

SMPG - Corporate Action

Telephone Conference Minutes

29 January 2015

FINAL Version v1.0 – Feb. 13, 2015

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Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
|  | AT | Mr. | Stefan | Ribisch | Unicredit |  |
|  | AT | Mrs. | Karin  | Wachter | Unicredit |  |
|   | BE | Mrs. | Veronique | Peeters | BNY Mellon | 🗸 |
|  | CH | Mr. | Michael | Blumer | Credit Suisse | 🗸 |
|   | DE | Ms  | Pileri  | Andreana  | Commerzbank AG  |  |
|  | DE | Mr. | Schaefer | Daniel | HSBC | Excused |
|   | 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 | 🗸 |
|  | FR | Mr. | Karim | Djenadi | BNP Paribas |  |
|   | HK | Ms  | Yu  | Yek Ling  | HSBC  | 🗸 |
|   | IT | Ms  | Deantoni  | Paola  | SGSS spa |  |
|   | JP | Mr  | Hideki | Ito | Mizuho Bank | 🗸 |
|  | JP | Mr | Hisashi | Hotta | Mizuho Bank | 🗸 |
| Co-Chair | LU | Mr. | Bernard | Lenelle | Clearstream | Excused |
|   | MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | 🗸 |
|  | MDPUG | Mrs. | Laura | Fuller | Telekurs | 🗸 |
|  | NL | Mr  | van der Velpen  | Ben  | ING Bank N.V. | Excused |
|  | NO | Mr. | Hans Martin | Aulie | DNB Bank | Excused |
|  | NO | Mr.  | Alexander | Wathne | Nordea | 🗸 |
|  | RU | Mrs | Elena | Solovyeva | ROSSWIFT | 🗸 |
|  | RU  | Mrs | Sofia | Prokofeva | Rosbank |  |
| Co-Chair | SE | Mrs. | Christine | Strandberg | SEB | 🗸 |
|  | SG | Mr. | Jyi-Chen | Chueh | SC |  |
|   | UK & IE | Mrs. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
|  | UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
|  | US ISITC | Mrs. | Sonda | Pimental | BBH | 🗸 |
|   | XS | Ms  | Haillez  | Delphine  | Euroclear  | 🗸 |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
|  | ZA | Mr. | David | Nita | Strate |  |
|  | ZA | Mr. | Kumaran | Pillay | Strate |  |
| Facilitator | SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |

# Approval of December 18 Meeting Minutes

The minutes are approved without any changes or comments.

# May 12 or 21 Conf call – Confirm date

Everyone is requested to keep both dates (May 12 or 21) free in their calendars for the moment until Bernard confirms his availability for May 12 (since Christine is on a business trip on May 12).

If Bernard is unavailable on May 12, the call will be on May 21.

**Action**: Bernard to confirm

# CA203 – Yearly MP Updates (Christine/Jacques)

**Review of on-going actions**:

Action 1 (GMP 1 updates to be sent to Jacques): Done

Action 2 (EIG+ updates): Jacques has received input from CH, FI, SE, XS, UK&IE, US, IN (new!), SG (new!). NO will send their input in February, ZA may do the same. (ZA done in Feb.)

The CH NMPG also provided some comments/questions to the GG:

* BONU CHOS and DRIP CHOS using interim securities: Why is the option SECU and not EXER?

**Action:** **All NMPGs** are requested to provide feedback.

* CONS VOLU: INCE is used, but it should be SOFE.

**Action: Jacques** to correct the EIG+ and update the template**.**

* DECR MAND: How is RATE to be used?

**Action:** **All NMPGs** are requested to provide feedback.

* PCAL: An error in the definition in the EIG+ (not in the standard) was found – replace “shares” by “securities” as in the UHB.

**Action: Jacques** to correct the EIG+ and update the template**.**

Action 4 (Sample Updates): Feedback still missing from LU, ZA, DE on their respective samples to review (see “Open Items” file in “CA Event Template list” tab).

**Action: LU, ZA, DE** to send feedback ASAP

Action 6 (MP Change Summary):

Here attached below the SR2015 MP Changes document drafted by Christine:



**Actions**: All NMPGs to review the draft document

# CA268 - Narratives scope/usage (Delphine/GMP1 SG)

**Action 1 review – Narrative MPs on MT 565/566/567:**

The draft MP document produced by GMP1 SG still needs to be consolidated before being sent out for review.

**Action :** GMP1 SG & Jacques to do

**Action 2 review – CETI / DECL questions (NMPGs feedback)**

Can CETI also cover DECL narratives?

US is not in favour of aggregating CETI/DECL, they would like to keep both. Action can be closed.

**Action 3: review - Narrative for “How to Instruct”**

UK&IE has started to discuss the “How to instruct” narrative and members will provide feedback/examples at their next meeting on Feb. 19.

**Action**: UK& IE to send input and all other concerned NMPGs are requested to investigate and provide further examples on “how to instruct” too. The analysis will be done at the April meeting in La Hulpe.

# CA277 - COAF Assignment Body Registration & Governance Questions (Christine)

Veronique reported from the T2S CASG meeting held last week since Christine had to leave before the item was discussed.

The T2S CASG will continue to monitor T2S markets’ usage of COAF, but will leave the market practice to the SMPG.

They asked for an addition regarding T2S, to ensure that investor CSDs’ holdings in issuer CSDs are not considered as multi-deposited securities in the COAF context.

**Action**:

Christine: to circulate question on COAF in the T2S context and NMPG’s to provide their feedback.

# CA279 - Market practice for Claims and Transformations in the T2S context (GMP1 SG)

**Review of progress on 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.

Status: No progress to date, Mari will schedule a call soon.

1. Mari, Veronique, Sonda (and other NMPGs) to search for traffic figures on Market Claims from their respective CSD/Institutions.

Status: Mari got some figures from CREST. They process an average of 2200 claims per day, which seems to indicate that there may be a business case for a specific message to report the creation of a market claim.

Mari will contact other custodians to get some additional figures.

# CA282 - Write-downs / write-ups on Bonds (Delphine)

****

The recommendation from ICSMA only refers to international securities (XS), but could of course be adopted by additional markets. However, for bonds without a pool factor, the decision from Boston remains valid.

Reminder of Boston Decision:

• For a decrease of face value, recommend to use PCAL with SECU option

• For an increase of face value, 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).

Action 2: No feedback received from NMPGs on the presentation

**Action**: Close Action 1

# CA284 - MP for Amounts Larger than 15d (GMP1 SG)

Current Proposal:

**• Case 1**: Amounts/rates/prices where the 15d character limitation means that not all decimals can be provided in a formatted field:

-> In this case, include as many decimals as the field length allows PLUS include the complete amount/rate/price in 70E ADTX in sequence E.

**• Case 2**: Amounts/rates/prices where the 15d character limitation means that not all integers can be provided in a formatted field:

-> In this case, do not include the formatted field; ONLY include the complete amount/rate/price in 70E ADTX in sequence E.

Consolidated Feedback from NMPGs about the current proposal above:

Following NMPG’s agree: BE, SG, FR, UK, FI, RU, ZA, NO coming in addition to CH, SE, US, XS, LU

JP: Would not like to use ADTX since it stops STP; would like to agree on truncation on a bilateral basis.

APAC WG: decided to reach out to Indonesia and Vietnam to check.

**Action**: APAC WG to provide their feedback by the next conference call.

# CA285 - FDIV/PDIV usage (Jacques)

Feedback from additional NMPGs on the questions:

JP: does not use FDIV/PDIV

APAC WG reported that they do not use PDIV/FDIV, but some markets in the region wondered if perhaps they should do so. However, the case presented was for a preliminary dividend rate, not a provisional or estimated rate.

MY: Do not use PDIV, Agree with usage of a Rate Status

NO: Does not use FDIV/PDIV

A part of the issue is to define precisely what is meant by “provisional” versus “proposed” or “estimated” rate. Nevertheless the most common way today of treating this provisional rate is to work with the message “Processing Status” field and the values PREC” or “PREU”.

The item will be further discussed at the April meeting.

Jacques mentions that a change request to get a rate status associated to some rates like GRSS and NETT was already submitted in SR2008 in CR III.49 and the business case approved but that the solution retained was not implemented correctly preventing to associate the “rate status” without a “Rate Type Code”. Sonda mentions that this was also the goal of the ISITC SR2012 CR260.

**Actions**:

1. Remaining NMPGs to provide feedback on the three following questions:

a. Do you use PDIV, and if so, do they follow up with FDIV for the final rate?

b. 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) ?

c. Do you use FDIV as a stand-alone code (i.e. without using PDIV)?

# CA288 - Information (INFO) Event Types (Andreana, Daniel)

The German NMPG has not reverted on the issue following up from the SR2015 CR000769, and did not attend the conference call. The item is postponed to the next conference call.

The RU NMPG has provided the following input (post meeting) regarding the usage of the INFO event:

*According to the current legislation, the issuer is obliged to inform their shareholders about main facts in financial activity of the company.*

*It may be done via Internet and information agencies or via special issuer's Internet pages.*

*Formerly this information is not considered as a CA but it is influencing decisions making of shareholders on investments or this information is important as the shareholder need to know Registrar and the address of this entity (it may change) or web-address of the pages where the issuing company discloses the information on CA and main facts.*

*So important facts may be as follow:*

* *information on Supervisory Board meetings and decisions taken*
* *changes in Supervisory Board membership*
* *changes of Registrar responsible for Registry of the company, about  termination of an agreement with the Registrar or conclusion of new agreement with the Registrar and main conditions of such agreement*
* *about creation or closure of branches or representatives of the issuer*
* *about signature of an agreement with the auditing company, special depository.*

*Currently this information may be transmitted to the Central depository or to information agencies as a message in free format.*

**Action**: DE NMPG to provide for next conf. call more information on the reasons to use an INFO event rather than the appropriate corresponding event code for Investment Funds.

# CA290 - New Date in MT567 for "Ongoing" / "Au fil de l'eau" events (Delphine)

No additional feedback received at the call, the initial Proposal from Delphine remains:

*“Regarding the date itself, the proposal which was raised during maintenance of "Expected payment date" (CR288) does not fit because we do not receive such precise information.*

*Examples:
- Within 5 business days after the conversion date so basically the payment date can be CONV date + 1 + 2 + 3 + 4 or + 5.*

*- No later than 40 business days after the conversion date...
- 5 business days after CONV date.*

*So we should go more towards something like "instruction approved by agent date" which would be more generic than “conversion date”.*

**Action**: NMPG’s to provide feedback on the proposal.

# CA294 - TAXE Format Option as a Percentage (Jacques)

JP also reported that TAXE is not used. TW has seen some low usage, similar to the KR case.

RU Feedback on TAXE (post meeting):

***a/ Do you use TAXE and if yes, for what purpose?***

*Currently in Russia TAXE in MT 564 is not used*

***b/ Should TAXE be changed?***

*It seems Yes. It seems additional explanation and change of definition are needed to clarify usage of this qualifier.*

***c/ Should additional format options be made possible? Is the definition in line with usage?***

*The definition of the qualifier - Percentage of the gross dividend rate on which tax must be paid and format option J (where only currency and amount may be shown) do not properly correspond.*

*So additional option may be added and definition to be changed to give possibility to show percentage.*

***We have also an additional question in line with possible usage of this qualifier***

*In Russia according to current tax legislation the issuer must inform the agent and nominee of two amounts which are used in tax calculations. As a special formula is used to calculate amount of taxes to be retained (deducted) from income of tax payer:*

*******or using latin symbol       N= K \* C\* (D1-D2)*

*Where*

*N - the amount of tax to be retained*

*K - a ratio amount of dividends payable to the tax payer to the total amount of dividends payable by the issuing company*

*C - the tax rate*

*D1 and D2 - these are amounts*

*D1 - total amount of dividends to be paid by russian issuing company in favour of all receivers*

*D2 - the total amount of dividends received by the russian issuing company paying dividends during the current tax period*

*As D2 is used in these calculation twice it is not possible to give only result D1-D2. These two amounts re to be given separately.Currently the issuers may send this information as paper narrative letter in free format. In line with payment of dividends for year 2014 and according  Article 275 of Tax Code please be informed about the ratios to be used for tax calculation*

*Д1= 123456,12;*

*Д2= 67890,16*

*So we need to include this information in SWIFT messages - is it possible to use for these purposes above mentioned field with qualifier TAXE using format J with DSS for Russia and codes*

*Option J:  4!c/[8c]/4!c/3!a15d[/4!c] (Qualifier)(Data Source Scheme)(Rate Type Code)(Currency Code)(Amount)(Rate Status)*

***Example***

*:94J::TAXE/RUNMPG/TXD1/RUB123456,12;*

*:94J::TAXE/RUNMPG/TXD2/RUB67890,16*

**Decision:** Refer the item to the Tax SG. If some countries have some usage of the TAXE rate and wants to express it as a percentage, they can still submit a CR for SR2016.

# MyStandards SG - DVCA MAND UG (Jacques)

No feedback received from the NMPGs on the DVCA UG or on the principles document.

Some members mention that it is not possible to export from MyStandards the UG in Excel format, since they do not have the premium license. They think that this should be possible without it.

Jacques will investigate whether it would be possible to have a waiver for the SMPG.

**Actions**:

1. NMPGs to provide feedback to Jacques on UG principles document for CA and on the DVCA MAND UG in MyStandards implementing those principles.



The new DVCA UG (for SR2014) is available [here](https://www2.swift.com/mystandards/standardsPractices/mpContentRestrictions.xhtml?marketpractice=mp%2Fmt%2F_gVyW4BvvEeSa8pvxYg6VJQ%2F_talp8BvvEeSa8pvxYg6VJQ) in MyStandards: <https://www2.swift.com/mystandards/standardsPractices/mpContentRestrictions.xhtml?marketpractice=mp%2Fmt%2F_gVyW4BvvEeSa8pvxYg6VJQ%2F_talp8BvvEeSa8pvxYg6VJQ>

1. Jacques to continue to develop as per the defined principles the UGs for the most common events.
2. Jacques to investigate whether a waiver could be given to the SMPG to be able to generate the Excel format of the UGs.

# Tax Subgroup Meeting progress Report (Jean-Pierre / Jyi-Chen / Bernard)

Regarding the withholding tax rate topic, the Canadian rep could not attend the last SG calls, so Jyi-Chen and Jean-Pierre are following up with Canada off line and will present the results at the April meeting.

Regarding the tax processing flow topic, a survey has been launched to get feedback on the 2 existing scenario.

**Next Call / meeting**

Tuesday **February 24** from 2 to 4 PM CET.

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