

SMPG - Corporate Actions

Telephone conference Minutes

20 February, 2018

FINAL Version v0.1 – March 29, 2018

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**Attendees**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AU | Ms. | Narelle | Rutter | BNP Paribas | 🗸 |
| BE | Ms. | Véronique | Peeters | BNY Mellon | 🗸 |
| CA | Ms. | Ariane | Bienvenu | TMX |  |
| CH | Mr. | Michael | Blumer | Credit Suisse | 🗸 |
| DE | Mr | Schaefer | Daniel | HSBC | Excused |
| 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 |  |
| IT | Ms | Deantoni | Paola | SGSS spa |  |
| JP | Mr | Hideki | Ito | Mizuho Bank | 🗸 |
| LU | Mr. | Bernard | Lenelle | Clearstream | Excused |
| MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | 🗸 |
| MDPUG | Ms. | Laura | Fuller | Telekurs | 🗸 |
| NL | Mr | van der Velpen | Ben | ING Bank N.V. |  |
| NO | Mr. | Alexander | Wathne | Nordea | Excused |
| 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 | 🗸 |
| SG | Mr. | Jyi-Chen | Chueh | SC |  |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
| UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
| UK & IE | Mr. | Leary | Robin | CITI | 🗸 |
| US ISITC | Mr. | Steve | Sloan | DTCC | 🗸 |
| US ISITC | Mr. | Paul | Fullam | Fiserv | Excused |
| US ISITC | Mr. | Matthew | Schill | DTCC |  |
| XS | Ms | Haillez | Delphine | Euroclear | 🗸 |
| XS | Mr. | Lambotte | Jean-Paul | Euroclear | 🗸 |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | Excused |
| ZA | Mr. | Faizal | Chopdat | Standard Bank |  |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC |  |
| SWIFT | Ms. | Mabel | LU | SWIFT APAC (representing TW Market) |  |

# January 23 Meeting Minutes Approval

No additional comments received on the January meeting minutes. January minutes are approved.

# XS Representative Change

**Jean-Paul Lambotte** from Euroclear replaces officially Delphine Haillez as of this call.

# CA279 Claims in the T2S context

No formal endorsements were yet received at this time from the industry groups contacted but this is in progress and the SMPG expects to receive endorsements from at least a few organisations during this week. No negative feedback has been received, a least so far.

ECSDA should provide feedback this week and the CA JWG next week.

DTCC will try to provide feedback at the March call.

Véronique volunteered to already start drafting a document for the SWIFT board for the development of ISO 15022 messages, in expectation of the endorsement.

**Actions**:

1. Jacques to forward to Véronique the documents that were already produced in 2015 by the CA WG on market claims.

2. Véronique: to start already a draft business justification document for new ISO 15022 / ISO 20022 messages.

# CA315 Extending CA MPs to ISO 20022

The new fully ISO 20022-enabled version of the GMP1 document has been distributed to the GMP1 SG for final review of the changes.

Jacques will propose to the GMP1 SG a division of the review work with a list of chapters and of the assigned reviewers. Véronique will schedule a GMP1 SG call before the Warsaw meeting.

The section 11 on Proxy Voting in 15022 was not updated by Jacques as it cannot be as easily adapted to ISO 20022 due to the fact that the messaging solution is completely different and much more complete than ISO 15022. The CA WG PV subgroup should think about creating brand new MPs for the ISO 20022 solution.

For the action 1, Jean-Pierre confirms that the Tax SG would like to look at the entire process flow.

**Action**:

1. Tax SG to look at how to tax cash dividend events and reinvest on cash dividend events in the context of an omnibus account
2. Jacques to organize the review of GMP1 Chapters 5 to 12 by the GMP1 SG.
3. CA WG to look at when the PV SG could start working on ISO 20022 PV MPs

# CA367 INTP and OFFR usage with multiple payment Currencies

Decision The new market practice 9.29 (see below) is approved with the following little change: the second ‘in’ in the table to be changed to ‘of the’ in order to clarify the market practice.

**Action**: Close the item.

*9.29 Usage of Currency in Rates and Prices Format for Income Cash Payment Events*

*The following table provides the recommendations on the format to be used for the InterestRateUsedForPayment element [:92a::INTP] and for the GenericCashPriceReceivedPerProduct**element [:90a::OFFR] in different currency scenario for the Interest Payment and the redemption (early, partials, final) event types:*

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **SMPG Recommendation** | |
| **Type of Payment Ccy scenario** | **Denomination Ccy** | **Interest Payment [INTR MAND]** | **Redemption [REDM MAND]** |
|  |  | **:11A::OPTN <> CurrencyOption**  **:92a::INTP <> InterestRateUsedFor Payment**  **:22F::OPTF//CAOS <> OptionFeatures / OptionApplicability** | **:90a::OFFR <> GenericCashPriceReceivedPer Product** |
| In Single Ccy | Same as Payment Ccy | * INTP in Percentage [:92A::INTP] of the denomination Ccy | * OFFR in “PercentagePrice” [:90A::OFFR//PRCT] of the denomination Ccy |
| In Single Ccy | Different from Payment Ccy | * OPTN in **Payment Ccy** * INTP in Percentage [:92A::INTP] of the denomination Ccy * Foreign ExchangeRate [:98B::EXCH] to be provided | * OPTN in **Payment Ccy** * OFFR in “PercentagePrice” of the denomination Ccy or ”AmountPricePerAmount” [:90A::OFFR//PRCT or :90J::OFFR//] * Foreign ExchangeRate [:98B::EXCH] to be provided |
| Issuer Option Ccy | N/A | Several options provided:   * OPTF//CAOS * INTP in Percentage [:92A::INTP] of the denomination Ccy * Foreign ExchangeRate [:98B::EXCH] to be provided | Several options provided:   * OPTF//CAOS * OFFR in “PercentagePrice” [:90A::OFFR//PRCT] of the denomination Ccy * Foreign ExchangeRate [:98B::EXCH] to be provided |
| Multiple Ccy Paid (no choice) & Multiple Cash Movements | N/A | * OPTN Not Present * INTP in Percentage [:92A::INTP] of the denomination Ccy * Foreign ExchangeRate [:98B::EXCH] to be provided | * OPTN NOT Present * OFFR in “PercentagePrice” of the denomination Ccy or ”AmountPricePerAmount” [:90A::OFFR//PRCT or :90J::OFFR//] * Foreign ExchangeRate [:98B::EXCH] to be provided |

# CA375 SR2018 - GMP Part 1,2,3, Samples Updates & MPs Summary of Changes

Input on the SMPG samples is still missing from Ben (DRIP CHOS with Interim, REDM CHOS).

NMPG’s feedback on the use of the PPMT event:

* Véronique has never seen PPMT MAND, only VOLU events have been actually found in events in the past.
* CH has PPMT MAND from the Swiss Central Bank to request to pay for shares that are not yet fully paid and is also used for private equity investment.
* AU has some usage of the PPMT and will provide more info on the usage for next call. However, the AU PPMT lines in the EIG+ do not make sense. Narelle will try to review them
* SE has no usage.
* FR has some usage of PPMT MAND as well.
* DK, Randi thinks that the PPMT event definition in the standard is not very good and does not seem to reflect really what it is. However, as the event is not widely used, and it has various purposes, it is agreed that the definition should rather remain as is.
* DE: We don't have PPMT CHOS in Germany and according to the EIG the only market where it is relevant would be Australia. PPMT MAND must remain. We want to update this in our EIG column, because we have the same cases as CH (but extremely rarely).

**Actions:**

1. Christine to have a quick look at Ben’s assigned **Event Samples** and provide updates input to Jacques if any.
2. Narelle: to review the AU EIG Country Column input for PPMT and provide more information on the PPMT usage in AU.
3. Remaining NMPGs: Provide feedback on PPMT event entry in the EIG as well as the PPMT CHOS template as only PPMT VOLU events have been found and provide feedback if any on the draft SR2018 MP documents published.

# CA378 TNDP MP and TNDP Indicator DSS Usage

The US NMPG has not yet finalized a draft MP at the moment. Steve still hopes to have something ready for the Warsaw meeting. Steve and Narelle will coordinate offline.

It is still not yet clear whether there should be a local or global DSS.

**Action**: Steve and Narelle to coordinate on this and submit input for the Warsaw meeting.

# CA380 Proration Accepted and Unaccepted Balances

NMPG’s feedback:

CH: Would not use those balances and there is no support for new balances

FR: Existing ones not in CSD scope, no support for new balances

SE: Would not use, no support for new balances

DE: The suggested definitions are too long and specific. We agree with the suggestion to keep the existing, generic definitions

As proposed in Luxembourg and at the last call, Steve confirms that ISITC accepts to work with the existing Affected and Unaffected balances elements with the current definitions.

**Action**: Close item

# CA387 MT566 and Tax breakdown for Omnibus account

The key issue is to follow the general rule of having the same movements on the cash account and in the CA confirmations so as to be able to reconcile the 949/950 with the 566 – but there can be several confirmations.

NMPG’s feedback:

SE: Some (majority) members send one MT566 per account and tax rate; other members send one MT566 per account.

ES: the confirmation is done at BO level. No MT566 sent at omnibus account level.

CH: No relief at source.

DE: several MT566 are sent (from January’s call). The majority of banks will send separate MT566s or even use segregated accounts per tax rate.

Further feedback is requested for the March call.

**Action**: Remaining NMPGs to provide feedback on that use case for next calls.

# CA388 Round-Up Quantity for French DVOP, EXWA and Convertible Bonds (New)

FR/XS Input document:



Jean-Pierre introduces the topic and Jean-Paul presents the input slides (above) and the basis of the proposed change request to the group. The change request is about adding a new “Buy Up” Quantity qualifier BUYQ to the MT 565 to be used with the DISF//BUYU indicator.

Christine asked if this had been already discussed with the CAJWG to check if it is compliant with the European standards. Jean-Paul responded that some discussion had been started, but nothing formal yet.

Narelle commented that similar issues exist in AU, but custodians round down. She asked if the issuer will issue new shares, when buy-up is requested. Jean-Pierre responded that the issuer will indeed issue more shares.

Mike asked if/how this would affect also the MT567 and MT566. And why not use the BUYA option?

Christine added that the buy-up part may fall under the MiFID 2 TRS directive. If the DVOP event is deemed to fall under the dividend reinvestment exemption from reporting, will this still apply to the buy-up part as well? Compare it with EXER and OVER in a rights exercise.

Veronique asked Steve how DTC is working with round-up. Steve responded that DTC is not using ISO messages for this yet, but Steve will provide input on that at the next call.

In DE, the first impression is that there was a lot of push back by everyone who I talked to about this in the German market. This solution seems far too complex, especially for long chains of custodians. Either, the rounding method should be simplified or a breakdown of beneficial owners should be provided. This would also help in cases where the ratio will only be determined at a later stage.

This will be discussed at our NMPG meeting next Tuesday March 20.

**Action**:

1, Remaining NMPGs: to provide feedback for next calls.

2, Christine: to ask the CA JWG if the buy-up FR practice is compliant with the market standards.

# CA389 Question from MDPUG on Brazilian Distribution

Has been postponed to the next call due to lack of time.

# Question from Elena on “Moratorium Interest” in RU

Has been postponed to the next call due to lack of time.

# AOB

None

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