

SMPG –

SRD II Task Force –

Shareholder Identity

31 December 2018

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# Objectives of the SRD II task force

The objective of the SRD II task force is to review the tables in the Annex to the implementing regulation (<https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1546244107743&uri=CELEX:32018R1212>) and identify:

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

# Shareholder identification – request – table 1

Two options were identified

1. Re-utilise a minimised version of the Corporate Action Notification, seev.031, CANO message
2. Request a new ISO20022 message

NMPGs are to provide feedback on the proposal for usage of the CANO to trigger a shareholder identification request versus the creation of a new message in 20022 bearing in mind that a new messages could be available in May 2020 (see option 2 in the slide below) whilst the changes to the CANO will only be available in the SR2020, thus in November 2020.



**Option 1** – If we were to re-utilise the CANO message, change requests will be needed, as indicated in blue in the below mapping of the elements contained in table 1 of the implementing regulation (the changes would impact both the corporate action notification message – CANO – and the corporate actions cancellation advice message – CACA):

* 1. Specification of the request
     1. field one – COAF – as we reuse the CANO, the CORP should be maintained and use NONREF 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

**Option 2** – If we were to request a new ISO 20022 message, the structure of such message will be something as:

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 has been asked to the European Commission on the way they expect the flow to work.

In the meantime, we concentrated on option A, as the one supported by the majority of the countries who have published their draft transposition of the directive.

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
7. Information regarding shareholding by responding intermediary
8. field one – a new party field that should allow LEI and proprietary code
9. field two – same as above with the NAME option
10. field three – total holding balance
11. field four – own account holding balance (sub-balance)
12. field five – client account holding balance(sub-balance) – the sum of d and e needs to be equal to c

The need of field six and seven is not clear and different options are 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. 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
6. field 2a and 2b are under the same logic as 1a and 1b – we propose 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