



Your Gateway to Securities Standards !

May Monthly WebEx

SMPG SnR Meeting

May 18, 2021

<p>Meeting Venue: WebEx teleconference</p>	
---	--

I. Settlement and Reconciliation - Agenda

Tuesday May 18th, 2021

<p>14:00 – 15:00 (Brussels) 08:00 – 9:00 (NY) 20:00 – 21:00 (Tokyo)</p>	<ul style="list-style-type: none"> SR2022 CRs summary Buy-in MP – addressing questions received from the market and industry groups BPSS, BSSP codes – summary of recent discussions MT535 – repetitive Place of Safekeeping – follow up of CA & SR joint session
--	---

II. Settlement and Reconciliation - Attendees

Alexandre Hotat,	SWIFT
Alexander Topel,	T2S/DE
Annemie Loose,	BE
Arnuad Jochems,	LU
Axelle Wurmster,	FR
Aundrea Jarvis,	US
Charles-Raymond Boniver,	SWIFT
David Wouters,	BE
Denis Andrejew,	DE
Hans Martin Aulie,	NO
Jason Brasile,	US
Karin Taquet,	SWIFT
Marcin Zawistowski,	PL
Marco Sguera,	FR
Olivier Leveque,	EU
Riyousuke Abiko,	JP
Robin Leary,	IE
Stephan Shuetter,	CH
Stephanie Fischer	FR
Suzanne Forup,	DK
Takaya Hamamura,	JP
Ton van Andel,	NL

III. Settlement and Reconciliation – Meeting Minutes

Tuesday May 18th, 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.

SnR group wished Axelle well, as she is pursuing another career opportunity, as of the end of June.

General Meeting Discussion update

(1) SR2022 Change Request review

Robin presented three drafted SR2022 Change Requests. The deadline to submit Change Requests for the SR2022 release is June 1, 2021.

(a) The first topic was a previously discussed proposal to support an additional FX code for partial settlement. While this change is not specific to the CSDR regulation, the increase in partial settlement expected from CSDR presents a business case for clients to provide service provider direction and intent on FX for partial settled trades.

The proposal would be to introduce a new tag and network validation rules, as summarized below, for message types MT540-MT543

Message sequence – Cancel only (:23G:CANC)

Field - :22F::FXCX//

New tag – FXPA

Usage - The forex instructed in the original instruction is to be cancelled for the unsettled portion of the trade and not cancelled for the settled portion.

Updates to network validation rule C9 (MT540 & MT542) and C10 (MT541 & MT543) should also occur to include new code FXPA

No objections from the group to proceed with SR2022 Change Request. This discussion corresponds to **Action 20-36**.

(b) The second topic was a proposal to remove the INTS code that was added to the MT542 and MT543 in error as part of SR2021. The ses.023 in ISO 20022 is not impacted as the code was not added there.

The group agreed the intent of SR2021 CR was for a service provider, who affected internalised settlement, to provide a status update to their client.

No objections from the group to proceed with SR2022 Change Request.

(c) The third topic was a tentative proposal to provide further clarity between conditions to either update and/or include penalties within structured fields across message types MT537 & MT548.

Arnaud, and others to assess the problem statement and structures of the fields.

Securities Market Practice Group

Meeting May 18, 2021 – Invitation, Agenda & Minutes



The group will discuss new findings and shared opinions over email following the call to determine if the change request will be pursued.

No additional SR 2022 items raised by the group to review.

The group agreed that market practice documents should be updated to reflect the upcoming approved SR changes, prior to SR implementation date, to provide clarity of the practice to the industry.

(2) Buy-in market practice and industry questions presented to SMPG

Alexandre presented the questions and queries received from industry groups specific to buy-ins.

Vendors are able view the regulation and published market practices to address their questions.

Reporting of buy-in results will remain as published to note Successful: :22F::BYIY//BSSY, Unsuccessful: :22F::BYIY//BSSN, and Partially Successful: :22F::BYIY//BPSS. BPSS is the official code accepted for partially successful buy-ins.

Marcin reviewed the buy-in reporting market practice (SMPG_MP_SR_CSDR_Buyin_Reporting). For trade instructions, the correct buy-in code is :22F::SETR//BYIY. The buy-in reporting market practice will be updated (current page 5) to the correct code, and remove reference to :22F::RPOR//BYIY.

Arnaud acknowledged question from Axelle on the version of cash penalty market practice (SMPG_MP_SR_CSDR_Penalties_Reporting). Arnaud to redistributed latest version to Alexandre to publish.

Robin revisited the history on the buy-in partially successful code BPSS. BPSS is the official code adopted from SR2021. BSSP code is already supported in the 300 message series, and MT530, with slightly different definition of purpose. The intent through SWIFT implementation was to implement a new code, as the other code already in use in 300 series.

Overall the group acknowledged parties should be prepared to support both values. Jason acknowledged data structure challenges with different values for same purpose across different messages. Robin noted SMPG should reference official code, BPSS. Stephan noted wording in market practice documents could highlight some parties may accept both BPSS and BSSP.

Olivier noted T2S will only support BSSP until future T2S upgrade, which he indicated would be approximately 2024 when ISO migration occurs at T2S.

Jason, and the group, noted the importance of transparency through the SR lifecycle (change request submission, maintenance, voting, handbook, implementation) to remain aligned on changes implemented. Reiterated SWIFT manages implementation.

(3) PSAFE MT535 – repetitive Place of Safekeeping – follow up of CA & SR joint session

The group continued discussions on the CA & SnR joint session around place of safekeeping.

Robin shared the updated use cases presented by CA working group.

The purpose previously shared by CA working group was to address a solution for split positions, at a point in time in the chain of custody, where the CA operational details are affected. The split positions may impact operations and transparency of holdings to clients, including different deadlines/election options/details.

The group agreed that split positions should be broadly considered. However, a recommended method to solution needs to be further reviewed and explored.

Securities Market Practice Group

Meeting May 18, 2021 – Invitation, Agenda & Minutes



Robin shared insights from his initial review of changing Place of Safekeeping rules within MT535. Considering expanding and adjusting MT535 message structure and business flows for this condition would be extensive.

Stephan noted there are situations where a number of PSAFE references would need to be present in the current solution, and may not provide clarity within the message. For example listing CSD, ICSD, Sub-Custodian, Global Custodian, Local Custodian noted within one message.

An idea shared to consider lots as a solution to break down split positions. Robin to review further.

Action 21-12 Co-Chairs monitor response from CA working group on the progress of their assessment, and whether a CR will be submitted.

(4) All other business & conclude meeting

No additional items raised by the SnR working group.

Group agreed to next month call: Tuesday 15th of June.