

Sydney

Global SMPG Meeting

October 17 – 19, 2018

Meeting Venue:

ASX Premises
20 Bridge Street
Sydney NSW 2000
Australia

Dress Code: Business
casual



Hosted and sponsored by:



I. Meeting Global Agenda

Wednesday 17 th of October	
9:00 – 9:30	Arrival & Check-in and Welcome Coffee
9:30	Plenary Session Opening
9:30 – 11:00	<ol style="list-style-type: none"> 1. SMPG Welcome Address (Armin Borries, SMPG Chair, DE NMPG) 2. Welcome Address by Host (Karen Webb, Senior Mgr. Equity Post Trade Services, ASX) 3. Welcome Address by Sponsors (David Knight, NAB – Martin Carpenter, CITI) 4. Global Meeting Schedule (Jacques Littré, SMPG General Secretary, SWIFT BE) 5. Business Topics (HSBC) 6. Regulation – an Overview on What is Happening Down Under (Cathie Armour, & Andrew MacPherson, ASIC)
11:00 – 11:30	Coffee Break

11:30 – 13:00	<p>7. Experience on ISO20022 implementation by AU market (Karen Webb, Senior Mgr. Equity Post Trade Services, ASX)</p> <p>8. Experience on the Instant Payment system in AU (Philippe Dirckx, SWIFT APAC)</p> <p>9. Global Payment Innovation (GPI) Update – Securities Industry Impact (Charles Boniver, SMPG Program Director, SWIFT BE)</p> <p>10. ISO20022 Migration survey Status & Implications for SMPG (Charles Boniver, SMPG Program Director, SWIFT BE)</p>
13:00	End of Plenary Session
13:00 – 14:00	Lunch

Afternoon - Breakout in 3 WGs for DEMO Sessions

14:00 – 17:00	<p>3 Rolling Demo Sessions of 45' each in 3 small groups</p> <p>1) DLT Experience - in ASX Lab Facility – Demo of ASX DLT-based Applications (ASX)</p> <p>2) API – What is it and how will this influence our standardisation world (Lisa O'Connor, SWIFT HK & Nicole Joliffe, SWIFT AU)</p> <p>3) Demo: DTCC Exception Manager (Paul Marchant, Regional Product Manager – APAC, DTCC)</p>
With Coffee break at 15:30	

Thursday 18th of October

8:30 – 9:00	Arrival & Check-in at ASX Premises	
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Morning Session

09:00 – 10:45	Corporate Action WG	Settlement and Reconciliation WG
10:45 – 11:00	Coffee Break	
11:00 – 12:30	Corporate Action WG	Settlement and Reconciliation WG
12:30 – 13:30	Lunch	

Afternoon Session

13:30 – 15:30	Corporate Action WG	Settlement and Reconciliation WG
15:30 – 16:00	Coffee Break	
16:00 – 17:30	Corporate Action WG	Settlement and Reconciliation WG

Evening Event

18:30 – 22:30	<p>SMPG Networking Evening Event <i>(Registration required in the Registration form)</i></p> <p><u>Location:</u> “The Squire’s Landing” 35 Circular Quay West, The Rocks, Sydney, NSW 2000</p>	<p>Sponsored by</p> 
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Friday 19th of October		
Morning session		
09:00 – 10:45	Corporate Action WG	Settlement and Reconciliation WG
10:45 – 11:00	Coffee Break	
11:00 – 12:30	Corporate Action WG	Settlement and Reconciliation WG
	Optional Light Lunch	
End of meeting		

II. SMPG Corporate Actions WG Detailed Agenda – October 17 - 19, 2018

Item No	Short Description	Description and Pending Actions	Owner	Comment
Thursday October 18 / Friday October 19				
1	Note taker assignment		Christine/Jacques	
2	2019 Meeting dates	Schedule Conference calls for Q1 / Q2 2019	Christine	
3	September meeting Minutes Approval	Comments / Approval of September 25 webex conf. call Minutes	Jacques	
CA418	SR2019 GMP1-3 updates		Christine / Jacques	
CA419	SR2019 MWG actions for the SMPG		Christine / Jacques	
CA420	RMPG / APAC regional update / Local NMPG market News		Jyi-Chen	
CA378	TNDP MP and TNDP Indicator DSS Usage	<p>(Follow up of SR2018 CR1317)</p> <p>1) US and AU TNDP market practice to be reviewed by SMPG when ready.</p> <p>2) New MP for TNDP Indicator DSS Issuer Name/code values. DSS could be more generic and instead of stating the name of the tax department in a given country use a more general code (e.g. USTX, FRTX, DETX).</p> <p>Action:</p> <p>1. <u>Narelle/Steve/Jacques</u> to finalise the TNDP MP document asap.</p> <p>2. <u>Jacques</u> to integrate the MP</p>	Narelle/Steve/ Paul & Daniel	<p><u>Telco July 31, 2018:</u></p> <p>Jacques has reviewed the draft TNDP MP document and provided some comments/corrections to Narelle and Steve regarding the examples at the end of the document (for instance remove the specific amount qualifiers which are in a new CR for SR2019 and not yet in the ISO standards for SR2018 and replace them with the DEEM amount). Jacques will help in the review and validation of the examples in the final MP. Jacques points out that he has already received recently requests from some customers to have a MP published ASAP on this topic. Therefore, it would be better to try to finalise it for end of August at the latest.</p> <p>No other comments received from NMPGs.</p>

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		into GMP1 when finalised and include sample into the CA Sample document in 15022 and ISO 20022.		
CA389	Brazilian Distributions	<p>The issue is to have the ability to identify the different types of distributions in the MT564. The different types are: Dividendos, Rendimento do Dividendos, Juros Sobre Capital Proprio, Rendimento do Juros</p> <p>Action: Ana Abidor will bring those recommendations back to the Brazilian NMPG and see what they say and will revert. <u>Laura</u> will reach out to Ana again.</p>	Laura	<p>Telco Sept. 25, 2018: We are awaiting feedback from the BR NMPG. They were to have a meeting on September 19, and have also discussed this with Narelle, who provided a number of Australian examples.</p> <p>Warsaw - April 18 - 20, 2018: Citi has sent some more input to Laura about the different types of distribution in BR:</p> <ul style="list-style-type: none"> • The dividendos is not subject to income tax • The rendimento is subject to income tax • The juros is subject to income tax • The rendimento de juros is subject to income tax <p>Decision: The CA-WG discussed it and proposed that the DVCA event code should be used with repetitive GRSS rates and rate type codes would be used to break down the rate using for instance TXBL/TXFR etc.. The existing rate type codes should be sufficient for the various types, but the Brazilian market has recommended to review the codes and to eventually request new (generic) rate type codes if necessary. Ana Abidor from the Brazilian NMPG provided more background details as well during the meeting. After some discussion, the WG's recommendation remained unchanged – with a possible addition of having two DVCA events, one for the dividendos and one for the juros.</p> <p>We should also try to get more information directly from Brazil.</p>
CA391	Identify which line of Multi-listed Securities on a Notification	<p>We have a global custodian that for a multilisted security (ie same ISIN in several markets) are using the :94F::SAFE//NCSD/ CSD BIC To tell us where the securities is held, and that's fine.However they are then adding the PLIS, not for the listing we hold, but they state primary Stock Exchange from the Stock is field</p>	Alexander	<p>Telco Sept. 25, 2018: Since Véronique is not at the call, the item is postponed to next call.</p> <p>Telco July 31, 2018: No input yet received from Véronique. The item is postponed to next call.</p> <p>Telco June 19, 2018: Topic skipped due to lack of time.</p> <p>Warsaw - April 18 - 20, 2018: After a long discussion on Place of Safekeeping, Place of Listing, Multi-Deposited securities and Multi-Listed securities, the recommendation should be to use the PLIS (Place of Listing) that is connected to where the securities is safekept.</p>

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		<p>94B: The justification for the case is due to the implementation of T2S (where is possible to hold foreign securities in Euronext markets), but that's fine for the holders of the XNYS stock however we hold another line. Is there a MP on the usage of SAFE and PLIS or combination of this to identify multilisted securities? The above process poses a problem with the multilisted in Crest and XDUB and XLON. And also what combinations not to use. Action: Véronique will write up her notes of the discussion and draft a proposal for and addition to GMP1, and send this to the WG for review.</p>		
CA392	Foreign Dividend Indicator in ZA	<p>How to make distinction between a local/domestic and a foreign dividend payment as there are different withholding tax implications Action: Sanjeev/ZA NMPG to propose amendment to GMP1.</p>	Sanjeev	<p>Telco Sept. 25, 2018: Item postponed since Sanjeev has not yet sent the input document to Jacques. Feedback from Sanjeev on July 31: The ZA NMPG is in process of documenting a proposal to amend the usage of COIN in GMP1 as guided at the Warsaw meeting. Once approved by market participants and NMPG we will submit to SMPG. Telco June 19, 2018: Topic skipped due to lack of time. Warsaw - April 18 - 20, 2018: The key issue for South Africa is to be able to distinguish between a local/domestic and a foreign dividend payment as there are different withholding tax implications and then receiver would also be able to distinguish which DTT (Double Taxation Treaty) is applicable. ZA is currently using COIN whilst but this should only be used when there are multiple distributions as explained in the GMP1 MP.</p>

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				<p>During a Tax SG conference call it was suggested to also distinguish in which “foreign” country the dividend is paid, hence the second/replacement CR asking for an ICTX qualifier to include the issuer’s country of taxation.</p> <p>In general, there is not much support for the CR in the group as this information should normally be part of the reference data. However, this information is not in the corporate action announcement. The CR has come from client demand and ZA has changed the listing rules to say this information must be in the market announcement which generates a high volume of client queries.</p> <p>Decision: The SMPG does not endorse the CR but instead asked the South African NMPG to propose an amendment to GMP1 for using COIN for single payment cases.</p>
CA398	GMP1 – Full revamp of section 10 on Market Claim	<p>Most of the section needs to be rewritten as the recommendations seem sometime inconsistent or outdated.</p> <p>Actions: All NMPGs are requested to review the revised section and revert.</p>	GMP1 SG	<p>Telco Sept. 25, 2018: Mari presented the revision she has made of section 10 (see document in minutes) Mike indicated that he has never seen the “MKTC” amount being used in the MT566. Only gross amount and posting amounts are used usually since the ADDB//CLAI indicator indicates that it is a market claim. There is no possibility either to include a market claim quantity. Should we recommend that the market claim amount usage becomes optional and remove the qualifier MKTC later on?</p> <p>Telco July 31, 2018: No input yet received from Christine. The item is postponed to next call. Feedback from teh ZA NMPG via email: ZA is in agreement with the proposed changes. However we like some clarification where a claim would result in both cash and security entitlements. Would the MP require 2 separate MT564 & MT566 or 1 MT564 and 2 MT566? It would be prudent for the MP to provide guidance in this scenario.</p> <p>Feedback from DK NMPG on June 19: The market practice guideline should be a guideline going forward meaning, account servicers that have already implemented their CA on flow will not have to implement this in their existing CA on flow set-up right? The guideline however looks good – good work! Would it be a good idea to have an example of the claim flow in the list of templates?</p>

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CA400	Scheme of Arrangement	Creation of new event ? Action: Jean-Paul will revise the document accordingly.	Jean-Paul	<p>Telco Sept. 25, 2018: An amended version of Jean-Paul' document has been received from Mike (see minutes). It seems clear that different event types are used and not only EXOF, like a MRGR in ZA or a TEND in the US. Decision: The WG decided that a new version be created, without specifying which event codes are allowed.</p> <p>Telco July 31, 2018: No feedback on the document has been received via email. Sanjeev reported that ZA uses scheme of arrangement with MRGR events rather than with EXOF. The proposed text is therefore too restrictive for ZA. Mari and Matthew reported that UK&IE uses EXOF for all scheme of arrangement events as recommended in the current UK&IE MP. Scheme of arrangement also exists in CA and US. Christine remarked however that the proposed text is not really compliant with the "Complex event" tab in GMP2 since the EXOF is to be used for events with a single issuer for the underlying security. In that case, the Complex Event tab should be reviewed as well. Steve mentions that Scheme of Arrangement may also be used with TEND event in the US. Steve will provide more feedback for the next call in September.</p> <p>Telco June 19, 2018: Input draft MP from Jean-Paul for new section 9.30 in GMP1 (see minutes). Topic skipped due to lack of time.</p> <p>Telco May 22, 2018: Since the "Scheme of arrangement" is already available as an ADDB code today in the standards and is used with the EXOF event, there is no appetite from the NMPGs to create a new specific event for this. Decision: The WG agrees to clarify the current market practice of using EXOF and ADDB in GMP1.</p> <p>Warsaw - April 18 - 20, 2018: The proposed CR from XS requests to create a new event for "Schemes of Arrangement". The CR has already been submitted for SR 2010 by Canada but was rejected at the time. Scheme of arrangement is already available as an ADDB code today in the standards. It is usually announced as an exchange offer. There are a lot of options,</p>

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				with same option code SECU, but with different underlying conditions per option code and consent which makes the management of options very complex, usually too complex. It requires often lots of narrative and it breaks STP. Decision: The preliminary conclusion of the WG discussion is that that creating a new event for this would not improve STP at all.
CA401	SHRD2 – Check compliance of Messaging Solutions	Check that the ISO 20022 CA & PV messages are compliant with the Minimum requirements for SHRD2 and look at a business flow & messaging for Shareholders Identification. Action: Christine, Paola, Mari and Jacques to report about the outcome of the EC meeting at next call and propose a way forward to the group.	Daniel	Telco Sept. 25, 2018: Christine, Paola, Mari and Jacques provided an update on SRD II and their upcoming meeting with representatives from the EU Commission on September 28 to discuss ways the SMPG can assist in the messaging solution for SRD II. The SRD2 level 2 (Implementing act has been published on September 3). Based on the outcome of the meeting with the Commission, we will decide after whether we need to reactivate the PV subgroup and make a call for new PV experts. Mike indicates that CH would be interested to be part of the subgroup. Telco June 19, 2018: The topic was discussed at the SMPG SC meeting. Paola will write a letter to the EC to propose to collaborate on a common EU approach on messaging for the SHRDII and on a global market practice. The EC market consultation seemed to have been done a bit in a hurry and it is not sure that the answers provided by the markets will be published before the level 2 regulation is out. The reactivation of the PV subgroup will be on hold until the final level 2 regulation has been published (normally September). The WG agreed that the CA-WG, or a sub-group under it, is most likely the best choice to discuss messaging for the “shareholder disclosure” process.
CA403	Multi-Deposited Securities and COAF / CORP / SAFE in the MT565	For multi-deposited securities (e.g. due to T2S, due to two sub custodians in the market), some institutions are reluctant to using CORP in the MT565. Some prefer sending MT565s with COAF and having “NONREF” in CORP, and use Place of Safekeeping (:97a::SAFE).	Veronique	Telco Sept. 25, 2018: Item postponed since Veronique did not attend the call. Telco July 31, 2018: No input yet received from Véronique. The item is postponed to next call. Telco June 19, 2018: Topic skipped due to lack of time. Warsaw - April 18 - 20, 2018: Question submitted by Véronique: For multi-deposited securities (e.g. due to T2S, due to two sub custodians

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		<p>Action: All NMPGs are requested to review the input document and revert.</p>		<p>in the market), some institutions are reluctant to using CORP in the MT565. Some prefer sending MT565s with COAF and having “NONREF” in CORP, and use Place of Safekeeping (:97a::SAFE). Can we add a new market practice in GMP1 to cover this case ? Decision: The group agrees to have a market practice added in GMP1 around that case and stating that in case of “split holdings” in T2S, when a COAF is unique, either the CORP & COAF can be used in the Instruction or the COAF & the Safekeeping place (as provided in the Statement of holdings) with NONREF in the CORP.</p>
CA405	<p>New flag at movement level indicating that securities will be blocked.</p>	<p>Should there be an indicator at securities movement level that the securities will be blocked? Action: All NMPGs on whether such an indicator would be useful, and if both alternatives are needed (elected securities will be blocked Y/N).</p>	Daniel	<p>Telco Sept. 25, 2018: It seems it is rather a common practice to block the securities for which an instruction to deliver them has been received. Nonetheless, it may be of value to the recipient to receive such information in the notification. Telco July 31, 2018: In the absence of Daniel, Hendrik explained that the German NMPG has started to discuss whether to request a flag/indicator in the MT564/CANO to show that securities will be blocked when instructed. Alternatively, we could also think about having a flag when securities would not be blocked as blocking securities in that case seems a common practice. To be discussed at next call or in Sydney. Telco June 19, 2018: Topic skipped due to lack of time. Telco May 22, 2018: Skipped due to lack of time. Warsaw - April 18 - 20, 2018: Not discussed in Warsaw.</p>
CA406	<p>Add MITI to the MT566 ?</p>	<p>For CA-related cash postings on a T2S DCA, only the MITI/T2S reference exists according to the information provided to Daniel. Should then the MITI be added to the MT 566? Action: Paola and Daniel will check what is included in the cash posting on T2S and revert.</p>	Daniel	<p>Telco Sept. 25, 2018: Paola and Daniel have not yet received a response as to whether the T2S MITI reference is included in the cash posting on T2S. Item postponed. Telco June 19, 2018: Topic skipped due to lack of time. Telco May 22, 2018: Skipped due to lack of time. Warsaw - April 18 - 20, 2018: Not discussed in Warsaw.</p>

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CA408	Corporate Action on sukuk bonds/certificates	<p>CA notifications/advices on sukuk bonds: which qualifiers and codes to use ?</p> <p>Based on the current definition of sukuk (http://lexicon.ft.com/Term?term=sukuk-(islamic-bonds)), the use of "interest" in those products is strictly prohibited.</p> <p>Terms used are (amongst others):</p> <ul style="list-style-type: none"> • Periodic Distributions • Periodic Distribution Dates • Profit • Profit Rate • Profit Rate Reset Date • (accrued) Periodic Distribution Amounts <p>SMPG might be asked to come up with recommendations on how to handle sukuk bonds and certs.</p> <p>Action: <u>Jyi-Chen</u> to check the volumes of events on sukuk bonds and bring the topic to the APAC RMPG and CA WG.</p>	Mike	<p><u>Telco Sept. 25, 2018:</u> Jacques has contacted his colleagues in APAC to get some feedback on the event processing of Sukuk bond. At first sight, it seems that there would not be any existing market practices defined in APAC for sukuk bonds. Jyi-Chen confirmed that it is usually processed outside of SWIFT messages. A potential solution could be to introduce a CR to amend the definition of the INTR event to avoid the term "interest" or to create a new specific event and qualifiers/codes for this. We should first check whether there are sufficient business cases to justify a change in the Standards.</p> <p><u>Telco July 31, 2018:</u> Mike has not yet sent an input document. Mari commented that the UK&IE NMPG in 2015 thought that the volumes were still quit limited and hence OTHR could be used as event code. This may have changed by now. Christine remarked that there are several NMPGs from majority or minority Muslim countries in APAC; perhaps they have input to provide? To be discussed at the next call and/or in Sydney.</p>
CA409	GMP1 Section 3.8.2 on Place of Safekeeping to be clarified	<p>Clarify the wording "is allowed to" as it doesn't really recommend anything. Were we recommending to have one event? The wording seem to suggest we didn't want to recommend anything and left it vague enough to say multiple events are OK but the custodian could also do one...?</p>	Mari	<p><u>July 2018</u> CS: What is meant that if all the details are the same, it is up to the account servicer to decide whether to process it as one or multiple events. This may conflict with 8.1.2.9, and hence the account servicer's discretion in 3.8.2 is thus generally only valid for a global custodian or the like with two or more sub custodians in one single market/CSD. Perhaps we should remove 3.8.2?</p>
CA412	PCAL template not compliant with the	<p>Action: All NMPGs are requested to provide feedback</p>	Christine	<p><u>Telco Sept. 25, 2018:</u> Christine presented her proposed amended PCAL template and the two</p>



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	CAJWG standards	on the proposal and revert.		questions about RATE placement.
CA413	CMH-TF CA Thread	Should the SMPG collaborate officially to the AMI SeCo CMHTF CA Thread and review their deliverables as the deliverable are very similar to the SMPG CA MPs ?	Paola	
CA414	Usage of "CONT" Contractual Payment Indicator in 564 & 566	<u>CA MWG follow up on rejected UK CR 1434.</u> CA MWG - recommends that the SMPG carefully analyses the usage of that indicator and eventually create a new market practice to clarify it. Action: All NMPGs are requested to review and revert.	Mike	Telco Sept. 25, 2018: Mike has tried to document what was discussed and agreed at the MWG meeting, for possible inclusion in GMP1 in chapter 3 (see above document).
CA416	Announcement of DVOP / DRIP on Rights	A data provider is informing the market about the cash dividend pay-out of the choice dividend on the intermediate rights ISIN, opposed to the "real" underlying securities. Action: All NMPGs are requested to provide feedback on the proposal and revert.	Mike	Telco Sept. 25, 2018: A data provider is informing the market about the cash dividend pay-out of the choice dividend on the intermediate rights ISIN, opposed to the "real" underlying securities. This started last year and goes on throughout 2018. Impacted markets and ISIN examples are in the Excel file above. Previously, the information about the cash dividend was received on the shares and thus allowed us to keep a history of the dividend payments in the systems. Most of our banks pay the cash dividend in a DRIP/DVOP scenario, whether it's announces as one RHTS event, or as two events with RHDI, on the underlying shares, as the clients are demanding to see the "permanent" shares and its ISIN on the advice and not some rights ISIN which changes for every event. I'd like to ask how other data providers handle the information side and how other SMPG markets/banks process such events?
CA417	Meaning of PACK status vs PEND	How can one make the difference in the status to say that the instruction has been received (acknowledged) but pending processing or that the instruction has been	Steve	



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		accepted/Processed)		