**MEETING MINUTES**

**Athens S&R SMPG meeting: April 24/26, 201****2**

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| Meeting Venue:  **DIVANI PALACE ACROPOLIS Hotel**  19-25 Parthenonos str.  117 42 Athens – Greece |
| **HELLENIC BANK ASSOCIATIONLOGO_EET1** |

**Dress code:** Business casual

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| Tuesday April 24 | | |
| Morning | | |
| 09:00 – 09:30 | Welcome Coffee |
| 9:30 – 12:30 | General session (CA/S&R/IF) |
| Afternoon | | |
| 13:30 – 15:30 | General session (CA/S&R/IF) |
| 15:30 – 17:30 | Settlement an Reconciliation - Work on S&R Open Items |

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| Wednesday April 25 | | |
| Morning | | |
| 9:00 – 12:15 | Settlement an Reconciliation - Work on S&R Open Items |
| Afternoon | | |
| 13:15 – 17:30 | Settlement an Reconciliation - Work on S&R Open Items |
| 19:00 - | **Coktail Dinner hosted by the Hellenic Bank Association** |

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| Thursday April 26 | | |
| Morning | | |
| 9:00 – 12:15 | Settlement an Reconciliation - Work on S&R Open Items |
| Afternoon | | |
| 13:15 – 14:30 | Settlement an Reconciliation - Work on S&R Open Items |
| 14:30 - | **End of meeting** |

**Meeting Agenda**

1. Review of following MPs:
   * 1. Financial Instrument Identification
     2. Securities Settlement Transaction Pending Report
     3. Basic Securities Lending/Borrowing (Jason)
     4. MPs Book Transfer /Portfolio Transfer Customer to Customer Communication (Neil/Simon)
     5. Review MPs table (see attachment)
2. Equivalence between Settlement Parties in 15022 and 20222 (Helle)
3. SR2013 Proposed Change requests:
   1. Securities Settlement Transaction Instruction (Simon & Neil)
   2. India CR: Flag to denote exclusion of Amount in MT54x (Evelyne)
   3. Securities Message Cancellation Advice (addition of one reference)
4. Clarification of Debit/Credit usage in ISO20022 (vs ISO15022) (Simon)
5. Review of open items:
   * 1. REPO MP – Update from Axelle and Jason
     2. Stamp duty. Update from Neil & Simon
     3. MT304. Business case review (Jason)
6. Securities Financing – Feedback on the initial meetings (Jason & Evelyne)
7. MyStandards: Specific Demo for S&R (Jason)
8. T2S - Settling without borders in Europe (Christine)
9. 2013 CR – New template – Guidelines reminder (Evelyne)
10. IPO process – Need contact persons within SMPG (Evelyne)

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

## Facilitator: Evelyne Piron SWIFT

## Countries represented

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| |  |  |  | | --- | --- | --- | | Brett Kotze (BK) | [Brettk@jse.co.za](mailto:Brettk@jse.co.za) | South Africa | | Elena Solovyeva (ES) | [Solovyeva@ndc.ru](mailto:Solovyeva@ndc.ru) | Russia | | Axelle Wurmser (AW) | axelle.wurmser@bnpparibas.com | France | | Simon Burke (SB) | [Simon.T.Burke@jpmorgan.com](mailto:Simon.T.Burke@jpmorgan.com) | UK & Ireland | | Ton van Andel (TA) | ton.van.andel@nl.abnamro.com | Netherlands | | Denis Andrejew (DA) | [denis.andrejew@db.com](mailto:denis.andrejew@db.com) | Germany | | Ari Heinonen (SR) | ari.heinonen@seb.fi | Finland | | Helle Soe-Jensen (HSJ) | [hsj@vp.dk](mailto:hsj@vp.dk) | Denmark | | Trygve Kjensli (TK) | [trygve.kjensli@nordea.com](mailto:trygve.kjensli@nordea.com) | Sweden | | Evelyne Piron (EP) | [Evelyne.PIRON@swift.com](mailto:Evelyne.PIRON@swift.com) | Swift | | Angela Katapodi (AK) | [a.katopodi@ttbank.gr](mailto:a.katopodi@ttbank.gr) | Greece | | Annemie Loose (AL) | Annemie.loose@euroclear.com | ICSD | | Jason Brasile (JB) | [Jbrasile@statestreet.com](mailto:Jbrasile@statestreet.com) | US / ISITC | | Armin Borries (AB) | Armin.borris@clearstream.com | Germany | | Taketoshi Mori | Taketoshi\_mori@mufg.jp | Japan | | Marco Santos | msantos@gruposantander.com | Spain | | Christine Jozet | Christine.jozet@ecb.int | ECB | |  |  |  | |  |  |  | |  |

## Meeting Minutes

1. Review of following MPs:
2. Financial Instrument Identification

Review of the proposal submitted by JP to update section D (“*however this rule doesn’t prevent a MP group/ market infrastructure participant to validate the accuracy of the pairing of ISIN and other identifier on its own responsibility).*

The group did not agree as it could lead to the misuse of the MP. The group acknowledges the fact we need a global document to describe the situation where ISIN is not the only identification that can be provided.

Another suggestion was made stating that if JP wants to get more specific they can present this on a local MP where they can present more scenarios, but Take didn’t accept this

Jason proposed the following: *Cross ref validation is allowed, but not required by the recipient. If validation of multi id’s result in a non-match, this should not cause a rejection. The primary id should be applied*. This was not accepted by Take.

The group agrees on adding the following statement **for scenario 5 and 6** that are JP market specific:

*“If more than one identifier is present, the Japanese Market is allowed to validate the accuracy of the pairing of ISIN and other identifiers”*

**The final version of the MP will be sent out for final approval.**

**Comments from JP received on May 2 (Email from Take):**

**“***The sentence 'If more than one identifier is present, the Japanese Market is allowed to validate the accuracy of the pairing of ISIN and other identifiers.'  is* ***not necessary*** *to page 10 and 11. But , I ask you to change from 'should not' into 'do not' in page 11 :D***”**

**These changes have been reflected in the document.**

1. Securities Settlement Transaction Pending Report

Review of final open items:

* Section 7 A sub section c (page 11) - The group agrees to remove the table since the table is confusing. Various status combinations of status are possible and must be agreed between account service and account owner, therefore should not be part of a global MP.
* Section 7 B sub section b (page 11) – The group decided to remove the paragraph and to replace it as follows: “A reasonable number of rejection reasons are difficult to recommend, therefore we will not propose any usage rule on this matter.”
* Section 7 E Cancellation Status Reporting – The group discussed at length the relevance or not to have the cancelled instructions included or not in this report and could not find a consensus. They conclude that each market should come back on the usage of this message.
* The below comment from Sweden was overlooked (sorry Christine!)- however since the group is challenging the scope of the message, this MP should be updated and this section will be revised at this next review process.

Section 7D Closing of Reporting - sub section b (page 14) – “*We also would like to note that we see no general need for the use of PEND//FUTU in pending reports sent on S-1, and indeed the possibility to even do so would depend on when the pending report is sent and when the CSD opens the new settlement day*.”

There was also a suggestion to have a specific message to report the Cancelled/rejected transaction to get a full picture of those transactions at account owner.

1. Basic Securities Lending/Borrowing (Jason)

Jason will update the MP with proposed changes and circulate the document to the group for their review.

1. MPs Book Transfer /Portfolio Transfer Customer to Customer Communication (Neil/Simon)

The UK NMPG wanted to know whether the Portfolio Transfer Customer to customer communication MP was not superseded by the Book Transfer MP. Based on the scope of those MP, they should both remain available on the SMPG website.

*Clarification on both MPs*:

* + - * *A portfolio transfer MP applies to flow between custodians, the one loosing the customer and the one winning it.*
      * *The book transfer is for any transfers, internal within a custodian, a CSD, between custodians (from the Customer perspective) etc.*

1. Review MPs table (see attachment)
2. Equivalence between Settlement Parties in 15022 and 20222 (Helle)

See slides

The group agreed that the scenario presented by Helle was an issue. However, they believe that the standard should not be updated but the translation rules (*ie providing UNKNOWN value in “Our side” agent*) between the two standards should be completed. The group insisted in saying that these rules are incomplete for specific cases.

This being said, the next conference call will be dedicated to this topic. Indeed, it was not planned to maintain these translation rules. The group having expressed its interest in these rules, this will be re-discussed with the **S&R SMPG on May 21th** (next conf call).

1. 2013 CR – New template – Guidelines reminder (Evelyne)

Comments from the group:

* Sponsors: not all institutions are willing to provide their names. Most of the time, the sponsor field will be filled in with the name of the NMPG chair even if he or she has no info about that CR.
* The estimated number of messages is information that institution do not want to provide. They believe it is confidential. Furthermore, they challenged the fact that this information would not be validated anyway and could potentially be a wrong criterion to evaluate the relevance of the CR. (for example a country could give a very high number of msgs and get their CR prioritised).

Main highlights of the slides

* The Role of the UGC (User Group Chairman)
* Process improvements: CR process and template/ MWG meetings
* Feedback on form can be sent to SWIFT.
* Check within meeting itself on impact on messages immediately
* Process updates will be submitted to SAC Standards Advisory Committee / STC Standards Technical committee

1. SR2013 Proposed Change requests:

* Jason asked why the change requests (CR) are one item of the SMPG meeting agenda.
* It has been confirmed that the purpose of presenting these CRs to the group was for information only (feedback from SPMG can help submitter to clarify). It does not replace the normal review process by each community.
  1. Securities Settlement Transaction Instruction (Simon & Neil)
* The Cash parties in MT54x messages do not match with payment message (this CR refers to regulatory changes)
* No specific comments from the group on this
  1. India CR: Flag to denote exclusion of Amount in MT54x (Evelyne)
* The group believes that the inclusion or not of the brokerage amount could simply be deducted from the various amounts provided in the message (ie the SETT amount and the DEAL amount).
* The group believes that they need more background information on flows to better understand the CR. They believe that a business example of what the message would look like would also clarify the request.
* ZA market has similar process and they use the MT586. Brett Kotze can be contacted for more information on this.
  1. Securities Message Cancellation Advice (addition of one reference)
* No specific comments on this
  1. New indicator in MT502 (Germany)
     + This CR was presented by Rudolf Siebel (Funds SMPG) who wanted to check with the S&R SMPG participants whether their market could have a similar need, although this CR is TIC related
     + The CR is specific to Real Estate funds - Trading to be moved from T+2 to T+365 +2 (new law, in case amount exceeds a certain limit)
     + A new indication in MT502 to indicated that an order is to be put on hold for a year (eg, Valid from XX/XX/XX)
     + Check with Local Markets for similar processes

1. Clarification of Debit/Credit usage in ISO20022 (vs ISO15022) (Simon)

See slides

Comments from the participants:

* + - only a translation rule for sett amount
    - N-sign of other fields ignored
    - Whether to interpret as debit or credit depends on direction of transaction and market vs client side
    - Consensus that adaptation of translation rules is needed
    - Only relevant in case the receiver of the message is performing accounting service for the message sender
    - This doesn’t make a CR but mostly depends on the usage of the indicators. The issue is mainly on the translation Rule.

As mentioned above, the next conference call will be dedicated to this topic. Indeed, it was not planned to maintain these translation rules. The group having expressed its interest in these rules, this will be re-discussed with the **S&R SMPG on May 21th** (next conf call).

1. Review of open items:
2. REPO MP – Update from Axelle and Jason
   * + Presentation of the various scenarios currently under review by France (consolidated scenarios still to be done)
     + Presentation of these various scenarios input in MyStandards
     + When consensus between US and FR, conf call with other SMPG members will be set up.
     + Finally, it is planned to update the Repo MP (Dec 2012) with these scenarios (including a matrix to clarify terminology). Probably the Securities Financing subgroup could cover some of the issues of the Repo MP.
3. Stamp duty. Update from Neil & Simon
   * + Updates done in the local UK/IE MP posted in December 2011
4. MT304. Business case review (Jason)
   * + BC discussed at Joint WG meeting with PMPG
     + ISITC will create the MP (using the SMPG template) and take ownership of the doc (PMPG will only review)
     + MP will be posted on SMPG website
5. Securities Financing – Feedback on the initial meetings (Jason & Evelyne)

Approved Mission statement:

* + - The goal of this SMPG market practice sub-group is to define best practices for the communication of security finance instruction, status, confirmation and reconciliation messages covering the business and messaging process for bilateral repo, tri-party repo, buy/sell backs and global lending. This group works collaboratively with other industry and NMPG groups to define MX messaging and data content best practice recommendations. The initial focus of the subgroup will be to define the best practice for MX messaging flows of a bi-lateral repo contract, associated collateral and related cash. As a second phase of focus, the sub-group will incorporate best practices around tri party repo, global lending and buy/sell-back processing.
    - A face to face meeting may be organised to give the opportunity to each participant to meet each others. SWIFT to confirm whether this will be possible.

1. MyStandards: Specific Demo for S&R (Jason) (see above REPO MP)
2. T2S - Settling without borders in Europe (Christine)

Question about T2S connectivity (Complexities of BAH header; duplication of header info e.g. signature in BAH + Network Header. SWIFT infrastructure (SAA + SAG) should normally take care of that. ) –see link below for further information:

* ECB Web site: Information sessions Malta (April 18th)

<http://www.ecb.int/paym/t2s/governance/sessions/html/mtg16.en.html>

* These presentations can be complemented with two documents:

The Value Added Network tender available on the Banca d' Italia website (click [here](http://www.bancaditalia.it/bancaditalia/bandigara/altri/bandi/open-procvedure-g858-010-010)) and a description of the DEP protocol  which will be used for the Dedicated Link communication but also for the communication between the VAN and T2S (click [here](http://www.ecb.europa.eu/paym/t2s/pdf/Dedicated_Links_Connectivity_Specifications_v0_2.pdf?2fed39475e1608a68045246e36597016)).

1. IPO process – Need contact names for reviewing analysis performed by SWIFT Standards SING team

Please send any contact to Alexandre.Kech @swift.com

Additional topics:

1. Social Networking:

SMPG will assign some of the participants (probably within the co-chairs) as administrators of the brand new TWITTER account of the group in order to get closer to the community through Social Networking

1. Future considerations

The group also discussed the need for a generic presentation on all SMPG activities. Armin went in each SMPG groups to ask them to prepare slides that are specific to them, providing information about past achievements and also future considerations.

The group discussed what should be included in these slides:

* Presentation: what has been done (re-use presentation 2010 Amsterdam): TvA / AK / EP to provide slides of S&R achievements + future developments
* Future: Securities Financing / CCP Clearing / T2S / MyStandards / Registration
* Joint working with the PMPG : creation of MP of cash / FX related to securities
* Definitions agreement between different subgroups (S&R –CA-IF)
* Validation against real life business
* Closed community: limited group of experts from around the world (representing National Communities)
* Milestones
* Foster foundation of NMPG’s in new countries
* Harmonization of local S&R MP’s / Spreadsheet

The draft S&R slides have been prepared by Angela, Ton and Evelyne and will be reviewed at next conference call on May 21th.

Next SMPG conference call – May 21th 2012 , 2pm CET

Conference call (S&R Group) : 11/6/2012 details will be sent out