**APAC CA WG Meeting Minutes – 15th May 2014**

Time: 2 – 2.45pm SGT

**Attendees:**

Ken Lim Bank of America – Merrill Lynch

Cherine Yeo Deutsche Bank

Wendy Xu DST Global Solutions

Rijil Thomas Golden Source

Madalene Soon Interactive Data

Ipah JP Morgan

Mai Le JP Morgan

Lorie Co Macquarie

Tony Chen Morgan Stanley

Ryo Takahashi Morgan Stanley

Chueh Jyi-chen Standard Chartered

Harry Rana Sungard

Janardhan Yalapalli Thomson Reuters

Nithin Krishnamurthy Thomson Reuters

Gurumurthy Golla Thomson Reuters

Magdalene Goh SWIFT

1. **Fully franked dividend (Prashant, Information Mosaic)**

Magdalene (SWIFT) shared findings from Cheryl (Citi) and Tony (Morgan Stanley). Their findings were consistent with what was discussed at the SMPG Tax working group meeting where it seems that there is a redundancy of the FLFR qualifier since the necessary details are usually advised in field 92J as a rate type code.

It was understood that this is really a more Australia specific issue and it would be prudent to reach out to the other participants within the Australian community as they could be using the FLFR as a qualifier instead of a rate type code.

Jyi-chen (Standard Chartered) mentioned that there is an AU representative at the CA MWG meeting we can get in touch with since AU is now in the top 10 countries. Magdalene replied that she has already liaised with the rep and is waiting for his reply.

Mai (JPM) also suggested getting in contact with the ACSA (Australian Custodial Services Association). Harry (Sungard) has contacts with some of the members of the group and will provide contacts to Magdalene.

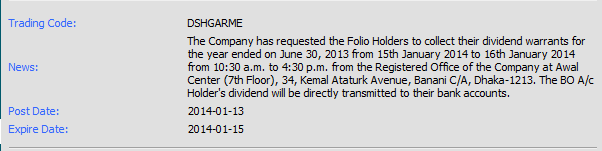
1. **Reporting Multiple Breakdowns in a Single or Multiple Cash movement (Janardhan, Thomson Reuters)**

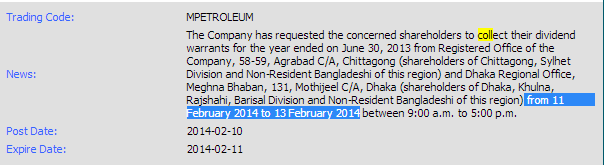
Similar to #1, it was understood that unless we find a CA expert on the AU market, it will be difficult to answer this question. Magdalene has already sent an email to the AU representative of the CA MWG and is waiting for his reply. She will also get in contact with ACSA.

1. **Dividend distribution with a range of pay dates (Janardhan, Thomson Reuters)**

**Business context:**

The company announces a dividend distribution with a range of pay dates. How can this be managed in an MT 564?





The following points were noted:

* + Jyi-chen commented that the qualifier EARL (Earliest Payment Date/Time) can be used in this instance as the first date, followed by the usage of PAYD (Payment Date/Time) for the last date.
  + Janardhan will review it at his end.

1. **Voting Transparency (Mai, JP Morgan)**

**Business context:**

Currently confirmation MT567s can confirm whether MT565 vote instructions have the status of pending, processed and acknowledged or rejected (and reason) but do not give security holders insight as to where the instruction sits within the chain of intermediaries, i.e. has the instruction been passed by the sub custodian to a lawyer, to the registrar, electronically lodge with the csd, etc, and from this point has it been accepted and counted by the end issuer? Discuss creation of new SWIFT qualifiers for improved reporting of instruction status.

The following points were noted:

* + Jyi-chen noted that there was a similar change request (CR 611) submitted last year. This CR was rejected at the MWG meeting and some concerns were raised:
    1. Challenge in certain markets – not every market is fully transparent in the voting process.
    2. ISO 15022 is also supposed to be replaced by ISO 20022 eventually as ISO 20022 has more granular statuses for proxy-voting; therefore, it might not make sense to create new qualifiers in the ISO 15022 messages as this would reduce the push to move to ISO 20022.

The conclusion last year at the MWG was to have this discussed and reviewed by the SMPG proxy-voting sub-group.

* + In response to these concerns, Mai agreed that whereas it’s true that other intermediaries and MI, CSD and/or registrar do not provide that level of granularity as to whether it’s been accepted and counted by the end issuer, and that this needs to be worked out in each market and this working group may be a good platform to work on it. However, the sub-custodian can actually confirm in markets like HK and TW where it is electronically lodged with the CSD. So rather than just having codes for acknowledgement/pending/rejection etc, we should be thinking of codes to confirm that it is electronically lodged with the CSD. While we are not getting the full end to end processing chain, this is still something that needs to be worked on as we can still have the right codes to move the status further than where it is today. Mai also agreed that ISO 20022 may be the future standard but we cannot stop all work on ISO 15022 just yet.
  + As a next step, Magdalene to liaise with Jacques Littre (SWIFT) if this has been discussed at the proxy voting sub-group or at the CA SMPG level, and to check if the UK NMPG has done any progress since last year. A change request can be submitted again if there is a stronger business case/ in terms of volume and markets benefiting from this change.
  + A point to note is that at the SWIFT Board meeting last year, it was requested that all change requests for SR 2015 should be critical and have a strong business case or a regulatory justification, as the securities industry is facing some major migration in 2015. This just means that implementation might be delayed by another year but this should not deter anyone from submitting change requests if needed. Deadline for SR 2015 is 1st June.

1. **Standards Forum China (Magdalene, SWIFT)**

Standards Forum in Beijing is still not confirmed but if it goes ahead, it will most likely be postponed to August instead of July.

1. **Global SMPG update (Jyi-chen, Standard Chartered)**

Jyi-chen and Yek Ling (HSBC) attended the global SMPG physical meeting in London last month. Jyi-chen provided a brief summary on what went on at the CA SMPG meeting:

* + Overelection/subscription MP: This was previously discussed at the APAC CA WG meeting and following feedback received, it appears majority is using QINS for the oversubscription hence it was proposed to keep QINS as the preferred option.
  + The Tax working group had a discussion on cleaning up certain tax qualifiers and to clarify usage of TAXR/WITF/WITL. A proposal was made to delete WITF and will be reviewed at the next SMPG CA WG conference call on 22 May.
  + FATCA: Following new codes introduced in the SR 2014 for FATCA, a request was made to create a MP for the usage of FATCA as this new regulation would affect many. ISITIC would review and publish a MP for this.

Please email Magdalene if you would like to have a copy of the full meeting minutes.

1. **AOB**
   * Magdalene to send the latest EIG+ document to Mai.
   * Magdalene to send a list of the current working groups in APAC and their current status to the group.