

SMPG - Corporate Action

Minutes of Boston Meeting

24 – 26 September 2014

Final Version v1.0 – October 30, 2014

Table of Contents

[Meeting Agenda 3](#_Toc400467999)

[1. Minutes / Notes Takers 3](#_Toc400468000)

[2. Telco/Meeting Schedule for 2015 3](#_Toc400468001)

[3. Approval of September 4 Minutes 4](#_Toc400468002)

[4. CA203 - SR2015 Release 4](#_Toc400468003)

[5. Tax Subgroup Status 4](#_Toc400468004)

[6. CA265 - Stock Lending Deadline 5](#_Toc400468005)

[7. CA268 - Narratives scope/usage and indicate updates 5](#_Toc400468006)

[8. CA279 - Market practice for Claims and Transformations in the T2S context 5](#_Toc400468007)

[9. CA282 - Write-downs / write-ups on CoCo (Contingent Convertible) Bonds 6](#_Toc400468008)

[10. CA284 - MP for amounts larger than 15d 7](#_Toc400468009)

[11. CA285 - FDIV / PDIV usage 7](#_Toc400468010)

[12. CA286 - Events Withdrawal and MT 567 7](#_Toc400468011)

[13. MyStandards Subgroup 8](#_Toc400468012)

[14. CA264 - Lottery Events MP 8](#_Toc400468013)

[15. Common S&R and CA session 8](#_Toc400468014)

[16. CA283 - MP on References/Identifications 9](#_Toc400468015)

[17. CA287 - Record Date Tracking Table update for T+2 9](#_Toc400468016)

[18. CA281 - Interest Period Inclusive/exclusive end dates ? 10](#_Toc400468017)

[19. CA277 - COAF Assignment Body Registration & Governance Questions 10](#_Toc400468018)

[20. CA278 - Sample for usage of PRFC / NWFC in INT and redemption 10](#_Toc400468019)

[21. AOB – Summary of By-Laws Update at General Session 11](#_Toc400468020)

Attendees

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| NMPG | Title | First Name | Last Name | Institutions |  |
| FI | Mrs. | Sari | Rask | Nordea Bank |  |
| ISITC US | Mrs. | Karla | McKenna | CITI |  |
| ISITC US | Mrs. | Malene | McMahon | SWIFT | Observer |
| ISITC US | Mrs. | Sonda | Pimental | BBH |  |
| ISITC US | Mr. | Steve | Sloan | DTCC | Observer |
| IT | Mrs. | Paola | Deantoni | SGSS |  |
| LU | Mr. | Bernard | Lenelle | Clearstream | Co-Chair |
| MDPUG | Mr. | Peter | Hinds | Interactive Data |  |
| NO | Mr. | Alexandre | Wathne | Nordea Bank Norge |  |
| SE | Mrs. | Christine | Strandberg | SEB | Co-Chair |
| UK&IE | Mrs. | Mariangela | Fumagalli | BNP Paribas |  |
| XS (Eurobond) | Mrs. | Delphine | Haillez | Euroclear |  |
| ZA | Mr. | Sanjeev | Jayram | RMB |  |
| SWIFT | Mr. | Jacques | Littré | SWIFT | Facilitator |

# Meeting Agenda

These minutes are based on the distributed meeting agenda.

See document ”0\_Boston\_2014\_CA\_WG\_Agenda\_v1”



Input documents for the meeting: see files distributed on 19 September 2014 and stored on [www.smpg.info](http://www.smpg.info) at: <http://smpg.webexone.com/r.asp?a=12&id=32644>

# Minutes / Notes Takers

Christine

Peter

Jacques

# Telco/Meeting Schedule for 2015

All conference calls from 2 PM to 4 PM CET

* 22 January
* 26 February
* 26 March
* April – Physical meeting, date and location to be confirmed later
* 21 May
* 25 June

# Approval of September 4 Minutes

Minutes are approved without changes.

# CA203 - SR2015 Release

The SWIFT CA maintenance working group (MWG) met on August 20 & 21 to review the 14 submitted change requests for the MT messages, the 3 change requests for the MX ones and one common Category 5 change request.

The CA MWG has approved 9 of the 14 CA MT CRs submitted and approved the 3 CA MX ones. The common CR for Category 3 has been rejected by both CA and SnR MWGs.

However, the 9 approved CA MT CRs for SR 2015 have all been postponed for implementation until SR2016 as the SWIFT SSC board had asked to only keep for SR2015 implementation the critical and regulatory CRs and those that would only have a documentation impact.

Therefore they will not be any SR 2015 for the ISO15022 CA messages.

The ISO 20022 SEG will take a decision on the proposed implementation date for the 3 MX CRs later in October. The recommendation of the ISO SEG CA Evaluation Team is to implement those in 2015.

As usual some follow up actions by the SMPG has been requested by the CA MWG on some of the submitted CRs as follows:

* CR766 - Canadian CR to add “source of Funds” in Cash move
  + Action: To be linked and discussed by the Tax Subgroup with CR773
* CR769 – DE CR on adding INFOrmation types
  + **Action:** Create an new open item, with DE as responsible, since we would like to receive more info from DE
* CR771 – Add Code and flag for required owner action on MAND events
  + **Action:** Create an new open item with Christine responsible to define market practice
* CR773 – SMPG CR on Withholding taxes rates changes.
  + Action**:** Tax SG is responsible for this (see next item in these minutes)
* CR776 - New Stock Lending Instruction Deadline Format
  + Action: Already covered by open item CA265
* CR781 – Add new Exercise date in MT 567
  + **Action:** Create a new Open Item with Delphine as responsibleto define market practice.

# Tax Subgroup Status

The last call was on September 9 and we focused mainly on the outcome of the SR2015 CR on the withholding tax rates. This CR was rejected but the MWG approved the business case and requested the SMPG to come back next year with a harmonized solution for this CR and the Canadian CR on adding a “source of Funds” field into the cash movement sequence.

The MWG could not reach either a consensus on the alternative solutions proposed for the withholding tax CR i.e.:

* option B (TAXR rate & amount with country code) appears to be the ideal solution however it appears to some of the MWG members as a more heavy solution impacting a lot the existing implementations for the TAXR field rate but also for the related tax amount field;
* Option A being the most favoured whilst it does not fully covers the potential needs (indicating more explicitly withholding tax rates applied in 2 or countries);

Nevertheless, there was a consensus to discard the option C (New Rate Type Code in TAXR).

# CA265 - Stock Lending Deadline



The group agrees to replace the term ‘scheme’ with ‘programme’ in the text and to correct the spelling/grammatical errors (see in the attached document).

**Action:** GMP1 SG to update GMP1 accordingly.

# CA268 - Narratives scope/usage and indicate updates

1. Scope and Rationalisation of Narratives

The draft changes proposed by the GMP1 SG in the input file for this item were reviewed and some changes in the proposed narratives to be deleted were made (see the enclosed spreadsheet):



**Action:** 1. GMP1 SG to draft MPs for all remaining narrative qualifiers, for all message types, in GMP1 and send the document to NMPGs for review together with the proposed changes in narrative table in the enclosed document.

1. “How to Instruct” Narrative Document

No progress yet at this stage on the analysis of the “How To Instruct” samples provided.

**Actions:**

* NMPGs to provide feedback on the following question:
  + CETI vs DECL; Is there any duplication ? Could these be combined into CETI ?
  + Can CETI be used to record all narratives related to “how to instruct”, or should a new qualifier be created ?
* GMP1 SG to review the MP of REGI

1. How to Indicate Updates in Narratives

Should we create a new narrative format with a date & time embedded to indicate the date at which the narrative is updated ?

**Action**: Jacque to create a new CA-WG item for discussion of a new format option for narrative including date & time for update.

# CA279 - Market practice for Claims and Transformations in the T2S context



Mari provided the background for the item, with the T2S-related CR for MT54x functionality for market claims, and the lack of a CA message to report the creation of a market claim (see enclosed presentation).

A change request was already submitted by the Euroclear group in SR2006 (CR III.78) to cater for this very issue. The business case was accepted but the CR rejected until the SMPG, SWIFT and Euroclear could further investigate the potential solutions and come back with a proposal. Unfortunately, the investigation was never really carried out and the issue remained pending.



However, in the UK, CREST has implemented by the time an automated processing for Market Claims where ADDB/CLAI is always included for distributions. For Transformations, ADDB//TRFM is always included in reorganisation events.

However there is still a lack of a global solution to announce the claim, reusing the MT564 or eventually create a new dedicated message. The required information to communicate is:

* Reference of the claim
* Reference of the underlying trade
* Quantity of claim (Cash)
* When it will be settled.

Paola reported that T2S will not allow “ordinary”, bilateral cancellation of market claim transactions, a bilateral instruction to reverse the cash must be sent instead (followed by long discussion regarding the reporting of market claims and how to instruct (BP or otherwise) on a market claim or any other pending transaction).

**Actions:**

1. Mari together with Paola, Veronique and Christine to check first the original CR from the UK for SR2006 and start the process to create a business justification for a new MT and MX message, combining the CA details in an MT567 with the settlement and reference details of an MT548. And check the T2S implications of the above.
2. Jacques to check the process of BJs for creation of a new MT.

# CA282 - Write-downs / write-ups on CoCo (Contingent Convertible) Bonds



The question in creating market practice for this is to find which events should apply for the increase and decrease of the bond face value as we do not wish to change the standards for this.

Delphine mentions that an ICMSA (the International Capital Market Services Associations) working group is discussing about this issue too.

Several possibilities in terms of events are reviewed like PCAL, INCR, DECR, PINK.

**Decision:**

* For a securities debit , recommend to use PCAL with SECU option
* For an Securities credit , recommend to use PINK with SECU option.
* Use :92A::RATE as the rate for both events provided the rate is announced as a percentage (of increase and decrease)

**Actions:**

1. Delphine/Bernard to communicate the proposal to the (non-ISMAG) ICMSA WG and revert
2. Jacques to add RATE [O] to the existing PINK line in EIG+, since we discovered that it is not currently included.

# CA284 - MP for amounts larger than 15d

This item is postponed since the GMP1 SG has not had time to look at the too large amount issue, and have not formalised a draft MP for the too many decimals issue.

# CA285 - FDIV / PDIV usage

There seem to be a lot of confusions on how to indicate that a dividend rate is “provisional” or “final” as there seem to be several ways in the Standards to provide this information as explained in the document attached below:



Additional input on usage of FDIV/PDIV in FR:



JP market does not use PDIV.

Nevertheless FDIV seems to be fully redundant with GRSS.

**Actions:**

1. NMPGs to provide feedback on the following questions:
   1. Do they use PDIV, and if so, do they follow up with FDIV for the final rate?
   2. Would it be acceptable to add a new “Rate Status” to some format option to send GRSS (or NETT, if applicable) as indicative, without using a “Rate Type Code” (this would necessitate a standards change)?
   3. Do they use FDIV as a stand-alone code (i.e. without using PDIV)?
2. The SMPG CA-WG requests SWIFT to perform another traffic analysis, as was done between 2008 and 2010

# CA286 - Events Withdrawal and MT 567

Should MT567 be issued in addition to the MT564 WITH for withdrawal of events for which some instructions have already been received?

NMPG feedback

* + - ICSDs: MT567 would be better
    - LU: MT567 would be better
    - US: MT564 is sufficient, no need for MT567 as instructions should automatically been cancelled
    - ZA: MT564 is sufficient
    - FI: Mixed response
    - SE: Mixed response
    - NO: No meeting yet
    - IT: Mixed response
    - UK&IE: Majority would prefer an MT567 in addition to the MT564

Decision: The proposal is to state that MT564 WITH is required, MT567 in addition is optional and up to SLA.

**Actions:**

1. Ask NMPGs to approve the proposal to state that MT564 WITH is required, MT567 in addition is optional and up to SLA
2. If approved, GMP1 SG to add this to GMP1.
3. GMP1 SG to add a scenario of event withdrawal in the instruction stage in GMP1.

# MyStandards Subgroup

Bernard and Jacques described the background, and the principles defined generically for creating CA UG for the CA events and that have been applied on the [DVCA MAND](https://www2.swift.com/mystandards/standardsPractices/mpDescription.xhtml?marketpractice=mp%2Fmt%2F_gVyW4BvvEeSa8pvxYg6VJQ%2F_talp8BvvEeSa8pvxYg6VJQ) as an example in MyStandards.

The WG reviewed the spreadsheet and made some changes to it as follows:



A more general feedback from the group on the MyStandards tool functionalities for SMPG/NMPGs is provided in section 15 below.

**Actions:**

1. Jacques to draft three or four templates in MyStandards (DVCA, INTR, REDM, DVOP) and inform the WG once this has been done;
2. NMPGs to review the templates once they have been created.

# CA264 - Lottery Events MP

Steve Sloan from DTCC presented the US market practice on lottery events.



DTCC’s next phase for their CA transformation project is redemptions, and the most common US redemption type is lottery.

**Action:** Close the item

# Common S&R and CA session

The common session included a presentation from Marc Delbaere, SWIFT, Head of MyStandards on “*“How can MyStandards help creation and propagation of market practices”* and a second part on the CA283 open item (MP on the case-sensitiveness of references and identifications elements in the messages).

1. **MyStandards presentation:**



This was followed by a Q&A session with Marc Delbaere.

The following items have been raised by the group as SMPG/NMPGs concerns about the usage of MyStandards for their UGs:

* A new restriction should be created specifically for the SMPG/NMPGs UGs to be able to specify that an element is “Not recommended” (to be present) although it is not forbidden (“removed”) either. The perception is that there is a missing status between showing the element as removed or leave it simply optional.
* The concept of inheritance between a “parent” UG in a collection and children UGs should be created in the MyStandards Editor so that a sort of generic UG template could be more easily created and maintained and its characteristics inherited automatically in the children UGs.
* IT should be possible to repeat the occurrence of a sequence in a message in the Editor as in CA, this would enable to specify the different CA options sequences (CASH, SECU,…) more clearly.
* The documentation generated from MyStandards is usually considered as too voluminous compared to the actual information present (Excel and PDF). The documentation should be more streamlined.
* For the SMPG/NMPGs MyStandards users licence, there are legal restrictions on the distribution of the generated Excel documentation to the NMPG members. This is very annoying since it changes the way the NMPGs are used to work today to exchange comments/annotation on the MPs/UGs. The SMPG/NMPGs would like to see those restrictive conditions released.

1. CA 283 – MP on references and Identifications

See section 16 below.

# CA283 - MP on References/Identifications

This item was discussed in the common session with the S&R group.

The open item suggests to create a common market practice (as it is already the case in the IF WG) to recommend that the references and identifications be not treated as case sensitive so as to avoid confusions when 2 references/identifications would only differ by case sensitiveness.

It seems that the situation in terms of case sensitiveness of Ref and Ids is very different in different countries, eg. it is processed as case sensitive in DK and DE, and always ALL CAPS in some others.

The group concludes that this kind of recommendation however does not constitute a market practice case.

**Action**: SWIFT will further investigate if a global “usage guideline” could be added into the UHB or into the Message Usage Guidelines document.

# CA287 - Record Date Tracking Table update for T+2

The information for the following countries has been updated: BE, CH, DK, FI, GR, LU, NL, NO, UK&IE (see the enclosed draft GMP2 document).

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**Action**: Close the item

# CA281 - Interest Period Inclusive/exclusive end dates ?

The information has been slightly updated, see enclosed draft GMP2 document in section 17.

**Action**: Close the item

# CA277 - COAF Assignment Body Registration & Governance Questions



1. Germany has not yet provided the additional comments on the above enclosed proposed changes to the COAF MP despite reminders.
2. Instead, a discussion was held on an example by Alexander, where the CSD (and COAF entity) announces an event with the wrong CAEV code. Should the COAF for the event be used by account servicers even though another, correct CAEV code is included in the notifications?

No conclusive outcome at this stage, except to recommend a discussion in the market.

1. The COAF Registration Organisations list has been reviewed to ensure the document is up-to-date.

**Actions**:

1. Daniel / Andreana to provide comments of the latest COAF proposal at the next meeting.

2. NMPGs approval of updated COAF section in GMP1 requested once action item 1 is completed.

# CA278 - Sample for usage of PRFC / NWFC in INT and redemption

This is the input document from Elena with a proposed update for the PRFC/NWFC MP:



However since Elena is not present and since Bernard had to leave early, we could not review the document and also identify what Bernard believes is wrong with the US MP.



Sonda instead described the process and the current US market practice (see enclose here above) which is a work-around since the current factor CUFC (the one used for the payment) is no longer available as it was removed in SR2006 based on a CR from LU. The US asked for it to be put back in SR2007 as CR III.64 but it was rejected as well.

Nevertheless, as Sonda explains it, the usage of the 3 different factors made much sense and seems more consistent than playing with 2 factors to actually report 3 different values, which makes it difficult to understand what factor is actually provided. The current definitions of both factors are today not really accurate either.

Instead an MP was created in GMP1, (section 8.19) but this does not seem to address the issue and the MP seems actually incorrect as saying that the “new factor applies after the redemption date of the event” is actually wrong.

**Action:** Bernard to document what his concerns with the US MP are and send it to the CA-WG for further discussions.

# AOB – Summary of By-Laws Update at General Session

Summary of SMPG General session agenda item on the “Update from the Steering Committee on the SMPG By-Laws Updates”:

* Comments from London have been taken into account - paragraphs have been rephrased
* Still work in progress regarding WG chairs elections and terms - Steering committee has now only one vote for Chair/Vice Chair and Regional Directors - Chair (Vice Chair for Chair Election) will only vote in case of tie.
* Document will be sent out as soon as possible and no later than one month in advance for final comments by the members. Voting should take place at the April meeting.

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