



Your Gateway to Securities Standards !

December Monthly WebEx

SMPG SnR Meeting

December 14, 2021

<p><u>Meeting Venue:</u> WebEx teleconference</p>	
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I. Settlement and Reconciliation - Agenda

Tuesday December 14, 2021

<p>14:00 – 15:00 (Brussels) 08:00 – 9:00 (NY) 20:00 – 21:00 (Tokyo)</p>	<ul style="list-style-type: none"> • Approach to Spring Meeting (target in person, Prague) – Marcin & Aundie <ul style="list-style-type: none"> ○ Recommendation 1: April 5-7 in person ○ Recommendation 2: March 28-29 in person ○ Plenary virtual tentative March 30th • Recommendation to move monthly virtual meeting to 3rd Wednesday in month (Jan 19th, Feb 16th, March 16th) – Marcin & Aundie • Discussion on CSDR: Buy-in delays? • CSDR: Reporting – Arnaud • SR2022 Maintenance Update – Alexandre • Update on Market Practice Review updates – Aundie • AOB
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II. Settlement and Reconciliation - Attendees

Alexandre Hotat,	SWIFT
Annemie Loose,	Euroclear/FR
Arnaud Jochems,	LU
AundreaJarvis,	US
Aulie Hans Martin,	NO
Charles Boniver,	SWIFT
David Wouters,	BE
Denis Andrejew,	DE
Marcin Zawistowski,	PL
Olivier Leveque,	CEE
Robin Leary,	IE
Stephan Shuetter,	CH
Stephanie Clark Fischer,	FR
Takaya Hamamura,	JP
Ton van Andel,	NL
Yusuke Kobayashi	JP

III. Settlement and Reconciliation – Meeting Minutes

Tuesday December 14th, 2021

Welcome address

Marcin opened the session and welcomed the participants joining from all over the world, at early morning in the US, afternoon in EMEA and late evening in Japan and Asia. The agenda was presented with Webex virtual sessions.

General Meeting Discussion update

(1) Approach to Spring Meeting (target in person, Prague) – Marcin & Aundie

As a follow-up to SMPG Steering discussions, Marcin and Aundie presented two options (a) Recommendation 1: April 5-7 in person and (b) Recommendation 2: March 28-29 in person. Noted the approach would be specific to working group sections, with plenary virtual tentative March 30th.

Group discussed and agreed an in-person meeting would be optimal, but acknowledged challenges with scheduling given unknown travel conditions. The group agreed a smaller focused group specific to SnR, over shorter period of time, and in Europe would be most successful.

Consideration will be if in-person and individuals from certain regions unable to travel. Hybrid mode a consideration.

The discussion on the topic will be continued.

(2) Recommendation to move monthly virtual meeting to 3rd Wednesday in month (Jan 19th, Feb 16th, March 16th) – Marcin & Aundie

Due to conflicts with the existing meeting time, second Tuesday of the month, the working group assessed other meeting time options. The group agreed to 1st Thursday of the month, starting in 2022. The monthly meetings for the first quarter 2022 would be January 13th (due to holidays on January 6th), February 3rd, and March 3rd.

SWIFT is migrating from Webex to Microsoft Teams, which will be platform for meeting(s) going forward.

(3) General discussion on CSDR: Buy-in delays?

While not fully official yet, the mandatory buy-in (MBI) regime likely to be delayed. The group generally discussed the possibility of elimination of the mandatory buy-in, depending on how the market place reacts to the other components of the CSDR and regulations not imposing it. There are different interpretations on the applicability of the delay. The market authorities will not require compliance to the regulation.

CSDR regulation will be reviewed and 'refit' for the overall regulation.

Denis asked a question regarding possible outcome of two parties following the guidance of the buy-in components. In practice, there would not be legal framework managing compliance to the regulations. However, there is no rules preventing parties within chain of custody to voluntarily adhere to recommendations. Parties should consider readiness to support the buy-in operational aspects.

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The view is parties may initiate voluntary buy-in, aligned with operational framework presented in CSDR buy-ins, as penalties may continue to accumulate in the absence of concluding fail trade via buy-in.

(4) CSDR: Reporting – All

The group reviewed a few conditions specific to CSDR reporting.

(4a) MT537 PENA message: How to report partial settlement (quantity and cash amount)?

The MT537 standard messages do not support ability to report quantity remaining to be settled. The MyStandards for MT537 PENA note availability to report quantity remaining to be settled.

(4b) MT537 PENA message: How to report an LMFP over several days (pagination limitation)?

The expectation is that LMFP will only be initiated at start of Feb 1. The significant aging of penalties will not start to occur until a point in time after Feb 1. In this case the penalty will likely not fit on one page, with unclear implications to pagination limitations

Message users need to close all sequences. All mandatory fields need to be included. Alexandre asked a question regarding frequency on this condition, which group signalled may be often. The group is questioning variability of all the IT solutions, and design assumptions that a market practice would impose.

An update to market practice and/or SWIFT rules could be progressed. January group to come with new proposals.

(4c) MT537 PENA message: FIA section for PFOD (feedback from the members)

The group previously reviewed the two options, see October meeting minutes for additional background details.

- a. Option 1 – update market practice to highlight when not relevant as there is no underlying security, it will not be mentioned.
- b. Option 2 – in most cases the underlying security should be referenced, even if cash only transaction related.

The group agreed to option 2 based on messaging infrastructure

4) Order of the fields in a sequence

Does the order between 20C: Reference :22H:Indicator matter? Yes, the message would be rejected within the swift network.

(5) SR2022 Maintenance Update – Alexandre

Alexandre gave an updated the group on milestones for the SR2022 maintenance process. MyStandards will be updated with ISO20022. The SEG group has received the evaluation document. The impact of the digital assets is extensive across fields reporting quantity, balances, and safe account within the messages.

Charles notes the ISO20022 Securities SEG needs to validate all the messages by February 1, 2022. This should be completed by January 19th, 2022.

(6) Update on Market Practice Review updates – Aundie

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The group agreed to process “Live” market practice reviews in upcoming monthly meetings. The next market practice to review will be Place of Settlement / Place of Safekeeping.

(6) All other business & conclude meeting

An additional item raised by the SnR working group.

Denis question implementation of ISO20022 camt.053 population should be looked at from a securities point of view. Charles provided some insight that SMPG Payments Task Force is reassessing ISITC assessment from previous years to look at impact of the migration to camt.053 messages would have. JPMorgan also executed and shared results of a gap analysis on December 9th.

The next meeting of the SMPG Payment Task Force (created in 2018) will be leveraged for the review.

The next SnR meeting will be the virtual monthly meeting, scheduled for January 13, 2022.