

SMPG - Corporate Actions

Telephone conference Minutes

19 February, 2019

Draft Version v0.1 – March 7, 2019

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**Attendees**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AU | Ms. | Narelle | Rutter | ASX |  |
| 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 | 🗸 |
| ES | Ms. | Cinta | Cristobal | BBVA |  |
| 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 | Mr. | James | Mullens | Nomura | 🗸 |
| IT | Ms | Deantoni | Paola | SGSS spa |  |
| JP | Mr | Hideki | Ito | Mizuho Bank | 🗸 |
| JP | Mr. | Arata | Kazunori | Mizuho Bank | 🗸 |
| LU | Ms. | Catarina | Marques | 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. | Alexander | Wathne | Nordea | Excused |
| 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 | Excused |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC |  |

# Approval of January Meeting Minutes

No comments were received on the draft minutes of January conference call.

Minutes are approved.

# SMPG Meeting in Frankfurt Follow up

Frankfurt updated agenda (v2 - March 6):



For those who are part of the SRD2 TF, please note also that an SRD2 TF subgroup meeting will be held on the following day on **Thursday April 11 at BVI premises** (approximately from 9 AM to 4/5 PM) to finalise the design of the SRD2 ISO messages (new Shareholder Identification messages and PV updates).

Nota that CA WG People outside of the EEA are also invited to attend the SRD2 meeting on Thursday if they wish as the SRD2 directive may also impact global players.

If you are interested to attend the SRD2 meeting on Thursday April 11 in Frankfurt and want to register, please send an email to Jacques (Jacques.littre@swift.com).

# CA378 TNDP MP and TNDP Indicator DSS Usage

Latest version of Input document from Narelle and Steve:



For the messages samples to illustrate that MP, take one 364, seev.031, 566 and seev.036.

**Action**: Jacques to integrate the TNDP market Practice into GMP1.

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

Please refer to related open item CA403 here below.

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



DK Input:

The Danish NMPG agrees on the new Market Practice however as previously noted the Danish CSD had implemented their interpretation on how to detect Market Claims. This implementation was done before there was an actual standard process for claims, meaning VP will not adjust in the near future as this would be very costly.  We do agree that a standard on claims is a good thing as standards makes life easier.

Discussion

It is agreed to change the last sentence of the MP to soften the usage of “Claim Amount” and tp remove the “Not recommended” statement on MKTC.

**Actions:** Christine to rewrite the MP as per the comments received.

# CA400 Scheme of Arrangement

Jean-Paul’s updated document:



Sanjeev agrees with the proposed MP as written by Jean-Paul.

It is proposed to remove the “TEND” event and leave only the EXOF and MRGR and rewrite the “example” sentence.

**Action:** The UK&IE NMPG will have a look at the Complex Events Tab for EXOF and revert.

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

Comments were provided by ISITC (Paul via email):

*“The use of NONREF in place of a CORP creates an issue as there would be no differentiation with an unsolicited response.*

*The solution suggested is not addressing the issue holistically. The entire market practice should be reviewed.  Better solution could be to make the COAF mandatory (currently optional) on the MT565 and continue to require the CORP”.*

Comments received from Jean-Paul and Charlotte/Randi in the following documents:





Comments provided by Mike (CH):

*As the use of the COAF is still very sparse, and a lot of markets and more intermediaries are not we propose to strike the 2nd. sentence and any reference to "NONREF".*

*Current automation/STP processes for MT565 messages are largely built based on CORP and other key data, not COAF.*

*To track (and perhaps promote) the use of COAF, we propose to add another sheet into the GMP2 file, titled COAF use*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Country*** | ***official COAF use  implemented*** | ***implementation date*** | ***market passes on received COAF*** | ***implementation date*** |
| *CH* | *N* | *not planned* | *N* | *n/a* |

Discussion

The first paragraph above on the usage of NONREF has been there already for years and has not been amended in any way in this open item.

In view of the comments received and of the discussion at the call, there is a lot of confusion about what is the issue we want to solve in that MP.

The open item will be scheduled for the Frankfurt meeting.

**Action**: Veronique to prepare input for Frankfurt.

# CA405 New flag for securities being Blocked

Note that this topic is also related to the request by the ECB in the CMH CA Harmonisation rules to add such a flag for blocking securities in the Collateral Management CA event processing context.

CR input on securities blocking flag from DE:



The main purpose for the flag is to have a way to pre-advise about the blocking of the securities in the MT564 and not to change the blocking process itself.

Comments from DK

Question to SMPG: Can this have any legal implications? What if a company goes bankrupt? Would there be any complications when securities are blocked?

We (The Danish Market) do not read the DE suggestions as one we have to apply, but more as a possibility to apply this and hence make instruction handling smoother.

With regards to the newly sent Change Request, is there a specific reason as to why the option level needs a BLOK info.? Is it not sufficient to just indicate once that securities will/may be blocked if instructed upon?

Should there not be a qualifier in the 567 to state how many shares have been blocked?

And in the 564 should there not be a “smart” qualifier stating how much of the holding has now been blocked as well as we have pending holding etc.?

Comments from XS (Jean-Paul)

Having a blocking flag at two different levels seems complex to handle. How should we read the flag is there is only E - OPTF//BLOK but nothing at movement level? Does this mean that underlying is blocked but not proceeds?

Daniel (DE) explains that the presence of the flag at option level is required when the underlying securities must be blocked but there are no following securities movements.

LU is in favor of the CR.

BE would like first that we look at what is the problem we are trying to solve with this flag.

**Action**: NMPGs to provide input on their securities blocking scenario for the Frankfurt meeting.

# CA406 Add MITI to the MT566 ?

Comments from DK

The Danish Market agrees that MITI could be very useful.

However, we do believe it would be very useful to have examples of the actual usage of MITI. Where exactly should it be used in the corporate action messages. Furthermore, it would be good to have actor models to visualize the complexity of the communication sent from various CSDs to various investors with T2S and link partners being in the big picture.

Is that possible?

Comments from XS: Agree with the proposal to add MITI in the MT566

Comment from FR:

The CSD in FR does not plan to use the MITI reference. What about the usage of PREV and RELA references ?

Comments from DE:

The main reason to reuse MITI in the 564 is to avoid any confusion with the other PREV/RELA references which are usually present in the message for other purposes.

DE will submit a change request for it and will have a draft CR ready to be reviewed in Frankfurt.

**Action:** Remaining NMPGs are requested to discuss the addition of MITI to the Mt 564 and revert by the next conference call.

# CA413 AMI SeCo CMH-TF CA Thread Update

An SMPG CA WG task force (TF) has been set up for this topic back in November 2018 with Christine, Paola, Catarina, Veronique, Mariangela, Jean-Paul and Jacques.

The TF has had several calls and one physical meeting with the CMH CA Thread co-Chairs of the ECB.

There is now an official market/Industry review period that has started beginning of February and last until March 8. However, the SMPG has negotiated an extension of the review period for them until end of March.

The Task Force is busy revising the ECB document and will consolidate the comments in the weeks to come.

If you want to have more information about this topic, you can contact any of the TF members.

# CA418 SR2019 GMP Parts 1-3 & Templates Updates

**Current Status**

1. **EIG GG, CC, (GMP Part 2)**

Narelle has provided updates for the AU country column and for TNDP.

1. **Remove PRII event in SR2020 ?**

Steve confirms that PRII is still used in the US in some cases. Same in NZ Narelle confirms.

PRII is not used in RU.

**Actions:**

* Steve: to provide US EIG+ Country Column updates for TNDP event for next call and to investigate what would be the impact on the US market of removing PRII.
* Mari, Veronique and other global custodian from the CA WG to get feedback on the current usage of PRII.

# CA422 SRD2 TF Progress Update

Skipped due to lack of time.

# CA423 Usage of ADDB//ATFX

Mari has submitted the following draft MP for review.



Comments from DK

The Danish NMPG agrees on the Market Practice however as previously noted the Danish CSD had implemented their interpretation on how to detect Market Claims. This implementation was done before there was an actual standard process for claims, meaning VP will not adjust in the near future as this would be very costly.  We do agree that a standard on claims is a good thing as standards makes life easier.

XS, DE, SE, CH, UK&IE, ES, HK agree with the MP proposal from Mari.

FR will revert at the next call.

**Action**: Remaining NMPGs to review and revert for next call.

# CA425 Usage of Index Factor for INT and Redemptions

Skipped due to lack of time.

**Actions:** Jean- Paul to make a draft MP for next call.

# CA427 Create new MP to use 94C::COIN//XF

Skipped due to lack of time.

# CA428 Question from Catarina on on OFFE//ERUN for EXOF

Input from Jean-Paul:



Steve reports that ERUN was most likely created for the US Market.

**Action:** Steve will investigate on his side and revert to Catarina.

# CA429 ADDB//REAC with DDL fields

The question here is in case of mandatory disclosure there for which BO list is required, there is no deadline by which the participants can react (REAC). See example below.

*HOW TO INSTRUCT:*

*Instructions are required to*

*:70E::ADTX//disclose the Beneficial Owners who*

*hold minimum of 1 000 shares on*

*Record Date at December 31st, 2018.*

*OPTION 1: CONSENT GRANTED*

*You must send your instruction per*

*financial beneficiary with the*

*below details:*

*Full Name*

*:70E::ADTX//  Full Address*

*Holdings at Record Date, December 31st, 2018*

Christine answers that the MP is explained in GMP1 section 9.25 and the deadlines qualifiers can be used in that case if necessary.

This MP cannot be in the EIG+ since the common MAND events are in those cases modified in a CHOS and constitutes a kind of exceptions.

# AOB

None

**Next Conference Call:**  March 19, 2019 from2:00 to 4:00 PM CET

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