**MEETING MINUTES**

**FORUM:** SMPG SG

**DATE AND TIME:** 7 JUNE 2012, 4PM

**LOCATION:** SWIFT OFFICE, 8 MARINA VIEW, ASIA SQUARE TOWER 1, #28-04, ROOM RAFFLES

**ATTENDEES:**

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| **NAME** | **ORGANISATION** |
| Elizabeth Chia | BNP Securities Services |
| Mabel Goh | Citibank |
| Alan Lim | DBS |
| Christina Ang | Deutsche Bank |
| Gopu Maniam | HSBC |
| Dileep Venkatakrishnan | HSBC |
| Janice Ow | OCBC Bank |
| Lai Kok Leong | SGX |
| Anand Adipudi | SGX |
| Wong Poh Sun | SGX |
| Jessie Toh | SGX |
| Anthony Sim | Standard Chartered Bank |
| Florence Fung | Standard Chartered Bank |
| Lilian Soong | Standard Chartered Bank |
| Alexandre Kech | SWIFT |
| Cindy Foo | SWIFT |
| Tan Hui Fong | UBS AG |

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| **AGENDA** |
| A.    Current affairs  1.    Readiness of institutional participants on RMB denominated securities by 22 June 2012 and interaction with SGX in preparation for the launch  a.    Common issues raised by international players  b.    How custodian banks can collectively help our clients  c.    Exploration of listing of such counters in dual currencies  d.    SGX road maps with regards to settlement of DVP process & RMB liquidity management in Singapore.  2.    Upcoming APAC Regional Market Practice Group in 20 Jun, with objectives including  a.    Update on the various global/regional market practices initiative  b.    Agree way forward to engage country/ region in SMPG and standards activities.  B.    Growth/Longer term  1.    Topics/Focus under the 3 pillars [Advocacy Engagement, Market Practices (Transactional) and Communication] and formation of sub-committees  2.    Progress of ASEAN + 3 Bond Market and ASEAN exchanges initiatives  3.    Alignment of CDP Clearing House to the new CPSS-IOSCO principle on securities (margin) – challenges and readiness of banks  C.    Others  1.    SGX CSD infrastructure evolution. SWIFT has been contracted by SGX to perform an analysis of their CSD services and come up with improvement recommendations both in terms of communication, processes and technical infrastructure to be on par with those of the international financial markets.  a.    Ideas/Suggestion/Progress made  b.    Interaction request with custodians & brokers on today’s state of affairs (what works well relatively for Singapore vis-a-vis the international    financial markets in Europe, US and Asia  c.    Explore best way to seek understanding of the market development roadmap in Europe (London), US and Asia (HK); what should be strengthened or be improved in the communication and processing environment that SGX is currently offering vis-a-vis the financial markets in Europe, US & Asia. |

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| **MINUTES** |
| Introduction  Anthony greeted all the attendees of the Securities Market Practice Group for Singapore (‘SMPG SG’) hosted by SWIFT at its premises. He shared that the objectives of SMPG SG (‘Group’) are to promote greater unity and establish best practices in the industry. The forum will also be used to hold interactive discussions on market initiatives.  Anthony then introduced Tan Hui Fong (representative from UBS) who is a new member to the SMPG SG forum.  The floor was then passed to Alex who provided the Group with an introduction of himself as well as a background of his team, SWIFT Standards team in Singapore. Alex shared that with SWIFT’s increased presence in Asia Pacific, the organisation aims to be more involved in the market developments in the region.  Meeting Frequency  Anthony spoke of the need for the Group to meet up on a regular basis to have frequent updates and discussions on the market developments and initiatives. A suggested frequency is to hold a meeting every 2 months.  Discussions on Agenda Items   1. Current Affairs 2. Readiness of institutional participants on RMB denominated securities due 22 Jun and interaction with SGX in preparation for the launch   Kok Leong briefed the Group on the background of the RMB initiative. He explained that the demand for RMB listing had triggered the need for the market to understand the infrastructure for RMB both in the trading as well as the post trade space. This has resulted in a project work stream and the DAs have been contacted by SGX.  Kok Leong talked about an industry workshop which was held on 5 May 2012 which aimed to better understand the impacts of the internationalisation of RMB. One area of concern is the liquidity of RMB. Poh Sun (also known as SGX’s Miss RMB) provided the Group with an update on the readiness of its members in meeting the 22 June 2012 deadline for RMB denominated securities. Poh Sun shared that testing has been completed by some of its members while it is still on-going for others.  Kok Leong mentioned that during a previous SGX meeting with market participants, the participants had expressed an interest to incorporate DVP settlement for RMB, similar to that for other non-DVP currencies eg. HKD. He added that there is a need to hold a forum to determine the currencies for which DVP settlement needs to be incorporated. Following that, a structure involving brokers, DAs and settlement banks will need to be put in place in order to roll out this initiative. The Group went on to further discuss about the details of this forum.  When posed the question on what is the solution if the participants are not ready by the 22 June 2012 deadline, Kok Leong and Poh Sun advised that the technical solution is to block the security from trading in the brokers’ trading system. SGX will continue to bring on board the listing for trading and participants can decide if they want to trade. Kok Leong added that SGX is currently on track for the 22 June deadline and that RMB will likely be dual-listed.  Elizabeth enquired about the centralised settlement bank for RMB in Singapore as this has an impact on the liquidity of the currency and added that due to obvious reasons, the centralised RMB settlement bank should be a Chinese bank. The general response of the Group is that the centralised bank has yet to be determined. Anthony mentioned that SMPG SG forum can assist to facilitate the finding of the centralised bank for RMB.  Alex proceeded to share with the Group on the work that has been done by the Hong Kong exchange with regards to RMB and that the Market Practice document has been published on the SMPG website. Alex will also assist to link up the Group with the RMB workgroup in Hong Kong. The next discussion session on RMB will be held in Hong Kong on 29 June 2012.   1. Upcoming APAC Regional Market Practice Group in 20 Jun   Alex briefed the Group on the objectives, background and agenda for the Regional Securities Market Practice Group (‘RMPG’) to be held on 20 June 2012. Alex had sent a list of questions for the RMPG to Anthony who will onward disseminate it to the Group members, consolidate the responses and organise a conference call, if required.  Alex further informed the Group about MyStandards launch event which will be held 1 day before the RMPG. Any interested Group member can contact Alex for more details. Lastly, the Group was informed that the next global SMPG will be held in October 2012 in the week after SIBOS.   1. Growth/Longer term 2. Topics/Focus under the 3 pillars [Advocacy Engagement, Market Practices (Transactional) and Communication] and formation of sub-committees   Group members were told to drop Anthony/Florence a note as to who they are nominating to join the sub-committees. The preferred size for each sub-committee is around 10 people and ideally, there should be 1 representative to lead each sub-committee.   1. Progress of ASEAN + 3 Bond Market and ASEAN exchanges initiatives   Alex shared with the Group updates on ABMF. There are currently 2 sub forums at ABMF, one for public sector barriers and one for private sector barriers. There is a representative in each sub forum. However, Singapore has not been represented at AMBF until the last meeting. The current purpose of ABMF is to conduct visits to interview the participants in each market and report detailed processes in each market in an effort to harmonise the market practices in ASEAN+3.  Initial discussions in this scope started 10 years ago. However, AMBF was only launched about 2 years ago.   1. Alignment of CDP Clearing House to the new CPSS-IOSCO principle on securities (margin) – challenges and readiness of banks   There were some questions posed by the Group. The Group would like to find out what are the challenges from the banks’ perspective as well as some of the downstream impacts.  Kok Leong proceeded to share some information with the Group. Since 1972, securities trading has been done on contra-basis until recently when it has become too risky. As a result, MAS has set a timeline (by end 2012) for SGX to embark on margin trading. SGX has been sharing information on how to introduce securities margin trading with all its clearing members as all of them will be impacted by the change.  Anthony added a couple of concerns which should be noted. What will constitute as good practice in Singapore? How will our Singapore practice compare with that of the international banks?   1. Others 2. SGX CSD infrastructure evolution. SWIFT has been contracted by SGX to perform an analysis of their CSD services and come up with improvement recommendations both in terms of communication, processes and technical infrastructure to be on par with those of the international financial markets.   Alex shared with the Group the information regarding the SGX project. Kok Leong further elaborated on the rationale for this initiative which is to implement the best mode of communication for downstream customers as well as to adopt best practices. The focus is on standardised communication and automation. A total of 10 post-trade business domains have been analysed in detail. Following this review will be many downstream projects involving the market participants where steering committees will need to be formed. Kok Leong mentioned that there may be a need to set up a forum to discuss about this and suggested that Anthony can assist to coordinate with the DAs.  Anthony commented that any individual in the Group who is interested to be involved in the SGX project and to provide feedback can contact Alex directly. Elizabeth further commented that this change by SGX is welcomed by the community as it is something which they have been wanting for some time.  Any Other Business  Janice queried on the status of 2 outstanding items from SGX’s end – E-statements and File Upload. Anthony informed all that such items will be classified as “Transaction Grouping” going forward. Such items should ideally be sent to Anthony prior to the SMPG SG forum in the future for consolidation, dissemination and preparation by the relevant individual before the meeting.  Kok Leong also reinstated the point that it will be useful to have the list of all the DAs in Singapore for collecting feedback via the SMPG SG forum.  The feedback from the Group members is that this forum is to have the majority of the voice of the industry but may not require the presence of the full DAs. A suggestion from the Group is to determine what the percentage representation of this forum is as compared to the total number of DAs.  Action Tasks  1. Alex to provide the link up for the Group to the RMB workgroup in Hong Kong  2. Alex to send the details of the next RMB meeting in Hong Kong to the Group members  3. Pertaining to RMB/CNY currency, SGX has a writeup on what system is using which currency code. Kok Leong to share the list with the Group.  4. Anthony to send the list of questions for the upcoming RMPG to the Group members, consolidate the responses and organise a conference call, if required.  5. Anthony to send an email reminder to the Group members to send in their nomination for the sub-committees  6. As part of information sharing on ABMF, Alex to send the list of countries and their respective market practices for bonds to the Group members  7. Kok Leong to revert with more information to update the Group on the current status of 1 outstanding item - File Upload |