

SMPG - Corporate Actions

Telephone conference Minutes

25 September, 2018

Draft Version v0.1 – October 9, 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 |  |
| CH | Mr. | Michael | Blumer | Credit Suisse | 🗸 |
| DE | Mr | Schaefer | Daniel | HSBC | 🗸 |
| DE | Mr | Melchior | Hendrik | State Street Bank International |  |
| DK | Ms  | Ravn  | Charlotte  | VP Securities A/S  |  |
| DK | Mr. | Hattens | Randi Marie | VP Securities A/S | Excused |
| 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 | Ms. | Philippa | Morris | JP Morgan | 🗸 |
| IT | Ms  | Deantoni  | Paola  | SGSS spa |  |
| JP | Mr  | Hideki | Ito | Mizuho Bank | 🗸 |
| JP | Mr. | Arata | Kazunori | Mizuho Bank |  |
| LU | Ms. | Catarina | Marques | Clearstream | Excused |
| 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 | 🗸 |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
|  SG | Mr. | Jyi-Chen | Chueh | SC | 🗸 |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
| UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
| US ISITC | Mr. | Steve | Sloan | DTCC |  |
| US ISITC | Mr. | Paul | Fullam | Fiserv | Excused |
| XS | Mr.  | Lambotte | Jean-Paul | Euroclear  | 🗸 |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
| ZA | Mr. | Dale | VanRayne | First National Bank |  |
| 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) |  |

# Approval of July Meeting Minutes

No comments received. The minutes are approved without changes.

# Follow up on CA315 and CA384

CA315 - Extending CA MPs to ISO 20022

To the exception of the chapter 10 (Market Claims) and chapter 11 (Proxy Voting), the GMP1 document has been fully enabled for the ISO 20022 standards during the summer.

It has been published on the SMPG website as version SR2018 v1.1 at the end of August.

Chapter 10 (Market Claim) update is handled in the open item CA398.

The Proxy Voting Chapter will be taken care of after the PV messages have been reviewed against the SRD2 implementing Act requirements. This will be handled in the open item CA401.

**Action**: The open item can be closed.

CA384 - Facilitate access to the GMP Documents on the web site

During the summer, the functionalities of the SMPG web site has been enhanced with a document search function in order for the users to more easily find a document.

Furthermore, all documents posted have been indexed on Google so that a search on Google returns the SMPG documents posted.

The security of the SMPG web site against cyber-attacks has also been thoroughly tested by the SWIFT security department during the summer as well and all weaknesses have been immediately fixed.

The cost for the enhancement of the search functionalities and of for fixing the security weaknesses has been fully supported by SWIFT.

**Action**: The open item can be closed.

# CA279 Market Claims Messages Development Business Case



Mari has enhanced the business case and change request for new MT/MX messages during the summer. It still must be finalized based on some feedback / questions provided by SWIFT.

The aim is to have a draft document ready for NMPG review and comments by mid-October.

**Action**: Mari to finalise the document with Christine and Jacques

# CA389 Brazilian Distributions

We are awaiting feedback from the BR NMPG. They were to have a meeting on September 19, and have also discussed this with Narelle, who provided a number of Australian examples.

**Action:** Laura will reach out to Ana again.

# CA390 Moratorium Interest in RU



Jean-Paul stated that Euroclear Bank does not treat these as corporate action events but rather as cash movements. Elena agreed that these are rather considered as a sort of claim, but the cash is distributed to holders in the same manner as that of say an INTR event.

Depending on the cases, it is possible that several events might be needed.

The EXOF event may be the most appropriate event code, and in certain cases OTHR may also be needed. INTR event should rather not be used.

**Actions**: Close the open item.

# CA391 Identify which line of Multi-listed Securities on a Notification

Since Véronique is not at the call, the item is postponed to next call.

# CA392 Foreign Dividend Indicator in ZA (Sanjeev)

Item postponed since Sanjeev has not yet sent the input document to Jacques.

# CA398 GMP1 – Full revamp of section 10 on Market Claim



Mari presented the revision she has made of section 10 (see document above).

Mike indicated that he has never seen the “MKTC” amount being used in the MT566. Only gross amount and posting amounts are used usually since the ADDB//CLAI indicator indicates that it is a market claim.

There is no possibility either to include a market claim quantity.

Should we recommend that the market claim amount usage becomes optional and remove the qualifier MKTC later on?

**Action:** NMPGs are requested to review the revised section and revert.

# CA400 Scheme of Arrangement



An amended version of Jean-Paul’ document has been received from Mike (here above).

It seems clear that different event types are used and not only EXOF, like a MRGR in ZA or a TEND in the US.

**Decision**: The WG decided that a new version be created, without specifying which event codes are allowed.

**Action:** Jean-Paul will revise the document accordingly.

# CA401 SHRD2 Proxy Voting Minimum Requirements  - Update on level 2 regulation

Christine, Paola, Mari and Jacques provided an update on SRD II and their upcoming meeting with representatives from the EU Commission on September 28 to discuss ways the SMPG can assist in the messaging solution for SRD II.

The SRD2 level 2 (Implementing act has been published on September 3).



Based on the outcome of the meeting with the Commission, we will decide after whether we need to reactivate the PV subgroup and make a call for new PV experts.

Mike indicates that CH would be interested to be part of the subgroup.

Mari suggests to modify the title and description of the Open Item “SHRD2 Proxy Voting Minimum Requirements” into something that reflects better the contents i.e. SRD2 Requirements and Check ISO 20022 messages to assess compliance with SHRD2.

**Action**: Christine, Paola, Mari and Jacques to report about the outcome of the EC meeting at next call and propose a way forward to the group.

# CA403 Multi-Deposited Securities and COAF / CORP / SAFE in the MT565



Item postponed since Veronique did not attend the call.

**Action:** All NMPGs are requested to review the input document and revert.

# CA405 Flag at movement level indicating that securities will be blocked

It seems it is rather a common practice to block the securities for which an instruction to deliver them has been received.

Nonetheless, it may be of value to the recipient to receive such information in the notification.

Jean-Pierre remarks that there is absolutely no link between the fact that securities will be blocked and the fact that the instructions will be revocable or not revocable,

**Action:** All NMPGs on whether such an indicator would be useful, and if both alternatives are needed (elected securities will be blocked Y/N).

# CA406 Add MITI to the MT566 ?

Paola and Daniel have not yet received a response as to whether the T2S MITI reference is included in the cash posting on T2S.

Item postponed.

**Action**: Paola and Daniel to revert about whether MITI reference is included in the cash posting on T2S.

# CA408 Corporate Action on sukuk bonds/certificates

Jacques has contacted his colleagues in APAC to get some feedback on the event processing of Sukuk bond. At first sight, it seems that there would not be any existing market practices defined in APAC for sukuk bonds.

Jyi-Chen confirmed that it is usually processed outside of SWIFT messages.

A potential solution could be to introduce a CR to amend the definition of the INTR event to avoid the term “interest” or to create a new specific event and qualifiers/codes for this.

We should first check whether there are sufficient business cases to justify a change in the Standards.

**Action**: Jyi-Chen to check the volumes of events on sukuk bonds and bring the topic to the APAC RMPG and CA WG.

# CA412 New PCAL Template



Christine presented her proposed amended PCAL template and the two questions about RATE placement.

**Action:** All NMPGs are requested to provide feedback on the proposal and revert.

# CA414 Usage of the Contractual Payment Indicator in MT564 & 566

Input from Mike:



Mike has tried to document what was discussed and agreed at the MWG meeting, for possible inclusion in GMP1 in chapter 3 (see above document).

**Action:** All NMPGs are requested to review and revert.

# CA416 Announcement of DVOP / DRIP on Rights



A data provider is informing the market about the cash dividend pay-out of the choice dividend on the intermediate rights ISIN, opposed to the "real" underlying securities. This started last year and goes on throughout 2018.

Impacted markets and ISIN examples are in the Excel file above.

Previously, the information about the cash dividend was received on the shares and thus allowed us to keep a history of the dividend payments in the systems.

Most of our banks pay the cash dividend in a DRIP/DVOP scenario, whether it's announces as one RHTS event, or as two events with RHDI, on the underlying shares, as the clients are demanding to see the "permanent" shares and its ISIN on the advice and not some rights ISIN which changes for every event.

I'd like to ask how other data providers handle the information side and how other SMPG markets/banks process such events?

**Action:** All NMPGs are requested to provide feedback on the proposal and revert.

# AOB

None due to lack of time.

**Next meeting:** Sydney meting October 17 – 19.

**Next Conference Call:** 13 November, 2018 from2:00 to 4:00 PM CET

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