**SMPG La Hulpe meeting**



**April 15 - 17, 2015**



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**Hosted by:**

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| **Meeting Venue:**  SWIFT  Avenue Solvay 81  1310 La Hulpe,  Belgium.  **Dress Code**: *Business Casual* | \\BE-FILE01\jlittre$\MyData\01. STANDARDS\01. STD DEVELOPMENT DOMAINS\1. Securities\01. SMPG Global\06. Global Meetings\2014 Boston\Logo\EventSuite_SSGX_WebBanner.jpg |

1. **Meeting Global Agenda**

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| **Wednesday 15th of April** | | | | | | |  |
|  | ***8:15 (sharp)*** | | ***Bus leaves from the Hotel “Chateau du Lac” to SWIFT*** | | | |
| **Morning Session** | | | | | | |  |
|  | **8:30 – 9:00** | | Bus arrives at SWIFT (Solvay entrance), and visitors walk to the château in the grounds of SWIFT.  *(Coffee, drinks, croissants and fruit available before start of General Session)* | | | |
|  | **9:00** | | **Start of General Session** | | | |
|  | **9:00 – 12:30** | | **General Session Agenda**   1. SMPG Welcome Address (Karla Mc Kenna – SMPG Chair, ISITC) – 5’ 2. Welcome Address by Host (Stephen Lindsay – Head of Standards,SWIFT) – 5’ 3. Meeting Schedule Overview (Evelyne Piron / Jacques Littré - SWIFT) – 5’ 4. LEI Presentation (Gerard Hartsink or Stephan Wolf – Global LEI Foundation) – 30’ 5. CSD Regulation Update & Settlement Discipline (Alexander Westphal – ECSDA) – 30’ 6. Best Practices for ISO 20022 Implementation (Patrik Neutjens - SWIFT) – 30’ 7. SMPG Regional Updates EMEA (SMPG APAC / JP Regional Directors) – 15’ 8. SMPG Regional Updates APAC (SMPG EMEA Regional Directors) – 15’   --------- BREAK --------   1. SMPG Steering Committee Elections (Karla Mc Kenna / Jacques Littré) – 45’ 2. MyStandards – Status on WG Usage Guidelines Publication (Janice Chapman / Evelyne Piron / Jacques Littré - SWIFT) – 20’ | | | |
| **Afternoon Session** | | | | | | |  |
|  | **12:30 – 13:30** | | | **Lunch** | | |
|  | | **13:30 – 15:15** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **15:15 - 15:30** | | | **Coffee Break** | | |
|  | | **15:30 – 16:45** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **16:45 - 17:00** | | | **Go to the SWIFTLab (Adèle building by bus or walk if weather permits it (?)** | | |
|  | **17:00 – 19:00** | | | Introduction and presentation of the **SWIFTLab**  *(Drinks and finger food buffet will be available)* | | |
|  | **19:00** | | | **Bus back to the Hotel “Chateau du Lac”** | | |
|  | |  | | Free evening  *(Several restaurants are within walking distance of the hotel - see section IV below)* | | |

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| **Thursday 16th of April** | | | | | |
|  | | ***8:15 (sharp)*** | ***The bus leaves from the Hotel “Chateau du Lac” to SWIFT*** | | |
| **Morning Session** | | | | | |
|  | **09:00 – 10:45** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **10:45 – 11:00** | | **Coffee Break** | | |
|  | **11:00 – 12:30** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **12:30 – 13:30** | | **Lunch** | | |
| **Afternoon Session** | | | | | |
|  | **13:30 – 15:15** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **15:15 – 15:30** | | **Coffee Break** | | |
|  | **15:30 – 17:30** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
| **Evening** | | | | | |
|  | **17:30** | | **Leave for evening event and dinner** | | |
|  | **17:30 – 22:00** | | ***Evening Event and Dinner*** | | |
|  | **+/- 22:00** | | **Bus back to the Hotel “Chateau du Lac”** | | |

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| **Friday 17th of April** | | | | | |
|  | ***8:15 (sharp)*** | ***The bus leaves from the Hotel “Chateau du Lac” to SWIFT*** | | | |
| **Morning Session** | | | | | |
|  | **9:00 – 10:45** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **10:45 – 11:00** | | **Coffee Break** | | |
|  | **11:00 – 13:00** | | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|  | **13:00** | | **End of meeting** | | |
|  | **13:00 – 14:00** | | **Light lunch (possibility to grab lunch and go)** | | |

**Meeting Agenda**

1. Welcome note
2. Introduction of the LEI in MT and MX messages (Paul Janssens / Evelyne)
   1. Industry Implementation of the LEI
   2. Impact on standards and timeline
3. [European CSDR regulation](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0909): [ESMA draft technical standards and ECSDA & SWIFT Response](http://www.esma.europa.eu/consultation/Consultation-Technical-Standards-under-CSD-Regulation) (Marcin) (click on links to access documents)
   1. Impact on messages and existing MPs
      * Transaction types
      * Status codes
      * Transaction type as a matching field
      * Buy-in process (SWIFT: cf ISO20022 message)
      * Format differences (eg. amount, timestamps, LEI as a party identifier)
   2. Brief update on the consultation process
      * Summary of the ECSDA and SWIFT responses
   3. Discussion and SMPG position
4. SMPG Market Practices (see documents attached)
   1. IPO – Final review – document is proposed for approval
   2. Factored Securities - Final review – document is proposed for approval
   3. Cash Securities Split Settlement (Open question: do we keep illustrations of Payment messages? Or do we refer to the Payment documentation of messages?)
5. Updates from ISITC (see doc attached)
   1. Cancellations MP – MX securities cancellation field usage per NMPG (What are the fields usually populated in an MT54x CANC? And compare with sese.020 MX cancellation message)
   2. Bi-lateral Repo SMPG MP – ISITC to present US finalized version to SMPG at upcoming March SMPG conference
   3. Segregated Cash/Security Collateral MP – SMPG to provide update on interest in reviewing ISITC MP
   4. Non Deliverable Forwards – ISITC finalized version to be reviewed by SMPG for EMIR and other regulatory jurisdictions and clearinghouse requirements
6. Impact of T2S on current Global SMPG MPs (See attached documents prepared by Helle/Denis/Armin/ SWIFT)
   1. Hold And Release and Modification (Helle)
   2. Linkages (Denis)
   3. Partial Settlement (Armin)
   4. Transaction Processing Command (N/A since no impact)
   5. Portfolio Transfer (T2S) (To be discussed - draft for review – merge with existing draft doc?)
   6. Status messaging (to be discussed)
      * Less status codes in T2S (eg, Unmatched status not supported)
      * Mapping table between ISO15022 and 20022?
   7. Next steps? Discussions regarding the format: One document or updates to existing MPs?
   8. Other updates? Other MPs?
7. AOB :

* TIC Working Group (Armin)
* CSD regulation:
  1. Buy In: advice from the SMPG group regarding the current ISO20022 messages (CCP specific) versus potential usage by CSDs?
  2. Proposal to publish on smpg website the document “Identification of Securities Financing Transactions Using Standard Message Formats” produced for ICMA (also linked to CSD regulation and Buy in) – Clarification on correct usage of the field SETR//TRAD or other transaction type since the buy-in process triggered by the CSD depends on the type of transaction in question.
* COEX DSS – Publication of the list of codes for this qualifier on SMPG website? (Evelyne/Axelle)

MT 540, 541, 542, 543, 544, 545, 546, 547, 536

Seq E field  :22F::STCO/COEX/ PTYH   Party Hold

                                                            CSDH   CSD Hold

                                                            CDEL Conditional Delivery Hold

                                                           CVAL  CSD Validation Hold

                                                           ADEA Accept After Regular Settlement Deadline

                                                           PARC Partial Settlement is Allowed with Minimum Cash Value

                                                           PARQ Partial Settlement is Allowed with Minimum Quantity

                                                          CMDY  Cancellation/Modification Allowed

                                                          CMDN Cancellation/Modification Not Allowed

Seq E field  :22F::SETR/COEX/AUTO Auto-collateralisation

MT 548 and MT 537

Seq A2a field :24B::PACK/COEX/ CDCY Conditional Delivery Currency

                                                                CDRG Condition Delivery Registrar

                                                                CDRE Conditional Delivery Realignement

                                                                CDNA Conditional Delivery Other Reasons

Seq A2a field :24B::PEND or PENF/COEX/ CDCY Conditional Delivery Currency

                                                                CDRG Condition Delivery Registrar

                                                                CDRE Conditional Delivery Realignement

Seq A2a field :24B::CANP and DEND/COEX/ CDCY Conditional Delivery Currency

                                                                CDRG Condition Delivery Registrar

                                                                CDRE Conditional Delivery Realignement

                                                                CDNA Conditional Delivery Other Reasons

Seq E field  :22F::STCO/COEX/PTYH   Party Hold

                                                           CSDH   CSD Hold

                                                           CDEL Conditional Delivery Hold

                                                          CVAL  CSD Validation Hold

                                                           ADEA Accept After Regular Settlement Deadline

                                                           PARC Partial Settlement is Allowed with Minimum Cash Value

                                                           PARQ Partial Settlement is Allowed with Minimum Quantity

Seq E field  :22F::SETR/COEX/AUTO Auto-collateralisation

MT 530

Seq B field :22F::PRTL/COEX/PARC Partial Settlement is Allowed with Minimum Cash Value

                                                          PARQ Partial Settlement is Allowed with Minimum Quantity

Seq B field :22F::PRTL/COEX/PTYH   Party Hold

                                                          CSDH   CSD Hold

                                                          CDEL Conditional Delivery Hold

                                                         CVAL  CSD Validation Hold

MT 548 for intra-position movements should your back office application  need this to be identified

Seq B field :22F::SETR/COEX/INTRA

MT 578 and MT 586

Seq E field  :22F::STCO/COEX/PARC Partial Settlement is Allowed with Minimum Cash Value

                                                           PARQ Partial Settlement is Allowed with Minimum Quantity

Seq E field  :22F::SETR/COEX/CLAIM Market Claim

                                                           AUTO Auto-collateralisation

                                                           ETFT Exchange Traded Funds

* MyStandards – High level review of all Collections (Evelyne) – Done in general session

## Co-chairs: Axelle Wurmser/ Marcin Zawitowski

Facilitator: Evelyne Piron SWIFT

## Countries represented

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## Meeting Minutes

**General Session: Wednesday April 15th (see slides posted on smpg website -** [**here**](http://www.smpg.info/fileadmin/documents/6_Global%20SMPG%20Meetings/2015_LA_HULPE_SMPG_General_Meeting/SMPG_LA_Hulpe_Meeting_Presentations_20150415.zip)**)**

* Introduction and welcome address by SMPG chair (Karla) and Hosts (Stephen Lindsay – Head of SWIFT Standards)
* LEI Presentation (Gerard Hartsink – Global LEI Foundation)
* Best Practices for ISO 20022 Implementation (Stephen Lindsay - SWIFT)
* CSD Regulation Update & Settlement Discipline (Alexander Westphal – ECSDA)
* Regional Updates
  + SMPG Regional Updates EMEA (SMPG APAC / JP Regional Directors)
  + SMPG Regional Updates APAC (SMPG EMEA Regional Directors)
* SMPG Steering Committee Elections (Karla Mc Kenna / Jacques Littré)
* Please also refer to the press release posted on SMPG website on April 17th ([here](http://www.smpg.info/index.php?id=13&tx_ttnews%5BbackPid%5D=11&tx_ttnews%5Btt_news%5D=10&cHash=1afca62dd91cb9b5fc56ed5cb101345a))

**Settlement and reconciliation SMPG – Wednesday 15th till 17th April.**

**Summary of discussions**

**Wednesday April 15th**

1. Overview of the agenda and introduction of SWIFT guests and newcomers.
2. Introduction of the LEI in MT and MX messages (Paul Janssens / Evelyne)

* Cf slides attached
* Paul Janssens (LEI program director) from SWIFT updated the group about the current LEI status, including the drivers, existing scope and usage, as well as key challenges for the future.
* Purpose of the session:
  + What you do with the LEI
  + What does it mean, what can we use as a prototype for implementation in our standards
* LEI: ISO standard – Unique identifier for counterparty. Identify “Who is Who”.
* About 345k of LEI codes were issued by March 27th2015 .
* Regulatory drivers and it goes beyond derivatives: LEI initiatives started initially in OTC derivatives markets after the crisis in 2008. It is a 20 character long identifier (ISO17442) allowing for unique identification legal entity, which is especially important in risk management systems.
* Still a few things under discussions, eg. Parent relationship – Who owns who?
* LEI will enable measuring risk for a specific entity/group if used everywhere across the group
* LEI to be valid must be renewed. LEI renewal is required on yearly basis. 17 % LEIs is lapsed (meaning: needed revalidation). Relatively big number of lapse LEIs may be caused by ownership and responsibility issues (who should do it).
* Reference to ultimate parent and immediate parent attributes would be very important, because usually there is a need of aggregation at this level.
  + Q: will there be penalties if not renewed? Still be discussed
  + Q: Could some attributes be added to the LEI. Such as the element GroupLevel which is required (or could be) in the regulatory framework, and by regulation.
* LEI will never replace the BIC, their scope, granularity and some other attributes is different. Cross-reference of LEI to other identifiers is possible. BIC to LEI mapping is a payable service that can be done by SWIFT. PJ also reminds that the LEI is a public data therefore cannot be sold. The price entities pay for getting their LEI is at cost basis, it pays the construction of the LEI basically to the LOU (Local operational Unit).
  + Q: could the LEI be possibly more granular, for instance could the Branches have their LEI, or the ‘operational desk’? PJ: It would be a different scope than the one described in the definition of this ISO code.
* LEI in message standards – focus on SnR messages:
  + Should the LEI format be implemented in the SnR message? The timeline is quite aggressive if this change is to be done for the SR2016 (final date for the CR is June 1st, 2015 for the November 2016 version).
  + The need of LEI in settlement messaging was questioned, because the account number at the counterparty is important (not LEI).
  + Potential areas, where LEI would be practical, were indicated: KYC process, off market transactions, tax purposes, client of the counterparty.
  + Investments were already made into LEIs in many institutions. There is appetite to reuse the codes in others areas, including settlement.
  + DA: Need to have a strong business case for the addition of the LEI
  + AB: What is the added value of adding the LEI in the messages?
  + AS: In Singapore, need to provide the LEI in addition to other identifiers for tax purposes
  + KMcK: Use of LEI is underestimated – Business case driven by Dodd Frank and EMIR regulations. FpML and FIX have been changed to accommodate LEI already.
  + AB: What will happen if in field 95P (BIC) does not correspond to the LEI? Trading system should be clever enough to provide the LEI without having the information in the SnR messages.
  + KMcK: There could be a phased approached with in future a network validation rule to make sure the LEI and BIC are equivalent. KDR: not sure this is possible.
  + PJ: choice must be done between a cost now or in the future. LEI should not be considered as an alternate identifier. We need to take a long term view.
  + RL: In addition, ALTE does not work for all party fields eg Place of Clearing.
* Alternatives proposed for LEI in MT messages
  + With BIC or instead BIC
  + Syntax validation, data validation, no validation
  + Formats:
* ALTE
* New format type
  + Start with optional field and evolve into ‘mandatory’
  + Market practices
  + With ISIN or instead ISIN (for CA messages)
* Option 1: ALTE with LEI

Example: :95S::ALTE//LEIC/XX/AB00CDEDDDEDED

* Option 2: New format L for LEI and mandatory combination of P and L
* Option 3: New optional format L for LEI plus P or Q or R
* Option 4: New optional format L for LEI

(for detailed illustration of the options please refer to the attached presentation)

* New option was proposed during the meeting: combination of option 1 an 4 with option R:
  + DSS could be used concurrently with option 1. On the other hand DSS is not a good way in the long term perspective.

Open questions:

- how many levels in the settlement chain should be covered? Probably all possible.

- what if BIC is contradicting LEI (if both are provided)?

- what about the fields like: Place of trade, place of settlement etc.?

DA: Proposed Option 1 for implementation would have less impact on applications.

Discussion will continue. There is a need to go back to local markets to consult.

A subgroup with any interested SMPG members (already confirmed: DA, JB, AW, TT) will be created to elaborate on the issue in more details.

1. [European CSDR regulation](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014R0909): [ESMA draft technical standards and ECSDA & SWIFT Response](http://www.esma.europa.eu/consultation/Consultation-Technical-Standards-under-CSD-Regulation) (Marcin) (click on links to access documents)

During the common session on Wednesday morning, Alexander Westphal (ECSDA) first recalls the timeline :

- In December 2014 ESMA has launched a consultation paper on REGULATORY TECHNICAL STANDARDS.

- In February 2015 (at the deadline) ESMA has received an impressive number of answers (mostly from the CSDs). (50 or +). (As ESMA is having a limited number of FTE (Full Time Employee), the analysis has been and still is a huge work.)

- November 2016 is the deadline for the CSDs to comply with the deadline.

* Summary of issues identified in the technical standards (Marcin):
* Cf slides attached: Impact on Standards and Market Practices:
* Transaction Types:
  + ESMA proposed usage of non ISO codes:
    - TRAO (OTC Purchase or sale of securities)
    - COLL (Collateral Management)
    - CUST (Custody related Operations)
    - CCPC (CCP Cleared transactions)
  + ESMA prepared its own list of matching fields that is not used in the market
* Status Types:
  + ESMA proposed usage of non ISO codes
  + No information regarding where these codes come from
* Buy- in Process:
  + New data requirements for buy-in in SnR messages
  + Additional requirement not aligned with ISO standards, eg, field length or addition of the LEI for client identification.
  + The Buy-In is a completely new activity for CSD
  + 1,8 millions of BUY IN messages are exchanged per year, which gives a very strong business case.
* Other requirements
  + Amount / Quantity in Nominal Value (20 numerical Characters)
  + ESMA proposes to use the LEI to also identify clients and ISSUER identification
* SMPG feedback:
  + Agree with the common opinions on slide 8
  + No other feedback except SMPG can help in future if they are asked for assistance and support eg. for new message design or maintenance of existing message (eg ISO20022 message). On the latter, if CSDs have, at some point, to report buy-in to their customers, an automated process will be required, therefore they agreed that the existing ISO20022 messages that cover the buy-in process could potentially be used (after revision since the current version is too CCP oriented).

End of day 1: Introduction and presentation of the SWIFTLab

* Cf slides posted on smpg website ([here](http://www.smpg.info/fileadmin/documents/6_Global%20SMPG%20Meetings/2015_LA_HULPE_SMPG_General_Meeting/SMPG_LA_Hulpe_Meeting_Presentations_20150415.zip)):
  + SWIFT Lab Overview – SMPG
  + Sanctions Screening Internal Introduction
  + KYC

**Thursday April 16th**

1. Impact of T2S on current Global SMPG MPs (See attached documents prepared by Helle/Denis/Armin/SWIFT)

First set of MPs where updated with the T2S specific requirements. It was agreed that scope of the work should be about 15022 and the communication between custodian and clients only, not between T2S and CSD/DCP. Therefore the direct impact on MPs is limited

* 1. Hold And Release and Modification (Helle)
* Hold and Release:
  + Review of the proposed update to H/R Market Practices
  + Section Actors and Roles: addition of “Directly connected participants”
  + No need to describe flows between directly connected participants. These are detailed in T2S documentation
  + The proposed changes are describing 20022 scenario that are detailed in T2S documentation
  + The group therefore agreed that there are no changes required for this Market Practice. They also agreed that a sentence will be added in the scope of the document that states: “This document has been reviewed by the SMPG and it is not impacted by T2S”. The SMPG however recommend to each NMPG to review their MPs in order to identify if an updated is required or not.
  + Note from Helle: Impact on 548 should be analysed in the context of hold-release. T2S support other status code list than ISO15022. Could a matrix with the corresponding codes be prepared? On the other hand, status codes provided by CSDs to clients is up to the service provided, not T2S (see item f) below).
  + Action item EP: make the above changes in the sections “Scope” and “Actors and Roles”.
* Modification:
  + T2S does not support sese.038, 039, 040 and the current MP is therefore not impacted by T2S (supported via transaction processing command).
  + No change at all in the document
  1. Linkages (Denis)

Description of proposed changes

* Transaction Linking:
  + Dennis reminds that there are two types of linkages / (i) one transaction to the other, and (ii) the pooling.
  + A long discussion took place to try to describe diverse scenario on references, taking into consideration different roles and actors, ie a client DCP (Directly connected participant to T2S) versus a client not DCP, and how it requires (or not) to give additional references.
  + Reference via account Owner reference: the group agreed that the current MP allows the reference to the account owner reference.
  + Reference via the account Servicer: EP recalled that SWIFT recommendation (cf also discussion in Boston about a change request submitted by Finland) is the usage of qualifier RELA in settlement instruction to link with the Custodian or CSD reference.
  + Reference via T2S reference: The group believes that there is no need to map such reference in the MT settlement instruction therefore no change is proposed in the MP.
  + The group agreed that no change is required in the Market Practice except for the section “Pool linking (see below).
* Pool Linking:
  + The group agreed to add a note in section K – Pool Linking to specify that “in T2S scenario, field TOSE must be used.”
  1. Partial Settlement (Armin)

Description of proposed changes

* + The group agreed that to add the proposed change in the Market Practice since only describing new roles/processes introduced by T2S. The codes PARC (Partial Cash) and PARQ (Partial Quantity, then Securities) are used in T2S and are DSS codes in 15022 used with qualifier COEX.
  + The SMPG decides to publish the DSS COEX on the SMPG website which also implies that the SMPG will always publish a version up-to-date of this content.
  + RL and AL both raised the issue about the T2S participants for reporting partial settlement in the MT536. The group agreed that T2S participants should comply with the SMPG MP.
  1. Transaction Processing Command
* The group agreed that there are no changes required for this Market Practice except for the paragraph describing Priorities in T2S that will be added to the transaction processing command MP. They also agreed that a sentence will be added in the scope of the document that states: “This document has been reviewed by the SMPG and it is not impacted by T2S”. The SMPG however recommend to each NMPG to review their MPs in order to identify if an updated is required or not
  1. Portfolio Transfer (T2S) and Current Draft Market Practice
     + Portfolio Transfer (current draft)
* Cf slides attached:
* MT586 (Statement of Settlement Allegement) usage by Switzerland – CH representative presentation slides on usage/recommendations
* UBS and Credit Suisse driven request to eliminate faxes to automatically send an MT586 when a transfer of assets from one bank to another. The solution will be launched in Switzerland in May and June 2015.
* Initial MT586 - Sending of SSIs per position with C/P SSIs optional
* Initial MT586 - Recommendation of settlement date
* Response MT586 – Answer with all positions, pending or rejected – will require a standards release change request for SR2016
* Response MT586 – SSIs and fixing of settlement date
* Cancel MT586 ability
* Review of Portfolio transfer draft SMPG MP to be scheduled by CH, Italy, ZA and possibly others for consolidation of recommendations across markets into single global market practice.
* Comment from Armin: dates, price and quantities have to be specified , for taxation reasons so the full history of activity should be provided, which might be problematic. In Germany there is a separate tool (taxbox) that is utilized for providing all that data, and transfers itself are done through FoP.
  + - T2S Portfolio Transfer
* Description of scope of this MP by Paola Deantoni: solution that will be used in Italy in the T2S context. Around 60000 positions per day are transferred in the Italian market as portfolio transfers. T2S imposed matching instead of previously used ‘push mode’ in Italy for FoP.
* FoP instructions and allegment messages will be used. Additional data that are required will be assumed as mandatory on the regulatory level.
* Key concepts:
* Transaction type: PORT.
* Receiver gets the data via allegment message
* Common reference will be used to identify transfer
* 2nd layer matching (client level matching) will be required (on the regulatory level, on T2S platform it is optional)
* Mandatory attribute: NOMC (no market claims)
* Mandatory attribute: NPAR (no partial settlement)
* Additional elements: deal price, party 3 – common need across the countries, party 4 – used for tax related details;
* Historicity of quantity of purchases with date and prices
* Average value date
* Initiator is always delivering party. Question is should there be a secondary matching ? The MISMATCHING is all in all the major issue. The Italian federation should very soon make an official proposal. Description of a Best Practice is envisaged for October / November 2015.
* If client has no BIC, the BIC of settlement agent will be used
* The Advisory Group of T2S is also organised in a task force mode to see (if) and (how) to enlarge the Italian proposal.
* DA proposed to keep that MP as a local one.
* MP will be finalised by T2S WG and when complete, it will then be re-discussed and decided whether this MP is merged with the existing one or not.
  1. Status messaging (to be discussed)
     + Less status codes in T2S (eg, Unmatched status not supported)
     + Mapping table between ISO15022 and 20022?
* Group discussed and requested that SWIFT (Karine T and Evelyne P) review this MP and come up with a recommendation.
* DA: There are codes in T2S that have no equivalent in ISO15022. Should we propose new DSS codes that would be used with COEX?
* RL: Before adding a new code in the standard, best is to wait to check the usage.
* AB: Do we have to harmonise the codes? Yes Is it the right time? No it is too late since most of the DCPs and CSDs have already done the mapping work.
* DA: Could SWIFT make a recommendation (DRAFT) especially for the mapping of T2S codes in ISO15022 messages, or give an indication of what to do in MTs? In future when T2S migration waves are completed, the community could decide to harmonise the usage of the codes.

**SWIFT response**: The COEX codes with their ISO20022 equivalent will be mapped in a table. For any other T2S proprietary code, our recommendation is to check with each CSDs/DCPs since they have done this work already.

* 1. Next steps? Discussions regarding the format: One document or updates to existing MPs? N/A since review of current MPs does not require a separate document. Updates to existing documents will be done as described in those minutes.
  2. Other updates? Other MPs?
* See MP overview Impact. The list will be posted on smpg website
* Cf spreadsheet attached with list of potential impacted MPs – This will need to be updated based on impacted market practices discussed at April meeting. Below are additional MPs not covered in detail above:
* Block/Bulk trade settlement – defer to hold/release MP if MP impacted
* MT535 /semt.002 and semt.003 – SMPG believes that there is no impact on this MP
* MT536 /semt.017 – SMPG believes that there is no impact on this MP
* Pending Transaction Reporting – SMPG believes that there is no impact on this MP
* Receiving /Delivering Depository – cross CSD settlement scenario documented in existing MP
* Securities Lending/borrowing – Not currently impacted, but will be considered in future. T2S allows for auto collateralization process that could potentially impact MP.(Axelle)
* Bi-lateral Repo MP – No impact currently. May need to be re-visited in the future as new regulations occur to identify the instruction as a collateral movement.
* Cash Securities Split settlement – Conditional settlement process occurs due to trades settling in T2S vs. currencies that are not supported in T2S result in a split settlement. Potential reference in MP to note conditional settlement process and how it applies to cash securities split settlement MP (Armin).
* Securities Settlement Allegement – T2S supports sese.028, 029 and semt.020, but do not see impact to the Allegement MP. However, SMPG believe that this may need to be re-visited in the context of future new regulations.
* Financial Instrument Identification – confirmed no impact by T2S
* Modifications – MP covers specific MX messages which are not supported by T2S. Modification process when a transaction is on hold is accomplished by a transaction processing command instruction.

Action Items:

Axelle: Review the Sec Lending and Borrowing MP with experts to identify any other change required in the MP.

Armin: Review Cash Split settlement MP for potential update with Conditional Settlement process

Evelyne: Publish the spreadsheet on smpg website

1. AOB :
2. TIC Working Group (Armin)

* Discussion to consider expansion of WG to cover TIC message suite
* MT50x and 51x message suite – 502, 509, 515, 517, 518, 519
* Existing documents are out of date form 2002 that only include samples
* Need to determine if there is sufficient expertise within SnR group to discuss post trade space instead of settlements space.
* If it is decided to reactivate the Group, then OMGEO should be a member as it is covering essentially trade matching and allocation process
* The group was not able to give a clear answer, whether there is interest to re-create TIC group. There could be a problem with the expertise.

1. CSD regulation:
   1. Buy In: advice from the SMPG group regarding the current ISO20022 messages (CCP specific) versus potential usage by CSDs?

* See above in CSD regulation topic. SMPG could propose some support when required.
  1. Proposal to publish on smpg website the document “Identification of Securities Financing Transactions Using Standard Message Formats” produced for ICMA (also linked to CSD regulation and Buy in) – Clarification on correct usage of the field SETR//TRAD or other transaction type since the buy-in process triggered by the CSD depends on the type of transaction in question.
* Document produced by SWIFT highlighting how the field 22F::SETR usage applies across various transaction types such as REPU, SECL, SECB as preferred over the TRAD
* Document was driven off of need for CSD to be able to identify Repo, Lending/Borrowing and CCP cleared transactions to determine buy-in exemption under the CSD-R rules across T2S markets. Currently the Custodian to CSD messaging is not identifying the transactions with specific 22F::SETR qualifiers other than TRAD.
* SMPG agreed that document can be posted on smpg website in “Industry Documents” folder.

1. COEX DSS – Publication of the list of codes for this qualifier on SMPG website? (Evelyne/Axelle)

* By Message Type by field tag list of all agreed co-existence codewords created for the ISO15022 messages using a data source scheme COEX instead of structured fields being added to the handbooks. Include the ISO20022 structured codewords that are part of the standard will also be included for reference.
* Cf document that will be posted on smpg website (see also 3f. above) and SWIFT agreed to maintain the document.
* Action item Evelyne: Publish the document in Market practice folder.

1. Singapore planning: Agenda topics for general session and SnR WG

* Portfolio transfers- 2 versions
* ISO20022 journey – three CSDs in APAC migrating
* Best practice for creation local market practice
* HK SH Connect
* Offshore CNY expansion beyond HK to SG and others
* Impact of T+2 in EU on Asian operations – JP trust banks
* Asian Passport – funds can be setup for multiple countries
* Malaysian GST impacts on matching
* Target2 migration experiences
* Asset protection initiatives - settlement finality, asset segregation rules
* CSDR impact
* KYC - ISSA recommendation are expected soon

Meeting will be 2,5 days as usual. Consider more time for the plenary.

1. Question on valuation of assets in MT535 (Question from ZA)

* SMPG referred SA to the MT535 Market practice (Custody and Accounting Report) and advised to have a look at the minutes of the Boston SnR meeting (query on usage of sequence C of the MT535 was discussed).

1. SMPG Market Practices (see documents attached)
2. IPO – Final review – document is proposed for approval

* Reword scope section to highlight business process vs. messaging recommendations: “*This market practice only describes MT standards illustrations. From a business process and messaging flow perspective, FIX messages are also referenced although they are not described in detail nor are field recommendations incorporated into this document. For more information regarding usage by product type of other standards, please refer to the Investment Roadmap and supporting documentation. Specifically, for information on FIX messages, please refer to www.fixtradingcommunity.org and FIX’s IPO Recommended Practice/Guidelines document.”*

1. Factored Securities - Final review – document is proposed for approval

* Add the generic sentence around IBAN usage (pg.8) from Common Elements MP into Factored Secs MP and apply minor edits to document from meeting. Update to V1.5.
* Action Item Jason: finalise with comment above

1. Cash Securities Split Settlement (Open question: do we keep illustrations of Payment messages? Or do we refer to the Payment documentation of messages?)

* Add the ISO20022 samples equivalent to MT202 that exist in the Securities Related Payment MP + reference to this MP (iso PMPG)..
* It was discussed, whether custodians client should/could split into two messages (FoP and 202). It would be SLA related.
* Check whether the generic sentence around IBAN usage should be added in the document.
* Action Item: Robin to update the MP as per the above comments.

1. Updates from ISITC (see doc attached)
2. Cancellations MP – MX securities cancellation field usage per NMPG (What are the fields usually populated in an MT54x CANC? And compare with sese.020 MX cancellation message)

* Scenario explained and all represented markets did not feel there was any specific fields that would be considered required for cancellation beyond the Previously Sent (PREV) transaction reference ID.
* Discussion of status of a cancellation request message (sese.027) vs. status of transaction (sese.024). For example, if a cancellation request is rejected, the sese.027 is sent, but the sese.024 is not since the transaction was not cancelled. This is not consistent with the MT548 which is a combined cancellation request response and transaction cancellation status response. T2S will send a sese.027 acceptance of the cancellation request as well as a sese.024 transaction cancellation.

1. Bi-lateral Repo SMPG MP – ISITC to present US finalized version to SMPG at upcoming March SMPG conference

* Can be published as is but as a draft
* ISITC to finalise the document and review with FR before final SMPG approval (before next SMPG meeting).
* Note: It is MT (ISO15022) only MP. ISO20022 illustrations will be done separately at a later stage as the Securities financing messages in ISO20022 are significantly different from the MT equivalents.

1. Segregated Cash/Security Collateral MP – SMPG to provide update on interest in reviewing ISITC MP.

* Authorisation from the counterparty broker is required before the collateral is released.
* There are several models being discussed at the ISITC level.
* DTCC is preparing a new collateral management solution. The objective is to make the investment manager- custodian flows consistent with DTCC solution.
* Clearstream International offers a bit different rules in their collateral solution.
* In Germany collateral taker acceptance is still done by fax.
* ‘Tri-party’ term was removed from the document, because it is something different from tri-party collateral management systems offered for instance by Clearstrem, Euroclear or JP Morgan.
* Action Item Evelyne: Reminder to check where the “Tri-party collateral management” document has been posted on smpg website. It is not supposed to be a global SMPG MP. However, it can be published as a best practice document on SMPG website/Industry Documents folder.

1. Non Deliverable Forwards – ISITC finalized version to be reviewed by SMPG for EMIR and other regulatory jurisdictions and clearinghouse requirements.

* Previously agreed this will remain an ISITC market practice and will not be proposed for SMPG endorsement.

End Of document