES – Spain	27
1.10 FI - Finland	28
1.11 FR - France	29
1.12 GR – Greece (BOGS)	30

1.11	HU - Hungary	30
1.12	IT - Italy	32
1.13	LT – Lithuania	33
1.14	LU – Luxembourg	34
1.14.1	<i>LUX CSD</i>	34
1.14.2	<i>VP LUX</i>	34
1.15	LV – Latvia	35
1.16	MT - Malta	36
1.17	NL - Netherlands	36
1.18	PT – Portugal	37
1.19	RO – Romania	38
1.20	SI - Slovenia	40
1.21	SK - Slovakia	41
2.	Annex 1: List of CASG contact persons	42

Executive Summary

The T2S corporate actions (CA) gap analysis is the compliance assessment of the T2S markets with the [T2S CA standards](#). The T2S CA standards are defined and endorsed by the T2S community of stakeholders, i.e. the T2S Advisory Group (AG). This compliance assessment is performed by the Corporate Actions Sub-group (CASG) and approved by the T2S Harmonisation Steering Group (HSG), the steering group driving the harmonisation agenda of the AG. The results of the CA gap analysis are a key input to the [T2S Harmonisation Progress Report](#). The responses provided by the T2S markets are under the responsibility of the chairmen of the [T2S National User Groups \(NUGs\)](#).

The present gap analysis covers the implementation developments of the T2S markets during the period of September 2014 to February 2015. The results show a considerable progress made by the T2S markets in either achieving or planning to achieve their full and timely compliance with the T2S CA standards.

There are now five T2S markets with red status (non-compliance by their migration date) compared to 11 in 2014 (see Table 1). Only one of these red statuses is in migration wave 1. The remaining four wave 1 markets are all assessed as green, i.e. the plan is on-going for full compliance by June 2015.

Regarding the red status market in question, a detailed implementation plan for full compliance (after T2S migration) has been presented to the T2S Board. The T2S Board has already assessed this non-compliance case as representing a limited impact on the settlement efficiency of the T2S community as a whole.

The T2S Board has also assessed the impact of the three wave 2 markets with red status and has also assessed it as manageable, in particular since the markets in question have committed to achieve full compliance within six months after their migration to T2S.

Table 1: Summary of compliance results (Sept 2014 – Feb 2015)

T2S Markets' Status	Mid-year Harmonisation Report	2015 Annual Gap Analysis	<i>of which by migration wave</i>			
			<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>
Blue	0	0	0	0	0	0
Green	11	17	4	2	4	7
Yellow	2	2	0	0	1	1
Red	11	5	1	3	1	0

Key messages

- *The results of period covered under the current gap analysis (Sept 2014 – Feb 2015) show a considerable improvement for the T2S markets in achieving, or planning to achieve, full compliance with the T2S CA standards*
- *Only one wave 1 market remains with red status and the HSG takes note of the low impact this has on the rest the T2S community. The market in question has presented a detailed plan for its full compliance with the standards after its migration to T2S.*
- *The HSG will continue monitoring the compliance of all T2S markets until the completion of the full migration period in T2S.*
- *The CASG will continue assisting the T2S NUGs in establishing a comprehensive and consistent interpretation and implementation of the T2S standards. The update of the Frequently Asked Questions document will be a key tool towards achieving this goal.*
- *Regarding the compliance with the manual Buyer Protection (BP) standards, NUGs are invited to publish their detailed plans and tools of their BP frameworks, including implementation dates, procedures, templates etc.*

Introduction

In September 2009, the T2S Advisory Group (AG) approved the T2S standards for processing corporate actions (CA) on flows (i.e. the standards for market claims, transformations and buyer protection) which had been prepared by the T2S CASG.¹ Given their importance to the settlement efficiency of T2S, the AG has agreed that T2S markets (i.e. CSDs and their participants including CCPs) should therefore implement the standards prior to their migration to T2S. The T2S stakeholders should be technically ready, where applicable, to test in accordance with the relevant synchronisation points in the T2S Programme Plan.

The AG has mandated the HSG, via the CASG, with monitoring the progress of the T2S markets in implementing these standards. The gap analysis exercises have been running since January 2010. Since 2012, the gap analyses cover the T2S markets only, i.e. markets in which at least one CSD has signed the T2S Framework Agreement. As agreed in the AG, the T2S National User Groups (NUGs) chairmen are responsible for the delivery of their national market response to the gap analysis.

Procedures and methodology

The last gap analysis survey was issued by the CASG in November 2014. It is covering market developments during the period September 2014 to January 2015. T2S NUGs were invited to provide detailed information on the nature of the implementation gap (i.e. whether it requires a legislative or regulatory change, a major system change, a change in market practices, etc.) as well as the market's detailed implementation plans.

In January 2015, the CASG received the feedback from the 21 T2S markets covering 24 T2S CSDs. Based on those responses², the T2S CASG prepared a draft assessment of the compliance status of each T2S market/CSD, which was subsequently approved by the HSG on 24 February 2015.

In addition to measuring the number of standards that the markets currently comply with, the CASG has provided a market compliance status for each market (BLUE, GREEN, YELLOW or RED) in accordance with the general AG methodology for measuring compliance with T2S harmonisation activities ([Annex 1 of the Report](#)).

¹ The latest versions of the three sets of standards can be found on the T2S CASG website (www.ecb.europa.eu/paym/t2s/governance/ag/html/subcorpact/index.en.html).

² You can find the individual replies of T2S markets to the 2015 CASG gap analysis on the T2S CASG webpage here: http://www.ecb.europa.eu/paym/t2s/progress/pdf/subcorpact/individual_market_response_to_2015_t2s_ca_gap_analysis_survey.pdf?2746a5ba8610545bcae4b5e557949dde

In order to assign a market compliance status, the CASG members did not restrict their analysis on the current level of a T2S markets compliance with the standards. Additional elements were taken into account, such as the progress achieved since the previous survey, the severity of the barriers preventing full implementation as well as the agreed action plans for achieving full implementation before the T2S market's migration to T2S.

Impact analysis of non-compliance

Based on the [T2S Board view](#) published on 13 December 2013, the T2S AG analysed and presented before the T2S Board in December 2014, the impact of the non-compliance of five T2S markets (DE, FR, NL, BE and RO) on the rest of the T2S markets.

Based on the AG proposal, T2S Board decided that for the case of BE, FR, NL and RO the impact was manageable for the T2S community, provided that their implementation plans are properly monitored. The AG was not in a position to finalise the impact analysis for the German market since its final implementation plan was not available by the time of the impact analysis submission to the T2S Board. Following the delivery of the German implementation plan on 1 December 2014, the AG will complete its analysis and aim at presenting its proposal regarding the German market in the context of the next version of the Impact Analysis report to the Board.

Future work

The CASG will continue its work to support the markets/CSDs in their implementation of the T2S CA standards. The CASG will further clarify the T2S CA standards where necessary for the whole T2S Community or for individual markets. Such clarifications, where relevant, will be included in an updated version of the Frequently Asked Questions document on the [CASG webpage](#).

1. Overall results

The CASG members have assessed and agreed to the following status for the T2S markets.

Table 1: Summary of compliance results (Sept 2014 – Feb 2015)

T2S Markets' Status	Mid-year Harmoni-sation Report	2015 Annual Gap Analysis	<i>of which by migration wave</i>			
			<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>
Blue	0	0	0	0	0	0
Green	11	17	4	2	4	7
Yellow	2	2	0	0	1	1
Red	11	5	1	3	1	0

Wave 1 T2S markets

All the wave 1 markets except Romania are assessed as 'Green', implying that there are no barriers for achieving full implementation with T2S CA standards by June 2015 (see Table 2).

As already presented to the T2S Board in December 2014, the Romanian market has prepared an implementation plan for achieving full compliance, at the latest by February 2017. The T2S Board will monitor closely this implementation plan.

In Greece (BOGS) and in Italy (Monte Titoli) the CSDs are currently in the testing phase of their new technical solutions. Both markets report that the testing is going according to the plan.

Malta has achieved very high compliance with the market claims and transformation standards and according to the Maltese NUG chairperson, the market should fully operate in accordance with the T2S CA standards by its migration to T2S. The same is valid for the Swiss market, the NUG of which also reports an on-track implementation plan.

Table 2: Summary status for wave 1 markets

Wave 1 Compliance				
CH	GR	IT	MT	RO
G	G	G	G	R

Table 3: Summary status for wave 2 markets

Wave 2 Compliance				
BE	NBB	FR	NL	PT
R	G	R	R	G

Table 4: Summary status for wave 3 markets

Wave 3 Compliance					
AT	DE	DK	HU	LUX CSD	VP LUX
Y	R	G	G	G	G

Table 5: Summary status for wave 4 markets

Wave 4 Compliance							
BNY M	EE	ES	FI	LT	LV	SI	SK
G	G	G	G	G	Y	G	G

Overall results

Out of 24 market segments (i.e. one T2S market may include more than one market segments) monitored in the current report, 17 are Green compared to 11 in 2014. This reflects the fact that DK, ES, IT, VP Lux, LUX CSD and SI have declared that they will comply with the T2S CA standards by their migration to T2S. The Danish market has agreed on a detailed implementation plan for fully complying with the standards. This plan is applicable for VP Lux as well. Issues regarding non-compliance with some of the MC standards have been sorted out in Italy and Spain. The Slovenian market has provided a detailed implementation plan and at the same time a major legislative change will be in place by February 2015.

Two T2S markets are yellow according to the current assessment. LV remains with yellow status due to a tax issue hindering full compliance. Austrian market is upgraded to 'Yellow' compliance status. The market has committed to comply fully by migration to T2S; the only uncertainty remaining is whether the legislative change required to address compliance with

market claim standard 13 on the information flow between the issuer and the issuer CSD, will be made by the time of migration. In the meantime, the LUX CSD has declared that it will fully comply with the T2S CA standards by its migration to T2S and has been assigned the 'GREEN' status from earlier 'Yellow' status.

As a consequence of the above, the number of T2S markets maintaining a red status have decreased to five compared to 11 in 2014. The assessment of BE (EoC), FR, NL, DE, and RO remains 'Red' as full compliance is planned for after their migration to T2S.

According to the gap analysis, the German market will start the implementation of the CA standards relating to 'Record date', 'Ex date', 'Opt out' indicator between 1 January 2016 and September 2016 (migration of CBF to T2S). Implementation of other standards such as payment of CA proceeds into T2S DCAs, is planned within 6 months of Clearstream migration to T2S, subject to CASG approving the functional model submitted by the German NUG. CASG discussed the functional model and agreed that the model is in line with the T2S CA standards. For treatment of fractions, resulting from market claims and transformations, the German market plans further discussion in the CASG and CAJWG. The German NUG is currently in discussions with the tax authorities on implementing the 'Cum' indicator. All these indicate that there are still some major issues regarding the full compliance of the German market with the T2S CA standards.

Since, as of February 2015 no T2S market has fully implemented (i.e. currently operating according to) the T2S CA Standards, no T2S market has achieved BLUE status yet.

1.1 T2S markets compliance status

This section provides information regarding the compliance status of all T2S markets.

The compliance status takes into account a number of factors, inter alia:

- the severity of barriers to implementation (in particular the need for extensive legislative amendments or changes in tax policy, which are not fully agreed with authorities, are given a strong weighting); and
- the availability of detailed action plans and concrete dates, as agreed at market level, to fully implement the standards.

It is therefore possible to have a low or even zero statistical value (in table 7) with a Green overall compliance status (in Table 6) at the same time. It is also possible to have a high statistical value but at the same time a yellow or red overall compliance status, reflecting some major regulatory, tax or legal barrier preventing full compliance.

In any case the methodology used for compiling Table 6 is Annex 1 (methodology) of the T2S Harmonisation Progress Report.

Table 6. T2S markets' compliance status

Market/CSD (Migration Wave)	Compliance status	Main rationale for risk assessment
AT – Austria (W3)	Y	Low rate of compliance. However, Austrian market has committed to comply with all the T2S CA standards by the time of its migration to T2S and has provided an implementation plan. The only uncertainty remains with the legislative change needed regarding the information flow between the issuer/issuer agents and the AT CSD. It is not clear yet whether this will be introduced on time. Austrian market has decided to introduce record date by November 2015.
BE - Belgium (BNYM) (W4)	G	No change has been registered since last report. Implementation of the standards will require mostly technical, some of which major, changes. Although there is a commitment to comply with the standards by start of testing in November 2015, the CSD has not shared any detailed implementation plan.
BE - Belgium (EoC) (W2)	R	Euroclear Belgium already complies with a number of T2S CA Standards on market claims and transformations and plans to achieve compliance with most other standards by the time of its migration to T2S in March 2016. However, Euroclear Belgium will fully comply from technical and market practice perspective with the transformations and buyer protection standards with regards to voluntary corporate actions only in September 2016 (i.e. after EoC Belgium migrates to T2S).

Market/CSD (Migration Wave)	Compliance status	Main rationale for risk assessment
BE – Belgium (NBB) (W2)	G	<p>Compliance with the T2S CA standards is facilitated as NBB-SSS settles only government securities. The NBB-SSS launched on 2 February 2015 a new technical platform and a new rulebook came into force at the same moment. This allowed NBB-SSS to achieve almost full compliance with the T2S CA standards on market claims and transformations. The only barriers to full compliance with market claims standards are additional controls which NBB-SSS participants requested to have at securities account level which prevent full compliance with MC standards 6 and 23. Nevertheless, the Belgian market has committed to use these controls only till NBB-SSS migration to T2S in wave 2.</p> <p>With regards to compliance with Transformation standard 4, NBB-SSS prefers to wait for additional clarity from the CASG so that when complying with this standard it can implement directly the preferred solution by the CSD participants.</p>
CH – Switzerland (W1)	G	<p>Good current compliance. Most non-fulfilled standards are deemed straightforward to implement. Implementation of some standards will require major technical change as well as market practice change. There is detailed plan to fully implement the standards by June 2015 when SIX SIS migrates to T2S.</p>
DE – Germany (W3)	R	<p>There is substantial improvement in the implementation plan of the German market.</p> <p>The German NUG has reported that the key issue of the record date will be introduced on 1 January 2016, prior to migration to T2S (Sept 2016).</p> <p>However, for other market claims standards (7, 9, 10, 11, 14, 15, 19) and transformation standard 11, the German NUG has acknowledged that it will not be able to fully comply with them by the time of its migration to T2S. Compliance with most of these standards will take place after CBF migrates to T2S and will depend on further feedback provided by CAJWG and CASG in 2015. However, there is no plan for full compliance with market claims standard 7 (“cum” flag), which is subject to agreement of the ministry of finance, as well as with market claims standard 19 (generating market claims on pending transactions).</p>
DK – Denmark (W3)	G	<p>As part of the implementation plan provided by DK NUG, VP will offer an automated CA on flow solution. According to VP, this solution will be ready for community testing prior to T2S migration (September 2016). Full Implementation of the standards is considered straight forward to implement. DK market has already started to comply with some of the T2S CA standards relating to MCs and transformations.</p>
EE – Estonia (W4)	G	<p>Some standards already met. No changes in primary legislation have been identified and only amendments to the CSD rules will be needed. Commitment to achieve technical compliance by Q3 2015 and implementation in the rules of the CSD as of Q1 2017.</p>
ES – Spain (W4)	G	<p>Overall good rate of compliance. Changes in level II legislation are needed to fully comply with the standards from legislative perspective. Implementation of most standards will take place by October 2015. A few standards will only be implemented as from migration of Iberclear to T2S in 2017.</p>

Market/CSD (Migration Wave)	Compliance status	Main rationale for risk assessment
FI – Finland (W4)	G	No standards currently met. There are on-going consultations with the authorities on processes relating to tax deduction and reporting to tax authorities. No change in tax legislation is required. There is detailed plan to meet the standards by Q2 2016.
FR – France (W2)	R	Euroclear France already complies with a number of T2S CA Standards on market claims and transformations and plans to achieve full compliance with most other standards by the time of its migration to T2S in March 2016. However, the French market will fully comply with the transformations and buyer protection standards, with regards to voluntary corporate actions, only six months after EoC France migrates to T2S, i.e. in September 2016.
GR – Greece (BOGS) (W1)	G	Corporate action types and volumes expected to be limited. BOGS has committed to comply with the standards by the time of its migration to T2S in the context of the technical changes of its platform, needed for migration to T2S. All the required implementations in BOGS system have been concluded and are currently being tested as part of the testing of the CSDs with T2S
HU – Hungary (W3)	G	The Hungarian market only complies with one standard for each of the market claims, transformations and BP standards. Consultations with tax authorities are on-going on clarifying withholding tax regime. Other proposals for legislative changes have been submitted by Keler to the authorities but no problems have been identified and the current plan is to implement those by end 2015. Detailed analysis and plan exist to comply with all standards from technical perspective by May 2015 (go-live of the new software). However full implementation is planned for KELER's migration to T2S.
IT – Italy (W1)	G	Improved compliance has been observed as compared to the last gap analysis assessment. No regulatory/legal obstacles have been identified to achieve full compliance. The Italian market considers full compliance with the standards mostly straightforward to implement. The necessary technical changes have been actually implemented and are deployed in the test environment of Monte Titoli; testing with its participants will take place as scheduled in February-March, on time for the new system to be ready for the go live of T2S.
LT – Lithuania (W4)	G	No standards are currently complied with. However, no obstacles have been identified for complying fully by migration date. The Lithuanian market has provided a detailed and multiphase implementation plan. Technical implementation will take place in Q3 2015 with the start of internal testing. This will be followed by T2S testing. CSD rules changes will take effect as of migration to the new system and as of migration date to T2S (Feb 2017)

Market/CSD (Migration Wave)	Compliance status	Main rationale for risk assessment
LU – Luxembourg (LUX CSD) (W3)	G	Lux CSD has reported good progress from the publication of last gap analysis report. The market practices in Lux market are mostly consistent with the T2S CA standards; however, some concrete details on compliance are missing in Lux CSD survey. Compliance with more than half MC standards has been achieved. Where non-compliance has been indicated with certain standards, LUX CSD has confirmed that only a change in market practice would be necessary. There is a clear intent to comply with the standards by the migration of Lux CSD to T2S in September 2016.
LU – Luxembourg (VP Lux) (W3)	G	VP LUX has committed to fully comply with the T2S CA standards prior to its migration to T2S (Sept 2016). As part of its plan, VP LUX will offer an automated CA on flow service to its participants. The service will be ready for community testing in February 2016 prior to migration of VP LUX to T2S
LV – Latvia (W4)	Y	No standards are currently complied with. Full compliance with the standards is planned to be finalised at the time of migration to T2S in February 2017, although the majority of changes will be implemented by Q2 2016. However, there is an outstanding issue with tax law which needs to be solved to ensure that full compliance with the standards is achieved on time for migration to T2S. This will require change in market practice and discussion is on with CSD participants on changes required at the level of CSD participant-customer
MT – Malta (W1)	G	The Maltese market has been able to achieve 100% compliance with MC and transformation standards. Further testing and new rules are required for implementation of buyer protection standards and implementation plan for the same is being finalized.
NL – Netherlands (W2)	R	The Dutch market already complies with a number of T2S CA Standards on market claims and transformations and plans to achieve compliance with most other standards by the time of its migration to T2S in March 2016. However, the Dutch market will fully comply with the transformations and buyer protection standards with regards to voluntary corporate actions only in September 2016 (i.e. six months after EoC Netherland migrates to T2S).
PT – Portugal (W2)	G	Interbolsa has already achieved very high compliance with the T2S CA Standards (including adaptation of its internal system rules) and is working actively for implementation of the rest. The final Adaptation of internal systems to T2S CA standards will be carried out during 2014-15.
RO – Romania (W1)	R	The Romanian market will not comply with the T2S CA standards by its migration to T2S. The RO T2S NUG has provided an implementation plan for achieving full compliance by February 2017. The plan includes detailed phases for technical and regulatory changes
SI – Slovenia (W4)	G	None of the standards is currently implemented. The Slovenian T2S NUG still plans to fully comply with the standards by its migration to T2S in February 2017 In addition, major legal reform is expected to be finalised and voted in Q2 2015

Market/CSD (Migration Wave)	Compliance status	Main rationale for risk assessment
SK – Slovakia (W4)	G	None of the standards is currently implemented. CDCP will prepare the proposal for changes of its Rules of Operation by 31 December 2015. Implementation of the necessary technological changes into its information systems will be finalised by CDCP deadline for SP8 in November 2015. The Slovakian market is aware of the CDCP's plans and no obstacles have been identified for their implementation.

1.2 Statistics on T2S markets current compliance

Some statistics on quantitative measurements of compliance based on the surveys provided by T2S markets/CSDs is presented below in a summary table of the current compliance of all T2S markets with the T2S CA standards. The statistical assessment in Table 7 reflects the current stock taking results based on the T2S NUGs responses to the 2015 CASG gap analysis survey.

Table 7. Current compliance of T2S markets with T2S CA standards as of Feb 2015

Market/CSD (Migration Wave)	Market claims	Transformations	Buyer protection
AT – Austria (W3)	7%	0%	39%
BE - Belgium (BNYM) (W4)	25%	0%	33%
BE - Belgium (EoC) (W2)	43%	23%	0%
BE – Belgium (NBB) (W2)	93%	92%	Not Applicable
CH – Switzerland (W1)	36%	8%	50%
DE – Germany (W3)	50%	0%	83%
DK – Denmark (W3)	21%	15%	0%
EE – Estonia (W4)	43%	15%	0%
ES – Spain (W4)	46%	46%	0%
FI – Finland (W4)	0%	0%	0%
FR – France (W2)	43%	23%	0%
GR – Greece (BOGS) (W1)	43%	0%	0%

Market/CSD (Migration Wave)	Market claims	Transformations	Buyer protection
HU – Hungary (W3)	4%	8%	6%
IT – Italy (W1)	32%	38%	6%
LT – Lithuania (W4)	0%	0%	0%
LU – Luxembourg (LUX CSD) (W3)	54%	0%	94%
LU – Luxembourg (VP Lux) (W3)	21%	15%	0%
LV – Latvia (W4)	0%	0%	0%
MT – Malta (W1)	100%	100%	0%
NL – Netherlands (W2)	43%	23%	0%
PT – Portugal (W2)	75%	54%	0%
RO – Romania (W1)	0%	0%	0%
SI – Slovenia (W4)	0%	0%	0%
SK – Slovakia (W4)	0%	0%	0%

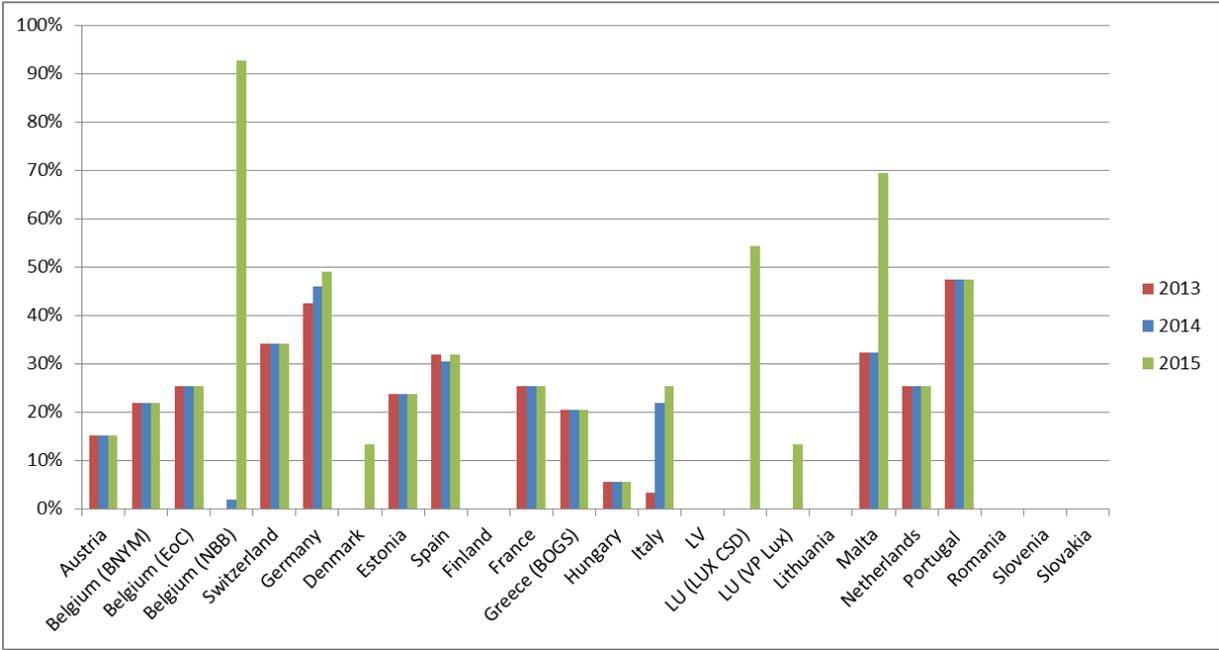
Source: 2015 gap analysis surveys of T2S markets/CSDs

Table 8. Comparative statistics of current compliance across T2S markets (2013-2015)

	Market claims			Transformations			Buyer protection			Total			Trend
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015	
Austria	7%	7%	7%	0%	0%	0%	39%	39%	39%	15%	15%	15%	→
Belgium (BNYM)	25%	25%	25%	0%	0%	0%	33%	33%	33%	22%	22%	22%	→
Belgium (EoC)	43%	43%	43%	23%	23%	23%	0%	0%	0%	25%	25%	25%	→
Belgium (NBB)	0%	4%	93%	0%	0%	92%	0%	0%	N.A.	0%	0%	93%	↗
Switzerland	36%	36%	36%	8%	8%	8%	50%	50%	50%	34%	34%	34%	→
Germany	36%	43%	50%	0%	0%	0%	83%	83%	83%	42%	46%	49%	↗
Denmark	0%	0%	21%	0%	0%	15%	0%	0%	0%	0%	0%	13%	↗
Estonia	43%	43%	43%	15%	15%	15%	0%	0%	0%	24%	24%	24%	→
Spain	46%	43%	46%	46%	46%	46%	0%	0%	0%	32%	31%	32%	→
Finland	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	→
France	43%	43%	43%	23%	23%	23%	0%	0%	0%	25%	25%	25%	→
Greece (BOGS)	43%	43%	43%	0%	0%	0%	0%	0%	0%	20%	20%	20%	→
Hungary	4%	4%	4%	8%	8%	8%	6%	6%	6%	5%	5%	5%	→
Italy	7%	29%	32%	0%	31%	38%	0%	6%	6%	3%	22%	25%	↗
Lithuania	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	→
LU (LUX CSD)	0%	0%	54%	0%	0%	0%	0%	0%	94%	0%	0%	54%	↗
LU (VP Lux)	0%	0%	21%	0%	0%	15%	0%	0%	0%	0%	0%	13%	↗
Latvia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	→
Malta	68%	68%	100%	0%	0%	100%	0%	0%	0%	32%	32%	69%	↗
Netherlands	43%	43%	43%	23%	23%	23%	0%	0%	0%	25%	25%	25%	→
Portugal	75%	75%	75%	54%	54%	54%	0%	0%	0%	47%	47%	47%	→
Romania	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	→
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	→
Slovakia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	→

Source: 2015 gap analysis surveys of T2S markets/CSDs

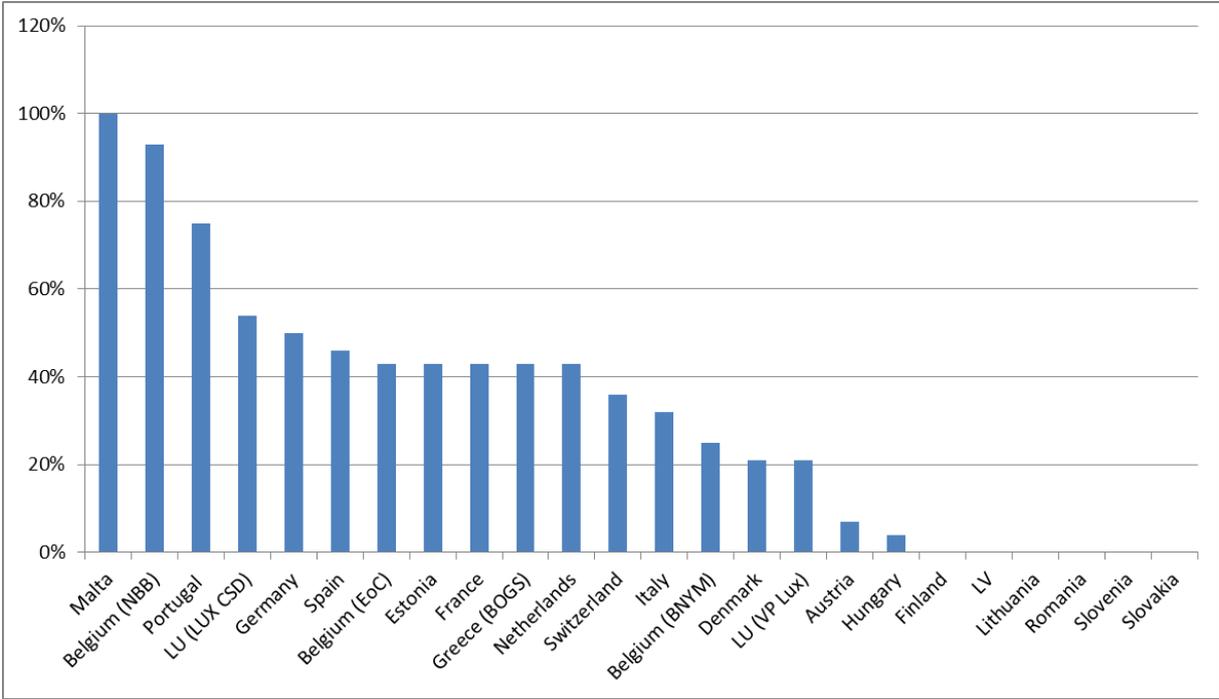
Figure 1. Development of compliance with T2S Corporate Actions standards (2013-2015)



Source: 2015 gap analysis surveys of T2S markets/CSDs

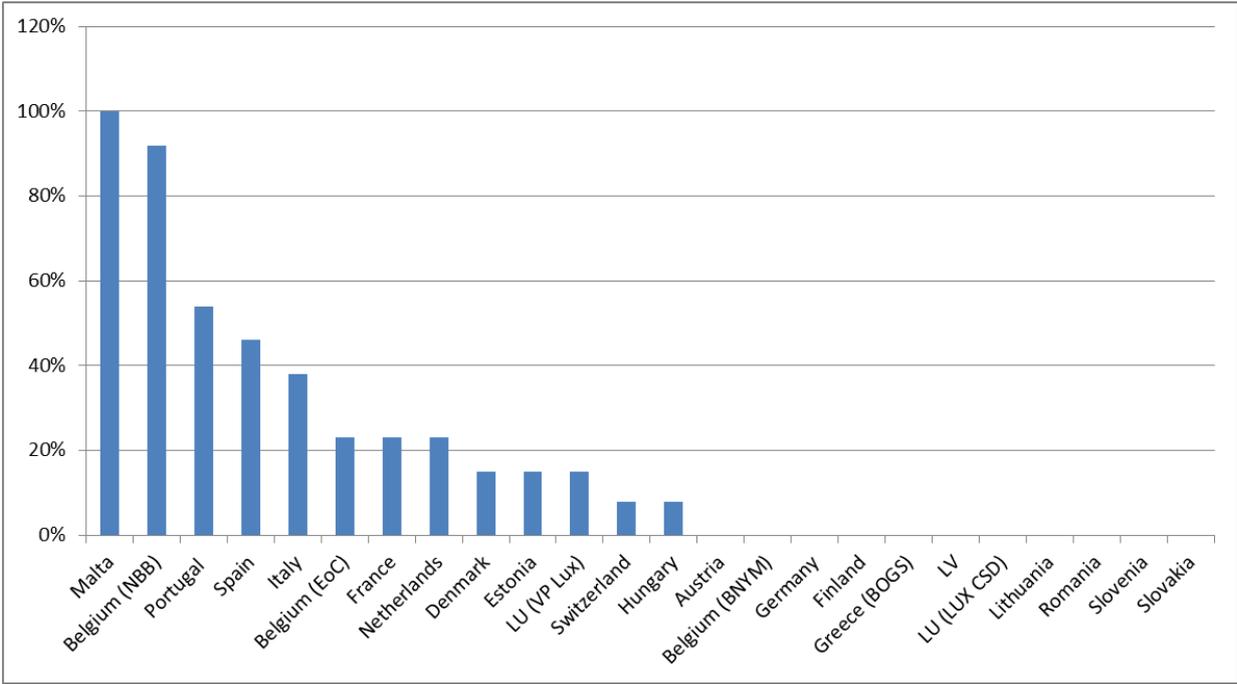
The figures below rank the markets/CSDs by rate of compliance for each set of standards:

Figure 2. Market Claims (% compliance for each market/systems in 2015)



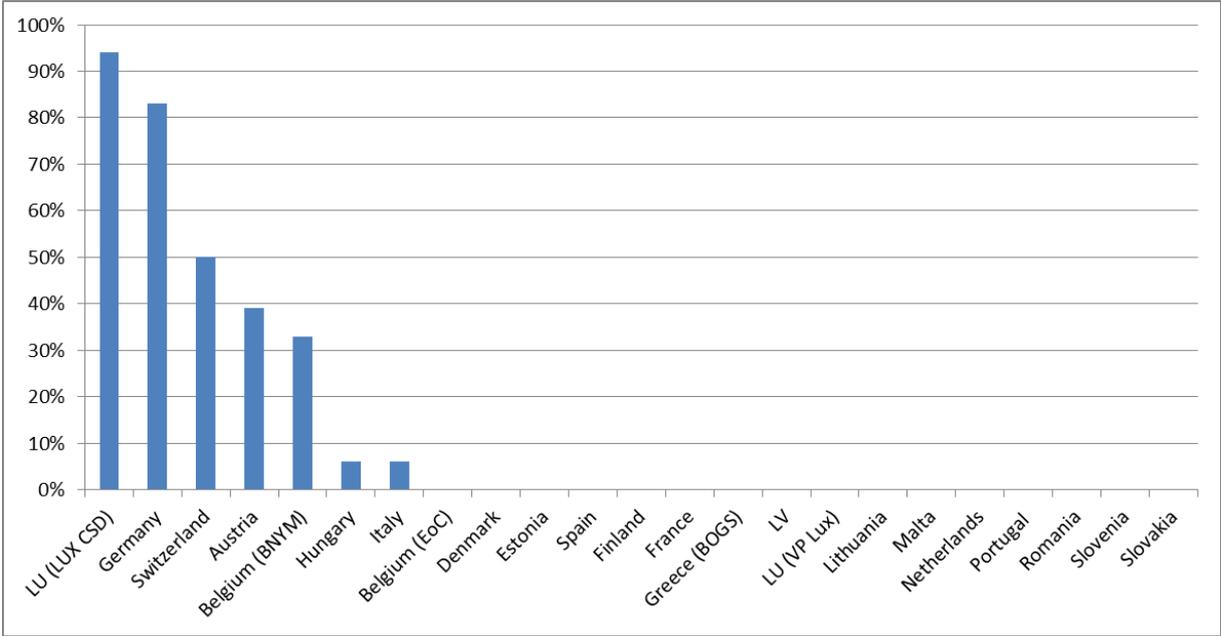
Source: 2015 gap analysis surveys of T2S markets/CSDs

Figure 3. Transformations (% compliance for each market/systems in 2015)



Source: 2015 gap analysis surveys of T2S markets/CSDs

Figure 4. Buyer protection (% compliance for each market/systems in 2015)



Source: 2015 gap analysis surveys of T2S markets/CSDs

1.3 AT - Austria³

	Market claims	Transformations	Buyer protection	Total
Austria	7%	0%	39%	15%

Migration Wave 3 (September 2016)

Overall assessment: YELLOW

Only very few of the standards are currently implemented. However, according to the Austrian NUG compliance with all the standards will take place by September 2016, i.e. the migration of OeKB to T2S.

In particular, the Austrian market has provided a detailed implementation plan on compliance with all standards except market claims standard 13 on information flow between the issuer and the issuer CSD, where there are still discussions on the legislative change required and there is no certainty whether it will enter into force by the time of migration to T2S. The Austrian market considers that it now complies with almost half of the BP standards.

Market claims

According to the reply of the Austrian market, the major gap is that the 'Record Date' and its relation to the other Corporate Action key dates (i.e. Ex-Date and Pay Date) that are not yet implemented in the market. Record date introduction and the new detection regime requires legal or market practice changes as well as IT-changes within OeKB and the AT-Banks. The introduction of a Record date in the Austrian market is planned for November 2015. Austrian market intends to comply with all the standards by the time of migration to T2S.

The information flow between the Issuer (or the Issuer's Agent) and the CSD in the Austrian Market is currently under discussion between the involved parties (CSD, banks, issuers and issuers agents) as its adjustment according to the market standards for CA processing requires a legislative change, which is currently pending.

Transformations

Transformations are done manually today in the Austrian Market. For CSD/OTC settlement no transformations are done currently. Basic (manual) transformation services are offered at CCP level. The new regime must therefore be built up from scratch. Thus serious change to current market practice and to IT-Infrastructure (for OeKB and market participants) would be required to close the gap with standards. Compliance with the standards will take place prior to the migration to T2S.

Buyer protection

The Austrian market response states that OeKB does not and will not implement an automated BP service as affected events are very rare. As market practice BP is carried out bilaterally

³ CASG liaison persons: Thomas Rockstroh (Clearstream) and Michael Collier (Deutsche Bank)

between the buyer and seller. The standards will be established as market practice till the introduction of T2S. From that perspective, the Austrian market believes that it has implemented 7 out of the 18 standards in manual mode.

1.4 BE - Belgium

1.4.1 BNY Mellon CSD⁴

	Market claims	Trans-formations	Buyer protection	Total
Belgium (BNY Mellon CSD)	25%	0%	33%	22%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

Compliance with some market claims and BP standards but with none of the transformations standards. It already possesses some capabilities with regards to processing of market claims and transformations that need nevertheless to be expanded. BNY Mellon CSD has committed to comply with the T2S CA standards by November 2015, when it plans to start testing for T2S.

Market Claims

BNY Mellon CSD already has the partial capability to detect market claim for both receipt and delivery transactions, which they will enhance to comply with T2S CASG standards. They consider to have implemented 7 standards. 15 standards are considered straightforward to implement and 6 require major technical change.

Transformations

Limited capability to cancel and replace transactions for transformation already exists. It needs to build automated transformation process according to T2S transformations standards. No standards have been implemented so far. Six of the standards are considered to require major technical change; the rest are considered straightforward to implement.

Buyer Protection

As an issuer CSD, BNY Mellon CSD plans to offer a manual BP service which is considered straightforward to implement. As an investor CSD, it shall offer an enhanced service, which will require larger technical change in the context of an investor CSD. BNY Mellon CSD considers that six standards are already covered by it; the remaining twelve are considered straightforward to implement.

⁴ CASG liaison person: Veronique Peeters (BNY Mellon)

1.4.2 Euroclear Belgium⁵

	Market claims	Transformations	Buyer protection	Total
BE – (EoC)	43%	23%	0%	25%

Migration Wave 2 (March 2016)

Overall assessment: RED

Euroclear Belgium already complies with a number of T2S CA Standards on market claims and transformations and plans to achieve compliance with most standards by the time of its migration to T2S in March 2016.

However, the Euroclear Belgium segment of the Belgian market will fully comply from technical and market perspective with the transformations and buyer protection standards with regards to voluntary corporate actions (estimated to affect around 3.6% of all corporate actions processed) only six months after EoC Belgium migrates to T2S, i.e. in September 2016.

Market Claims

Twelve standards are currently implemented. Detection, processing and reporting of market claims are available in the CSD. Part of the standards is already fully implemented. Some standards require major technical changes with regards to Opt-out facility, Ex/Cum indicator management, Hold and Release mechanism and Partial settlement of market claims in securities. What is not implemented is previewed to be implemented before migration to T2S.

Transformations

The implementation of most of the standards requires major technical changes. Transformation is available on intra-CSD transactions for most mandatory reorganisations but due to some specificities it is not considered fully implemented. For mandatory reorganisation in cash and mandatory reorganisations with options, the CSD only cancels the pending transaction. Likewise, for cross-CSD transactions, the CSD only cancels the pending transactions. Implementation plan for mandatory reorganisations without options events and some elective events is planned to be completed by March 2016.

However, full implementation for all elective CAs events (potentially only two corporate actions events types are involved which amount to around 3.6% of all CA volume) will be achieved only by September 2016, i.e. post migration of Euroclear Belgium to T2S.

Buyer Protection

Currently, a manual buyer protection process only exists on CCP transactions (performed by the CCP). Manual buyer protection solution will be developed on a bilateral basis. None of the standards are currently implemented and planned implementation date is September 2016, i.e. post migration of Euroclear Belgium to T2S. Implementation of the standards will require change

⁵ CASG liaison persons: Dominique De Backer(Euroclear) and Ben Van der Velpen (ING)

in existing market practice and is dependent on the full implementation of key dates on the Belgian market.

1.4.3 National Bank of Belgium SSS⁶

	Market claims	Trans-formations	Buyer protection	Total
BE – NBB SSS	93%	92%	N.A.	93%

Migration Wave 2 (March 2016)

Overall assessment: GREEN

Compliance with the T2S CA standards is facilitated as NBB-SSS settles only government securities. The NBB-SSS launched on 2 February 2015 a new technical platform and a new rulebook came into force at the same moment. This allows NBB-SSS to achieve almost full compliance with the T2S CA standards on market claims and transformations. The only barriers to full compliance with market claims standards are the additional controls which NBB-SSS participants requested to have at securities account level ((i) whether to generate or not market claims when settling on a securities account and (ii) whether to generate all market claims on a securities account with an “on-hold” status) which prevents compliance with MC standards 6 and 23. Nevertheless, the Belgian market has committed to use these controls only till NBB-SSS migration to T2S in wave 2.

NBB-SSS is waiting from the CASG for clarification on the best practice to implement transformation standard 4 with regards to the reference to be provided to the underlying transaction in the transformed instructions. It will implement the standard soon after receipt of the guidance from the CASG.

NBB-SSS does not consider the T2S buyer protection standards applicable to it based on: i) the types of instruments settled and ii) types of events which it manages.

1.5 CH - Switzerland⁷

	Market claims	Trans-formations	Buyer protection	Total
Switzerland	36%	8%	50%	34%

Migration Wave 1 (June 2015)

Overall assessment: GREEN

Some of the market claims standards and half of the BP standards are currently implemented. Implementation of standards not yet implemented is considered either straightforward or change

⁶ CASG liaison persons: Dominique De Backer (Euroclear Group) and Ben Van der Velpen (ING)
⁷ CASG liaison person: Florentin Soliva (UBS)

in market practice (for manual BP). There is plan to implement all the standards in the second half of 2014 in the testing environment of SIX SIS and to move them to the live system from June 2015. As CHF will not be a T2S currency, SIX SIS has signed the framework agreement for their cross-border business only, but in August 2013 (MIG Meeting) the decision has been communicated that the Swiss Market will also implement the T2S CA standards for CHF settlements in the home market which is a further commitment to the T2S CA standards.

Market claims

For market claims 36% of the standards are implemented. For the standards not currently fulfilled, the Swiss MIG replied that they would be “straightforward to implement” and compliance will be achieved before migration to T2S in June 2015.

Transformations

The CSD has a market practice and a partially automated process on Transformations in place but it is not in line with the requested CASG standards. In the case of transformations, only 8% of the standards are currently fulfilled. The majority of the standards not fulfilled are expected to be “straightforward to implement” and compliance will be achieved before migration to T2S in June 2015.

Buyer Protection

No automated BP will be developed; the reporting on the buyer protection standards is therefore done from a perspective of a manual buyer protection process, which is per se not new in the market. A market practice is in place but not (yet) along the requested key dates. In this respect, 50% of Buyer Protection standards are implemented respectively the existing market practice has been assessed compliant with 50% of the standards. For the remaining standards implementation is expected prior to migration to T2S in June 2015

1.6 DE - Germany⁸

	Market claims	Trans-formations	Buyer protection	Total
Germany	50%	0%	83%	49%

Migration Wave 3 (September 2016)

Overall assessment: RED

In December 2014, the German NUG provided to the T2S AG an implementation plan regarding the full compliance of the German market with the T2S CA standards. According to this plan, implementation of some standards is scheduled prior to the Clearstream’s migration to T2S while for some other standards implementation is scheduled to take place after migration.

⁸ CASG liaison person: Thomas Rockstroh (Clearstream) and Michael Collier (Deutsche Bank)

However, there is no plan for full compliance with market claims standard 7 (“cum” flag), which is subject to agreement of the ministry of finance, as well as with market claims standard 19 (generating market claims on pending transactions).

Market claims

50% of all T2S market claims standards are now implemented in Germany. Regarding the non-complaint standards, the German market has provided a detailed analysis of the status quo along the following lines:

Record date

The German market plans to introduce a record date on 1 January 2016. The necessary legislative proposal has been agreed by the Ministry of justice and is expected to be approved by the legislators.

Cash payments

Regarding standard 15, i.e. the cash payment in T2S dedicated cash accounts (DCAs) the German market sought approval from CASG on the functional model that has been developed for generating Payment Free of Delivery (PFoD) instructions. The CASG considered this model and agreed that it is in line with the T2S CA standards. Implementation will be feasible at the latest within six months of CBF joining T2S in September 2016.

Cum indicator

Regarding the usage of the “cum” flag, tax issues around market claims need to be resolved. However, this is not foreseen by the time of the migration of the German market to T2S. The German NUG has started discussions with the ministry of finance in order to get approval that usage of the T2S "cum" flag. The German NUG would like to ensure that this will not create any prudential complaints by the tax authorities based on the fact that a market claim is a dividend and not a cash compensation in respect of tax purposes in Germany.

Further Tax issues

Regarding standards 9, 10 and 14 (non-compliance stems from withholding tax issues in Germany) – the German market has invited the CASG to provide its view on a functional model that has been developed for generating PFoDs in T2S. The CASG considered the PFoD model and agreed that it is in line with the T2S CA standards. Development can start now considering the CASG agreement of the model.

Fractions

Regarding the market claim standard 11 the German market wants a discussion regarding definition, interpretation and implementation of "fractions and Minimum Settlement Unit" in CASG and CAJWG in 2015. Currently the compensation of fractions in Germany is made by using interim securities. The understanding of the CASG is that the CAJWG is in the lead in this

topic and is already drafting the necessary clarification. Implementation of fractional compensation arising out of market claims in the domestic context will be feasible at the latest within six months of CBF joining T2S in September 2016

Market claim 19

The German market plans to generate market claims only on settled but not on pending transactions. There is currently no implementation timeline provided by the German market to comply with this standard.

Transformations

None of the transformation standards is currently implemented in Germany. Nevertheless, compliance with almost all standards is considered straightforward to implement by the migration date.

However, regarding transformation standard 11 on fractions (also related to market claim standard 11) compliance will be feasible at the latest within six months of CBF joining T2S in September 2016.

Buyer Protection

The German market decided not to introduce an automated BP infrastructure. The CSD would not need to make any system changes in relation to buyer protection since the exchange of BP instructions takes place bilaterally between the counterparts, outside the CSD environment. Therefore, the German market already complies with most BP standards. The German market will follow any further harmonisation initiatives with regards to manual BP coming from the CASG. According to the German NUG, Clearstream will publish on its website before its migration to T2S the final version of BP instruction template agreed by CAJWG and T2S CASG as well as all the requirements of the market and T2S BP standards, including the agreed timeline. The German market would like to use the data provider Wertpapier-Mitteilungen as central source for providing and publishing Buyer Protection key data.

1.7 DK - Denmark⁹

	Market claims	Trans-formations	Buyer protection	Total
Denmark	21%	15%	0%	13%

Migration Wave 3 (September 2016)

Overall assessment: GREEN

Danish market has committed to comply with the T2S CA standards prior to the migration to T2S. As part of the compliance, VP will offer an automated CA on flow solution. Development of

⁹ CASG liaison person: Nikolaj Hesselholt Munck

this solution will begin from March 2015 with latest end date by September 2015. According to VP, this solution will be ready for community testing prior to migration of Danish market in September 2016. The Danish market considers that this solution would be straightforward to implement by the time of adoption of T2S. Danish market has decided to implement manual buyer protection.

Market claims

Danish market has started to implement the T2S CA standards on market claims and 6 out of the 28 standards have already been implemented as part of the VP adaptation to T2S. All the other standards have been categorised as ‘straight forward to implement’ and no barriers identified. Full implementation will take place prior to the migration of Danish market to T2S in September 2016

Transformation

Implementation of T2S CA standards on transformation has started as part of VP’s adaptation to T2S and 2 out of the 13 standards have already been implemented. All the other standards have been categorised as ‘straight forward to implement’ and no barriers identified. Full implementation will take place prior to the migration of Danish market to T2S in September 2016

Buyer protection

Based on a common decision by the Danish market participants, a compliant manual BP handling will be implemented at the same time as the VP automated CA on flow solution, i.e. by the migration in September 2016

1.8 EE - Estonia¹⁰

	Market claims	Trans-formations	Buyer protection	Total
Estonia	43%	15%	0%	24%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

The market has not provided any additional information with respect to the compliance with T2S CA standards as compared to the previous year. Compliance with the T2S CA standards is still within the timeline of migration of the CSD to T2S. According to the current analysis no changes in primary legislation have been identified and only amendments to the CSD rules will be needed. Standards with regards to detection of market claims and transformations have been already implemented; standards for generations are planned to be straightforward to implement in the testing system by Q3 2015 and the live system with migration to T2S, while the respective

¹⁰ CASG liaison person: Christine Strandberg (SEB)

rules of the CSD are planned to be amended by Q1 2017. Manual BP will be implemented in the market.

Market claims

The potential tax issue with regards to market claims has been clarified with the authorities that no changes in the regulations would be needed. Decision has been taken to implement the new functionalities in two steps - first the detection mechanism and later the generation and settlement of the relevant instructions (proceeds). The detection of market claims for matched transactions has already been implemented. Overall 12 of 28 standards were implemented. 11 of the standards which were not yet implemented are said to be straightforward to implement; implementation of the other standards would require only market practice change.

Transformations

The detection of transactions subject to transformations was implemented together with the implementation of the market claims detection. As the occurrence of transformations is very rare in the market, it was decided to omit the 20 days detection period for the time being in order to detect the maximum amount of possible transformations. The 20 days detection period can be included in the query any time. The functionality to generate transformations will be implemented in the test system by the start of internal testing in Q3 2015, to be followed by the T2S testing according to the T2S timetable. The functionality will be launched together with the implementation of T2S. Amendment to CSD rules will take place by migration to T2S in Q1 2017. Adaptation to most of the other T2S standards are considered to be 'straight forward to implement' and will be available during migration of the CSD to T2S

Buyer protection

Manual buyer protection will be introduced. The CSD may be mediating BP by manual BP in case of cross-CSD transactions. The practice will be launched together with the implementation of T2S.

1.9 ES – Spain¹¹

	Market claims	Trans-formations	Buyer protection	Total
Spain	46%	46%	0%	32%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

Iberclear already complies with roughly half of the standards on market claims and transformations. Lower rank regulation, dependent on IBERCLEAR, needs to be amended to

¹¹ CASG liaison person: Irene de Miguel (IBERCLEAR)

fully comply with some standards but no obstacles have been identified in this respect. Iberclear plans to be compliant with most standards by its migration to T2S. Spanish NUG has indicated in the gap analysis report that compliance with MC standards 19 and 23 will take place by October 2015, before the migration of Iberclear into T2S

Market Claims

For the standards which are not fulfilled, 6 require “Major Technical Change”, and 6 are straightforward to implement. Most of these are because ISO CA messages are not yet implemented in Iberclear (e.g. for the implementation of Ex/Cum indicator, CLAI transaction type, etc.). For some standards implementation will require further lower rank regulatory changes completely dependent on Iberclear, as the most significant legal changes have already been implemented. Implementation of most standards that are not yet implemented will take place by October 2015.

Transformations

Again, several standards are not fulfilled because IBERCLEAR does not use yet standard ISO messages when processing CAs and therefore a major technical change is required. Iberclear intends to carry out transformations at the end of record date also for transactions that are not yet matched. Iberclear is aware that this is against the standards but it will comply with the T2S standards prior to its migration to T2S. Standards that are straight-forward to implement will be implemented by October 2015 and standards that require major technical change will be implemented prior to migration to T2S.

Buyer Protection

Manual BP will be implemented on the Spanish market. In case of need Iberclear plans to instruct in compliance with the manual BP standards. BP standards will be implemented in two phases, i.e. October 2015 and February 2017.

1.10 FI - Finland¹²

	Market claims	Trans-formations	Buyer protection	Total
Finland	0%	0%	0%	0%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

No standards are currently met. There are on-going discussions with tax authorities on some issues but those are not seen as a barrier to achieve full compliance. The discussions relate to the process of tax deduction and reporting to tax authorities. No changes to tax laws are

¹² CASG liaison persons: Päivi Ahola (Danske Bank) and Leena Ruostetsaari (Euroclear FI)

required for achieving compliance with the standards. For compliance with other standards major technical and market practice changes will be needed (e.g. to introduce market claims for securities outturns) but no obstacles have been identified so far. The CASG reviewed and agreed that the Euroclear Finland proposed model for the market claims processing is in line with the T2S CA standards. Finnish market intends to implement manual BP. There is detailed plan to meet the standards by Q2 2016.

1.11 FR - France¹³

	Market claims	Trans-formations	Buyer protection	Total
France	43%	23%	0%	25%

Migration Wave 2 (March 2016)

Overall assessment: RED

Euroclear France already complies with a number of T2S CA Standards on market claims and transformations and plans to achieve compliance with most standards by the time of its migration to T2S in March 2016.

However, the French market will fully comply from technical and market practice perspective with the transformations and buyer protection standards with regards to voluntary corporate actions (estimated to affect around 1.3% of all corporate actions processed) only six months after EoC France migrates to T2S, i.e. in September 2016.

Market Claims

Twelve standards are currently implemented. Detection, processing and reporting of market claims are available in the CSD. Part of the standards is already fully implemented. Some standards require major technical changes with regards to Opt-out facility, Ex/Cum indicator management, Hold and Release mechanism and Partial settlement of market claims in securities. What is not implemented is previewed to be implemented before migration to T2S.

Transformations

The implementation of most of the standards requires major technical changes. Transformation is available on intra-CSD transactions for most mandatory reorganisations but due to some specificities it is not considered fully implemented. For mandatory reorganisation in cash and mandatory reorganisations with options, the CSD only cancels the pending transaction. Likewise, for cross-CSD transactions, the CSD only cancels the pending transactions. Implementation plan for mandatory reorganisations without options events and some elective events is planned to be completed by March 2016.

¹³ CASG liaison persons: Dominique De Backer (Euroclear Group) and Frederic Beck (BNP Paribas)

However, full implementation for all elective CAs events (potentially only two corporate actions events types are involved which amount to around 1.3% of all CA volume) will be achieved only by September 2016, i.e. post migration of Euroclear France to T2S.

Buyer Protection

Currently, a manual buyer protection process only exists on CCP transactions (performed by the CCP). Manual buyer protection solution will be developed on a bilateral basis. None of the standards are currently implemented and planned implementation date is September 2016, i.e. post migration of Euroclear France to T2S. Implementation of the standards will require change in existing market practice and is dependent on the full implementation of key dates on the French market.

1.12 GR – Greece (BOGS)¹⁴

	Market claims	Trans-formations	Buyer protection	Total
Greece	43%	0%	0%	20%

Migration Wave 1 (June 2015)

Overall assessment: GREEN

BOGS has reported compliance with a number of market claims standards and no standards for transformations and buyer protection. However, corporate actions volume and the variety of corporate actions on BOGS eligible instruments are deemed limited. It considers the necessary changes straightforward to implement even if some of them would require changes in the rules of the CSD. All the required implementations in BOGS system have been concluded and are currently being tested as part of the testing of the CSD with the T2S. It plans to comply with the standards by the time of migration to T2S.

1.11 HU - Hungary¹⁵

	Market claims	Trans-formations	Buyer protection	Total
Hungary	4%	8%	6%	5%

Migration Wave 3 (September 2016)

Overall assessment: GREEN

¹⁴ CASG liaison person: Frederic Beck (BNP Paribas)

¹⁵ CASG liaison person: Ben van der Velpen (ING)

The Hungarian market only complies with one standard for each the market claims, transformations and BP standards. Detailed analysis and plan exists to comply with all standards. Compliance with technical standards is considered straightforward to implement latest by the time the new KELER's new system is developed by Q1 2015. The standards requiring legal and/or regulatory changes will be complied with no later than 2015. After finalizing the business requirement specification with the provider of the new CSD software in Q2 2014 the development has started and the implementation of the product, which is a full T2S compliant solution from the perspective of pending transactions management in the context of corporate actions, is currently on track. According to the schedule testing will be started in the coming days. With the go-live of the new software (May 2015) KELER is expected to comply with all the gaps as of technical nature

In order to achieve legislative compliance KELER has formulated its proposal of law changes and sent them to the Ministry of Economics. After detailed conversations with the market participants and experts, Keller has identified all the topics (e.g. Market claim standards 2, 13), that require amendments in the national law or need to be discussed with the Ministry of Economics and the Hungarian Tax Authority (e.g. Market claim 14). The Ministry of Economics will open some relevant acts for amendment in the first half of 2015. After the positive reaction of the Ministry, together with the ministry Keller will contact the Hungarian Tax Authority in order to propose changes in the tax related issues (e.g. to work out the framework of withholding tax adjustment and deduction , simplify and fasten tax refund procedure due to the application of the maximum withholding tax on market claims).However, no critical issues are yet defined that would impede compliance from legislative perspective.

Market Claims

Currently custodians of the buyer and seller having pending transactions between each other monitor trades being subject of market claim. The market claim standards therefore require a major technical change from KELER's perspective. Legislative changes would also be required to fulfil standard 2, as currently it is optional for listed companies to announce corporate events which prevent KELER currently to operate an explicit CA Database. The CSD has implemented only standard 11, whereas 26 standards are listed as straightforward to implement and 1 standard requiring major technical change. Implementation of the new CSD software will help Keller meet most of the standards and there are no barriers to implementation.

Transformations

Since transformation process is not recognised in the market it would require major market practice change and technical changes. However, all the standards are considered 'straightforward to implement' with the replacement of the existing system with a completely new system. Implementation of the standards will take place in 2016 although functions relating to the standards will be available in the software being implemented by Q1 2015.

Buyer Protection

Since BP process is not recognised in the market it would require major market practice and technical changes and also legal issues arise from KELER's viewpoint. KELER has decided for the manual BP to be launched in 2016. Its new CSD software will contain buyer protection that will be activated in 2016 based on agreement with the market.

1.12 IT - Italy¹⁶

	Market claims	Transformations	Buyer protection	Total
Italy	32%	38%	6%	25%

Migration Wave 1 (June 2015)

Overall assessment: GREEN

The Italian market considers compliance with the standards mostly straightforward to implement with minor on-going technical changes. No regulatory/legal obstacles have been identified to achieve full compliance. The implementation plan of Monte Titoli for full compliance is well on track: it has already deployed the new software in its testing environment. Pilot testing is planned for beginning of February 2015. Community testing is scheduled for March 2015.

Market Claims

The Italian model is currently based on Issuer CSD detection; therefore, some changes need to be implemented in order to be fully compliant with the standards, either at processing or market practice level in the cross-CSD environment of T2S. No fiscal changes will be needed for market claims; only changes to MT's rule book are previewed. The market has shown good progress as compared to the last gap analysis assessment. In particular, the Italian market has indicated that it will fully comply with market claim standard 19 unlike the last gap assessment where Monte Titoli was planning to instruct all market claims on OTC transactions with "Hold" status irrespective of whether the underlying transaction was with "on hold" or "released" status. Most standards that are currently not implemented will require minor technical changes to be compliant with the standards and will be ready for community testing by March 2015.

Transformations

The Italian market has clarified with CCPs which will be the party responsible for detecting and generation of transformations. In the same way as described above for market claims, the Italian model is based on Issuer CSD detection and technical changes as well as market practice changes need to be applied in order to be compliant with the standards. five out of the thirteen standards are implemented currently and implementation of the rest of the standards

¹⁶ CASG liaison persons: Carla Bachechi (Monte Titoli) and Paola Deantoni (Société Générale)

will require technical changes. The standards that are not yet implemented will be ready for community testing by March 2015.

Buyer Protection

Manual BP will be carried out; the Italian market has initiated some harmonisation efforts in this respect with the support of the CASG. The market practice relating to manual BP will be included in the operational documentation of the CSD. Official publication of the BP template is in the pipeline.

1.13 LT – Lithuania¹⁷

	Market claims	Trans-formations	Buyer protection	Total
Lithuania	0%	0%	0%	0%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

No standards are currently complied with. Major legislative, regulatory, technical, tax and market practice changes will be needed. Lithuanian CSD will adopt a phased approach to complying with the market claims and transformation standards.

Technical implementation will take place in Q3 2015 with the start of internal testing. This will be followed by T2S testing according to the T2S project plan. Implementation includes additional information to be processed in the settlement instructions (Ex/cum and opt-out indicators), update of CSD operational rules on detection of the market claims and internal adaptations of the market participants to enable to pass additional required indicators in the settlement instructions to the CSD system.

The second phase includes adding additional functionalities to the CSD system, amending the CSD operational rules catering for full processing of market claims and transformations by the Lithuanian CSD. The additional functionalities will be launched together with the migration to T2S. CSD rules will take effect as of migration to the new system and as of migration date to the T2S for phase two implementation (Feb 2017).

Manual BP will be implemented for the market. No obstacles have been identified with respect to implementation of the T2S CA standards.

¹⁷ CASG liaison person: Christine Strandberg (SEB)

1.14 LU – Luxembourg¹⁸

1.14.1 LUX CSD

	Market claims	Trans-formations	Buyer protection	Total
LUX CSD	54%	0%	94%	54%

Migration Wave 3 (September 2016)

Overall assessment: GREEN

Lux CSD has reported good progress from the publication of last gap analysis report. Compliance with more than half MC standards have been achieved. Where non-compliance has been indicated with certain standards, LUX CSD has confirmed that only a change in market practice would be necessary. There is a clear intent to comply with the standards by the migration of Lux CSD to T2S in September 2016.

Market claims

15 out of 28 standards are already implemented. Compliance with rest of the standards are considered 'Straight forward to implement' and in some case will require change in market practice. There are no identified barriers that will hinder implementation.

Transformation

Although none of the standards are currently implemented, all standards are considered 'Straightforward to implement'. Full implementation will be achieved with migration of Lux CSD to T2S in September 2016.

Buyer protection

LU market has decided to implement a manual BP mechanism. Hence Lux CSD considers all the BP standards other than standard 10 as implemented. Non implementation of standard 10 is due to the absence of central body in Luxembourg to publish the key BP dates.

1.14.2 VP LUX

	Market claims	Trans-formations	Buyer protection	Total
VP LUX	21%	15%	0%	13%

Migration Wave 3 (September 2016)

Overall assessment: GREEN

¹⁸ CASG liaison persons: Nikolaj Hesselholt Munck (VP Securities) and Thomas Rockstroh (Clearstream)

VP LUX has committed to comply with the T2S CA standards prior to the migration to T2S. As part of the compliance, VP LUX will offer an automated CA on flow solution. According to VP LUX, this solution will be ready for community testing prior to migration of LU market in September 2016. VP LUX consider the solution to be 'straight forward to implement'

Market claims

VP LUX has started to implement the T2S CA standards on market claims and 6 out of the 28 standards have already been implemented as part of the VP LUX adaptation to T2S. All the other standards have been categorised as 'straight forward to implement' and no barriers identified. Full implementation will take place prior to the migration of LU market to T2S in September 2016

Transformation

Implementation of T2S CA standards on transformation has started as part of VP LUX adaptation to T2S and 2 out of the 13 standards have already been implemented. All the other standards have been categorised as 'straight forward to implement' and no barriers identified. Full implementation will take place prior to the migration of LU market to T2S in September 2016

Buyer protection

Based on a common decision by the LU market participants, a compliant manual BP handling will be implemented at the same time as the VP LUX automated CA on flow solution, i.e. by the migration in September 2016

1.15 LV – Latvia¹⁹

	Market claims	Trans-formations	Buyer protection	Total
Latvia	0%	0%	0%	0%

Migration Wave 4 (February 2017)

Overall assessment: **YELLOW**

No standards are currently complied with. However, technical implementation is planned for Q3 2015 together with the other Baltic markets. Latvian market intends to comply with the standards in multiple phases. Compliance with some of the market claims and transformation standards will take place in Q2 2016 while for other standards the CSD will be compliant by phase 2, i.e. migration to T2S in February 2017. Manual BP will be implemented in the market. Latvian NUG will agree on implementation plan of buyer protection standards in 2015 in order to implement the standards as of Latvian market migration to T2S on February 6,

¹⁹ CASG liaison person: Christine Strandberg (SEB)

2017. Compliance with some of the standards will require change in market practice or only change in CSD rules.

However, in order to comply with MC standard 14 there is identified income tax issue from the capital gain which must be addressed by the Latvian market participants to the authorities. According to the gap analysis implementing standard 14 will require market practice change, since there are no market claims used as common transactions at national market level. This issue is being discussed with CSD participants on changes foreseen at level of CSD participant-customer. Latvian market has not indicated whether there are any obstacles seen as a result of this issue which threaten compliance by its migration to T2S.

1.16 MT - Malta²⁰

	Market claims	Trans-formations	Buyer protection	Total
Malta	100%	100%	0%	69%

Migration Wave 1 (June 2015)

Overall assessment: GREEN

All the standards with regards to market claims and transformation are already implemented. Further testing and new rules are required for implementation of buyer protection standards and implementation plan for the same is being finalized.

1.17 NL - Netherlands²¹

	Market claims	Trans-formations	Buyer protection	Total
Netherlands	43%	23%	0%	25%

Migration Wave 2 (March 2016)

Overall assessment: RED

Euroclear Netherland already complies with a number of T2S CA Standards on market claims and transformations and plans to achieve compliance with most standards by the time of its migration to T2S in March 2016.

However, it will fully comply with transformation and buyer protection standards with regards to voluntary corporate actions (estimated to affect around 0.5% of all corporate actions processed) only six months after EoC Netherland migrates to T2S, i.e. in September 2016.

²⁰ CASG liaison person: Massimiliano Renzetti (Banca d’Italia)

²¹ CASG liaison persons: Dominique De Backer (Euroclear Group) and Ben van der Velpen (ING)

Market Claims

Twelve standards are currently implemented. Detection, processing and reporting of market claims are available in the CSD. Part of the standards is already fully implemented. Some standards require major technical changes with regards to Opt-out facility, Ex/Cum indicator management, Hold and Release mechanism and Partial settlement of market claims in securities. What is not implemented is previewed to be implemented before migration to T2S.

Transformations

The implementation of most of the standards requires major technical changes. Transformation is available on intra-CSD transactions for most mandatory reorganisations but due to some specificity it is not considered fully implemented. For mandatory reorganisation in cash and mandatory reorganisations with options, the CSD only cancels the pending transaction. Likewise, for cross-CSD transactions, the CSD only cancels the pending transactions. Implementation plan for mandatory reorganisations without options events and some elective events is planned to be completed by March 2016.

However, full implementation for all elective CAs events (potentially only two corporate actions events types are involved which amount to around 0.5% of all CA volume) will be achieved only by September 2016, i.e. post migration of Euroclear Netherland to T2S.

Buyer Protection

Currently, a manual buyer protection process only exists on CCP transactions (performed by the CCP). Manual buyer protection solution will be developed on a bilateral basis. None of the standards are currently implemented and the market has decided to implement the BP standards by the end of 2015. Implementation of the standards will require change in existing market practice and is dependent on the full implementation of key dates in the Dutch market.

1.18 PT – Portugal²²

	Market claims	Trans-formations	Buyer protection	Total
Portugal	75%	54%	0%	47%

Migration Wave 2 (March 2016)

Overall assessment: GREEN

Interbolsa has already achieved already very high compliance with the T2S CA Standards and is working actively for implementation of the rest - the adaptation of its internal systems to comply with most T2S rules are planned to be carried out to be ready by September 2014 before the start of the User Testing. The full compliance by the market will be reached when migrating to T2S in March 2016.

²² CASG liaison person: Jyrki Leppanen (Interbolsa)

Market Claims

Few problems have been detected due to a project being carried out since 2009 for the implementation of market claims and transformations for the OTC transactions in the Portuguese market. Market claims and transformations for the exchange trades are done by the CCP. Some technical issues have been identified such as the lack of “Opt-Out” or “Ex/Cum” information in the settlement instructions due to the local market practice. A field for opt-out indicator and Ex/Cum indicator has been included in the settlement instructions for the use of the participants. These will be available for the multilateral testing in 2015.

Transformations

Transformations are being implemented in Portugal but the process has been slower as market claims have been implemented first. The missing standards are being implemented in the Interbolsa’s system. Implementation of some of the standards will require market practice change.

Buyer Protection

Implementation of manual buyer protection between the counterparties in a transaction is under evaluation.

1.19 RO – Romania²³

	Market claims	Trans-formations	Buyer protection	Total
Romania	0%	0%	0%	0%

Migration Wave 1 (June 2015)

Overall assessment: RED

None of the T2S CA standards are currently implemented in the Romanian market. DC has already indicated that while it will not be compliant with the T2S CA standards by the time of its migration to T2S, it will become compliant by the end of the initial migration to T2S February 2017). Nevertheless, DC has committed that it will comply with the T2S CA standards as Investor CSD in T2S already from its migration to T2S.

The RO NUG has shared a detailed implementation plan involving regulatory changes and technical changes in various phases. The plan was agreed with the Romanian Financial Supervisory Authority, the National Bank of Romania, T2S RONUG and ROMIG. According to the plan, the compliance with the European standards will be achieved no later than February 2017. The new regulatory framework will be in force by February 2017. In parallel with the work towards bringing in regulatory changes, development of the new system to implement the

²³ CASG liaison person: Mariana Beca (Depozitarul Central) and Ben Van der Velpen (ING)

changes required will start in August 2015 with finalisation of system requirements. The deadlines set out in the plan offer some buffers for unforeseen events and envisage that the full compliance, both with the European market standards and the T2S CAs standards, will be achieved within the T2S migration period, i.e. by latest February 2017.

Market Claims

Generally, according to Romanian regulatory framework and market practice, for Romanian issuers, Depozitarul Central performs the distributions only based on settled positions at record date and there is no ex-date concept. Furthermore, the failed settlement rate is 0%, so no market claim for pending transactions at record date are currently raised.

In August 2014, through a Romanian Financial Supervisory Authority regulation, some terms in direct relation with standards, were introduced and/or better defined in the Romanian legislation (e.g. "ex-date", "payment date"). The new regulatory changes also establish the obligation of the issuers to disseminate the events details and every change of those details to the CSD.

In early January 2015, the Romanian Capital Market Law was also amended in respect of corporate actions area and now stipulates that the cash proceeds have to be paid throughout CSD and its participants. Those legal and regulatory changes represent important steps forward in the process of implementation of the standards. The regulatory framework needs to be further extended in order to ensure full compliance with the standards. Therefore, in December 2014, ROMIG (Romanian Market Implementation Group for Corporate Actions Standards) sent to the Romanian Financial Supervisory Authority (FSA) a draft of additional regulatory proposals considered as needed for corporate action standards implementation, including the 'On Flow' processing. Also, Depozitarul Central will issue rules and procedures for processing and recording of the corporate events

Transformations

Generally, according to Romanian regulatory framework and market practice, for all reorganisations of Romanian issuers, the underlying ISIN is suspended from trading one settlement cycle before the record date. Furthermore, the failed settlement rate is 0%, so no pending settlement instructions can be in place on record date end of day. The regulatory/market practice changes need to be further extended in order to ensure full compliance with the standards. In this respect, in December 2014, ROMIG (Romanian Market Implementation Group for Corporate Actions Standards) sent to the Romanian Financial Supervisory Authority (FSA) a draft of additional regulatory proposals considered as needed for corporate action standards implementation, including the 'On Flow' processing (e.g. the definition of "guarantee participation date"). Also, Depozitarul Central will issue rules and procedures for processing and recording of the corporate events.

Buyer Protection

The BP is not implemented, regulated or used in practice in the Romanian market. Manual BP is planned to be introduced.

1.20 SI - Slovenia²⁴

	Market claims	Transformations	Buyer protection	Total
Slovenia	0%	0%	0%	0%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

None of the standards is currently implemented. Draft text of Book Entry Securities Act has been agreed within the ad hoc working group and submitted to Ministry of Finance for finalisation. The draft proposal was published for public consultation in October 2014 and was consulted with the ECB, which gave positive opinion. Currently, said proposal is pending inter-ministerial coordination within Ministry of Finance and the next step (envisaged in February 2015) is to deliver the proposal to Government of Republic of Slovenia and then to the Parliament for its approval. Final confirmation by the Parliament is expected in Q2 2015 at the latest.

Changes/amendments to CSD Rules and Regulations (to accommodate new/adjusted Corporate Actions functions at CSD level) will be released (in more phases between Q1 2015 and Q4 2016) after entire package of necessary legislative changes is enforced. Market practice and complete CSD support will be changed in 2017 when KDD infrastructure connects to T2S.

Market Claims

Current harmonisation process does not ensure timely and complete realisation. National legislation does not recognise cascade (x-mas tree) principle of handling corporate actions, hence CSD is in practice not able to intervene and instruct Market Claims among its members (even if CSD could theoretically detect transactions eligible for instructing Market Claims). Legislation suggests fulfilment of rights from securities (e.g. dividend payments) directly from Issuer to Investor, which clearly contradicts with best practices suggested by standards serving cross-border ownership, nominee ownership and Investor CSD functions. Major technical/legislative/market practice changes are required to adhere to standards for market claims processing. Necessary process for change in legislation has already started and final confirmation from the parliament is expected by Q2 2015 at the latest.

Transformations

²⁴ CASG liaison person: Ben Van der Velpen (ING)

Market practice clearly contradicts with best practices suggested by standards on Transformations. CSD currently does not intervene and transform pending transactions (pending transactions are automatically deleted in case of reorganisation event). Major technical/legislative/market practice changes are required to adhere to standards for Transformations processing. Necessary process for change in legislation has already started and final confirmation from the parliament is expected by Q2 2015 at the latest.

Buyer Protection

Introduction of automatic BP functionality is not planned.

1.21 SK - Slovakia²⁵

	Market claims	Trans-formations	Buyer protection	Total
Slovakia	0%	0%	0%	0%

Migration Wave 4 (February 2017)

Overall assessment: GREEN

None of the standards are currently implemented. However, implementation of most standards is considered straightforward to implement, although a few would require major technical, market practice changes and CSD rule changes. CDCP intends to revise operational processes by May 2015 and make proposal for changes in its Rules of Operation by 31 December 2015. Implementation of the necessary technological changes into its information systems will be finalised by CDCP deadline for SP8. The Slovakian market is aware of the CDCP’s plans and no obstacles have been identified for their implementation. CDCP will offer manual buyer protection on bilateral basis and procedures and recommendations related to manual BP will be specified and set in the rules of operation.

²⁵ CASG liaison persons: Thomas Rockstroh (Clearstream) and Dagmar Kopuncova (CDCP)

2. Annex 1: List of CASG contact persons

Market/ CSD	CASG Member
CH	Florentin Soliva (UBS)
DE	Thomas Rockstroh (Clearstream) and Michael Collier (Deutsche Bank)
ES	Irene de Miguel (Iberclear)
DK	Nikolaj Hesselholt Munck (VP Securities)
FR	Dominique De Backer (Euroclear Group) and Frederick Beck (BNP Paribas)
LU	Nikolaj Hesselholt Munck (VP Securities) Thomas Rockstroh (Clearstream)
BE (BNYM CSD)	Veronique Peeters (BNY Mellon)
HU	Ben Van der Velpen (ING)
FI	Päivi Ahola (Danske Bank) and Leena Ruostetsaari (Euroclear FI)
PT	Jyrki Leppanen (Interbolsa)
IT	Carla Bachechi (Monte Titoli) and Paola Deantoni (Société Générale)
AT	Thomas Rockstroh (Clearstream) and Michael Collier (Deutsche Bank)
RO	Mariana Beca (Depozitarul Central) and Ben Van der Velpen (ING)
LT/LV/EE	Christine Strandberg (SEB)
GR (BOGS)	Frederic Beck (BNP Paribas)
MT	Carla Bachechi (Monte Titoli) and Massimiliano Renzetti (Banca d'Italia)
SK	Thomas Rockstroh (Clearstream) and Dagmar Kopuncova (CDCP)
SI	Ben van der Velpen (ING)
BE (NBBSSS and Euroclear BE)/NL	Dominique De Backer (Euroclear Group) and Ben Van der Velpen (ING)