



Your Gateway to Securities Standards !

May Monthly TEAMS SMPG SnR Meeting May 22, 2023

Meeting Venue:

TEAMS teleconference

I. Settlement and Reconciliation – Agenda

Monday May 22, 2023

14:00 – 16:00 (Brussels)

09:00 – 11:00 (NY)

21:00 – 23:00 (Tokyo)

- Market Practice review and update
 - CSDR penalties reporting (MT537 PENA) – Arnaud
 - Block/Bulk Trades - Robin
 - Linkages – Robin/Denis
 - Buy/Sell Back - Robin
 - DSS COEX List of Codes - Robin
 - Function of the Message - Marcin
- Modification or override of a cancellation request – Robin (NEW topic!)
- Custody and Accounting Report MP (statement of holdings) – error encountered with settlement date 98C format - Mihaela
- MP maintenance process - status and ownership review
- AOB

II. Settlement and Reconciliation - Attendees

Attendee	Representation	Attendance	Attendee	Representation	Attendance
Alberto Almazan	ES		Marcin Zawistowski (co-chair)	PL	X
Alexandre Hotat	SWIFT	X	Mayte Arraez	ES	
Karine Taquet (host)	SWIFT	X	Michaela Fallourd	FR	X
Angeliki Katapodi	GR		Olivier Leveque	ECB	
Annemie Loose	Euroclear		Paolo-Maria Deantoni	IT	X
Ann-Kristin Gonska	Market Infrastructure/ECB	X	Ryosuke Abiko	JP	
Armin Borries	DE/Clearstream		Robin Leary	UK/IE	X
Arnaud Jochems (co-chair)	LU/Clearstream	X	Sari Rask	FI	
Asa Lewenhagen	SE	X	Shereef Zedan	US	X
Ayaka Shibui	JP	X	Silvia Sancin	IT	
Brett Kotze	ZA	X	Stephan Schuetter	CH	
Charles-Raymond Boniver	SWIFT	X	Suzanne Forup	DK	X
Christian Pientz	AT		Takaya Hamamura	JP	
Christine Strandberg	SE		Terence Ferrao	Market Infrastructure/DTCC	
David Wouters	BE	X	Ton Van Anandel	NL	
Denis Andrejew	DE	X	Yusuke Kobayashi	JP	X
Hiroyasu Niitsu	JP				
Hans Martin Aulie	NO	X	Dean Chard	Guest SWIFT	X
Jason Brasile	US		Hugo Abreu	Guest	X
			Tero Petteri Tollikko	Guest	X

III. Settlement and Reconciliation – Meeting Minutes

Monday May 22, 2023

Welcome address

Marcin and Arnaud 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 TEAMS virtual sessions.

General Meeting Discussion update

Topic 1: Market Practice review and update

- A) CSDR cash penalties reporting (MT537 PENA). Arnaud Jochems (LU and Clearstream) presented the different updates that will be published in the market practice and that were discussed in Oslo. Robin Leary made the comment that we could use the option “conditional” rather than “optional” or “mandatory” as some of the fields will be made mandatory with the SWIFT release 2023 but only in some specific cases. For example, the field PSTA is conditional to the fact that the instruction is against payment (it does not apply to FOP). This comment will be taken into account for the last review. The market practice will be distributed on Tuesday 23rd May and stakeholders have until 30th of May to revert with potential comments otherwise the market practice will be published as such.
- B) Robin Leary (UK and Ireland) provided to the group a new draft version of two market practices (Buy/Sell Back and Block/Bulk Trades). Both MPs were updated with the SMPG logo and the new disclaimer on the front page. For the Buy/Sell Back it will need to be updated with the ISO20022 examples. Robin Leary will now work on updating the (1) Linkages and (2) the DSS COEX List of codes. Robin Leary asked whether the linkages word document was available for him to work on the draft. In the future, to avoid reverting to SWIFT to get all WORD documents, it was agreed that we should aim at publishing each word document on the internal SMPG website (password protected)
- C) Marcin Zawistowski (Poland) provided an update on the Function of the Message MP. It was discussed in Oslo and the comment provided by Ton Van Anel (The Netherlands) was included. Same as for the MT537 PENA MP, it will be published if there is no new comment by the 30th of May.
- D) The Financial Instrument Identification was discussed with Yusuke Kobayashi (Japan) who provided two updates on the MP. He changed the number of stock exchanges mentioned in page 15 and as well the first example where the local code was deleted in the 15022 examples as this is not used by the Japanese market. Comment will be added that in Jasdq the local code and the ISIN should be aligned if provided. As the SICC code is not used in ISO15022, it should be clearly mentioned. Latest version will be shared, and people have until the 30th of May to comment.

Topic 2: Modification or override of a cancellation request

Robin Leary (UK and Ireland) presented an issue to the group that might be institution specific. How should we consider a cancellation that is sent but for which no update is coming from the market (CSD)? How should an institution react when no feedback has been received and that the cancellation is pending (which could trigger cash penalties as the instruction is still valid)? Should the MT530 with PROC used? If, yes, what would be the recommended DSS to be used? The group was not aware of this case, as in Europe (where cash penalties are taking place) cancellation is bilateral, cancellation will not be processed unless the counterparty has sent their cancellation as well. The instruction will remain

eligible for Settlement as long as the cancellation is not confirmed by the counterparty. As this seems to be institutional specific and that no other members could identify similar cases, we concluded not to issue any global guidance on this.

Topic 3: Custody and Accounting Report MP (statement of holdings) – error encountered with settlement date 98C format

Mihaela Fallourd (France) detected an issue on the Custody and Account Report MP (MT535) where the 98C was used even if only the date was mentioned (the time should have been mentioned if format C is used). The group decided to change from 98C to 98A so we can keep the date as it is mentioned in the market practice for all the examples. The reason being that the examples refer to a complete daily version of the MT535 and mentioning the time would not make much sense. David Wouters (Belgium) in charge of the MP will update the market practice accordingly and move all 98C to 98A and delete the tag “and time” in column elements.

Topic 4: MP maintenance process - status and ownership review

Matrix of the MP to be reviewed will be sent to all stakeholders with the minutes of the meeting so everyone can review the MP assigned to them. We agreed to prioritize the oldest MP first and then the one for which there is required change (e.g. regulatory change). In addition to this, some of the members have either left or retired and we will need to reassign the market practices accordingly.

Topic 5: Other Business issues

- A) The next SMPG should be in Toronto just before SIBOS. Not confirmed yet. The meeting will be fully physical again (except from the plenary session). We encourage all the members to attend the physical meeting and to confirm within their organization that they are allowed to travel.
- B) The market practice on allegation has been discussed. The question was raised whether the 22F: transaction type (e.g. TRAD, REPU, RVPO,...) reported in the allegation should be based **either** on what was instructed by the counterparty **or** what needed to be instructed. The Group agreed that the allegation was meant to forward what was instructed from the counterparty (and not to derive business rule). This should be clarified in the market practice. Suzanne Forup (Denmark) will review and update the market practice.
- C) Change request SWIFT release 2024 : One CR has been received from Switzerland so far. Another CR should be raised by Robin Leary (UK and Ireland) regarding the research fee.