

SMPG - Corporate Actions

Minutes of Virtual Meeting

Sept. 28 – Oct. 1, 2020

Draft Version v0.1 – October 21, 2020

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**Attendees List**

Attendance via Webex / conference calls exclusively.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **Sept. 28** | **Sept. 29** | **Oct. 1** |
| **AT** | Mr. | Gunter | Bauer | Unicredit |  | 🗸 |  |
| **BE** | Ms. | Véronique | Peeters | BNY Mellon | 🗸 | 🗸 | 🗸 |
| **CH** | Mr. | Mike | Blumer | Credit Suisse | 🗸 | 🗸 | 🗸 |
| **DE** | Mr. | Schaefer | Daniel | HSBC | 🗸 | 🗸 | 🗸 |
| **DE** | Mr. | Hendrik | Melchior | StateStreet Bank International | 🗸 | 🗸 | 🗸 |
| **DK** | Mr. | Hattens | Randi Marie | VP Securities A/S | 🗸 | 🗸 | 🗸 |
| **ES** | Mrs | Diego | Garcia | DB | 🗸 | 🗸 | 🗸 |
| **FI** | Ms  | Rask  | Sari | Nordea Bank Plc  | 🗸 | 🗸 | 🗸 |
| **FR** | Mr | Jean-Pierre | Klak | Statestreet | 🗸 | 🗸 | 🗸 |
| **GR** | Ms. | Angela | Katopodi | Eurobank | 🗸 |  |  |
| **IT** | Ms  | Deantoni  | Paola  | SGSS spa | 🗸 | 🗸 |  |
| **JP** | Mr. | Ideki | Ito | Mizuho Bank | 🗸 |  |  |
| **JP** | Mr. | Kazunori | Arata | Mizuho Bank | 🗸 |  |  |
| **MDPUG** | Ms. | Laura | Fuller | Telekurs | 🗸 | 🗸 | 🗸 |
| **NL** | Mr. | Ben | van der Velpen | ING Bank N.V. | 🗸 |  |  |
| **NO** | Mr. | Alexander | Wathne | Nordea | 🗸 | 🗸 |  |
| **RU** | Ms. | Elena | Solovyeva | ROSSWIFT |  | 🗸 | 🗸 |
| **SE** | Ms. | Christine | Strandberg | SEB | 🗸 | 🗸 | 🗸 |
| **SG** | Mr. | Jyi-Chen | Chueh | SC | 🗸 | 🗸 | 🗸 |
| **SL** | Mr.  | Rok | Sketa | KDD | 🗸 | 🗸 | 🗸 |
| **UK & IE** | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 | 🗸 | 🗸 |
| **US ISITC** | Mr. | Paul | Fullam | Fiserv | 🗸 | 🗸 |  |
| **US ISITC** | Mr. | Steve | Sloan | DTCC | 🗸 | 🗸 |  |
| **XS** | Mr.  | Lambotte | Jean-Paul | Euroclear  | 🗸 |  | 🗸 |
| **ZA** | Mr. | Sanjeev | Jayram | First National Bank | 🗸 | 🗸 | 🗸 |
| **SWIFT** | Mr. | Jacques | Littré | SWIFT | 🗸 | 🗸 | 🗸 |
| **SWIFT** | Ms. | Mieko | Morioka | SWIFT | 🗸 |  |  |

# Meeting Dates for Q1/Q2 2021

The following dates were agreed for 2021 for conference calls:

January 12, February 9, March 9, May 18, June 15

The next meeting will be held in April at dates still to be agreed - very likely a virtual meeting again.

# Approval of September 8 Meeting Minutes

Meeting minutes of September are approved without any comments.

# CA381 MP for Usage of Pagination in ISO 20022 CACO Message

A new pagination MP for the Confirmation message would only make sense for the US since it is only useful when Extensions/Supplementary Data are used with the CACO.

**Decision**: We leave it to ISITC/US to make a local MP for this case and we can close the open item.

# CA403 Multi-Deposited Securities and COAF/CORP/SAFE in MT565

Input:



**Decision**: Add a new section 5.9 in the Instruction section of GMP1 along these lines:

***5.9 Use of Place of Safekeeping***

*Global custodians may safekeep an instrument with more than one local custodian or (I)CSD for the same client account. In such cases, where the COAF cannot uniquely be used to identify the local custodian/(I)CSD to be instructed by the global custodian, it is recommended that the Instruction sent to the global custodian includes the Place of Safekeeping in addition to the COAF.*

**Action**: Jacques to insert in GMP1

# CA410 CAST Message enhancements for More Instructions Details

**Decision**: Open Item to be classified as “dormant” and revisit for next Standards Release.

# CA419   Definition of Instructed and Uninstructed Balances

Input:



Mari has not completed her action.

Whether INBA can include instructions that are pending due to pending receipts, differs between entities. Many CSDs/ICSDs that allow instructions on pending positions do not include these in the instructed balance.

Mike has provided the following analysis of the different scenario for the Uninstructed Balance depending on what is allowed with the Pending Receipt Balance and the relationship with the Eligible and Instructed Balance:



**Action**: NMPGs to have another look at the proposed MP in light of Mike’s input (see Excel sheet).

# CA427 New MP to Declare a Foreign Income (Tax SG)

**Decision**: This open item can be closed as it is now redundant with CA 447.

# CA437   Auto-FX - Update of GMP1 Section 8.6

Input:



Christine had not had time to complete her action.

The WG agrees that in case a third intermediary currency (between the original and final currency) is used, this should only be reflected in the message in a cash movement if there is an existing cash account for that currency.

Otherwise, the following has been agreed:

1. Replace the current market practice in GMP1 Section 8.6 and make the distinction between 2 scenario:
	1. When we have posting on an intermediary currency account. In that case, the MP specifies that movement sequences must always reflect the actual movements on the account holder’s cash account(s).
	2. When we have no postings on an intermediary currency account. In that case, the MP specifies to have a single CASHMOVE, and to use the 92B::EXCH with a calculated rate and insert the two actual FX rates in narrative.
2. Long term solution for complex scenario, submit a new CR for SR2022 to make 92B::EXCH repeatable.

**Action**: Mari to make a proposal for a new section 8.6 as per the above guidelines.

# CA444   Usage of QINS as Requested Quantity

Pending action not yet performed.

For FR, the cases for which QINS must be considered as a quantity to receive (i.s.o. a quantity to instruct) are not clear. Therefore FR would like to have a new indicator (for example OPTF or ADDB ?) to indicate its usage and avoid confusion.

ISITC/US are also in favor of it as instructions and over-instructions must be done simultaneously.

**Action**: Mari, Jean-Pierre and Christine to schedule a call in the week of October 12 to discuss possible solutions.

# CA446 GMP 1 section 3.17 - Clarify Usage of instructions when OPTF//BOIS is mentioned

The question is whether only one or several BENODET sequences (Beneficial Owners information) may be included in the MT565 when OPTF//BOIS indicator is set in the MT564?

**Decision**: The presence of OPTF//BOIS does not prevent several BENODET sequences to be present in the MT565 if needed. However, this should rather be specified in an SLA with the service provider.

**Action**: Mari and Steve to propose an update for section 3.17 in GMP1 to reflect this decision.

# CA447 New MP Required for the Usage of Rate Type Code CDFI (Tax SG)

A new MP would only be needed if there were a possibility of misuse in the French Market. Otherwise, no need for a MP.

**Decision**: No new MP required and Item can be closed.

# CA449 New Tax Breakdown MP (Tax SG)

Input with Sanjeev comments:



# CA450   Usage of TBSP and UNSP for DTCH events (SR2020 - CR1533)

MP proposal Input from LU NMPG:



The following NMPG approves the proposal: CH, FI, UK, US, XS

The following NMPGs also approves the proposal although it is not applicable in their market: DE, DK, FR, IT, RU, SE, SG, ZA,

**Decision**: The MP is approved.

**Action**: Jacques to include the MP in GMP1 document.

# CA451   New MITI MP (SR2020 - CR1517)

Input:



The following NMPG approves the proposal: CH, DE, DK, FR, LU, SI, GR.

The following NMPGs also approves the proposal although it is not applicable in their market: FI, SE, UK, US, XS

**Decision**: The MP is approved.

**Action**: Jacques to include the MP in GMP1 document and close the open item.

# CA452 UETR in MT566 - seev.036

**Decision**: The WG agrees to add the following sentence in section 6.1 of GMP1:

*“Confirmations must only be sent to confirm movements that have actually settled and have not been confirmed previously.”*

**Action**: Jacques to include in GMP1.

# CA457   GMP1 Section 8.17 on Usage of DateTime with Format Option E (UTC)



The table on the first page of the input document is approved.

Questions raised during the discussions:

* Should we be able to specify all DateTime elements in UTC Time or should we recommend a move to UTC only for all deadlines?
* Should we mandate UTC Time for all DateTime in ISO 20022?
* How quickly can that be done, and what is the impact?
* Otherwise how to identify unambiguously the time zone of the sender ?

The WG agreed:

1. to add in GMP1 a recommendation to move from 98C to 98E with UTC time and to use the ZULU time in ISO 20022 with a caveat saying it is a recommendation, not a strict market practice guideline and provide an explanation of the usage.
2. To not submit a standards change in ISO 20022, as it is not possible to restrict ISO DateTime to some formats in ISO 20022.
3. To submit a new CR for SR2022 in ISO 15022 to remove option C for all dates that should never be used with a time and add option E for all date/times that have format C but not E

**Actions**:

1. Jacques to identify all GMP1 sections related to DateTime elements and propose new draft MP (sections 8.17, 3.11, …).
2. New CR for SR2022 to be drafted.

# CA465 Add VOLU to TREC in EIG+

Since Catarina cannot attend the SMPG meeting this time, the discussion of this topic is postponed to the next Tax SG call on October 22 or the next SMPG CA WG call in November.

# CA466 Handling Market Claims in the ECMS Context

Skipped until the new ISO Market Claim messages are approved by the ISO Securities SEG.

# CA467 New MP on New Reason Codes for Reorg

This topic is related to the new Protect and CoverProtect status codes added to the Standards for SR2021.

**Decision**: The WG agree that there is no need for a specific MP on the usage of these status codes. The GMP Part 3 just need to be updated to reflect the creation of the new status codes.

**Action**: Jacques to update GMP3.

# CA468 New MP on Multi- Language Announcement

**Decision**: Draft a market practice on the usage of language code in CA messages; the main purpose being to prevent misuse and/or misunderstanding.

**Action**: Mari, Christine, Daniel, Hendrik and Jacques to draft it.

# CA469 Managing CA instructions in scope of CSDR

Mari explained that with CSDR, an increase of the quantity of partial settlement is very likely. Therefore, we might need a new MP on handling instruction on pending transactions.

*“If the client instructs on the total PENR position expecting the trade to fully settle, but on the deadline the PENR has only partially settled, then the Corporate Action instruction from the client can only be partially accepted against the partially settled portion.*

*If at this stage the Custodian rejects the clients Corporate Action instruction, which was for the full PENR position, then they would be putting at risk the acceptance of the part of the PENR that has settled from participating on the Corporate Action, as the client would then have to re-instruct for the part of the PENR position that has settled, which would be after the Corporate Action deadline.*

*What we are trying to understand is if there is any thought around how this should be handled from a SWIFT perspective, given SWIFT protocol is to cancel the instruction in full and/or whether a partial cancellation of a Corporate Action instruction has been considered.”*

Question: is there an interest in trying to create a new market practice for this?

**Action**: All NMPGs are requested to discuss the need for such a MP and revert.

# CA470 DVOP - How Best to Reflect Tax and CINL on DVOP

Input from Randi:



The event template R/M/O should be aligned with the EIG+.

**Action**: The Tax SG volunteered to work on how to best format the SECU option details.

# CA473 Review of the GoR TF GM Notification Template

There is a need to thoroughly review the GoR TF GM Notification template to be sure it is fully in line with the SMPG CA WG MP for SRDII.

**Action**: Randi, Mari, Christine, Jacques and Hendrik volunteered to work on this offline.

# AOB

1. New Elements in BENODET Sequence

Steve would like to start a discussion on adding more elements to the beneficial owner details in the instruction. This can eventually be done for the November 3 call if convenient for Steve.

1. Request for New GM Subgroup

With the approval of the SMPG Steering Committee, Christine has contacted in September a number of Proxy Service Providers (like ISS, Broadridge, Equinity,…) in the context of General meeting in order to propose to them that they form a new SMPG Affiliated group to participate to the MP discussion for GM messages.

We now wait for their feedback on this proposal.

**Next CA WG call/Webex:**  November 3, 2020 from 2:00 to 3:30 PM CET

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