

Summary of discussion

8TH MEETING OF EUROPEAN POST-TRADE GROUP

Hosted by European Commission

14 November 2014, 10:30 – 16:00 CET

Participants

AFME	Mr Werner Frey
BNP Paribas	Mr Marc Tibi
EACH	Mr Marcus Zickwolff
ECSDA	Mr Mathias Papenfuß
ECB-DG/MIP	Mr Markus Mayers
ECB-DG/MIP	Mr George Kalogeropoulos
ESMA	Ms Nathalie Piscione
European Commission	Mr Patrick Pearson, Chairperson
European Commission	Ms Jennifer Robertson
European Commission	Ms Agata Malczewska
Independent expert	Mr Peter Norman
ISDA	Mr George Handjinicolaou
JP Morgan Asset Management	Mr Dan Lambeth
Munich RE/DAI/European Issuers	Mr Markus Kaum
T2S Board	Mr Paul Bodart
T2S Board	Mr Yvon Lucas

1. Chairperson's introduction and approval of the agenda

The Chairperson welcomed members of the EPTG.

The agenda was adopted.

2. Updates on the ongoing initiatives

Nathalie Piscione reported on behalf of ESMA about:

- EMIR implementation:
 - The work following CCPs authorisation is ongoing,
 - the first set of the OTC mandatory clearing standards has been delivered to the Commission;
- CSDR level 2:
 - ESMA works on the draft technical standards and technical advice to the Commission,
 - public consultation planned in December;
- MiFID II/MIFIR level2:
 - ESMA prepares technical standards for consultation in December
 - ESMA prepares technical advice for delivery to the Commission in December;
- ESMA is working on the Pre-assessment Report on T2S that should be published in the coming months;
- IOSCO works on risk mitigation requirements for non-cleared derivatives.

Patrick Pearson reported on behalf of the Commission about:

- New Commission and the new structure of DG Financial Stability, Financial Services and Capital Markets Union;
- Latest developments on Capital Markets Union;
- CCP Resolution and Recovery;
- OTC Derivatives:
 - Equivalence decisions adopted on 28 October for four third countries (Australia, Japan, Singapore and Hong Kong).

- Continuing work on other jurisdictions from which CCPS have applied for recognition;
 - Commission currently analysing ESMA's draft RTS on clearing;
 - Margins for un-cleared trades: cross-border consistency and timing to be discussed in the international forum; and
 - EMIR review on 15 August 2015.
- SFTR: Negotiations in the Council are advancing. EP 1st exchange of views on 4 November with a view to adopting a report in March 2015.

Paul Bodart and Yvon Lucas reported on behalf of T2S about:

- T2S testing exercise: the results of the testing performed by the ECB over the summer finished on time and showed testing results at a level better than expected for a project of that size. On 1 October 2014, the testing with the users (the CSDs) started and is ongoing. The last phase, still ahead of T2S launch, will be community testing;
- 22 June 2015 is still the date for launch of T2S;
- AG meeting will have a full view on 26-27 November 2014;
- Harmonisation work: good work even if some markets are still "red" but the publication of the progress made market by market does produce an effective peer pressure;
- The need for a phase-in for settlement discipline: wave 1 will go with the current regimes and question how much time will be needed for its implementation.

Markus Mayers and George Kalogeropoulos reported on behalf of ECB about the new structure of DG/MIP.

3. Issues followed by the EPTG

The Group confirmed that list of issues followed by the EPTG should be a living product and as such that it should be expanded and amended whenever needed, proposed and agreed by the EPTG members. To this end, members committed to send updates for the list and their suggestions. In addition, the Group agreed:

- Point 6, Collateral: EPTG members should provide more information regarding ongoing initiatives;
- Point 7, corporate action: participants were informed of the results of the most recent E-MIG workshops and the current state of the implementation of the market standards for corporate actions processing and for general meetings; the adoption of the amended Shareholder Rights Directive should support the end-to-end communication from issuers to end investors.

4. EPTG Action List

EPTG Action 1, Diversity of communication protocols: Mathias Papenfuß explained that ECSDA is in a dialogue with SWIFT on the possible ways to stimulate non-T2S markets to move to ISO 15022/20022. However, so far there are no concrete decisions on solutions or timeframe. They, however, should be available for the next EPTG meeting.

EPTG Action 2, Intraday settlement, operating hours and deadlines: Mathias Papenfuß informed that ECSDA report will be published soon.

EPTG Action 3, Pre-settlement process harmonisation: Dan Lambeth debriefed about the communication work carried out by EFAMA and the T2S Harmonisation Steering Group task force's work on settlement cycles. CSDR Level 2 is expected to contribute to harmonisation of pre-settlement processes.

EPTG Action 4, Cross-border shareholder transparency and registration procedures: Markus Kaum provided an update explaining that gathering of information has been taking more time than initially planned. The work is in progress. The results will be published in Q1 2015.

EPTG Action 5, Exchange Traded Funds: Marc Tibi provided an update. ETFs in the EU lag behind those in the US. There will be a workshop with representatives from all relevant constituencies in January to deliberate the proposed problem statement. The outcome of the action should be the development of best practices on operational issues for the markets or, if applicable and necessary, some requests for regulation. Feedback from this workshop will be provided to EPTG.

5. Discussion on the future of the Group

The Group agreed that, although the EPTG is a unique forum, there are certain shortcomings in the organisation and working methods.

The Group offers a place for the exchange of information and views from some constituencies. It has played a very useful role in fact-finding and problem scoping. However, it has been less effective in delivering solutions.

It was agreed that a post-trade Group should be maintained with clear objectives. It should become more result oriented (beyond T2S). However, further reflection is needed on the most appropriate format, its tasks and membership. The EPTG Secretariat will prepare a note of possible options for the next EPTG meeting.