**Johannesburg - SMPG meeting: Nov. 12 - 14, 201****3**

* **SMPG Global Agenda -**



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|  | **Meeting Venue:****FNB Conference & Learning Centre** **C:\Users\jlittre\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Word\JSE STACKED.JPG114 Grayston Drive, Sandown, Sandton****South Africa****Sponsors:** |
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**Dress Code: Business Casual**

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| **Tuesday 12th of November** |  |
| **Morning** |   |
|   | 8:30 - 09:00 | **Members registration and welcome coffee** |
|   | 09:00 – 10:30 | **General Session**1. Welcome address (Karla Mc Kenna – SMPG Chair, Citi)2. Welcome address from South African Market / Community3. Meeting schedule overview (Jacques Littré – General Secretary, SWIFT)4. Updates from the Regions* Americas (Jason Brasile – SMPG Regional Director - State Street)
* Asia Pacific (Taketoshi Mori, SMPG Regional Director, BTMU and Anthony Sim, SMPG Regional Director, Standard Chartered Bank)
* EMEA (Christine Strandberg, SMPG Regional Director, SEB and Armin Borries, SMPG Regional Director, Clearstream)

5. Southern African Development Community – Single currency settlement (Arthur Cousins) |
|   | 10:30 – 10:45 | **Coffee Break** |
|   | 10:45 – 12:00 | **General Session (Continued)**6. Cooperation amongst BRICS Exchanges (John Burke) |
|   | 12:00 – 12:30 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 12:30 – 13:30 | **Lunch** |
| **Afternoon**  |  |
|   | 13:30 – 15:15 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 15:15 – 15:30 | **Coffee Break** |
|   | 15:30 – 17:30 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 18:00 – 19:00 | **Cocktail Party Offered by the Hosts** |

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| **Wednesday 13th of November** |
| **Morning**  |
|   | 09:00 – 10:45 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 10:45 – 11:00 | **Coffee Break** |
|   | 11:00 – 12:30 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 12:30 – 13:30 | **Lunch** |
| **Afternoon**  |
|   | 13:30 – 15:15 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 15:15 – 15:30 | **Coffee Break** |
|   | 15:30 – 16:30 | Corporate Action WG | Settlement and Reconciliation WG |
|  | 16:30 – 17:30 | **TENTATIVE – Common S&R and CA session** **on MyStandards Usage Guidelines Best practices for SMPG MPs** |
| **Evening** |
|   | 18:00 – 22:00 | **Sightseeing and Dinner Offered by the Hosts*****Dinner at Sakhumzi Restaurant, Vilakazi Street, Soweto (transport has been arranged from conference venue)*** |

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| Thursday 14th of November |
| **Morning**  |
|   | 09:00 – 10:45 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 10:45 – 11:00 | **Coffee Break** |
|   | 11:00 – 12:30 | Corporate Action WG | Settlement and Reconciliation WG |
|   | 12:30 – 13:30 | **Lunch** |
|   |  | **End of meeting** |

**November 2013 – SMPG Corporate Action – Detailed Agenda**

| **Item No** | **Short Description** | **Description and Pending Actions** | **Owner** | **Comment** |
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| **1** | Meeting Minutes | Appoints additional minutes taker/helper | CA SMPG |   |
| **2** | Next meetings | Confirm dates for 2014 Conference calls | CA SMPG |   |
| **3** | Approval of October 24 conf. Call Minutes |  | CA SMPG |  |
| **ItemNo** | **Short Description** | **Description and Pending Actions** | **Owner** | **Comment** |
| **Priority 1 Items** |
| **CA203** | Yearly GMP Part 1,2,3 and samples alignment as per SR2013 and yearly summary of changes to MPs | **Schedule**• September: Based on the MWG minutes, start with the draft “MP’s Summary” document & start MP’s discussions. • October – November: Update GMP Parts & Event Templates• Mid-December: Preliminary summary of MP changes• End December: Draft GMP documents & event templates for review by NMPG's• End February: Publish final version of GMP docs & templates.**Actions:**1) All NMPGs (see list in the “Open Items” file) to review the assigned samples. Deadline Nov. 30 to send the updated samples with track changes to Jacques.2) Christine to check if Thomas Steimann (ES) will be able to do his assigned samples3) Jacques to add a note for ACCU in the samples document referring rather to the UK MP.4) Christine to ask Sonda and Véronique if they can create a template for NOOF VOLU.5) All NMPG’s: Decide when at Johannesburg if CAPI should be N/A in the EIG GG table.6) All NMPGs to provide input to the revision of the GG and other global spreadsheets in GMP2 by the Johannesburg meeting, or at the latest by Nov. 30.7) All NMPGs to provide input to the revision of the EIG CC, GMP1, GMP3 and final review of the Event samples document by January 17.8) All NMPGs to schedule the meetings necessary in November, December and January to perform all the actions for SR2014 MP updates.9) Jacques to add Yek Ling question about RHDI/EXRI vs PRIO to Johannesburg agenda. | CA SMPG | **Telco Oct. 24 2013:**Review of samples: Decision: Keep the same persons as last year for reviewing / updating the samples. Please refer to the “Open Items” file in the “CA Event Templates List” Excel tab for a full detailed list of the samples and the responsible persons.The updated templates must be provided to Jacques in MS Words format with track changes before November 30.Decisions about the following events:ACCU: Add a note making reference to the UK MP doc.CAPI: No need for a sample. Does not really appear as supported in the EIG.CONS: Assigned to Bernard/Delphine (and Sonda to review)INFO: No need for a sampleNOOF: Add a NOOF VOLU sample |
| **CA210** | Overelection/subscription market practice review | Review GMP Part 1 section 3.12.8.4 and 4.3 on the market practice of oversubscription and usage of :36B::QINS, QREC and QOVE and 22F::OPTF//QOVE**Actions:**1. All NMPGs are requested to comment on the document, and specifically if they would like to keep scenario 3 as an optional / alternative MP even though it is not in line with the standards. | GMP Part 1 subgroup | **Telco Oct. 24 2013:**NMPGs feedback about keeping the scenario 3 (no OPTF//QREC or OPTF//QOVE and QINS to be used to both subscribe and oversubscribe) in the MP document:• CH: Agree to keep scenario 3• APAC: No conclusion yet; will try to get feedback before Johannesburg• SE: Agree to keep scenario 3 and need to mention that it is not in line with the standards• UK: Will revert at Johannesburg• US input via email: US market practice is to send the exercise and oversubscription at the same time and support scenario 2 to send both in one 565 message. This is already documented in the ISITC CA Market Practice. For the 567 that would follow, STAQ is used to confirm the election on the exercise quantity. As mentioned, there is a NVR on the 567 to prevent also sending QREC to confirm the quantity oversubscribed in the same 567. ISITC CAWG will submit a change request for next year to change the NVR to allow both to be replayed in the 567.There is another question for ISITC in the open issue log for this item. Regarding how to reject oversubscription and accept exercise. If the instructing party has elected to amend their election (cancel the oversubscribe but keep the exercise), they will cancel the whole instruction (both parts) via a MT565 CANC and then send a NEW MT565 with just the exercise.In the event that the service provider needs to reject the oversubscription but accepts the exercise, then narrative on the 567 would have to be used. This is a very rare case since in the US market, the election is considered together. It is possible that pro ration may occur at time of payment and that would be handled on the MT566. Regarding the MT566, it is also possible that two separate MT566s would be sent if payment is not collected at the same time due to the pro ration.**Telco Sept 26, 2013:** The latest comment was provided by the Hong Kong NMPG for last call and it requested to keep scenario 3 for rights exercise (i.e. the possibility to use :36B::QINS with CAOP//OVER to oversubscribe ) whilst it had been earlier discarded for the reason that it was inconsistent with the semantic of QINS in the Standards. **Telco August 29, 2013:** Comments / questions on this document have been received from Yek Ling (see minutes). Since Veronique is not present at the call, the topic is postponed to next call. **Telco June 27, 2013:**It was already agreed by then that the 3rd scenario of the EXRI example should be removed. The discussion now concerned the 2nd scenario. The issue with the scenario 2 is that the MT 567 cannot play back the quantities to subscribe and to oversubscribe (provided in a single MT 565) because of the NVR C3 rule.Decision: The group recommends using scenario 1 and not scenario 2 due to the issues with the MT567. The scenario 2 might nevertheless be used in some countries due to local specificities. For the first scenario, for specific instances, some form of linking between the EXER and OVER instructions may be required and the two MT 565 might need to be sent at the same time. There is also a necessity to have two M T567 sent. |
| **CA226** | Disclosure (DSCL) event - Clarify usage / market practice  | From SR2012 CR 000193 - The MWG recommends also that the SMPG clarifies the usage of the existing DSCL (Disclosure) event in the CA messages and how it differs from the disclosure process described into the T2S shareholder transparency documents as this has generated some confusion.**Actions:** 1. • NMPGs which have not yet provided feedback are requested to do so early October2. Bernard to update the table as per the comments received above and contact Elena to discuss the RU scenarios. | Bernard (XS) | **Telco Oct. 24 2013:**No update received from Bernard. Elena has sent comments to Bernard but has not been in contact with him. Elena will forward also those comments to Christine.**Telco Sept 26, 2013:** Bernard must still update the table with the comments received at last call. Bernard will contact Elena for the RU comments as the scenario are quite complex.Bernard will send the updated document asap and hopes to be able to finalise it at the meeting in Johannesburg. RU comments provided (see minutes)**Telco August 29, 2013:**The table is discussed at the call:• Scenario 1 corresponds to the T2S disclosure scenario that was submitted at an SR2012 CR to CA. This is for a regular, systematic and high volume disclosure request to be handled outside of CA messaging or via a new dedicated ISO20022 message that would need to be created.• In general even if the disclosure requests are forwarded through the custody chain, the responses are not and are rather sent directly to the issuer.• For scenario 3, UK does not see how the DSCL event could be used by the Issuer. Furthermore, those disclosure requests messages in UK are not forwarded through the custody chain at all, but the issuer is following the custody chain by itself.è To distinguish this UK specific case with the rest, it is agreed to create a new column in the table that specifies whether the “request is going through the custody chain” or not. Remove the UK from scenario 3 and add new line for UK.• Norway should be moved to scenario 4 (with Nominee).• JP is OK with scenario 4• Russia: does not fully agree with the current proposal. Several scenario arte covered in RU. See written comments sent by Elena to summarize the Russian situation re. disclosures (attached in minutes). **Telco June 27, 2013:**Postponed since Bernard does not attend the call.**Telco May 23, 2013:** NMPGs were requested to provide input/comments, but none have been received since the Frankfurt meeting.However there are apparently some missing information in the “SMPG recommendation” column that was fully completed in Frankfurt. Bernard/Jacques will check if a more complete version is available. If so, it will be sent to the NMPGs for review. Otherwise, the document is more or less finished and should ready for approval at next call. |
| **CA239** | SR2013 Maintenance WG follow up items | Define new Market Practices as requested in the SR2013 CA MWG minutes: Follow up of action items:**Actions:**3. CR 383 - Canadian NMPG to create MP.5. CR 386 - Canadian NMPG to create MP.4. CR 411 - DE to report at next call7. GMP Part 1 - Corrections in Part 1 - Chapter 2 of GMP Part 1 to be reviewed in Johannesburg | GMP Part 1 subgroup (Veronique) | **Telco Oct. 24 2013:**1. CR393 - FRAQ - Sonda to ensure that the ISITC MP is updated to document the differences regarding usage of CONB / ELIG / Affected Balances (AFFB) in lottery events (DRAW) in the MT566.Sonda’s input: ISITC CA Market Practice document does have reference to the confirmed balance on the MT 566. We will add the following wording in the MT 566 section: “For to US Lottery events (DRAW), CONB will represent the quantity called for which the payment is based on (i.e., Affected Balance)”3. CR 383 - Sonda’s ISITC to reach out to the Canadian NMPG for the Letter of Guarantee indicator MP5. CR 386 - Sonda to reach out to the Canadian NMPG for their rejected CR regarding special warrants.Sonda’s input: I have reached out to the Canadian NMPG contacts and they do not have an update on market practice for the Letter of Guarantee or Special Warrants. They are having a meeting at the end of the month so I hope to hear back on their progress.4. CR 411 - DE to report at next meeting about their MP on the new Rate Type Code For Real Estate Property Income.-> No Update.7. GMP Part 1 - Corrections to be done in chapter 2 of GMP Part 1 by Jacques/BernardChristine has found a possible issue with section 2.2 of GMP1, which was revised by Jacques and Bernard: The issue dates back to the SR2011 version of GMP1, where the previous version of the communication flow was replaced with a description from ISO 20022 Message Definition Report. The text indicates that “REPE messages are not to include entitlement calculation; a REPE message should only be used to inform of eligible balance of a mandatory event and be followed by a CAPA message with the final eligible balance and entitlement calculation.”Is this in line with current usage of the MT564?**Decision:** The WG accepted Christine’s proposal to not discuss the revised section 2.2 at the call, and instead discuss the communication flow at the Johannesburg meeting. |
| **CA240** | Disclosure / Certification for MAND event | Creation of a mandatory CAMV code with disclosure/certification and/or the creation of a new CAOP option codes for ‘disclose/certify and receive entitlement’ and ‘do not disclose/certify and forfeit entitlement’(It is acknowledged that this is a big development but this issue was left unresolved for several years and we need to tackle it at a certain moment. If we agree to it, it can be reused in other situations where we also have a problem today like for certifications etc.)**Actions**:1) All remaining NMPGs to provide feedback by Johannesburg on the new solution proposal, and also revert if all scenarios are necessary - as opposed to hypothetical. Feedback to be mailed to Christine and Jacques before Johannesburg.2) Michael (CH) to provide more detailed information about the new CH scenario (bottom-up scenario of securities distribution)• The scenario initially included in the grid with the tax breakdown must be rather discussed at the tax subgroup level (to be handled in 1 or 2 events TBD by tax subgroup). | Christine & Tax Subgroup | **Telco Oct. 24 2013:**NMPGs feedback on the new solution proposal (combination of solution 2 and 3 with new OPTF or ADDB code or using OPTF//ASVO):CH: CHOS would be livable, but preference is for a new CAMV code. Do not object to a new code in ADDB/OPTF/similar field. CH would like to add bottom-up scenario of a securities distribution. FI: Will revert at Johannesburg.RU: Are discussing the issue of foreign nominee disclosure in a DVCA event.SE: OK. Have seen scenarios 2 and 3, and also a SOFF event where the recipients had to certify that they were not restricted from receiving the securities.ISITC: is reviewing the alternative solution and will reply back the first week of Nov.**Telco Sept 26, 2013:** Sanjeev presented the South African example sent (see document in minutes). Michael commented that solution 3 does not work for all event scenarios. Bernard suggested a solution combining solution 2 and 3 together i.e. CHOS/VOLU with addition of one or more codes either to ADDB or OPTF, in order to make it clear that there is not really a choice between the options.**Telco June 27, 2013:** Michael and Sanjeev were collaborating on the issue to provide input on the proposed alternative solution. They have been in contact but have not yet sent anything to the CA-WG nor are they present today. The item is postponed to the next call. **Telco May 23, 2013:** Delphine had a comment in the minutes re the ICSDs’ inability to announce an event as CHOS when announced by the issuer as MAND. Sanjeev proposes to send details regarding the South African MP on this topic within the next few days. Michael will do the same for selling fractions in Switzerland, and Sanjeev will consolidate the two with some examples. The topic is postponed to the next call, assuming the example above is received in time. |
| **CA253** | Use of MT566 with posting amount = 0 | In case the proceeds of a CA event are absorbed by the fees or tend to zero due to the eligible balance and/or price being very small, what needs to be sent: + an MT566 confirmation message with a posting amount of 0 or+ an MT564 CANC since the event does no longer take place for him **Action:** 1. **NMPGs** are requested to approve the proposed solution.2. Referring to an earlier question from HK as to whether the PSTA amount in the MT566 is a gross or net amount, the group confirms that PSTA in the MT566 should contain the same :19B::ENTL projected amount previously included in the MT 564. It is therefore considered as a net amount.Decision: Include in GMP1 a statement that ENTL in the MT564 is the projected amount that will be included in PSTA in the MT566. **Christine** to email a draft text to Véronique. | Bernard | **Telco Oct. 24 2013:**Feedback from NMPGs about the proposal to specifically state in GMP1 that PSTA=0 should not be included in an MT566; instead ENTL=0 should be provided in a REPE or CAPA message:• CH: OK, FI: OK; • JP: OK. Have a scenario with interest rate=0; separate issue, but should perhaps be discussed separately• Delphine/ICSDs: OK; • HK: OK; • NO: OK; • RU: OK; • SE: OK; • US: OK; • UK: Will revert; • ZA: Will revert• IT: Will try to revert, but difficult; • ISITC:ISITC does not support sending MT566s with posting amount = 0. We approve the proposed solution to update the GMP part 1 as stated in the minutes (communicated via the REPE or CAPA). In addition, we also agree with the statement in the revised minutes regarding pending balances.In addition, ISITC has recently reviewed similar scenarios when there will be a NIL payment. The difference is that the NIL payment is resulting from the issuer not paying, unrelated to Bernard's scenario where the resulting entitlement calculation results in a 0.There were questions for when an issuer will not be making a payment if the event itself should be cancelled. Attached is the summary document from ISITC CAWG on the final proposal that was approved at our September conference and we would like to share with SMPG (see minutes).Christine’s pending action about sending a draft text to Veronique on MT564 ENTL amount is completed.**Telco Sept 26, 2013:** Bernard presented the INTR and DVOP examples provided in his document (see document attached above). It is agreed that if for some reasons the posting amount results in zero or in an amount very close to zero, the event should not be cancelled and that it is clearly not a default either.The issue with receiving PSTA=0 is the impact on the reconciliation process as there are no movements to be reconciled with. Therefore, finally the group rejects the need for an MT566 with PSTA=0 (i.e. for INTR, no MT 566 sent at all and for DVOP, an MT 566 with the securities debit but no cash move with “0”. **Decision:** Proposal to specifically state in GMP1 that PSTA=0 should not be included in an MT566; instead ENTL=0 should be provided in a REPE or CAPA message.  |
| **CA 258** | MT567 Rejection Code | What rejection code should be used in MT567s to reject an MT565 received for an option classified as OPTF//NOSE ? NARR ? OPTY ? New one to be created ?**Action:** The draft text to be reviewed in Johannesburg. | Mari | **Telco Oct. 24 2013:**Jacques have drafted a brief text for GMP3\_SR2014. UK approved the draft at the call.The draft text will be presented at Johannesburg**Telco Sept 26, 2013:** Jacques will update GMP Part 3 accordingly**Telco August 29, 2013:**Postponed to next call as call has ended.**Telco June 27, 2013:**The decision taken in May was to use OPTY as a reason code to reject an MT 565 for an option classified OPTF//NOSE. **Telco May 23, 2013:** Decision: OPTY is recommended, even though it was written for incorrect CAOP code. |
| **CA 260** | Residual value in EXWA for Turbo Warrant ? | MDPUG is outputting ISO 15022 EXWA messages for turbo warrants. A client has requested that we show the residual value of these securities in the ISO 15022 message. We do not output this currently as we are not sure how to present it. The turbo is directly related to the underlying and when it reaches its stop-loss level the underlying is settled. Whatever the proceeds from this settlement are, they are returned back to the investor in the form of a residual value.The question is, would it conform to market practice if we output the residual value of the turbo as GRSS or NETT in a CASHMOVE? Attached is an example and the example ISO 15022 message with the detail that the client would like to see.**Action:** Laura to provide other examples in English. | Laura | **Telco Oct. 24 2013:** Pending provision of the example in English**Telco Sept 26, 2013:** The group briefly discussed the issue, but the only supporting document was in Dutch and did not contain many details. Laura will revert with more background information before the next call in order to discuss it then.**Telco August 29, 2013:**Postponed to next call as call has ended. |
| **CA 273** | Movement Preliminary advice message & split instructions | How to manage movement preliminary advice messages (MT 564 CAPA or ISO20022 CAPA) for split instructions ? One per instruction or consolidated ?  | Bernard |  |
| **Question** | RHDI/EXRI Versus PRIO | Difference between PRIO and RHDI/EXRI ? | Yek Ling |  |
|  | GMP Part 2 Distribution with Options | Review the “Distribution with Option” table in GMP Part 2 | Bernard |  |
|  | SMPG.INFO draft folder |  Clean SMPG Web Site "Draft Documents" Folder contents and Include Working Documents | Bernard / Jacques |   |
|  | ISO20022 pending items |  Review the pending ISO 20022 Open Items and see if still relevant |  Jacques |   |
|  | Tax Subgroup Update | Actions:  | Tax Subgroup |  |
|  | MyStandards Subgroup Update | Action:  | MyStandards Subgroup |  |
| **SR2014 Follow Up Items** |
| **CA 262** | Non- Regular Interest INTR | **SR 2014 CR 605** - Create a market practice to clarify what is meant by “non-regular” and specifying that the INTR event may not be used for accrued interests. | SMPG |   |
| **CA 263** | Bond Holder Meeting (BMET) event | **SR 2014 CR 602** - GMP1 to create a market practice for new event. Need to avoid confusion with Consent.. SMPG Proxy Voting sub-group takes this up to eventually improve the definition of BMET if necessary. | SMPG and/or PV-SG |   |
| **CA 266** | Redemptions in pro-rata | **SR 2014 CR 616** - Create a market practice stating the usage of pro-rata for mandatory and elective events. | ICSDs |   |
| **CA 268** | Narratives scope/usage and indicate updates | **SR 2014 CR 608** - review and reinforce in GMP part 1 the market practices on narratives in the MT564/568 messages and clarify their scope/usage in particular for TXNR.- Define best practices to indicate event updates | SMPG |   |
| **CA 269** | Confirmation of Actual Payment (versus contractual) | **SR 2014 CR 609** - To investigate solution for SR2015 | SMPG |   |
| **CA 270** | ISO 20022 Instruction Status Reason Code lists | **SR 2014 CR 606** - Align Instruction Status Reason Code list in ISO20022 seev.034 with 15022. | SMPG |   |
| **CA 271** | New Intermediary Instruction Processsing Statuses (CA /PV) | **SR 2014 CR 611** - Investigate potential solution for intermediary Instruction statuses / Reasons for CA & PV from UK Business case. | SMPG and/or PV-SG |   |
| **CA 272** | ISO 20022 rates length alignment with 15022 | **SR 2014 CR 696** - Aligning all rates length with ISO15022 (13 decimal digits) accross all messages | ISO 20022 SEG + SMPG reps |   |
| **Wednesday 13 - Common Session with SnR on MyStandards** |
|  |  | **MyStandards Usage Guidelines Best practices for SMPG MPs** | Evelyne / Jacques |  |