



Your Gateway to Securities Standards !

November Monthly WebEx SMPG SnR Meeting

November 9, 2021

Meeting Venue:

WebEx teleconference

I. Settlement and Reconciliation - Agenda

Tuesday November 9, 2021

14:00 – 15:00 (Brussels)

08:00 – 9:00 (NY)

20:00 – 21:00 (Tokyo)

- Transaction codes and classifications – Repurchase Agreements (Repo) & ETF Primary Order - Aundrea
- Approach to local market practice documents - Aundrea
- Hold & release MP and use of MT548 vs. sese.024 question – Christine
- FX order and confirmation MP - Robin
- AOB

II. Settlement and Reconciliation - Attendees

Alexandre Hotat,	SWIFT
Annemie Loose,	Euroclear/FR
Arnaud Jochems,	LU
AundreaJarvis,	US
Asa Lewenhagen,	SE
Christine Sandberg,	SE
David Wouters,	BE
Denis Andrejew,	DE
Marcin Zawistowski,	PL
Mayte	
Paul Janssens	SWIFT
Ryosuke Abiko,	JP
Robin Leary,	IE
Stephan Shuetter,	CH
Stephanie Fischer,	FR
Suzanne Forup,	DK
Yusuke Kobayashi	JP

III. Settlement and Reconciliation – Meeting Minutes

Tuesday November 9th, 2021

Welcome address

Marcin and Aundrea 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) Transaction codes and classifications – Repurchase Agreements (Repo) & ETF Primary Order - Aundrea

Aundrea raised 2 business flow specific to a transaction being rejected for a valid transaction code on Repurchase Agreements (REPO) and the applicability of ETF primary orders within the context of CSDR.

On the first point, SMPGs position is all transaction codes supported by SWIFT should be accepted, and not rejected by a provider.

Two considerations:

- The regulation classifies transactions into categories, one category is “other” which indicates the regulation doesn’t limit asset class and all should be eligible
- Challenge is how a message recipient can determine whether a service is expected based on certain transaction types. For example, one party may consume a repo message and move collateral, where repo message for informational purposes would not yield a derived actions.
- There is no prescriptive requirement to validate values within instruction flow

There was also a survey conducted across CSDs to canvas coverage and acceptance of transaction types. SMPG will continue discussion and consider changing language within market practice to indicate all transaction codes should be accepted.

For the second point, discussed ETF nuance for primary order vs. basket trades which fulfil the order for an ETF.

SWIFT does support qualifiers to catalogue transactions. For example, the existing qualifier may assist with identification:

- Type of Settlement Indicator – “ETFT” to indicate the transaction relates to an exchange trade fund (ETF) creation or redemption.
- The “ETFT” definition may need to be expanded to consider ‘order’. In case primary order is excluded, but basket trades in scope, there may need to be a unique qualifier to isolate the transaction. The point that was raised is a party could be penalized for the entire basket value.

No SMPG action item identified.

(2) Approach to local market practice documents - Aundrea

The focus of the discussion was to approve a recommendation to maintain the integrity and accuracy of published local market practice documents. The conclusion was market practice documents should be monitored for accuracy. The document should also be reviewed at least every 5 years to ensure relevance if no changes identified during that time period.

Meeting November 9, 2021 – Invitation, Agenda & Minutes

SMPG site also hosts 39 local market practice documents. Identified outdated information, including 2 market folders with no documents, local market practice documents aged +15 years with no update, and unanswered requests for updates from participants.

In case where SMPG is publishing links or documents, at points or instances where information is identified as outdated, aged, or inaccurate Local market practice document link name will be updated to reflect **“OUTDATED”** status. The purpose of this change is to highlight to readers that the content is not entirely accurate or may reflect historical practice.

(3) Hold & release MP and use of MT548 vs. sese.024 question – Christine

Christine presented two questions regarding the hold & release global market practice and use of MT548 vs. sese.024.

- On page 12, there is a CSDR recommendation to not use SETR//PREA, and instead use the SETR code sent by the account holder, but the examples all use SETR//PREA. Could we make the recommendation more prominent and/or amend the examples?
- On page 24, the example recommends use of Settlement Status to indicate that the instruction is on hold (PREA), even though the instruction may not have reached settlement status in addition to the “primary” cause for sending the message, which is to provide the Matching Status. Since the sese.024, including the example, allows for this information to be provided in HoldIndicator, why is there a need to recommend any other method before the instruction reaches the stage where settlement can be attempted?

Hold and release market practice updated to reflect changes:

- Page 12 SMPG recommendation: Do not use PREA as it conflicts with CSDR requirements. Transaction type of original transaction should be used.

(4) FX order and confirmation MP - Robin

Robin reviewed next steps for the draft review and proposal. The document is distributed to the community for feedback.

This topic will be discussed at a later meeting as well, to bring to conclusion.

(5) All other business & conclude meeting

No additional items raised by the SnR working group.