

SMPG - Corporate Action

Telephone Conference Minutes

24 October 2013

Final Version v1.0 – Dec 16, 2013

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Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
|  | AT | Mr. | Stefan | Ribisch | Unicredit | Excused |
|  | AT | Mrs. | Karin | Wachter | Unicredit | Excused |
|  | BE | Mrs. | Veronique | Peeters | BNY Mellon |  |
|  | CH | Mr. | Michael | Blumer | Credit Suisse | **🗸** |
|  | DE | Ms | Pileri | Andreana | Commerzbank AG |  |
|  | DE | Mr. | Schaefer | Daniel | HSBC | Excused |
|  | DK | Ms | Ravn | Charlotte | VP Securities A/S |  |
|  | ES | Mr | Steimann | Thomas | Deutsche Bank SAE |  |
|  | FI | Ms | Rask | Sari | Nordea Bank Plc | **🗸** |
|  | FR | Mrs. | Kimchi | Phungtran | BNP Paribas |  |
|  | HK | Ms | Yu | Yek Ling | HSBC | **🗸** |
|  | IT | Ms | Deantoni | Paola | SGSS spa | **🗸** |
|  | JP | Mr. | Ichiro | Yamamoto | Mizuho Corporate Bank | **🗸** |
|  | JP | Mr | Yasuo | Oga | Mizuho Corporate Bank | **🗸** |
| Co-Chair | LU | Mr. | Bernard | Lenelle | Clearstream | Excused |
|  | MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | **🗸** |
|  | MDPUG | Mrs. | Laura | Fuller | Telekurs | **Excused** |
|  | NL | Mr | van der Velpen | Ben | ING Bank N.V. |  |
|  | NO | Mr. | Hans Martin | Aulie | DNB Bank | **🗸** |
|  | NO | Mr. | Alexander | Wathne | Nordea | **🗸** |
|  | RU | Mrs | Elena | Solovyeva | NSD | **🗸** |
|  | RU | Mrs | Sofia | Prokofeva | Rosbank |  |
| Co-Chair | SE | Mrs. | Christine | Strandberg | SEB | **🗸** |
|  | UK & IE | Mrs. | Mariangela | Fumagalli | BNP Paribas | **🗸** |
|  | UK & IE | Mr. | Matthew | Middleton | LSE | **🗸** |
|  | US ISITC | Mrs. | Sonda | Pimental | BBH | **Excused** |
|  | XS | Ms | Haillez | Delphine | Euroclear | **🗸** |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank | **Excused** |
|  | ZA | Mr | ? | ? | ? | **🗸** |
| Facilitator | SWIFT | Mr. | Jacques | Littré | SWIFT | **🗸** |

# Comments / Approval of September 26 Minutes

Additional informational remarks were received from Bernard (LU) and Yasuo Oga / Ichiro Yamamoto (JP) on CA 253. The minutes will be completed with those remarks. Apart from this, the minutes are approved.

Action: Jacques to edit and republish final minutes.

# CA203 - Yearly GMP Part 1,2,3 and samples alignment as per  SR2014 and yearly summary of changes to MPs (Christine)

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 sample

NOOF: Add a NOOF VOLU sample

**Actions:**

1. All (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 samples
3. 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.

# CA210 - Overelection/Subscription MP (Véronique)

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.

**Action:** All remaining NMPGs to revert at Johannesburg.

# CA226 - Disclosure (DSCL) event - Clarify usage / market practice (Bernard)

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.

**Actions:**

* Jacques and Christine to follow up with Bernard.
* NMPGs which have not yet provided feedback are requested to do so for Johannesburg.
* Bernard to update the table as per the comments received above and contact Elena to discuss the RU scenarios.

# CA239 – SR2013 Maintenance WG follow up items (Jacques)

Status of the remaining action items following up SR2013 MWG:

***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 MP***

***5. 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.

Action: DE to revert at the next call.

***7. GMP Part 1 - Corrections to be done in chapter 2 of GMP Part 1 by Jacques/Bernard***

Christine 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.

# CA 240 - Disclosure / Certification for MAND event (Christine)

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.

**Action**s:

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 to provide more detailed information about the new CH scenario (bottom-up scenario of securities distribution)

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

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.



Christine’s pending action about sending a draft text to Veronique on MT564 ENTL amount is completed.

# CA 258  - MT567 Rejection Code (Mari)

Jacques have drafted a brief text for GMP3\_SR2014. UK approved the draft at the call.

The draft text will be presented at Johannesburg.

# CA 260  - Residual value in EXWA  for Turbo Warrant ? (Laura)

Pending provision of the example in English.

**Action**: Laura to provide other examples in English.

# CA 261 - Broker/Dealer fee / amount Question (Delphine)

Delphine described the issue: Broker/dealer fees, a cash fee paid to the broker by the issuer because the broker has submitted an instruction on behalf of the beneficial owner. The fee is similar to a solicitation fee (SOFE), in the sense that it does not touch the investor’s account.

Decision: The WG could not recommend the usage of an existing qualifier for this. Therefore a CR adding a new element might be necessary in this case. XS will see if it is worth a CR for next year.

# CA 274 - PAYD value for TEND VOLU in HK with no set Pay date? (Laura)

Peter described the event briefly, in addition to the document sent by Laura.



The WG agreed that ONGO should be used only when it is known the event will be paid on on-going.

**Decision:** In this case, the only possible code is UKWN.

# Tax sub-group status (Bernard/Jacques)

Jacques gave a status report from the tax sub-group.

Last meeting was on October 3; about 10 people attended. Some highlights of the meeting:

* 1. The sub-group is currently looking at the tax qualifier usage table, and has received so far feedback from FR, DE, NO, CH and are waiting for more.
  2. The subgroup started to look also at the issue with the tax qualifiers WITF/WITL/TAXR in order to clarify their usage and meaning.
  3. CA200.2: The so called DVSE “French” solution, with one tax rate per option is also reviewed; can this be used more generally?
  4. **Reminder:** NMPG’s are encouraged to have Tax experts joining the SMPG representative person at the call.

Next conference calls: **November 7 and December 19 from 2 to 3h30 PM CET**.

All subgroup minutes are posted on the SMPG website in the dedicated subgroup folder.

# MyStandards Subgroup Update (Jacques)

The last call was held on October 22, with 6 attendees.

1. Discussed all the MPs and if they could be added to MyStandards. It was agreed to first, work on the templates and GMP2 EIG GG. GMP1 is a later stage; it seems much more difficult to put onto MyStandards.
2. Have also reviewed the new draft SMPG document on best practice on use of MyStandards (rules and recommendations).
3. It was decided to start reviewing the DVCA MAND UG on MyStandards at the next call, and compare the SMPG template with what is on MyStandards and validate the assumptions made. Once we agree on the best practices for the DVCA we will apply them to the other event UGs.

Next call will be held on November 26, and it will be a WebEx call. If you would like to attend, please contact Bernard or Jacques.

# Review proposed assignment of SR2014 Follow up items & those to be addressed in Johannesburg (Christine)

SR2014 follow-up items - proposed assignments:

|  |  |  |
| --- | --- | --- |
| **Item #** | **SR2014 Follow up Item Name** | **Responsible** |
| **CA 262** | Non- Regular Interest INTR | SMPG |
| **CA 263** | Bond Holder Meeting (BMET) event | SMPG and/or PV-SG |
| **CA 264** | Lottery Events MP | US NMPG |
| **CA 265** | Stock Lending Deadline | UK NMPG |
| **CA 267** | New Format for MAXP/MINP/OFFR/BIDI | US, UK + ICSDs |
| **CA 266** | Redemptions in pro-rata | ICSDs |
| **CA 268** | Narratives scope/usage and indicate updates | SMPG |
| **CA 269** | Confirmation of Actual Payment (versus contractual) | SMPG |
| **CA 270** | ISO 20022 Instruction Status Reason Code lists | SMPG |
| **CA 271** | New Intermediary Instruction Processing Statuses (CA /PV) | SMPG and/or PV-SG |
| **CA 272** | ISO 20022 rates length alignment with 15022 | ISO 20022 SEG + SMPG reps |

The WG accepted the responsible persons proposed above by Christine.

**Actions:**

1. Jacques: All items assigned to “SMPG” + CA 266 to be added to the agenda for Johannesburg.
2. Christine to formally email the others to request they perform the actions.

# AOB

Michael proposed setting aside an hour or two for review of the Johannesburg meeting with markets who cannot attend the meeting. Jacques was not certain if the conference room would facilitate this, and Christine remarked that the time zone is only suitable for Europe.

**Action**: Jacques and the co-chairs will investigate the feasibility with ZA at the FNB learning center and revert to the WG.

**Next Meeting: November 12 -14, 2013 in Johannesburg**

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