

SMPG - Corporate Actions

Telephone Conference Minutes

21 February, 2017

Draft Version v1.0 – April 3, 2017

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Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |  |
| 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 | 🗸 |  |
| DK | Mr. | Hattens | Randi Marie | 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 |  |  |
| IL | Mr. | Gilad | Grayevsky | Bank Leumi |  |  |
| IT | Ms | Deantoni | Paola | SGSS spa | Excused |  |
| JP | Mr | Hideki | Ito | Mizuho Bank | 🗸 |  |
| JP | Mr | Hisashi | Hotta | Mizuho Bank | 🗸 |  |
| LU | Mr. | Bernard | Lenelle | Clearstream | 🗸 | Co-Chair |
| MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | Excused |  |
| MDPUG | Ms. | Laura | Fuller | Telekurs | 🗸 |  |
| NL | Mr | van der Velpen | Ben | ING Bank N.V. | Excused |  |
| NO | Mr. | Alexander | Wathne | Nordea | 🗸 |  |
| PL | Mr. | Michal | Krystkiewicz | CSD of Poland (KDPW S.A.) | 🗸 |  |
| RU | Ms | Elena | Solovyeva | ROSSWIFT | 🗸 |  |
| RU | Ms | Sofia | Prokofeva | Rosbank |  |  |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 | Co-Chair |
| SG | Mr. | Jyi-Chen | Chueh | SC |  |  |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | Excused |  |
| UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |  |
| US ISITC | Mr. | Steve | Sloan | DTCC | 🗸 |  |
| US ISITC | Mr. | Paul | Fullam | Sungard | Excused |  |
| XS | Ms | Haillez | Delphine | Euroclear | 🗸 |  |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |  |
| ZA | Mr. | Nita | David | Strate |  |  |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 | Facilitator |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC |  |  |
| SWIFT | Ms. | Mabel | LU | SWIFT APAC (representing TW Market) | 🗸 |  |

# December Meeting Minutes Approval

Inputs received from Diego (ES) and Michal (PL) regarding the usage of QALL for CA354 has been added to the January final minutes. No other comments received at the call.

January minutes are approved.

# CA203   SR2017 – Draft Market Practice Review

**Overall Status:**

Final version v1.0 for SR2017 MPs will be published on February 28 on the smpg web site.

There are still some pending actions on-going (see below)

**Detailed Status:**

1. **Templates**:

Input received from Bernard (LU) – no changes in the templates.

Input still missing from Paul and Véronique (6 templates).

When reviewing the templates for developing the CA Usage Guidelines on MS, Jacques has noticed a few issues with the following templates:

a) PPMT CHOS: There is a template for PPMT CHOS whilst PPMT is not supported in our EIG GG. It is just supported by AU in their country column however AU supports PPMT MAND and not CHOS?

b) CLSA VOLU: In the EIG GG, we have the option ABST whilst in the template we have CONN instead. The EIG GG shows also OFFR and RATE as optional however in the template we have no movements at all that are illustrated and therefore OFFR and RATE usage is not illustrated? Should they be illustrated in a CASH Move sequence?

c) DTCH VOLU and DTCH VOLU US: Both templates do not seem to reflect correctly the EIG GG and CC for US. For instance for US:   MAXP, MINP, REVO, BIDI are indicated as Mandatory in the EIG and are shown as optional in the template. Similarly, REVO is indicated in the EIG GG but is not present in the template for the generic DTCH VOLU

SMPG CA Usage Guidelines on MyStandards

Jacques is finishing the development of the 20 remaining MT-based CA Events Usage Guidelines (based on the templates) on MyStandards for end of the week (in line with our SR2017 templates) then will start with the development of the ISO20022-based CA events UGs.

**Actions 1:**

Christine to have a quick check at the remaining 6 templates and at PPMT and CLSA above questions and revert to Jacques ASAP if necessary.

Steve/Paul: to have a quick check at the DTCH VOLU US template and revert to Jacques ASAP if necessary.

1. **EIG+ CC:** Input received from JP, South KR, UK, IE, SE, DE, ZA, FR. For XS, NO, FI, CH & LU no updates for this year in their CC !

ISITC will provide input for the US CC in the next few days to Jacques.

**Action 2:** Any new input to be provided to Jacques before end of this week.

1. **Review Voluntary Rolling Event GMP1 Section 2.2.5:**

Christine’s Input document:



Proposed LU Feedback (Communicated in December):

*“In order to be more complete we should distinguish between 3 rather than 2 scenarios:*

*a) A real rolling event as specified in the case one of the document.  We suggest to keep calling “Rolling” (as in the market).  We would have ROLL and PAYD/ONGO.*

*b) Event with periods (let’s use the word period instead of phase) and the payment occurs at the end of the period for everybody.  In this case we do not consider it as ROLL and have a normal PAYD.  It is quite usual as a scenario.*

*c) Event with periods where the payment will happen a number of days after the instruction. It is similar to the case a) in the end.*

*We propose to change the text above the second graph as follows:*

*“It is also possible that though the event is rolling, the issuer only executes the payment at certain dates for instructions received within defined instruction periods.”*

It seems that the concept of ongoing events is not well accepted and creates more confusion than anything else…”

NMPG’s Feedback: Agree: CH, DE, ES, FR, UK, PL, XS

New input from DK (Randi Marie) post meeting (24 Feb.):

*“I believe there are actually four scenarios when speaking of PAYD in ongoing and rolling events.*

*Ongoing events:*

1. *The ongoing event where PAYD is one specific date no matter when you receive the confirmation*
2. *The ongoing event where you have a PAYD at a specific time after having received the instruction*

*Rolling events:*

1. *The rolling event where PAYD is one specific date for each rolling period, no matter when you receive the confirmation (receipt in the beginning or the end of the actual rolling period)*
2. *The rolling event where you have a PAYD at a specific time after having received the instruction in that particular rolling period.*

*I looked at the LU feedback and get confused by reading the feedback. If you change the second paragraph as suggested by LU see below, then you do not have something exact or should I say specific. The user can interpret the meaning of the wording ie. you have two scenarios, and which one do you actually mean.*

*“It is also possible that though the event is rolling, the issuer only executes the payment at certain dates for instructions received within defined instruction periods.”*

*I like the idea of being able to use DITY if DITY is what I mean in events 2 and 4. In that case the above mentioned scenarios would look as follows:*

1. *ONGO with PAYD*
2. *ONGO with PAYD/DITY*
3. *ROLL with PAYD*
4. *ROLL with PAYD/DITY*

*By having these varieties you can easily cover for instance RHTS where you have a specific period, but for some markets you have ongoing payment.* ***However, it leaves me to wonder whether you should then indicate the last possible PAYD for this event?”***

Bernard and Christine have not yet progressed on this. This will go later into GMP1 version v1.1.

**Action 3:** **Bernard & Christine** to amend the MP draft proposal as per the feedback provided and distribute once ready.

**4) Add AVAL to EIG+ relevant events:**

Instead of introducing the AVAL in the EIG GC, GMP1 SG proposes to add a new section in GMP1 on the usage of the AVAL date (also known as “first trading/dealing date”) stating that “*AVAL should only be used for newly issued securities (with new ISIN) received in a distribution or re-organisation event with option SECU*”.

Previous NMPG’s Feedback: Agree: FR, ZA & SE. - Not applicable: NO

MDPUG Feedback: If not in the EIG GG, MDPUG proposes to add AVAL in the EIG Country Columns if applicable in a country, otherwise there is no way to know whether it is used or not in a country.

DE Feedback (via email): We agree with the proposal. However, with the implementation of the record date in the German market, trading of new securities usually starts on Ex-date, while new securities are distributed by the CSD on pay date. Therefore, we need to inform clients about the availability of the resulting securities for settlements. Since no field in the SWIFT message is available for this purpose, some market participants in the German market use AVAL to inform clients about the availability to settle.

New Input from Matthew (UK) - examples of the usage of AVAL for first dealing date of existing ISINs:

In the UK, AVAL is used for both the new and further issues. Matthew suggests also that the proposed statement in GMP1 should state that it is valid for “SECU and CASE” options.



Christine reminds that AVAL has been created in the past in order to specify the date at which new securities/ISIN’s can start to be traded on the market. It cannot be confused with the payment date of existing securities. So the usage made in the UK and DE is not in-line with this. Similarly TRDP period is for interim securities only (Rights issues) and should not be used for permanent securities. TRDP start date should be the same as the AVAL date in that case.

DK agrees with this statement.

**Decision**: The WG agrees with the initial proposed statement and with the addition of “CASE” as a valid option.

**Action 4**:

* Jacques to add the new MP in GMP1 for SR2017
* NMPGs to revert on addition of AVAL in EIG+ by next conference call (it will not be included in GMP2 for SR2017 v1.0).

# CA279   Claims and Transformations in the T2S context

So far, input files have been received from: DE, XS, JP, ES, FI, NL, CH and DK.

Jean-Pierre mentions that France requests that SnR WG’s input/feedback be taken into account before any conclusions are drawn by the CA WG.

The CA WG need to clean up the matrix and discuss it, before we can share it with the S&R WG.

Action:

* NMPGs/CSDs/CCPs joining T2S to fill in the document based on how the CSD/CCP will act once they join T2S. To be filled in as soon as possible.
* Bernard & Jacques to consolidate the feedback provided by the markets for the Dublin meeting.

# CA315   Extending CA MPs to ISO 20022

**Progress Status**

Group 1 (Alexander): No actions since last call. Input has already been sent to Jacques.

Group 2 (Daniel): There have been different suggestions already for different notations and Steve has sent some input as well recently. The notification section includes quite a bit that may need to be moved to a more general section. This should be discussed in a physical meeting. Some input has been copied to Jacques already.

Group 3 (Jacques): Review of the chapter has been completed and a notation/changes proposed.

Group 4 (Jean-Pierre): Chapter 5 has been full covered and input provided to Jacques

Group 5 (Michael): There has been some progress. A further call will be scheduled beginning of March and Steve will be involved in that one. Input will be provided for the March call.

Group 6 (Sanjeev): Not too much progress so far. Sanjeev will schedule a call very soon.

Jacques will aggregate the different inputs for notation from the respective groups so that we can compare and decide in Dublin.

The group agrees that first priority is to agree on a suitable ISO15022 & ISO20022 compliant layout/Notation in the document. This comes down to decide about:

* A new look for the reference table for each MP,
* Whether we will use the XML tag notation for message paths in the MP text & table.
* How we integrate ISO20022 examples in the MP text (as today we have quite a number of ISO15022 examples).

In a second step, we will also look at the restructuring of some chapters (since ISO20022 has more messages) and eventually moving some sections around.

**Action**:

* All remaining groups to send proposal for a new ISO20022 layout for GMP1 and send it to Jacques for consolidation ASAP in March.
* Jacques to see if it would be possible to include in GMP1 direct links to MyStandards messages.

# CA344   Analyse impact of creating new  "Interest Period Inclusive" element besides INPE

Consolidated input provided by Mike:



Looking at the input above, it seems very difficult to draw conclusions based on this. There are no clear rules appearing and it seems that the issuer agent information provided might not always be correct!

The situation seems to remain fairly inconclusive. Not clear either what the less impacting solution could be between creating new flags, or having 2 dates (instead of a period) ?

**Action**: NMPGs are requested to provide input on how to best proceed to solve this issue.

# CA345   Create new MP for the QCAS "Instructed Amount" field in MT 565

Matthew Input: 

Matthew’s answer provided on following questions:

Q1. In this type of subscription offer, is there a limit to what you can subscribe which is directly related to the ELIG balance (since you instruct in cash and not in QINS)? Or maybe the limit is just set with MAEX and there is no direct link with ELIG?

**UK Answer:** When instructing QCAS the limit to which you can subscribe is not related to the ELIG position but instead represents a cash amount that the holder is committed to submitting in order to participate in the offer.

Q2. In the 564 sample, MILT is set to 500 units whilst the ADTX at the end says that you can subscribe in “MULTIPLE OF GBP100”.  Shouldn’t this be 500 also?

**UK Answer**: Typo corrected

Q3. When you confirm/acknowledge the instruction message with a 567, how can you actually confirm the amount that was subscribed to since :36B::STAQ cannot be used?

**UK Answer**: STAQ is optional in the MT567 message therefore it is not necessary.

**Feedback on QCAS UK MP:**

* Using the “OTHR" CAEV event in the example seems a bit awkward since it is difficult to automate the processing based on OTHR whilst the purpose of having the creation of QCAS in the Instruction was to ease automation. Matthew proposes to illustrate the MP with a PRIO example that is used in AU.
* Recommendation to remove ECPD, ECRD, TPDT deadlines as it is not necessary to illustrate the QCAS case.
* Check Deadlines MKDT, RDDT
* ESTA//SUAP can be removed too (not in line with the comment text)
* PWAL, ADEX should be optional as in the EIG+
* ADTX can be removed as well.

**Action**:

* UK NMPG (Matthew): to provide updated version of the MP to Jacques for posting.
* Jacques to add a reference to the related UK MP in GMP1 in a QCAS section.

# CA354   Market usage of "QINS//QALL" on field 36a of MT565

Additional feedback on usage of the QINS/QALL code in instruction:

DK: Usage with omnibus accounts could cause some issues.

ZA: In favor of removing QALL

Previous Feedback:

FR, SE, UK&IE, LU, CH, ES: QALL not used

DE: QALL is rarely used by clients. We prefer receiving explicit instructions. It is sometimes unclear, if clients want to instruct for the pending trades, too. Therefore we agree with the proposal to delete the code

XS: QALL is used

PL: In Poland we use QALL in one specific case which is not related to a particular event, and rather to a set of events in a period of time. When foreign custodians request tax forms from the tax agent, i.e. the CSD, they would instruct with seev.033 to an unsolicited WTRC event, providing QALL for instructed quantity meaning ‘eligible balances from events in a given period of time’. The case is very specific, and the usage is not common, **however we would prefer the code not being deleted.**

**Actions:** Bernard to investigate the usage of QALL for bonds together with NO and RU and revert at next call.

# CA357   Usage of the :22F::OPTF//BOIS and :22F::CETI//FULL codes in the MT567

Not addressed at the call due to lack of time:

No feedback / comments provided since last call.

The MP has been added to GMP1 SR2017 final version.

**Action:** Close item

# CA358 Cleaning of Un-used Tax Qualifiers

Feedback requested to the CA WG by the Tax Subgroup about the usage of NRES rate and about the usage of rate type codes IMPU, PREC, TIER from TAXC (usage was null in 2014).

**Input file:**

: 

**Not addressed at the call due to lack of time.**

# CA361 How to handle fractional holdings resulting from Partial Redemptions in ZA?

The ZA market is in the process revamping debt instrument clearing & settlement and corporate action processing by way of a Debt Instrument Solution Project (DIS). During analysis it was identified that through partial redemptions fractional holdings, e.g. 1,433,587.25, have crept into the system.

Whilst the Issuer may be redeeming a whole number of debt instruments in issue, when the partial redemption terms are applied at beneficial owner level it results in fractions. It is the intention of the market to eliminate such fractions going forward and is thus enquiring how other markets are contending with this issue.

We are eager to know whether a rounding principle is being applied to eliminate such fractions, e.g. standard rounding. The market would like to align itself to global practice.

Feedback received from Daniel (DE) via email:

In the German market there are different options:   
1.        The issuer allows fractions, so fractions will remain in the clients accounts.   
2.        The agent accepts instructions for fractions. The banks will get payment in lieu for all fractions.   
3.        Fractions are summed up and sold in the market on behalf of the clients.   
If the new shares cannot be sold, there are different processes in the market.

Feedback received from Michal (PL):



**Not addressed at the call due to lack of time.**

**Action**: All NMPGs to provide feedback about their own practice regarding fractional holdings.

# CA362 How can we handle CAPA (seev.035) at the beneficiary owner level?

Michal (PL) has provided an input document to illustrate the business case for the question with seev.035 (CAPA) examples. At the end of the call, Michal has completed the input with additional illustration of the related seev.036 (CACO) message as follows:

The question is to know whether the proposed way the CAPA and CACO messages are structured with one cash movement per BO can be considered as valid as opposed for instance to send one CAPA message per BO.



**Not addressed at the call due to lack of time.**

**Action**: NMPGs to provide feedback if any on the proposed way to structure the option/movement sequences per BO.

Feedback can be sent directly to Michal ([michal.krystkiewicz@kdpw.pl](mailto:michal.krystkiewicz@kdpw.pl)) as the decision on the item is quite urgent.

# CA363 Interest rate coupon period

Laura has provided the following input with 2 questions and examples for this item:



*Q1. How should the currency rate be output in an ISO 15022 message for Interest rates for a coupon period announced as a currency rate, with or without the percentage rate or with a rate per denomination of the bond?*

*INTP seems to be the correct Qualifier to use with Format Options ‘F’ or ‘J’ to show the currency rate, but there are no Rate Type Codes that could be used to further explain the currency rate. The rate may be franked or gross or net for example.*

*One of the Data Providers reviewed the output of the interest currency rate with a selection of clients and could not get agreement. Repetition of INTP was not favoured without a code to describe the rate further.*

*Q2. The second question relates to the presentation of the interest currency rate when it is announced as an amount per bond denomination. How should the ‘per denomination’ part be shown in ISO 15022. Should the amount be divided by the denomination to show an amount per ‘1’.*

*What if two rates are announced for two different denominations of the same bond? Should both be output using INTP?*

**Not addressed at the call due to lack of time.**

**Action**:

1. NMPGs to look at Laura’s input and provide feedback.
2. Bernard and Delphine to discuss the case off-line and revert via email.

# CA364   Usage Rule for DEVI

**Input from Matthew (UK):**

The UK&IE Group has had a request to raise a CR to allow DEVI within Sequence D to be used even if the Declared rate is also an option. As even though the rate is shown in the option, it doesn’t allow you to show this as a declared rate.

Was wondering if any other markets had received a similar request and whether a CR for this would have any support?

**Not addressed at the call due to lack of time.**

# CA365   Split Election per bucket

**Input from Matthew (UK):**

How to define a standard for how to send MT 565 instructions that relate to a position that is in a specific bucket?

For example they have 100 in a SETT bucket and 100 in a LOAN bucket and they want to be able to send a specific instruction for a specific bucket. There does not appear to be any market practice for this and indeed no specific qualifiers or codes available on the Mt 565 message for this, so they are currently looking at defining their own market standard. See input file attached:



**Not addressed at the call due to lack of time.**

**Next Webex call:** on March 28 from 2 to 4 PM CET

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