

SMPG - Corporate Actions

Minutes of Johannesburg Meeting

10 – 12 March, 2020

Final Version v1.0 – May 5, 2020

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**Attendees List**

Due to Corona virus outbreak in March and business travel restrictions, most of the attendees had to participate via Webex / conference calls. The table below reflects the attendance - sometime partial attendance as some participants could only attend the meeting for a few hours only.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **March 10** | **March 11** | **March 12** |
| CA | Mr. | Cairbre | Cowin | RBC | 🗸 |  |  |
| DE | Mr | Schaefer | Daniel | HSBC | 🗸 | 🗸 | 🗸 |
| 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 | 🗸 | 🗸 | 🗸 |
| IT | Ms | Deantoni | Paola | SGSS spa | 🗸 | 🗸 | 🗸 |
| LU | Ms. | Catarina | Marques | Clearstream | 🗸 | 🗸 | 🗸 |
| MDPUG | Mr. | Peter | Hinds | MDPUG/ Interactive Data | 🗸 |  |  |
| MDPUG | Mr. | Aidan | Devaney | MDPUG/ICE | 🗸 |  |  |
| MDPUG | Ms. | Laura | Fuller | Telekurs |  | 🗸 |  |
| NO | Mr. | Alexander | Wathne | Nordea | 🗸 |  |  |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 | 🗸 | 🗸 |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 | 🗸 | 🗸 |
| US ISITC | Mr. | Paul | Fullam | Fiserv | 🗸 | 🗸 |  |
| XS | Mr. | Lambotte | Jean-Paul | Euroclear | 🗸 |  | 🗸 |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 | 🗸 | 🗸 |
| ZA | Mr. | Tertius | Vermeulen | Granite CSD | 🗸 | 🗸 | 🗸 |
| ZA | Mr. | Brett | Kotze | A2X |  |  | 🗸 |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 | 🗸 | 🗸 |
| SWIT | Mr. | Charles | Boniver | SWIFT |  | 🗸 |  |

# Meeting Dates for Q3/Q4 2020

The following dates were agreed: July 14, skip August (because of MWG), September 1, November 3, December 1, January 12 (2021).

# Approval of February Meeting Minutes

Meeting minutes of February are approved without any comments.

# Co-Chair Election

Christine Strandberg was the only candidate for the position.

Because the meeting was held primarily via Webex due to travel restrictions, the vote was held via voting ballots sent via email to Jacques.

Results: Christine is reelected for a 2 years period 2020 – 2021 at the unanimity of the voting members.

# CA405 New flag for Securities Being Blocked

Some NMPGs (DE, FI SE and ES) have provided input in the Excel sheet initiated by Daniel.

However, some NMPGs reported issues in their markets to fill in the excel sheet because the purpose was not fully clear (i.e. whether the blocking is required or possible) or because the members have so many different blocking practices that a consolidation is not possible.

Follows a long discussion on whether we need to spend more time on the spreadsheet exercise given that interpretation may be very different.

**Decision**: As proposed by Daniel, the group finally agrees that a draft CR for SR2021 should be prepared and reviewed by the group. The CR will propose to create a new “Blocking Required” indicator in the CA Option sequence together with a “Blocking End Date” which could potentially be either a specific date or a date relative to another key date like PAYD or RDTE.

The WG also agrees to not use the consolidated excel sheet and to delete it.

**Action**: Daniel to produce the first draft of the new CR to be submitted in May 2020.

# CA418 SR2019 GMP1-3 updates – TNDP input

Input from AU (Narelle)



Input from DE (Daniel)



Daniel, Narelle and Steve have not yet managed to agree on how to generalise the TNPD market practice document.

Actions:

1. Daniel, Narelle and Steve to agree how to integrate the German remarks in the TNPD market practice and adapt its structure to be easier to integrate country specificities.
2. ISITC/Steve/Paul to justify why GRSS and NETT are present.

# CA419 Definition of Instructed and Uninstructed Balances



Mari will try to propose a revised wording by the April call.

**Action**:

1. Mari to review the wording of the MP.
2. Remaining NMPG’s to review and revert with feedback before next call.

# CA422 SRDII ISO Messages and MP TF Progress Update

1. Support of the EU languages for SRDII

Following the request from the SRDII GoR TF to create a new MP for the support of other EU languages than English for GM and CA announcements as required by the directive, Mari has provided a first draft for the MP as follows:

***CA***

*Where the issuer announce the terms of the event in both the national language and English, we recommend that, if required, any narrative to describe such terms include both languages, at the same time, in any notification message. Each language should be preceded by the ISO 639-1 code of the language.*

*If for any reason, the terms are not announced in both languages at the same time, once the details in the other language are announced, a replacement message (REPL) should be issued with the narratives, if any, updated to include the terms in such language.*

***General meetings***

*Where the issuer announce the resolution items in both the national language and English, we recommend that the resolutions include both languages, at the same time, in any notification message. Each language should be preceded by the ISO 639-1 code of the language.*

*If for any reason, the resolutions are not announced in both languages at the same time, once the details in the other language are announced, a replacement message (REPL) should be issued with the resolutions updated to include the wording in such language.*

The proposed MP above was discussed at the SRDII TF last week and resulted for intermediaries in a proposal to only use one language and decide to include in the SLA which language to use for which account.

For the first intermediary, when both languages are included by the issuer, the ISO country code of the language should be “surrounded” by “(“ and “)” in both ISO 15022 and ISO 20022 (for CA).

From an operational, technical perspective, only English will be truly feasible for cross-border, ISO 15022/20022 communication.

**Post meeting MP proposal by Mari:**

*Where the issuer announces the terms of the event in both the national language and English, we recommend that, if required, any narrative to describe such terms include both languages, at the same time, in any notification message. Each language should be preceded by the ISO 639-1 code of the language in brackets; as an example, (FR) for French.*

*If for any reason, the terms are not announced in both languages at the same time, once the details in the other language are announced, a replacement message (REPL) should be issued with the narratives, if any, updated to include the terms in such language.*

*Once the issuer’s announcement is received by the first intermediary and distributed along the chain of intermediaries, we recommend that the narratives are transmitted in English, unless otherwise agreed by the receiving and transmitting parties in their SLA.*

**Action**: NMPGs to review the proposed draft MP

1. ECSDA proposal for an ISO 15022 solution for SID

Jean-Paul presented the ECSDA proposal, agreed by six CSDs, to re-use the MT 564 for SID disclosure requests and for GM announcements by structuring the narrative fields.

Significant opposition to this proposal was voiced almost unanimously at the call. The proposed message formats are not SRD II-compliant, and industry resources should not be devoted to perform changes in ISO 15022 when we should migrate to ISO 20022.

The SMPG would rather recommend continuing using alternative proprietary solutions temporarily instead of doing short-term development in ISO 15022 with the risk that the short term becomes a permanent solution.

BY the way, the SRDII SID Market Standards refers explicitly to ISO 20022 for the messaging solution.

Jean-Paul will forward our concerns to the ECSDA WG (on March 13), and revert to the CA-WG.

The SMPG SC may have an extraordinary call next week to discuss if the SMPG should issue a statement to ECSDA to the effect that it is not possible to be compliant with SRD II for GMs and SI without using ISO 20022 messages.

1. SRDII Postponement Request Letter

The SRDII Industry Steering Group is also currently discussing the opportunity to send a letter to the EU Commission to request the postponement of SRDII IR to 3 Sept. 2021.

Christine, Mari, Paola and Jacques are follow up the discussions.

**Post meeting comment**

The SMPG SC has decided on April 8 to co-sign the following postponement letter to the Commission (the letter was sent on April 9):



# CA437 Auto-FX - Update of GMP1 Section 8.6

Véronique (BE) input received:

*Proposal for the GMP1 update, to replace the current section 8.6.*

*Question: How to report a forex in a confirmation of payment message?*

*The FX rate should be indicated in the confirmation of payment message (MT566/seev.xxx).*

*The MT566 should contain the following information :*

* *Original amount and CCY  (19B GRSS and/or NETT or iso20022 equivalent)*
* *Exchange rate (92B EXCH//original currency/resulting currency/rate)*
* *Posting amount with new CCY and amount (19B PSTA)*

*For the review at SMPG level, here is an example (that should not be included in GMP1):*

*:16R:CASHMOVE*

*:22H::CRDB//CRED*

*:97A::CASH//XXXXXXXXXXXXXXX*

*:19B::PSTA//GBPXXXXX,*

*:19B::RESU//GBPXXXXX,*

*:19B::TAXR//KRWXXXXX,*

*:19B::GRSS//KRWXXXXX,*

*:19B::NETT//KRWXXXXX,*

*:98A::POST//20181123*

*:98A::VALU//20181123*

*:98A::PAYD//20181123*

*:92F::GRSS//KRWXXXX,*

*:92B::EXCH//KRW/GBP/XXXXXX*

*:92A::TAXR//22,*

*:16S:CASHMOVE*

The above example from Véronique is validated by the FR NMPG and agreed by all. Nevertheless, we should also illustrate in the new MP the scenario involving an intermediary currency i.e. 3 currencies in total.

**Action**:

* Diego to illustrate the second scenario with 3 currencies involved
* Christine to rewrite the whole MP as per the above.

# CA444 Usage of QINS as Requested Quantity

The WG agrees to add new wording to section 5.5 to state that if the usage of QINS cannot be deduced from the event and option, then it is recommended that the usage of QINS be specified in the announcement.

**Action**: Mari, Jean-Pierre and Christine to draft an extra text to 5.5, for a recommendation to include narrative when it is not clear on what QINS will mean.

# CA448 Have repeatable WEBB URL addresses in MT564 and add URL Associated to all Narratives (SR2020 - CR1529 from HK)

Most of the NMPGs do not see a valid business case for the HK request, however Jacques pointed out that we may need to look at a similar solution for the support of multilingual narratives in the SRD II context.

**Decision:** Close the item, since the SMPG does not see a business case for the HK request; however, open a new item, to look at possibly enabling repetitive narratives and repetitive URLs for different languages.

**Action**: Jacques to close and create a new open item.

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

The WG compared the rejected CR from LU (CR001533) with the US MP.

The WG suggested that LU has a dedicated so-called “competitive option” with an early consent / premium deadline.

**Action**: Catarina to draft an example based on the proposal, and send it for review and discussion by the April call.

# CA451 Create CR for MITI in Confirmation (SR2020 - CR1517)

DE proposal to be circulated for discussion:



Everyone agreed on the purpose to recommend use of MITI in all cases where it is needed for reconciliation, but the text is focused more on a T2S description. It is agreed to remove the focus on T2S. The resulting text should rather focus on CSD participants/DCA holders receiving MITI from their account servicers.

**Action**: Daniel to create a revised draft, based on the above discussion and to be reviewed at next call.

# CA453 Key Data for TEND with Early Tender Premium

Laura has not received anything from Steve. She has seen some examples, but would really like to see what DTCC sends.



**Action**: Pau/Steve to find out about what DTCC is sending for this type of event.

# CA454 SR2020 MP Updates

All MP documents for SR2020 have been published as “draft” on the SMPG website.

Action: Jacques to publish as “Final” and close item.

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

Section 8.17 in GMP1 recommend the usage of UTC time with Offset for 5 deadlines whilst the SRDII IR recommend the usage of UTC (Zulu) time only (without offset) for all dates and time elements (and deadlines).

Mari proposes that section 8.17 be reviewed to be fully aligned with the SRDII IR and therefore recommends the usage of UTC Zulu time for all deadlines. This would also be the proposal for all types of events under SRD II.

The Danish CSD confirms that they will use UTC Zulu time for all dates and time.

***Post meeting MP proposal***

*The following draft market practice is proposed for section 8.17:*

***Usage of Date and Time (UTC Time) for Deadlines***

*All deadlines should be expressed in coordinated universal time (UTC) format.*

*In ISO 20022, the “ISODateTime” data type should be used with the UTC time (i.e. Zulu Time ≡ zero UTC offset) as follows:* ***YYYY-MM-DDThh:mm:ss.sssZ***

*In ISO 15022, a Format Option :98E: has been created in the Standards for the Date/Time fields in sequences D, E, E1 and E2 of the MT564 and C, D, D1, D2 of the MT 566 with the following syntax:*

*Field :98a: Date/Time Option E :4!c//8!n6!n[,3n][/[N]2!n[2!n]] (Qualifier)(Date)(Time)(Decimals)(UTC Indicator)*

*For deadlines, Field 98a: Date/Time with format Option E should be used with a zero offset as follows:*

*“:98E::YYYYMMDDHHMMSS/00”.*

**Action**: NMPGs to provide feedback on the proposed draft MP (using 98E with UTC time (zero offset) for all deadlines).

# CA458 Add Format Option E (UTC) for ANOU date and ECPD, ECRD Deadlines?

It is also proposed that Option E be added to ANOU in the MT but this requires a CR.

ECPD and ECRD are currently missing in the deadlines listed in section 8.17 and should be added as well.

In ISO15022, the expression of the UTC (Zulu) Time could be done when using format E for tag 98 as follows: “:98E::YYYYMMDDHHMMSS/00”

**Action**:

* Jacques to check that all deadlines in ISO15022 have format Option E and check that section 8.17 lists all CA deadlines elements.
* NMPGs to provide feedback if they think ANOU is usually provided in their market with a time and feedback on the proposal to add Option E to ANOU in a new CR for SR2021.

# CA459 Shareholder Rights Directive Flag Market Practice (Fast Track CR 1616)

The group discusses whether the MP should state that the indicator should only be set by the first intermediary (Issuer CSD) and all intermediaries in the chain should simply reflect it.

If it is not set by the first intermediary, or the notification was not sent via the first intermediary, the indicator should not be used. Not including it would then not necessarily not mean that the event is not deemed to be in scope of SRD II; but if set to Yes by the first intermediary, all intermediaries in the chain will need to comply with the requirements set by the IR.

The new MP will also be discussed by the SRDII ISO Msg TF after being redrafted by Mari.

***Post meeting MP proposal by Mari:***

*This indicator should be set by the issuer CSD or first intermediary. It should be set to YES (value “true”) only when the corporate event is in scope of SRD II and the notification/event information has been received from the issuer, as per SRDII.*

*When the indicator is set to NO, the notification is to be intended as in scope of SRDII but the issuer CSD or first intermediary did not receive the event information from the issuer.*

*Any other intermediary in the chain should report the value of this indicator as per the value received from the previous intermediary.*

*If the corporate event is outside the scope of SRD II, this indicator should not be populated.*

**Action:** NMPGs to provide feedback on the proposed draft MP.

# CA460 Move of Index Factor for INT and Redemptions to CADTL Seq.

Alexander question on GMP1 section 3.12.7: should we move INDX to seq. D?

**Action:** Alex to draft a CR to move INDX from E to D for SR2021, unless NMPGs object.

# Tax Subgroup Update

Jean-Pierre provided an update on the Tax SG. Last Tax SG call was on Feb 6; next one is on April 9.

The SG has closed several issues, and hence only a few items remain on the agenda.

Mari drafted a first version of the tax breakdown MP and the SG has reviewed it and agreed on some minor changes.

The Tax SG is also working on CA447 and on CA443.

The issue of tax on trade activities has been raised again, but at this time, the Tax SG will not look at it.

The SG has launched a market initiative update follow-up, including monitoring tax changes in countries like Denmark and Finland.

# AOB

1. Jean-Pierre: The French market may have two CRs related to registered shares.
   1. A new qualifier/code that states that the event only applies to the registered shares. In certain cases, the same ISIN can exist in both bearer and registered form.
   2. Some events will be applied not on the CSD positions, but the positions at the registrar. A new qualifier/code stating this may also be needed.
2. Catarina: Would like to bring back the discussion of the COAF, both market practice and making it mandatory. There is significant discrepancy between markets and usage of COAF, but a number of market standards, e.g. CAJWG and ECMS, as well as the SRD II IR, state that a COAF should be used.

**Action:** Jacques create new Open Item

1. Mari, Catarina and Christine to draft a document linking the SRDII IR table 8 (CA announcement requirements) to the correct ISO 15022 fields.

Post meeting input from Mari on the mapping table



# End of meeting

The meeting/WebEx ended by the co-chairs and facilitator thanking the South African community for hosting the meeting In Johannesburg under these difficult conditions.

**Next WG call/Webex:**  April 21, 2020 from 2:00 to 3:30 PM CET

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