

SMPG - Corporate Actions

Telephone Conference Minutes

16 February, 2016

DRAFT Version v0.1 – February 24, 2016

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Attendees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AT | Mr. | Stefan | Ribisch | Unicredit |  |
| AT | Ms. | Karin | Wachter | Unicredit |  |
| BE | Ms. | Véronique | 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 | Excused |
| ES | Mrs | Diego | Garcia | DB | 🗸 |
| FI | Ms | Rask | Sari | Nordea Bank Plc | Excused |
| 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 | 🗸 |
| MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | 🗸 |
| MDPUG | Ms. | Laura | Fuller | Telekurs | 🗸 |
| NL | Mr | van der Velpen | Ben | ING Bank N.V. | Excused |
| NO | Mr. | Hans Martin | Aulie | DNB Bank | Excused |
| NO | Mr. | Alexander | Wathne | Nordea | 🗸 |
| PL | Mr. | Michal | Krystkiewicz | CSD Of Poland (KDPW S.A.) | Excused |
| RU | Ms | Elena | Solovyeva | ROSSWIFT | Excused |
| RU | Ms | Sofia | Prokofeva | Rosbank |  |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
| SG | Mr. | Jyi-Chen | Chueh | SC |  |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
| UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
| UK&IE Guest | Mr. | Robin | Leary | CITI | 🗸 |
| US ISITC | Ms. | Sonda | Pimental | BBH | 🗸 |
| US ISITC | Mr. | Paul | Fullam | Sungard | 🗸 |
| XS | Ms | Haillez | Delphine | Euroclear | 🗸 |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
| ZA | Mr. | Ridhwaan | Williams | Strate |  |
| ZA | Mr. | Nita | David | Strate | 🗸 |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC | 🗸 |

# Approval of January 26 Minutes

UK&IE has provided additional feedback on CA300, CA303 and CA308 (agreement with the proposed MP).

JP has provided feedback on CA 316.

FR has provided feedback on CA317, CA321, CA323, CA324, CA326.

Those JP, FR and UK&IE comments will be added to the final version of the January minutes.

DE has provided comments on CA303 and CA308.

Daniel (DE) mentions at the call that the comments provided earlier via email on CA303 for the January call were based on a wrong understanding of the text and therefore the comments can be ignored and therefore CA303 proposal is approved and can be included into GMP1.

Since DE does not agree on the proposed MP for CA308 (COAF/CORP for multi-listed securities), the inclusion of the MP in GMP1 is suspended until further discussed at the March call.

**Minutes are approved with the additional above comments.**

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

See individual or NMPGs action lists here below:

**Actions review**:

1. One pager on SR2016 MP updates: Completed and approved.

2. GMP1 update: Still pending on outcome of:

- MP on Over-election (See CA319 below) - still pending solving FR issue (Véronique / Jean-Pierre)

- MP on TAXR/WITL (see CA318 below) - still pending tax subgroup proposal

- MP on MAND Event with required Owner’s Action (see CA289 below) – pending approval of EXWA case added

3. GMP2 updates:

No more country column updates received.

Christine’s question:

*EXWA CHOS: Why [LAPS or NOAC]? This is a CHOS event, hence NOAC should not be applicable. If the warrant is not at maturity, the event should be VOLU.*

4. SMPG Templates:

Pending remaining input from:

Sonda: DTCH VOLU US

Véronique: PPMT CHOS, TEND MAND & VOLU

Alexander : PRIO VOLU

**Actions:**

1. Véronique, Sonda and Alexander to provide input on Event Templates for NEW Deadline **February 26**

2.Jacquesto finalise all GMP document and templates this week and **publish on Feb. 29**

**3.** Bernard to answer to Christine’s question on EXWA CHOS [LAPS or NOAC]

# CA289 MAND event with Required Owner Action

Written comments submitted prior to the meeting:

UK&IE comments

We have reviewed the table and we have the following comments:

a) as far as we can tell, 17B is not repetitive so you cannot have DFLT and APLI in the same option:

:17B::DFLT//N

:17B::APLI//Y

***-> Answer at meeting: the 17B flag can actually be repeated in the standards – no issue.***

b) option 5 could also refer to conversions (CONV), should we be a bit more generic in the example and refer to any reorganisation?

c) 2/3/4 are very similar too, should we be a bit more generic in the wording and suggest example related to a distribution of cash/securities

RU comments

We agree with CHOS for such events.

We have for example, mandatory TEND with CHOS (we mentioned it in EIG) - in such event affiliated companies may not participate in the mandatory event and retain securities but the need to inform that they retain securities. WE do not plan to use in the future 17B::APLI/Y and we do not have objection on 2F::ADDB//REAC but it seems to be an extra indicator. So we also do not plan to use it. Only one remark about these two fields: we would ask you do not make them mandatory and leave them optional in the specification (as we do not plan to use them). If not we will need to make additional developments in our software products (and it is undesirable).

Meeting Discussions

The 5 events included in the table must be considered only as examples and are not exclusive of other events.

FR and XS indicate that it is not clear in the MP whether the use of the APLI flag is mandatory.

Consolidated Feedback

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| CH | Agree |
| DE | Agree |
| FR | Agree |
| LU | Agree but new scenario 5 (EXWA to be considered) |
| RU | Agree but do not plan to use the new qualifiers/codes |
| SE | Agree |
| UK&IE | Agree in principle – see more detailed comments above |
| XS | Agree |
| ZA | Agree |

**Action**: Christine to revise the document and send it directly to NMPGs this week for quick review with the following changes:

* Add a comment that the below are some examples; there may be others.
* Add that for APLI both the information “condition” and the account servicer’s intent to use that information if no instruction is received must be met in order to include APLI.

If no comments are received on this final version before the end of the week, the MP is approved and Jacques will include it in GMP1.

**Post-meeting outcome**

The latest MP proposal amended by Christine (post Feb. 16 meeting) is as follows:



# CA298 Capital Gain - cash distribution components

Item postponed due to lack of time.

Written comments submitted Prior to the meeting:

UK&IE Feedback: N/A in the UK

Consolidated Feedback

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| DE | CAPG N/A |
| SE | CAPG N/A |
| UK&IE | CAPG N/A |
| XS | CAPG N/A |
| ZA | CAPG N/A |

**Action:**

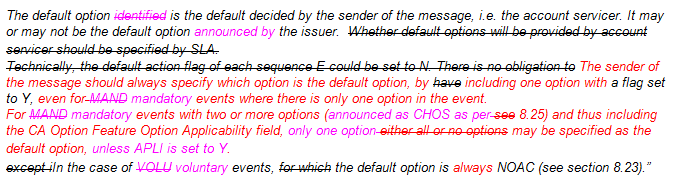
1. ISITC to clarify their MP 2.2.1.4.2.3

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

Written comments submitted prior to the meeting:

UK&IE Comments: We don't think the proposed wording is clear. We would prefer:

Section 3.11.11.2



DE Comments

We do not support this suggestion. We do not believe that a Market practice will cover all the eventualities. It should be left to the service provider to analyse an event and come to a conclusion regarding the Default options.   
Eg. in a Squeeze out there could be Cash or NOAC options, the latter implicitly meaning that the investor elects to participate in a class action.

MDPUG Comments

Data providers do not provide ‘NOAC’ in Voluntary events. This is written in the MDPUG principles.

APAC CA WG Comments

* The group agrees that for VOLU events, default option should be included. However, in terms of the default option always being NOAC, there are some concerns around it. The group mentioned that it should be up to the sub-custodians to decide on the default option. For example, there are cases when the default option is a LAPS not NOAC.
* The group also mentioned that there isn’t any value add to enforce a mandatory default option for MAND events and agree with ZA feedback, and would like to have more clarification for this scenario. Are there scenarios where there are multiple options in a MAND event? If so, it is a CHOS or VOLU event not a MAND. It would be good if you can share any examples of MAND with multiple options.

Consolidated Feedback

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| APAC | Agree in principle (with some comments on NOAC) |
| BE | Will revert |
| CH | Do not support. Do not wish to specify the DFLT (though there is one in the market) in order to have clients instruct at all times |
| DE | Do not support. |
| ES | Agree (in ES default should be the Issuer’s one) |
| FR | Agree |
| ISITC | There is a risk for a custodian to enforce a default option. |
| LU | - |
| MDPUG | NA |
| NO | Agree |
| RU | - |
| SE | Agree |
| UK&IE | Agree with amended text |
| XS | Agree |
| ZA | Agree with amended text |

**Decision**: Since the majority supports the proposal of always specifying the default option, Christine will check Mari’s proposal for revised wording and if no further comments from UK&IE, the MP text will be approved.

Post meeting agreed MP text for section 3.11.11.2 (on 24 Feb.)

*“The default option is the default decided by the sender of the message, i.e. the account servicer. It may or may not be the default option announced by the issuer.*

*The sender of the message should always specify which option is the default option, by including one option with a flag set to Y, even for mandatory events where there is only one option in the event. For mandatory 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.*

*In the case of voluntary events, the default option is always NOAC (see section 8.23).”*

**Action**: Jacques to add in GMP1.

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

The COIN MP has already been done by GMP1 SG.

The MP for TAXR plus WITL is still pending from the Tax SG. Unfortunately their next meeting is in March. Jacques proposes to simply illustrate the usage of the (new) WITL qualifier with the ZA examples analysed by the tax SG and using the text from the CR.

**Action:** Jacques will draft a text based on the latest ZA examples version, and send it to JP, Jyi-Chen and Sanjeev for review.

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

**MP Proposed by GMP1 SG:**

****

Written comments submitted prior to the meeting:

UK&IE Comments

We don't seem to have received the MP yet.

FR Input

With the FR NMPG, we found an example where QINS needs to be used with QREC or QOVE.

Please find attached details of the PSA warrant exercise.





Option 1: round down

Option 2: round up

Let’s take an example.

Client A: 11 warrants held

Option 1 chosen : shares to receive = 3.5 X (11/10) = 3.85 => Quantity to receive : 3 (round down)

Client B: 12 warrants held

Option 1 chosen : shares to receive = 3.5 X (12/10) = 4.2 => Quantity to receive : 4 (round down)

Client C: 13 warrants held

Option 1 chosen : shares to receive = 3.5 X (13/10) = 4.55 => Quantity to receive : 4 (round down)

Client D: 14 warrants held

**Option 2** chosen : shares to receive = 3.5 X (14/10) = 4.9 => Quantity to receive : 5 (round up)

Consequently, the total number of new shares required is 3 + 4 + 4 + 5 = 16

As a French participant, I have to deliver a multiple of 10 warrants held to the CSD : 11+12+13+14 = 50 (it is an exact number, so it works)

Without any additional instruction from the participant, what the CSD should deliver to me?

Scenario 1: 3.5 X (50/10) = 17.5 => Quantity to receive: 17 ? (round down)

Scenario 2: 3.5 X (50/10) = 17.5 => Quantity to receive: 18 ? (round up)

Scenario 3: 3.5 X (50/10) = 17.5 => Exact quantity to receive for my clients: 16 … but how to indicate that to the CSD?

Please note that the unit lot being 10 warrants, the other possibility would have been to deliver 40 warrants i/o 50 to the CSD. But here, the receipt would give only 14 new shares or 15 new shares rounding up, so not enough according to clients requirement.

I hope it clarifies our concern regarding QREC.

DE Comments

Re example 2, we had a long discussion. Some people said that, if there is ratio, they would understand that you always instruct the underlying shares, if not ratio, the quantity of shares requested. Some people did not agree entirely.   
We came to the conclusion that a free text to explain will always be necessary.   
(There was the suggestion to bring QREC back.... I'm just quoting...)

APAC CA WG

* Initially, the group had concerns on what would be the use of the other codes like QREC if we use QINS but we explained that in the SR 2016 changes, QREC and QOVE will be removed so there will be no ambiguity so that’s fine.
* Question on QINS: In case it is not 1 for 1 subscription but 10 rights for 1 shares, for the oversubscription part, then will there be any confusion for using QINS?

Meeting Discussions

Discussion about the FR case is resolved and does not cause any issues. TH FR will document their case in the FR MP.

Daniel reported that whilst the DE market supports the proposed MP, they will likely add some narrative explaining how to use QINS. CH, NO agrees. US will revert ASAP.

XS will validate the EXWA case with operations this week and revert.

Consolidated Feedback

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| APAC | Agree |
| BE |  |
| CH | Agree |
| DE | Agree but free text will always be necessary. |
| ES |  |
| FR |  |
| ISITC |  |
| LU |  |
| MDPUG |  |
| NO | Agree |
| RU |  |
| SE | Agree |
| UK&IE | Comment from one member about how PRIO is managed in AU as QREC is used. |
| XS | Agree |
| ZA | Agree |

**Action**:

1. ISITC to revert about this item to Jacques before the end of the week, otherwise publish the MP as is in GMP1.

# CA320 New MP for TXAP code list



Written comments submitted prior to the meeting:

DE Comments

Not applicable in the German market.

Post meeting input from ISITC

ISITC has approved the following market practice.  
Data Source Scheme - IRSX  
Code for Section 302 - S302 *(4 character alpha numeric code)*

**Actions:**

1. ISITC NMPGs to validate the updated draft ETYP/ITYP MP (attached above) for review based on recent IRS code list.

2. Jacques to create the MP document for TAXP and post it on the web site.

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

Item is postponed to next call due to lack of time.

Written comments submitted prior to the meeting:

UK&IE Comments

Option 2 is the safest.

KR Comments

Option 2 (Keep the history of change info) is preferred.

APAC CA WG Comments

The group commented that there isn’t a point in defining a MP for this as sub-custodians have a variety of clients and they have different needs – some may want the history of change, some may only want latest change information. Being a narrative field, it will stop STP anyway so we should leave it undefined to allow users to define it themselves.

Consolidated Feedback

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| APAC | No MP needed |
| BE |  |
| CH |  |
| DE | No MP needed |
| ES |  |
| FR | No MP needed |
| ISITC | No MP needed |
| KR | Agree with option 2 |
| LU | Agree option 2 |
| MDPUG |  |
| NO |  |
| RU |  |
| SE |  |
| UK&IE | Agree with option 2 |
| XS | Agree with option 2 |
| ZA | No MP needed |

**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

Item is postponed to next call due to lack of time.

Input From UK: see minutes of January 2016

# CA323 Amend name and definition of PCAL event

Item is postponed to next call due to lack of time.

Bernard Input – reviewed defs of PCAL / PRED / DRAW

|  |  |  |
| --- | --- | --- |
| PCAL | Partial Redemption With Reduction of Nominal Value | C:\No_Backup\DOCUMENTATION\SR2016\us5mc\cursor0.gifSecurities are redeemed in part before their scheduled final maturity date with reduction of the nominal value of the securities. The outstanding amount of securities will be reduced proportionally. |
| PCAL NEW | Partial Redemption without pool factor reduction | Securities are redeemed in part before their scheduled final maturity date. It is done without any pool factor reduction. The redemption out-turn is reflected with a face amount reduction. |

|  |  |  |
| --- | --- | --- |
| PRED | C:\No_Backup\DOCUMENTATION\SR2016\us5mc\cursor0.gifPartial Redemption Without Reduction of Nominal Value | C:\No_Backup\DOCUMENTATION\SR2016\us5mc\cursor0.gifSecurities are redeemed in part before their scheduled final maturity date without reduction of the nominal value of the securities. This is commonly done by pool factor reduction. |
| PRED NEW | Partial Redemption with pool factor reduction | Securities are redeemed in part before their scheduled final maturity date. The redemption out-turn is reflected with a pool factor reduction. No movement of securities occurs. |

|  |  |  |
| --- | --- | --- |
| DRAW | Drawing | C:\No_Backup\DOCUMENTATION\SR2016\us5mc\cursor0.gifRedemption in part before the scheduled final maturity date of a security. Drawing is distinct from partial call since drawn bonds are chosen by lottery and with no reduction in nominal value. |
| DRAW  NEW | Drawing | Securities are redeemed in part before the scheduled final maturity date of a security. It is done without any pool factor reduction. The redemption out-turn is reflected with a face amount reduction. Drawing is distinct from other partial redemptions since drawn bonds are chosen by lottery. |

Written comments submitted prior to the meeting:

UK&IE Comments

We disagree with the proposal as it seems we restricting the definition to bonds only instead to keep it open to all instruments. What about funds? If we restrict the definition of PCAL and PRED to bonds, we need to recommend which events are to be used for funds.

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| APAC | Agree |
| BE |  |
| CH |  |
| DE | Existing documentation is complete from our perspective. |
| ES |  |
| FR | Agree |
| ISITC |  |
| KR | NA |
| LU |  |
| MDPUG |  |
| NO |  |
| RU |  |
| SE | Agree |
| UK&IE | Do not agree as it seems we restricting the definition to bonds only. |
| XS | Agree but we should add the specific qualifiers of each case, e.g. for PCAL pro-rata we decided to report OPTF//PROR |
| ZA | Agree |

**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

Item is postponed to next call due to lack of time.

Proposed MP:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Issuer of distributed securities same as issuer of underlying securities? | Dividend event? | Capitalisation event ? | Issuance of new shares ? |
| **BONU** | Y | N | Y | Y |
| **DVSE** | Y | Y | N (TBC) | Y or N ? (TBC) |
| **SOFF** | N | N | N | N |

Written comments submitted prior to the meeting:

DE Comments

We don't see the benefit of using the indicator in these cases.   
We also don't see it as very clear, what's a new issue? If the new company's shares have been registered in the companies register 4 weeks ago, are they still new? What if they have been registered half a year ago...?

UK&IE Comments

The table is not very clear to us.

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| BE |  |
| CH |  |
| DE | Do not see benefit. |
| ES |  |
| FR | NSIS/NEIS is used on spin-off events for FTT process. |
| ISITC |  |
| KR |  |
| LU |  |
| MDPUG |  |
| NO |  |
| RU |  |
| SE | Agree but last column criteria not applicable to SE |
| UK&IE | Table not clear. |
| XS | Wasn't there a taxation reason to be able to clearly distinguish the 2? |
| ZA | Do not see benefit of the table |

**Action**: NMPGs to provide feedback on the above input

# CA326 Usage of PROR (Pro-Ration rate)

Item is postponed to next call due to lack of time.

Written comments submitted prior to the meeting:

UK&IE Comments

The safest option seems to be a change of definition of PROR to clearly state it refers to the % of securities accepted.

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| BE |  |
| CH |  |
| DE | Pro-rata rate is the proportion of FIs that will be accepted (opposite of reduction rate) |
| ES |  |
| FR |  |
| ISITC |  |
| KR |  |
| LU |  |
| MDPUG |  |
| NO |  |
| RU |  |
| SE | NA |
| UK&IE | Propose to change definition of PROR to clearly state it refers to the % of securities accepted. |
| XS | Agree with DE |
| ZA | Agree with DE |

# AOB

**AOB1 - UK& IE’s Input (from Robin Leary @ Citi) (CA332):**

REPL vs REPE messages

The question is in relation to VOLU events and REPL vs REPE messages.

We had a recent scenario where a TEND / VOLU event was initiated. Some elections took place for options other than NOAC whereas some account holders didn’t elect (and so was veering towards the NOAC option).

For those holders that elected, an initial REPE message was sent. However, the effective date of the event then got pushed out into the future. When that announcement was made, because not everyone had elected, a generic REPL message was created sent. For those who hadn’t elected, it was the correct continuation from NEWM to REPL. However, for those how received a REPE message, they then received a REPL message after that.

There doesn’t appear to be much in the way of market practice around what should happen here, aside from the fact the REPE replacements should also be REPE. However, if there’s a split between elections / non-elections, and therefore REPE’s / no REPE’s being generated here, what should be expected?

Decision: No ideal solution can be found in that case. A workaround is needed and should be rather SLA based. Can be closed.

**AOB2 - Robin Leary on interpretation of the flags CHAN / WTHD (CA330)**

The :17B::WTHD flag set as Y indicates that you can reinstruct if you wish, you just don’t have to, and the :17B::CHAN flag as Y means you must reinstruct. You couldn’t have both WTHD and CHAN as Y on one option as well (which is fine with the current use of the REVO period with them as).

This goes against the current SMPG guidelines though as highlighted below from section 5.4. Section 5.4.1 of the MP seems to imply that they are mutually exclusive but this is not enforce. Can it be used together ?

The existing MP does not address the possible combination of the WTHD and CHAN flags.

Decision: No MP on the possibility to combine them. The definitions are not very clear. Action to the Helsinki meeting: Review the MP and definitions

**AOB3 - Bernard / UK&IE input - Narrative question (CA329)**

GMP1 Section 3.15 market practice currently states that if a lot of narrative is to be used, only one instance of narrative should be used in the MT564 and the MT568 used immediately after to populate the rest (with one qualifier that is, eg if you have one instance of ADTX, one INCO, one TXNR etc it could all go on the MT564. We’re only talking about when a lot of ADTX may be used, for example).

From the meeting, it seemed our firm was the only one really adhering to this and we agreed that the market practice probably wouldn’t be correct and that you should be able to pad out the MT564 until the message size limit is reached before moving to a MT568.

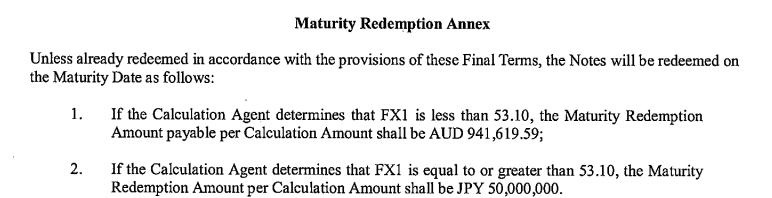
I discussed this briefly with Jacques whilst talking about something else and he mentioned that Bernard was also going to raise it at the next SMPG meeting. He asked that we do as well though so would it be OK for you to raise this from a UK/IE perspective as well please?’

(See inconsistency between sections 3.15 and 3.7.3 on narratives).

Decision: Raise the item for Helsinki meeting.

**AOB4 - Delphine Input (CA333)**

(Not addressed at meeting)

I would like SMPG's input on the below scenario:   
  
Example: MIZUHO SECURITIES CO LTD   XS0715481478   
Documentation:   
  
  
In such situation, EB reports OFFR using format B to be able to report the currency (and not the PRCT format A).   
The question is, should the price be expressed in denomination ccy or in payment ccy?

**AOB5 – MDPUG – MP for usage of the new 92H rate format Option ? (CA334)**

(Not addressed at meeting)

We discussed the 2016 SR changes at the MDPUG this week and a question arose about the use of the new 92H format for NETT and GRSS.

The Change request has the following text (taken from ‘ISO20022MCR\_MWG\_SR2016\_v1\_0\_FINAL.DOCX’, page 6’:

* Introduce a new format option which can be somewhat redundant with 92F. So that a rate initially provided as :92H: would then become :92F: at entitlement date when the rate becomes confirmed.

Has the Market Practice for 92H been discussed?

There are two Rate Status Codes that can be used with 92H:

In option H, Rate Status must contain one of the following codes (Error code(s): K92):

ACTU Actual Rate Rate is actual.

INDI Indicative Rate Rate is indicative.

The question is, when the rate is confirmed, after initially having been output as ‘indicative’ using Format Option H, should the confirmed rate be output using 92H with the Status Code ‘ACTU’?  Or should it simply be output using 92F, with no Status Code?

This could potentially cause issues for the vendors with their clients if one vendor goes from 92H with INDI to 92F and another goes from 92H with INDI to 92H with ACTU.

**AOB6 – Delphine - Question on CAPA messages GMP1 4.3.5 (CA328)**

(Not addressed at meeting)

The first movement preliminary advice (CAPA) message or the first CAPA pre-advising a reversal or the first CAPA following a cancellation of a CAPA should be a NEWM type.



What is the “Function of the message” for the first MT564 CAPA message sent?

**AOB7 – APAC CA WG – Question on Cash Currency Options (CA335)**

(Not addressed at meeting)

What is the SMPG guideline for announcement of the rate of each cash option in a currency option event?  For example, investors can take cash in USD and GBP, and the initial rate announced is USD0.10.  When the GBP rate is known, does the SMPG recommend announcing the GBP rate in Seq. E?

e.g.

Option 1: USD

Rate: USD 0.10

Option 2: GBP

Rate: GBP 0.07

Or do the guidelines recommend announcing the dividend USD base rate under the GBP option:

e.g.

Option 1: USD

Rate: USD 0.10

Option 2: GBP

Rate: USD 0.10

According to the SMPG CA Event Templates, it shows that in the event where there are currency options, we recommend using the base currency dividend rate + exchange rate info and not use the alternate CCY rate provided. However, the group feedback was that this is not usually the case in their markets, it makes more sense from the practical, service and system perspective to use the alternate CCY rate that is provided instead of the base rate. From an ops perspective, they calculate using the actual rate provided rather than having to calculate the rate, and then using the calculated rate to calculate the entitlement.

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