

SMPG - Corporate Actions

Telephone Conference Minutes

22 March, 2016

FINAL Version v1.0 – March 29, 2016

Table of Contents

[1. Approval of February 26 Minutes 3](#_Toc447019573)

[2. CA308   Question on Multi listed securities (Christine – Action: Christine) 4](#_Toc447019574)

[3. CA316   MPs specific for Issuer announcements ?  (Christine – Action: NMPGs feedback, Jyi-Chen) 4](#_Toc447019575)

[4. CA321 Create a more robust MP on narrative update information and update date 4](#_Toc447019576)

[5. CA322 Create new MINO Format Option in cash amount 4](#_Toc447019577)

[6. CA323 Amend name and definition of PCAL event 5](#_Toc447019578)

[7. CA324 Usage of NSIS and NEIS for SOFF, DVSE and BONU 6](#_Toc447019579)

[8. CA326 Usage of PROR (Pro-Ration rate) 6](#_Toc447019580)

[9. CA328   “Function of the message” for the first MT564 CAPA message (Delphine) 7](#_Toc447019581)

[10. CA333   Redemption of notes on Mizuho scenario (Delphine) 7](#_Toc447019582)

[11. CA334   Usage of the new 92H format Option for GRSS and NETT (Laura/Peter) 8](#_Toc447019583)

[12. CA335   Cash Currency Options  (Magdalene for APAC CA WG) 8](#_Toc447019584)

[13. AOB 8](#_Toc447019585)

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 |  |
| ES | Mrs | Diego | Garcia | DB | 🗸 |
| FI | Ms | Rask | Sari | Nordea Bank Plc | 🗸 |
| FR | Mr | Jean-Pierre | Klak | Statestreet | 🗸 |
| GR | Ms. | Angela | Katopodi | Eurobank |  |
| 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. |  |
| 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 | 🗸 |
| 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 | Excused |
| US ISITC | Mr. | Paul | Fullam | Sungard | Excused |
| 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 February 26 Minutes

Some comments were received from Jean-Pierre on CA 321 & CA 323 and will be integrated in the final version.

For CA321 (Narratives updates), add “Option 2” agreed for LU (added by Bernard).

**The minutes are approved with the additional above comments.**

# CA308   Question on Multi listed securities (Christine – Action: Christine)

Since Christine did not attend the January call at which the DE comments were provided and since other NMPGs had already agreed with the initial proposal, it was not clear whether and how the proposal needed to be updated or not.

**Decision:** Discuss this again at the Helsinki meeting.

# CA316   MPs specific for Issuer announcements ?  (Christine – Action: NMPGs feedback, Jyi-Chen)

No new comments received from NMPGs.

**Action:** Bernard, Christine and Jacques to summarise the proposals/decisions and feedback and provide this in time for the Helsinki meeting.

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

Feedback provided by FI and CH (see below). To be concluded in Helsinki.

Consolidated Feedback

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| APAC | No MP needed |
| BE |  |
| CH | Agree option 2 |
| DE | No MP needed |
| ES |  |
| FI | No MP needed |
| FR | No MP needed |
| ISITC | No MP needed |
| KR | Agree 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

Mari explained the background. Bernard commented that this has also occurred in Australia, but the number of events seems quite limited. A CR is likely needed, but is the business case sufficient for a new format option?

**Decision:** Discuss at the Helsinki meeting if more markets are affected, and if the CR will be written by the UK&IE NMPG or the SMPG.

**Action**: Remaining NMPG’s to provide their feedback.

# CA323 Amend name and definition of PCAL event

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. |

Bernard questioned the comment from the UK&IE NMPG about bonds only defs. Bonds are not mentioned in the definitions of PCAL and PRED. The existing definition of DRAW does mention bonds. It is propose to eventually make the definitions more generic in order to enable them for funds.

However this is rejected as a global MP on the use of CAEV codes for funds may be needed (btw, an input on this is still pending from the IF WG).

CH input: Do not agree with new definition of DRAW as a face amount reduction is not always the case.

Open item to be finalized at the Helsinki meeting.

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| APAC | Agree |
| BE |  |
| CH | Do not agree with DRAW def. |
| 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/PRED/DRAW definition.

2. Bernard and Michael to discuss off-line the issue on DRAW definition and revert at the Helsinki meeting.

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

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 |

CH input: For SOFF New issuance can be either.

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| BE |  |
| CH | For SOFF New issuance can be either. |
| DE | Do not see benefit. |
| ES |  |
| FI |  |
| 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 |

**Decision:** Christine to remove the last column in the table since it does not differentiate the events, and explain this again at the Helsinki meeting.

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

# CA326 Usage of PROR (Pro-Ration rate)

CH and LU feedback: Agree with the proposal from UK&IE.

|  |  |
| --- | --- |
| **NMPG** | **Summary of Feedback/Comments** |
| BE |  |
| CH | Agree with DE & UK |
| DE | Pro-rata rate is the proportion of FIs that will be accepted (opposite of reduction rate) |
| ES |  |
| FI |  |
| FR |  |
| ISITC |  |
| KR |  |
| LU | Agree with DE & UK |
| 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 |

It is therefore proposed to create a CR for SR2017 to change the definition of PROR to make it clear that it is equal to the percentage of securities accepted (i.e. opposite of reduction rate).

Final decision to be made at the Helsinki meeting.

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

# CA328   “Function of the message” for the first MT564 CAPA message (Delphine)

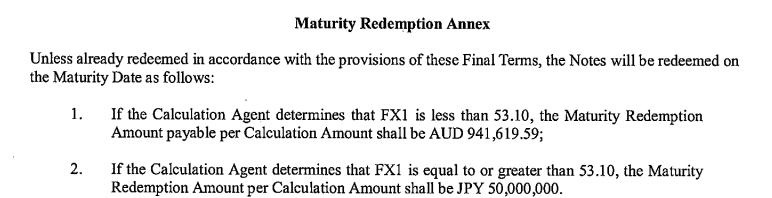
***Skipped due to lack of time and Delphine has already left.***

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?



# CA333   Redemption of notes on Mizuho scenario (Delphine)

***Skipped due to lack of time and Delphine has already left.***

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?

# CA334   Usage of the new 92H format Option for GRSS and NETT (Laura/Peter)

When the dividend 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.

**Decision:** If INDI is used in :92H::, the final dividend can be announced either as 92H ACTU or just with 92F. If a rate status (INDI) is not needed, always use 92F.

# CA335   Cash Currency Options  (Magdalene for APAC CA WG)

***Skipped due to lack of time.***

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.

# AOB

**Christine asked everyone to send any new issues to be discussed at Helsinki as soon as possible in order to include the item and any background documentation in the agenda.**

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