

# Bolstering market integrity and client satisfaction - Euroclear

## A modern asset servicing platform

The Euroclear - TCS BaNCS teams



### Belgium & France

A global provider of Financial Market Infrastructure services (FMI), Euroclear has a presence across six main European markets, serving financial institutions across 120 countries. Euroclear is also the largest International Central Securities Depository (ICSD) in the world.

“The Euroclear Group’s national Central Securities Depositories (CSDs) for Belgium, Finland, France, Ireland, the Netherlands, Sweden and the United Kingdom serve local clients for local and cross-border transactions.”

**“Euroclear is a systemically important market infrastructure, invested in strengthening resilience, enhancing customer experience through technological capabilities and offering new products in step with market and regulatory evolutions.”**

#### **A partnership that celebrates a decade in 2024**

Euroclear’s relationship with TCS BaNCS began in 2014 when they selected the TCS BaNCS for Corporate Actions product to being a new service line – of offering asset servicing to global custodians. The TCS BaNCS CA product has since then served as a platform for many new initiatives, the most significant being the consolidation of the group’s domestic and international CSDs.

Euroclear and TCS celebrate ten successful years of partnership this year.

The TCS BaNCS team spoke to Arnaud Deghorain, Tribe Lead & Head for “Asset Servicing, Tax and Reference Data”, Euroclear, who helmed these major transformation programs, about how they are strengthening their role as FMI and staying pivotal/relevant to the post trade infrastructure in Europe.

#### **Where it all began....**

As a provider of financial market infrastructure, Euroclear connects issuers and investors in securities markets, offering transaction settlement, asset servicing and collateral management.

Says Arnaud, “In 2014, one of our customers, a leading global custodian, who had successfully deployed TCS BaNCS for Corporate Actions, helped set the engagement with TCS rolling by connecting the two firms. We were looking at ways to grow our business and extend the asset servicing offering to new custodians.

Both teams from Euroclear and TCS BaNCS began discussions on how we could overhaul our existing legacy technology to not just grow the business but improve operational efficiencies and provide superior experiences to clients. Thus began the program where TCS BaNCS was selected for our value-added custodial asset servicing platform.

TCS BaNCS for Corporate Actions was selected by Euroclear to offer asset servicing for its custodian customers as a new line of services. With the long-term goal of supporting their customers with managing the complexity that is part of corporate actions processing, they charted out a major transformation journey that would provide full coverage of mandatory, voluntary and optional corporate actions for domestic and international securities in a fast, efficient and standardized manner, across multiple event types.

“When we first launched value-added custodian asset servicing, we worked with TCS to both deploy the corporate actions product and build a bridge between this application and our inhouse position-keeping and peripheral systems to send notifications to our clients in standardized messaging formats.” says, Arnaud.





## **Twin modernization initiatives at the national and international CSD level**

In 2017, as part of major initiatives within the Euroclear Group and as a first step towards ESES (Domestic CSD) modernization is to start processing the Voluntary Corporate Actions. They started it as a new service in ESES as part of their Custody Service Enhancement (CSE6 & CSE7) initiative.

Additionally, Euroclear Bank was authorized under the Central Securities Depository Regulation (CSDR) of the European Union (EU) to perform core CSD services, as well as non-banking- and banking-type ancillary services.

**“Euroclear is the most active CSD in the world (by settlement turnover, as well as the largest ICSD and third largest CSD in the world by value of securities held.”**

“We had to reassess our offerings across all CSDs and markets in the light of the Target2 Securities (T2S) and related regulatory changes that were set in motion in Europe. This saw the launch of two modernization programs – a) Euroclear Settlement for Euronext Securities (ESES) program covering domestic CSDs in Belgium, France and the Netherlands and b) Euroclear Bank (EB)

modernization of International CSDs.”

“The next logical step was to look at harmonization of our ESES and non-ESES markets and commence with automation of voluntary and mandatory events processing, which spread across two large programs.”

Arnaud says, “Euroclear is committed to investing in supporting market stability by ensuring efficiency, connectivity and scale. We were looking for a technology partner with strong credentials for delivering large post-trade processing transformation programs globally. The intent was to standardize asset servicing and reporting, align with market and SWIFT standards with the help of a consolidated, centralized platform. We wanted to work with someone who offered a proven, future-proof technology stack, and who better than a trusted and proven partner.”

“We continued our journey with TCS when COVID 19 pandemic hit the globe, when lockdowns resulted in teams across both Euroclear and TCS working remotely and round the clock.

TCS BaNCS team did a commendable job of working towards promised deadlines. With TCS BaNCS for Corporate Actions solution, we were able to support all event types and asset classes required for Euroclear markets.

**“A standard and comprehensive product, its proven track record of having been deployed across 60+ leading financial institutions globally, assured us that customizations would be limited.”**

### **Enabling ESES services in line with market standards, facilitating the integration of future evolutions**

The ESES modernization program went live accomplishing its goals of the transformation of the domestic CSD operations in France, Belgium & Netherlands onto the TCS BaNCS application. This project helped us decommission all legacy applications and consolidate processing across all our ESES CSDs with TCS BaNCS.

As the solution is aligned to market standards such as SPMG compliant Swift Reporting & T2S compliant, it is a future-ready platform.

The TCS BaNCS product is integrated with the Euroclear settlement application to implement an end-to-end T2S trade settlement life cycle. Each CSD now facilitates settlement on the T2S platform, or via cross-border links with other CSDs and International CSDs.

**“Trades are tracked automatically based on settlement confirmation, clients notified through payment advice and in case of T2S settlement rejection, operations are notified instantaneously.”**

T2S settlement instructions for corporate actions, market claims and transformation trades are detected and generated by TCS BaNCS for direct and indirect links of ESES with internal and external CSDs.

Euroclear can now introduce elective standing instructions, deferred payments advisory services, and granular report on STP for SWIFT messaging by event, instrument types and their frequency.

Says Arnaud, “We are now able to handle many of the most complex and high-value corporate actions and honor our strong commitment to market practice harmonization, taking an active role in ISMAG, T2S Working Groups and similar initiatives.”

The TCS team interacted with multiple stakeholders at Euroclear, as the program involved working with different markets and CSDs, to help with the adoption of the centralized and integrated solution, while also ensuring minimum levels of customization in each country to help them provide value-added and personalized services to their clients.

“At that point of time, it was clear to us that we had to continue our modernization with the International CSD-held asset servicing, What did modernization of Euroclear’s International CSDs (the EB modernization) mean? Consolidating multiple platforms across different countries, each of which had their own in-built flavors and personalization needs, was no easy task. We took this up in smaller chunks of five steps, migrating corporate actions by event types – reference data, meeting events, mandatory securities, cash and voluntary events.”

The first two phases involving reference data and meetings are in production today.

“We understand that the marathon efforts of the complete overhauling of our ICSDs is an ongoing exercise. TCS teams are now a part of our staff, supporting us with testing and many other activities.

### **A common platform for CSDs, enabling product innovation**

Overall, says Arnaud, “We have been able to introduce and enhance new products and services by automating corporate actions processing. The graphic illustrates this in greater detail.

### **One platform, one partner for end-to-end accountability across Euroclear**

The graphic below depicts the manifold benefits that this mammoth transformation program has afforded us with.

#### **High level product enhancement**



##### **Corporate Actions notification**

- Automated processing of notifications by EB (i.o manual)
- Improved reporting:
  - Real-time (i.o batches)
  - SPMG compliant thanks to usage of:
    - proper ISO corporate action event qualifier
    - dedicated SWIFT fields(i.o. narrative), etc



##### **Entitlement**

- Fixed schedule for entitlement reporting determined by TCS BaNCS rules
- SPMG compliant reporting



##### **TCSBaNCS for Payments**

- Fully automated processing of payments in EB
- Real-time payments
- SPMG compliant reporting

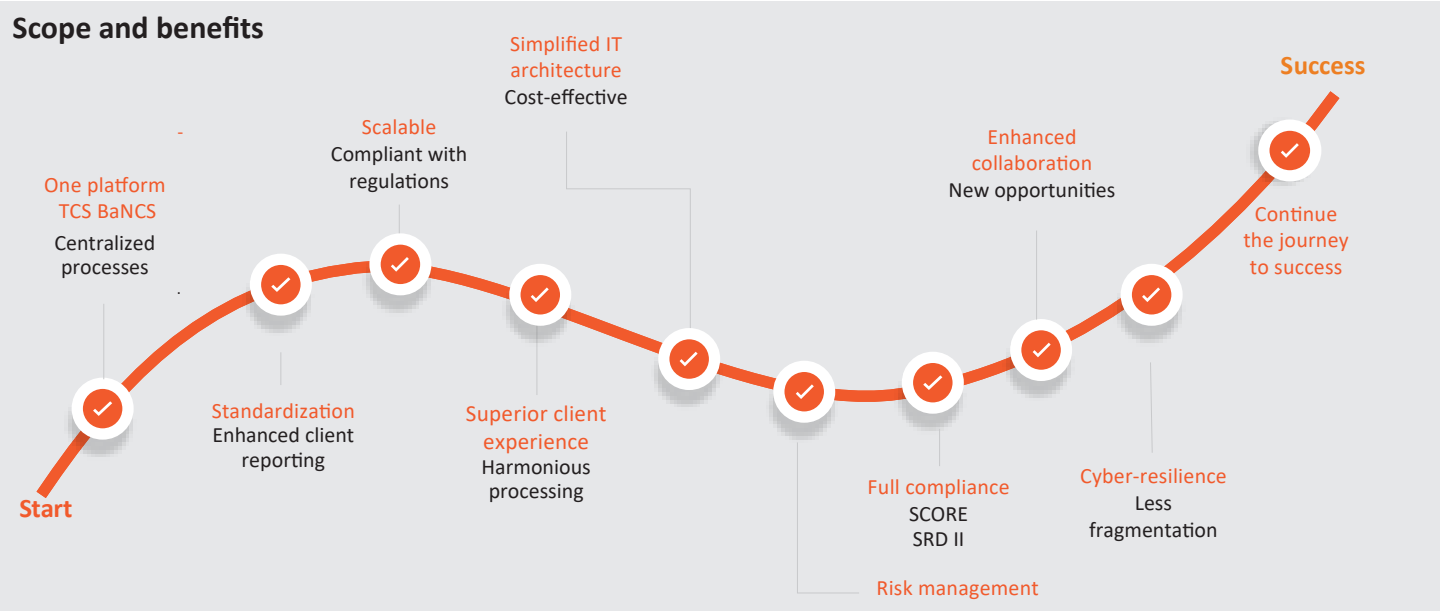


##### **Corporate Actions on flows**

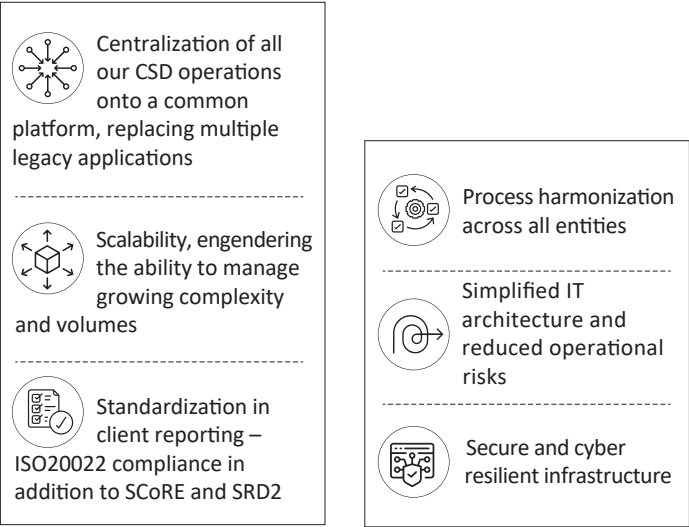
- Market claim processing and reporting in line with standards
- Improvements for processing of transformations (e.g. complex ratios)
- SPMG compliant reporting

These transformation programs have helped us centralize operations on a common platform and ease our regulatory compliance readiness, along with the triple benefits of enhancing customer experience, improving performance and mitigating risks. These include:

As with most successful transformations, the journey doesn't



end, but instead expands its horizons at every milestone crossed. Euroclear is now working with TCS BaNCS for its new Euro-system collateral management system (ECMS) program which aims to comply with new standards issued by the ECB in collateral



management, corporate actions and billing. Compliance with ISO20022 message standards for ECMS participants is another objective that the two teams are working towards.

“We are looking at adding our UK CSDs onto the new central platform running on TCS BaNCS.

We see this common platform as an enabler for digitized and integrated post-trade architecture in the regions we operate, helping our clients (and global markets) process transactions efficiently, enhance liquidity and mitigating risks.”

**Euroclear - Fast facts**

- Launched in 1968
- Provider of post-trade services
- Clients in more than 120 countries
- 50 settlement currencies
- 50+ major markets
- 2,000 financial institutions







Creating friction-less digital financial journeys