

SMPG - Corporate Actions

Minutes of Zurich Meeting

21 – 23 September, 2016

FINAL Version v1.0 – November 22, 2016

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Attendees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** | **Title** | **First Name** | **Last Name** | **Institutions** |  |
| BE | Ms. | Véronique | Peeters | BNY Mellon | On call for CA341 only |
| **CH** | Mr | **Michael** | **Blumer** | Credit Suisse AG |  |
| **CH** | Mr | **Oliver** | **Bosshard** | Zurcher Kantonalbank | Observer |
| **CH** | Mr | **Hans-Peter** | **Hiestand** | Credit Suisse | Observer |
| **CH** | Mrs | **Thu Dieu** | **Ngo** | UBS AG | Observer |
| DE | Mr | Daniel | Schaefer | HSBC | On call for CA348 only |
| **DK** | Mrs | **Amra** | **Besic Pedersen** | VP SECURITIES |  |
| **DK** | Mrs | **Charlotte** | **Ravn** | VP SECURITIES |  |
| **FI** | Mrs | **Sari** | **Rask** | Nordea Bank |  |
| **FR** | Mr | **Jean-Pierre** | **KLAK** | STATE STREET BANQUE |  |
| **IT** | Mrs | **Paola** | **Deantoni** | Société Générale Securities Services spa |  |
| **LU** | Mr | **Bernard** | **Lenelle** | Clearstream Banking | **SMPG CA WG Co-Chair** |
| **NL** | Mr | **Ben** | **van der Velpen** | ING Bank |  |
| **NO** | Mr | **Alexander** | **Wathne** | Nordea |  |
| **RO** | Mrs | **Doina** | **Achimescu-Gulian** | Depozitarul Central | Newcomer |
| **SE** | Mr | **Christine** | **Strandberg** | SEB | **SMPG CA WG Co-Chair** |
| **SG** | Mr | **Jyi-chen** | **Chueh** | Standard Chartered Bank |  |
| **SWIFT** | Mr | **Jacques** | **Littré** | SWIFT | **SMPG CA WG Facilitator** |
| **SWIFT** | Mr | **Nicolas** | **SCHOOVAERTS** | SWIFT | Observer |
| **UK & IE** | Mr | **Matthew** | **MIDDLETON** | LONDON STOCK EXCHANGE |  |
| **US ISITC** | Mr | **Paul** | **Fullam** | FIS |  |
| **US ISITC** | Mrs | **Karla** | **McKenna** | Citi | **SMPG Chair** |
| **ZA** | Mr | **Sanjeev** | **Jayram** | Rand Merchant Bank |  |

# Welcome

Mrs Doina Achimescu-Gulian representing the Romanian NMPG joins the SMPG CA WG meeting for the first time. Welcome Doina !

# Meeting Agenda

These minutes are based on the distributed meeting agenda. See document ” SMPG\_Meeting\_Zurich\_21\_23\_Sep\_2016\_CA\_DetailedAgenda\_v1”:



# Next Telco/Meeting Schedule for 2017 Q1

The following dates remain unchanged for 2016: October 25, November 22, December 13

The following dates are scheduled for Q1 2017:

* January 24, February 21, March 28

All teleconferences from 2 to 4 PM CET.

# Approval of July 26 conf. call minutes

No comments received. The minutes of July 26 are approved.

# CA203 SR2017 - Yearly GMP Part 1,2,3 and samples alignment and yearly summary of changes to MPs (Jacques/Christine)

All MP documents must be reviewed as per the SR2017 so as to be published as “Draft” for end of December.

Christine reminded everyone of the SR2017 schedule and the need to deliver on time. Therefore it is requested to NMPG representatives to schedule their NMPG meetings accordingly.

Voluntary Rolling Event Flows (GMP1 section 2.2.5): Consequently to a support question to Jacques on rolling events, it appears that the section 2.2.5 of GMP1 is not clear and must be reviewed.

In EIG+ GG, the group agreed to add :98a::AVAL wherever it applies to an event instead of considering it as generic.

The following changes have been agreed to be brought to the SMPG templates:

CONS: Replace INCE by SOFE

CONV: Add DIVR

DVCA CHOS: Cash movements sequence currencies to be reviewed

MRGR CHOS: Remove XDTE and add LTDR in secmove

**Actions:**

1. SMPG Samples Updates for SR2017:

Action for Alexander, Ben , Bernard, Delphine, Christine, Daniel, Delphine, Jean-Pierre, Mari, Matthew, Peter, Sanjeev, Sari, Paul, Véronique:

**For December 2**: Review the samples for which you are responsible (see the latest “Open Items” file in Tab: “*CA Event Template List*”) and deliver the updated templates to Jacques with track changes!

Please use the latest version of the templates here below as input file:



The following changes/ validations actions must also be applied on all samples systematically:

1. Change RDDT and MKDT to 98C in all templates
2. Ensure templates are aligned with EIG+
3. Validate that the description of the event is fully aligned with the actual template

2. EIG+ Country Column Updates: **December 2** is the deadline to submit the CC updates to Jacques. For a few changes, send the description of the changes only. For a full review of the CC column, please send the complete CC column with track changes.

3. GMP1 SG to review section 2.2.5. (Rolling Events flow)

4. GMP1 SG to review the EIG+ GG and add AVAL to relevant events.

# CA221 Tax Certification Process (Jean-Pierre / Jyi-Chen)

Jean-Pierre and Jyi-Chen reported the conclusions from the Tax SG about the Tax Relief Certification processing flow (for income payments).

At the call held on June 23, the Tax sub-group concluded that they could not reach a consensus on any of the 2 scenario’s identified as being supported in the markets in general (i.e. the certification process is embedded in the income event itself or supported in a separate WTRC event).

A document with pros and cons for both scenario’s provided by the tax experts from NMPG’s has been produced for that as well and distributed to the tax SG. However the feedback from the US and UK on both scenario is still missing.

**Decision**: Let’s not close the item yet at this time and let’s collect first the UK and US feedback.

**Actions**:

1. US and UK to provide the pros and cons feedback on both scenario’s.
2. Tax subgroup to ensure that there is clear global MP for both of the two scenarios and distribute the document to the CA WG for review. Once approved, published the MPs.

# Tax Subgroup Report (Jean-Pierre / Jyi-Chen)

The Tax SG is working on different tax rate type codes and would like to have NMPG input before launching a CR to remove some of them. The SG is also working on several South African tax questions.

**Action**: The Tax Subgroup to send to Jacques an excel spreadsheet with various Tax rate type codes candidates for deletion to be sent to all NMPGs for feedback.

# CA279 Claims and Transformations in the T2S context (Mari)

Input file:



Bernard described the background of the new attached spreadsheet and how to fill in the sheet.

**Actions**:

1. Bernard to revise the spreadsheet slightly based on the discussion and distribute to everyone,

2. NMPGs/CSDs/CCPs joining T2S to fill in the document based on how the CSD/CCP will act once they join T2S.

# CA315 Extending CA MPs to ISO 20022 (Christine)

Christine gave a brief status update on the item and described the problems encountered. The GMP1 document is very large, not always well structured and contains some old information which may be irrelevant or even incorrect at this time. To add ISO 20022 examples on top of this and/or make it standards neutral will make the document even more complex.

The CA-WG decided to divide the work into two parts. First phase is a clean-up and restructuring of the document; the second phase is making it more standards neutral.

Bernard proposed to divide the CA-WG into a few groups, giving each group responsibility for reviewing a part of GMP1 and propose needed changes.

**Action**: Bernard to create the groups and email the members their assignments

# CA338 MP on Update Information and Update Date on Narrative for ISO 20022 seev.031 (Jacques)

**Decision**: Since a consensus cannot be found on the usage of the Update Date and Update Information for narratives in the ISO20022 messages, it is proposed to create a brief MP text to state that both are not recommended, they can be used but are not required.

**Action:** Jacques to propose the new MP text to be approved by the NMPG’s.

# CA341 Clarification of CLAI & ACLA market claim related codes (Véronique)

Véronique proposes the following reviewed texts regarding ACLA, and CLAI in section 10.1 of GMP1. :

*“In MT564, the code ACLA  indicates that market claims will be raised automatically for the event announced.*

*The code CLAI in MT564/MT566 indicates that the message relates to a specific market claim.”*

Also, move the sentence “The message to be used is the MT 566 corporate action confirmation” from section 10.1 to section 10.1.1?

Regarding CNTR, ATXF, and NAMC, Véronique will review with GMP1 SG and revert at the next call.

**Action**: Véronique and GMP1 SG to propose reviewed definitions for, ATXF, CNTR and NAMC.

# CA342 Issue with the MT Implementation of Stock Lending Deadline (BORD) repeatability (SR2016 CR 00776) (Jacques)

Concerns the issue re how Stock Lending Deadline (BORD) that has been implemented in the MT564 in SR2016. In 15022 (but not in ISO 20022), the repeatability affects all format options whilst it should only affect 98J or 98K format options (not format options A, B, C and E).

The implementation should be fixed for SR2018 by a SWIFT CR as the deadline for SR2017 is already passed.

**Actions:**

1. Jacques to include in GMP1 an MP text stating the BORD qualifier should not be repeated when used with format options A, B, C and E (only with 98J and 98K).
2. Jacques to create a SWIFT CR for SR 2018.

# MyStandards CA UGs Review (Jacques)

Jacques has published last month on MyStandards in the SMPG CA WG domain 40 new CA MT Usage Guidelines based on the SMPG samples. See [https://www2.swift.com/mystandards/#/mp/mt/\_1dmeED-TEea3cPeyg3I6sQ#usage\_guidelines](https://www2.swift.com/mystandards/#/mp/mt/_1dmeED-TEea3cPeyg3I6sQ).

Those Usage Guidelines have been developed based on the design principles document written initially with Bernard Lenelle about 2 years ago (see here below):



Those new CA UGs includes now lots of formal (validatable) rules that as much as possible regulate the presence of the movement sequences for each event option and possibly the presence of the EIG+ key data.

Those UGs could be used to validate messages samples on the MS Readiness portal if there was one for the SMPG.

One example of usage guideline on MS was reviewed during the session to show how the rules apply.

# CA343 How to handle "Deemed Distribution Payments" (AU/ISITC US)

Follow up on the rejected SR2017 CR001113.

Deemed distribution payments would need to be discussed with AU and DTCC representatives in a separate conference call as they seem to have some common requirements in that area.

The Tax SG discussed it at their last call. Several markets are looking at this, but it is in a very early phase. We should rather wait a few months to get more background.

A new CR if needed should be ready before June 1, 2017

No other NMPGs around the table reported having this same issue.

**Decision**: Delegate this to the Tax SG, together with some extra representatives, from DTCC and AU in particular.

# CA344 Analyse impact of creating new "Interest Period Inclusive" element besides INPE (XS)

Follow up on the rejected CR SR2017 CR 001091.

It has to be noted that INPE is a kind of exception in the period elements since all other CA related periods except INPE are “inclusive to inclusive”.

Michael remarked that the German record in the “Interest Period” table in GMP2 as well as their statement at the CA MWG may not necessarily be correct as they include “payment date” in the interest period, but state that they are “inclusive to inclusive” whilst it looks like they are actually “Inclusive to Exclusive”.

An alternative to solve the standards confusion would be to replace the period by 2 Date elements like: “First day of accruing interest” and “Last day of accruing interest”.

Michael proposes to try to identify a multi-deposited bond and compare how it is announced in different markets in terms of interest periods.

**Action**: Michael to find a multi-deposited bond and show how INPE is used for it in different markets

# CA345 Create new MP for the usage of the new QCAS "Instructed Amount" field in MT 565 (Matthew)

Follow up on the CR SR2017 CR 001108.

The UK&IE NMPG has not had time yet to create a draft MP.

**Action**: UK&IE to create a draft and circulate it to the CA-WG before the November conference call.

# CA346 New element for supporting for the AU "Conduit Foreign Income" income type (Tax SG & AU)

Follow up on the rejected CR SR2017 CR 001112.

Same as for CA343, though it is possible this will not require a new CR.

**Decision**: Delegate this to the Tax SG, together with some extra representatives if/as needed.

# CA347 Create New MP to enable Tax on Difference between Issue price and redemption Price (Véronique)

Follow up on the rejected SR2017 CR 001099.

The recommendation from the SMPG is to include Issue Price either as narrative (since the volume is low) or in the FIA sequence of the DEBT SECMOVE sequence although it is a bit of a misuse since the issue price definition mentions “resulting security”.

**Decision**: Include this recommendation in the meeting minutes, but not in GMP1

# CA348 Repeatability of ADTX in MT 564 Seq. E (Daniel)

This is a follow up on the rejected SR2017 CR001114 from Germany.

Daniel, via conference call, described the German CR for SR2017 which was rejected by MWG.

Germany would like to place the ADTX about a specific option in the option narrative itself instead of at event level as a DVOP event in Germany is very complex (involving 2 interim securities) and so the customer could only read the relevant option narrative and not the rest (which would be mixed up if the event level narrative is used).

After some discussions, the group concludes that the German DVOP event is not at all in line with the CAJWG standards and that there is no good way to solve this with the current standard.

Decision: The SMPG recommendation is to (mis)use the repetitive qualifiers INCO and COMP or to include the information at event level in ADTX.

Action: Close item.

# CA349 Extend coverage of 98a::CERT in MT 564 Seq. D? (Tax SG)

Follow up on the SR2017 CR001098 from LU.

The Tax SG is responsible for reviewing the scope of CERT definition and has started to work on it. It will send a proposal to CA-WG.

**Action**: The Tax SG to draft a proposal and send it to the CA-WG for approval.

There is another item raised to the SMPG in the CR conclusions but not reported into the Open Items file yet: *‘The MWG group also agreed that the SMPG should define a new market practice on the use of the :22F::OPTF//BOIS and :22F::CETI//FULL codes*.’.

**Action**: Jacques to create a new open item for this.

# CA350 Usage of AFFB/UNAF balances for DRAW ? (Alexander)

The description of drawing and affected vs unaffected balance in the template for DRAW is very good, but there is nothing in GMP1 regarding this, which may lead to misuse of AFFB and UNAF.

**Action**: GMP1 SG to copy the description from the template into GMP1

# CA351 Usage of REPE for multiple accounts ? (Jacques)

The question (coming from APAC) is mainly whether “:97C::GENR” can be used with a MT 564 REPE ?

**Decision**: The answer is NO, it cannot be used. This must also be clarified in GMP Part 1 by updating the section 3.9 as follows:

*3.9 Account (~~Single Account~~, multiple or all accounts ~~not identified individually~~ (GENR)):*

*A single Notification message may be sent when a client owns more than one account using the 97C::SAFE//GENR syntax. Balances, entitlement quantities &/or amounts must not be supplied when using this syntax, i.e. REPE messages cannot be used with GENR. ~~The usage of this ISO 15022 feature is used is dependent on the account servicer.~~*

*It is also possible to include multiple accounts within a single notification. In such cases, it is possible to include balances for each account, but entitlement quantities &/or amounts must not be supplied when using this syntax.*

*An entitlement message (i.e. a REPE or CAPA message) is sent for each individual account owned by the client (note that the entitlement must be calculated individually for confirmation).*

*A confirmation message must be sent for each individual account (this is a mandatory message rule).*

**Action**: Close Item

# CA352 Redemption Message Flow for Negative Interest rates in DK (DK)

Charlotte described the solution by VP. The CA-WG discussed the solution and provided the following feedback/recommendations:

1. Affected balances should not be used
2. INTR should always be sent, but only informational, without CASHMOVE
3. Include the negative payment in the PCAL
4. “Bullet bond” before maturity should be treated as a CoCo (see GMP1 section 9.27)

**Action**: Close Item

# CA356 How to report the actual Interest rate used for payment (INTP) in an other currency than the issuing currency ? (Delphine)

During the Helsinki meeting we provided a solution on how to advise a redemption price when payment ccy is different than the issuing ccy, thanks to the specific 90a format allowing to report both ccy.

The same question is now coming to me for INTP, we do not have a similar format for 92a so in which ccy should we report the rate? Example: XS1369313850 RDTE 3AUG16.

The solution is to use the 92A format, the currency is specified in 11A (see the INTR CHOS sample in the CA Templates.

# MT/ MX Coexistence / Migration Update for SWIFT December Board Paper (SWIFT)

The Board requested SWIFT to continue to monitor ISO 20022 progress over the next year, re-evaluate its assumptions on co-existence and re-establish a position by December 2016.

When the SWIFT community last debated the issue of co-existence vs migration of (MT/ISO 15022 and ISO 20022 MX) standards, it concluded that for the foreseeable future, co-existence of both (where MT/ISO 15022 had already become established) was preferable to any of the alternatives (re IR 535 CoExistence update dated June 2010).

SWIFT wants to actively involve customers, both at institutional and at community level, in an update of this discussion, in order to ensure that our strategy and planning remains aligned with the views of the community.

Victor Abbeloos from SWIFT Standards joined the group for this topic for one hour and went through the SWIFT Customer Survey questions for the collection of the SMPG feedback on this topic.

# ISO 20022 Harmonisation Charter Support by SMPG (Evelyne Piron)

Evelyne presented the slides on the harmonisation charter. There was some discussion regarding some terms used, since several found the descriptions misleading.

The SMPG has been requested by SWIFT to support the charter.

The CA-WG, in line with the S&R-WG and the IF-WG, voted to support the charter.

# Close of meeting

Bernard and Christine closed the meeting and thanked the Swiss market for hosting the meeting

**------------------------ End of the Meeting Minutes ---------------**