

SMPG - Corporate Action

Telephone Conference Minutes

27 February 2014

Final Version v1.0 – April 7, 2014

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Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
|  | AT | Mr. | Stefan | Ribisch | Unicredit |  |
|  | AT | Mrs. | Karin | Wachter | Unicredit |  |
|  | 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 | Excused |
|  | JP | Mr | Ito | Hideki | Mizuho Corporate Bank | Excused |
| Co-Chair | LU | Mr. | Bernard | Lenelle | Clearstream | Excused |
|  | MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | 🗸 |
|  | MDPUG | Mrs. | Laura | Fuller | Telekurs | 🗸 |
|  | 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 | 🗸 |
|  | SG | Mr. | Jyi-Chen | Chueh | SC | Excused |
|  | UK & IE | Mrs. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
|  | UK & IE | Mr. | Matthew | Middleton | LSE | Excused |
|  | US ISITC | Mrs. | Sonda | Pimental | BBH | 🗸 |
|  | XS | Ms | Haillez | Delphine | Euroclear | Excused |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank |  |
|  | ZA | Mr. | David | Nita | Strate | 🗸 |
| Facilitator | SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |

# Comments on January 28 conf. call minutes

No comments received; minutes are approved.

# CA203 - SR2014 MPs Maintenance & Event Templates and summary of changes (Jacques)

Review of action items status:

The final versions of the SR2014 MPs documents have all been posted on February 12 on the SMPG web site.

Action 1: Samples:

* DRAW and DUTCH VOLU US received from Sonda
* Sonda confirms that DUTCH VOLU US includes both MQSO and QTSO
* Samples SR2014 updates still missing from BE, NL, DE

**Action**:

* NL, DE and BE to provides their input asap.

Action 9. INFO: Sonda to write a proposed text for GMP Part 1 explaining the use of INFO VOLU vs. INFO MAND.

* No input so far.

**Action**: Sonda to provide input for next call

Action10: EXWA MAND (European Style Warrant) question from MDPUG

MDPUG’s understanding is that if the warrant expires nothing happens. Therefore MDPUG would output these as VOLU.

Bernard’s answer provided via email:

*“Here the European warrant is definitely not a VOLU event as no instruction can be sent by the owner at the end of the life of the warrant, stock price is compared to strike price and automatic lapse or exercise will occur. These are typical options with the OPTF CAOS.”*

It is also proposed to provide an EXWA MAND template so as to illustrate differences by an example.

**Action**:

* Bernard to clarify why EXWA MAND vs. CHOS for the European Style warrant at next call
* Bernard to provide a new EXWA MAND sample

# CA210 - Overelection/subscription market practice review (Véronique)

Status: As an outcome of the Johannesburg meeting, the scenario 3 (usage of QINS for oversubscription) that was previously discarded from the input document came back as one of the preferred option as it seems to be best aligned with the current usage although it was not compliant with the current MP. However it is proposed to rather adapt the MP to the current usage in order to mitigate the cost of globally implementing correctly the current MP.

See scenario 3 re-included into the attached document:



NMPG’s feedback on usage of QREC (can it be removed ?) and proposal to use QINS:

* FR: OK with QINS, prefer to keep QREC (used for optional dividends)
* UK: OK with QINS and OK to remove QREC
* DE: still need to discuss it.

Pending questions/impact of the proposed solution:

* The current MP with QOVE should be changed (removed)
* Do we still need to keep QOVE/QREC quantities in MT565 and QREC in MT 567 ?

**Actions:**

1. Remaining NMPGs are requested to investigate usage of QREC, from all perspectives and event types, by the April call.

2. Remaining NMPGs to approve/reject the proposal to remove ‘underlying’ from the long definition of QINS.

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

The following MP was proposed in January:

*“The usage of disclosure events (DSCL) is limited to ICSD only, for ad hoc request in the XS market. If a disclosure is required in the context of a corporate action event, then the disclosure request should be announced within that event.”*

NMPG’s feedback:

* RU would like that the usage of the DSCL event be not limited to ICSDs but rather extended also to CSDs so it can be used for ad-hoc requests in domestic markets as well.
* UK, DE and ZA NMPGs still need to discuss about it.
* All other NMPGs present at the call today agree with the proposal.

**Action**: Jacques to contact Elena and see how we can accommodate RU specificities in the MP by extended the scope to CSDs and domestic market.

# CA240 - Disclosure / Certification for MAND event (Christine)

Christine reports about some major processing issues identified recently by LU within the proposed solution 3 (using CHOS instead of MAND) as it can potentially lead to a same event being announced differently for different account holders

Therefore in the absence of Bernard, Christine proposes to put off the discussion of the open item at the London meeting on April 22 & 23.

FR also confirms the processing issue identified by LU.

Below, the input document from Michael about the bottom-up scenario of securities distribution:



Action: LU / FR to provide for London meeting more detailed information about the processing issues using CHOS.

# CA268 - Narratives scope/usage and indicate updates (Delphine)

1. NMPGs feedback on what is the best narrative qualifier to provide narrative information on “how to instruct”:

Options are:

1. leave in ADTX
2. in TXNR
3. in CETI
4. in TAXE
5. in new narrative qualifier

NMPG’s feedback:

ZA would prefer ADTX over TXNR

LU: How to instruct narrative examples:

- A form to be filled and transmitted to an agent

- An application form for edge funds (merger, redeem, ...)

- Clients or quantity breakdown for certain offers

- Meetings forms

- Enrolment to an offer in the issuer (agent) website

FR: has sent the following examples earlier:



UK: will talk about it at the next meeting mid-March. Examples show a mix of relevant how to instruct information and of SLA info. It would probably be better to have a specific new narrative for it.

US: Whatever the narrative chosen, one will always have to stop STP and have a look at it.

**Actions**:

* Mariangela (and other NMPGs if any) to provide examples of such narrative on how to instruct for next conf. call.
* Remaining NMPG’s to provide feedback

1. The GMP Part 1 subgroup still needs to provide a text on CETI to include into GMP Part 1 section 3.15.15.

**Action**: Véronique to reconvene the GMP Part 1 subgroup and make a draft text proposal.

# CA269 - Confirmation of Actual Payment (Mari)

Objective: confirm that the contractual payment has become actual and providing the finality of the payment.

**NMPGs feedback on the possible solutions (MT566 vs. MT567):**

CH: changed their feedback to not in favor of one or the other solution.

SE, LU, XS and ZA are not in favor of an MT566 solution (new function code) as this would heavily impact the processing logic of the MT566 which is not supposed to be “replaceable” like the MT564 and moreover this would be just for a few cases per year. Potentially this could create confusion in the MT566 payment processing. However the preference goes to using the MT567 status message where it could be more easily integrated than with the MT566 and minimize the impact.

The UK and US NMPG on the other hand has a preference for the MT566 and a new function code.

FR: estimates that this new function has a high impact on the global custodians processing flow and on the reconciliation process. It could potentially break STP on the income events. Therefore FR recommend to analyse first the impacted flows and the different scenarios.

**Decision**: We agree that we would first need to analyse the prospective flows impacted by this new functionality and look at different scenario (cancellation of payments etc..).

**Action**: Mari and Kim to prepare for the London meeting an input document with flows and scenarios on how the global custodian could be impacted in both solutions MT567 / MT566.

# CA270 - ISO 20022 Instruction Status Reason Code lists

Jacques presents the document attached below describing precisely what are the requested changes into the seev.034 (Corporate Action Instruction Status Advice) and seev.041 (Corporate Action Instruction Cancellation Request Status Advice) in order to be fully aligned with the SMPG MP Part 3 in terms of restricted reason code list per type of status compared to the ISO15022 Standards itself.



Decision: All agree with the changes proposal.

**Action**: Jacques to write a CR for SR2015

# Tax Subgroup Update (Bernard / Jyi-Chen)

Jacques provides the status on the Tax Withholding recommendations proposal (TAXR, WITF, WITL) that will be likely submitted at the London meeting by the Tax Subgroup if approved by the Tax Subgroup members at the next conf call of the subgroup.

# CA263 - Bond Holder Meeting (BMET) event MP (Christine)

**Action**: Christine to reach out to the PV subgroup on this topic.

# CA264 - Lottery Events MP (Sonda)

ISITC formed a Redemption Sub Group that has been meeting since January to discuss the lottery market practice and the SR2014 changes. We will have the outcome for June.

# CA265 - Stock Lending Deadline MP (Mari)

**Action**: Mari and Véronique to make an proposal for an MP.

# CA267 - New Format for MAXP/MINP/OFFR/BIDI (Sonda, Mari, Delphine, Bernard)

**Action**: Sonda, Mari, Delphine, Bernard to make a proposal for an MP.

# AOB

Elena would like to submit samples for INTR and REDM to better illustrate the usage of the previous and next factors (PRFC / NWFC).

**Action**: Jacques to create new open item and contact Elena.

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