



EUROPEAN CENTRAL BANK

EUROSYSTEM

11th T2S Harmonisation Progress Report

Harmonisation of European
securities settlement and collateral
management arrangement



AMI-SeCo teleconference

2-3 December 2020

Overview

- 1 Key Messages
- 2 Overall compliance status
- 3 Non-compliant markets
- 4 Changes in compliance statuses
- 5 Finnish market
- 6 Identification of securities accounts in CA messages

Key Messages (1/2)

T2S markets have slightly increased their level of compliance with the T2S harmonisation standards, reaching a **compliance level of 89,3%** improving on the already high level of 88,7% observed in the previous report due to three non-compliance cases resolved in the review period (Hungary, Italy and Netherlands) and one market (BE-NBB SSS) assessed as non compliant.

The speed of progress has further decreased, continuing a trend that has been observed in recent years. This is explained by the difficulty in addressing the remaining non-compliance cases by T2S markets as well as the impact of the COVID-19 pandemic.

Key Messages (2/2)

The most difficult harmonisation area remains corporate actions. Nearly half of the T2S markets have yet to reach full compliance with the standards. Overall, in many of these markets the level of compliance with the corporate action (sub-) standards is high but it falls slightly short of full compliance.

The new action plan on the Capital Markets Union announced by the European Commission in September 2020 is expected to further significantly contribute to the progress on harmonising the post-trade environment of securities settlement.

Overall compliance status

Harmonisation of post-trade environment of securities settlement

Core T2S settlement harmonisation

T2S markets	1 T2S messages ISO 20022	2 T2S matching fields	3 Interaction with T2S (registration)	4 Interaction with T2S (tax procedure)	5 Schedule for the settlement day	6 T2S CA standards	7 T2S settlement finality I	8 T2S settlement finality II	9 T2S settlement finality III	10 Outsourcing IT (settlement) services	12 Settlement cycle	13 Availability of omnibus accounts	14 Restriction s on omnibus accounts	15 Securities account number	16 Cash account number	18 CA market standards (CAJWG)	23 Securities amount data
AT	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-?	B
BE - Euroclear	B	B	B	B	B	R-Q1 2021	B	B	B	B	B	B	B	B	B	R-?	B
BE - NBB SSS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-2025	B
CH	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	N/A	R-?	B
DE	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-Q4 2021	B
DK	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
EE	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
ES	B	R-?	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
FR - EF	B	B	B	B	B	R-Q1 2021	B	B	B	B	B	B	B	B	B	R-Q1 2021	R-?
FR - ID2S	B	B	B	N/A	B	R-?	B	B	B	B	B	R-2020	R-2020	B	B	R-?	B
GR – BOGS	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
HU	N/A	R-Mar 2021	B	B	B	R-Nov 2022	B	B	B	B	B	B	B	B	N/A	R-Nov 2022	B
IT	B	B	B	R-?	B	B	B	B	B	B	B	B	B	B	B	R-?	B
LT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
LU – LUX CSD	B	B	B	B	B	R-?	B	B	B	B	B	B	B	B	B	R-?	B
LV	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
MT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
NL	B	B	B	B	B	R-Q1 2021	B	B	B	B	B	B	B	B	B	B	B
PT	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-Q4 2021	B
RO	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
SI	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
SK (CDCP)	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	R-?	B
SK (NCDCP)	B	R-Q2 2021	B	B	B	R-Q2 2021	B	B	B	B	B	B	B	B	B	R-?	B

Non-compliant markets (1/2)

One market didn't submit the update

- France – ID2S.

Standard 6 and 18 – *Corporate actions*

The Corporate Events Group (CEG) reviewed the self-assessed results in November. The Standard 6 – T2S CA remains the key area of pronounced non-compliance .

Standard 2 – *T2S matching fields*

- Spain.
- Hungary: expected implementation date March 2021.
- Slovakia – NCDPCP: expected implementation date Q2 2021.

Standard 4 – *Tax information in T2S messages*

- Italy: non compliance is due to tax information concerning domestic portfolio transfers being transferred via T2S.

Non-compliant markets (2/2)

Standard 13 – *Availability of omnibus accounts*

- France – ID2S: the CSD has not yet enabled omnibus accounts for cross-CSD settlement.

Standard 14 – *Restrictions on omnibus account*

- France – ID2S: the CSD has not yet enabled omnibus accounts for cross-CSD settlement.
- France – Euroclear France: not compliant with the legal requirement to separate registered securities from bearer securities under the same ISIN at CSD level.

Standard 23 – *Securities account data*

- France – Euroclear France.

Changes in compliance statuses

Small progress has been made on compliance with the monitored T2S harmonisation standards.

This can be partly explained by the fact that the remaining non-compliance **cases are more difficult** to resolve and by the impact of the **COVID-19** pandemic.

A number of incremental improvements is not reflected in a change of status due to not resulting in full compliance.

Activity 18 CA standards follow, as of this report, the CEG methodology (only blue or red status). The change doesn't reflect a deterioration in the level of compliance, which improved for 11 markets.

T2S markets	5 Schedule for the settlement day	6 T2S CA standards	18 CA market standards (CAJWG)	
AT			G	R
BE - Euroclear			G	R
BE - NBB SSS			B	R
CH			G	R
DE			G	R
DK			G	R
EE			G	R
ES			G	R
FR - EF			G	R
FR - ID2S				
GR - BOGS				
HU	R	B		
IT		R	B	G
LT			G	R
LU - LUX CSD			G	R
LV			G	R
MT				
NL			G	B
PT			G	R
RO			G	R
SI				
SK (CDCP)				
SK (NCDP)				

Finnish Market

Migration to T2S

Finnish market

Euroclear Finland started the migration process to T2S in 2019.

The final migration date indicated by EF is **September 2023**. Feasibility analysis to be confirmed in the first half of 2021 by MIB and CSG.

	Priority 1															Priority 2	
T2S markets	1	2	3	4	5	6	7	8	9	10	12	13	14	15	16	18	23
	T2S messages	T2S	Interaction with T2S	Interaction with T2S	Schedule for the settlement day	T2S CA standards	T2S settlement finality I	T2S settlement finality II	T2S settlement finality III	Outsourcing IT (settlement) services	Settlement cycle	Availability of	Restrictions on	Securities account number	Cash account number	CA market standards (CAJWG)	Securities amount data
	ISO 20022	matching fields	(registration)	(tax procedure)								omnibus accounts	omnibus accounts				
FI	B	B	B	B	G	R-?	B	B	B	B	B	B	Y	B	G	R-?	B

Standard 6 - T2S corporate actions standards

Market Claims: full compliance requires **major technical changes**.

Standard 14 – Restriction on omnibus accounts

Full compliance with this standard may require **legislative and regulatory changes**.

Identification of securities accounts in CA messages

Identification of securities accounts in CA messages

- Question on market practices

During the discussions in relation to the SCoRE standards adaptation, the question of actual compliance with T2S harmonisation Standard 15 – *Securities account numbers* arose.

Local markets were invited to check whether T2S securities account numbers or proprietary (legacy) CSD account numbers are used to identify securities accounts in corporate actions related instructions.

Survey results

Not Applicable: SE

T2S account number – 12 markets:

AT, BE – Euroclear, BE – NBB-SSS, ES, FI,
FR – Euroclear, FR – ID2S, GR, IT, NL, PT, SI

Legacy account number – 12 markets:

CH, DE, DK, EE, HU, LT, LU, LV, MT, RO
SK – CDCP, SK – NCDP