SMPG - Corporate Action

Telephone Conference Minutes

29 February 2012

Draft Version v0.1 – March 20, 2012

Table of Contents

[1. Approval / comments on January 25 minutes 4](#_Toc320013358)

[2. CA 203 - Yearly SR2012 GMPs remaining inputs/actions for V1.1 4](#_Toc320013359)

[3. CA 167 – US Consent Events /+ Schemes - Clarify business flows (ISITC) 4](#_Toc320013360)

[4. CA 194/202 - Reinvestment of Fund Cash Distribution (REIN) Code (Mari/Matthew) 5](#_Toc320013361)

[5. CA 218 - Long-term and short-term capital gain in one event – NMPGs’ feedback (Sonda) 6](#_Toc320013362)

[6. CA 223 - MT 56X - New Event Type for Partial Redemption in Pro-Rata (Bernard/Delphine) 6](#_Toc320013363)

[7. CA 224 - MT 56X - New Event Type  INFO & new INFO Indicator 6](#_Toc320013364)

[8. CA 225 - MT 565 - Add Option Features, Rates and Narrative & Remove OFFR 6](#_Toc320013365)

[9. CA 226 - Disclosure (DSCL) event - Clarify usage / market practice 7](#_Toc320013366)

[10. CA 231 - Interim and Final Dividend (Bernard) 7](#_Toc320013367)

[11. Tax Subgroup Update 7](#_Toc320013368)

[12. PV Subgroup Update 7](#_Toc320013369)

[13. AOB (Interim and Final Dividend) 7](#_Toc320013370)

[14. Next Meeting 7](#_Toc320013371)

Attendees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Country** | **First Name** | **Last Name** | **Institution** |
|  | CH | Michael | Blumer | Credit Suisse |
|  | DK | Charlotte | Ravn | VP Securities Services |
|  | JP | Ichiro | Yamamoto | Mizuho |
| Co-chair | LU | Bernard  | Lenelle | Clearstream Banking |
|  | MDPUG | Laura | Fuller | Telekurs |
|  | MDPUG | Peter | Hinds | Interactive Data |
|  | NO | Grethe | Pedersen | DnB NOR Bank |
|  | RU | Elena | Solovyeva | NSD (National Settlement Depository) |
| Co-chair | SE | Christine  | Strandberg | SEB |
|  | UK & IE | Mariangela | Fumagalli | BNP Paribas |
|  | UK & IE | Matthew  | Middleton | LSE |
|  | US | Sonda | Pimental | BBH |
|  | XS | Delphine  | Haillez | Euroclear |
| Facilitator | - | Jacques  | Littré | SWIFT Standards |

Apologies

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Country** | **First Name** | **Last Name** | **Institution** |
|  | FR | Kimchi | Phungtran | BNP Paribas |
|  | DE | Daniel | Schaefer | HSBC |

Meeting Agenda

1. Comments on Jan 25 minutes

2. CA 203 -  Yearly SR2012 GMPs remaining inputs/actions for V1.1 (Jacques)

3. CA167 - Consent Events /+ Schemes - Clarify business flows (Sonda)

4. CA 194/202 - Reinvestment of Fund Cash Distribution (REIN) Code (Mari/Matthew)

5. CA 218 - Long-term and short-term capital gain in one event (Sonda)

6. CA 223 - MT 56X - New Event Type for Partial Redemption in Pro-Rata (Bernard)

7. CA 224 - MT 56X - New Event Type  INFO & new INFO Indicator (Sonda)

8. CA 225 - MT 565 - Add Option Features, Rates and Narrative & Remove OFFR – REMINDER

9. CA 226 - Disclosure (DSCL) event - Clarify usage / market practice (Delphine/Bernard/Sonda)

10. CA 231 - Interim and Final Dividend (Bernard)

11. Tax Subgroup update (Kim/Jean-Pierre)

12. PV Subgroup  update (Christine)

# Approval / comments on January 25 minutes

The minutes were approved without comments.

# CA 203 - Yearly SR2012 GMPs remaining inputs/actions for V1.1

All MPs documents (Summary, Part 1, 2, 3 and samples) have been published on the smpg web site on February 21. However, some questions/issues received remain on the EIG and the samples. The group decided to discuss those at the next conference call in order to produce a draft to be approved at the Athens meeting.

**EIG+**

There are still some remaining issues/questions from BE, UK and SE on the global grid that needs to be addressed. Some inconsistencies have also been identified with the countries columns.

**Action**:

* Jacques to consolidate and distribute the list of remaining issues before next conference call.
* NMPG’s to provide RDTE usage input in the “Record Date Tracking” table in GMP Part 2.

**Templates**

SOFF CHOS template is missing and there are a few remaining questions on the templates document.

**Actions**:

* Kim to send SOFF CHOS sample ASAP
* Jacques to consolidate and distribute the list of remaining issues before next conference cal.

# CA 167 – US Consent Events /+ Schemes - Clarify business flows (ISITC)



Sonda, Bernard and Delphine have discussed the attached document above. Sonda walks the group though the whole document.

There are currently three fee rate (:92a:) data elements associated with CONS in the Standards: SOFE, INCE and ESOF and ISITC has investigated solicitation fee vs. incentive rate.

The result of the investigation shows that:

* The SOFE rate and amount definitions are not aligned as the SOFE amount says it is paid not to the holder/owner but to a third party, whilst the SOFE rate does not mention this restriction at all. Both definitions should be aligned.
* The (INCE) Cash incentive fee/rate is said to be paid to the holder.
* The (ESOF) Early solicitation fee should actually be an early incentive fee/rate instead, since it is paid to the holder. Therefore ESOF should have either the code or/and the name changed.

It was proposed that the SMPG creates a CR for SR2013 to change SOFE and ESOF in line with the above so as to have 1 solicitation fee for the owner and one for a third party and one early solicitation fee. This was discussed, and no objections were raised.

SE, DK, JP indicate that they do not use solicitation fee.

Jacques mentioned the question raised by the Canadian NMPG about what rate to use for a premium cash distribution in DRIP/DVOP events.

Actions:

* Sonda / Bernard to progress in March on the finalisation of the paper on consent so as to distribute it for next conference call.
* Jacques to create an specific open item for the creation of the CR on this.
* Jacques will forward the question raised by Canada about premium cash distribution to Sonda and Bernard.
* Proxy Voting subgroup to look at item 10 (Should a vote be handled as a proxy or consent event).

# CA 194/202 - Reinvestment of Fund Cash Distribution (REIN) Code (Mari/Matthew)



Mari guided us through the input document above and explained the UK process for the 5 different types of Funds/Interest accumulation and distributions illustrated. The first four ones are applicable in the UK and the fifth one mainly in Jersey .

Mari explained also the concept of “Group 1” and “Group 2” units that is applicable to those event. Group 1 units receive income only, whilst group 2 units receive income plus equalization.

It comes out from the discussions that it should be possible to make a distinction between group 1 and group 2 balances in the message otherwise it is not possible to reconciliate afterwards with the proceeds.

Also the document should better explain the calculations to obtain the figures illustrated into the examples.

Eventually this will evolve into the creation of a new event type or of a new indicator.

As a conclusion, it was decided that the UK NMPG make a number of changes to the document to reflects what was discussed and the comments provided.

**Actions items:**

* Mari to add an introduction to the document to provide the business context and explain the group 1 and group 2 concept. equalization and incorporate comments provided at the conference call.
* Jacques to draw attention of Germany and Australia on this item as they might have the same kind of events/ needs.

# CA 218 - Long-term and short-term capital gain in one event – NMPGs’ feedback (Sonda)

It comes out from the discussion on this topic that “short term and long term capital gains” are really US specific. Therefore it is agreed that we do not need to have a MP at the SMPG level and that ISITC will include one on their side.

 Action: Jacques to close the item.

# CA 223 - MT 56X - New Event Type for Partial Redemption in Pro-Rata (Bernard/Delphine)

No input provided. Discussion postponed to next conference call.

Action: Jacques to extract the input from the SR2012 MWG minutes CR 000210 and distribute before next conference call.

# CA 224 - MT 56X - New Event Type  INFO & new INFO Indicator



Sonda goes through the input document provided here above showing 2 examples of ; one about the cancellation of a listing on the IE exchange and the second one on the change of listing currency in the UK.

DE ( written feedback): Concerning Sonda's Mail dated 25.01.2012/16:02, the German NMPG does not regard the quoted examples as Corporate Actions.
A lot of foreign securities are listed on the German Stock Exchanges. As you are aware we have several regional stock exchanges and electronic trading platforms and the stock exchange in Frankfurt.
To initiate a dual listing of foreign stock on one of the exchanges in Germany is very easy for the brokers and therefore foreign securities are constantly listed and delisted in Germany.
From a German point of view, the listing or delisting of securities is static data and not a Corporate Action as long as the stock is still listed on any other exchange in the world because the clients can still sell their shares anywhere else. In case a security would not be traded anymore, the client should be informed because this would have a huge impact on the liquidity of the position.

The ensuing discussion shows that it is difficult to give a non-ambiguous scope to a potential new “INFO” event and also how to distinguish it from the OTHR type of event ?

It is therefore proposed to eventually create a new INFO indicator (different from :25D::PROC//INFO which has a different meaning) rather than a new INFO CAEV code.

Action: The NMPGs to review this new proposal and revert.

# CA 225 - MT 565 - Add Option Features, Rates and Narrative & Remove OFFR

Jacques reminded the WG of this pending action for the NMPG’s due for the Athens meeting.

Actions:

NMPGs are requested to provide their feedback at the Athens meeting in April on this topic and answer the following question:

*Do they agree to address the issue with an alternative algorithm / logic approach still to be found knowing that we will never be able to create something that will work for all events, at all levels of the intermediary chain.*

# CA 226 - Disclosure (DSCL) event - Clarify usage / market practice

It seems that DSCL events are used for ADR’s.

DK sees some usage for the DSCL event too. More feedback from countries on the usage of this event is still required.

Action:NMPGs are requested to provide their feedback on this topic at the next conference call.

# CA 231 - Interim and Final Dividend (Bernard)

Postponed to the next conf call.

Action: Sonda to provide input to Bernard’s question.

# Tax Subgroup Update

Kim not present, report at next conference call.

# PV Subgroup Update

The possible chair, George Harris, has declined the offer.

Action:

Jacques to email Christine the contact details of the ISS and Broadridge members.

Christine will email the group members, with copy to the SMPG CA-WG, to request one or more members to stand as chair, and to inform the sub-group that unless a chair can be found the sub-group will be closed.

# AOB (Interim and Final Dividend)

Jacques reminded the members to register for the Athens meeting in April.

# Next Meeting

March 28, 2012 from 2 to 4 PM CET.

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