Proxy Voting Market Practice CA SMPG Sub-group

**- Rules of Procedure -**

# Introduction

This document is outlining the rule of procedure of the proxy subgroup of the CA SMPG.

The subgroup will focus on defining market practices rules for the ISO20022 Proxy Voting messages in respect of the Global SMPG by laws.

# Structure and Membership

* National Level - NMPG

As for all other areas or work, the SMPG structure is building on national NMPG. Given the various national situation, it is left to each NMPG to decide of the best national organisation that best fits its situation. For example, a separate proxy subgroup of the CA NMPG can be created, or the proxy discussions debated within the existing CA NMPG  in its existing configuration.

As per the existing SMPG By Laws, NMPG follow the following guidelines

*The NMPGs are open to all participants interested in creating globally agreed market practices for the securities industry.*

*The NMPG groups are composed of all securities industry players, eg, IMIs, broker / dealers,*

*custodian banks, central securities depositories, regulators, etc. who are direct members of the local securities settlement systems &/or trading platforms. The acceptance of indirect members or nonpractitioners such as software providers, consultants, etc. is left to individual NMPG’s decision; however, they will have no voting rights*.

* Global Level – SMPG

As a reminder, the SMPG by laws state that:

The Global SMPG consists of the NMPG representatives (the national convenor, the vice-*convenor and/or another NMPG member) and the Steering Committee.*

*The Global SMPG meets to perform harmonisation work on common local practices and build global market practices.*

*The Global SMPG decides on changes of the SPMG bylaws.*

*Attendance to the global forum meeting and conference calls is restricted to the NMPG official representatives, affiliated organizations, and guests (approved by the Steering Committee). The number of country representatives is limited to two per working group.*

*The Global SMPG consists of four working groups:*

*▪ Settlement and Reconciliation working group (active)*

*▪ Corporate Action working group (active)*

*▪ Trade Initiation working group (dormant)*

*▪ Investment Funds working group (active)*

Therefore, the proposed group is a sub-group of the CA working of the SMPG Global Forum. It works in relation and under the CA working group.

In terms of working group, the by laws established the following

*Each working group is co-chaired by two industry players and facilitated by one SWIFT Standards staff. Additional co-chairs may be added if need be. The role of working group co-chair is a role of organisation and facilitation of working group meetings. It implies neutrality and dedication to the SMPG objectives. Co-chairs shall not represent solely his/her country's views and not his/her company.*

Given the nature of the proxy structure, ie the fact it is a subgroup of the CA SMPG working Group, there may not be a need to have two co-chairs, nor a facilitator. At least, one chair should be appointed amongst the member of the subgroup. This chair or any co-chairs should come from a financial institution.

The proxy landscape is somewhat specific, so major industry players like proxy services providers can attend the subgroup under the following conditions:

* They have 1 single collective voting right
* They are not entitled to chair or co chair the subgroup
* They are not part of the quota nor represent ant specific country
* These players will have no more than 2 seats collectively in the subgroup.

# Working Method

The sub group will decide its own working method starting with the Message Usage Guide (MUG) Document available from SWIFT if any.

It is anticipated that at least one physical meeting will take place per year synchronized or not with the Global SMPG meetings. It may require a separate meeting if the membership overlaps too much with the main CA working Group.

Frequent conference calls will be held and the chair/co-chairs will agree with the subgroup the frequency of these calls and communicate in advance the schedule of such calls as well as any preparatory materials to ensure a good participation as well as an offer the opportunity to maximize the effectiveness of such calls.