



# **ECSA Corporate Actions Workshop**

- Brussels, 18 & 19 January 2006 -

## **Gap Analysis Results**



## Gap Analysis Results – Notification (1)

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- Most difficult aspect of the recommendations
- Various actors with various constraints (issuers, intermediaries,...)
  
- Distribution channel and formats
  - Non discriminatory basis is usually not an issue
  - But still lot of non electronic and very few in a standards form
  - English summary rarely made available
- Obstacles
  - Legal : Obligation to use certain channels
  - Cost : Availability/Costs of using standard format



## Gap Analysis Results – Notification (2)

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- Systematic announcement
  - Much reliance on static data for fixed income
  - Cash Dividend and General Assembly information
  
- Obstacles
  - Clear SLA
  - Established practices



## Gap Analysis Results – Notification (3)

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- Timing of announcement and updates
  - Not really an issue for the first announcement, even if it may not contain all details
  - but electronic communication could be improved
  
- Obstacles
  - Cost of electronic communication
  - Existing practices



## Gap Analysis Results – Dates (1)

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- Record Date (RD)
  - Split between explicit and implicit record date and in the latter case often before the Ex Date
  - Timing of the RD – close of business vs. start of business
  - Mostly set by the issuers
  
- Obstacles
  - Legal : notion of explicit RD must exist
  - Major impact (cost) to swap order of dates borne by limited user base.



## Gap Analysis Results – Dates (2)

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- Ex Date (XD)
  - Relationship with the RD.
  - Entity setting the ex date varies across countries
  - Fixed Income quoted in units requiring ex date
  
- Obstacles:
  - Issues in units
  - Roles of defining ex date

## Gap Analysis Results – Dates (3)

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- Payment Date (PD)
  - Not always announced upfront
  - Payment Date is also a payment period
  - Time gap between RD and PD can be improved
  
- Obstacles
  - Legal : time gap and payment period sometimes legal
  - Existing Practices
  - Financial costs of early payment (offset by the risk reduction ?)



## Gap Analysis Results – Dates (4)

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- Relationship between the dates
  - Split situation - sometimes ex date is before, sometimes after record date
  
- Co-ordination of dates cross-border
  - Limited number of dual listed securities, yet no clear co-ordination rules and responsibilities



## Gap Analysis Results – Interim Securities

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- Dematerialization (or immobilization) is very high
- Coupon is the only real issue
- Obstacles
  - Legal : basis / incentive for full dematerialization
  - Existing Practices and payment agent retribution



# Gap Analysis Results – Payment Mechanism (1)

- Central Bank Money
  - Not always possible (type of holders/paying agent, currencies,..)
  - At the choice of the issuer
  - ..but central bank money overall is well supported
  - .. Even if still some cheques in some countries...
- Obstacles:
  - Technical : Central Bank infrastructure
  - Fiscal : Tax voucher
  - Business case for issuers and intermediaries
  - Existing practices in some country for retail investors.



## Gap Analysis Results – Payment Mechanism (2)

- Payment Timing
  - When electronic payment, timing is usually very good (before noon)
  - Missing clarity and responsibilities in case of non-payment
  
- Obstacles
  - Technical : move payment batch earlier
  - Existing Practices