**MEETING MINUTES**

**FORUM:** SG NMPG

**DATE AND TIME:** 16 JULY 2013, 4PM

**LOCATION:** STANDARD CHARTERED BANK, 7 CHANGI BUSINESS PARK CRESCENT, PAKISTAN ROOM

**ATTENDEES:**

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| **NAME** | **ORGANISATION** |
| Siraz Mouhamadmoussa | BNP |
| Teo Chai Sio | CIMB Securities (Singapore) Pte Ltd |
| Gan Lai Chun | Citibank |
| Jonathan Wilson | Citibank |
| Ang Lay Tin | Daiwa Capital Markets Singapore Limited |
| Bridget Tien | Deutsche Bank |
| Christina Ang | Deutsche Bank |
| Eu Wai-Ling | Deutsche Bank |
| Daisy Lam | HSBC |
| Ganesh M Iyer | HSBC |
| Maria Cristila Q. Cabanting | HSBC |
| Janice Ow | OCBC Bank |
| Anthony Sim | Standard Chartered Bank |
| Cheuh Jyi Chen | Standard Chartered Bank |
| Frederick Lee | Standard Chartered Bank |
| Garry Chan | Standard Chartered Bank |
| Lilian Soong | Standard Chartered Bank |
| Lim Ek Young | Standard Chartered Bank |
| Cindy Foo | SWIFT |
| Loo Fang Hwa | UBS |
| Wong Hsien Hong | UBS |

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| **AGENDA** |
| 1. Updates from the three sub-committees 2. Formation of SG S&R WG and CA WG within SMPG (Liaison with SWIFT STANDARDS team for maintenance) 3. CA transformation initiative: Nominations for representation in possible collaboration with SGX to ensure alignment between issuer prospectus and SGX electronic announcement 4. Publication of SG S&R MP (Reference materials: Settlement common elements / CH Settlement MP) 5. Financial Transaction Tax 6. Vice-Chair nomination/election 7. AOB |

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| **MINUTES** |
| Introduction  The meeting began with a round-the-room self-introduction of all members who were present as there were a number of new joiners to the SG NMPG (‘Group’). This was followed by opening remarks made by Anthony Sim, the Chair of the Group where he provided a background on the group and the progress made so far.  1) Updates from the three sub-committees  Transactional Sub-Committee  The focus of the Transactional Sub-Committee for the month of May and June had been on Corporate Actions (CA). The SG CA WG met on 24 June 2013 to discuss SWIFT standard codes and SWIFT tax processing review. Together with SGX representatives who were also present at the meeting, the group discussed 41 CA event types to determine if they are commonly used in SG market. In addition, a priority ranking of the corporate event types was agreed for SGX’s review as its project team continues to develop its CA notification project. The SG CA WG will continue to work closely with SGX on this project.  The SG CA WG also received SGX’s responses to the CA market practices (MP) issues raised in the May meeting:   1. Shares purchased on SD-3 cannot be acceptable for tender offer on SD   Even though SGX acknowledged that this is an issue currently faced by the market players, SGX is unable to resolve this for now as they advised that this will require enhancements to their system and their technical resources are currently tied up with the upcoming API project.  Anthony disagreed that this is a technical issue and that it requires a system change. Instead, Anthony commented that SGX can leverage on its compliance or governance and consider a change in terminology, by changing the criteria to “as of end of day when the batch run is completed”. He further added that even though the occurrence of a tender offer is not very frequent, this issue still poses as a constraint to genuine investors who have an interest to participate in such an event.  In Jyi Chen’s opinion, this approach is viable but will require a lot of effort as there is a need to force the issuers to change the terms in the CA tender offer. As an alternative solution and subject to the agreement of the Group members, he suggested documenting in the Tender Offer MP for SG, that in this scenario, the investor will not be able to participate in the tender offer. This SG Tender Offer MP can then be published on the Global SMPG website. This proposed solution will require a lesser amount of effort and time to be implemented as compared to the first suggested approach. Anthony commented that this suggestion is a good interim solution. However, more should be done to ensure a level playing field for the investors. Janice and Daisy shared that during the meeting, SGX pointed out to a cautionary paragraph in the Offer document which the market players can include in their letters to their clients. Anthony felt that SGX should do more to address this issue e.g. providing the market players with a roadmap on the resolution of this issue and the Group members agreed that the current term is not fair to the market players. Lilian added that the SG CA WG had also raised several proposals to SGX including batch crediting option and end of day prospectus. There has not been any update from SGX on those. Anthony will further discuss this issue with SGX when he meets Ramu in end August.   1. Intra day batch processing for tender offer and rights exercise through SGX-SSH Service   SGX is not agreeable to this proposal as they are unable to increase the number of batches at the moment. However, they have assured that they will have staff around at 6.30pm to provide assistance in case there are any errors in the submission of files. In addition, SGX currently has arrangements in place to handle the exceptional cases. One is having a batch job for rights issue at 5pm and takeover at 5.30pm. The rejection may occur for an entire file or a specific record depending on the error. If there is any error for the e-submission on the closing date, SGX will usually contact the Depository Agent (DA) and request them to submit a new file by 6.30pm. If the DA is unable to do so, SGX usually grants them on exceptional basis to physically submit the forms by 10am on the next business day.   1. Daily portfolio statement to be provided instead of monthly   The SG CA WG’s proposal is for SGX to either provide a daily portfolio statement or to send it via SWIFT message. Currently, the portfolio statement is given to DAs only once a month. As this proposed change will have an impact on the current fee schedule (account statement download fees), SGX is reviewing this implementation approach internally and will revert to the SG CA WG by mid of August.   1. Corporate actions information on SGX website   SGX is revamping their CA system. SGX has briefed the SG CA WG members of their plans to improve the CA system and shared that more information will be available to all members in due course. Cindy shared that SGX is going through a CA transformation and referred to the email sent out by Anand Adipudi informing that CDP will be conducting sessions for DAs and members on 12 and 13 August to brief them on the changes. Cindy further added that SGX also has plans to use both SG NMPG and the APAC RMPG as platforms for sharing more information. Jyi Chen commented that it is a positive move for SGX to engage the local market players and to align the local market practices when implementing the changes as this will make the implementation a more organised one.  Anthony will check with Anand to find out if SGX is collaborating with any vendor/s for this project as it would be beneficial to include them in the Group’s discussions early.   1. REIT tax declaration simplification   SGX has assisted to simplify the collection of tax declaration forms where the soft copy of the forms will be sent by REITs’ registrar to DAs via email. This has eliminated the manual collection of the forms from CDP and CDP no longer needs to act as a middleman in distributing the forms.  Going forward, the SG CA WG will be working on the following topics:   * Market claims standardization * E-submission for CDP election forms * Contingency arrangements for physical CDP forms submission * CDP forms to be downloaded from CDP website   Anthony queried the Transactional Sub-Committee on the sufficiency of members, the adequacy of representation of the members and if there is good team dynamics. Daisy replied that there is currently no brokers within the sub-committee and Anthony encouraged the new joiners to the Group to join any of the 3 sub-committees.  The presentation slides prepared by the Transactional Sub-Committee will be sent out along with the meeting minutes.  Communication Sub-Committee  Siraz went through the first edition of the e-letter for the Group. The purpose was for the members to agree on the contents as well as the format of the e-letter. The e-letter will be updated by this sub-committee as the Group progresses. The e-letter will be sent out along with the meeting minutes.  Slide 6 of the e-letter showed a recap of the 3 sub-committees, their main objectives and the members in each sub-committee. Anthony suggested adding an “as of date” to this slide and to update the details on this slide every half-yearly. Siraz will also check with the co-chairs of the 3 sub-committees to verify that the contents on the slide are correct. In addition, there is still a need to obtain the list of DAs and brokers.  The Group now has its own SG NMPG folder on the SMPG website where the past meeting minutes have been posted. The Group needs to discuss and agree on the materials to be published in the folder. Anthony commented that as the folder and the contents are representative of SG, there has to be consistency in the contents published and there should be terms of reference guiding the type of materials uploaded onto the SG NMPG folder. Therefore, from a Communication standpoint, there is a need to draft the terms of reference or guiding principles and have them circulated among the members. Anthony quoted meeting minutes and MPs among the materials which can be published in the SG NMPG folder. Suggestions of other types of contents which can be uploaded onto the folder are things which are of concern to the local community as well as the contact distribution list of the Group.  Among the next objectives of the Communication Sub-Committee is to create the Who’s Who for the SG market. The suggestion was for each organisation to include 3 or 4 names of persons who are strongly involved in the SG market eg. Head of Operations. The purpose of this is to obtain good reference contacts and more importantly, to create a sense of belonging for the members. Anthony suggested limiting this number per organisation to not more than 4.  Advocacy Sub-Committee  Christina had a meeting with Mabel, who is the co-chair of this sub-committee 2 weeks ago. However, due to no response, this sub-committee did not meet as a whole and hence, did not proceed with their work as planned. As a recap, the key priorities of this sub-committee are Pricing and Proxy Voting. Mabel will be sending out another meeting agenda for either this week or the following week. Christina urged all the members of this sub-committee to be more actively involved and also encouraged others to join this sub-committee. Interested parties can send an email to Christina.  The Advocacy sub-committee continues to work with ASIFMA group which is assisting the sub-committee in lobbying with SGX. At the same time, Christina would like to see more brokers participating to this sub-committee. Christina is to inform Anthony if the response within the Advocacy sub-committee continues to be lukewarm. Christina shared that for the next meeting of this sub-committee, if the lack of response continues, members from Standard Chartered Bank (Lilian), Citibank (Mabel) and Deutsche Bank (Christina) will proceed without the rest.  Anthony would like to take the opportunity to send a general request for participation to the whole Group and to encourage members to participate to at least 1 of the 3 sub-committees. Siraz added that the SG NMPG is not for the representation of individual organisations but for the Group as a whole.  Anthony also shared that the last meeting scheduled with Ramu from SGX did not materialise. A next meeting has been scheduled for end of August. There may be a possibility of meeting Ramu’s new hire then.  2) Formation of SG S&R WG and CA WG within SMPG (Liaison with SWIFT STANDARDS team for maintenance)  As an open action item from the last meeting, the names for the SG S&R WG still need to be firmed up. The SG CA WG has already been established. Judy, who was not present at the meeting, will have more updates on the formation of the SG S&R WG.  The SG S&R WG and SG CA WG are required for participation in the yearly SWIFT Standards maintenance work as well as MPs work. Anthony emphasized the importance of having these 2 WGs by explaining that currently, there are a lot of discussions on Standards and MPs documentation at the Global SMPG level. The SG market needs to be involved and it will be good for the SG market to publish its own S&R and CA MPs at the global level.  This tie in with agenda item number 4 – publication of SG S&R MP. Cindy shared with the Group that it will be ideal to first formally establish the SG S&R WG and then to set the publication of the SG S&R MP as one of the objectives of the WG. 2 documents from the Global SMPG website have been shared with the Group for reference – the Settlement Common Elements document and the Switzerland S&R MP document. Anthony will be looking to the Transactional sub-committee to assist in the MPs work for the Group. Cindy then suggested an approach which can be taken in establishing the SG S&R MP which is to collate the templates of the settlement instruction messages (MT540 – 543) for vanilla trades (fixed income and equities) for SG market from at least 2 – 3 custodian banks. The SG S&R MP can then be drafted by comparing the templates and identifying any differences. Finally, the draft MP document can be reviewed by the Group and circulated for approval. Cindy will assist in this initiative and custodian banks are to send their message templates to her for collation. Anthony encouraged Citibank, HSBC, Deutsche Bank, BNP, OCBC and DBS to contribute theirs. Ganesh agreed to send in the templates for HSBC and offered to work with Cindy on this initiative.  As discussed in previous meetings, Anthony reminded that there is also a need to have (increased) representation from SG at the Global SMPG meetings for both the S & R WG and CA WG.  3) CA transformation initiative: Nominations for representation in possible collaboration with SGX to ensure alignment between issuer prospectus and SGX electronic announcement  As an action item from the last meeting, the Group members are to check internally within their organisations to find out if they are prepared to with SGX in possible collaboration. Jyi Chen sought clarification that this is referring to the SGX initiative and informed that the Transactional Sub-Committee (SG CA WG) is already working with the SGX project team on this. Jyi Chen also shared that the alignment between issuer prospectus and SGX electronic announcement will be covered as part of the electronic initiative of SGX. The electronic initiative of SGX includes system enhancements which include the creation of electronic templates for use between SGX and the investors. The standardised electronic templates will help to reduce the number of interpretation issues.  4) Publication of SG S&R MP  This was covered in agenda item 2 above.  5) Financial Transaction Tax  Anthony informed the Group that a lot of work has been done with regards to the Financial Transaction Tax (FTT). At the Global SMPG level, it was concluded that no WG will be formed to handle this issue. However, the SMPG had asked for a group of volunteers to be ready to address any questions relating to the FTT. Anthony will send out the request for volunteers to join that FTT committee. Anthony also shared that there has already been a framework established for the FTT in France.  Jyi Chen raised a question if there are any locally listed securities in SG market which are deemed as French. Anthony replied that currently, there is none. Gan added that currently, the FTT terms exclude ETFs.  6) Vice-Chair nomination/election  Only 1 nomination was received for the election of the Vice-Chair role for the Group, which was from Tony Lewis of HSBC. A voting process was conducted by the Group and the decision was a unanimous one. All members present were in favour of Tony being elected as the Vice-Chair of the Group. As a result, Anthony made a proposition of having the next meeting hosted by HSBC at the HSBC premises in town and thereafter, for DBS to host it at their office in the western part of SG.  7) AOB  The Group members went round the room to provide any additional comments or input. Addressing a new joiner who is from the broker side, Anthony commented that the Group has been more custodian-based so far and would require more input from the broker’s perspective in the future.  Chai Soi voiced that the frustrations from a broker’s point of view arise from IPO and Private Placement.  Bridget queried if SGX has provided an update on unscheduled holidays. Bridget understands that SGX has contacted brokers regarding this but not the DAs. Lilian added that SGX is implementing this in August but the local industry is not ready yet as there will be system enhancements required by the industry players.  Ganesh enquired about the status of the Earmarking MP. Anthony shared again that the Earmarking document previously drafted was pertaining more to the VN market. The document had also previously been circulated but without much response. Anthony informed that currently, if a security has been earmarked, the position will still be showing as Available Balance in the MT535 statement. Anthony urged the Group members to check with their respective organisations if the earmarked security is being reported in the MT535 statement as Available Balance or as some other locked status. Cindy will also assist to check if there is an existing code in the current message standards for MT535 as well as the MT54x confirmation messages to indicate for earmarked positions. If the code does not exist, this will create an issue for the SG market players as the holdings will not be accurately shown. If the Group members are agreeable that this is an issue for the local community, the Group can raise a request for the creation of a new code.  Anthony added that after the Earmarking MP, the next topic for the Group to look into is the IPO MP which is more complicated as it includes more processes like funding. |

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| **ACTION ITEMS** |
| 1. Anthony to check with Anand to find out if SGX is collaborating with any vendor/s for their project 2. The Communication Sub-Committee (Siraz) to draft the terms of reference/guiding principles on the types of contents to be uploaded onto the SG NMPG folder and have them circulated 3. Gentle reminder/request to all members to join and participate in the 3 sub-committees: Advocacy, Transactional and Communication 4. SG S&R MP: Custodian banks eg. Citibank, HSBC, Deutsche Bank, BNP, OCBC and DBS to email their settlement instructions templates (MT540 – 543) for vanilla security trades to Cindy 5. The names for the SG S & R WG are to be firmed up (Judy to provide more updates) 6. Anthony to send out the request for volunteers to join the FTT committee 7. Cindy to check if there is a code in the current message standards for MT535 as well as the MT54x confirmation messages to indicate for earmarked positions |