

March Monthly WebEx SMPG SnR Meeting

April 7, 2022

Meeting Venue:

WebEx teleconference

I. Settlement and Reconciliation - Agenda

Thursday April 7, 2022

14:00 – 15:00 (Brussels)

08:00 – 9:00 (NY)

20:00 – 21:00 (Tokyo)

- CSDR penalties
 - Quality of reporting data and general discussion - All
 - Pagination rules for penalty reports – Tristan Abisse, Clearstream
 - Quantities and Amounts exceeding the maximum length – comments to draft MP - All
 - Question on posting amount – Robin (mail March 10th)
 - Question on FIA block – Jason (mail March 15th)
- SR2023 – expected content - Karine Taquet, SWIFT
- Generation of UTI for settlement of securities trades – comments to SWIFT document - All

II. Settlement and Reconciliation - Attendees

Attendee	Representation	Attendance	Attendee	Representation	Attendance
Alberto Almazan	ES		Olivier Leveque		
Alexandre Hotat	SWIFT		Marcin Zawistowski	PL	X
Annemie Loose	Euroclear/ FR	X	Paul Janssens	SWIFT	
Armin Borries	Clearstream/DE	X	Ryosuke Abiko	JP	X
Arnaud Jochems	LU		Robin Leary	IE	X
Aundrea Jarvis	US	X	Sari Rask		
Asa Lewenhagen	SE		Stephan Shuetter	CH	
Hans Martin Aulie	NO	X	Stephanie Clark Fischer	FR	X
Ayaka Shibui	JP		Suzanne Forup	DK	X
Brett Kotze	ZA		Takaya Hamamura	JP	
Charles-Raymond Boniver	SWIFT	X	Ton van Anandel	NL	X
Christian Pientz	AT		Yusuke Kobayashi	JP	X
Christine Strandberg	SE	X			
David Wouters	BE		Charifa Elotmani - SWIFT	Guest	X
Denis Andrejew	DE	X	Tristan Abisse - Clearstream	Guest	X
Jason Brasile	US		Hiroyasu Niitsu	Guest	X
Karine Taquet	SWIFT	X			

III. Settlement and Reconciliation – Meeting Minutes

Thursday April 7, 2022

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) Approach to CSDR implementation & market practice considerations – general discussion

(a) Quality of reporting data and general discussion

Reviewed CSD issues log from CSDR, which is sourced from AFME & EBF. Group assessment did not immediately identify any new issues regarding market practice coverage, only the open discussion point of pagination. Ton did highlight that there are items on the issues log highlighting users are not adhering to market practice.

Insight shared that the cash penalty amount applied overall in February was equivalent to \$176 million.

(b) Tristan Abisse from Clearstream presented recommendation on MT537 pagination problem.

Cash penalties are reported via MT537 (Sequence D PENA). The message size is limited to 10k characters. However, the size needed to report a Late Matching Fail Penalty (LMFP) is variable.

Overall, the discussion brought focus to define the issue is how participants handle lengthy penalties. Assumption to the recommendations are:

- Penalty can not be split across pages, while still allowing multiple penalties can be covered on a single page
- If penalty more than 40 days, split over multiple pages

Discussion around usage of 30A:STAT as a consideration for unique reference for block of messages. Karine clarified the intent of the field is supposed to be a sequential number, not a common reference number. General agreement there is a second, but distinct issue, around reference numbers and best practice.

While the recommendation reduces the frequency of pagination, it will still occur for lengthy penalties. There is still a consideration how to interpret and determine practice to split penalty over multiple pages. An option presented to consider an indication that the penalty was split over multiple pages, the result is a user would know the penalty was a continuation from details on a previous page.

While ISO20022 may reduce frequency of the pagination issue, the message suite does still have issues. There may be an opportunity to establish practice that if you are at risk to split a penalty, you need to move to next page.

New qualifier to indicate continuation a consideration

- Statuses need to consideration when message is to be started and continued, the continuation, or a closure of the continuation. There may also be multiple statuses within one page

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This topic and drafted examples will continue over email, as well as expected to carry to May meeting.

(2) Second review on general guidelines document draft presented by Marcin – general discussion

Marcin presented an initial draft for a Common Guidelines, shared by Marcin on March 3, 2022, for conditions that are applicable to multiple messages and business flow documentations. The focus of the initial draft include prior topics identified by the group:

- Quantity and amount values exceeding respective field definition
- Decimal part of quantity and amount exceeding respective field definition
- General pagination rules for reporting

The logic aligns with Corporate Actions MP, shared by Christine.

The group agrees common global standards all in one document would be optimal. The initiative of common document, while beneficial and agreed, may not be priority.

Conclusion has not been reached to be discussed at future meeting

(3) SR2023 review: solicit feedback on expected content - Karine Taquet, SWIFT

June 1st is deadline for all SR2023 change requests. A high level summary of maintenance proposals will be published during the 3rd week of July, followed by the maintenance working groups convening at end of August.

Karine solicited guidance on open change requests.

Robin Leary presented two concepts:

- Statement reference number – misuse of SEME
- MT535 statement of holdings, consider including more sub balance codes in the MT535 (i.e REPO balance, sub buy back)

Agreement the FX partial indicator case from SR2022 maintenance would not be resubmitted at this time due to lack of demand.

Topic to be included in next meeting.

(4) Generation of UTI for settlement of securities trades – comments to SWIFT document – Charifa, SWIFT

Soliciting use cases for example beyond the SWIFT tracking business case. One consideration is to help users implement the UTI. The initiative is beyond the point of reaching agreement, and transitioned to phase of implementation and adoption within the business flows.

Established a group of UTI experts to review opportunities to publish UTI. Examples included recent DTCC process and other vendor engagement. Rules that are published by a number of associations should be leveraged and promoted through this working group.

Document shared and reviewed.

Armin highlighted obstacles of partial settlement, multiple orders, and collateral management.

(5) All other business & conclude meeting

The in-person meeting for June is still on target. The dates for Settlement & Reconciliation meeting are scheduled for June 14-15 in Prague. All COVID restrictions have been lifted completed within Czech

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Action item COMPLETED: Final Market Practice FX Order and Confirmations updated to SMPG.info

Question on posting amount raised by Robin (mail March 10th) and question on FIA block raised by Jason (mail March 15th) deferred to future discussion.

The next virtual monthly meetings for Settlement & Reconciliation scheduled for May 5, 2022.