

SRD2 Industry Steering Group

ISO Standard Message Development and Market Practice Task Force

- Terms of Reference -

(v2 – February 14, 2019)

Introduction

The ISO Standard Message Development and Market Practice Task Force's main role is to monitor and drive the scope and definition of ISO messaging solutions for the three areas covered by the Commission Implementing Regulation (EU 2018/1212) supporting the Shareholder Rights Directive II (EU 2017/828) i.e.:

- Shareholders identity disclosure;
- Proxy-Voting: the aspects of the implementing regulation covering the general meetings operational functions (meeting notice, entitlements, notice of participation, voting receipt, confirmation and counting of votes); and
- Notice of corporate action events.

The Task Force will ensure that the ISO messaging solutions are compliant with the requirements of the implementing regulation and that they are available to the industry ahead of the implementing regulation entry into force in September 2020, so that the industry has enough time for testing.

The task force will also monitor and drive the definition of market practices for the messaging solutions, if necessary and if not already defined by the SMPG (Securities Market Practice Group).

The task force acknowledges and supports the existence of an ISO 20022 Business Justification submitted in January 2019 to the ISO Registration Authority by SWIFT and the SMPG and for the development of a shareholder Identity disclosure messaging solution and also agrees to work with the existing ISO 20022 proxy voting and corporate action solutions to cover the 2 remaining areas.

Mandate of the Task Force

The responsibilities of the task force (TF) are as follows:

- To clarify/strengthen the business case of ISO messages change requests, if necessary.
- To collect and collate input/feedback from the member's local community (for NMPG representatives) or association (for industry association representatives) and to submit this input/feedback to the TF on the proposed:
 - ISO 20022 MCR (maintenance change request) document;
 - message design if requested; and
 - message market practices.
- To provide clear recommendations on the usage (and possible coexistence) of the ISO Standards in the areas covered by the directive.
- To review, discuss and validate all change requests in the ISO maintenance change request (MCR) proposal and market practice documents for the submitted and maintained ISO messages.

- The task force members to represent their market/country or industry association's view and not their own institution's view.
- To resolve any issues that may arise in the MCR, with the objective of reaching consensus¹ in the TF.
- The mandate of the TF is expected to last until the implementation of SRD2, so presumably until the end of 2020 so as to include a review of the actual implementation after the SRD2 deadline of September 2020.

Profile of the TF Members

The Task Force will primarily be composed of representatives from the NMPGs from EEA countries impacted by the Shareholders Rights Directive and of representatives from the industry associations that are part of the SRD2 Industry Steering Group. Each NMPG can nominate one representative and a backup person.

The TF is the main vehicle to submit, validate or reject the change requests based on the SRD IR document. In order to be able to achieve this, the group's members have been carefully chosen by their communities to ensure both global coverage and broad industry representation.

The members of the TF must be business operations experts with the ability to understand SWIFT and ISO messages at the detailed field level and/or be business experts in their field with a sound understanding of market practice.

The TF may decide to invite experts (for example, from service providers in the field) to participate in the TF, in order to complement the expertise of the group.

Meeting logistics

The MWG will be convened by the TF co-Chairs and facilitated by SWIFT Standards. Meetings are held either physically or by conference call. For the effective functioning of the TF, the number of members should not exceed 20-25 participants.

¹ Consensus: General agreement among the members of the TF and the process of getting to such agreement. The consensus process actively solicits the input and participation of all decision-makers with a view to resolving or mitigating the objections of the minority, to achieve the most agreeable decision. Consensus is achieved when no members oppose or block the proposal of the group.