

SMPG - Corporate Action

Telephone Conference Minutes

25 March 2013

Draft Version v0.1 – March 28, 2013

Table of Contents

[1. Approval of February 21 Conf. Call Minutes 3](#_Toc352266977)

[2. CA 203/239 – SR2013 Maintenance WG Follow-up Items(Jacques) 3](#_Toc352266978)

[3. CA 167 - Consent Events / Schemes – Final Comments (Bernard) 4](#_Toc352266979)

[4. CA210  Overelection/subscription market practice review (Véronique) 4](#_Toc352266980)

[5. CA 240 New CAMV code or Option code for disclosure / certification (Christine) 4](#_Toc352266981)

[6. CA 226 Disclosure (DSCL) event - Clarify usage / market practice (Bernard) 5](#_Toc352266982)

[7. CA249 Reinstate format option D for PAYD in seq. E1 and E2 (Delphine) 5](#_Toc352266983)

[8. CA251   French Transaction Tax  Update (Kimchi) 5](#_Toc352266984)

[9. CA252   New SOFF CHOS without rights distribution (Peter / Laura) 6](#_Toc352266985)

[10. CA253   Use of MT566 with posting amount = 0  (New from Bernard) 6](#_Toc352266986)

[11. TA - Tax Subgroup Update (Bernard) 6](#_Toc352266987)

[12. Standards Messaging Landscape Document Section 3 & 5 Review (Jacques) 6](#_Toc352266988)

[13. Agenda for Frankfurt meeting (Jacques) 6](#_Toc352266989)

Attendees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Country** |  | **First Name** | **Last Name** | **Institution** |
|  | AT | Mr. | Stefan | Ribisch | Unicredit |
|  | BE | Mrs. | Veronique | Peeters | BNY Mellon |
|  | CH | Mr. | Michael | Blumer | Credit Suisse |
|  | FR | Mrs. | Kimchi | Phungtran | BNP Paribas |
|  | JP | Mr. | Ichiro | Yamamoto | Mizuho Corporate Bank |
| Co-Chair | LU | Mr. | Bernard | Lenelle | Clearstream |
|  | MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data |
|  | MDPUG | Mrs. | Laura | Fuller | Telekurs |
|  | NO | Mr. | Alexander | Wathne | Nordea |
| Co-Chair | SE | Mrs. | Christine | Strandberg | SEB |
|  | UK & IE | Mrs. | Mariangela | Fumagalli | BNP Paribas |
|  | UK & IE | Mr. | Matthew | Middleton | LSE |
|  | US | Mrs. | Sonda | Pimental | BBH |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank |
| Facilitator | BE | Mr. | Jacques | Littré | SWIFT |

**Excused:** Delphine Haillez (XS) - Euroclear

# Approval of February 21 Conf. Call Minutes

The minutes of the previous conference call were approved with some clarifications regarding CA 226 action item.

# CA 203/239 – SR2013 Maintenance WG Follow-up Items(Jacques)

Follow-ups from MWG CRs for SR2013 (please refer to the “Open Item” file in tab “SR2013 SMPG Actions”:

* CR393 & CR418 - Kim reports the French CRs follow up status: FR MP on fractions and instructions will be sent to the group next week.

**Action**: Kim to send MP to the group as soon as available

* CR421 - Mari reported on the status of the ACCU UK MP: The UK NMPG expects to publish the template fairly soon after the UK NMPG meeting this week. Sonda reported that ISITC had received a number of questions regarding the use of MT566 without a posting; Mari answered that this choice was made at the MWG meeting. The new item, CA 253 (see further down), is actually also related to this MT566 issue.

**Action:** Mari to send MP to the group as soon as available

* CR 383 – Letter of Guarantee indicator - Nothing has been received from Canada so far.

**Action:** Sonda’s ISITC colleague to reach out to the Canadian NMPG to request them to create market practice for letters of guarantee.

* CR 411 – Real Estate Property Income - DE was supposed to ask for input from the IF WG and UK, but no German member attended the call today.

**Action**: DE to report at next meeting

* CR 386 – Special Warrant - Nothing has been received from Canada so far.

**Action:** Jacques to reach out to the Canadian NMPG for their rejected CR regarding special warrants.

* CR 439 – Capital Return Event Type - Nothing has been received so far from UK.

**Action**: The UK NMPG to revert on an alternative solution to their rejected CR regarding capital returns.

# CA 167 - Consent Events / Schemes – Final Comments (Bernard)

Bernard has updated the document in accordance with the comments made at the Osaka meeting and BIDS has been added together with EXOF and TEND events in one of the scenario since last conference call.

The document will be recirculated again for final review by the NMPGs before Frankfurt and it will be finalised / approved at the Frankfurt meeting. If approved, two CRs for SR2014 will have to be produced.

Final version for review:



**Action**: NMPG to send comments, if any, to Bernard within the next two weeks – Deadline for comments is April 15 to be sent to Bernard/Jacques.

# CA210  Overelection/subscription market practice review (Véronique)

Veronique described the document, updated in accordance with the discussions in the GMP1 sub-group.

The 2nd flow is theoretical based on what the standards allows but it does not work from an MT567 perspective. A CR for SR2014 might eventually be needed.

Final version for review:



**Action:**

* Véronique to update the document, including the illustration of the MT567 in all scenarios and of the MT565 in flow 3 (Done - see above)
* NMPG to provide comments/feedback for discussion at Frankfurt meeting.

# CA 240 New CAMV code or Option code for disclosure / certification (Christine)

Christine has sent today an email to the SMPG members with the following summary of the open item: The final decision will be made at the Frankfurt meeting.

*The issue concerns mandatory events with only one option, but where the recipient of the notification must nonetheless perform some form of action/send an instruction in order for the default action to take place. This mainly affects mandatory distributions of securities (most frequent) or cash, where the issuer, or its agent, requires information from the holders before any credit can be made to the holder (directly or via its account servicer).*

*The issue does not include tax certification, at least not at this stage.*

*Event examples:*

* *Distribution of securities which can only be held in another market/CSD than the underlying securities for the event, and the holder must inform the issuer agent the account servicer/account in that market/CSD to which the securities should be delivered.*
* *Distribution of subscription rights where the holder must certify that it (or its clients) is not restricted from receiving such rights before the issuer agent will credit them.*

*Other event scenarios are possible, and we request NMPGs to provide input to the SMPG to ensure the solution is as complete as possible.*

*Currently, there is no STP format in which account servicers can inform their clients of the issuer's requirement. The event is a MAND event, but an instruction of some sort must be sent before payment is made. The proposed solution is to request a new CAMV code for 'Mandatory with required action’ event, and also use the certification indicator code as applicable, to inform the recipient of the notification, via formatted fields, that an action is needed and the details of it.*

**Action**: NMPGs to rediscuss and comment the above open item summary and also indicate if you have any such mandatory events with required actions in your market. **Your feedback is requested by April 17 to be sent to Christine/Jacques**

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



Bernard described the document. Feedback has been received from Russia as they have a new regulation on this process. Bernard will contact Elena to clarify some points.

Christine asked what exactly is meant by “systematic/non-systematic”. Bernard explained that “systematic” is the same as the scenario presented by Paul Bodart 2 years ago for the SR2011 maintenance in the frame of the T2S project.

Bernard will update the document with “ad-hoc” instead of “non-systematic”.

**Actions:**

* Bernard to update the document and resend to NMPGs
* NMPGs are requested to review the 8 scenarios and provide input from their market, regarding both use and non-use of each 8 scenarios and any potentially additional scenarios. **Your feedback is requested by April 17 to be sent to Bernard/Jacques**

# CA249 Reinstate format option D for PAYD in seq. E1 and E2 (Delphine)

The item was postponed since Delphine is on holiday.

# CA251   French Transaction Tax  Update (Kimchi)

The MP for the French FTT has been almost finalised, but has not been distributed to the SMPG yet. This will be done as soon as the FR NMPG has approved. Narrative will be used, since there is no dedicated qualifier for the tax amount.

Kim asked a question regarding impact on S&R: how to coordinate, both in the NMPGs and at the SMPG level.

**Action:** Kim to draft a document based on the French discussions and send it by April 17 to the group.

# CA252  New SOFF CHOS without rights distribution (Peter / Laura)

Has any NMPG experienced a SOFF CHOS with a SECU option and a CASH option, but without a rights distribution ? MDPUG case with such a SOFF CHOS originated from HK.

**Action:** NMPGs are requested to discuss and provide feedback to Jacques by April 17.

# CA253 Use of MT566 with posting amount = 0  (New from Bernard)

Issue: What happens when the posting amount goes down to 0 ? Should an MT 566 be sent anyway with zero posting amount ?

Different scenarios can be distinguished for a posting amount of zero:

* The issuer cannot pay the posting amount (credit issue).
* The result of the posting amount calculation is zero or very close to zero (like an ELN).

Examples of the second scenario:

1. Final Redemption: Securities must be debited but cash is null.
2. Income – interest payment with floaters: there is no securities movements and the cash amount is null.

Potential solutions:

* Cancellation of the event -> not desirable at all.
* Sending an 564 REPE update -> does not work (especially for INTR as very often there are no announcements)

**Action:** Bernard to create a draft document describing a few scenarios for discussion at the Frankfurt meeting.

# TA - Tax Subgroup Update (Bernard)

The “re-start” conference call will be held next week, on April 4. It looks promising so far. The next two calls have also been scheduled, for May 16 and June 28.

**Action**: Detailed agenda to be sent by the 2 tax subgroup co-chairs asap : Jean-Pierre Klack / Jyi-Chen Chueh

**To participate to the Tax subgroup: please contact** [**bernard.lenelle@clearstream.com**](mailto:bernard.lenelle@clearstream.com)and[**jacques.littre@swift.com**](mailto:jacques.littre@swift.com)

# Standards Messaging Landscape Document Section 3 & 5 Review (Jacques)

The document is published by SWIFT and available on swift.com. The SMPG WGs are requested to review and provide feedback. The PMPG, SMPG SC, S&R and IF WGs have already done so.

**Action:** The SMPG CA WG is requested to review the sections 3 and 5 (securities and AS related) of the document and provide feedback to Jacques for Frankfurt meeting at the latest. To be discussed at Frankfurt meeting.

# Agenda for Frankfurt meeting (Jacques)

Jacques would like to compile the list of items for Frankfurt fairly soon.

**Action:** Jacques to create a draft agenda and send it to Bernard and Christine today or early tomorrow and organise a conference call to finalise it.

Jacques to send the agenda before Easter.

**Next Meeting: Frankfurt BCE April 23 - 25**

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