

SMPG - Corporate Action

Telephone Conference Minutes

26 September 2013

Draft Version v1.0 – November 6, 2013

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Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
|  | AT | Mr. | Stefan | Ribisch | Unicredit | **Excused** |
|  | AT | Mrs. | Karin  | Wachter | Unicredit | **Excused** |
|   | BE | Mrs. | Veronique | Peeters | BNY Mellon | **🗸** |
|  | CH | Mr. | Michael | Blumer | Credit Suisse | **🗸** |
|   | DE | Ms  | Pileri  | Andreana  | Commerzbank AG  |  |
|  | DE | Mr. | Schaefer | Daniel | HSBC | **🗸** |
|   | DK | Ms  | Ravn  | Charlotte  | VP Securities A/S  |  |
|  | ES | Mr  | Steimann  | Thomas  | Deutsche Bank SAE  |  |
|   | FI | Ms  | Rask  | Sari | Nordea Bank Plc  | **🗸** |
|  | FR | Mrs.  | Kimchi | Phungtran | BNP Paribas | **Excused** |
|   | HK | Ms  | Yu  | Yek Ling  | HSBC  | **🗸** |
|   | IT | Ms  | Deantoni  | Paola  | SGSS spa |  |
|   | JP | Mr. | Ichiro | Yamamoto | Mizuho Corporate Bank | **🗸** |
|   | JP | Mr  | Oga  | Yasuo  | Mizuho Corporate Bank | **🗸** |
| Co-Chair | LU | Mr. | Bernard | Lenelle | Clearstream | **🗸** |
|   | MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | **Excused** |
|  | MDPUG | Mrs. | Laura | Fuller | Telekurs | **🗸** |
|  | NL | Mr  | van der Velpen  | Ben  | ING Bank N.V. |  |
|  | NO | Mr. | Hans Martin | Aulie | DNB Bank | **Excused** |
|  | NO | Mr.  | Alexander | Wathne | Nordea |  |
|  | RU | Mrs | Elena | Solovyeva | NSD |  |
|  | RU  | Mrs | Sofia | Prokofeva | Rosbank |  |
| Co-Chair | SE | Mrs. | Christine | Strandberg | SEB | **🗸** |
|   | UK & IE | Mrs. | Mariangela | Fumagalli | BNP Paribas | **🗸** |
|  | UK & IE | Mr. | Matthew | Middleton | LSE | **🗸** |
|  | US ISITC | Mrs. | Sonda | Pimental | BBH | **🗸** |
|   | XS | Ms  | Haillez  | Delphine  | Euroclear  | **Excused** |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank | **🗸** |
| Facilitator | SWIFT | Mr. | Jacques | Littré | SWIFT | **🗸** |

# Comments / Approval of August 29 Minutes

No comments received. The minutes are approved without any changes.

# CA210 - Overelection/Subscription MP (Véronique)

The document provided by Véronique was already reviewed and amended during the previous calls. The latest comment was provided by the Hong Kong NMPG for last call and it requested to keep scenario 3 for rights exercise (i.e. the possibility to use :36B::QINS with CAOP//OVER to oversubscribe ) whilst it had been earlier discarded for the reason that it was inconsistent with the semantic of QINS in the Standards.

**Action:** All NMPGs are requested to comment on the document, and specifically if they would like to keep scenario 3 as an optional / alternative MP even though it is not in line with the standards.

# CA226 - Disclosure (DSCL) event - Clarify usage / market practice (Bernard)

Bernard must still update the table with the comments received at last call. Bernard will contact Elena for the RU comments as the scenario are quite complex.

Bernard will send the updated document asap and hopes to be able to finalise it at the meeting in Johannesburg.

RU comments provided:



**Action:**

* NMPGs which have not yet provided feedback are requested to do so early October
* Bernard to update the table as per the comments received above and contact Elena to discuss the RU scenarios.

# CA239 – SR2013 Maintenance WG follow up items (Jacques)

Status of the remaining action items following up SR2013 MWG:

*1. CR393 - FRAQ - Sonda to ensure that the ISITC MP is updated to document the differences regarding usage of CONB / ELIG / Affected Balances (AFFB) in lottery events (DRAW) in the MT566*.

-> No update

Action: Sonda to revert at the next call.

*3. CR 383 - Sonda’s ISITC to reach out to the Canadian NMPG for the Letter of Guarantee indicator MP*

-> No update. Sonda will send email to CA NMPG.

Action: Sonda to revert at the next call.

*5. CR 386 - Sonda to reach out to the Canadian NMPG for their rejected CR regarding special warrants.*

-> No update. Sonda will send email to CA NMPG.

Action: Sonda to revert at the next call.

*4. CR 411 - DE to report at next meeting about their MP on the new Rate Type Code For Real Estate Property Income.*

-> No Update, Daniel will check with Andreana.

Action: DE to revert at the next call.

*7. GMP Part 1 - Corrections to be done in chapter 2 of GMP Part 1 by Jacques/Bernard*

Bernard and Jacques will work on that early October.

Action: Jacques / Bernard to revert when done.

# CA 240 - Disclosure / Certification for MAND event (Christine)

Sanjeev presented the South African example sent (see below document attached). Michael commented that solution 3 does not work for all event scenarios. Bernard suggested a solution combining solution 2 and 3 together i.e. CHOS/VOLU with addition of one or more codes either to ADDB or OPTF, in order to make it clear that there is not really a choice between the options.



**Action:** NMPGs are requested to provide feedback on the new solution proposal (combination of solution 2 and 3 with new OPTF or ADDB code or using OPTF//ASVO and also revert if all scenarios are necessary (as opposed to hypothetical).

# CA253 - Use of MT566 with posting amount = 0 (Bernard)



Bernard presented the INTR and DVOP examples provided in his document (see document attached above). It is agreed that if for some reasons the posting amount results in zero or in an amount very close to zero, the event should not be cancelled and that it is clearly not a default either.

The issue with receiving PSTA=0 is the impact on the reconciliation process as there are no movements to be reconciled with. Therefore, finally the group rejects the need for an MT566 with PSTA=0 (i.e. for INTR, no MT 566 sent at all and for DVOP, an MT 566 with the securities debit but no cash move with “0”.

The following scenario should also be considered: Account owner sells part of the position but there are pending receipt (PENR) or pending delivery (PEND) balances at eligibility date.  In this case, an MT564 REPE should be sent and this should also ultimately generate a Market Claim.

Japan’s local market practice:

 (1)There is a case when "Interest rate itself = 0" in Japan. At this case, we do not send MT564(NEWM)

    according to our basic concept means that "No MT564 will be required for no cash movement".

     If customer requests us to send MT564, we consider sending MT564 bilateral basis agreement.

(2) In the case of Cash Dividend Payment (DVCA), Fixed Dividend Rate will be announced after the record date in Japan. In the case that dividend rate equal zero, MT564(REPL and/or  REPE) will not be mandatory required.

**Decision:** Proposal to specifically state in GMP1 that PSTA=0 should not be included in an MT566; instead ENTL=0 should be provided in a REPE or CAPA message.

**Action:** NMPGs are requested to approve the proposed solution.

Referring to an earlier question from HK as to whether the PSTA amount in the MT566 is a gross or net amount, the group confirms that PSTA in the MT566 should contain the same :19B::ENTL projected amount previously included in the MT 564. It is therefore considered as a net amount.

**Decision:** Include in GMP1 a statement that ENTL in the MT564 is the projected amount that will be included in PSTA in the MT566.

**Action:** Christine to email a draft text to Veronique.

# CA 258  MT567 Rejection Code  - Mari

**Action** : Jacques to write a brief text recommending to use OPTY as a rejection reason code to reject an MT 565 for an option classified OPTF//NOSE

# CA 260  Residual value in EXWA  for Turbo Warrant ? – Laura

The group briefly discussed the issue, but the only supporting document was in Dutch and did not contain many details. Laura will revert with more background information before the next call in order to discuss it then.

**Action**: Laura to provide other examples in English.

# CA 261 - Broker/Dealer fee / amount Question (Delphine)

Delphine did not attend the call; the item is postponed to next call.

# Tax sub-group status (Bernard/Jacques)

Jacques gave a status report from the tax sub-group co-chairs conference call of last week. The following decisions have been taken:

1. The co-chairs would welcome tax experts accompanying the CA expert in the sub-group conference calls;
2. The sub-group will also try to address regularly pending tax questions in the SMPG open items list as well as any other tax questions raised by the sub-group attendees;
3. The sub-group will address usage of some of the tax rates where well known issues have been identified e.g. WITF; WITL, TAXR
4. A physical meeting or a video conference call meeting of the sub-group will be eventually envisaged in Q1/Q2 2014
5. The next 3 conference calls are scheduled on October 3, November 7 and December 19 from 2 to 3:30 PM CET.

# AOB

SR2014 Maintenance Working Group follow up items list for the SMPG will be drafted by Véronique for the GMP Part 1 subgroup and addressed at Johannesburg.

**Next Conference Call: October 24 from 2 to 4 PM.**

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