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EUROSYSTEM

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Impact analysis report

Non-compliance with T2S harmonisation standards

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1. Introduction

The T2S Board (now MIB¹), based on the input received from the T2S Advisory Group (AG, now AMI-SeCo²), published on 10 December 2013 its [View on the T2S harmonisation standards compliance framework](#) (the T2S Board View³).

In the same publication, the T2S Board invited the AG to analyse, on a case-by-case basis, the impact of a particular T2S market's non-compliance with the Priority 1 T2S harmonisation standards on the T2S community as a whole⁴. Accordingly, the AMI-SeCo should provide an advice to the MIB on the course of action to be taken.

The impact analysis is carried out whenever the respective T2S National Stakeholder Group (NSG) notifies the AMI-SeCo that it is unlikely for the respective T2S market to comply fully with one or several T2S harmonisation standards by the migration date of the relevant CSD to T2S.

The MIB view also includes a number of potential measures that the AMI-SeCo could consider when proposing to the MIB a course of action to be taken:

1. Ex ante measures
 - raise awareness of the impact analysis results to the non-compliant market;
 - escalate bilaterally with the relevant actors in the non-compliant market;
 - escalate the matter to the Governing Council of the ECB.
2. Ex-post measures:
 - postponing the deadline for compliance of the T2S market in question, if there is satisfactory evidence that the T2S harmonisation standard(s) will be met;
 - (the AMI SeCo) to consider measures of limiting the asymmetry of non-compliance with the complying T2S markets;
 - consider the postponement of the migration date of the relevant CSD, provided that non-compliance makes migration impossible from a technical and legal perspective.

¹ Market Infrastructure Board (MIB) since Q1 2016.

² The T2S AG role as per the T2S Framework Agreement, is now covered under the Advisory Group on Market Infrastructures for Securities and Collateral (AMI-SeCo) mandate.

³http://www.ecb.europa.eu/paym/t2s/pdf/View_of_the_T2S_Board_on_the_T2S_harmonisation_standards_compliance_framework.pdf?ccdface5ac02badcfedbf05b6e44e7a1

⁴ The T2S Board decided to focus the impact assessments on the Priority 1 standards which are necessary to ensure efficient and safe cross-CSD settlement in T2S. Hence, this report covers non-compliance cases identified with regards to these T2S harmonisations standards.

As of 31 August 2018, 11 T2S markets have been assessed as not fully-compliant with certain T2S harmonisation standards following their migration to T2S.

Section 2 summarises the impact of the non-compliance cases on the rest of the T2S markets, including the AMI-SeCo proposals to the MIB, which have been agreed at by the AMI-SeCo in written procedure on 21 September 2018 and have been endorsed by the MIB in written procedure on 12 October 2018.

Annex 1 provides the methodology for assessment of the non-compliant markets.

2. Summary of results

This impact analysis (version 7.0) covers the non-compliant cases summarised in the table below.

Non-compliance with	Harmonisation Standard (#6) on Corporate Actions	Harmonisation Standard (#2) on Matching Fields	Harmonisation Standard (#14) on Restriction of Omnibus Accounts	Harmonisation Standard (#4) on Interaction for Tax info
T2S markets				
AT	Medium (overall impact)			
BE – Euroclear	Medium			
DE	High			
DK	Medium			
ES		High		
FR	Medium		Medium	
HU	Medium	Low		
IT				On-going discussion ⁵
LU	Low			
NL	Medium			
SK – CDCP	Low	Low		
SK - NCDP	Low	Low		

2.1 Austria

Austrian market impact (Migration wave 4: 6 February 2017)

<u>AT non-compliance: T2S corporate actions standards</u>	
Overall impact	MEDIUM

⁵ The T2S Harmonisation Standard (#4) on Interaction for tax info is still under discussion in the HSG and is expected to evolve in the future.

<i>Severity (qualitative)</i>	<i>MEDIUM</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The Austrian market does not comply fully with the T2S CA standards. The non-compliance covers four market claims standards:

- Standards 6 and 7: to mitigate the risk of tax fraud, the Austrian market is not considering the “opt-out”, “ex” and “cum” flags when generating market claims in T2S;
- Standard 23 – the Austrian CSD does not provide to its participants a “user friendly facility” in order for them to control the interdependence of the settlement of the market claim with the settlement of the underlying transaction⁶.

During its meeting on 30 November 2016, the AG assessed the non-compliance with the above standards as having a ‘medium’ severity impact (qualitative) on the rest of the T2S Community. This is based on the assessment that in some scenarios the non-compliance would result in the need for Austrian CSD participants, as well as participants in CSDs having a link with the Austrian CSD, to manually and bilaterally generate market claims. In other scenarios, the same counterparties may need to reverse the wrongly generated market claims by the Austrian CSD. In addition, the same actors may need to wait for the settlement of market claims generated by the Austrian CSD with “on hold” status on securities accounts on which the optional facility to control settlement of market claims has been activated by the Austrian CSD participants. Similarly, there is an impact on investor CSDs, whose market claim instructions cannot match in T2S with those generated by the Austrian CSD in the scenarios when the latter does not generate market claims in accordance with the T2S CA Standards.

Only a few settlement instructions were expected to be affected per year. The reasons for this are that i) the Austrian banks agreed not to actively use the cum/ex and opt/out flags; thus few cases are expected where these flags will be used in the settlement instructions and ii) the harmonisation of the sequence of key dates used for corporate actions processing within T+2 will result in much lower volumes of market claims. The actual number of settlement instructions concerned for the period from 16 August 2017 to 15 August 2018 are:

- Standards 6 and 7 (instructions with cum/ex/opt-out indicator) : 29
- Standard 23 (claims flagged with automatic party hold at account level): 454

As this estimation is below 1,000 settlement instructions per year, the AG assessed it as having a low quantitative impact on the rest of the T2S community (see Annex 1 on the AG

⁶ Instead, OeKB provides its participants with an optional facility allowing them to indicate that all market claims, generated by the CSD on certain securities accounts, should be with ‘on hold’ status. This mechanism is against T2S CA standard 23 as also explained in the related Frequently Asked Questions documentation published by the T2S community.

agreed methodology). However, the affected volumes may increase in the future, depending on the number or relevant CSD link arrangements to be established.

Finally, since the Austrian market is not considering any plan for achieving full compliance, there is a high risk for not implementing a compliance resolution in the foreseeable future.

Past MIB decisions concerning the non-compliance case:

On 13 December 2016, the MIB:

- agreed on a medium overall impact on the rest of the T2S Community;
- requested from the Austrian market to closely monitor the affected transaction volumes and provide the relevant statistics to the MIB (via the ECB team) following its migration to T2S;
- agreed to escalate bilaterally with the relevant actors in the Austrian market regarding the lack of a plan to eventually fully comply with the T2S CA standards⁷.

On 18 December 2017, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- invited the Austrian market to develop a plan for full compliance with the remaining T2S CA standards⁸.

2.2 Belgium

2.2.1 Euroclear Belgium

BE market (EoC) impact (migration wave 3: 12 September 2016)

BE market (EoC) non-compliance: T2S corporate actions standards	
Overall impact	MEDIUM
<i>Severity (qualitative)</i>	<i>MEDIUM</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The Belgian market (EoC) complies with most T2S CA Standards on market claims and transformations, except with Transformation Standard 9 on mandatory reorganisation into multiple outturns, for which no implementation date has been defined. Regarding T2S CA standards on buyer protection, compliance is expected by the entry into force of the Belgian securities law expected in January 2019. The reasons behind this implementation gap are i) the decision of the Belgian market to delay full compliance with the transformation standard

⁷ Letter of the MIB Chairman to the AT NUG on 23 February 2017.

⁸ The Austrian market confirmed in its feedback dated 16 August 2018 that there is currently still no plan to resolve the non-compliance with T2S Corporate Action Standards 6, 7 and 23 on Market Claims.

related to compensations by multiple outturns and ii) a decision of the Belgian market to comply with the buyer protection standards at a later stage.

The gap has the following consequences:

- In the case of reorganisations with options, pending instructions that need to be transformed are only cancelled and the required transformed instructions are not generated by Euroclear Belgium;
- The key dates necessary for managing buyer protection are not always provided by Euroclear Belgium to its participants⁹.

As a consequence participants in investor CSDs, linked to Euroclear Belgium, are not able to process some types of transformations and buyer protection instructions according to the T2S CA standards. The AMI-SeCo has assessed that this non-compliance translates in a medium impact (severity) for T2S CSDs and their participants. The affected actors have to support non-standard and manual processing for managing market claims, transformations and buyer protection instructions generated in the Belgian market.

In terms of the affected volumes, non-compliance with Transformation Standard 9 does not materialise in practice on the Belgian market. Regarding the non-compliance on buyer protection standards, the exact number of affected instructions is estimated as low (less than 1000 for the period from 16 August 2017 to 15 August 2018). Furthermore, the cross-CSD volumes are estimated to be low due to the few existing CSD links between Euroclear Belgium and the other CSDs in T2S.

In order to achieve full compliance with the transformations and BP standards, the Belgian market is waiting for the entry into force of its securities law in January 2019. The exception is Transformation standard 9, i.e. the processing of transformations on multiple outturns, which is not yet scheduled to be resolved by Euroclear Belgium.

Past MIB decisions concerning the non-compliance case:

On 13 December 2016, the MIB:

- confirmed the overall medium impact of the non-compliance of the Belgian (EoC) market till March 2017. The impact is expected to be low thereafter;
- requested from the Belgian market to closely monitor the actual and the affected transaction volumes and provide the relevant statistics to the MIB (via the ECB team) as of Q2 2017.

On 18 December 2017, the MIB:

⁹ ESES has the technical capability to announce buyer protection key dates, which is only used by NL market for OTC transactions since January 2016.

- confirmed the overall medium impact of the non-compliance of Euroclear Belgium on the rest of the T2S Community;
- invited the Belgian market (Euroclear Belgium) to develop a plan for full compliance with the remaining T2S CA Standards.

2.3 Germany

German market Impact (Migration wave 4: 6 February 2017)

DE non-compliance: T2S corporate actions standards	
Overall impact	HIGH
<i>Severity (qualitative)</i>	<i>HIGH</i>
<i>Expected volume/frequency (quantitative)</i>	<i>HIGH</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The German market does not comply fully with the T2S CA standards.

Although the German market achieved a major milestone on 1 January 2017, by introducing the “record date”, the following compliance gaps are still present:

1. Market claims Standards 8, 9, 10, 14, 15 and 25: These standards refer to management of cash entitlements related to market claims. Non-compliance with these standards has a high impact on the T2S Community from qualitative perspective.
2. Market claims Standards 7, and 19: Gaps refer to the “CUM” indicator in the T2S messages and the generation of market claims only after the underlying transaction has settled. Implementation is dependent on the consent of German public authorities and agreement in the German Market Practice Committee. Non-compliance with these standards has a low impact on the T2S Community from qualitative perspective.

According to the volumes data provided by the German NSG, for the period from 16 August 2017 to 15 August 2018, the number of settlement instructions in which the cum flag was used (related to the non-compliance with Market Claim Standard 7) amounted to 182. In the same period from 16 August 2017 until 15 August 2018, Clearstream generated a total of 150 000 market claims for DE ISINs. Considering the non-compliance with Market Claim Standards 8, 9, 10, 14, 15, 19 and 25, a probable volume of over 10 000 transactions is assessed as having a high quantitative impact to the rest of the T2S community. The German NSG has committed to monitor closely the affected volumes and provide statistics to the ECB team as soon as data are available.

The German market informed the ECB team that implementation of the Market Claim standards with high impact on the T2S Community (payments on T2S DCA accounts and managing of fractions) is postponed to Q1 2019. This is due to the extended authorisation

process resulting from the CSDR application and the subsequent additional requirements to be developed and implemented in priority.

Based on the information provided by the German NSG, the AMI SeCo has concluded that the German market's non-compliance will continue having a high impact overall, both qualitative as well as quantitative, until it achieves compliance with the high impact standards, currently scheduled for 2019. The impact is expected to be low thereafter.

Past MIB decisions concerning the non-compliance case:

In April 2015, the T2S Board agreed that given the information provided by the German market, there will be a high impact of the German market non-compliance to the rest of the T2S Community for a maximum period of six months following CBF's migration to T2S. This impact is expected to be low thereafter. Based on that, the T2S Board decided to:

- raise awareness of the impact analysis results to the German market;
- monitor (via the ECB team) very closely the implementation of the compliance plan of the German market;
- ask the German NSG to provide as soon as possible to the ECB Team the relevant statistics on the settlement volumes which still will be affected by the non-compliance after the six months period.

In addition, on 13 December 2016, the MIB decided to escalate bilaterally with the relevant actors in the German market the lack of a plan to eventually fully comply with all T2S CA standards¹⁰.

On 18 December 2017, the MIB confirmed the high overall impact of the non-compliance of the German market on the rest of the T2S Community till compliance with the high impact standards is resolved.

2.4 Denmark

Danish market impact (Migration wave 3: 12 September 2016)

DK non-compliance: T2S corporate actions standards	
Overall impact	MEDIUM
<i>Severity (qualitative)</i>	<i>HIGH</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The Danish market does not comply fully with the T2S CA standards.

The implementation gap is with regards to:

¹⁰ Letter of the MIB Chairman to the DE NUG on 23 February 2017.

a) market claim standard 10, where market claims are not generated for transactions in securities serviced in Danish Kroner (DKK) which are settled on T2S.

b) market claim standard 14 where the correct tax rate is not applied for market claims on some securities, which are issued in other CSDs.

More specifically, with regards to non-compliance with MC standard 10, VP will not detect market claims on events involving DK ISINs with DKK CA payments during a transitory period (currently scheduled for October 2018)¹¹. As a consequence of the above, investor CSDs connected to VP DK, have to decide on what type of CA transaction management service they wish to provide to their participants or alternatively leave it to them to manage bilaterally with their counterparties market claims in DK ISINs, which are paying CAs in DKK. This compliance gap has a high qualitative impact from a competition perspective as it will result in an un-level playing field for the foreign entities connected to VP (investor CSDs and market participants). However, the quantitative impact is expected to be limited because of the technical limitation to settle only CA securities entitlements with DK ISINs in T2S (since DKK CA cash entitlements cannot be settled anyway in T2S). This was confirmed by the Danish NSG in August 2018, when it communicated that only 19 market claims have been affected during the period from 16 August 2017 to 15 August 2018.

When VP acts as an investor CSD, it uses the rate specified by the respective issuer CSD as specified by the market claim standard 14. However, there is one exception to that rule for two specific ISINs of securities issued by Swedish companies, which are handled in accordance with a special agreement between VP and the Swedish tax authorities. This set-up means that for these two ISINs, VP applies the Danish tax rate and not the Swedish one as required by the standards. According to statistics provided by VP DK, there were no settlement instructions affected by this non-compliance since its migration to T2S in September 2016.

The DK market has a plan to achieve full compliance with market claim standard 10 as of the moment DKK is made available in T2S. In order to resolve the non-compliance with regards to market claims standard 14, VP is currently preparing an Investor CSD link to the non-T2S Issuer CSD, which will eliminate the non-compliance issue around the two particular securities. The Danish NSG expects to have a time plan towards compliance within H2 2018.

Overall, the impact is assessed by the AMI-SeCo as being medium, but it will turn low after compliance with market claim standard 10.

Past MIB decisions concerning the non-compliance case:

¹¹ This non-compliance case is expected to be solved following the DDK migration to T2S scheduled on 29 October 2018.

On 26 April 2017, given the high severity, low volume and a lack of an implementation plan of the Danish, the MIB

- agreed on a medium overall impact on the rest of the T2S Community, which will become low after the migration of DKK on T2S;
- requested from the DK market to closely monitor the affected transaction volumes in T2S and provide the relevant statistics to the MIB (via the ECB team);
- agreed to escalate bilaterally with the relevant actors in the DK market regarding the lack of a plan to eventually fully comply with the T2S CA standards¹².

On 18 December 2017, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- invited the Danish market to develop a plan for full compliance with the remaining T2S CA Standards.

2.5 Spain

Spanish market impact (final migration wave: 18 September 2017)

ES non-compliance: T2S standard on matching fields	
Overall impact	HIGH
<i>Severity (qualitative)</i>	<i>MEDIUM</i>
<i>Expected volume/frequency (quantitative)</i>	<i>HIGH</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The Spanish market does not comply fully with the T2S standard on matching fields.

The non-compliance stems from the fact that for intra-CSD settlements on equities there is a requirement in place in the Spanish market by which the T2S optional matching field “Client of the CSD participant” is filled in with the end-investor information which is not necessarily the client of the CSD participant, and therefore results in a misuse of the matching field.

The requirement forces participants in the Spanish market which are active also in other T2S markets to support a deviating non-harmonised process for instructing and reconciling intra-CSD settlements on equities in the Spanish market. However, the Spanish market follows this practice only for intra-CSD on equities and not for cross-CSD instructions or for fixed-income securities, for which the practice is not in conflict with the T2S Standard. Therefore, the impact on the T2S Community is expected to be medium.

¹² Letter of the MIB Chairman to the DK NUG on 28 April 2017. Response from the DK NUG dated 28 June 2017.

The volumes involved are expected to be high as all the intra-CSD volumes on equities are affected.

Currently, there is no formal plan by the Spanish market to fully comply with the T2S Standard as it is and thus the risk of not achieving full compliance (as per the agreed methodology) is high. However, it is important to note that discussions are on-going on the potential ways to resolve the issue. In its August 2018 feedback, the Spanish NSG informed that the Spanish Community supported a proposal from Iberclear to suggest an editorial change in the T2S UDFS. Iberclear committed to present the details of the proposal to the T2S HSG at its next meeting.

2.6 France

2.6.1 T2S Corporate Actions standards

FR market impact – T2S CA standards (migration wave 3: 12 September 2016)

FR non-compliance: T2S corporate actions standards	
Overall impact	MEDIUM
<i>Severity (qualitative)</i>	<i>MEDIUM</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The French market (EoC FR) does not comply fully with the T2S CA Standards on market claims, transformations and buyer protection¹³. The reasons behind this implementation gap are i) the non-compliance of the French market with the underlying EU market standards¹⁴ (for elective CAs), ii) the decision of the French market to delay full compliance with the market claims and transformations standards related to managing fractions in the case when the reference price is available prior to the end of day on Record Day (RD) and for compensations by multiple outturns and iii) a decision of the French market to comply with the buyer protection standards at a later stage.

The gap has the following consequences:

- Market claims related to fractions on securities entitlements in the case when the reference price is available prior to end of day on Record Day (RD) and on multiple outturns are not generated by Euroclear France;

¹³ The French part of the ESES platform was not upgraded by Q1 2018 like the Belgian and Dutch parts to enhance the compliance level with T2S CASG Standards on Transformations and to fully comply with T2S CASG Standards on Buyer Protection. The new implementation date is now scheduled for Q4 2018.

¹⁴ Corporate Actions Joint Working Group (CAJWG) standards

- In the case of reorganisations with options, pending instructions that need to be transformed are only cancelled and the required transformed instructions are not generated by Euroclear France. In addition, transformations related to fractions on securities entitlements in the case when the reference price is available prior to end of day on RD and transformations in the case of multiple outturns are not processed by Euroclear France;
- The key dates necessary for managing buyer protection are not always provided by Euroclear France to its participants¹⁵.

As a consequence participants in investor CSDs, linked to Euroclear France, are not able to process some types of market claims, transformations and buyer protection instructions fully according to the T2S CA standards. The AMI-SeCo has assessed that this non-compliance translates in a medium impact (severity) for T2S CSDs and their participants. The affected actors have to support non-standard and manual processing for managing market claims, transformations and buyer protection instructions generated in the French market.

In terms of the affected volumes, the non-compliance with Market Claim Standard 11 (i.e. processing of cash compensation of the fractional part in case of stock distribution if the reference price is available prior end of record date) and with Transformation Standard 11 (on mandatory reorganisation in outturn securities fractions without options) does not materialise in practice in the French market. The non-compliance with Transformation Standard 9 does also not materialise in practice in the French market. Regarding the non-compliance on buyer protection standards, the exact number of affected instructions is estimated as low (less than 1000 for the period from 16 August 2017 to 15 August 2018). Furthermore, the cross-CSD volumes are estimated to be low due to the few existing CSD links between Euroclear France and the other CSDs in T2S.

The plan of the French market is to improve its compliance with almost all T2S CA standards in Q4 2018. The exception is transformations Standard 9, i.e. the processing of transformations on multiple outturns, which are not yet scheduled to be resolved by Euroclear France.

Past MIB decisions concerning the non-compliance case:

On 13 December 2016 the MIB:

- confirmed the overall medium impact of the non-compliance of the French market till March 2017. The impact is expected to be low thereafter;
- requested from the French market to closely monitor the actual and the affected transaction

¹⁵ ESES has the technical capability to announce buyer protection key dates, which is only used by NL market for OTC transactions since January 2016.

volumes and provide the relevant statistics to the MIB (via the ECB team) as of Q2 2017.

On 18 December 2017, the MIB:

- confirmed a medium overall impact on the rest of the T2S Community;
- invited the French market to develop a plan for full compliance with the remaining T2S CA Standards.

2.6.2 Restrictions on Omnibus Accounts

FR market impact – Restrictions on Omnibus Accounts (migration wave 3:12 September 2016)

FR non-compliance: T2S standard on restrictions on omnibus accounts	
Overall impact	MEDIUM
<i>Severity (qualitative)</i>	<i>HIGH</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

There is a legal requirement in France to segregate holdings in dedicated accounts based on the legal form of the security (i.e. bearer or fully registered)¹⁶. The requirement also applies on omnibus accounts of Investor CSDs; i.e. two distinct omnibus accounts are required for the servicing of registered and bearer securities. As a result, the French market is not compliant with the T2S standard on Restrictions on Omnibus accounts” due to the obligation for Investor CSDs and their participants to replicate the account segregation requirement in their books down the holding chain; i.e. requirement to open two mirror accounts, one for bearer and one for registered securities mapped to the two omnibus accounts in Euroclear France.

This mandatory replication down the holding chain presents a number of high impact functional/IT and non-standard operational challenges to the T2S community, hampering the T2S key objective of facilitating efficient harmonised cross-border settlement.

Volumetric measurements showed that there were around 500 affected cross-border transactions on fully registered securities per year¹⁷. Furthermore, the opening of additional accounts for the servicing of French registered securities was, in many cases, imposed on Investor CSDs and their participants in order to comply with their respective client service level agreements (e.g. settlement services should be made available on all French securities independently of the legal form of the security). According to estimates, around 500 participants in Investor CSDs, which hold French securities, may be affected. This would translate into the need for these Investor CSDs to open 500 additional securities accounts for their clients in T2S.

¹⁶ The two forms of the security are represented by a single ISIN.

The risk of non-achieving full compliance is high as there is not yet a defined implementation plan by the French market to achieve full compliance with the standard. No solution is expected in the short term (e.g. using separate ISINs for bearer and registered forms of a security as done by other markets), provided the legal nature of the requirement.

The above factors make the overall impact on the T2S community resulting from the French market's non-compliance to be considered as medium. However, this assessment could change provided that the cross-CSD volumes of registered securities increase significantly in the future.

Past MIB decisions concerning the non-compliance case:

On 13 December 2016, the MIB:

- agreed on an overall medium impact on the T2S Community;
- requested from the French market to closely monitor the actual and affected transaction volumes and provide the relevant statistics to the MIB (via the ECB team);
- agreed to escalate bilaterally with the relevant actors in the French market regarding the lack of a plan to eventually fully comply with the T2S standard on restrictions on omnibus accounts¹⁸.

On 18 December 2017, the MIB:

- confirmed on a medium overall impact on the rest of the T2S Community;
- invited the French market to develop a plan for full compliance with the T2S Standard on Omnibus Account.

2.7 Hungary

2.7.1 T2S Corporate Actions standards

Hungarian market impact (migration wave 4: 6 February 2017)

HU non-compliance: T2S corporate actions standards	
Overall impact	MEDIUM
<i>Severity (qualitative)</i>	<i>HIGH</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Hungarian market does not comply fully with the T2S CA standards. The non-compliance refers to market claims on transactions in equities, which are not detected and generated by

¹⁷ Figures have not yet been provided for the period from 16 August 2017 to 15 August 2018.

¹⁸ Letter of the MIB Chairman to the FR NUG 23 February 2017. Response from the FR NUG dated 29 May 2017.

the Hungarian CSD (KELER). Furthermore, the Hungarian market has decided to opt-out, by default, from the generation of market claims and transformation until the introduction of the new system, which would allow A2A interaction with T2S.

Manual intervention is required by CSD participants (including Investor CSDs) to detect and generate market claims bilaterally where relevant. During the transitory period, the counterparties have to inform KELER for each transaction for which they would like CAs on flow to be generated. Similarly, in some cross-CSD transactions, this requires the Investor CSD to either i) recognise the scenarios where KELER will not generate market claims or ii) cancel in T2S the already generated market claim which will not match in T2S due to the fact that KELER does not generate the corresponding leg of the market claim instructions. Thus the qualitative impact on the T2S Community is estimated to be high.

The number of settlement instructions impacted, i.e. the expected volume of non-generated market claims, is estimated to be very low. This is due to the fact that in practice almost all market claims that would need to be generated involve cash entitlements in the domestic currency (HUF), i.e. they have to be generated outside T2S. As a result, only transactions involving securities entitlements or cash entitlements in EUR are affected. The following estimates have been provided by the Hungarian market on the affected volumes:

- For HU-ISINs the estimated number of settlement instructions impacted by market claim and transformations – for FOP and HUF DVP pending transactions on RD is estimated to be around 400-600 per year for equities (mostly dividend payment in HUF) and 100-200 per year for bonds (mostly interest payments in HUF)
- For non-HU ISINs the volume of settlement instructions affected for the period from 16 August 2017 to 15 August 2018 was 0 for the most liquid foreign equities traded in Hungary.

The opt-out field will be populated by the counterparties, and not with a default opt-out indicator, as of the introduction of KELER's new A2A system. The introduction of their new A2A system has been postponed to 31 August 2020 and the full compliance with the T2S CA Standards has now been rescheduled by end 2020.

Past MIB decisions concerning the non-compliance case:

On 13 December 2016, given the high severity, low volume and an implementation plan to achieve full compliance with all T2S corporate action standards by end 2017, the MIB agreed on a medium overall impact of the non-compliance of the Hungarian market on the rest of the T2S Community.

On 18 December 2017, the MIB confirmed a medium overall impact on the rest of the T2S Community and invited the Hungarian market to develop a plan for full compliance with the remaining T2S CA Standards.

2.7.2 T2S Matching fields

Hungarian market impact (migration wave 4: 6 February 2017)

HU non-compliance: T2S standard on matching fields	
Overall impact	LOW
<i>Severity (qualitative)</i>	<i>LOW</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Hungarian market does not comply fully with the T2S standard on matching fields.

Non-compliance is limited to a subset of intra-CSD settlement activity, where KELER continues to follow its current matching practices in its legacy platform before sending the instructions to T2S, in an already matched status.

The non-compliance is due to the fact that KELER does not use some of the T2S matching fields (and not due to the usage of some proprietary matching fields) when matching takes place in the legacy platform¹⁹. The non-compliance issue is not applicable when matching takes place in T2S, i.e. DCPs' or cross-CSD instructions, since this is only possible by following the T2S matching fields. The only actors, which are affected, are the HU market participants, which have to support two different processes for matching when they are settling in KELER and for their cross-CSD settlements in T2S. This will result in low severity impact on the T2S Community.

The number of impacted EUR DVP transactions for the period from 16 August 2017 to 15 August 2018 was 300. The Hungarian market has committed to comply with this standard for all settlements by 31 August 2020, in line with the rescheduled project plan for core system modernisation and the implementation of A2A connectivity to T2S.

¹⁹ As a consequence and for some T2S matching fields, KELER will use default values: opt-out indicator (NOMC), ex-cum indicator (blank), common trade reference (blank), Client of the CSD participant (blank) when the instruction is submitted to T2S for settlement as "already matched". It should be mentioned that even if the default value of the opt-out field will be NOMC, the counterparties could indicate to KELER that this field is blank as well

Past MIB decisions concerning the non-compliance case:

On 13 December 2016, given the low severity, low volume and an implementation plan to achieve full compliance with the T2S standard on matching fields by 3 July 2017, the MIB agreed on a low overall impact of the non-compliance of the Hungarian market on the rest of the T2S Community.

On 18 December 2017, the MIB confirmed the medium overall impact on the rest of the T2S Community and invited the Hungarian market to develop a plan for full compliance with the remaining T2S CA Standards.

2.8 Italy

Italian market impact (Migration wave 1: 31 August 2015)

This non-compliance case is listed here for the sake of completeness and consistency with the outcomes of the 2018 AMI-SeCo milestone report to which this non-compliance impact analysis is annexed. However, in so far as the AMI SeCo mandated on 22 June 2018 the HSG to continue working on the review of this standard to allow the transmission of tax information in T2S settlement messages, the T2S Standard (4) on tax info requirement is expected to evolve in the future²⁰.

At the current stage of the discussion, the Italian market does not fully comply with the T2S standard on tax info requirement for transactions related to portfolio transfers.

According to the T2S standard on tax info requirement, tax-related information for domestic and cross-CSD transactions is not to be passed via T2S messages. However, the Italian market has defined a Market Practice to manage Portfolio Transfer through T2S. It implies to include in T2S messages some details regarding the portfolio to be transferred, that can be used for calculating future taxation. This additional details are related to data stored at the level of the custodian bank who is delivering portfolio that are to be passed to the new custodian to guarantee continuity to the securities holder.

In transactions not related to portfolio transfers the Italian market fully complies with the standard. This also implies that the non-compliance case would be resolved once a common approach to portfolio transfers is agreed and – in line with the AMI-SeCo's decision in June 2018 – the standard is potentially amended to take this common approach into account.

²⁰ In light of the prevailing practices in some communities which use settlement messages to convey such information for portfolio transfers, a proposed reformulation is being worked out by the HSG which would allow the transmission without endangering the objective of harmonisation and without having an effect on other parties in T2S. For further details, see the outcome of the June 2018 meeting of the AMI-SeCo.

With a view to this and the on-going discussion a formal impact assessment is not presented on this non-compliance case.

2.9 Luxembourg

Luxembourgish (LuxCSD) market impact (Migration wave 4: 6 February 2017)

LU (LuxCSD) non-compliance: T2S corporate actions standards	
Overall impact	LOW
<i>Severity (qualitative)</i>	<i>LOW</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Luxembourgish market (LuxCSD) is compliant with most T2S CA standards, except for market claims Standard 23.

With regards to non-compliance with market claims standards no. 23, although, LuxCSD *detects* the market claims according to the T2S CA Standards, it *generates* and *sends* the market claims instructions for settlement to T2S only after the underlying transactions have settled (instead of immediately after detection of the market claim as required by the T2S standards). This practice is followed for market claims on all transactions settled on the accounts in the books of LuxCSD irrespectively of the underlying ISIN. The reasoning for applying this process is that i) it guarantees today's quality/level of service to their customers and ii) it mitigates the risk of errors or even abuse in case of non-settlement of the underlying transactions.

According to the volume provided by the LU NSG, the affected settlement instructions will be less than 1,000 per year. In particular, the actual affected volumes communicated by LuxCSD for the period from 16 August 2017 to 15 August 2018, was a total of 9 market claims. This is assessed as having a low quantitative impact to the rest of the T2S community (for the methodology see Annex 1).

The LU market (LuxCSD) has elaborated a plan to achieve full compliance with the T2S CA Standards, which aims to achieve full compliance with standard 23 by end 2018.

Past MIB decisions concerning the non-compliance case:

On 26 April 2017, given the low severity, low volume and a lack of an implementation plan of the Luxembourgish market (LuxCSD), the MIB:

- agreed on a low overall impact on the rest of the T2S Community;
- requested from the Luxembourgish market to closely monitor the affected transaction volumes in T2S and provide the relevant statistics to the MIB (via the ECB team);

- agreed to escalate bilaterally with the relevant actors in the Luxembourgish market regarding the lack of a plan to eventually fully comply with the T2S CA standards²¹.

On 18 December 2017, the MIB confirmed the low overall impact on the rest of the T2S Community.

2.10 Netherlands

Euroclear (NL) market impact (migration wave 3: 12 September 2016)

NL non-compliance: T2S corporate actions standards	
Overall impact	MEDIUM
<i>Severity (qualitative)</i>	<i>MEDIUM</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>HIGH</i>

The Dutch market (Euroclear Nederland) complies with all T2S CA standards, except with Transformation Standard 9 on mandatory reorganisation without options, for which no implementation date has been defined. The reason behind this implementation gap is the decision of Euroclear to delay full compliance with the transformation standard related to compensations by multiple outturns.

The gap has the following consequences:

- In the case of reorganisations with options, pending instructions that need to be transformed are only cancelled and the required transformed instructions are not generated by Euroclear Nederland.

As a consequence participants in investor CSDs, linked to Euroclear Nederland, are not able to process some types of transformations fully according to the T2S CA standards. The AMI-SeCo has assessed that this non-compliance translates in a medium impact (severity) for T2S CSDs and their participants. The affected actors have to support non-standard and manual processing for managing some transformation instructions generated in the Dutch market.

In terms of the affected volumes, regarding the non-compliance on transformation Standard 9, the exact number of affected instructions is estimated as low because the occurrence of multiple outturns for mandatory events is rare on the Dutch market. Furthermore, the cross-CSD volumes are estimated to be low due to the few existing CSD links between Euroclear Nederland and the other CSDs in T2S.

²¹ Letter of the MIB Chairman to the LU NUG on 27 April 2017.

The plan of the Dutch market achieved full compliance with almost all T2S CA standards in Q1 2018. The exception is transformation Standard 9, i.e. the processing of transformation on multiple outturns, which are not yet scheduled to be resolved by Euroclear Netherland.

On 13 December 2016, the MIB:

- confirmed the overall medium impact of the non-compliance of the Dutch market till March 2017. The impact is expected to be low thereafter;
- requested from the Dutch market to closely monitor the actual and the affected transaction volumes and provide the relevant statistics to the MIB (via the ECB team) as of Q2 2017.

On 18 December 2017, the MIB:

- confirmed on a medium overall impact on the rest of the T2S Community;
- invited the Dutch market to develop a plan for full compliance with the remaining T2S CA Standards.

2.11 Slovakia

2.11.1 CDCP

2.11.1.1 T2S standard on matching fields

Slovakian market (CDCP) impact (migration wave 4: 6 February 2017)

SK (CDCP) non-compliance: T2S standard on matching fields	
Overall impact	LOW
<i>Severity (qualitative)</i>	<i>LOW</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Slovakian market does not comply fully with the T2S standard on matching fields. The Slovakian market will use matching fields in the legacy matching engine of the Slovakian CSD (CDCP) which are not part of the T2S list of matching fields.

These matching fields are used in domestic transactions which are not available to T2S directly connected parties (DCPs). These transactions are therefore not available for T2S cross-CSD settlement, although they are settled in securities accounts maintained on T2S.

Therefore, CDCP’s participants willing to use these market specific operations, i.e. securities in co-ownership and pledged securities, have to do it via sending their settlement instructions in Indirectly Connected Parties (ICP) mode to the legacy system of CDCP. Following matching in CDCP, “already matched instructions” will be sent to T2S for settlement.

According to CDCP, the number of such transactions with securities held in co-ownership on an annual basis was low. For the period from 16 August 2017 to 15 August 2018, the total number of transactions that involved securities in co-ownership was 0 transaction and 0 ISINs,

while the total number of transactions that involved pledged securities was 18 transactions that represent 11 ISINs.

The Slovakian market plans to address this issue by 1 March 2019.

Based on the above, the Slovakian market’s non-compliance is assessed by the AMI SeCo as having a “LOW” overall impact on the T2S Community.

Past MIB decisions concerning the non-compliance case:

On 22 February 2016, the MIB (then T2S Board) agreed on an overall low impact on the rest of the T2S Community. In addition it decided to:

- raise awareness of the impact analysis results (by means of the AG publishing the Impact Analysis Report);
- monitor (via the ECB team) the implementation plan of the Slovakian market.

In addition, on 13 December 2016, and given the lack of plan to achieve full compliance with T2S standard on matching fields, the MIB decided to escalate bilaterally with the relevant actors in the Slovakian market regarding the lack of a plan to eventually fully comply with the T2S standard on matching fields²².

On 18 December 2017, the MIB:

- confirmed on a low overall impact on the rest of the T2S Community;
- invited the Slovakian market to develop a plan for full compliance with the T2S Standard on Matching fields.

2.11.1.2 T2S Corporate Action Standards

Slovakian market (CDCP) impact (migration wave 4: 6 February 2017)

Slovakian (CDCP) non-compliance: T2S corporate actions standards	
Overall impact	LOW
<i>Severity (qualitative)</i>	<i>LOW</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Slovakian market complied with the T2S CA standards by end of March 2018, but was requested in June 2018 by the AMI SeCo CASG to make the Buyer Protection Instruction template publicly available on its website.

²² Letter of the MIB Chairman to the SK NUG on 23 February 2017. Response from the SK NSG dated 10 July 2018.

In terms of implementation date, CDCP envisaged to publish the missing Buyer-Protection Key Data by 30 September 2018.

2.11.2 NCDCP

2.11.2.1 T2S standard on matching fields

Slovakian market (NCDCP) impact (migration 30 October 2017)

SK (NCDCP) non-compliance: T2S standard on matching fields	
Overall impact	LOW
<i>Severity (qualitative)</i>	<i>LOW</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Slovakian market (NCDCP) does not comply fully with the T2S standard on matching fields. In particular, matching in the legacy system of NCDCP is not compliant with the T2S standards, because the transaction code is a mandatory matching field in order to prevent incorrect intra-CSD matching of e.g. ordinary OTC trades with securities transfer stemming from inheritance, matching of instruction with available securities with instruction with pledged securities, etc.

Therefore, NCDCP's participants willing to use these market specific operations, i.e. securities in co-ownership and pledged securities, have to do it via sending their settlement instructions in Indirectly Connected Parties (ICP) mode to the legacy system of NCDCP. Following matching in NCDCP, "already matched instructions" will be sent to T2S for settlement. However, the impact can be considered low for DCPs and Investor CSDs in T2S, which decide not to engage in cross-border business with securities held in co-ownership in NCDCP. Furthermore, what limits the negative impact is that currently NCDCP has only one link with the other Slovakian CSD – CDCP SR.

The number of such transactions with securities held in co-ownership and pledges for the period from 16 August 2017 to 15 August 2018 is 0.

The Slovakian market planned to address this issue by 1 March 2019.

Based on the above, the Slovakian market's non-compliance is assessed by the AG as having a "LOW" overall impact on the T2S Community.

2.11.1.2 T2S Corporate Action Standards

Slovakian market (NCDCP) impact (migration 30 October 2017)

Slovakian (NCDCP) non-compliance: T2S corporate actions standards	
Overall impact	LOW

<i>Severity (qualitative)</i>	<i>HIGH</i>
<i>Expected volume/frequency (quantitative)</i>	<i>LOW</i>
<i>Risk of not achieving full compliance</i>	<i>MEDIUM</i>

The Slovakian market (NCDCP) does not comply with the T2S CA standards on transformations and buyer protection, and complies with only 68% of the T2S CA standards on market claims. In particular, currently NCDCP does not do transformations (by cancelling and replacing) transactions and has not implemented the buyer protection standards.

The non-compliance of the Slovakian CSD in a cross-CSD scenario may result in lack of matching of instructions related to transformations if the other CSD generates the instructions in accordance with the standards. Similarly, standardised BP will not be possible in T2S for NCDCP participants. Thus there is a high severity in the case of non-compliance.

In terms of the affected volumes, the affected volume for the period from 16 August 2017 to 15 August 2018 is zero.

The Slovakian market (NCDCP) plans to become fully compliant with the T2S CASG standards by end 2019.

Based on the above, the Slovakian market's (NCDCP) non-compliance is assessed as having a "LOW" overall impact on the T2S Community.

3. AMI-SeCo proposals to MIB

Following its written consultation on 21 September 2018, and based on the AMI-SeCo advice, the Market Infrastructure Board took the following decisions²³:

Austria

T2S Corporate Actions Standards

Given the medium severity of non-compliance, low volumes and lack of an implementation plan for full compliance, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- reiterated its invitation to the Austrian market to develop a plan for full compliance with the remaining T2S CA Standards.

Belgium

Euroclear Belgium

T2S Corporate Actions Standards

Given the medium severity of non-compliance, low volumes and lack of an implementation plan for full compliance, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- reiterated its invitation to the Belgian market (Euroclear Belgium) to develop a plan for full compliance with the remaining T2S CA Standards.

Germany

Given the lack of compliance with the high impact T2S CA standards, the MIB confirmed the high overall impact of the German market's non-compliance on the rest of the T2S Community till full compliance with the high impact standards is resolved.

Denmark

T2S Corporate Actions Standards

Given the high severity of non-compliance, low volumes and lack of an implementation plan for full compliance, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;

²³ The Italian case related to the T2S harmonisation standard on Tax info requirement is not listed here, as the AMI-SeCo mandated on 22 June 2018 the HSG to review this standard, which is expected to evolve in the near future (see <http://www.ecb.europa.eu/paym/initiatives/shared/docs/90363-ami-seco-2018-06-22-outcome.pdf>).

- reiterated its invitation to the Danish market to develop a plan for full compliance with the remaining T2S CA Standards.

Spain

T2S Matching fields

Given the medium severity, high volume and lack of plan to achieve full compliance, while taking note of the on-going discussion within the AMI-SeCo HSG, the MIB:

- confirmed the high overall impact on the rest of the T2S Community;
- requests from the Spanish market to closely monitor the affected transaction volumes in T2S and provide the relevant statistics to the MIB (via the ECB team);
- reiterated its invitation to the Spanish market to develop a plan for full compliance with the T2S standard on matching fields.

France

T2S Corporate Actions Standards

Given the medium severity of non-compliance, low volumes and lack of an implementation plan for full compliance, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- reiterated its invitation to the French market to develop a plan for full compliance with the remaining T2S CA Standards.

T2S Standard on Restrictions on Omnibus Accounts

Given the high severity of non-compliance, low volumes and lack of an implementation plan for full compliance, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- reiterated its invitation to the French market to develop a plan for full compliance with the T2S Standard on Omnibus Account.

Hungary

T2S corporate actions standards

Given the high severity of non-compliance, low volume and lack of an implementation plan to achieve full compliance with all T2S corporate action standards, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- took note of the Hungarian market's plan for full compliance with the remaining T2S CA Standards.

T2S standard on matching fields

Given the low severity, low volume and lack of an implementation plan to achieve full compliance, the MIB:

- confirmed the low overall impact on the rest of the T2S Community;
- took note of the Hungarian market's plan for full compliance with the T2S Standard on matching fields.

Luxembourg

LuxCSD

T2S corporate actions standards

Given the low severity, low volume and an implementation plan to fully comply with the T2S CA Standards, the MIB:

- confirmed the low overall impact on the rest of the T2S Community;
- took note of the Luxembourgish market's plan for full compliance with the remaining T2S CA Standards.

Netherlands

T2S Corporate Actions Standards

Given the medium severity of non-compliance, low volumes and lack of an implementation plan for full compliance, the MIB:

- confirmed the medium overall impact on the rest of the T2S Community;
- reiterated its invitation to the Dutch market to develop a plan for full compliance with the remaining T2S CA Standards.

Slovakia

CDCP

T2S Corporate Actions Standards

Given the medium severity of non-compliance, low affected volumes and an implementation plan for full compliance, the MIB:

- agreed on a low overall impact on the rest of the T2S Community;
- took note of the Slovakian market's (CDCP) plan for full compliance with the remaining T2S CA Standards.

T2S Standard on Matching fields

Given the low severity of non-compliance, low volumes and an implementation plan for full compliance, the MIB:

- confirmed the low overall impact on the rest of the T2S Community;

- took note of the Slovakian market's plan for full compliance with the T2S Standard on Matching fields.

NCDCP

T2S standard on matching fields

Given the low severity of non-compliance, estimated low volumes and an implementation plan for full compliance, the MIB:

- confirmed on a low overall impact on the rest of the T2S Community;
- took note of the Slovakian market's (NCDCP) plan for full compliance with the T2S standard on matching fields.

T2S Corporate Actions Standards

Given the high severity of non-compliance, low volumes and an implementation plan for full compliance, the MIB:

- confirmed on a low overall impact on the rest of the T2S Community;
- took note of the Slovakian market's (NCDCP) plan for full compliance with the remaining T2S CA Standards.

In addition the Market Infrastructure Board:

- will continue to monitor, with the help of the AMI-SeCo and the ECB team, the implementation plans of all markets covered in the impact analysis report. The ECB team will report on the monitoring results and any other relevant developments to the MIB during its meetings.
- invites the AMI-SeCo to reflect on potential enhancements to the existing monitoring framework and acting on non-compliance cases by the T2S community

Annex 1: Methodology for assessment of non-compliant markets

For the purposes of being able to compare consistently the different cases of non-compliance, the AG/AMI-SeCo used three assessment categories. When reading the assessment of non-compliance below, the reader should take into account the following definitions:

Assessment Category	Definition of grades for the respective category
<p>Severity (qualitative)</p> <p>is a qualitative assessment of the impact on the T2S community, i.e. the level of adaptation needed by users and investor CSDs to manage non-standard settlement in T2S.</p>	<p>HIGH</p> <p>Complex adaptation required from users/investor CSDs to adapt to non-standard processing. It may involve setting up of restriction rules by Investor CSDs, onerous manual processing or require IT development to implement deviating processing for the respective market.</p> <p>MEDIUM</p> <p>Significant adaptation is required from users/investor CSDs to adapt to non-standard processing. This may require IT development to implement deviating processing for the respective market or involve regular use of manual processing.</p> <p>LOW</p> <p>Small or no IT adaptations required from users/investor CSDs to adapt to non-standard processing. Some manual processing may be required or processing in T2S could be delayed.</p>
<p>Expected volume/frequency (quantitative)</p> <p>is a quantitative assessment of the number of settlement instructions that will require non-standard processing in T2S.</p>	<p>On the basis of affected estimated/current volumes of the respective markets in T2S the following criteria for this category have been defined:</p> <p>HIGH</p> <p>In absolute terms, the estimate is that more than 10,000 instructions per year in T2S will be affected.</p> <p>MEDIUM</p> <p>In absolute terms, the estimate is that 1,000 – 10,000 instructions per year in T2S will be affected.</p> <p>LOW</p> <p>In absolute terms, the estimate is that less than 1,000 instructions per year in T2S will be affected.</p> <p>Where available relative figures (% of volume) are also provided.</p>
<p>Risk (of not achieving full compliance)</p> <p>is an assessment of whether a plan for full compliance exists and how far the implementation date of that plan is from migration/implementation date.</p>	<p>HIGH</p> <p>No commitment/concrete plan by a market to reach full compliance with a T2S standard by a certain date.</p> <p>MEDIUM</p> <p>There is a commitment/concrete plan of a market to achieve full compliance with a T2S standard but the implementation date is more than 9 months after its migration to T2S.</p> <p>LOW</p> <p>There is a commitment of a market to achieve full compliance with a T2S standard no later than 9 months after migration to T2S.</p>