

# Guiding Principles



The Market Standards for Corporate Actions Processing and for General Meetings are part of the efforts made by the industry towards harmonising and streamlining securities operational processes across Europe. The responsibility for the actual implementation of the standards by market participants resides at local level with the national Market Implementation Groups (MIGs). Coordination and monitoring is ensured, at European level, by an all-inclusive Broad Stakeholder Group of the relevant European trade associations which sponsor the process of Market Standards. Progress in implementing the Standards is ultimately reported to the European Commission. These are Guiding Principles which aim at assisting the national MIGs in their efforts.

## Market Standards for Corporate Actions Processing & for General Meetings:

### 1. aim at removing cross-border obstacles to an efficient Single Market

Market Standards aim at eliminating obstacles to an efficient Single European Market for cross-border holdings of securities as they were first identified by the Giovannini Group in 2001. They address the issues faced by (foreign) investors to exercise their rights related to the securities they hold. In this respect, Market Standards support EU policies to promote the Single Market in financial services in general, so that cross-border investment activities are encouraged and that post-trade service providers are better able to support their customers in these activities.

### 2. are based on industry best practices

Market Standards are based on best practices which have been identified, and endorsed, by the whole securities' industry as 'state-of-the-art' principles. As a consequence, they rely on a broad acceptance by market participants as no one has the power to enforce implementation of the standards. The industry cannot, however, act in isolation. Public authorities need to take the necessary actions for removing the legal, administrative and regulatory obstacles which could impede an effective and comprehensive implementation of the Market Standards.

### 3. are based on the issuer as source information

Issuers are responsible to provide clear information and documentation. They have to provide the source information ('golden copy') in order to ensure communication down the whole securities value chain. The information flow throughout the chain of relevant parties starts from the issuer via the (I)CSD and the intermediaries to the end-investor. The use of an agent, be it on behalf of the issuer, issuer CSD or intermediaries, is [also] in compliance with the Market Standards.

# Market Standards for Corporate Actions Processing & for General Meetings:

## 4. aim at encouraging greater use of standardised end-to-end communication

Market Standards facilitate 'Straight-through processing' (STP) from issuer to end-investor, which is warranted by electronic communication using industry standards, such as the ISO standards.

## 5. aim at more efficiency in processing, therefore reducing operational costs and risks

The processing of corporate actions is often complex and remains fragmented in Europe. The Market Standards aim at bringing more efficiency in (cross-border) processing in order to reduce the manual processing of instructions/transactions. While this should undoubtedly diminish complexity, it would also ultimately reduce operational costs and risks throughout the securities value chain. These costs would otherwise be passed on to pension funds and other investors.

## 6. contribute to the regulatory agenda of increasing the safety and stability of financial markets

By reducing complexity, the Market Standards bring more safety, therefore contributing to increasing the stability of Europe's financial markets in a post-crisis environment.

## 7. contribute to investor protection and better corporate governance

The Market Standards ensure that the end-investor receives all relevant information that flows from his holdings in regard of corporate action events and general meetings. By ensuring better communication between companies and investors, the Market Standards contribute to better dialogue and more informed voting in corporate governance and thus to increased investor protection.

## 8. are beneficial for the efficiency of T2S

While Market Standards are not, strictly speaking, necessary for the launch of Target2-Securities (T2S), they are beneficial for the efficiency of the single settlement platform operated by the Eurosystem. The Market Standards provide also the basis for the T2S corporate actions standards on flows, i.e. the T2S rules for the management of market claims, transformations and buyer protection in respect of pending transactions.

## 9. contribute to the harmonisation of Europe's post-trade environment

Market Standards seek to establish harmonised operations and processing rules across Europe (EU and EFTA countries) which benefit all market participants and contribute to an effective harmonisation of the European post-trade landscape. Market Standards interact with regulations affecting market infrastructures and post-trade activities. In this respect, the Market Standards are a truly European project supporting market integration and achieving cross-border harmonisation in securities' processing for the benefit of the European economy as a whole. While the Market Standards first aim at removing cross-border obstacles, they are also of interest in a domestic context. By defining best market practices across the industry and across Europe, they replace national legacy standards through a benchmark for modern and competitive capital markets in Europe.