

## Post Trade Securities Topics in current Initiatives and/or upcoming Regulations

(Swiss SPTC working paper)

Initiative, Regulation, Topic	Short description of potential PT Impact and/or PT Topics	Activities/Involvement of the Securities Industry respectively of SPTC members	
<p>I <b>CAJWG</b> (Corporate Actions Joint Working Group) E-MIG T2S CASG Standards</p> <p><i>Corporate Actions Processing Standards: Is dealing with Barrier 3 referring to national differences, the operational problems that are characterised by the variety of rules in the cross-border environment. CAJWG standards are a set of Europe-wide agreed best practices and is based on a private sector initiative.</i></p>	<p>European Best Market Practices on Corporate Actions Processing -&gt;T2S Requirements based on CAJWG Standards -&gt;Annual compliance reviews in all European markets (incl. CH) on the CAJWG level and separately also on T2S CASG standards level</p>	<p>2017/03</p> <p>2017/06</p>	<p>Separate agenda topic at Swiss SPTC meetings -&gt; see minutes of the meetings -&gt; E-MIG Meeting Nov 2016 (SPTC 37, Agenda Point 7) Link to CAJWG Standards: <a href="http://www.afme.eu/globalassets/downloads/briefing-notes/afme-cajwg-standards-revised-version-2012-updated-2015.pdf">http://www.afme.eu/globalassets/downloads/briefing-notes/afme-cajwg-standards-revised-version-2012-updated-2015.pdf</a></p> <p>Link to CASG-GAP-Analysis: <a href="https://www.swiss-sptc.com/dam/downloads/fachgremien/t2s-ca-standards-gap-analysis-170303.pdf">https://www.swiss-sptc.com/dam/downloads/fachgremien/t2s-ca-standards-gap-analysis-170303.pdf</a></p> <ul style="list-style-type: none"> <li>- CAJWG Meeting is planned for 6 April –Agenda not yet defined (F. Soliva will participate)</li> <li>- CAJWG Standards from a ETF perspective have been defined/agreed in a AFME Task Force – TF leaves it up to the industry as support and how to handle it (official consultation, if any, has to go via all infrastructure, banks and issuer trade associations) -&gt; Standards will be published on the SPTC homepage</li> </ul> <p>Meeting minutes are available on <a href="#">swissSPTC homepage</a> (Pre- information for the SPTC community: -&gt; harmonisation challenge: gap of unique definition of the standards along all countries (approach will be a mix of Q&amp;A, explanations a.o.) -&gt;Werner Frey to leave by end of the year; successor Edwin de Pauw form Euroclear (incl. E-MIG chair)</p>
<p>R <b>CCP Resolution &amp; Recovery</b></p>	<p>EU Commission proposal: Clearing process (-&gt; influence, amendments, new requirements for normal and/or crisis mode)</p>	<p>2016/12</p> <p>2017/03</p> <p>2017/06</p>	<p>Separate Agenda topic of Swiss SPTC (Regulatory Developments) PT n.a. SPTC 37: See Regulatory Developments, Agenda Point 5; SPTC 37: Clearing Issues, Agenda Point 4 SPTC 38: See Regulatory Developments, Agenda Point 6</p> <p>SPTC 39: See <a href="#">Regulatory Update, agenda point 6</a></p>

R	<p><b>CMU</b> (Capital Markets Union)</p> <p>Primary focus on SME's financing models (growth of European markets)</p> <p>-&gt; EPTF (European Post Trade Forum): Advisory committee of the EU Commission; mandate for PT topics until 2018)</p> <p><i>Discussing the next steps to Growth in Europe: EU Commission has outlined a plan to promote and develop the EU market, particular focus on SME financing, long term investments, securitisation markets and approach on EU insolvency laws. EPTF has been set up to deliver a report on existing barriers and how those could be overcome.</i></p>	<p>Harmonisation activities across Europe are receiving renewed momentum in the context of EU Commission; CMU's action plan (based on EPTF's analysis):</p> <p>(I) review the remaining, or any new barriers to integrated post-trade environment in the EU;</p> <p>(II) provide technical advice to the Commission on follow-up actions.</p> <p>Harmonisation initiatives cover a number of issues that are currently under post-trade and financial integration of EU public authorities and private post-trade market actors. Topics include issues such as securities rights and conflict of laws, securities registration procedures, shareholder transparency, withholding tax procedures, settlement finality, settlement discipline regime.</p>	<p>2016/07</p> <p>2016/11</p> <p>2016/11</p> <p>2016/11</p> <p>2016/11</p> <p>2016/12</p> <p>2017/03</p> <p>2017/03</p> <p>2017/05 2017/06</p> <p>2017/06</p>	<p>ECSDA Report on the Registration of Securities Holders</p> <p>AFME: Industry Roundtable on Registration of Securities Holders -&gt; target to achieve Industry agreement for EPTF; Not achieved – follow-up will follow</p> <p>UNIDROIT / Geneva Securities Convention: Consultation via ECSDA on a legislative guide SPTC 37: monitor development from a BEG perspective</p> <p>T2S HSG Consultation on Market Claim: Taxable or indemnity – proposal to EPTF for EU TAX authorities SPTC 37: no solutions expected neither in the short nor in the long turn</p> <p>EPTF (e.g. via ECSDA): Questionnaire in the context of SLL and book-entries; securities accounts, securities ownership, different jurisdictions, conflict of laws etc.</p> <p>See Input SPTC 38 Agenda point 5 – EPTF report and time plan -&gt; Awareness in terms of planned consultations via trade associations in March/April 2017!</p> <p>EPTF Barrier 2 on ISO 20022 messaging: Activity agreed in co-operation with SKSF (see SPTC 38 minutes, agenda point 7) -&gt; Final EPTF (full) report will be distributed once available</p> <p>- CCC sent nearly final EPTF Report to SPTC members - EPTF delivered final report to EU-Commission – slightly amended in terms of the ISO20022 communication barrier (supported by ECSDA and EBF) - official/public EU Consultation expected before summer -&gt; associations will answer on consultation (also AMI - SeCo e.g. on SRD related topics; co-operation among us requested (?) specifically on the communication barrier, SPTC expects SCFS taking the lead)</p> <p>- Securities Law Legislation: 7 April EU Commission consultation, deadline 30 June: -&gt; Link <a href="http://ec.europa.eu/info/consultations/public-consultation-conflict-laws-rules-third-party-effects-transactions-securities-and-claims_en">http://ec.europa.eu/info/consultations/public-consultation-conflict-laws-rules-third-party-effects-transactions-securities-and-claims_en</a></p> <p>SIX SIS responded with/via ECSDA. UBS did not take part; CS no feedback; other banks are not directly involved in European committees or Working Groups</p>
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R	<p><b>CSDR</b> (Central Securities Depository Regulation)</p> <p><i>Regulation of CSDs as systemically important market infrastructures</i></p> <p>Nov 2016: CSDR level 2 standards are considered to be final on 11 Feb 2017 and enter into force Feb or Mar 2017 (except fail settlement and buy-ins)</p>	<p>Impact on CSDs and CSD participants Europe vs. Swiss/national regulation -&gt; GAPs? Third Country Equivalence Authorisation of (third country) CSDs Asset Segregation Rules (omnibus vs. segregation) Mandatory fail penalties/buy-ins Transparency of internal transactions (internalisation)</p>	<p>2015/10  2016/06  2016/09    2016/11  2016/11  2016/12 2016/11   2017/03    2017/06  2017/07</p>	<p>ECSDA: Account Segregation Practices at CSDs Link: <a href="http://ecsd.eu/wp-content/uploads/2015_10_13_ECSDA_Segregation_Report.pdf">http://ecsd.eu/wp-content/uploads/2015_10_13_ECSDA_Segregation_Report.pdf</a></p> <p>ECB-T2S CSDR Task Force: List of CSDR Items for Clarification (focus on penalties) Link/Doc: Currently no official doc available AFME principles on Asset Segregation, Due Diligence and Collateral Treatment Link to Principles: <a href="http://www.afme.eu/en/reports/publications-and-data/publications/afme-principles-on-asset-segregation-due-diligence-and-collateral-management/">http://www.afme.eu/en/reports/publications-and-data/publications/afme-principles-on-asset-segregation-due-diligence-and-collateral-management/</a></p> <p>EBA and ESMA (e.g. via ECSDA): Consultation on suitability requirements of members of the management body (guidelines for assessment of members of key functions holders) -&gt; relevant for compliance of CSDR requirements)</p> <p>ECSDA Consultation/Clarification on buy-ins – cooperation with other associations (AFME, EBF, ICMA, EACH, FESE etc.) -&gt; “Uncertainty/Clarification Items” Link/Doc: Currently no doc available</p> <p>ECSDA Consultation on “new barrier” re Art 54 for non-domestic settlements (Commercial Bank Money Settlements)</p> <p>ECSDA Consultation on Contractual links of CSDs in the context of CSDR and Issuer/Investor CSD approach; current situation with focus to harmonise the future setups</p> <p>CSDR Level 2 legal acts were published in the Official Journal of the European Union + Q&amp;A CSDR LINK: <a href="https://www.esma.europa.eu/press-news/esma-news/esma-publishes-first-set-csdr-qas">https://www.esma.europa.eu/press-news/esma-news/esma-publishes-first-set-csdr-qas</a></p> <p>A final set of Level 2 legal acts is expected to be published later in 2017 with specific requirements on settlement discipline. -&gt; see SPTC 38 Agenda point 6 developments -&gt; still also missing the T2S-TF proposal on buy-ins/late settlements (UBS is in the lead of AFME TF) -&gt; still missing ESMAS decision/Guideline on a/c setup (omnibus vs segregation)</p> <p>- No news out of the T2S TF on CSDR buy-in/late settlement progress; expectation is that in late summer the late settlement regime standards will be accepted - June/July ESMA is defining Q&amp;A and guidelines on new penalty regime</p> <p>ESMA published guidelines to national Authorities on CSDR Art 17&amp;23 ESMA Consultation on guidelines for internalized Settlement Reporting under CSDR Art 9</p>
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I	<p><b>FATF</b> (Financial Action Task Force)</p> <p><i>Intergovernmental organisation to develop policies to combat money laundering and terrorism financing. The recommendations are usually transposed into local laws like Anti-Money Laundering Directive in Europe and/or Swiss regulation</i></p>	<p>Paying Agency Function: additional disclosure requirements of certain shareholders Adaptation of Dividend Process of "non book-entries" and/or physical coupon/dividend claim by beneficial owners</p>	<p>2015/12  2016/12   2017/03  2017/06</p>	<p>Swiss SPTC and Swiss/banking agreed on information letter to Swiss banks to clarify some legal and/operational uncertainties in GwG, OR and BEG ) PT n.a. (SwissBanking informed about a new assessment, Plenary meeting in Oct with publication of report in Nov/Dec 2016; new requirements expected 2018)  PT no news yet!  PT no news yet!</p>
	<p><b>FinfraG (&amp;CSDR)</b></p>	<p>General uncertainty on the implementation of FinfraG Art 73 Segregation of assets/account structure Scope/area of application Parallelism to CSDR Art 38 Definition of indirect participants</p>	<p>2016/08 2016/09+10 2016/11  2016/12   2017/03   2017/06</p>	<p>AFME letter to FINMA asking for clarification SIX SIS letter to FINMA asking for clarification Swiss Banks (CS, UBS, ZKB, JB) asking for clarification Answer from FINMA to AFME &amp; Swiss Banking clarification request received -&gt; copies sent to all swissSPTC members.  SIX SIS answer on CITI clarification request after FINMA's statements -&gt; content shared with Swiss SPTC in Meeting 38  -Expectation FMI authorization/license from FINMA in Q4 2017 -30 Sept application deadline on CSDR equivalence to be sent to ESMA – SIX SIS will send the application request (-&gt;grandfathering period!)  Banks are struggling in terms of the "requested" account structure at SIX SIS -&gt;uncertainty: -&gt;how many clients will ask for segregation -&gt;costs &amp; price transparency, level of protection with different account structures (-&gt; need for agreed/harmonized legal rationale) -&gt; transition period for CSD members? Fact is, SIX SIS is ready and banks do not have to wait with a/c structure setup until FMI authorization</p>

I	<b>Fintech, DLT</b> (Distributed Ledger Technology), a.o.	Target: Observe and remain involved in discussions of the various associations to timely recognize and contribute to PT developments	2016/07  2016/12  2016/12  2017/03  2017/06  2017/07	ECSDA Consultation on ESMA paper on Distributed Ledger Technology -> answer to ESMA on 2 Sep 2016 <i>For information purpose only</i> <i>Fintech presentation on SKSF Securities Conference: "Die Schweiz und Fintech"</i> <i>Presentation on SKSF Securities Conference: Hyperledger Fabric: Making Blockchain Open for Business</i> <a href="http://www.scfs.ch/">http://www.scfs.ch/</a> see Part 2 – Wertschriften-Konferenz 2016  EU Commission launched a consultation on FinTech, deadline is 15 June: <a href="https://ec.europa.eu/info/sites/info/files/2017-fintech-consultation-document_en_0.pdf">https://ec.europa.eu/info/sites/info/files/2017-fintech-consultation-document_en_0.pdf</a> -> SIX SIS will participate via ECSDA  SIX SIS responded via ECSDA to EU Commission  We received a statement/detailed answers from EBF on their consultation feedback. AFME: has in place a DLT Task Force – to date no other feedback available
R	<b>FMI Resolution and Recovery</b>	Settlement process (-> influence, amendments, new requirements for normal and/or crisis mode)	2016/12  2017/03  2017/06	PT n.a. Will become a topic to be discussed in future (CSDs no longer with bank but with FMI-status)  See SPTC 38 minutes, agenda Point 6  See SPTC 39 minutes, agenda point 6
	<b>FTT</b> (Financial Transaction Tax)	PT topics (Tax issue with potential processing issues; service issue)	2017/03  2017/06	PT n.a.  See SPTC 39 minutes, agenda point 6
	<b>Fund Regulation</b>  <i>Regulating the investment fund industry</i>  AIFMD / UCITS V  <i>Since 2013, the alternative investment industry has been regulated through AIFMD. There is a focus on investor protection and increased liability for depositories. This is also reflected on UCITS instruments through the 5<sup>th</sup> revision of UCITS Directive</i>	Asset Segregation Rules Liability and new requirements for Depository Banks	2016/12  2017/03  2017/06	<i>Q4 2016 guideline from ESMA in terms of account structure expected -&gt; pp to Q1 2017</i>  6 March ESMA meeting in Milan to discuss final guidance concerning asset segregation; debate is closely linked to the debate on CSDR Art 38(5) -> also in the context of "Issuer CSD" and "Investor CSD" treatment -> Q2 2017 ESMA is expected to issue guidance to the EU Commission on segregation, omnibus in terms of custody function  No news/no change so far, ESMA's decision/guidelines still pending

I	<p><b>ISSA</b> (International Securities Services Association)</p> <p><i>Globally oriented Trade Association</i></p>	<p>ISSA Financial Crime Principles</p> <p>ISSA Inherent Risks within the Global Custody Chain (1992 -&gt; update 2016)</p> <p>Enhanced KYC and KYCP and due diligence requirements</p> <p>Enhanced controls of Omnibus a/c setups</p>	<p>2015/08</p> <p>2015/08</p> <p>2016/11</p> <p>2017/03</p> <p>2017/06</p>	<p>ISSA: Financial Crime Compliance Principles for Securities Custody and Settlement (Roadmap/time- line for implementation to follow in Jan 2017)</p> <p>Link to Principles: <a href="http://www.issanet.org/pdf/2015_08_27_ISSA_Financial_Crime_Compliance_Principles_final.pdf">http://www.issanet.org/pdf/2015_08_27_ISSA_Financial_Crime_Compliance_Principles_final.pdf</a></p> <p>ISSA: Financial Crime Compliance Principles for Securities Custody and Settlement (Guidance for implementation to follow Q4 16/Q1 17)</p> <p>ISSA: Consultation and review process to update the ISSA report</p> <p>Timeline in terms of <i>ISSA Financial Crime Principles</i> in discussion still to be agreed (Operating Committee (OC) meeting on 23.03.17)</p> <p>-&gt; agreed in meeting 38 to invite ISSA for a presentation at the next swissSPTC meeting</p> <p>SPTC 39: Rita Mason gave an insight on ISSA FCP (slides are made available to members)</p>
R	<p><b>SFTR</b> Securities Financing Transaction Regulation</p> <p><i>Regulation to increase transparency in the securities financing industry by mandatory reporting and revision of certain contracts</i></p>	<p>Enhanced KYC and KYCP requirements (settlement data fields)</p> <p>Enhanced reporting / disclosure requirements</p>	<p>2016/10</p> <p>2017/03</p> <p>2017/06</p>	<p>ESMA Consultation on SFTR level II technical standards; ECSDA responded where it refers to CSDs Section 4.3.8 (p114-117) about settlement fields relating to SFTs</p> <p>PT n.a.</p> <p>PT n.a.</p>

R	<p><b>SRD</b> Shareholder Rights Directive</p> <p><i>EU measure prioritizing rights of shareholders to company information</i></p>	<p>Duties for intermediaries towards shareholders: New requirements on the information flow (from issuer via intermediaries to shareholders and vice versa) Legalisation of CAJWG Standards (-&gt;Level 2 ) Legalisation of GMJWG Standards (-&gt; Level 2) Enhancements/Adaptation of GM Standards? Third Country Equivalence New disclosure requirements (e.g. shareholder identification; fees around shareholder identification)</p>	<p>2016/12</p> <p>2017/03</p> <p>2017/03</p> <p>2017/06</p>	<p>8.12.16: EU Council and EU Parliament agreed upon text of the review -&gt; industry review on impact and consultations will follow after publication of final text (expected within next weeks) Link to GM Standards: <a href="http://www.ebf-fbe.eu/uploads/Market%20Standards%20for%20General%20Meetings.pdf">http://www.ebf-fbe.eu/uploads/Market%20Standards%20for%20General%20Meetings.pdf</a></p> <p>EP Plenary adopted the directive on the Shareholder Rights Revision on 14 March. The Council of the EU is expected to adopt it during a meeting in second quarter of 2017 after which it will enter into force. EU member states will then have 2 years from the date of entry into force of the Directive to transpose the new rules into national law. Link: <a href="http://www.europarl.europa.eu/sides/getDoc.do?type=TA&amp;reference=P8-TA-2017-0067&amp;format=XML&amp;language=EN">http://www.europarl.europa.eu/sides/getDoc.do?type=TA&amp;reference=P8-TA-2017-0067&amp;format=XML&amp;language=EN</a></p> <p>Action Point to AFME, EBF, ECSDA members of Swiss SPTC is, to closely observe the activities after the final adoption of the council. -&gt;According to O. Métral there is no interest in the Swiss market to generally communicate all information in the context of General Meetings all the way along the intermediary chain to the clients (-&gt; dependency on mandate and service level agreements with clients).</p> <p>No official consultation started yet for Level II standards, EU Commission/DG JUST launched a call for an expert group to work on technical aspects of corporate governance processes (deadline for submitting application 31 July); support work of EU Commission on level 2 measures under SRD (-&gt; market practices in shareholder communication and identification, participation and voting in general meetings, corporate shareholder rights in the chain of intermediaries)</p> <p>Discussion in SPTC on the need to participate respectively to send an application from the Swiss market; SPTC final conclusion/proposal is that application should come from the CSD infrastructure (-&gt; CSD is the first in the information chain and it would support the 'golden copy' principle from a synergy perspective). In this context also the unharmonised shareholder/general meeting registration process was discussed incl. the registered shares process (Namenaktien). Action point: SIS to analyse its participation, and in parallel ask CAEG for agreement on the SPTC proposal (...or whether another institution would like to apply).</p>
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**black** = old input;

**green** = input since last Swiss SPTC Meeting for the current meeting;

**red** = current SPTC meeting input



## ANNEX

### Acronyms

AFME	Association for Financial Markets in Europe
AIFMD	Alternative Investment Fund Managers Directive
BEG	Bucheffektengesetz
CAJWG	Corporate Actions Joint Working Group
CASG	Corporate Actions Sub-Group (ECB level ->Sub-Group of T2S Advisory Group; T2S-CASG)
CCP	Central Counterparty
CMU	Capital Markets Union
CSDR	Central Securities Depository Regulation
DLT	Distributed Ledger Technology
EACH	European Association of Clearing Houses
EBA	European Banking Authority
EBF	European Banking Federation
ECB	European Central Bank
ECSDA	European Central Securities Depositories Association
EP	European Parliament
EPTF	European Post Trade Forum
ESMA	European Securities and Markets Authority
E-MIG	European Market Implementation Group
FATF	Financial Action Task Force
FESE	Federation of European Securities Exchanges
FMI	Financial Market Infrastructure
FTT	Financial Transaction Tax
GMJWG	General Meetings Joint Working Group
GwG	Geldwäschereigesetz
HSG	Harmonisation Steering Group (ECB level ->Sub-Group of T2S Advisory Group)
ICMA	International Capital Market Association
ISSA	International Securities Services Association
KYC / KYCP	Know Your Customer / Counter Party
PT	Post Trade

T2S	Target2-Securities
SFTR	Securities Financing Transaction Regulation
SKSF	Schweizerische Kommission für Standardisierungen im Finanzbereich
SLL	Securities Law Legislation
SME	Small and medium-sized Enterprises
SRD	Shareholder Rights Directive
UCITS	Undertakings for Collective Investment in Transferable Securities

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