

SMPG - Corporate Actions

Telephone conference Minutes

12 December, 2017

FINAL Version v1.0 – January 31, 2018

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**Attendees**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AU | Ms. | Narelle | Rutter | BNP Paribas | 🗸 |
| BE | Ms. | Véronique | Peeters | BNY Mellon |  |
| CA | Ms. | Ariane | Bienvenu | TMX |  |
| CH | Mr. | Michael | Blumer | Credit Suisse | 🗸 |
| DE | Mr | Schaefer | Daniel | HSBC | Excused |
| DK | Ms | Ravn | Charlotte | VP Securities A/S | Excused |
| DK | Mr. | Hattens | Randi Marie | 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 | Klak | Statestreet | 🗸 |
| GR | Ms. | Angela | Katopodi | Eurobank |  |
| IT | Ms | Deantoni | Paola | SGSS spa |  |
| JP | Mr | Hideki | Ito | Mizuho Bank | 🗸 |
| LU | Mr. | Bernard | Lenelle | Clearstream | 🗸 |
| MDPUG | Mr. | Peter | Hinds | MDPUG / Interactive Data | 🗸 |
| MDPUG | Ms. | Laura | Fuller | Telekurs | 🗸 |
| NL | Mr | van der Velpen | Ben | ING Bank N.V. | Excused |
| NO | Mr. | Alexander | Wathne | Nordea | 🗸 |
| PL | Mr. | Michal | Krystkiewicz | CSD of Poland (KDPW S.A.) |  |
| RU | Ms | Elena | Solovyeva | ROSSWIFT | 🗸 |
| RU | Ms | Sofia | Prokofeva | Rosbank |  |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
| SG | Mr. | Jyi-Chen | Chueh | SC |  |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
| UK & IE | Mr. | Matthew | Middleton | LSE | 🗸 |
| US ISITC | Mr. | Steve | Sloan | DTCC | 🗸 |
| US ISITC | Mr. | Paul | Fullam | Fiserv | Excused |
| US ISITC | Mr. | Matthew | Schill | DTCC |  |
| XS | Ms | Haillez | Delphine | Euroclear | Excused |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
| ZA | Mr. | Faizal | Chopdat | Standard Bank |  |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC |  |
| SWIFT | Ms. | Mabel | LU | SWIFT APAC (representing TW Market) |  |

# November 7 Meeting Minutes Approval

Additional comments on the open items addressed have been received from Germany (Daniel), Russia (Elena) and Spain (Diego). Those additional comments appear in track changes in the final version of the November minutes in the following open items: CA315, CA366, CA367, CA373, CA383.

November minutes are approved with these additional comments.

# CA279 Claims in the T2S context

The White Paper has been sent by Christine/Bernard/Jacques in the last week to the following organisations/institutions that had been identified for endorsement: T2S CASG, CA JWG, ECSDA, AFME, EBF, AGC, EACH, DTCC, SWIFT.

**Action**: SMPG CA WG: to create a BJ for new ISO 20022 messages once we get the endorsement of the relevant groups (medium term).

# CA315 Extending CA MPs to ISO 20022

Status Action 1: Feedback on GMP1 ISO 20022 enabled:

AU, CH, LU, US in addition to SE, DE, FI, ES support the new ISO 20022 enabled format.

Status action 4: Equivalence of the “:23G:ADDB” function in ISO20022:

This corresponds to the seev.035 (CAPA) message with the additional business processes “Claim or Compensation” (CLAI), or Tax Refund (TAXR) or Reversal (REVR).

Section 3.2.3 of GMP1 has been updated accordingly.

**Actions**: The Tax SG to look at how to tax cash dividend events and reinvest on cash dividend events in the context of an omnibus account.

# CA354 Market usage of "QINS//QALL" on field 36a of MT565

Jacques has updated section 5.3 in GMP1 based on the decision taken in Dublin.

The WG agrees with the updated section 5.3.

**Action**: Open item can be closed.

# CA366 Voluntary Rolling Event - Review GMP1 Section 2.2.5

Outcome of Luxembourg meeting (applies to BPUT, EXWA, CONV):

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Scenario** | **:22F::CONV** | **:22F::DITY** | **:98a::PAYD** |
| **1** | One event, one CORP, conversion at any time during the instrument life cycle. Payment at instruction date + “x” day(s) | - | **ONGO** | **ONGO** |
| **2** | **Conversions during pre-defined periods (ex. Quarterly)** |  |  |  |
| **2a.** One event, one CORP, several opportunities to convert at fixed dates, Announcement replacement (REPL) after each payment with new dates | - | **ROLL** | **UKWN** (until date known)  or **YYYYMMDD** |
| **2b.** One new event per period (multiple events, multiple CORP). | **INTE** or  **LAST** (for final event) | - | **UKWN** (until date known)  or **YYYYMMDD** |
| **3** | One-Off / Trigger / Ad-hoc event | - |  | **UKWN** (until date known)  or **YYYYMMDD** |

GMP1 SG did not yet review section 2.3.5.

Christine will make some proposal for rewriting this section in GMP1 summarizing our decision from Luxembourg here above before end of year. Eventually this section 2.3.5 could be removed and replaced by a new section in Chapter 9 instead.

FR Question (Jean-Pierre)

For EXWA, is it possible to give a fixed PAYD for the LAPS option (and ONGO on the rest) since in FR, it is possible for the investor to instruct on LAPS at any time but the debit will occur at the end on a defined date.

Example:



The WG agrees but in that case a response deadline and market deadline must be present in that LAPS option.

Bernard’s comment:

Bernard noticed in the SMPG Templates document that for some events with NOAC option, sometime deadlines are provided and sometimes they are not.

**Decision**: The WG agrees that we should remove the deadlines in all NOAC options.

**Actions:**

1. Christine: to send to Jacques proposal for GMP1 new section in Chapter 9 before end of year ready for the “SR2018 MP Draft version.
2. CR on the :22F::CONV definition update to be prepared for SR2019.

# CA367 INTP and OFFR usage with multiple payment Currencies



Jacques mentions that there was still a pending question remaining in the input provided by Delphine (here above) in the REDM MAND event with payment in multiple currencies. The redemption price :90A::OFFR is not in line with our recommendation on CA333 from the Helsinki meeting to use 90J in case of MAND REDM when the payment currency is different from the denomination currency.

For Bernard, there is no issue any more. Both can be used.

For PRFC into INTR in the EIG, Bernard will provide one sentence to be added in the EIG justifying the presence of PRFC.

**Action**:

1. Bernard: to provide a sentence to be added in the EIG+ INTR to justify presence of PRFC.
2. GMP1 SG: to provide new GMP1 section on the decision taken on this open item for multiple payment currencies.

# CA375 SR2018 - GMP Part 1,2,3, Samples Updates & MPs Summary of Changes

1. **SMPG Template review status:**

NO Change - Feedback received from: SE, MDPUG, UK, FI, ISITC, ZA, LU

Questions received from DE (see below)

Remaining input: Alex, Ben, Delphine, Jean-Pierre, Véronique

1. **Questions from DE (Daniel) on DVCA MAND / DVCA CHOS with Currency / RHTS CHOS**

b1. Cash Accounts   
While looking into the DVCA-CHOS, we saw that cash account numbers were missing in the CASHMOVE Block. We were in agreement that our clients would not accept that, especially in case of the currency options. We then also added the cash accounts in the DVCA MAND, where we believe it makes a lot of sense since the example is a CAPA message.   
We noted, however, that there is NEVER a cash account in any of the examples, so we want to put this up for discussion.

WG Answer: DE to raise an open item if they want to discuss an MP on the presence of Cash Account in the cash move sequence.  
  
b2. RHTS CHOS   
Are there still markets using this, at all, or should we remove the template?

WG Answer: RHTS is still seen in the market by the MDPUG. Therefore better to keep it in the document for now.  
  
b3. SECMOVE in RHTS CHOS   
There as SECMOVE and CASHMOVE Blocks under option 1, but not under the other options.   
We suggest adding the SECMOVE at least under option 2 LAPS, since it is the default option.

WG Answer: This needs to be discussed and NMPG feedback should first be provided. However this should not apply for RHTS since the underlying security lapses and not the intermediary one.  
  
b4. BUYA and SLLE options   
Many banks have recently announced that they will cease to offer BUYA and SELL options for rights.   
In the German market, only few subcustodians will continue to offer these options.   
According to the SMPG Global Market Practice Part 1 page 84 states:  "5. Buy and Sell options are dependent on the SLA as strictly they are added by service providers rather than being part of the event.", so if an account servicer doesn't offer the options they should not be in the message (from our perspective) rather than being stated with "NOSE".   
  
We are therefore currently discussing, if we want to remove BUYA and SELL options from our local market practice, since they will not be standard anymore from a German subcustody perspective.   
Just want to put it out for discussion to the SMPG, if the options should be stated in the Global MP (would then be the same for all events with rights).

WG Answer: BUYA and SLLE are optional in the EIG+ and also tagged as “Account servicer” options. This is reflected in the templates and show how it could be used. No need to remove them.

1. **EIG+ CC**

FI – No Updates

SE – No updates this year

DE – No updates this year

ES – No updates this year

RU – updates provided

UK/IE – Updates provided

ZA – Updates provided

1. **EIG GG**

The EXWA event needs to be reviewed slightly to remove the “European/American/mixed” styles as it is not relevant in that table and the comments column for this event reviewed as well.

Christine will do this before end of year.

1. **GMP Part 1:**

The following sections have been updated into the document:

Section 2.2 (MT/MX table), 3.2.3 (ADDB), 3.2.4 (CANC), 3.2.5 (REPL or REPE), 3.11.10 (Event Options) removed, 5.3 (QINS), 5.6 (QCAS), 8.8 (DEVI)

Remaining tasks for GMP Part 1:

CA366 - 2.2.5 Rolling Event (Christine to provide input)

CA367 - INTP and OFFR usage with multiple payment Currencies (GMP1 SG to provide input)

1. **Summary of new SR2018 MPs**

Christine has provided a first draft. It will be finalised by Jacques before publication taking the latest inputs into account.

The sections on the new TNDP and CFI MPs will be removed for now in the draft version since it will be coming later 1Q 2018.

Steve and Narelle will work on that in January.

**Actions:**

1. Alexander, Ben, Delphine, Jean-Pierre,Véronique to review their assigned **Event Samples** as per the list in the “Open Item” file in tab “CA Event Templates list” and provide updates input to Jacques ASAP.
2. Christine to provide input before end of year on:
   1. the new Rolling event section
   2. EXWA GG event.

# CA377 WITH vs CANC function

Section 3.2.4 in GMP1 has been rewritten to reflect what was decided in Luxembourg.

**Actions: Close item.**

# CA383 Fast Track Maintenance Process

An ER is submitted for the SWIFT Board meeting in December (this week) and will very likely be fully approved. Further restrictions on the usage of this fast track process have been clarified for the ER version.

**Action**: Close item

# CA385 MiFID II and Impact on the GMP1 / Templates about BUYA/SLLE and MT566 section 9.1.6 (sales of rights)

Input document from UK:



For BUYA/SLLE option question, see decision taken in CA375 b4 here above.

For the question on MiFID, the section 9.1.6 needs indeed to be reviewed to clarify the market practice in light of the MiFID2 directive.

**Action**: Christine to provide input for amending section 9.1.6 (sales of rights) section in GMP Part 1.

# CA386  Updated QCAS MP

Input document from UK:



The new MP is fine except the position of the “,” coma in the amounts which is erroneous.

**Action**: Matthew to fix the MP document and resent to Jacques for publication on SMPG web site.

# Question from MDPUG on Brazilian Distribution

**Input from MDPUG on Brazilian Distribution**

The issue is to have the ability to identify the different types of distributions in the MT564.  The different types are:

* Dividendos
* Rendimento do Dividendos
* Juros Sobre Capital Proprio
* Rendimento do Juros

These different types of distributions may also be announced in Mexico and Colombia.

The output of Juros Sobre Capital Proprio was discussed by the SMPG in 2015 and the conclusion was that this should be announced as a DVCA (or CAPD if free of tax), so there is no way of indicating that the rate is Juros and not Dividendos.

The Rendimento rates are adjustments to the Juros or Dividendos rate.  I believe these have fairly recently started to be announced in Brazil as a separate figure.  We do not currently announce the Rendimento as a separate rate in the MT564, but simply update the Dividendos/Juros rate to reflect the adjustment.

Attached, some additional information and example announcements:



The WG had not the time to address this topic.

It will be added as the first item on the January meeting agenda.

# AOB

None

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