

SMPG - Corporate Action

Telephone Conference Minutes

23 June 2015

FINAL Version v1.0 – July 23, 2015

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Attendees

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
|  | AT | Mr. | Stefan | Ribisch | Unicredit |  |
|  | AT | Ms. | Karin | Wachter | Unicredit |  |
|  | BE | Ms. | Veronique | Peeters | BNY Mellon | 🗸 |
|  | CH | Mr. | Michael | Blumer | Credit Suisse | 🗸 |
|  | DE | Ms | Pileri | Andreana | Commerzbank AG | Excused |
|  | DE | Mr | Schaefer | Daniel | HSBC | 🗸 |
|  | DK | Ms | Ravn | Charlotte | VP Securities A/S | Excused |
|  | ES | Ms. | Cinta | Cristobal | BBVA |  |
|  | ES | Mrs | Diego | Garcia | DB | 🗸 |
|  | FI | Ms | Rask | Sari | Nordea Bank Plc |  |
|  | FR | Mr | Jean-Pierre | Klack | Statestreet | Excused |
|  | GR | Ms. | Angela | Katopodi | Eurobank |  |
|  | HK | Ms | Yu | Yek Ling | HSBC | Excused |
|  | 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 | Excused |
|  | MDPUG | Ms. | Laura | Fuller | Telekurs | 🗸 |
|  | NL | Mr | van der Velpen | Ben | ING Bank N.V. |  |
|  | NO | Mr. | Hans Martin | Aulie | DNB Bank |  |
|  | NO | Mr. | Alexander | Wathne | Nordea | 🗸 |
|  | PL | Mr. | Michal | Krystkiewicz | CSD Of Poland (KDPW S.A.) | Excused |
|  | RU | Ms | Elena | Solovyeva | ROSSWIFT | 🗸 |
|  | RU | Ms | Sofia | Prokofeva | Rosbank |  |
| Co-Chair | SE | Ms. | Christine | Strandberg | SEB | 🗸 |
|  | SG | Mr. | Jyi-Chen | Chueh | SC | Excused |
|  | UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | Excused |
|  | UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
|  | US ISITC | Ms. | Sonda | Pimental | BBH | 🗸 |
|  | XS | Ms | Haillez | Delphine | Euroclear | 🗸 |
|  | ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
|  | ZA | Mr. | Nita | David | Strate | 🗸 |
| Facilitator | SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
|  | SWIFT | Ms. | Mireia | Guisado-Parra | SWIFT | 🗸 |

# Approval of May Meeting Minutes

Post meeting, answers to questions from NL and SG has been added by Jacques to the CA268 Narrative open item. No other comments received.

Minutes are approved.

# CA278 Sample for usage of PRFC / NWFC in INT and redemption

NMPG feedback on the following proposal make at the La Hulpe Meeting in April i.e. “*Make the US MP for PRFC / NWFC as in the attached document the global CA MP”*.



* Agree: **ZA, US, ES, SE, FR, JP**
* Do not agree: -
* No events like this / No opinion: **NO**
* No Feedback yet: XS, UK, DE, BE, CH, MDPUG,

**Actions**:

1. Elena/RU: To review the US market practice and revert at the next call on whether it is sufficient for Russian needs.

# CA279 Claims and Transformations in the T2S context

The SMPG change request submitted on Market Claims and the business scenario are discussed. This is the feedback provided:

The German market questions the CR and the process to produce it and argue that the solution should have been more discussed in the group and eventually with the SnR WG.

The Swiss market is rather more in favor of combining an MT548 with an MT566 as a solution.

Nevertheless, the SMPG has also received very strong positive feedback on the Business scenario and proposed solution from the European CA-JWG. The solution is effectively based on the fully automated UK (Crest) existing solution that works very well today and that was discussed with the group at the last La Hulpe Meeting in April.

In Japan and in RU, sub-custodians currently do not provide any assistance with market claims, the process is purely bilateral between the trade counterparties.

**Actions**

All Markets which are not part of the CA MWG are encouraged to provide feedback or alternative potential solution in writing, before the MWG meeting (or preferably for next Call on July 23) to allow for as much input as possible to the MWG discussions.

# CA284 MP for amounts larger than 15d

A decision for a new market practice was made some time ago, but an issue was identified with the posting amount (PSTA) which is of course a mandatory field in a CASHMOVE sequence in the MT566 and for which the proposed market practice does not work.

**Action:** The GMP1 SG is requested to propose another solution for the SMPG to review.

# CA285 FDIV / PDIV usage

The item was postponed to the next call since Jean-Pierre could not attend the call. The item is also on the GMP1 SG July 24 conference call agenda.

The input provided by Jean-Pierre for the meeting is attached below:

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**Actions:**

1. GMP1 SG to propose a new MP on PDIV to the WG.

# CA293 Add Interest Period Inclusive or exclusive indicator ?

Ben has sent Jacques input for the NL market. Remaining NMPGs are reminded to provide their input.

After some discussion of the pending action 2 (harmonization of the various national market practices), it was decided to put this action on hold. Since markets cannot agree on whether the end date in INPE is inclusive or exclusive, any possible harmonisation is likely to require a standards change (like transform the period into a first date and last date) forcing harmonization.

**Action:**

1. DK, CA, GR, KR, ES, US NMPGs are reminded to provide their input to the INPE tab in GMP2

2. Jacques to remove pending action 2 for now

# CA298 Capital Gain - cash distribution components

The item has not yet been discussed by the GMP1 SG, but is on its July 24 conference call agenda.

**Action:** GMP1 SG to find back the last email sent by Sonda on this topic and draft a new 9.22 section text in line with the US market practice.

# CA305 MT567 for Late and Accepted Instructions

NMPG feedback on the proposed MP: *“in the MT567 section, only one status sequence may be included in an MT567, though more than one reason may be included if needed and applicable”:*

* Agree: UK, BE, CH, ES, SE, FR, JP
* Do not agree: -
* Abstain: MDPUG (not concerned)
* No Feedback yet: ZA, XS, RU, NO, DE, US

**Actions**: Remaining NMPGs to provide feedback at next call

# CA306 Which Event for Redemptions on ELN without any payments

NMPG feedback on whether they prefer to use REDM or WRTH with Option LAPS:

* REDM: ES, FR
* WRTH: RU, JP
* No Feedback yet: ZA, XS, NO, UK, BE, CH, MDPUG, US
* Cannot agree (yet?): SE, DE
* **Actions**:

**1**. Remaining NMPGs to provide feedback at next call

2. Christine to provide ELN examples to Laura

# CA309 Distributions of interest on net equity in BR (Q from MDPUG)

Question from MDPUG: Which event code to use for the BR event described in the attached document (DVCA, CAPD, INTR…?):



After some discussion, since equity should not be used with INTR, the SMPG recommendation is to use the DVCA code if the distribution is, from an investor tax perspective, treated as a “normal” dividend and If the investor receives the distribution free of tax, or with a reduced tax rate, the CAPD code should be used.

**Action:** NMPGs are requested to provide feedback on the above proposal by the next conference call.

# CA310 Questions on REPE and Oversubscription (Q from ZA)

Question received from Nita David (ZA):

*Q1. Must an updated REPE message always contain the previous options (with a past pay date) or can the options be stripped out if pay date for those previous options have been processed?*

WG Answer: If the MT564 REPE is not a CAPA message, all the options should be kept in all cases. If the message is a CAPA message, only the details of the advised payment are needed. However, the MT564 is not an ideal message for this purpose since the CAPA is embedded in the 564 (unlike ISO 20222 where we have a separate CAPA message seev.035), and some difficulties may occur regardless.

*Q2. How do other markets process the OVER option?*

WG Answer: The method of processing over-election differs between markets; hence there is no global market practice on how to format the information.

*Q3. What option should be utilised when LAPS rights are auctioned and shareholders receive cash proceeds? Can a CASH option be utilised on a call on rights (EXRI) event in this scenario or would the correct process be to load another event type with a cash option. If another event is to be loaded then what is the most appropriate event type to be utilised?*

WG Answer: Do not use LAPS, since the rights are not lapsing. CASH can be included in an EXRI event, as part of local market practice (see the Swedish country column for EXRI in EIG+) when the issuer compensate the non-exercised or sold rights.

# AOB

1. Delphine raised via email a few days ago a question on the cancelation of a CAPA message and should be looked at the next call. The question was:

In case of CAPA cancellation because the eligible position has gone to zero, should the MT564 contain:

* message function CANC
* ELIG//0
* ENTL//0

OR should it be the copy of the previous MT564 REPE (with ELIG and ENTL <> 0) and message function CANC?

**Action**: Jacques to add an Open Item and put at the agenda of next call July 23.

2. Veronique mentions a rumor raised at the BE NMPG saying that the Spanish market (Iberclear) would change the way they announce events with tradable rights. They will move to a two-event process, but have said that they intend to always use RHDI-EXRI, no matter what the nature of the second event is (DVOP, BONU, or others) which is non-compliant with the Standards and SMPG MP.

Has anyone else heard the same story ?

**Action**: Diego Garcia will liaise with Iberclear and will revert to the group.

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