

SMPG - Corporate Actions

Minutes of La Hulpe Meeting

November 14 - 16, 2023

Final Version 1.0 – December 7, 2023

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**Attendees List**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **NMPG / Organis.** | **Title** | **First Name** | **Last Name** | **Institutions** |
| CH | Mr | Michael | Blumer | Credit Suisse Services AG |
| DE | Mr | Hendrik | Melchior | Clearstream Banking AG |
| DK | Mrs | Randi Marie | Hattens | Euronext CPH |
| FI | Mr | Tero | Tollikko | Danske Bank A/S, Finland Branch |
| FR | Mr | Stéphane | Peard | Société Générale |
| GR | Mrs | Angela | Katopodi | Eurobank S.A. |
| ISITC US | Mr | Paul | Fullam | FIS |
| IT | Mrs | Paola | Deantoni | SGSS S.p.A. |
| JP | Mrs | Akiko | Sugio | MUFG BANK LTD. |
| LU | Mrs | Catherine | Falcone | Clearstream Banking Luxembourg |
| LU | Mrs | Catarina | Marques | Clearstream Banking |
| NL | Mr | Huseyin | Boler | ABN AMRO Clearing Bank |
| NO | Mr | Alexander | Wathne | Euronext Securties Oslo |
| SE | Mrs | Christine | Strandberg | SEB |
| UK&IE | Mrs | Mariangela | Fumagalli | BNP Paribas |
| XS | Mr | Jean-Paul | Lambotte | Euroclear |
| ZA | Mr | Sanjeev | Jayram | RAND MERCHANT BANK |
| Swift | Mr | Didier | Hermans | Swift (BE) |
| Swift | Mrs | Kari | Deridder | Swift (BE) |
| Swift | Mr | Jacques | Littré | Swift (BE) |

**Summary of CA WG Meeting Agenda – 14 to 16 November 2023**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | |  | | 2024 Q1 & Q2 Meeting dates |
| 2 | |  | | Approval October 17 Meeting Minutes |
| **Corporate Actions** | | | | |
| 3 | CA512 | | CA – Review DRIP CHOS with Interim Template | |
| 4 | CA573 | | CA – Add RDDT to WTRC in EIG | |
| 5 | CA526 | | CA – Review GMP1 section 3.14 and 6.11 | |
| 6 | CA562 | | CA – Instructions below MIEX after proration | |
| 7 | CA566 | | CA – Short/Long balances in CA MX Messages | |
| 8 | CA568 | | CA – Usage of CINL in MT564 Seq. E or E1? | |
| 9 | CA542 | | CA – Questions on ScoRE & ISO 20022 Migration | |
| 10 | CA556 | | CA – Add new instruction processing statuses | |
| 11 | CA560 | | CA – Cancelation Reason in seev.039 | |
| 12 | CA578 | | CA - CA Reversal Reason | |
| 13 | CA576 | | CA – CA Business Elements for camt.053 message | |
| 14 | CA583 | | CA – Regulatory Initiative in DE Market | |
| 15 | CA546 | | CA – API Framework (Swift Presentation) – Wednesday 9:00 AM ? | |
| **Tax Related Items** | | | | |
| 16 |  | | Tax Subgroup Membership and Co-Chairs | |
| 17 | CA569 | | CA Tax – Add Tax Information to Securities Proceeds (Follow up of SR2023 CR 1846) | |
| 18 | CA500 | | CA Tax – Add new Event Type for Tax Classification (SR2022 CR 001796) | |
| 19 | CA505 | | CA Tax – MP for Other Type of Income Qualifier in Movements Sequences (SR2022 CR 001791) | |
| 20 | CA550 | | CA Tax – Usage of Tax Qualifiers & RateType Code & TAXR//0, | |
| **General Meeting** | | | | |
| 21 | CA579 | | GM – Vote through network and usage of the VOPI code | |
| 22 | CA580 | | GM – Add Resolution Id MP | |
| **Market Claims** | | | | |
| 23 | CA466 | | MC – Handling MCs in the Cash Penalties and ECMS Context (SR2021 CR 001649) | |
| 24 | CA571 | | MC – Question on Market Claims | |
| 25 | CA582 | | MC – Notifications Questions | |
| 26 | CA572 | | MC – Market Claim market Practice review | |
| **Shareholder Identification Disclosure** | | | | |
|  |  | | *Nothing for the moment* | |
| **FASTER Directive** | | | | |
| **27** | CA575 | | | EU FASTER Directive – New ISO Messages required |

# 2024 Q1 & Q2 Meeting dates

The following dates have been selected for the monthly calls in Q1 & Q2 2024:

**January 16, February 20, Mars 19, May 21, June 18.**

The Spring global SMPG meeting will be scheduled in April. Dates and location will be confirmed later in December.

# Approval of October 17 Meeting Minutes

The minutes of the October meeting have been approved with additional comments from DE on item CA526 (see final minutes).

# CA466 – MC Handling MCs in the Cash Penalties and ECMS Context

Suggested action items:

1. The US to arrange a meeting/call with ISITC
2. Mari to put forward the need to create 20022 messages for automated buyer protection to CEJWG and build an ISO 20022 Business Justification for creating specific messages.

# CA500 - CA Tax - Add new Event Type for Tax Classification

Skipped due to lack of time.

**Action**: All NMPGs to provide feedback if any at the next meeting.

# CA505 CA Tax – MP for “Other Type of Income” Qualifier in Movements Sequences

Skipped due to lack of time.

**Action**: Christine to amend the wording to make it more generic and have it reviewed by the Tax subgroup as well.

# CA512 CA - Review DRIP CHOS with Interim Template

Latest version input document from Mari:



The ECPD and GUPA dates have been added to sequence D of the second event.

The document is approved and can be published.

**Action**: Jacques to include in SMPG templates document and publish new version on the SMPG website; then close item.

# CA526 CA - Review GMP1 section 3.14 and 6.11 (movement sequences)

Input document from Mike (received on July 4):



No further comments received from NMPGs.

The MP is approved by the WG.

**Action**: Jacques to update GMP1 accordingly and close item.

# CA542 CA – Questions on the CA SCoRE Standards & CAPC Usage?

* Follow up on Action 1: ISITC Use cases of CAPC usage

Input:



The WG agreed to keep the CAPC message as it is heavily used for the lottery events in the US as illustrated in the above presentation. Action 1 can be closed.

* Follow up on Action 2: Review of GMP1 sections 3&4

Christine, Mari and Jacques have updated GMP1 sections 3 & 4 to reflect correctly the transfer of the entitlement function to the CAPA message.

Furthermore, during the meeting, the WG went through the whole sections 3 & 4 and amended further some of the paragraphs (see in document below).



The illustrations in section 2 need to be updated to change the rem “Eligibility” by “Entitlement”.

* Follow up on Action 3 – ECMS/SCoRE Std - Migration of CA to ISO 20022 – Data Types Restrictions Usage Guidelines on Variant 1

The WG reviewed the proposed restrictions guidelines on the ISO 20022 data types as follows:



The table will be cleaned up and be sent to NPMGs for review.

The WG also agreed on the following decisions:

1. statement of SMPG to say that whoever is implementing ISO 20022 should use variant 1. The US and ISITC should also consider moving from variant 2 to variant 1.
2. prepare a CR in ISO 20022 to amend the ISO 20022 DSS (i.e. the ProprietaryIdentification element) to match ISO 15022 DSS fields length.
3. prepare a CR in ISO 15022 to amend the size of the price element from 14,13 (i.e. max 14 digits in total and max 13 fraction digits) to 11,10 to align with what is supported in ISO 20022.

**Remaining Actions items**:

* Action 2 - NMPG’s to review GMP1 Sections 2, 3 & 4 in light of the new ENTL and CAPA “Functions” in the seev.035 and revert with comments and Jacques to update illustrations to change “Eligibility” by “Entitlement”.
* Action 3 - Jacques to clean up the guidelines table and circulate for review.

# CA546 CA - API Framework

Item skipped due to lack of time.

# CA550 CA Tax - Usage of Tax Qualifiers & RateType Code & TAXR//0,

Item skipped due to lack of time.

**Action**: Mari to put forward a proposal.

# CA556 CA – Add New Instruction Processing Statuses

The UK would like to start working on a business case to request new statuses for the Registrar/Issuer for the CAIS and MT567 message to align with the UK CREST DEX statuses and similar to some of the statuses already present in the seev.006 GM message like “Forwarded” (FRWD) and “Received by Issuer or Registrar” (RCIS).

The following changes would also be considered by the UK in a new CR for SR2025:

* remove VLDA (Valid for Tax Authorities) reason code in PEND status for CAPS and MT567.
* remove MCER (Missing or invalid Certification) reason code from CAPS + change definition of AUTH in reason codes for CAPS and MT567.

**Action**: Mari to come back with a business case and a detailed list of proposed changes.

# CA560 CA - Cancelation Reason in seev.039 (new)

Context: In the General Information, there’s an optional Cancellation Reason narrative element, up to 140 characters. Are there any discussions around coding that instead of being narrative?

No business cases could be found for this by the NMPGs. Item can be closed.

**Action**: Close item.

# CA562 CA – Instruction below MIEX after Proration

Input:



The WG agreed that a CR be submitted for SR2025 to create a new code elements with 3 code values like “Reject”, “Accept in full” or “Accept the minimum”.

**Action**: ISITC/US to create a new CR for SR2025.

# CA566 CA – Short/Long Balances in CA MX Messages

Input from Randi:



The WG agreed that a MP is needed on the usage of the sign on balances to specify some restrictions as for instance a negative balance on Pending securities is meaningless.

It is proposed to amend the section 8.13 in GMP1 to make it ISO 20022 compliant and by removing the second sentence and expand the section to provide some guidance on the usage of the sign (re-using the CR input).

**Action**: Randi to put forward a proposal to amend paragraph 8.13 in GMP1.

# CA568 CA – Usage of CINL in MT564 seq. E or E1

Input From Randi:



The WG proposal for a new MP on the usage and placement of :22F::DISF (Disposition of Fraction) in the MT564 is as follows (and accordingly in the MT566):

1. :22F::DISF should be placed in sequence E,
2. :90a::CINL price should be placed in sequence E1:
   * in the debit movement if price is applied on underlying securities
   * in credit movement if the price is applied on the new securities
3. :19B::CINL amount should be placed in sequence E2.

DISF should however remain in E1 as in could be used in specific scenario.

**Actions: All NMPGs to review and revert on the above proposal.**

# CA569 CA Tax - Add Tax Information to Securities Proceeds

Input for Updated MP:





Skipped due to lack of time.

**Action:**

**1) NMPGs to review and revert for next call.**

**2) Jacques to also add the ISO 20022 data elements in the EIG for the items in red color (mainly rates).**

# CA571 MC - Question on Market Claims (Action: Mari)

Question from DK (Randi):

*When a claim is raised, we send seev.035/MT564 (credit) to the receiving party in the claim.   
The delivering party only receives the seev.031/MT564 informing that the corporate action will take place.   
Would you be able to clarify, if it is market practice also to send seev.035/MT564 (debit) to the delivering party in the claim?   
The same goes for seev.036/MT566?   
We have discussed the matter internally and we have not found it necessary to inform the delivering party, because they have already received the seev.031/MT564.   
But we have also not been able to find any documentation to ensure that our scope is sufficient. And we worry that the customer of the delivering party will not be aware of the claim against them until they receive the settlement instruction.   
Example:   
Party A agrees to sell 10 shares to Party B   
The transaction doesn't settle in time before a dividend payment and a market claim is generated.   
• Party A - Receives seev.031/MT564, because he has the shares in holding   
• When the market claim is generated, we send seev.035/MT564 to Party B. We don’t send any additional messages to Party A.   
• Settlement instructions are created and send to T2S (various settlement messages are sent to both parties).   
• When the claim has settled on T2S, we send seev.036/MT566 to Party B. We don’t send any additional messages to Party A.*

Answer: The MP is to use the new ISO 20022 market claim messages.

**Action**: Close item.

# CA572 MC - Market Claim Market Practice Review (Action: NMPGs)

Input: Draft MC MP:



**Action: All NMPGs** to review the draft MP document and revert with comments.

# CA573 CA - Add RDDT to WTRC in EIG

The WG approved the addition of RDDT for WTRC in EIG global grid as it is a key data element specified in the tax breakdown MP.

**Action**:

1. Jacques to update EIG+ global grid and publish new version asap and close item.
2. Mari to communicate the change to ECB (Gary/Benjamin) for SCoRE Standards.

# CA574 CA - Usage of special characters in some ticker symbol

*Context: We have been contacted recently at Swift by users of securities messages saying that some special characters not supported by the FIN x character set are now sometimes used in ticker symbol as identification of the financial instruments and they cannot be used in the 35B field.*

*Some users would like to submit a CR to modify the character set of 35B which is impacting all cat 5 messages. Swift would like to know if these cases are becoming frequent or if they remain exceptional.*

The topic has been discussed at the plenary meeting together with the SnR and IF WGs. From the feedback received, it appears that these cases are not very frequent and do not justify a change of character set in the standards for the field 35B which would have a huge impact on the users.

The recommendation is to use the Swift workaround mentioned in the standards for special characters.

**Action**: Item can be closed.

# CA575 - EU FASTER Directive – New ISO Messages Required

The SMPG CA WG confirmed that it is keen to drive the design of a messaging solution for the reporting flow to the tax authorities and define the market practice in a similar way it was done for the SRDII messages via an industry steering group including as much as possible the stakeholders in the tax processing are.

At this stage, the directive is not yet approved and the live date not yet known, surely not before 2027 according to the current information.

According to the information we have heard, the EU Tax Commission would likely be willing to be involved the ISO 20022 business justification as well (TBC).

Next step: Wait first for the directive to be approved by the European Council and the overall schedule clarified.

# CA576 CA - Business Elements for camt.053 message

Item skipped due to lack of time.

**Action**: To be addressed at the next call.

# CA578 CA – CA Reversal Reason

Context: *Could we create a market practice about the usage or reversal reasons to make clear the reason should originate from the source and that it should not be up to an intermediary to guess what the reversal reason is ?*

The WG suggests to write a new MP to regulate the usage of the reversal reason codes with the following recommendations:

1. Each intermediary should report/forward the same reversal code received from the previous intermediary if a reversal is to be performed.
2. Use only one of the available codes and only use a narrative (NARR) if none of the codes are applicable.
3. Use FNRC (Funds not Received) for reversals linked to contractual payments + issuer not paying.
4. Use IETR (Incorrect Event Level Tax Rate) only if the taxation is incorrect at event/security level. Not to be used for tax adjustment.
5. Regarding the POCS (Payment Outside Clearing System) reason code, a MP should specify that the POCS code should not be implemented.

It is also suggested to submit a new CR to remove the POCS code from 15022 & 20022 standards and a new CR to add a narrative field to ISO20022 (to align with ISO 15022).

**Action:**

1. Mari/Christine to draft a MP on this as per the above guidelines.
2. Jacques to draft a CR on the removal of the POCS reason code (ISO 15022 & 20022) and on the addition of a narrative in the ISO 20022 seev.037.

# CA579 GM - Vote through network and usage of the VOPI code

The MP on the Vote Though Network code VOPI (Vote As Per Intermediary Information) and VOCI (Vote Though Chain) should be clarified as follows:

* VOCI should be passed on as received to the next intermediary.
* Vote directly to the issuer: should be passed on as received. Everyone has to instruct to the issuer.
* VOPI: It cannot be forwarded through the chain as is as the information is dedicated to the next level in the chain. The message is stopped as the recipient has to decide whether to turn it into a VOCI.
* Also delete the ICSD sentence (page 24).

**Action**: Mari to add wording for the usage of VOPI in the GM MP.

# CA580 GM – Add Resolution Id MP

The WG agrees to update the GM MP document to clarify that the resolution ID has to be unique per resolution even if reported in different languages and it has to match the resolution ID available on the issuer website.

**Action**: Mari/Jacques to update the GM MP.

# CA582 MC - Notifications Questions

1. *Is there a way to indicate in the CA notification that market claims will be created as reporting-only transactions (settlement to be managed outside) ?*

Answer: NO

1. *Is there a way in the market claim notification (seev.05x) to report that a market claim is notified but will not settle (reporting only notification… up to the counterparties to arrange outside)*

Answer: EB/CBL to check if the proposal of generating the claim (seev.050) and then putting it on hold to evidence that it will not settle because of bridge.

**Action**: Jean-Paul/Catarina/Catherine to follow up on the question b).

# CA583 CA - Regulatory Initiative in DE Market

Context:

In the German market, there is a regulatory initiative ongoing to allow SPACs. We did already have some SPACs target at the German market in the past, but these usually had foreign ISINs (e.g. LU). In order to avoid similar issues as we have had with DVOPs in recent years, we would like to come up with proposals for processes & market practices for the German market which are aligned with international standards that issuers and issuer agents can then use. We are wondering, if any markets (e.g. ISITC) already have market practices and market standards for SPACs that we can build upon.

Conclusion: SPAC should be treated as any other issuer and existing events like LIQU, EXOF,.. should be used.

**Action**: Close Item.

# Tax Subgroup – Call for more NMPG Representation

In the course of 2023, both Tax subgroup co-chairs (Jean-Pierre Klak and Jyi-Chen Chueh) left the SMPG and the subgroup was left without co-chairs since then.

Despite a call for new co-Chairs in the subgroup, no candidacy application was received for the co-chair positions and the NMPGs representation tends to weaken.

Therefore, we request, for the NMPGs not participating already to the Tax SG, to check among their members if there is anyone interested to join the Tax subgroup.

**Action**: NMPG’s to check amongst their membership if anyone is interested to participate and contribute to the MP works in the Tax subgroup (around 4 WG meeting/call of 60 to 90 minutes scheduled per year usually).

# AOB

1. T+1 impact on ex-date and record date. See with ECSDA and AFME.
2. Reorganisations without the change of ISIN: Needs further discussion between ECSDA and AFME.

**Next CA WG meeting: Moved to Thursday 14 December 2023**

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