

SMPG –

SRD II Task Force –

Kick off meeting –

20 November 2018

Version v1.0 – 4 December 2018

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**Attendees**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **NMPG** |  | **First Name** | **Last Name** | **Institution** | **🗸 = Present** |
| BE | Ms. | Véronique | Peeters | BNY Mellon | 🗸 |
| DE | Mr | Daniel | Schaefer | HSBC | 🗸 |
| DK | Mr. | Anders | Aagaard Laarsen | VP Securities A/S | 🗸 |
| DK | Ms | Charlotte | Ravn | VP Securities A/S | On the phone |
| ES | Mrs | Diego | Garcia | DB | 🗸 |
| FI | Ms | Sari | Rask | Nordea Bank Plc | 🗸 |
| FR | Mr | Ilyas | Alikoglu | BNY Mellon | 🗸 |
| FR | Ms | Chantal | Sebile | Soc Gen | On the phone |
| IT | Ms | Paola | DeAntoni | SGSS spa | 🗸 |
| LU | Ms. | Catarina | Marques | Clearstream | 🗸 |
| LU | Ms. | Ioulia | Petti | Clearstream | On the phone |
| NL | Mr | Danny | Koenes | Rabobank | 🗸 |
| NO | Mr. | Alexander | Wathne | Nordea | 🗸 |
| PL | Mr | Leszek | Kalokowski | KDPW | Excused |
| SE | Ms. | Christine | Strandberg | SEB | 🗸 |
| UK & IE | Ms. | Mariangela | Fumagalli | BNP Paribas | 🗸 |
| XS | Mr. | Jean-Paul | Lambotte | Euroclear | 🗸 |
| SWIFT | Mr. | Jacques | Littré | SWIFT | 🗸 |

# Meeting Agenda

Proposed agenda:

1. *SRD II TF meeting Opening/Introduction (CA WG Co-Chairs/Jacques)*
2. *Attendees introduction*
3. *Review agenda of the day*
4. *Objectives / Deliverables / Overall project Timeline / ISO dev. process (CA WG Co-Chairs/Jacques)*
5. *TF Webex calls schedule*
6. *Shareholder Identification – Business case explained and overall Information Flow  (Mari)*
7. *Business Modelling (Roles/Actors, Business Processes, Activities/Transactions)*
8. *Message Modelling – Message flow / Data elements requirements / Overall message structure*
9. *Work on ISO 20022 Business Justification Document sections (Draft)*
10. *Wrap up*
11. *Summary of Action Items and Next steps*
12. *AOB*.

# Objectives of the task force

The objective of the task force is to review the tables in the Annex of the implementing regulation and identify:

* any new ISO 20022 message required, and
* any change request to existing messages.

The task Force members agreed and confirmed that no new ISO 15022 messages will be created for this purpose.

# Next Conference calls Schedule

Next conference calls will be scheduled on:

29 November at 10 am CET

5 December at 10 am CET

13 December at 10 am CET

18 December at 10 am CET

# Shareholder identification – request – table 1

Two options were identified

1. Re-utilise a minimised version of the Corporate Action Notification, seev.031, CANO message (including the cancellation advice – seev.039)
2. Request a new ISO20022 message

**Action – NMPG: to provide feedback on the preferred option**

The elements contained in table 1 have been mapped as follows:

* 1. Specification of the request
     1. field one – COAF – if we reuse the CANO, the CORP should be maintained and use either NONREF or a valid reference (to be finalised in the market practice);
     2. field two – event type – creation of new CAEV dedicated to this disclosure type (change request needed). To be treated as a mandatory event with no options;
     3. field three – scope of the request – Optional indicator element to be put in the corporate actions details – to be populated with YES if present (change request needed);
     4. field four – ISIN
     5. field five – record date
     6. field six – issuer deadline (change request needed);
     7. field seven – threshold (change request needed);
     8. field eight – flag Y or N. If Y, then we need to have a method for calculation (narrative) – (change request needed);
  2. Specification regarding the recipient to whom the response must be sent
     1. field one – new party (change request needed) + NVR to ensure this is populated for this CAEV + option as LEI and prop
     2. field two – we add the name in the party field
     3. field three – we add the address in the party field with multiple options

The structure of the message will be something on the line of:

SEME reference (located in the BAH in ISO 20022)

notification type ->restricted to NEWM + REPL + CANC + WITH

processing status -> restricted to COMP and CONF

CORP -> NONREF

COAF

Event type – to be created

Mandatory event type – MAND

ISIN

Account details – GENR

Balances not to be opened

*Corporate actions details*

Dates – Record date

Issuer deadline – to be created (SRD II specific)

Securities quantity – threshold quantity – to be created (SRD II specific)

Date from which the shares have been held – to be created (SRD II specific) with value Y and then a network validation rule need to be implemented to ensure a narrative (COMP) is there

party – new party to be created (SRD II specific) and then a network validation rule need to be implemented to ensure this field is present and populated for the CAEV + option available are LEI and prop code (mandatory) + name (mandatory) + address (web/BIC/email address/postal address field/narrative)

# Shareholder identification – response – table 2

Two opinions are currently under discussions:

1. the response is to be provided by the intermediary in the chain that has it to the entity indicated in part B of the shareholder identification request
2. the response is to be provided by each intermediary to the one ahead in the chain

As we didn’t have consensus on one of the two options, a question will be asked to the European Commission (see point 7 for further details). In the meantime, we concentrated on option a as the one supported by the majority of the people in the room.

A new message in 20022 will be requested. The elements contained in table 2 have been mapped as follows:

1. Specification of the request
2. field one – COAF
3. field two – SEME (located in the BAH in ISO 20022)
4. field three – event type – same as in table 1
5. field four – ISIN
6. field five – record date

After a long discussion, it was agreed that the need of field six and seven was not clear and different options were possible:

**Option 1a – we send one message for each account the intermediary has with the intermediary up the chain + we keep field six and seven in sequence B**

**Option 1b – we send one message for each account the intermediary has with the intermediary up the chain + we keep field six and seven in sequence B + we amend sequence C by adding the account number of the holder in the books of the responding intermediary**

**Option 2a – we send one message per intermediary + we move field six and seven in sequence C**

**Option 2b – we send one message per intermediary + we move field six and seven in sequence C + we amend sequence C by adding the account number of the holder in the books of the responding intermediary**

1. Information regarding shareholding by responding intermediary
2. field one – a new party field that should allow LEI and proprietary code
3. field two – same as above with the NAME option
4. field three – total holding balance
5. field four – own account holding balance (sub-balance)
6. field five – client account holding balance(sub-balance)

the sum of d and e needs to be equal to c

1. field six – a new party field (account servicer) that should allow LEI and proprietary code
2. field seven – SAFE (we stick with the ISO standards) linked to the party in field six
3. Information held by the responding intermediary regarding shareholder identity
4. field 1a – a new party field (shareholder party – legal entity) that should allow LEI, proprietary code, BIC
5. field 1b – a new party field (shareholder party – natural person) that should allow MIFID/MIFIR codes (NPID or CONCAT) – look at the MIFIR reporting ISO messages – issue on joint account to be discussed further (see questions to EC)
6. field 2a and 2b are under the same logic as 1a and 1b – using the MIFIR reporting ISO messages
7. field 3 to 9 – using existing ISO codes
8. field 10 – new qualifier
   1. O = prop account of the intermediary
   2. N = another intermediary
   3. B = prop account in our books
   4. U = ?
9. field 11 – held quantity/balance
10. field 12 – initial holding date (optional) – it should be a date or UKWN
11. field 13 – new party to be created with the same options as 2a/2b above
12. field 14 – as per options as 1a/1b above
13. new field – SAFE to indicate the account number of the holder in the books of the responding intermediary

The element in yellow is not present in table 2 but the group agreed it is needed. The element in green is not present in table 2, but is needed under option 1b and 2 b above.

# CA announcement – table 8

It was agreed that the existing CANO and MT564 messages already meet the requirements set by the EC. The elements contained in table 8 have been mapped as follows:

1. Specification of the corporate event
2. field one – COAF
3. field two – event type
4. field three– ISIN
5. field four – ISIN (in the movements, if applicable)
6. field five – WEBB narrative
7. Key dates applicable to the corporate event
8. field one – GUPA
9. field two – XDTE
10. field three – RDTE
11. field four – PWAL
12. field five – PWAL
13. field six – MKDT
14. field seven – PAYD
15. field eight – ECPD
16. Specification of the elections available to the shareholder
17. field one – CAOP

# Questions for the SRD II team at the European Commission

During the meeting, the following questions were raised to be addressed to the SRD II team at the EC:

1. Will you mandate the way the response should be processed [a) directly to the issuer/third party or b) along the chain] or will both models be allowed?
2. If the response needs to go along the chain:
   1. what validation should be performed by the intermediaries, if any?
   2. what if an intermediary doesn’t receive an answer?
   3. what acknowledgement need to be sent to confirm receipt of the answers?
3. How to ensure we meet art.10 obligations?
4. Various options have been identified for the response message (1a to 2b), which one should be implemented?
5. In case of joint accounts, what rules should we use? Country of issuance or country of residence?
6. If the interpretation is that the shareholder information is provided by the intermediary who owns the information (as per 3a.3), O should only be used by an intermediary who has commingled its assets in the same account to the one used for client assets. Is this assumption correct?

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