

SMPG - Corporate Action

Telephone Conference Minutes

10 November, 2015

FIANL Version v1.0 – November 26, 2015

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Attendees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AT | Mr. | Stefan | Ribisch | Unicredit |  |
| AT | Ms. | Karin  | Wachter | Unicredit |  |
| BE | Ms. | Veronique | Peeters | BNY Mellon | 🗸 |
| CH | Mr. | Michael | Blumer | Credit Suisse |  |
| DE | Mr | Schaefer | Daniel | HSBC | 🗸 |
| DK | Ms  | Ravn  | Charlotte  | VP Securities A/S  |  |
| ES | Ms. | Cinta | Cristobal | BBVA |  |
| ES | Mrs | Diego | Garcia | DB |  |
| FI | Ms  | Rask  | Sari | Nordea Bank Plc  | 🗸 |
| FR | Mr | Jean-Pierre | Klak | Statestreet | 🗸 |
| GR | Ms. | Angela | Katopodi | Eurobank | 🗸 |
| HK |   |  |  |  |  |
| IT | Ms  | Deantoni  | Paola  | SGSS spa |  |
| JP | Mr  | Hideki | Ito | Mizuho Bank |  |
| JP | Mr | Hisashi | Hotta | Mizuho Bank |  |
| LU | Mr. | Bernard | Lenelle | Clearstream | Excused |
| MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | 🗸 |
| MDPUG | Ms. | Laura | Fuller | Telekurs | Excused |
| NL | Mr  | van der Velpen  | Ben  | ING Bank N.V. | Excused |
| NO | Mr. | Hans Martin | Aulie | DNB Bank |  |
| NO | Mr.  | Alexander | Wathne | Nordea | 🗸 |
| PL | Mr. | Michal | Krystkiewicz | CSD Of Poland (KDPW S.A.) | Excused |
| RU | Ms | Elena | Solovyeva | ROSSWIFT |  |
| RU  | Ms | Sofia | Prokofeva | Rosbank |  |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
| SG | Mr. | Jyi-Chen | Chueh | SC | Excused |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas |  |
| UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
| US ISITC | Ms. | Sonda | Pimental | BBH |  |
| US ISITC | Mr. | Paul | Fullam | Sungard | 🗸 |
| XS | Ms  | Haillez  | Delphine  | Euroclear  | Excused |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | Excused |
| ZA | Mr. | Ridhwaan | Williams | Strate | 🗸 |
| ZA | Mr. | Nita | David | Strate |  |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC | 🗸 |

# Approval of Singapore October Minutes

The comments received from the FR NMPG (via Jean-Pierre) on October 7 will be added into the minutes of the SG meeting.

No other comments received. Minutes are approved.

# CA203 SR2016 Yearly GMP Part 1,2,3 and samples alignment

The updated draft GMP documents for SR2016 will be published in December.

See individual or NMPGs action lists here below:

**Actions:**

**1. For December 8: Christine** to produce the 1 pager for SR2016 SMPG MP updates

2. **For December 8: GMP1 SG** to complete the MP changes on GMP1.

3. **For December 11 - Event Templates**:

**Alexander, Ben, Bernard, Christine, Daniel, Delphine, Jean-Pierre, Mari, Matthew, Peter, Sanjeev, Sari, Sonda/Paul, Véronique** to check if the assigned SMPG templates need to be updated as per SR2016 (please refer to the templates list into the “Open Items” file to see which templates are assigned to you).

**and send the updated templates with “track changes” to Jacques.**

**Jacques**: to send the latest version of the SMPG Templates and CA MWG minutes documents and Open Items file to the reviewers.

4. **For January 29 - EIG+ Country Column Update**

**NMPG’s** to review their country column in the following EIG+ document (Latest version with new REDM MAND row) and send the updated column to Jacques with separate detailed track changes in the “EIG+ Updates since….” Tab.

 

# CA278 Sample for usage of PRFC / NWFC in INT and redemption



UK agrees with the above proposal. It is however not applicable for the FR market.

No feedback yet from ISITC on this MP proposal (on how do the SMPG/ISITC MPs compared with each other ?). ISITC will revert immediately after their CA WG call next week.

**Decision**: The new proposed MP will be approved at the next conference call and the open item closed if no other feedback is received by then.

Action: ISITC to provide feedback on the proposed MP before next call.

# CA284 MP for amounts larger than 15d

The market practice is approved with the proposed change made in Singapore.

**Action**: Close Item

# CA289 MAND event with Required Owner Action



The FR market will review the proposed MP at their next call and will provide feedback end of the week.

**Action**: Jean-Pierre to provide FR NMPG feedback on the MP asap.

# CA298 Capital Gain - cash distribution components

No answers yet received from ISITC on the pending question 4 (*Q4. Why is CAPD mentioned in the ISITC market practice document? Should the event type be CAPG?)*

Section 9.22 of GMP1 must be reviewed by GMP1 SG since the meaning is not really clear (compared with the ISITC MP on Capital Gain in section 2.2.1.4.2.3 of ISITC MP document).

**Action**:

1. ISITC to provide an answer by the next call, in order to close the item.

2. GMP1 SG to review the section 9.22.

# CA300 Usage of :92a::INTR for Variable/Floating Rate Bonds/Notes and :92F::INTP

No examples provided by Bernard yet.

**Action**: Bernard to provide more examples for next December conference call.

# CA303 Usage of PWAL for DVOP & DRIP

Christine has found the minutes for the market and response deadline issue dating from the Amsterdam meeting in December 2007. Input document for the issue:



Amsterdam meeting minutes extract:

### ***III.35 Market Deadline Date***

*See <Definition of election dates.doc>*

*Discussion points made:*

* *Agreed that this issue should be recorded as an FR national market practice for the use and meaning of response deadline date (RDDT).  Euroclear was advised to use ‘response deadline’ for the ‘election transfer deadline‘ and ‘market deadline’ for the ‘CA instruction deadline’ although definitions need to be looked at in more detail..*
	+ *Action: FR to document use and meaning of RDDT*
* *The response deadline date is different dependent on the role of the party (i.e. CSD to CSD client, CSD client to its client etc).*
* *Agreed that this issue should be recorded as an FR national market practice for the use and meaning of response deadline date.*
	+ *For direct participants of the CSD the RDDT may be after the market deadline date (MKDT), this is the deadline for the CSD participant to ensure that stock is in place for participation in the event, ie stock has been moved from the client’s account at the CSD to the agent’ s account*
	+ *For clients of direct participants of the CSD the RDDT is before the (MKDT)*
* *The market deadline date is the same for all parties for the duration of the event.*

[END OF EXTRACT]

The FR market will re-discuss the issue in the frame of the harmonisation/migration project and revert.

SE and FI would like to clarify in the market practice that one deadline applies for instructions going through the account servicer and the other one applies to CSD members.

**Action**: Christine to draft an MP for review.

# CA308 Question on Multi listed securities MP

No input yet at this stage.

**Action**: Christine to draft an amended section 8.1.2.4 so as to better reflect the option to have several CORPs for one COAF (i.e. n:1 relationship)

# CA315 Extending CA MPs to ISO 20022

No input yet at this stage.

**Actions**: Jacques to create a couple of examples of the above and send it to the CA-WG.

# CA316 MPs specific for Issuer announcements ?

Summary of proposal

*Issue 1: What happens when the issuer (or the CSD as official source of the COAF) changes the event after the CSD has announced it?*

***Decision****: The three key elements are applicable also for the COAF, not only the CORP. In this example, and provided the change relates to one or more the three key elements (CAEV, CAMV, ISIN), the CSD should announce a new COAF. The first event is regarded as withdrawn.*

*Issue 2: Can the options be changed (replaced and/or removed)?*

* *The issuers must not replace any options; they are to adhere to the rules that have been defined by the SMPG regarding the option numbering (section 3.11.11);*
* *All official options have to be passed on stating the correct option number throughout the chain. E.g. there are 001/EXER and 002/LAPS issuer options. 003/SLLE is an account servicer option. Then the issuer announces 003/OVER. What to do?*

***Decision****:*

*a. CSDs are not to allow issuers/issuer agents to change the order/number/code of options, but instead use the OSTA//INTV (Inactive) or CANC (Cancelled) indicator codes (easier said than done)*

*b. Propose to resurrect the old market practice proposal to assign account servicer options option numbers starting with 9, e.g. 9nn, to prevent conflict between issuer and account servicer option numbers*

*Issue 3: What if the issuer CSD makes an incorrect interpretation of the event at the same time it assigns a COAF? Can intermediaries use the same COAF but with the correct CAEV?*

***Decision****: The least bad solution was agreed to use the correct CAEV code but still include the same COAF. This will assist in reconciliation between different information sources.*

NMPGs Feedback: SE NMPG agrees with decision for Issue 1 and 3. No other feedback at this stage.

**Actions**:

1. All NMPGs are requested to review and revert on the above proposals.

2. Jyi-Chen to raise the question at (and coordinate the discussion with) the ISSA committee.

# CA317 Should a MP enforce a mandatory Default Option (DFLT) ?

Christine has sent the following MP update proposal for section 3.11.10.2 in GMP1:

*3.11.10.2 Default Option and Standing Instruction*

##### *Default option*

*The default option identified is the default decided by the sender of the message, i.e. the account servicer. It may or may not be the default option of the issuer.  ~~Whether default options will be provided by account servicer should be specified by SLA.~~*

*~~Technically, the default action flag of each sequence E could be set to N. There is no obligation to~~ The sender of the message should always specify which option is the default option, by ~~have~~ including one option with a flag set to Y, even for MAND events where there is only one option in the event. For MAND events with two or more options (see 8.25) and thus including the CA Option Feature Option Applicability field, either all or no options may be specified as the default option.*

*~~except i~~In the case of VOLU events, ~~for which~~ the default option is always NOAC (see section 8.25).*

Jean-Pierre mentions that for the specific DVCA case in FR with the with different tax rates as options, this cannot be applied.

**Actions**: All NMPGs to provide feedback on the proposal for next meeting.

# CA318 MP for new :94a::COIN qualifier

The GMP1 SG has added the new MP for the next release of GMP1.

The tax subgroup is also in charge of providing a MP for the usage of the TAXR/WITL tax withholding rates.

**Action: The tax SG** to provide MP proposal for TAXR/WITL.

# CA319 New MP for QINS usage in DVOP/PRIO events

No input yet at this stage.

Jean-Pierre mentions that the FR NMPG see also an issue with QINS on EXWA and CONV as the use of QINS, only when it will be applied to new securities, will be not enough if we are not allowed to transmit the underlying securities.

It is believed that the problem might probably be due to the specificities of the FR process for those 2 events.

**Action**:

1. **Véronique** to make a proposal for a MP for QINS

2. **Jean-Pierre** to provide illustration of the FR issue with QINS.

# CA320 New MP for TXAP code list

No ISITC input yet for the TXAP code list.

The updated draft ETYP/ITYP MP document still needs to be validated by ISITC, FR and UK.



**Actions:**

1. ISITC to come up with a TXAP code list proposal for the December 8 conference call.

2. ISITC, FR, UK NMPGs to validate the updated draft ETYP/ITYP MP.

# CA321 Create a more robust MP on narrative update information and update date

ISITC is in favour of option 3 (NO MP)

No other feedback at this stage.

**Action**: Remaining NMPG’s to provide their option of choice and comments/feedback on the proposal.

# CA322 Create new MINO Format Option in cash amount

The UK will address this issue at their next NMPG meeting.

**Action**: UK&IE NMPG to come up with business examples for the proposed new format option.

# CA323 Amend name and definition of PCAL event

The following table provided by Bernard summarizes the characteristics of all partial redemptions events in comparison with a pro-rata event:



No NMPG feedback yet at this stage.

**Actions**:

1. All NMPGs to provide feedback if they agree with the description as a basis for the discussions for a change of the PCAL definition.

2. Bernard to provide the description of PCAL (with reduction of nominal) and PCAL (as pro-rata).

# CA324 Usage of NSIS and NEIS for SOFF, DVSE and BONU

No input yet at this stage.

Suggestions may be sent to Christine.

**Action**: Christine to come up with a proposal for a MP based on the above table and criteria.

# CA325 BMET vs. CONS

Christine asked the question to ISS and Broadridge:

Following answers have been received:

ISS:

*Reporting is provided to the Custodian or CSD for each event to provide a breakdown of voting for each client and for which deadline (i.e. if there is a higher incentive fee for an early deadline) for exactly this reason. Fees are not paid to us but directly to the Custodian or CSD.*

*The issue will be more around how comfortable each Custodian or CSD is with outsourcing the process in the first place. Some will be fine with this whereas others may wish to retain processing within their Corporate Actions teams for risk and liability reasons. So a variance in how BMET events are treated*.

Broadridge ***(Received post meeting)***

*Our clients want to process the consents and need the event labeled as a CONS (v. BMET).  Is there a way to establish a standard so that the event where some form of consent payment is coded as a CONS?  That would allow ISS to identify and process for their clients and have the events routed per our client workflows.*

# AOB

**A. Usage of PROR (Pro-Ration rate) (Jean-Pierre)**

For the BIDS (Offers) events, it is not fully clear as per the rate definition whether the pro-ration rate is rather a “reduction rate” (i.e. percentage to subtract from a number) or percentage to directly apply on a number. As in France the issuer always announces the “reduction rate”, EOC would like to use PROR as a reduction rate instead of transforming it and potentially have issues with the resulting decimal number.

Question: What is the normal usage of PROR in the other markets ?

**Action**: NMPGs to provide feedback at next call.

**B. Provisional Shares in Thailand (Jacques)**

In Thailand, for securities outturns, there might be a credit of “provisional” shares (before shares become “final” shares) to client’s portfolio. In that case, should the MT566 be released with the pay date of the “provisional” shares or should it be sent only with the pay date of the final shares?

Normally in those cases, a second Pari Passu event should be announced to transform the “provisional” shares into “final” shares.

**Action**: Christine to send more information to Jacques

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