Consolidated Meeting notes from SMPG Proxy voting working group

the proxyvoting sub committee discussed the meetingnotification message over two sessions (July 25th and september 19th). Below are the consolidated notes:

* **Amendment:** May not be specific enough. What is being amended and how does this differ from cancelling and re-sending? We should clarify using market practice guidance.
  + **Post Meeting Comment from SWIFT:**

There is no ambiguity here between amending or cancelling a message. This element works exactly like the “”:23G:REPL” (replace) function in the MT 564. As long as the meeting information is enriched, a new announcement message can always be sent to replace the previous one. This element informs about the fact that the announcement has been enriched and eventually that there is a need to confirm the instruction. Enriching the meeting announcement/ information does never require to cancel the previous message. On the other hand and similarly to the MT 564 CANC (cancel), the MeetingCancellation message can only be used:

- to cancel an event that has been withdrawn by the issuer

- to indicate a processing error (for instance the message has been erroneously sent to a client who has no holdings in that concerned security)

- to cancel an event due to the fact that the voting quorum was not reached.

* **Meeting > Attendance Required (Y/N):** There may be instances where this is not known when the MeetingNotification is being sent. We need the possibility of:
  + Having this flag as optional
  + If it remains mandatory, we need to indicate if this is unspecified or unknown
* **Meeting > Additional Procedure Details:** Within this block, there exists the possibility to add additional rights information (deadlines, thresholds etc) but nowhere to add any additional procedure per the title of the block.
  + **Post Meeting Comment from SWIFT:**

This generic name comes from the ISO20022 Change Request # U-001-SEC-2009 for the 2009 maintenance of the PV messages. The business rationale of the CR originates from the “Joint WG for General Meeting” in the following terms:

*The* ***JWGGM*** *requests to add in the message block ‘4.0 meeting` an "additional procedure field" a field to contain a description of specific rights that the shareholder has (e.g. the right to ask questions, the right to add items to the agenda or table draft resolutions), together with the deadlines for exercising these rights (mandatory by law), the conditions for exercising these rights and how these rights can be exercised (practical formalities). Whereas the list of rights is determined by law and therefore always the same, the deadlines, conditions and how to exercise these rights will differ on a case by case basis.*

* **Meeting Details > Date and Time:** Field requires Date **and** Time. It’s possible that the meeting time is not known (just the date) at the time that the MeetingNotification message is released. We need to allow presence of just Meeting Date or provide market practice guidance on what string to use in the absence of Meeting Time (i.e 235900).
* **Notifying Party:** This is a mandatory block and the only use case suggested by the group was where the Issuer or agent would want to include their details if they sent the notification in IOS format. The sender should be assumed as the notifying party – another party being sender on behalf of some other entity who would be flagged as the notifying party did not seem to make sense to the group. The block should not be mandatory or market practice guidance should define usage in more detail.
* **Security:** The group agreed this block was perhaps ‘over engineered’, however making changes to simplify the message would cause issues in terms of inconsistencies with the Corporate Actions standards. The preference was that we define usage through market practice guidance.
* **Resolution > Resolution Type:** Resolution type is mandatory within the optional Resolution block and is a choice amongst Extraordinary, Ordinary and Special. While there are examples of where you would want to flag resolution differently within the same meeting, in the main you would end up flagging all resolutions with the same resolution type. The group agreed that it made sense for Resolution Type to be optional.
* **Resolution > Submitted by Security Holder:** This is a mandatory yes / no flag. The group agreed that there would be instances where this would not be known at the time of the meeting announcement and therefore we would need to allow an ‘unspecified’ value, else make this an optional field.
* **Vote > Vote Market Deadline:** In some markets, deadline time is not explicit (for example ‘close of business’ or not specified. This field requires ISODateTime. Given the likely negative impact on other message standards (Corporate Actions) in changing this to allow ISODate, the group agreed that market practice guidance should be used to recommend how a market deadline should be stated using ISODateTime where there is no explicit time (for example use 23:59). Note: this applies to all other Vote Market Deadline types.
* **Vote > Vote with Premium Deadline:** Each Vote With Premium deadline (STP, Market) can appear only once, however for Bondholder meetings, Vote With Premium Deadline and Vote With Premium STP Deadline could require another instance to reflect early deadlines with difference incentive amounts. The group then discussed the view of the Corporate Actions group that Bondholder Meetings fall under the Corporate Actions Process. The contra view to this is that Custodians have a varying approach to whether their Vote Service Provider handles these meetings or whether they are handled by their own Corporate Actions teams. As such we would need:
  + A new meeting type or classification for Bondholder Meetings (classification is suggested)
  + Optional multiplicity for incentive deadlines and incentive amounts
* **Entitlement Specification > Securities Blocking Deadlines:** The group agreed that an STP deadline does apply to Blocking activities. There may be markets where blocking/unblocking will be applied differently based on STP versus manual processing.
* **Entitlement Specification > Entitlement Fixing Date:** Record date may be established at the start or end of the record date depending on jurisdiction. A field should be added to capture this data.
* **Entitlement Specification > Entitlement > Entitlement Ratio:** The choice needs to be expanded to add Entitlement Specification at the Resolution Level. In Russia, there may be different entitlements for different resolutions.
* **Power of Attorney Requirements > Other Documentation:** Definition to include deadline for submission.
* **Extension >:**  The purpose of this block is to allow attachment of a schema that is not yet agreed as the standard (may be waiting for future maintenance release). It is different than the Additional Information which is narrative only.

the proxyvoting sub committee discussed the meetingcancellation message during the meeting held on october 24th :

* **Message Cancellation:** Remove this block to match SMPG standard implemented after the XML message was created. If the meeting is valid, a MeetingCancellation message should not be sent. The message in only used to cancel events; messages are replaced. If the issuer cancels the meeting a Withdrawn code is used.
* **Notifying Party:** What is the purposed of this section? It would seem that the message sender is the notifying party – why is a block required in the body of the message? This block is optional.

the proxyvoting sub committee discussed the meetingInstruction message during the meeting held on october 24th :

* **Instructing Party:** What is the purposed of this section? It would seem that the message sender is the instructing party – why is a block required in the body of the message? This block is mandatory

the proxyvoting sub committee discussed the meetingInstruction Cancellation REquest message during the meeting held on october 31st :

* **Proprietary:** The definition of this tag does not make sense. We believe the purpose of the block is to provide a proprietary classification code to identify the meeting (e.g., Euroclear pariticipant)
* **Requesting Party:** What is the purposed of this section? It would seem that the message sender is the requesting party – why is a block required in the body of the message? This block is optional.
* **Identification as DSS:** We believe this references proprietary CSD code and think that the definition should be expanded.
* **Cancellation Guideline:** We think this definition should be expanded to add that if the optional blocks are used they must be identical to those in the message that is being cancelled.

the proxyvoting sub committee discussed the meetingInstruction Status message during the meeting held on october 31st :

* Use of message is pre-general meeting.
* **Instruction Type:** The standard is to have Instruction Indentification or Instruction Cancellation. We do not believe you can have both.
* **Reporting Party:** What is the purposed of this section? It would seem that the message sender is the reporting party – why is a block required in the body of the message? This block is optional.
* **Instruction Type Status > Instruction Status > Global Instruction:** Please confirm that this is intended for aggregate account level instruction status. If there are 10 accounts reported in the message, all 10 accounts are instructing identically.
* **Instruction Type Status > Instruction Status > Global Instruction > Processing Status > Status > COMP:** Expand this definition to recognize that it is only available in some markets. In Germany, the PACK provides confirmation by the Registrar. In Sweden, COMP may be used as physical attendance is still required at the meeting (activities to lodge instruction is pre meeting).
* **Instruction Type Status > Instruction Status > Global Instruction > Processing Status > Status > RCIS:** This message states that the instruction is confirmed by the issuer. Should the definition be modified? The actual action pre-meeting would be confirmation that the instruction was received by the issuer, not confirmed.
* **Instruction Type Status > Instruction Status > Rejection Status > Reason > Code > Rejected by Issuer/Registrar:** Need to add an underlying code to expand on why the issuer/registrar rejected the instruction or rule to use narrative additional information if this code is used.
* **Instruction Type Status > Instruction Status > Rejection Status > Reason > Code > Quantity Rejected:** Please confirm use – would expect to use this if the quantify format does not match (bonds may have different formats) and LACK would be used if the quantities do not agree. We do not feel that DQUA would be used.
* **CrossElementComplexRule : Reminder1Rule:** This would only be used if no instruction is received.

the proxyvoting sub committee discussed the MT567 Proposal during the meeting held on December 12th :

**Present:**

Les Turner                           ISS

Elizabeth Maiellano         Broadridge

Christine Strandberg      Sweden

Anja Traeger                      Germany

Jacques Littres                  SWIFT

George Harris                    JP Morgan

The purpose of the meeting was to provide an opportunity to present a proposal to increase the number of  qualifiers available on the MT567 message to facilitate greater transparency in the proxy voting lifecycle given the continued coexistence with the ISO20022 format messages.

George provided an overview of his proposal document and then opened for questions.

A number of challenges were considered and discussed, including:

·         Votes that are changed at the meeting – how would these be conveyed?

·         Some market specific processing requirements such as physical attendance and voting by acclamation in Nordic markets means that some qualifiers would only apply to certain markets.

·         Potential sporadic use could lead to more confusion over what is confirmed and what is not

·         Could be difficult to implement against a backdrop of varying client demand and expectation

It was acknowledged by the group that these challenges were not specific to the MT567 suggestion being proposed but rather was potentially a challenge to vote confirmation in general including the ISO20022 format.

Questions were also raised about whether there is an expectation that non-SWIFT users would be requested / expected to start sending these messages and or codes. George clarified that there is no request to change existing SWIFT workflow in that an MT567 must only be sent in response to a MT565 instruction message. Christine suggested that this be made explicit in the document to avoid misinterpretation if the document is passed on for further review.

Christine also requested that the flow chart entitled “Attendance Markets” be changed to more accurately reflect that the Appointed Representative would not be sending a message with the qualifier, rather they would send some other confirmation mechanism which the recipient of the MT565 (i.e. the local custodian) would interpret in order to send the appropriate qualifier on an MT567 back to the submitter. Update: Subsequent to the call, George confirmed that this was actually made clear on the diagram as the actors are clearly labeled at the top of the chart.

In summary, the group present agreed with the principle of trying to provide greater transparency using existing messaging given continued coexistence. Given the relatively low market representation on the call, the agreed next steps are:

* George will modify the proposal document as suggested above (make it explicit that the proposal is not intended to change the current message flow of MT564, MT565, MT567 etc) and will check to see if a formal change request form has already been completed using the relevant template
* George will discuss the proposal with the UK NMPG representatives to confirm that the proposal has UK NMPG support in order for the proposal to be considered further by the Proxy Sub-Group.

No time remained to review the next ISO20022 messages and these would be carried over to the next call.

the proxyvoting sub Group meeting held on January 8th 2013 was postponed until 23rd january due to insufficient representation given the importance of the rmenaining messages:

the proxyvoting sub Group discussed the meeting entitlement notification, meeting vote executoin confirmation and meeting results dissemination messages during the meeting held on 23rd january:

**Present:**

Les Turner                           ISS

Elizabeth Maiellano         Broadridge

Christine Strandberg      Sweden

Anja Traeger                   Germany

Jacques Littres             SWIFT

Jerry Travers US

Sophia Prokofeva Russia

Cynthia Haai South Africa

Chris Webb UK

Meeting Entitlement Notification

The first question regarding this message was whether it should be considered mandatory in the flow given that some markets did not use record dates. Elizabeth clarified that the message was intended for scenarios where the record date fell after the voting deadline and was therefore intended to confirm the actual entitlement to which any previously submitted vote instruction would be applied.

A question arose regarding the voted position not being included in this message, specifically to cater for cumulative voting in markets such as Russia where the actual entitlement may differ to the holding balance where the investor chooses to allocate their votes to a particular candidate or candidates. This would also potentially need to be expressed at proposal item level and not at instruction level which the group agreed could not be accommodated with the message ‘as is’. Jacques confirmed that it is possible to use a schema in the extension block (it’s not just for text) and that this approach was being used by other groups for other messages. The group agreed that useage rules should recommend this approach. The group noted that any such schema would have to be designed and agreed by relevant parties.

* **Notifying Party:** What is the purposed of this mandatory section? It would seem that the message sender is the notifying party.
* **Holding Balance:** This is optional. Given the purpose of the message, the group agreed that at least one instance of **Holding Balance** should be present and that the **Balance** within should be mandatory in each **Holding Balance** (if used).

Meeting Vote Execution Confirmation

* **Reporting Party:** What is the purposed of this mandatory section? It would seem that the message sender is the reporting party.
* **Vote Instructions:** 
  + The **Standing Instruction** flag is distinct from the **Vote Per Resolution** block, however, both are mandatory meaning that **Vote Per Resolution** must always be present even if standing instructions were applied. The group agreed that stating **Vote Per Resolution** should be optional where the **Standing Instruction** flag is Y.
  + It was also pointed out that the **Vote Instructions** block does not cater for proposal items that were withdrawn at the meeting. The group agreed that another code was required within **Vote Per Resolution** to reflect withdrawn proposals.
  + The group also agreed that, given the **Standing Instruction** flag is only set at instruction level, it cannot indicate if an instruction on a specific proposal was cast based on a standing instruction (for example where the investor pro-actively votes and a new proposal item is added at the meeting; the account servicer is instructed to always abstain on new items). This should be clarified / pointed out via a usage rule.

Meeting Results Dissemination

* **Reporting Party:** What is the purposed of this mandatory section? It would seem that the message sender is the reporting party.
* **Vote Result:** 
  + Currently the message does not cater for proposals withdrawn at the meeting. The group agreed that another code was required within **Vote Result** to reflect withdrawn proposals. (added or amended proposals should merely be stated as announced even if they differ from instructed votes).
  + It was pointed out that the message does not cater for ‘Say on Pay’ proposals that are applicable to US meetings. In these cases the relevant ‘Say on Pay’ proposal is not voted on the basis of FOR, AGAINST or ABSTAIN, but as the option of ‘1 Year’, ‘2 Year’ or ‘3 Year’. It would appear that additional codes in the **Vote Result** block would be required to include these additional options. Elizabeth agreed to double check this.
* **Participation:**  In this block, **Total Number of Securities Outstanding** can only be expressed as **Active Currency and Amount**. Given that a large proportion of results will apply to shareholder meetings, the group agreed that it should be possible to also have the option to express this simply as a number.

Chris Webb provided an updated to the group regarding the previously discussed ISO15022 MT567 charge request from George Harris of JP Morgan. Following a conference call with George, Chris has agreed to present the change request to the UKNMPG. This subsequently took place and the UKNMPG agreed to support the request and will submit this for inclusion in the Standards Release for 2014. Chris has also confirmed to the UKNMPG that this proposal has the support of the Proxy Sub-Group of the CA SMPG.

Lastly the group agreed that no further conference calls were necessary. The agreed next steps were:

* Circulation of consolidated minutes of all the previous meetings to the group
* Les and Elizabeth will jointly draft the recommendation document which will be circulated to the larger Proxy sub-group to confirm all are in agreement