**Prague SMPG meeting: November 8 & 9, 2011****[ ]**

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|  Meeting Venue: ClearstreamClearstream Operations Prague, Sokolovská 136B, 186 00, Prague 8 |
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**Dress code:** Business casual

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| Tuesday November 8 |
| Morning  |
| 09:00 – 09:30 | Welcome Coffee |
| 9:30 – 12:30 | Settlement an Reconciliation - Work on S&R Open Items |
| Afternoon  |
| 13:30 – 18:00 | Settlement an Reconciliation - Work on S&R Open Items |
| 18:30 – 21:30 | Evening Dinner |

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| Wednesday November 9 |
| Morning  |
| 9:00 – 12:30 | Settlement an Reconciliation - Work on S&R Open Items |
| Afternoon  |
| 13:30 – 18:00 | Settlement an Reconciliation - Work on S&R Open Items |

**Meeting Agenda**

* 1. Review of open items:
		1. REPO MP – Update from Axelle and Jason.
		2. ETFs MP. Review by the group and comments
		3. Stamp duty. Update from Neil & Simon
		4. MT304. Confirmation received from Brasil on the recommendation proposed by ISITC (item closed?)
		5. IPO process: SWIFT has sent request for more information to APAC representatives (Mr Jonathan Rodda and Mr Taketoshi Mori) – Discussion about a potential need for a new message to cover this process.
		6. Review Rio Open items (?)
	2. Review of following MPs:
		1. Financial Instrument Identification
		2. PSET/PSAF
		3. SecLending (Approval)
		4. MT535
		5. Time Deposit and Settlement INX FX
	3. SWIFT clarification about the Equivalence between Settlement Parties in 15022 and 20222
	4. MyStandards: Demo
	5. The group also raised the question about the new MT message (FX Netting message) – this design has been approved by the board.The country vote did approve and advance documentation will be published on swift.com on Nov 4th. However, we will provide a high level description of that new message as requested (the content and the purpose).
	6. Securities Financing – Sub Group creation + Co-Chairs

## Co-chairs: Angela Katopodi, Ton Van Andel

## SWIFT: Steven Lindsay (Head of Standards Business Development) and Evelyne Piron

## Countries represented

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## Meeting Minutes

B.1 Review open items that were discussed during previous conf calls:

1. REPO Market practice: Presentation of the various scenarios (eg, roll over and renewal) that France would like to add in the global MP (France does not want to write a local MP but wish these cases to be included in the global MP). The US support these business cases.

Recommendation from the group is to try to group the scenario in main sub processes (the inclusion of a grid that summarises the various scenario was also suggested).

SMPG comment: US and FR business case consensus and publication should not be held up for completion of SMPG MP doc**.**

Action item: France (AW) will update the global MP and will send it to the group for review.

It must be noted that the MP will be updated for the ISO15022 only. Any discussion about the ISO20022 messages will be done at a later stage, ie when the MP is reshuffled.

1. ETF’s MP: The group discussed the fact they believe that this MP should first remain local as AU specific. However, ETFs being used in more regions this MP could in a later stage grow into a global MP. They accept however to provide feedback on the content and their first comment was related to the description of the ETFs in the AU market (what is happening? Securities are actually delivered but it does not come out from the description)

Action item:

1) SWIFT (EP) will provide this feedback to the AU representatives.

2) France (AW) will share this MP with players in other markets where similar practice exists (Portugal/Peru)

1. Stamp Duty: (see also attached a complete description) Feedback from Neil and Simon after the UK NMPG in October. The group discussed the question whether this issue is related to a specific UK or US broker. ISITC will try to find out. The IRC has been requested by CREST to clarify the situation in order to update the MP accordingly (the stamp duty not to be double-calculated and paid).

Action item: UK (NL / SB) to come back on this during next conference call

1. MT304: ISITC proposal on how to instruct a BRL FX using an MT304 was approved by Brasil. US believe that the recommendation should be added in a SMPG document but it will remain a US MP.

SMPG has reviewed business case closure report recommendation and was not in agreement with recommendation to include actual net settlement movement in the field 72. The IM to custodian instruction (MT304) should contain the custody movement amount to be bought/sold in the 32B/33B fields. While the agent amount with net tax included should be stated in the field 72 for informational purposes to the accounting agent/broker. The example in the business case appears to state the reverse with the net movement for the custodian stated in the field 72 which is a concern for GCs that they will move the wrong amount in the corresponding downstream MT202/210

AB mentioned that he would like to share this recommendation with PMPG (Thomas Igna, DE PMPG)

Action item: JB will resend the BC

1. IPO process: Feedback sent to SWIFT clearly indicated that this process is handled differently by all countries. Some use MT54X messages other MT56X or even mails and faxes or MT 599. The question was to discuss the relevance of creating a new message.

The group believes that a clear business justification should be first described that would define exactly what part of the process this message would cover. They agree that there may be a need to have a message but before supporting the design of such message, they would like to get a clear description of the process that would be covered.

As it seems that ASIA (India, Korea, Hong Kong) is more interested than other countries to get a new message, the group proposed that the business case is described by India (for example).

Action item: Could Alex Kech follow up on this when in SG?

Action item: JB to check whether this is (partially) covered by the DTCC XBRL initiative. Same question to the Euroclear Issuer Agent to CSD initiative. (Assign to AL?)

1. Rio Open items (this were discussed when reviewing the MPs updates – see attached)

B.2 Review Market practices updates:

1. ***Financial Instrument MP***: The group discussed again the fact that the external code list should also be used for ISO15022 messages. It was agreed that this list (even if it shows equivalence for 15022) remains an ISO20022 code list.

Action item: SWIFT (EP) – Rephrase the sentence about this external code list in the MP (done)

The group also re-discussed the purpose and relevance of this MP as some group members feel that ISIN should remain the primary identification and if another id is required, a reference table should be used.

A sentence should be added at the beginning of the document to clearly state that “if an ISIN is available, the ISIN is the legally binding information, if no ISIN is available, then the first other identification is the legally binding information”.

Section Market Practice Rule/reporting scenario: Scenario 2 and 4 are similar. Scenario 2 should be clarified

Action Item: US (JB) to come back on this (check with Erica)

Feedback from Japan (Unno-san): Senario 6 and 7 (on Page 9 and 10) are classified as Instruction Scenario, but in both cases multiple securities IDs are necessary for the notification from the CSD (namely JASDEC) to its account owners. So these scenarios should also be classified as Reporting Scenarios.

Action item: SWIFT(EP) will update the doc and move these scenario in the Reporting Scenario section.

Action item: DA and JB to propose a paragraph on the validation section (section D - Validation if more than one identifier is provided)

1. ***PSET/PSAF MP:***

Numbering of the scenario in the document should be corrected to map them with the table of content as the current structure is confusing.

List of Scenarios in page 10 should be removed

Action item: SWIFT (EP) will update the document and resend for comments and/or approval.

1. ***Basic Securities Lending/Borrowing MP:***

Missing confirmation on block trades for children. Confirmation for each individual child can also be sent.

Action Item: US (JB) – Confirmations of lending/borrowing block parent vs. allocation instructions. Some custodians are sending confirmations on only the block and others are sending only the allocations and others are sending both. Need to update document to state confirms should only be sent to the IM if they instructed it. IE> if child allocations were done without IM instruction, confirm should be sent to the lending agent not the IM. Also need to include recommendations around how lending trades partial settlements are handled.

Propose a Business Justification and share with UK before updating the MP. When agreed, the MP will be sent for approval by the group.

1. ***Securities Balance Custody Accounting Report MP (MT535):***

The MP will be sent again for final approval.

1. ***Time Deposit and settlement INX FX MPs:***

The MP will be sent again for final approval.

1. ***SecuritiesTransactionPostingReport MPs:***

This MP should be reviewed again and re-discussed at the next SMPG meeting next year.

1. ***All remaining MPs (see table in doc attached)***

B.3 MyStandards: Demo (Stephen Lindsay and Evelyne Piron)

Positive feedback from the group on the tool (some of them had already attended similar demo). It was however mentioned that the SMPG members should be trained to be able to use MyStandards. The group also requested confirmation that the SMPG website will not be replaced as they believe that people may still want to access the printout versions of the MP documents.

SPMG steering committee already agreed on the principle of validating the content of the MPs that would be input by SWIFT staff.

Action item Proposal was to request Axelle and Jason to create the REPO MPs in My Standards and to provide feedback at the next SMPG meeting in Athens.

Following questions were raised:

- would it be possible to know with MyStandards to know the number of times each market practice is viewed?

- How to control people don’t put their own company MP

- Education required for using the tool? Maintenance?

B.4 Settlement Parties question (Helle Soe-Jensen)

See email sent by Helle to summarise the issue. It was agreed that the group would review this document and would re-discuss it during a conference call.

Alex Kech (and/or Karine Taquet) will be on the call as they both were the expert business analysts in charge of the Reverse Engineering project for S&R.

This has been already discussed with Alex and Karine and the conclusion has been sent to the group on Thursday November 17th (feedback should be sent to SWIFT).

B.5 MT 370 – New message for FX Netting

Summary provided by Stephen Lindsay.

This new message is challenged by the US as they had similar requirements two years ago and went through discussions with the Payment WG to make some changes in MT202. Jason feels that there is now duplication in terms of messages that cover such requirements. They were not informed of such development.

This item will be re-discussed at the ISITC meeting in December.

B.6 Securities Financing – Sub Group of experts to be set up

The group already identified the need of having a sub group of experts in Securities Financing. This is required when discussing specific business cases or MPs in this business area.

During the discussion in Prague, it was clear that the first objective of the group will be to define and agree on the exact scope of that group of experts. Some SMPG members indeed believe that Securities Lending is part of Securities Financing when others don’t.

Proposed participants to this group: Axelle + Annemie +Jason + Ton

Action item: SWIFT to send a notification to each S&R NMPG conveners to inform them and potentially ask for additional participants.

B.7 Additional question from Helle:

See Helle’s email sent on Monday November 14th that describes the issue – We have sent our proposal to address this and propose to discuss this at the next conf call planned for Feb 2012 (to be confirmed)

Next SMPG conference call – February 2012

**Next SMPG meeting confirmed – Athens April 24th to 26th April 2012**