**SMPG London meeting**

**Apr. 22 - 23, 2014**

* **SMPG Global Agenda -**

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| **Sponsors:** | **Meeting Venue**  BNP Paribas  5 Aldermanbury Square  **\\IOD-File01\iod\jlittre\TMP\Bloc_Logo_Horizontal_BP2S_Quadri_EN.jpg**London EC2V 7HR - UK |
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Dress Code: Business Casual

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| **Tuesday 22th of April** | | | | | | | | | | | |  |
| **Morning** | | | | | | | | | | | |  |
|  | | | 9:30 - 10:00 | | | | **Members registration and welcome coffee** | | | | |
|  | | | 10:00 – 11:30 | | | | **General Session**  1. Welcome address (Karla Mc Kenna – SMPG Chair, ISITC)  2. Welcome address (The host)  3. Meeting schedule overview (Jacques Littré – General Secretary, SWIFT)  4. Business Topics Presentations   * Impacts of New Regulations (EMIR, LEI,…) - David Nowell – LSE * T+2 and the Impact on the UK Market - Craig Clayton – (Euroclear UK & IE)   5. COAF Registration & Governance (Christine Strandberg & Armin Borries) | | | | |
|  | | | 11:15 – 11:30 | | | | **Coffee Break** | | | | |
|  | | | 11:30 – 12:30 | | | | **General Session (Continued)**  SMPG Steering Committee members election for Chair, EMEA, Americas regional Directors and Japan regional Director | | | | |
|  | | 12:30 – 13:30 | | | | | **Lunch** | | | | |
| **Afternoon** | | | | | | | | | | | |  | |
|  | | | | 13:30 – 15:30 | | Investment Funds WG | | Corporate Action WG | | Settlement and Reconciliation WG | |
|  | | | | 15:30 – 15:45 | | **Coffee Break** | | | | | |
|  | | | | 15:45 – 17:45 | | Investment Funds WG | | | Corporate Action WG | | Settlement and Reconciliation WG |
| **Evening** | | | | | | | | | | | |
|  | 18:15 – 21:00 | | | | **Evening Event**  **Sponsored by the London Stock Exchange**  **Reception, drinks and food**  ***(Paternoster Square, London)*** | | | | | | |

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| **Wednesday 23th of April** | | | | |
| **Morning** | | | | |
|  | 09:00 – 10:45 | Investment Funds WG | Corporate Action WG | Settlement and Reconciliation WG |
|  | 10:45 – 11:00 | **Coffee Break** | | |
|  | 11:00 – 12:30 | Investment Funds WG | Corporate Action WG | Settlement and Reconciliation WG |
|  | 12:30 – 13:30 | **Lunch** | | |
| **Afternoon** | | | | |
|  | 13:30 – 15:15 | Investment Funds WG | Corporate Action WG | Settlement and Reconciliation WG |
|  | 15:15 – 15:30 | **Coffee Break** | | |
|  | 15:30 – 17:00 | Investment Funds WG | Corporate Action WG | Settlement and Reconciliation WG |

**End of Meeting (For CA and SnR)**

**Meeting Agenda**

1. APAC
   1. IPO and Bidding processes - Update (C. Foo)
   2. DR MP - final version for approval – (C.Foo)
2. See BC attached “*Issues proposed by DK and PL NMPGs*”
   1. MT548 – Which qualifier (IPRC or TPRC) to be used in response of hold/release instruction requested in MT530 or MT54x? (Helle)
   2. Alignment of “Denied” reason codes in ISO20022 messages (Helle).
   3. Clarification of Expected SD definition in ISO20022? (Helle)
   4. Use of reference owner BIC in case of link of instructions in T2S? (Helle)
   5. Settlement instruction status: MTCH/MACH in the context of Hold/Release process (Marcin).
3. SMPG Market Practices (Status) – (Evelyne)
   1. Review of list of MPs still to be reshuffled (Evelyne & all)
   2. Partial Settlement (For approval) (Evelyne)
   3. SMPG Status Reporting (MT548) MP (preliminary draft for presentation/discussion at SMPG) (Jason)
   4. Collateral Management MPs:
      * Updated high level table of contents document on different collateral management messaging MPs in progress
      * Updated Bi-lateral cash and security collateral MP for SMPG review -  included scope statement around various other SMPG MPs
      * Updated Segregated Cash and Security Collateral MP draft for SMPG comment
4. Specifics from ISITC (Jason) – Updates
   1. Bi-lateral Repo SMPG MP consolidation of ISITC MP – additional gaps identified between ISITC and SMPG MP under discussion with ISITC members. Attached is updated gap document
   2. SMPG Securities Related Payments
   3. ISITC Cash/FX Sub-group
      * Third Party FX Spot/Forward SMPG MP
      * Non Deliverable Forwards SMPG MP
5. Markets Practices on MyStandards – (Evelyne)
   1. Presentation of final version of Best Practices document for Usage Guidelines creation
   2. Review of preliminary work done by MS SMPG Sub-group: Common elements MP
      * Message function (23G): combined with Common Elements MP
      * Field 90a: DEAL in recommendation or not?
      * Field 35B: ISIN only
      * Field 95a: Preferred format BIC
   3. Review of other MPs in MS (*to be confirmed*)
6. Topic for potential CRs for SR2015
7. AOB
   1. Impact of T2S on local market practices (those migrating to T2S) (UK NMPG)

*-> Are the markets who are migrating to T2S refining their market practices with the aim to publish the ISO15022 requirements for eventual settlement on T2S and are we able to have some timescales of these changes shared with the wider community. Also is there a need for co-ordination and standardization across the impacted markets and is the SMPG the forum to drive this*

* 1. Clarification in Hold/Release MP (Citi)

*Within the SWIFT User Handbook, the PREA (Preadvice Message Reference) qualifier for the 20C Reference field in the LINK sequence has been around for a good number of years. Presumably, it is there to reflect the reference from a :23G:PREA message on a :23G:NEWM message?*

*If so, the Hold & Release (Preadvice) SMPG guideline does not make reference to this usage and instead refers to PREV being used.*

*Q: Should the SMPG documentation be updated or is the PREA reference there for another reason?*

* 1. Glossary Creation (Jo’Burg meeting follow up)

## Co-chairs: Axelle Wurmser, Ton Van Andel (absent)

Facilitator: Evelyne Piron SWIFT

## Countries represented

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| |  |  |  | | --- | --- | --- | | Denis Andrejew (DA) | [denis.andrejew@db.com](mailto:denis.andrejew@db.com) | Germany | | Jason Brasile (JB) | [Jbrasile@statestreet.com](mailto:Jbrasile@statestreet.com) | US / ISITC | | Armin Borries (AB) | Armin.borries@clearstream.com | Germany | | Simon Burke (SB) | [Simon.T.Burke@jpmorgan.com](mailto:Simon.T.Burke@jpmorgan.com) | UK & Ireland | | Helle Søe-Jensen (HS) | hsj@vp.dk | Denmark | | Pillay Kumaran (PK) | kumaranp@strate.co.za | South Africa | | Rei Kanechiku (JP) | r-kanechiku@jasdec.com | Japan | | Annemie Loose (AL) | annemie.loose@euroclear.com | ICSD | | Taketoshi Mori (TM) | Taketoshi\_mori@mufg.jp | Japan | | Axelle Wurmser (AW) | axelle.wurmser@bnpparibas.com | France | | Marcin Zawitowski | Marcin.Zawistowski@kdpw.pl | Poland | | Evelyne Piron (EP) | [evelyne.piron@swift.com](mailto:evelyne.piron@swift.com) | SWIFT | | Cindy Foo (CF) | cindy.foo@swift.com | SWIFT | | Christine Jozet | christine.jozet@ecb.int | T2S | | Peter Mahoney | plm4@ntrs.com | UK & Ireland | | Simon Daniel | Simon.Daniel@Omgeo.com | Omgeo (Guest) | | Thomas Rohr | thomas.rohr@ubs.com | UBS (Tuesday only for IPO MP) | |  |

## Meeting Minutes

**General Session: Tuesday, April 22**

* Impacts of New Regulations (EMIR, LEI,…) - David Nowell – LSE -> See slides
* T+2 and The Impact on UK Market – Craig Clayton (Euroclear UK and Ireland)
* COAF Registration and Governance Aspects – Christine Strandberg and Armin Borries)
* SMPG Steering Committee members election for Chair, EMEA, Americas regional Directors and Japan regional Director (see more details on smpg website)
* Proposed SMPG By-Laws Change – Christine Strandberg

Settlement and reconciliation SMPG – Tuesday 22 pm and Wednesday 23 April.

Summary of discussions

Preliminary topic discussed: Replacement of Ton as Co-chair:

Since Ton has notified that he will no longer be able to act as co-chair of the group, the position is therefore open to any other member of the group (except Jason, Armin and Take who are already part of the SC). It has been requested to other SnR SMPG member to think about it and come back to the SMPG facilitator and co-chair in case they would like to apply for the position.

1. Overview of the agenda and introduction of new comers and guests to this meetings.
2. APAC
   1. IPO and Bidding processes - Update (Cindy and Thomas)

IPO Global MP will be updated and recirculated to the SMPG members for review sent by end of May.

* + - Recap of all changes (MP is now more generic)
    - Summary of discussions on IPO:
      * Business Actors section need some updates (eg: lead manager or a Consortium of several LM. When it is a big IPO, you even have co-lead managers, and leading banks, and they have their own way of collecting information -> Section will be updated to clarify their role.
      * Remark from Armin: we should not go to the message description and rather focus on the process. Group agreed but we must keep reference to MTs and FIX messages.
      * In the two scenarios (flows description): Replace Custodian bank by Global Custodian Bank and Sub-Custodian Bank by Local Sub-Custodian Bank and remove the alphabet labelling. Note 1 should be removed in scenario 2 as there is involvement of the CSD in this scenario.
      * Discussion about having only scenario 1 and remove scenario 2. Group agreed to keep both for clarity.
      * Illustrations: Inconsistencies in format used for eg 95a Parties, ISIN…+ Add illustrations for MT541 and MT543 and MT548.
      * Indian Bidding Process: ISITC documented a business case for clarity on Offer for Sale bidding process in India in Jan, 2013. Scope of bidding process in India expanded to include IPOs, IPPs, Bid Fees and the FX processing aspect of the process.
* Offer for Sale (OFS) will not be included due to lack of volumes to warrant MP.
* India NMPG has added a bidding process section in the Indian IPO MP since Bidding process MP will not be described as a separate document. NMPG had a call on March 7th to review draft document for feedback prior to distributing to SMPG for comment.
* **AI: Cindy will inform the SWIFT facilitators of the IN NMPG (Magdalene and Anik) to set up a call with the SMPG members, ISITC and representatives from IN NMPG to review business case and draft NMPG MP to determine what can be included around the funding of bidding process (done – call planned for May 6th)**
  1. DR MP - final version for approval – (C.Foo)

DR MP will be updated and sent out to the SMPG members for final review. Deadline for comments is 31th of May.

* + - Recap of all changes (MP is now more generic)
    - Summary of discussions on DR:
      * JB: CA entitlement process of DR not covered.
      * Narrow the scope since it does not cover the trading process of DR. Settlement is similar to other instruments. Refer to standard MPs.
      * The S & R WG members present all agreed on the current (final) version of the DR MP.
      * Document will be posted if no other comment received after the final distribution.

1. See BC attached “*Issues proposed by DK and PL NMPGs*”
   1. MT548 – Which qualifier (IPRC or TPRC) to be used in response of hold/release instruction requested in MT530 or MT54x? (Helle)

* Qualifier TPRC should be used – IPRC can’t be used since the INX is in the market.
* CR should be submitted to change the definition since the description is linked to the MT530 usage.
* **AI: Helle to propose a CR to Maintenance Working group (ongoing).**
  1. Alignment of “Denied” reason codes in ISO20022 messages (Helle).
* Request by Helle is to be more generic in the definitions of the reason codes.
* This is a correction of the definition by means of raising CR, no impact on the schema.
* **AI: Helle to propose a CR to Maintenance Working group (ongoing).**
  1. Clarification of Expected SD definition in ISO20022? (Helle)
* The definition of expected settlement date in ISO 20022 is a ‘copy paste’ from settlement date.
* Proposal is to align definitions of ISO20022 with existing definitions in ISO15022
* **AI: Helle to propose a CR to Maintenance Working group (ongoing).**
  1. Use of reference owner BIC in case of link of instructions in T2S? (Helle)
* CBF has a workaround that is the usage of field 13B in the linkage sequence and proposal is to advise Denmark to follow same practice.
* This topic triggered a discussion on T2S new processes impacting ISO15022 MPs (see below in section AOB for more details)
  1. Settlement instruction status: MTCH/MACH in the context of Hold/Release process (Marcin).
* General feedback from the group: MACH status should be communicated directly after matching process regardless of the Hold/Release (or PREA/NEWM) indicators in the settlement instruction
* In T2S, matching is independent from Hold and release status.
* SE: whether an instruction is matched or unmatched in the CSD system has never been linked to freeze/unfreeze status, nor if settlement capacity exists. With T2S in particular, where it is possible to freeze and unfreeze an instruction an unlimited number of times, the matching status cannot be allowed to be dependent on the released status.
* Presentation by Rei (JP) for pre-settlement matching business process for MT and MX
* Two proposals from the SMPG:
  + Usage of the MT548 with repetitive statuses (similar to Jasdec practice) for Pending sett (with reason code PREA) and Matching Status but not all institutions are able to process repetitive statuses in their status messages.
  + Usage of the field :22F/SETR/PREA ( this implies that the original settlement transaction code is lost, that might be an issue for some markets (eg Poland).

1. SMPG Market Practices (Status) – (Evelyne)
   1. Review of list of MPs still to be reshuffled (Evelyne & all) – see doc attached

* Summary of decisions:
  + - * MT535 – after agreement with Axelle – item closed
      * Repo Complete MP – still open – see below for more details
      * Auto Registration reporting – Armin has updated the document. Illustrations in ISO20022 should be finalized by next meeting.
      * Portfolio Transfer: Pillay (SA) will take over from Brett (in addition to Thomas review) – **AI EP to contact Pillay for more information on what must be done**
      * Tri-Party – Has been published on the SMPG website (as a guideline document – no further work done on this) – item closed.
      * Securities Collateral MP (see below)
      * Cash Securities Split Settlement – need for a complete reshuffle of the document. **AI EP: to be added as a topic for the next meeting.**
  1. Partial Settlement (For approval) (Evelyne)
* Partial settlement business process changing in T2S. Need to incorporate the requirements into this document. Denis to submit changes once known.
* **AI EP: Additional changes proposed by Helle will be incorporated into document for review (done) – document for final approval (deadline 31th May)**
  1. SMPG Status Reporting (MT548) MP (preliminary draft for presentation/discussion at SMPG) (Jason)
     + - Initial document combined MT537 and MT548
       - MT 547 is now published as a reshuffled document on SMPG website
       - Draft MT548 prepared by Jason
         * Proposal to split document for Processing Status and Failing status (different structure but Scope/Actors etc remain unchanged)
         * Illustration should be more detailed (6 equivalent messages in ISO20022)
         * First comments from Helle on the document will be included.
         * **AI Jason: Draft will be prepared for mid-July for review comments before the next meeting.**
  2. SMPG Modification
     + - Final review of the document
       - S. Africa highlighted they allow settlement matching modifications through proprietary messages.
       - Additional disclaimer to be added noting this modification message only applies to specific markets for pre-settlement or post-settlement modifications within scope section (provided by Jason).

AI: EP **Document posted on smpg website.**

* 1. Collateral Management MPs:
     + - Updated high level table of contents document on different collateral management messaging MPs in progress (review)
         * More structure on the various Collateral MPs
       - Updated Bi-lateral cash and security collateral MP for SMPG review -  included scope statement around various other SMPG MPs
         * Updated in scope section to refer to other SMPG MP documents that reference collateral management best practices. Repo, Lending, Listed Derivatives. Bi-lateral cash collateral appendix has also been incorporated into bi-lateral security collateral MP.

**AI: All - Any comments should be sent to Jason – deadline for publication is 31th May.**

* + - * Updated Segregated Cash and Security Collateral MP draft for SMPG comment
        + Changes for SR 2014 have been included (Draft Version 3.16 MP has been updated to include SR2014 impacts).
        + Cleared Collateral and Collateral exposure
        + Similar process in Germany but Pledge/release process via fax due to signature requirements -> cannot follow this MP.
        + Segregated Collateral MP applies to FR and needs to be expanded to highlight all regulators requirements around un-cleared collateral segregation Jason will work with Axelle on the regulatory requirements. Axelle commented that the document is too complicated (more than 19 arrows in the schema describing the complete flow of messages) to understand and put into practice. The Payments portion in the document still needs to be reviewed.

1. Specifics from ISITC (Jason) – Updates
   1. Bi-lateral Repo SMPG MP consolidation of ISITC MP – additional gaps identified between ISITC and SMPG MP under discussion with ISITC members.
      * + Gap analysis document reviewed with SnR WG (2 new gaps have been identified and added to the document). Feedback incorporated into updated gap analysis document.
        + Document will be completely reworked. Draft should be jointly reviewed by US and FR to make sure they agree on the content.
        + **AI ISITC to begin draft consolidated SMPG MP. Target date of late July/August for draft.**
   2. SMPG Securities Related Payments
      * + As a reminder, this MP is a securities related payments/cash document only. PMPG and payments world do not have the subject matter expertise to validate the requirements for cash related to these securities products. If required their review may be requested. In addition, it was agreed that SWIFT payment standard experts will try to help ISITC on the ISO20022 illustrations.
        + ISITC to present draft document for discussion and help with MX messaging recommendations to move forward with finalization. Document scope to be expanded to include MT202/210/103 and MX equivalents.
        + ISITC to work with USNG Securities Sub-committee
        + Samples in MX messages need to be updated to remove the version number in the header.
   3. ISITC Cash/FX Sub-group
      * Third Party FX Spot/Forward SMPG MP
        + No comment received –

**AI EP: Final version will be posted (Done)**

* + - Non Deliverable Forwards SMPG MP
      * No comments received from NMPG (post Jo’Burg meetings)
      * Document still in progress

1. Markets Practices on MyStandards – (Evelyne)
   1. Presentation of final version of Best Practices document for Usage Guidelines creation
      * No further comments from the group
   2. Review of preliminary work done by MS SMPG Sub-group: Common elements MP
      * Message function (23G): combined with Common Elements MP
      * Field 90a: DEAL in recommendation or not?
        + Group decided that the field should remain outside the 10 elements MP
      * Field 35B: ISIN only
      * Field 95a: Preferred format BIC

SMPG approved the structure of the Common Elements MPs (for both Instructions and Confirmations). The Collection will be posted as public document on MS. Any NMPG wishing to re-use this UG for their own UGs creation should request to get the zip file. Email should be sent to either Evelyne or Margaux.

* 1. Review of other MPs in MS
     + Automatic Registration collection (containing 4 UGs: two for “Securities out for Registration” and two for “Securities Back from registration”)
     + Comments received during the review will be incorporated in the document then posted in MS for final review. Deadline is end of May.
     + It has been also asked to the group whether we should keep multiple versions of the Collection or not. It has been decided that we keep only the official version and the official minus one (clearly identified)

1. Topic for potential CRs for SR2015

No specific discussion on this except items agreed on point 2 above.

The group has been notified that at the December 2013 Board meeting, the SWIFT Securities Committee (SSC) requested explicitly that all securities change requests (category 5) for SR 2015 must be critical and have a strong business case or a regulatory justification, as the securities industry is facing migration to some major market infrastructure projects starting in 2015. The SSC will perform a final scrutiny of all approved securities change requests by the Securities Maintenance Working Group before they are submitted for country vote.

1. AOB
2. Portfolio Transfer (additional question raised by Tomas)
   * Swiss market is implementing the 586 message
   * Portfolio Transfer MP will be reviewed by Thomas (but no incorporation of ISO20022 illustrations since not used by CH market).
3. Impact of T2S on local market practices (those migrating to T2S) (UK NMPG)

*-> Are the markets who are migrating to T2S refining their market practices with the aim to publish the ISO15022 requirements for eventual settlement on T2S and are we able to have some timescales of these changes shared with the wider community. Also is there a need for co-ordination and standardization across the impacted markets and is the SMPG the forum to drive this?*

Initial discussion took place on Tuesday 22 when the group discussed issues raised by the Danish NMPG regarding T2S processes.

Karla Mc Kenna, Global SMPG Chair attended the discussions on this topic.

Below are the summary notes on the T2S discussion:

* + Denis’s proposal is to have SWIFT documenting the MPs for T2S for ISO 15022. SWIFT has prepared all T2S UGs for ISO 20022. Should SWIFT also document the same for ISO 15022? Or whichever party who can assist in the documentation on MyStandards?
  + Christine recalled the group that this work was done through a consulting exercise.
  + Certain scenarios in the T2S world are not documented in the existing MPs. Is there a need to do adjustment in the MPs which are already published to add in T2S flows? Existing MPs are changing with the implementation of T2S. Should the documentation be done by SMPG as a group?

Examples include:

* + - * 1. Partial settlements business process allowed in T2S, therefore CSDs and custodians will build out capability
        2. Linkage usage requirements
        3. Modifications business process
        4. Bilateral cancellation process
  + Denis’s point is to have a common T2S MP document as a base for all organizations to work on detailing their own specificities. This would be more efficient than to have all organizations working on their own documentation from scratch. It would be useful to have a best practice document, eg for account number (optional matching field in T2S), if used in T2S, explain how to populate that field.
  + Comment from Karla: we should not have specific MPs for T2S but if anything is missing in the current MPs, they should be improved. Then the markets moving to T2S could refer to the Global MP.
  + Proposal is for the different organizations to document the UGs on MyStandards. However, a concern is that organizations may not be willing to make their UGs public for sharing due to competition.
  + The group was generally agreeing that it will be a valuable and beneficial exercise to have a common T2S MP document in ISO 15022 but the outstanding question is who should be the owner of such a document? SMPG is not the right group to raise this request of documenting the T2S ISO 15022 requirements. A suggestion is to begin by conducting a gap analysis between the T2S MPs in ISO 20022 vs published MPs in ISO 15022.
  + A show of hands was done to determine if the SMPG should raise this request via the SSC to SWIFT to perform a gap analysis. Majority of the group was in favour of that. After a long debate on the above request, it has finally been **agreed to set up a sub group** with all markets migrating to T2S. Any gaps identified with current MPs should be sent to SWIFT SMPG facilitator who will organise conference calls to discuss how best to address those gaps.

**Action items:**

**SMPG members: Any gaps identified in terms of MPs should be sent to SWIFT SMPG facilitator.**

**AI EP: To set up the sub group with all markets impacted by T2S**

1. Clarification in Hold/Release MP (Citi)

*Within the SWIFT User Handbook, the PREA (Preadvice Message Reference) qualifier for the 20C Reference field in the LINK sequence has been around for a good number of years. Presumably, it is there to reflect the reference from a :23G:PREA message on a :23G:NEWM message?*

*If so, the Hold & Release (Preadvice) SMPG guideline does not make reference to this usage and instead refers to PREV being used.*

*Q: Should the SMPG documentation be updated or is the PREA reference there for another reason?*

* The group agrees that the right code is PREA to be used in the Released INX. The MP document will be updated to reflect this change.
* Discussion about T2S and their H/R process (to be discussed by sub-group to identify potential changes in the current MP)

1. Glossary Creation (Jo’Burg meeting follow up)
   * + Not covered - Will be part of the agenda for the next SMPG meeting

------------------ End -------------------------------------------------------------------------------------------------------