

SMPG - Corporate Actions

Telephone conference Minutes

11 December, 2018

Final Version v1.0 – January 23, 2019

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**Attendees**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| AU | Ms. | Narelle | Rutter | ASX | Excused |
| BE | Ms. | Véronique | Peeters | BNY Mellon | 🗸 |
| CH | Mr. | Michael | Blumer | Credit Suisse | 🗸 |
| DE | Mr | Schaefer | Daniel | HSBC | 🗸 |
| DE | Mr | Melchior | Hendrik | State Street Bank International |  |
| DK | Ms | Ravn | Charlotte | VP Securities A/S | Excused |
| DK | Mr. | Hattens | Randi Marie | VP Securities A/S | 🗸 |
| 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 |  |
| HK | Ms. | Philippa | Morris | JP Morgan |  |
| IT | Ms | Deantoni | Paola | SGSS spa |  |
| JP | Mr | Hideki | Ito | Mizuho Bank | 🗸 |
| JP | Mr. | Arata | Kazunori | Mizuho Bank | 🗸 |
| LU | Ms. | Catarina | Marques | 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 | Excused |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
| SG | Mr. | Jyi-Chen | Chueh | SC | Excused |
| 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 | 🗸 |
| XS | Mr. | Lambotte | Jean-Paul | Euroclear | 🗸 |
| ZA | Mr. | Sanjeev | Jayram | First National Bank | 🗸 |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |
| SWIFT | Ms. | Mieko | Morioka | SWIFT APAC |  |
| SWIFT | Ms. | Mabel | LU | SWIFT APAC (representing TW Market) |  |

# Approval of November Meeting Minutes

No comments were received on the draft minutes of November conference call.

Minutes are approved.

# CA378 TNDP MP and TNDP Indicator DSS Usage



Narelle has cleaned up the draft TNDP market Practice (attached here above) and sent it to Steve.

The following questions have been raise by Laura (MDPUG) on the TNDP MP on Derivatives and Options instruments:

Q1) Please can you just confirm that you are going to remove the following statement from the MP?

*“****Limitation of uses –*** *While applicable for global events (e.g. Australia)**Deemed Rate should not be used in the U.S.  The applicable rate would appear on the MT564 / CANO (for example GRSS for cash dividends).”*

The “DEEM” Qualifier is present in the 564 examples for 871m and 305c and you said on the SMPG call that the US did plan to use this Qualifier.

Q2) Also, in the 564 examples for 871m and 305c this is shown as:

:92A::DEEM//USD0,1328

I think it should be:

:92**F**::DEEM//USD0,1328

Please can you amend?

Q3) I am concerned about the part of the Market Practice that states:

*“Please note that for 871m events, corporate action messaging is not recommended for derivatives or options.  The notice of the 871m event needs to be triggered by another corporate action event that has a DEP impact.  For example an Exchange Traded Note linked to a Cash dividend on a common stock.”*

A DEP is triggered by a corporate action on an underlying security for derivatives and options, so I don’t see the distinction.

Is this statement just saying that the DTCC will not announce these events on derivatives?  In that case I don’t think it should be included in the Market Practice, or should be more explicit.

Please can you comment?

Q4) The “ITYP” Qualifier – Type of Income – is not included in the example messages.  Is this needed?

Steve indicates that there will be in any cases no TNDP events sent by DTCC on derivatives and options since there are not in custody.

**Action**: Steve to review the questions from Laura and provide updated TNDP MP before next call.

# CA389 Brazilian Distributions

Not addressed due to lack of time.



**Action:**

**1.** Paul will email Laura and ask if she reached out to Ana, as per the pending actions

2. Ana Abidor to revert with BR SMPG feedback.

# CA391 Identify which line of Multi-listed Securities on a Notification

Feedback from DE (Daniel):

From a German market perspective, these three following open items are linked.

In CA391, the SMPG suggests “using the PLIS (Place of Listing) connected to where the securities is safe-kept” in a notification.

In CA403, the request is to use the Place of Safekeeping in addition to the CORP, the SMPG does not seem supportive, while we explicitly support the request.

In CA409, the SMPG is suggesting to remove a section on the Place of Safekeeping, which had actually allowed to use this as a distinguishing field, instead of using the COAF/CORP.

The German NMPG explicitly supports the usage of the Place of Safekeeping to identify different safekeeping locations in connection with the notification and instruction throughout the chain of messages, starting with the notification, the instruction, instruction status and statement messages; especially in the context of T2S, where using a different COAF per investor CSD is not allowed. If a security is held in T2S by an account servicer with the issuer CSD and an investor CSD, the account servicer is supposed to use the same COAF. However, options and deadlines for voluntary events will differ.

The place of safekeeping should then be used, as is already market practice, in connection with section 3.8.2. of GMP1 and as requested by Véronique. Therefore we suggest under all three points to use the Place of Safekeeping, rather than the Place of Listing or the COAF.

A solution for CA391, CA403 and CA409 should be found that allows the usage of the Place of Safekeeping alongside the COAF and CORP at least in T2S markets.

* Germany would also like that the GMP1 document clarifies when and how to use the “Place of Listing” element versus the “Place of Safekeeping” element.

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

# CA398 GMP1 – Full revamp of section 10 on Market Claim



Mike suggests in the updated MP to have the MKTC amount as optional and to link its usage to the presence of the ADDB//CLAI Indicator.

**Actions:**

1. Mari to update the draft MP accordingly.
2. NMPG’s are requested to discuss and revert on the above proposal.

# CA400 Scheme of Arrangement

Jean-Paul’s updated document



Jean-Paul will contact Sanjeev off-line to discuss ZA comments on CA400.

The topic will be addressed and hopefully closed at the January meeting.

The UK & IE NMPG will discuss the issue related to the complex event tab on EXOF at their next meeting.

**Action:**

1. **Jean-Paul** to contact Sanjeev to see what was the feedback from ZA.
2. The UK&IE NMPG will have a look at the Complex Events Tab for EXOF and revert.

# CA403 Multi-Deposited Securities and COAF / CORP / SAFE in the MT565

Véronique confirms that Place Of Safekeeping should not be removed from the proposed paragraph in section 8.1.2.7 since it will allow to differentiate in the instruction between events having the same CORP similarly to the notification message.

**Action:**

1. Véronique to update the document accordingly.
2. Remaining NMPGs are requested to review the input document and revert.

# CA405 New flag for securities being Blocked

Not addressed due to lack of time.

# CA406 Add MITI to the MT566 ?

Jacques’ colleagues expert in SnR recommended to use the PREV reference an other alternative could be to use the Processing Reference in the Mt566 ?

**Action:**

1. Remaining NMPGs are requested to discuss the addition of MITI to the MT566 and seev.036 and revert by the next conference call.

# CA409 GMP1 Section 3.8.2 on Place of Safekeeping to be clarified

The WG discusses further the removal of the MP in section 3.8.2 in GMP1 since section 3.8.2 and 8.1.2.9 contradict each other.

BE, CH, DE, DK, ES, FR, LU, SE, UK, XS, ZA agree with the removal.

**Action:** Jacques to remove the section in GMP1.

# CA413 AMI SeCo CMH-TF CA Thread Update

An additional set of 9 documents from the CMH CA Thread on specific issues have been provided to the SMPG for review with a deadline for December 14.

The 9 documents are attached here below:



Christine, Mari, Paola, Catarina, Jean-Paul and Jacques are in contact with the CMH CA Thread Chair.

It was decided to request to the CMH TF CA Thread an extension of the deadline for review to February 2019.

**Action**: Jean-Paul to draft some proposals for answers to Gary McNamara on the issues related to SMPG MP scope.

# CA414 Usage of the Contractual Payment Indicator in MT564 & 566

Not addressed due to lack of time.

**Action:** Christine will draft a brief version of use of CONT (and when not to use it) along the lines of “*CONT should be used only when there is a contractual payment agreement on the account. If not, it should not be used.”*

# CA416 Announcement of DVOP / DRIP on Rights

**Post meeting comments received from DE (Daniel)**

The Dividend should be announced using the rights as underlying security, linking back to the RHDI.

Not addressed at the meeting due to lack of time.

**Action:** Further NMPGs are requested to provide feedback on the proposal and revert.

# CA418 SR2019 GMP Parts 1-3 & Templates Updates

Schedule of NMPG inputs:

**By December 3:**

1. Christine to send the Summary of SR 2019 MP changes
2. NMPG’s to send EIG+ Global Grid proposed changes (if any)

**By December 7:**

1. NMPG’s to send Country column updates (including “no changes”) to Jacques

**By December 31:**

1. Event template Responsible persons (see list below) to review and send Templates updates (including “no changes”) to Jacques with Track Changes
2. Christine to discuss with Mari if she can take over some event templates
3. New volunteers to maintain some of the Event Templates are welcome!

**Current Status**

1. SR2019 MP Changes: provided by Christine here below for review:

****

Note that most of the open items listed in the document are in Italics are they are not all yet completed.

1. **EIG GG, CC, Templates updates**

|  |  |  |  |
| --- | --- | --- | --- |
| **NMPG** | **EIG GG**  **Updates** | **EIG CC Updates** | **Templates** |
| CH | No Update | No Update | ? |
| DE | No Update | Yes | New updates |
| FI | ? | ? | No Update |
|  |  |  |  |
| NO | No Update | No Update | ? |
| SA | No Update | No Update | ? |
| SE | Yes | Yes | ? |
| UK& IE | No Update | No Update | No Update |

* FR input for January

**Actions:**

* Remaining NMPG’s to provide input for EIG GG or GG and Event Templates
* Jacques to add TNDP MAND Cash event in the GG and review the MP Summary doc.
* Jacques to update GMP3 with new reason codes created in SR2019.

# CA421 Presence of MKTC Amount in MC

No time left to address this item.

# CA422 SRD2 TF Progress Update

The TF is progressing steadily in the analysis of the SRD2 IR minimum requirements tables.

Tables 5, 6 and 7 will be covered in the remaining 2 meeting. All the other tables have already been covered and main questions sent to EC DG Justice last Monday.

The analysis of the IR minimum requirements and impact on the existing PV messages will be completed by the end of December.

Mari will start working on the ISO 20022 BJ for beginning of January for review by the TF.

# CA423 Usage of ADDB//ATFX

Mari suggests that the ATFX indicator means that the event is a reorganisation and that the transformation process will be automatically done.

**Action**: Mari to draft a market practice for next call in January.

# CA424 Details of foreign tax deduction and base of tax in MT564/566

Jean-Pierre reports that the topic was already discussed at the last Tax SG meeting on November 22 and that the recommendation is to us the TAXR and WITL as per the current existing market practice.

**Action**: The Tax SG to notify Japan of the answer.

# CA425 Usage of Index Factor for INT and Redemptions

Christine suggests that INTP should be the rate to be used for the calculation of the payment.

Since the topic is fixed income related, Jean-Paul will take over the action item of Christine.

**Actions**

1. Ask NMPGs how index factors are communicated. Is INDX at E level used? RINR (for INTR events) and NWFC (for REDM events) in D? Something else?

2. Jean-Paul to investigate if GMPP1 states/explains that OFFR/PRPP (INTP) is the one used to multiply with entitled nominal amount/quantity in order to get the entitled cash amount.

# CA426 Should WRTH in the GG be updated to include a record date?

Mandatory reorganisation requires a record date and this is missing for WRTH.

Record date will be the date at which the securities lapse.

The proposal is approved by the group.

**Action**: Jacques to add the Record date to EIG GG.

# AOB

None

**Next Conference Call:**  22 January, 2019 from2:00 to 4:00 PM CET

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