APAC CA working group meeting – 25 Feb

* Background for the group

Alexandre Kech, head of the standards team in APAC, gave a short background for the group. SWIFT has received feedback from the Asia pacific region on the challenges they are currently facing when dealing with the corporate actions processing. The main reason being the fact that local implementations are not always in line with the global market practices.

In parallel, there is an increase of ISO 15022 and 20022 corporate action projects being implemented in APAC we need to ensure are in line with global and regional practice as much as possible.

As a result SWIFT proposes the kick-off of this group to have a forum of best practice discussions.

During the meeting some participants asked if different areas of corporate actions processing such as proxy voting and tax would be part of the working group scope. This is something that the established working group will discuss and agree together.

* Market Data Provider perspective

A brief explanation from the market data providers perspective on the importance of having a CA working group in APAC was given by Madalene Soon, APAC reference data business manager, Interactive Data. The challenge they face today is the complexity to know the local market practices in the APAC region. Therefore the support of Interactive Data with the launch for this working group with the following goals: to build an active regional community, to uncover local market practices and to bring on standards.

In 2004 the Market Data Provider User Group (MDPUG) was set-up to review the way ISO 15022 corporate action data should be formatted by Securities Market Data Providers. The following market data providers meet bi-monthly and discuss the issues in the market: Bloomberg, Fidelity ActionsXchange, Interactive Data Corporation, London Stock Exchange (LSE), SIX Financial Information and Thomson Reuters.

MDPUG also sits as an observer at the global SMPG CA meetings as the objective of MDPUG is to establish principles and rules for the use of MT564 & MT568 messages sent by market data providers, aligned to SMPG’s Global Document on Corporate Actions. The SMPG agreed on the importance to have the market data providers to be part of the APAC CA working group.

* Relation with existing APAC RMPG, SMPG and NMPGs

The APAC CA would be a sub-group of the APAC RMPG. The goal of the APAC CA working group is to support the existing working groups such as the global SMPG CA, global MDPUG and NMPG CA, and not to duplicate work and efforts from the existing groups.

During the meeting a concern was raised on the fact that some NMPGs CA WGs create MP against global MP. SWIFT standards try to guide the local NMPG to use the global MP (EIG+) as much as possible but SWIFT cannot enforce the usage of such global MP. Thus the need for the establishment of an APAC CA WG to raise these issues and exercise peer pressure.

* APAC CA WG proposed scope and structure

The working group agreed on the proposed scope and structure of the working group and the following points were raised and agreed upon during the meeting.

The working group agreed on the fact that an Asia MP would compensate the absence of a local MP and the representation to this group as long as it doesn’t contradict the global SMPG MPs. In addition the group also agreed to help the markets where there is no NMPG established to fill the EIG+ for that country in the meantime.

The working group agreed that this is not a SWIFT owned working group but a community owned working group and that SWIFT commercial matters will not be part of the scope of the group.

The working group agreed that operation risk issues should be part of the scope of the group. On the other hand regulatory risk issues will be part of the group’s discussion on an ad hoc basis if agreed and necessary. The goal is to have discussions which will increase the STP level of CA processing with ultimate goal to have an end to end data coming from the source.

The group agreed that CA software providers should be involved in the discussions of this WG.

**Action:** Market data providers to provide the group with a list of key CA software providers in Asia so we can invite them to the meetings.

In terms of governance of the working group it was proposed to have 2 representatives per institution as well as a document explaining the decision making process. Participants agreed that participant’s names and documents published by this group will be publicly available.

**Action:** SWIFT to send out a proposed bi-laws to be discussed and agreed upon during the next working group meeting.

The team would like to involve/reach out other CSD (besides SGX, ASX and BSE).

* Update on Global CA Activities

The working group was updates on the global CA activities that have been done and are in progress.

**Action:** SWIFT to distribute the latest version of the EIG+.

* ASWG work review, what can be reused

It was agreed that based on the APAC CA WG priorities sub-groups could be formed as we go to tackle different high priority topics in parallel.

As the ASWG work is out of date, a survey will be sent to the participants in due time to be able to assess the current priorities per country. Ones all SWIFT receives all the feedback this will be shared with the group and the working group will agree on an action list and issues to discuss in the coming APAC CA WG meetings.

A preliminary priority list was shared by some of the participants:

1. Standards for voluntary CA processing
2. Engage and increase implementation of ISO by the depositories
3. TAX Issues: AGC (Association of global custodians) – they discuss tax issues but not standards. This would be important not to drive the work but it’s important to have a forum where standards and tax related issues can be discussed and market practices can be documented.

These proposed priorities will be discussed during the next working group meeting together with the survey results.

* Update on CA Standards and/or Market Practice work in each APAC Country

The working group shared information regarding CA standards projects and/or market practice work in each APAC country.

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|  | AU | SG | HK | IN | CN | JP | KR | ID | MY | TH | VN | PH | BLCM |
| MI usage of CA ISO 15022 | X (disbanded) | X (partialy) |  | X | X |  |  | X |  | X |  |  |  |
| MI usage of CA ISO 20022 | Soon | Soon? |  |  |  | X |  |  |  |  |  |  |  |
| What project | 20022 implemantion | Standards implementation |  |  |  |  |  |  |  |  |  |  |  |
| When | Phase 1 mid 2013 | Phase 1 Mid 2013 |  |  |  | 2014 |  |  |  |  |  |  |  |
| NMPG CA WG | X | X | X | X | ? | X | X |  |  |  |  |  |  |
| EIG+ | X |  |  |  |  | X |  |  |  |  |  |  |  |
| CA MP Published | X |  |  | X |  |  |  |  |  |  |  |  |  |
| Issues |  |  |  |  | Expensive |  |  | Usage of local language |  | quality |  |  |  |

**Action:** An excel document will be made from the table above which will be distributed to each country for completeness.

The working group suggested the addition of the following countries: Taiwan, Pakistan, Sri Lanka and Bangladesh.

* Next meeting

Next working group meeting will be held via conference call during the first half of April (exact date to be decided).

During the next call SWIFT will share the global SMPG CA meeting agenda to collect feedback from the APAC CA WG to be shared with the global WG.