SMPG - Corporate Action

Minutes of Athens Meeting

24 – 26 Apr. 2012

Draft Version v0.1 – May 10, 2012

Table of Contents

[1. Minutes / Notes takers 4](#_Toc324436887)

[2. Next Telco/Meeting Schedule 2012 4](#_Toc324436888)

[3. Approval of March 28 Minutes 4](#_Toc324436889)

[4. CA 203 – Part 2 EIG+ & Templates Remaining Issues 4](#_Toc324436890)

[5. CA 202 - Funds related CA Events 8](#_Toc324436891)

[6. CA 214 - MT567 definition of PACK vs. PEND 8](#_Toc324436892)

[7. CA 224 - MT 56X - New Event Type INFO & new INFO Indicator 9](#_Toc324436893)

[8. CA 223 - MT 56X - New Event Type for Partial Redemption in Pro-Rata 10](#_Toc324436894)

[9. CA 226 - Disclosure (DSCL) event - Clarify usage / market practice 10](#_Toc324436895)

[10. CA 167 - Consent Events /+ Schemes - Clarify business flows. 11](#_Toc324436896)

[11. CA 194 - Reinvestment of Fund Cash Distribution 11](#_Toc324436897)

[12. CA 225 - MT 565 - Add Option Features, Rates and Narrative (Option Numbering) 12](#_Toc324436898)

[13. CA 230 - SOFE and INCE redundancy 13](#_Toc324436899)

[14. CA 231 - Interim and Final Dividend 13](#_Toc324436900)

[15. CA 210 - Overelection/subcription market practice review 13](#_Toc324436901)

[16. CA 232 - Pagination MP 13](#_Toc324436902)

[17. CA 233 - Buyer / Broker Protection Deadline 14](#_Toc324436903)

[18. Additional items 14](#_Toc324436904)

[19. GMP1 Subgroup Status Report (Veronique) 15](#_Toc324436905)

[20. Tax Subgroup Status Report (Bernard) 15](#_Toc324436906)

[21. Proxy Voting Subgroup Status Report (Christine) 16](#_Toc324436907)

[22. Contribution of the CA WG to a new SMPG presentation 16](#_Toc324436908)

Attendees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Country** | **First Name** | **Last Name** | **Institution** |
|  | BE | Véronique  | Peeters | BNY Mellon |
|  | CH | Michael | Blumer | Credit Suisse |
|  | DE | Andreana | Pileri | Commerzbank AG |
|  | DK | Charlotte | Ravn | VP Securities |
|  | FI | Sari | Rask | Nordea Bank Norway |
|  | FR | Kimchi | Phungtran | BNP Paribas |
|  | GR | Lena | Efthimiou | National Bank of Greece |
|  | ICSD | Delphine | Haillez | Euroclear |
|  | JP | Ichiro | Yamamoto | Mizuho Corporate Bank |
| Co-chair | LU | Bernard  | Lenelle | Clearstream Banking |
|  | MDPUG | Laura | Fuller | SIX Telekurs |
|  | MDPUG | Peter | Hinds | Interactive Data |
|  | NL | Ben | van der Velpen | ING |
|  | RU | Elena | Solovyeva | National Settlement DepositoryMoscow Russia |
| Co-chair | SE | Christine  | Strandberg | SEB |
|  | UK & IE | Mariangella | Fumagalli | BNP Paribas |
|  | UK & IE | Matthew  | Middleton | London Stock Exchange |
|  | US/ISITC | Sonda  | Pimental | Brown Brothers Harriman&Co. |
|  | ZA | Sanjeev | Jayram | First National Bank |
| Facilitator | - | Jacques  | Littré | SWIFT Standards |

**Excused**: Paola De Antoni (IT)

Meeting Agenda

**These minutes are based on the distributed meeting agenda.**

See document”0\_Athens\_2012\_Final\_CA\_Agenda.docx”



# Minutes / Notes takers

Minutes takers: Christine Strandberg, Andreana Pileri, Veronique Peeters, Jacques Littré

# Next Telco/Meeting Schedule 2012

Already scheduled: May 23, June 27

Newly scheduled: September 13, October 11, November 8, December 13.

Note: The next SMPG global meeting will likely be held in Osaka (JP) November 5 to 7 (the week following SIBOS). However this needs to be confirmed yet by the SMPG steering committee later in May.

# Approval of March 28 Minutes

Approved.

# CA 203 – Part 2 EIG+ & Templates Remaining Issues

## EIG+ Global Grid Issues

The following table summarises issues, and in last column the consensus reached and remaining actions defined:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **CAEV** | **CAMV** | **Questions / Issues****(“country asking the question” – “question”)** | **SMPG Meeting Consensus**  |
| 1 | BPUT | VOLU | SE- Why is INTP included? Is it relevant ? | Keep in GG, but add comment on INTP that it is only to be used for accrued interest (cash paid) when applicable |
| 2 | CAPD | MAND | SE - Why is TAXE included? It is not present in other income events except, CAPG. | Remove TAXE |
| 3 | CAPG | MAND | SE - is TAXE included? It is not present in other income events except, CAPD. | Remove TAXE |
| 4 | CERT | CHOS | SE - Why both CERT and MKDT? Are they not the same in this event? | Keep all three dates (CERT, MKDT, RDDT) and Change CERT to [O] |
| 5 | CLSA | VOLU | BE - Shouldn't we have a RDTE in the global column? | RDTE not to be included as we already have CLCP period. |
| Shouldn’t we have REVO period as it is in the template ? | **+ Sonda to investigate if REVO is applicable** |
| 6 | DETI | MAND  | SE - Only PAYD and EARL are included. Should RDTE be added? Any rates? | Add RDTE [M], NEWO [O]. **+ Those concerned: Check if RATE is needed ?** |
| 7 | DRCA | MAND | Still to be validated | Remove MCTD from GG. **+ Sonda to check EFFD in template.** |
| 8 | DSCL | MAND | SE - Why are PAYD, EARL and VALU included? Is there a payout in cash? If so, should a price not be added? | No cash payout then remove PAYD, EARL and VALU. Add MKDT [O] and RDDT [O]. |
| 9 | DSCL | VOLU | SE - Why are PAYD, EARL and VALU included? Is there a payout in cash? If so, should a price not be added? | Remove PAYD, EARL and VALU. |
| 10 | DTCH | VOLU | UK - Shouldn't we add PWAL ? | Add PWAL [O] |
| 11 | DVOP | CHOS | "SE - NETT should be O, not M. | Change to [O] |
| 12 | DVOP | CHOS | UK (from sample) - Shouldn't we add PRPP (price to calculate the securities issued)" | Add PRPP [O], with comment to say Include in E1, when issuer announces GRSS and PRPP for SECU, not ADEX |
| 13 | EXRI | CHOS | "BE - NOAC Should be deleted for a CHOS | Remove NOAC from GG and add it to FR column **+ Kim to provide rationale for NOAC in FR column** |
| 14 | EXRI | CHOS | SE - Why is there a comment regarding bonus rights, when we have a BONU CHOS for that?" | Remove comment |
| 15 | EXTM | CHOS | SE - Why is MATU not included? | Add MATU [M] |
| 16 | EXWA | MAND | Need to be added to the global Grid as it is the most common case | Yes, add line to GG (done) |
| 17 | MEET | VOLU | SE - Should MEET not be included in the date column? | Add MEET [M] and RDTE [O] |
| 18 | CMET | VOLU | SE - Should MEET not be included in the date column? | Add MEET [M] and RDTE [O] |
| 19 | XMET | VOLU | SE - Should MEET not be included in the date column? | Add MEET [M] and RDTE [O] |
| 20 | OMET | VOLU | SE - Should MEET not be included in the date column? | Add MEET [M] and RDTE [O] |
| 21 | PLAC | MAND / SECU | SE - Should RDTE be added? | Add RDTE [M] |
| 22 | RHTS | CHOS | BE - NOAC Should be deleted for a CHOS ? | Remove NOAC |
| 23 | SHPR | MAND | SE - Why is GUPA included? | Remove GUPA as misused in this context. GUPA only for elective events. |
| 24 | SMAL | MAND/SECU | SE - Should RDTE be added? | **+ JP, UK, NL - Countries which have not flagged as “n/a” to look if it exist**. Either change to n/a (most likely), or add RDTE [M] and NEWO [M] |
| 25 | SUSP | MAND/SECU | SE - Should the GG reflect n/a? If not, should RDTE and (especially) NEWO not be added? | **+ JP, UK, NL - Countries which have not flagged as “n/a” to look if it exist.** Either change to n/a (most likely), or add RDTE [M] and NEWO [M] |
| 26 | TEND | VOLU | BE - RDTE is missing from the Global column ? | No change.  |

## EIG+ Country Columns Remaining Issues

The following table summarises issues, and in the last column, the consensus reached and remaining actions defined:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **CAEV** | **CAMV** | **Questions / Issues** | **SMPG Meeting Consensus** |
| US CC Column |   |
| 1 | CLSA | CHOS | isn’t PAYD missing ? (EARL is present !) | Comment incorrect. PAYD is present. |
| 2 | CLSA | VOLU | Shouldn’t CLSA VOLU be “n/a” in the US column ? or is it blank meaning that you support ? | Add n/a in US CC |
| 3 | BRUP | CHOS/VOLU | As NEWO and OFFR are present as mandatory, we should have PAYD [M] also as they are both only in movements sequences ? | Add PAYD [M] and EARL [O] |
|   |   |
| PRII | Add PAYD [M] and EARL [O] |
|   | BRUP | CHOS & VOLU | PAYD should be optional/Mandatory ? as NEWO and OFFR is optional ? | Add PAYD [M] and EARL [O] |
| CH |   |
| 1 | SPLR | CHOS | PAYD[M] is missing as NEWO is M | MAND/SECU conform to GGCHOS, add PAYD [M] and EARL [O] |
| UK & IE |   |
| 1 | BIDS | CHOS | PAYD should be optional/Mandatory as NEWO and OFFR is optional ? | Add PAYD [M] and EARL [O] |
| JP |   |
| 1 | MRGR | MAND | If POST (Seq C) date is present, then EXPI date should be present too  | Remove POST |
| 2 | ODLT | VOLU & MAND | If POST (Seq C) date is present, then EXPI date should be present too  | Remove POST |
| 3 | PCAL | MAND | If POST (Seq C) date is present, then EXPI date should be present too  | Remove POST |
| 4 | PRED | MAND | If POST (Seq C) date is present, then EXPI date should be present too  | Remove POST |
| 5 | REDM | MAND | If POST (Seq C) date is present, then EXPI date should be present too  | Remove POST |
| 6 | SPLR | MAND | If POST (Seq C) date is present, then EXPI date should be present too  | Remove POST |
| 7 | DVCA | MAND | If “no option”, GRSS cannot be Mandatory. It should then be rather Optional.  | JP NMPG to recheck and revert; either remove 'no option' or change PAYD and GRSS from [M] to [O] |
| DE |   |
| 1 | BONU | MAND | MAND does not exist in the Global Grid. Do you confirm MAND or is it CHOS ? | Remove this DE entry (in line 11) as it conforms with BONU MAND GG. |
| 2 | LIQU | MAND | MAND is indicated on the LIQU CHOS GG line. Is it an error or do you confirm LIQU MAND ? | Remove 2nd LIQU MAND CASH; change XDTE in first to [O] as it is only applicable for partial, add OFFR [M] in first LIQU MAND **and + Andreana to add comment regarding use of XDTE**  |
| 3 | TEND | CHOS | MAND is indicated on the LIQU CHOS GG line. Is it an error or do you confirm LIQU MAND ? | Remove everything in line 131.**+ Andreana to confirm** |
| RU |   |
| 1 | INTR | MAND | INTP is present twice as a rate once as optional and once as Mandatory. Which one should be removed ? or is the second INTP standing for INTR ? | + Change INTP [O] to INTR [O]. + Add comment regarding use of GRSS (taxable TXBL vs not taxable TXFR).**+ Action: Jacques / co-chairs to create SR2013 CR for INTP, format J, to include TXBL and TXFR (and possibly also TXDF) similarly to what is done for GRSS.** |

## SMPG Template Remaining Issues

The following table summarises issues, consensus reached and remaining actions defined:

|  |  |  |
| --- | --- | --- |
| **Event** | **Issue** | **SMPG Meeting Consensus** |
| 1. CLSA VOLU | (US) - REVO period dates and PWAL period dates must still be completed. What dates should I add ? Difficult to say when looking at the “Relative dates” section ? | Refer to EIG+ solution in table 4.1 above +**+ Sonda to provide realistic REVO and PWAL Date values** |
| - REVO is not in the EIG+ GG. Is it missing ? | Sonda to revert on REVO issue (see table 4.1 above) |
| 2. DRIP CHOS Classic and No Interim | (UK) - Why do we have Currency Option defined on SECU option ? | Remove currency option |
| 3. PRIO VOLU | (FI) - SETT and PENR balances are included. Is it really necessary to show those ? | Remove |
| 4. CONS VOLU | (FI) - INCE is M in EIG+ and is missing in sample ? | INCE to be added **+ Sari to provide INCE rate value** |
| 5. EXRI CHOS | (SE) - Is there a real need for movements for SLLE/BUYA ? | No, remove from Template because linked to account servicer options. Add comment that is not necessary to include. |
| 6. PPMT CHOS | (BE) RDTE is missing (M in Global Grid) ? | Add RDTE **+ Christine to provide RDTE value for the template** |
| 7. DRCA | Check the template for EFFD usage | **+ Sonda to investigate if need to remain.** |
| 8. SOFF CHOS | Template still missing (Action 3) | Not to be provided finally as it is “n/a” in the global grid. |

## Review of Open Item Action 4: Record Date Tracking Table

The following decisions have been taken:

* Change column name to “Record Date Driven”, instead of “Record date supported”
* Change column name “RDTE events supported” to “Exceptions (Events) in GG”
* BE: RDTE market, Charles will send input to Jacques
* CH: RDTE market, Michael will send input to Jacques
* DE: Not a RDTE market
* DK: Yes
* JP: Yes
* US: Mix

Actions:

* BE and CH to send input to Jacques as indicated above
* All markets to send their input (eg. Exceptions events not RDTE driven) for the revised columns

# CA 202 - Funds related CA Events

Bernard Reports about his meeting with the IF-WG:

The source of CA information varies greatly between markets in the IF arena. The IF group works on a survey market by market to identify commonalities and discrepancies. They only focus on ETF and open-ended funds.

The IF-WG asked if there are any events we are aware of with specific impact on investment funds. Bernard said that there are a few we have discussed such as reinvestment vs. accumulation.

Bernard proposed that the IF group does not look at how the information would be communicated, but instead provide the CA WG with the business scenarios they would like to create a market practice for i.e. mainly for:

* reinvestments,
* accumulation,
* liquidation/redemption,
* equalisation

The CA WG discussed what to do and how to proceed, and agreed to focus on the largest markets first (US, ESES, LU, ES, DE, UK&IE and CH) and on the main pain points rather than all issues at once.

Actions: Andreana (covering DE), Mari (covering UK&IE) and Veronique (covering the rest of countries) to create the respective list of pain points.

# CA 214 - MT567 definition of PACK vs. PEND

Long discussion of whether there is a difference between PACK//LATE and PEND//LATE and what to do.

Decision: The group agrees on the following action items:

* Short term (SR2013): Change the market practice for SR2013 to state that PACK//ADEA and PACK//LATE should not be used; instead PEND should be used.
* Short Term (SR2013) Create a CR for SR2013 to change the name and definition of IPRC//PACK as previously proposed as follows:

 *“PACK - Accepted for Further Processing – Instruction has been accepted. This means that the instruction has been received, is processable and has been validated for further processing.”*

* Medium Term (for SR2014): request removal of PACK//ADEA and PACK//LATE from the standard.

Action:

* Jacques to Create SR2013 CR to change name & definition of IPRC//PACK and new MP for SR2013.
* Jacques to update MP on PACK//ADEA and LATE

# CA 224 - MT 56X - New Event Type INFO & new INFO Indicator

Input: Three examples provided by Peter from MDPUG and input from RU NMPG on potential Russian usage for disseminating information that are today published on a web site.



The analysis of the 3 examples shows that none of the three examples are actually good candidate for the INFO event. Example 1 can be covered by OTHR, example 2 by EXOF and example 3 by CHAN NAME. For the other Russian examples (mainly disclosure of financial reporting), the group thinks that it is not related to a CA and therefore should rather remain on a web site.

Follows a discussion on what is the value of being able to send financial information in an MT564, what to send and how ?

The business case for “conference call” announcements via the new INFO event is deemed consistent. This new INFO event would cover issuer’s information communication without any movements or deadlines. This will allow to distinguish more easily those events from all the other ones in the “OTHR” “trash box” event.

The following decision tree has been drafted at the meeting for when to use INFO vs. OTHR:

Proper /Specific Event CAEV exist ?

Yes

CHAN sub Code ?

Use CAEV

Yes

No

Use CHAN

CHAN sub code (22F in Seq D) ?

Yes

Use OTHR

Financ ial Impact ?

No

Use OTHR

Option & Mvmt ?

Yes

Does the event has financial impact on the holder of the security ?

No

Use INFO

No

Are there options and/or cash/securities movements ?

The group agrees on the following proposal:

Create a CR for SR2013 to create a new CAEV code INFO with a NVR prohibiting use of sequences C and E in MT564 as this events could not have any movements. The new event code would only be allowed for MT564 and MT568 (if possible).

Proposed definition for the INFO event: “Company information provided by the issuer, not related to a corporate action event.”

The CR should propose to eventually enlarge the definition of the MEET date so as to cater for date/time for conference calls ?

The CR could eventually propose to delete the PROC//INFO indicator as it does not seem to be well placed as users have to choose between PROC//INFO and the other processing statuses (although usage statistics of 2010 show about 300.000 occurrences on a 6 months period!).

Actions:

* Bernard to review the dtaft decision tree for when to use OTHR vs. INFO.
* Jacques to create the SR2013 CR accordingly with the above decision

# CA 223 - MT 56X - New Event Type for Partial Redemption in Pro-Rata

Input: The rejected SR2012 CR000210 on partial Redemption in pro-rata.



Bernard walks the group through the change request and the 4 different proposed redemption scenarios (PCAL, DRAW, PRED, Pro-rata) are reviewed.

The proposed “pro-rata” scenario is very similar to a DRAW except that in that case, all holders are affected. Also, an MT564 for a pro-rata scenario would finally not be different from MT564 for a PCAL as one cannot show the difference in the denomination anyway. Actually, the PCAL definition accommodates already the pro-rata scenario except that there is no reduction of nominal value.

Decision: The WG recommends to not add a new CAEV code, but to change the definition of PCAL slightly to make it more generic and encompass the pro-rata scenario. It is therefore proposed in the definition to replace the term “value” by “amount”.

Actions:

* Jacques to create the SR2013 CR accordingly with the above decision.
* Delphine and Bernard to investigate how current and new denominations are to be provided and possibly also the number of denominations.

# CA 226 - Disclosure (DSCL) event - Clarify usage / market practice

Input: Disclosure scenario’s matrix table provided by Bernard.



Bernard walks the group through the different disclosure scenario’s within the input document. The WG discussed the matrix and the different scenarios. When to use DSCL, when to include information regarding disclosure in the event itself ? The scenario’s are updated during the discussion (see input) and the following proposal comes out of the discussions:

* For elective events, include the information in the event itself;
* For mandatory events, there are currently three options, none of them are good:
	+ Use MAND with INCO narrative or flag, to say a disclosure (or certification) instruction is required
	+ Convert the event into CHOS, with e.g. CASH and NOAC/LAPS
	+ Use MAND event plus a separate DSCL MAND event

Actions:

1. Ask NMPGs for their feedback on what they currently do, and what their opinion is about the following options:
	* creating a new CAMV code (Mandatory with disclosure/certification) and/or,
	* creating new option codes for ‘disclose/certify and receive entitlement’ and ‘do not disclose/certify and forfeit entitlement’.

It is acknowledged that this is a big development but this issue was left unresolved for several years and we need to tackle it at a certain moment. If we agree to it, it can be reused in other situations where we also have a problem today like for certifications etc.

1. Bernard to look at changing the definition of DSCL event and create a SR2013 CR for it.

# CA 167 - Consent Events /+ Schemes - Clarify business flows.

Input: ISITC Document on consent provided by Sonda.



Sonda walks us through the document already reviewed by Delphine, Bernard.

Discussion / questions about the document:

* Question regarding CHAN VOLU. Answer: No, use CONS for change of terms
* Question regarding ‘due and payable’. Answer: CONS can be used for this
* How to report bondholder meetings ? Can it fit in ISO 15022 or 20022 ?

Actions:

1. Jacques to investigate if ISO 20022 messages put “bond holder meetings” in proxy voting or CA, and discuss further from there. Create a new Open Item.
2. Sonda, Bernard and Delphine to finalise/review the document and send to the group for agreement.

# CA 194 - Reinvestment of Fund Cash Distribution

Input: UK NMPG input document on funds dividend and interest distribution/accumulation provided by Mari.



Mari presented her input document to the WG, and the WG discussed it. The main issues with dividend accumulation (using DVCA) is how to show that the income is being accumulated and not paid (i.e. no movements whilst the client is expecting movements with a DVCA), and how to show equalisation. Currently it is a blocking situation as it is not possible to report this adequately to the clients.

Comparisons were made with other markets with similar events. In DE, INCR and DECR is used for the same thing.

The UK is working on a SR2013 CR to create a new event type to cover this case.

Kim reminded the WG that the French market sent in a CR for equalisation a few years ago and was rejected since equalisation is not considered an event as it is rather part of a DVCA.

Decisions:

* The WG will compare the CR with the German MP for accumulating funds that is published in the German folder on the SMPG website;
* Set up separate conf calls for this issue to review the proposed UK CR in order to have a fully agreed CR ready for June 1. US, MDPUG, UK, CH, FR, BE, LU will participate.
* Mari to email the proposed CR to the above countries

Action:

* Mari to send the UK draft CR to the interested countries (see above).
* Mari/Jacques to set up the conference call between the interested countries to review UK CR proposal.

# CA 225 - MT 565 - Add Option Features, Rates and Narrative (Option Numbering)

Input: ISITC Document provided by Sonda



Mari and Sonda summarise the outcome of the joint US and UK NMPGs call held on this issue in March whose objective was to explain to and get feedback from the UK on the new ISITC MP on option numbering usage and on the proposal to add additional qualifiers in the MT565 to allow for instruction matching on instructions parameters:.

* ISITC (US) does not wish to remove CAON, but would like to find a solution to the many firms who cannot (or will not) use the account servicer’s option number.
* For simple events, the proposed solution is to rely on option code, using UNS or something similar in the MT565 to signal that the number can be disregarded.
	+ The US has found that for elective events, about 80% are simple
	+ The UK did a similar check for 2011, and 70-80% were simple
* The UK NMPG does not want to implement a solution that only will work for some events, such as DVOP
* The UK IM community will make sure that use of CAON, and proper use of it, will not be impacted (no impact to the people who have implemented the current standard).
* Based on the UK comments, ISITC has created a table reviewing different complex event types and checked what types of data element are needed (see input document).

The WG then discussed the above and identify that there are several issues linked to this topic:

* Option numbers CAON sometimes not being replayed in instructions
* CORP sometimes not being replayed in instructions
* Addition of more data elements in the MT565

Moreover the business case for performing the changes need to be beefed up as it means a huge impact for everybody around the world. The initial feedback collected around the table shows that the current system based on managing and matching on option numbers has usually required already a huge investment for the firms and investing in a second system based on matching on instruction parameters seems hard to justify.

Another aspect for an intermediary is also that if in an event 2 customers have adopted a different pattern, you can get 2 instructions following different patterns (one with CAON and the other one based on other selective elements).

Decision:

Request the feedback from NMPG’s on the following questions for next meeting:

* Can we create a market practice for validation on other fields/values to find the right option when an instruction does not have a proper CAON ?
* Can we create a market practice for validation on other fields to identify the right event when an instruction does not have a proper CORP ?
* Can we support the (not yet ready) US CR to add more data elements (Sonda’s document) in the MT565 ?

Action: NMPG to provide answers on the above questions for next conference call (May 23).

# CA 230 - SOFE and INCE redundancy

An analysis of the SOFE and INCE rates/amounts definition shows that there are some inconsistencies in the way it has been defined. It needs to be fixed and a CR submitted for SR2013. The group agrees on the following changes on INCE/SOFE rates and amounts:

* 92a INCE, Third-Party Incentive Rate, to be used for fees paid to a third party soliciting the holder
* 92a SOFE, Solicitation Fee, to be used for solicitation fees paid to the holder
* 19a SOFE, Solicitation Fee, to be used for solicitation amounts paid to the holder
* Change of definitions of all three
* Removal of 19a INCE

Those changes are illustrated in the 2 following tables:

**:92a : Rates**

|  |  |  |
| --- | --- | --- |
| ~~INCE~~SOFE | ~~Cash Incentive Rate~~ Solicitation Fee Rate | Rate of the cash premium made available if the securities holder consents or participates to an event, for example consent fees or solicitation fees. |
| ~~SOFE~~INCE | ~~Solicitation Fee Rate~~ Third Party Incentive Rate | Cash rate made available in an offer in order to encourage participation in the offer. As information, Payment is made to a third party who has solicited an entity to take part in the offer. |

**:19a : Amounts**

|  |  |  |
| --- | --- | --- |
| ~~INCE~~SOFE | ~~Cash Incentive~~ Solicitation Fee | Cash premium made available if the securities holder consents or participates to an event, for example consent fees or solicitation fees. |
| ~~SOFE~~ **To be deleted** | ~~Solicitation Fee~~ | ~~Amount of cash premium made available in order to encourage participation in the offer. Payment is made to a third party who has solicited an entity to take part in the offer.~~ |

**Action** : Jacques to create the related SR2013 CR.

# CA 231 - Interim and Final Dividend

Not discussed as such, since US has responded that they use two separate events for interim and final DVCAs and this open Item had already been closed before.

Action: Jacques to add to GMP1 the use of the interim/final indicator for LIQU

# CA 210 - Overelection/subcription market practice review

Postponed to the May conference call.

Action: Veronique to document the discussion in the GMP1 sub-group and send it to the WG before the conf call

# CA 232 - Pagination MP

There has been several support questions addressed to SWIFT lately relative to the usage of the new pagination function for the MT564/568 as to when and how to split the messages. Some guidelines are indeed necessary when there are long list of accounts or long list of options or both.

The WG discussed what to do when breaking an MT564 for size reasons:

* If sequence B has too many repetitions (Accounts)
	+ fill the MT564 with all A, D, E and F sequences and add as many B sequences that can fit, and (i.e. sequences A+B1+D+E+F)
	+ send all A, D, E and F sequences as in the first MT564 plus the additional B sequences in the next MT564(s) (i.e. seq. A+B2+D+E+F followed by A+B3+D+E+F etc…)
* If there are too many E sequences (Options)
	+ fill the MT564 with all A, B, D and F sequences and add as many E sequences that can fit, and (i.e. seq. A+B+D+E1+F)
	+ send all A, B, D and F sequences as in the first MT564 plus the additional E sequences in the next MT564(s) (i.e. seq. A+B+D+E2+F followed by A+B+D+E3+F etc…).
* If there are both too many accounts and options, bulking on an account level is not possible – linking can only be done on an option level.

**Action**: NMPG’s to provide feedback on the above proposal

# CA 233 - Buyer / Broker Protection Deadline

Not covered at the meeting.

# Additional items

**18.1 New Market Practice for the New :22F:CAOP//PRUN (“Unknown Proceeds” code) and CAOS**

A new MP for PRUN should be based on the new SR2012 UHB usage rule:

 ‘*When used, the corporate action option code PRUN should be maintained throughout the full lifecycle of the event.’*

The MP should clearly state that PRUN is not to be used if the nature of an option will be made known before market deadline; it should be used only in the case where the holder must choose to accept or not without any knowledge of the proceeds.

A new MP for the use of :22F:OPTF//CAOS is also necessary to mark clearly the difference with “PRUN”. CAOS is for mandatory event with more than one possible option, but holder cannot choose which one.

Actions: Christine to finalise the above MP proposal for PRUN and CAOS

**18.2 Third Party Offer (“Junk offers”) vs. a Regular Tender Offer**

A third part offer is an “offer” from a broker to purchase shares from holders, without making it an actual tender offer.

These 2 kind of tenders cannot be easily distinguished in the flow of TEND events whilst there is a need to make the difference between the “real” TEND and those “faked” ones. Sometime the indicator :22F:OFFE//MINI is used for the “faked” tenders but ideally the difference should be made at the higher level of the message so as to filter them out more easily.

Action: NMPGs requested to investigate if this is applicable in their markets and if so, how those actual and “faked” TEND are processed ? How do they detect the difference between both ?

**18.3 MQSO and QTSO Seq D. New Usage Rule Clarification Request from ISITC**

Question from ISITC about the following usage rule:

Usage Rule in SRG 2012 for Seq. D :36a: Quantity of Financial Instrument

When MQSO is present, QTSO must be present too. When QTSO is present, MQSO must be present too. When MQSO is used with option ~~B~~C with the value ANYA (Any and all), then QTSO must not be used with the value ANYA. When QTSO is used with option ~~B~~C with the value ANYA, MQSO must not be used with the value ANYA.

Question from ISITC:

*ISITC understands that minimum and maximum have to be used together. When the minimum quantity is set but there is no limit on the maximum quantity it is recommended to show both. For example QTSO//500000, with MQSO//ANYA (same is true for the reverse if no minimum set, but have a max quantity).
If the scenario exists where there is no minimum or maximum quantity, the fields would not be present on the message since the usage rule status that ANYA cannot be used with both min and max. Is that correct? Or could just one be reported as ANYA?*

Answer:

If there is no minimum or maximum quantity, the fields are not to be included indeed.

**Note that the current rule in the SRG 20012 has a typo concerning “Option B” which must be replaced by “Option C” (as illustrated above) in 2 occurrences.**

**18.4 Clarification on the use of NEWM**

Sonda requested a clarification in GMP1 on the use of “NEWM” when a new recipient/account buys the underlying security of an ongoing event at REPL stage.

It is confirmed that the REPL message must be sent as a NEWM for these new recipients.

**18.5 COAF**

Andreana raised the issue of COAF in ISO 20022, where the field length is 35x. The same rule as for CORP should be applied, i.e. 16x only.

Sonda raised a question regarding use of COAF from account servicers in markets where there is no official source; is there anything we should clarify in GMP1? Answer: No, the MP seems quite clear.

**18.6 Last Trading Date**

Question from Michael/CH regarding “last trading date” of an underlying security that will be replaced (with cash and/or securities)

Action: Christine to write a CR on behalf of the CAJWG and the SMPG on this issue.

**18.7 Buyer Protection Deadline in UK**

Question from Mari regarding buyer protection deadline in UK

Response from Christine: The current rules in the UK is against the CAJWG standards, so Christine will not write a CR for this. The UK market can do this if they choose to do so.

# GMP1 Subgroup Status Report (Veronique)

The group has been inactive after the finalization of the GMP Part 1 review for SR2012.

See Veronique’s action in CA 210

See Christine’s two new actions for GMP1 in Additional items

# Tax Subgroup Status Report (Bernard)

In the last call, a matrix was sent but no feedback has been received

A conf call was planned, but has been cancelled. Feedback to be sent to Kim/Jean-Pierre via email

# Proxy Voting Subgroup Status Report (Christine)

The ISS and Broadridge representatives will likely co-chair the group

This proposal was accepted by the WG.

# Contribution of the CA WG to a new SMPG presentation

Armin Borries presents his proposal to completely review the official SMPG PowerPoint presentation (posted on the smpg.info site - which is a bit outdated today in terms of contents and layout) so as to make it also more comprehensive in terms of contents and more appealing.

SWIFT has already proposed that their “communication department” works on a new and refreshed layout.

For the contents parts relevant to each WG, Armin asks that each group provides input for the presentation in the form of 1 or 2 slides accompanied preferably by notes providing some more background (instead of simply reading slides).

It is up to each WG to decide what they want to put in the slides eg. highlight the scope of work, past achievements and what’s ahead etc..

Actions: Still to be defined (who and what).

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