**SMPG Singapore meeting**

**October 7 - 9, 2015**

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**Hosted by:**

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| **Meeting Venue:**SGX (Singapore Exchange)2 Shenton Way, #02-02 SGX Centre1, Singapore 068804**Dress Code**: Smart 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 7th of October** |  |
| **Morning Session** |   |
|  | **9:00 – 9:30** | Arrival & Check-in at SGX premises and Welcome Coffee |
|   | **9:30** | **Start of Plenary Session** |
|   | **9:30 – 11:00** | **Plenary Session Agenda**1. SMPG Welcome Address (Karla Mc Kenna – SMPG Chair, ISITC) – 5’
2. Welcome Address by Host (Tony Lewis, Title, HSBC) – 5’
3. Meeting Schedule Overview (Evelyne Piron / Jacques Littré – SMPG Program Director / General Secretary) – 5’
4. Issuer to Investor (Peter Shen, AVP Market Data & Access – SGX) – 30’
5. An introduction to the Hong Kong – Shanghai StockConnect (Ms. FUAN Hai Jade, Director, Head of Clearing and Collateral Management, Standard Chartered Bank) - 30’
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|   | **11:00 – 11:15** | **Morning Tea Break** |
|  | **11:15 – 12:30** | 1. Asian Market Infrastructure & Initiatives updates (Alex Kech, Director, Head of SMI APAC, SWIFT) – 25’
2. Asian Fund Passporting (Armin Choksey, Title, PWC) – 25’
3. Distributed Ledger, potential for the Securities Industry (Name Title, Company) – 25’
4. SMPG Teaser (Jacques Littré, SMPG General Secretary) – 5’
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| **Afternoon Session** |   |
|   | **13:30 – 15:30** | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|   | **15:30 - 15:45** | **Coffee Break** |
|   | **15:45 – 17:30** | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|   |  | **Free evening** |
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|  **Thursday 8th of October** |
|  | **8:30 – 9:00** | Arrival & Check-in at SGX premises |
| **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 – 15:30** | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
|   | **15:30 – 15:45** | **Coffee Break** |
|   | **15:45 – 17:30** | Corporate Action WG | Investment Funds WG | Settlement and Reconciliation WG |
| **Evening** |
|  | **18:00** |  |
|   |  | ***Evening Event******(More information will follow)*** |
|   | **+/- 22:00 - TBC** |  |

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| **Friday 9th of October** |
|  | **8:30 – 9:00** | Arrival & Check-in at SGX premises |
| **Morning Session** |
|   | **9:00 – 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 – 15:30** | *Each Working Group to decide if they continue their meeting during part of the afternoon* |
|  | **15:30** | **End of meeting** |

**Meeting Minutes**

 **Wednesday – 7th October**

For all topics presented during the plenary session, pls refer to slides posted on smpg website ([here](http://www.smpg.info/fileadmin/documents/6_Global%20SMPG%20Meetings/2015_SINGAPORE_SMPG_General_Meeting/SMPG_Singapore_Oct_2015_PlenaryPresentations.zip))

SMPG welcomed newly elected Hiroaki Okumura as SMPG Japan Regional Director to the Steering Committee. The SMPG would like to thank outgoing Regional Director Taketoshi Mori for his long standing, active contribution to securities market practice.

1. Welcome note

Round table and introduction of participants (see attendees list attached to those minutes)

1. ISO20022 journey – CSDs in APAC adopting(moderated by Alex Kech)

China:

* ISO20022 adoption at the market infrastructure level –
* Education/awareness stage to determine decision to implement or not. Expect once an announcement is made, it will likely be implemented quickly
* Payments (CIPs - China International Payment System) ISO20022 migration already underway

Korea.

* KSD (ISO20022 compliant)
* Funds on proprietary.
* SnR: discussion about adoption of ISO20022 but no plans to move to IOS20022 currently
* CA is now at feasibility study on adopting ISO20022

Japan:

* Jasdec and Tokyo Stock Exchange transformation projects related to ISO20022 underway
* Use of MyStandards

Philippines:

* Payments moving to ISO20022- ASEAN Payment framework. Also related to ABFM discussions.
* PH Stock Exchange in process of taking over the local CSD. Once settled down, SWIFT will continue discussions with local stakeholders. Not likely much happening in next 5 years.

HK:

* Bonds, payments migration being considered.
* XDS – HK exchange has no plans currently - Challenge is HKX, settlements side with CSD. SWIFT is working with them on Standards.
* HK Connect uses a super system > a way to leverage

Taiwan:

* No progress to date on ISO20022
* TWCC is the CSD > have the issuers put their data in a format

Vietnam:

* Recently implemented ISO 15022. – no plans to ISO20022 migration at this time

Cambodia, Laos: no securities market currently and handled manually.

Thailand:

* Just implemented ISO 15022 pre-matching settlement system went live in September, 2015
* Implemented the first announcement CA system in 20022
* Have been engaging with the TH Custodian Club members in standardisation discussions and about setting up NMPG (2016?).
* Also looking at establishing Funds Hub and Proxy-voting.

Myanmar: Implementing RTGS and Stock Exchange.

Malaysia: Reconsidering implementing ISO 20022. Standards will assist them in market practice and Standards compliance.

Indonesia: IDX, KAPEI (CCP), KASEI -> Modernizing their infrastructure

* Corp. Actions (IDX)
* KAPEI (CCP) – general clearing member process study using ISO20022 underway
* KFC - Nasdaq based exchange – ISO20022 adoption underway

Singapore:

* Transformation project related to ISO20022 underway using MyStandards to document specs

India:

* Nothing happening on CSD side for ISO 20022.
* Payments is on ISO 20022.
* Next year will be working on ISO 20022 for Securities.

Australia: (see also below update by Suresh)

* CHESS migration being considered
* Austraclear – migration being considered as well
* Transformation project related to ISO20022 underway using MyStandards to document specs
* ASX/AU NMPG – ASIC review of market infrastructure underway prior to considering migration to ISO20022

New Zealand:

* Removing CSD business – exchange likely to take over, but RFP currently on-going with ASX also considering

Sri Lanka:

* Discussions about launching CCP and ISO 20022.

Bangladesh:

* Only discussions at this point.

Addition information – a lot of discussions in APAC ongoing - ensuring ISO 20022 implementation is done in a harmonized way - Jasdec promoting/helping a lot - One way is by using MyStandards.

Question is not “if” markets will implement ISO20022 but may be “when”

1. Market Infrastructure Initiatives in APAC: SGX’s Experience/Journey in the Implementation of ISO 20022 (Lai Kok Leong, SGX) -> Cf ppt slides.
* Background – Stock exchange (SGX-ST), CCP (CDP) and CSD (CDP)
* Rationale for implementation – IBM mainframe closed environment architecture (faster) vs. UNIX based open data architecture
	+ 1980s built Post Trade System (PTS) and Client Account System (CAS) supporting electronic trading and clearing in a closed environment architecture (mainframe)
	+ Need to refresh entire infrastructure – modernize clearing and depository systems supporting different business and operating models while modernizing communications protocol and adoption of international standards
* ISO15022 vs ISO20022 choice? choosing 15022 would have meant to have to embark another change in the future
* ISO20022 Timeline – started in 2012 and continuing through 2017 and beyond
	+ Aug. 15th, 2015 finalization of ISO20022 spec V4.2
	+ 28 brokers (9 domestic)
	+ July, 2016 – March, 2017 CDP clearing members to go live and PTS depository review for Phase 2 in 2017
		- \*Realistic to expect a 5 year implementation process to migrate to ISO20022 within various markets
* ISO20022 messages:
	+ Securities Management
	+ Payment initiative and cash management messages
* SGX’s next steps
	+ MP for SnR and CA (work with SG NMPG)
	+ Implementation phase 1
	+ Roll out incremental service improvements
* Importance of Harmonisation (versioning)/ most SMIs have a time frame to make a co-existence available between proprietary format and ISO 20022 format. (Payment world does the big bang type migration).
* SGX Participants -> Migration from July 2016 to March 2017
1. Moving from Proprietary to ISO 15022 Standards (Chu Trung Kiên - Vietnam Securities Depository) -> Cf ppt slides
* VSD reports to the ministry of Finance/ Participate to the ANNA, and to ASEAN+3
* Two stock exchanges (HOSE and HNX) previously had operated separate depository and clearing systems causing inefficiencies
* VSD is the only CSD in VN
* In the proprietary environment, DMs (Depository Members) connect to VSD via leased line
* Proprietary format was a simple XML format covering eg transaction message which were not compliant to international standards (FIX, ISO) resulting in difficulties in connecting to international organizations and cross border transactions
* In the new solution, the VSD terminal will be eliminated and there will only be the VSD Gateway Client
* Explained the disadvantages with the proprietary format. Hence, the decision to move to ISO 15022 message standard.
* Timeline started with SWIFT engagement in Feb, 2015 and started using ISO15022 via VPN proprietary gateway in July, 2015. Even on the new standard, connection is still on proprietary network, not SWIFT network. But if VSD’s DM would like the option of connecting to VSD via SWIFT Network, VSD can work with SWIFT to set up SWIFT Network.
* OTC derivatives requiring a CCP will be built
1. APAC Regional Market Practice Group – Update (Cindy) -> Cf ppt slides
* APAC RMPG – established in June, 2012 with purpose coordinate regional commonalities and support creation of local NMPGs
	+ One physical meeting/year with bi-monthly conference calls
* Market/CSD changes with little announcement/warning – pushback through APAC RMPG with coordination with ASIFMA to provide comment back to the local market CSD/regulator on possibility of postponement to allow participants to prioritize development
* Asset Conversion process in Thailand raised to SMPG for advice (previous meeting) and confirmed impacting other markets such as Canada now being discussed within RMPG for potential market practice documentation (cf draft MP)
* CA specialized working group and a generalized group discussing SnR topics
* Recent accomplishments:
	+ SG – SnR and CA MPs published
	+ India – SnR and CA MPs published
	+ Korea – CA WG launched and selective CA events MPs published
	+ Malaysia – SnR MP published
	+ Vietnam – launched in March, 2014
	+ Indonesia – target NMPG kick-off meeting planned end of 2015/2016
	+ Thailand – target to launch NMPG in Q1, 2016
	+ Philippines – target to launch in 2016
* CSD and sub-custodians must both be involved in the local market to be considered an NMPG – If only custodian -> custodian club
1. Block Chain in Post trade (Sam Ahmed, DerivAsia) -> Cf ppt slides
* Basic Principles of block chain
	1. Distributed Ledger can be centralized vs. decentralized – refer to flow diagram in presentation
	2. Public vs. Private distribution as well as hybrid of public with AML and KYC checks
	3. Mining vs. Minting proof of work
		+ Mining is a validation process that provides incentives through new tokens by miners/validators known as nodes
			1. Verify authenticity of blocks through digital fingerprints
			2. 51% of nodes through trial and error validation to accept block into chain and assign a digital fingerprint
			3. Inverted pyramid pairing of trades within 30 min block by nodes/validators in sets of 2 assigning a number again and again until 51% of nodes agree on a single assigned number of all transactions within the block
		+ Minting is more applicable to private chains where special credentials are required to join and the members are contractually bound – therefore mining is not required
	4. Token vs. token-less block chain
* Public block chain
	1. Advantage is fool proof of hacking due to decentralized/distributed architecture
	2. However, processing time is too slow (10 mins. of processing time per block)
* CSD, Central banks and exchanges continue to exist with distributed ledger decentralized structure – elimination of a CCP as a centralized counterparty is considered a target as intended purpose of CCP to reduce risk has centralized the risk in a too big to fail party
* Evolution of the bitcoin public/anonymous ledger block chain into a hybrid semi-private/private block chain structure with known contractually bound members/nodes validating transactions of institutional investors
	+ - Validation and verification of authenticity through digital fingerprints of the block trade (20 trades vs. a total net amount) completed by the authorized nodes
		- Inverted pyramid diagram of how the validation and pairing of transactions occurs until a single Id is validated by 51%
		- Equal opposite trade will need to occur for any erroneous trade within the 30 min interval of the single block trade- Limitation of block chain process
* Custodians will need to no longer hold omnibus cash accounts and keep segregated cash accounts
* Santander has built a pilot with a client to create digital entries and not move the bonds or the cash
	+ - Parallel phase where the cash and securities will need to continue to transfer between existing entities (custodians) to build trust on the block chain virtual transaction recording
		- Migration to complete virtualization will eventually lead to elimination of need to transfer securities and cash and potential elimination of need for custodian bank
* Data storage on the block chain has scalability to support enormous amount of transaction history that needs maintained forever – however strain on nodes/validators to maintain audit of block chain history will need to be considered
* Assumed separate block chains will be created by product type – repo vs. a specific OTC product type (IRS swap)
	+ - No regulation of creation of a block chains currently – expect to see 5 or 6 block chains in the future as regulation on creation of block chains continues
		- Discussions on block chain agnostic approach where multiple product types could be used on same block chain also on-going
* Parties will have different transparency levels
	+ - Regulators will have view into each legal entity party addressing KYC/AML requirements
		- Participants will only have view into anonymous party identifier
* IPO world is the biggest disruptor target – 7% fee of an IPO for stock issuance
	+ - BaML discussions on IPO process asked how balance sheet support to buy out the remainder shares of an IPO if undersold/over issuance would occur on block chain
			* Answer was block chain would not and that is a good thing since eliminating the over issuance of an IPO is not a good thing
		- Micro-issuance of smaller companies bringing to issuance/IPO to allow individuals to invest through block chain
* Compare to the Investment funds process where registrant and transfer agent process only requires movement of cash without security delivery
* Block Chain repo trade flow diagram:
	+ - Collateral Manager function cannot be done by the block chain
		- Corp. Action on the repo cannot be done by the block chain either
* Prime Brokerage Model:
	+ - Basel leverage ratio causing back to back PB trading costly and larger Prime Brokers are reducing smaller clients
		- Mid sized prime brokers (saxo bank) have an account with the prime broker can take on this buy side client segment (prime of primes)
			* Non-financial players (electronic brokers) that do not have Basel 3 limitations also interested
* ISDA OTC confirms master agreements, repos, syndicated loans, IPO issuance

 **Thursday – 8th October**

1. Singapore NMPG – Update (Daisy) Cf ppt slides
* Currently chaired by Tony Lewis (HSBC) and Co-Chaired by SCB
* NMPG active participants - BNP, Citi, DBS, Deutsche Bank, HSBC, OCBC, SCB, UOB – relevant operational staff at the sub-custodian local market level
* Currently 3 sub-committees: Transactional (further split into SnR and CA), Advocacy and Communication.
* Jason added the need to include local asset managers to ensure quicker communication about market news
* The Transactional sub-committee works mainly on domestic issues. 1 big challenge is the local SGX fee changes. Lots of operational issues are discussed with that group. Another example is the “Beneficial ownership details” matching for NCBO trades. Jason suggested that the COEX code word would be a better choice.
* Paul shared some information clarified by SGX including the transitional grace period (till July 2016) provided by SGX when they will not fail trades due to non-match.
* Jason emphasised that there should be better communication about market changes by the SMPG ie publication by NMPGs to SMPG. Evelyne added that such information should be a ‘push’ by NMPGs instead of SMPG ‘pulling’ such information from NMPGs.
* Discussions about impacts of markets that require more detailed transaction type indicator
	+ Europe fail penalty requirement (CSDR) forcing Inv Mgr and global custodian to being including transfer type
	+ UK has required transfer type for a long time related to stamp duty
1. Updates on AU NMPG (Suresh) Cf ppt slides
* Austraclear is owned by ASX, but governed separately by National bank of Australia (NAB)
* The AU market is moving to T+2. AustraClear is handling the initiative for Fixed Interest and ASX/CHESS is handling it for Equities.
	+ Both expected to migrate in March, 2016
		- Austraclear delayed December migration to March to align with ASX/CHESS date for ease of implemention
		- New Zealand fixed income and equities migration of T+2 expected to align to same migration date
	+ Regular readiness meetings being held to increase awareness to retail, brokers, fund mgrs, global custodians, and sub-custodians
* ASX/CHESS review (CHESS is a sub-registrar - CHESS is not real time but by batch process and using an own proprietary message)
	+ MT101 DVP message with all components of an MT54x message is currently being used
		- Global Custodian is instructing MT54x via SWIFT which NAB is converting to a MT101 format to be sent to CHESS
	+ Currently a batch process within CHESS with netting process with 10:30am cutoff – will move to a 11:30 cut-off
	+ Migration from MT101 will be to ISO20022 instead of MT54x ISO15022
	+ MT564 notification initiative documenting through MyStandards
* Austraclear changes
	+ Very little consultation with industry groups on recent change in requirement to populate Austraclear ID in clearing agent field using 95Q vs. 95R. Suresh will urge AustraClear to participate to the SMPG/NMPG.
	+ Real time processing over batch currently
	+ MT548 initiative to replace MT598 narrative status process – engagement with local industry groups
* Rei-san shared that JP is also looking at moving into T+2
1. SMPG Portfolio Transfer MP (Peter – CH initiative) and T2S Portfolio transfer MP (Paola) - Cf ppt slides
2. SMPG Portfolio Transfer MP (Peter – CH initiative)
* MT586 portfolio transfer “global” market practice created by Switzerland for global custodian to global custodian portfolio reconciliation of positions and settlement instructions at the local market sub-custodians across multiple markets PSETs.
* MT586 - Field 23G PORT indicates that the scope is a Portfolio Transfer.
* MT586 can also act as a directive to the custodian to create MT54x transfers to the sub-custodians once request/response is agreed via MT586 process.
* CH (FCFS) Portfolio transfer WG- Zurcher Kantonalbank, UBS, Credit Suisse, Julius Baer and other CH players involved. But, originally proposed by Netherlands with support of other European markets
* Request/Response process:
	+ Messaging:
		- 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 – standards release change request for SR2016 to be able to support
		- Response MT586 – SSIs and fixing of settlement date
		- Cancel MT586 ability
	+ Custodian request via MT586:
		- Seq. A (General Information) – Beneficiary custodian and account information
		- Seq. B (Allegement Information) – detail of each position (ISIN) with a reference to each position at each location (in scenario of split position ISIN) including settlement instructions details
		- Seq. C – Additional information – contact information of receiving custodian
	+ Custodian Response via MT586:
		- Include response/acknowledgement of validation of information received in custodian request MT586 including reference IDs, position details and settlement instructions
* Recent feedback to exclude the Funds asset class from the MT586 holdings.This has been discussed with the Funds group and the agreement was to not mentioned “Investment Funds” or Funds” in the document.
* Paola commented instead of differentiation by Asset Class, it should be by CSD-eligible securities. Also, should study and consider all markets to see if this process fits all markets. Denise disagreed because this proposed MP can be easily implementable in any market. Proposal is to add a note in the MP that states:

“In markets that already apply other tools/application for this process this MP does not apply” or similar.

* **Action item: Peter to send an updated version of the document (done)**
* **Action item: Evelyne to circulate for final review and approval. Deadline: end of November 2015**
1. T2S Portfolio transfer MP (Paola)
* Market practice specific to T2S - distributed/reviewed at April meetings and it has been updated in June and will be distributed post October SMPG conference with meeting minutes
* Focused on MX message formats that are not equivalents of the proposed MT586 SMPG portfolio transfer MP
* Proposal is to post the document (when final) in the NMPG Italy folder. The document is actually a local MP in the context of T2S that is for now only applicable to Italy. To be checked whether France is also impacted (Axelle?)
* **Action item: Evelyne to circulate for final review**
1. T2S is live! (Fabrizio) Cf ppt slides
* Addressing fragmentation across European landscape – trading, clearing, securities settlement and asset servicing and cash settlement
* All countries within European Union regardless if within the Euro currency settlement as well as non EU CSD (Switzerland Euro business). Greece only covers government bonds CSD. 99% of Euro settlements covered
* Non Euro RTGS planned – Denmark Krona cash settlement migration expected for 2018
	+ Zero share cash movements can also exist though limited to specific scenarios (claim cash movement)
* Each wave was designed to have one major market and some smaller market migrations grouped together
	+ Wave 1 – Italy
	+ Wave 2 – Euroclear
	+ Wave 3 – Clearstream
	+ Wave 4 – Spain
* Detailed migration storyline (DMS) sets the rules and principles for the migration activities from pre-migration through migration weekend through post-migration
	+ Data migration tool
	+ Contingency scenarios - Point Of Non Return however exists.
	+ Migration toolkit
1. CR SR2017 : T2S Statement of Transactions in case of partial settlement (Fabrizio)

Cf ppt slides

* Description of the difference between SMPG MP and T2S MP.
* Question of interpretation of SMPG market practice on MT536 recommendations on providing settled transaction total on a partial settlement
* SWIFT handbooks are clear on definition of statement frequency:
	+ Intra-day statement frequency (22F::SFRE//INDA) for a point in time during the day of the settled partial trades
	+ End of Day statement frequency (22F::SFRE//DAIL) for the entire days settled trades
	+ Delta report vs. Complete report indicator (22F::CODE//DELT
* Question 1 - Agreed that it does not mean REAL TIME
* Question 2 - Consensus in the Group for separate booking but the group agreed that aggregate amounts can be accepted to avoid implementation impacts on T2S.
* Question 3 - SMPG answered that with the requested change, T2S would be in line with the SMPG recommendations.
* Question 4 - Option 1 is the logical explanation of delta report – The group believes that the UHB clearly explains the meaning of delta report.
* Question 5 - SMPG group is not supportive of the change.
* Question 6 - SMPG group agreed to add a section to the MP. It would be good to have a proposal (from the Eurosystem) and SMPG will discuss the update to MT536.
* **Action item: Eurosystem to make a proposal to SMPG for update to MT536 (Next SMPG meeting)**
1. Malaysian GST Impacts on matching (Paul Marchant – Omgeo)

Cf ppt slides

* Description of the full Omgeo workflow.
* SMPG recommendation was to use LADT
	+ Omgeo checked the usage of that qualifier with various markets and determined some vendors were not able to support LADT. However, Omgeo pushed for usage based on SMPG recommendation
* Managing Market Change slide highlights Omgeo’s process for documenting changes in the industry – refer to slide on their process

Paul also shared SGX’s discussion on SGX On and Off Exchange Trades.

* Workflow impact flows highlighting a block trade required to be declared as off-exchange even though only a small percentage of the block share amount was off-exchange
	+ Ideally the block would have been split into two to identify one as off-exchange and one as on-exchange. But, this would require the entire industry to change to address the splitting of the block
1. ISITC Updates (Jason)
	* Updated Third Party FX Market Practice (MYR requirement) – MP attached
* MT304 message.
* MY: If CBO, requires purpose of payment. Document is posted on the website. Cindy has provided contacts for MY RENTAS Payments to Jason.
	+ Bi-lateral Repo SMPG MP – ISITC to present summary sheet of all changes/consolidations of US and Global market practices for review/comments – Alignment discussion doc and updated - draft MP attached
* Review of business case discussion between ISITC and FR on differences in CALL, ROLP and renewal scenario codeword usage.
	+ Tri-party Repo ISITC (US) MP – re-write of market practice aligns with European best practice of splitting wire nettings from repo contract instruction to custodian/fund accountant. Consider SMPG endorsement – finalized ISITC MP attached
* Jason to setup call with Robin (UK NMPG) and any other markets interested in reviewing tri party repo MP
	+ Tri-party Agent (MT527) best practice – identify commonalities and differences between formats of tri party agents. Consider SMPG endorsement again.
* Jason has prepared a spreadsheet that highlights the differences and commonalities across TPAs – will share at next meeting
1. Market/CSD Impacts impacting global custodians and Investment Managers (Jason)
* Review of matrix with SnR WG highlighting - not intended to be all encompassing, but to be used for tracking of market/CSD changes that have been raised within ISITC for discussion/clarification as to impacts to the upstream Inv. Mgr and global custodian
* SMPG SnR WG agreed better coordination within local NMPGs to push information to the SMPG when market/CSD impacts are announced instead of SMPG frequently needing to pull information from the markets which are often well past the date of announcement.
* Well received by WG and agreed better coordination/communication through the SMPG WG would be helpful for overall group to keep informed.
1. Local Markets Practices – Status (All)

*“SMPG Steering Committee has proposed to generalize a more formal way for NMPGs to report on the status of their MPs documents and of their implementation of MPs in the MyStandards platform as it is already done today by the IF WG at each physical meeting.*

*The idea is to have a better knowledge of the status of the local MPs published under the auspices of the SMPG (on both* [*www.smpg.info*](http://www.smpg.info) *and on* [*www.swift.com/mystandards*](http://www.swift.com/mystandards) *) and at the same time it gives the opportunity to the other NMPGs to look at those new MPs and verify potentially SMPG compliance. This might help in highlighting, perhaps even removing, local MP which deviates from global MP”*

* Kenya and Mauritius – Local NMPGs are being created
* Nigeria and Ghana – Looking to create NMPGs in 2016
1. CSDR impact (Update) – (Armin) -> cf ECSDA report
* Updated ESMA technical standards document has been published (Sept 28th)
* Commission -> 3months to adopt the standards
* CSD Regulation has more than a 100 pages. 2 topics that were discussed. Settlement discipline. And also role of buyers.
* Penalties for those who deliver late the securities
* BUY IN // most CSD have no brokerage arm. Comes to the point of insolvency.
* Rules for the BUY IN are to be published end of November.
* Document on Capital requirements to be published soon also.
* Segregation of accounts // not harmonized in Europe // big and huge debate // why do we need to segregate // as a bank do I need to segregate my own accounts from the customer’s account.
* Mellon BoNY abandoned the idea of creating a CSD in Belgium.
* Already now we have seen many CSDs have changed their pricing model.
* Update on Financial Transaction Tax
* Discussion that the FTT should not apply to trades that have background to a ‘real life’
* EU foresees a text
* Meeting postponed till November (11 countries participating)

**Friday – 9th October**

1. Thailand - Foreign/ Domestic share conversion Market Practice (Cindy)
* No representation from TH. Cindy provided a quick update on SWIFT’s recent meeting with representatives of TH Custodian Club at end of September.
* Messaging flow:
	+ Instruction of local shares and conversion to foreign shares and vice versa via MT54x with 22F::STCO/SMPG/COVF and COVL code words – SR2017 maintenance change request might be expected
	+ Status MT548 messaging on initial delivery or receipt as well as status on each (local vs. foreign) share conversion
	+ Confirmation of settlement for both local shares and foreign shares sent by custodian
* Cindy explained the TH Asset Conversion MP on 9 Oct. There is pending information from the major custodian banks in TH on their current process for Asset Conversion.
* Germany, Switzerland, Norway, Australia, Japan and Vietnam also have similar conversion of shares requirements that are handled in different ways
	+ Vietnam – automatic conversion of shares happens
	+ Canada has a conversion process
* Further updates and discussions will continue at the next SMPG meeting in Helsinki in April 2016.

**Action item: Jason will check with Canada and provide feedback on their process**

1. LEI In SnR messages (SR2016) – Clarifications required in our MPs (Evelyne/Paul Janssens) -> cf ppt Slides
* Regulatory Oversight Committee (ROC) -> Global LEI Foundation -> LEI Issuers (LOUs) -> Consumers of LEI
* Current statistics - 392K LEIs registered across195 countries via 26 LOUs
* Renewal of LEI required every year – about 20% are not renewed!!!!
	+ Often LEIs are created by a firm who has a transaction that needs reported and therefore an LEI is required. Then, not used again
	+ Renewal = confirmation that data are still valid
	+ Within the LEI data is a field that provides the current status and next renewal date
	+ Each LOU will need to determine how to manage this expiration of LEIs
* GLEIF Master Agreement – final version expected Oct. 8th
* ROC LEI topics
	+ Direct and ultimate parent consultation paper distributed Sept. 8th
	+ International branches consultation paper distributed Sept. 30th
	+ Individuals acting in a business capacity – ROC statement published on Sept. 30th regarding ISO17442 rules of governance, but individual countries will apply their rules around registration
		- Not intended for the registration of individuals – meant to be applied to individuals in specific scenarios such as to identify a sole trader
* Public search tool updated Sept. 28th, 2015 – [www.gleif.org](http://www.gleif.org)
	+ LEI at the higher level will still require tying back to the individual BIC11s to clarify specific branch/entity within the entity. For example to differentiate the FX desk BIC from the Inv. Mgr business from the individual branches
	+ ROC consultation paper on how to register a separate LEI for a branch location
* List of ISO20022 reporting messages that the LEI has been incorporated – Slide 18 of presentation
	+ Money Market reporting and MIFIR reporting as two examples
	+ MIFIR regulatory reporting requirements document to be distributed with minutes highlighting requirement of LEI
* Trading Venue is still using MIC – not a one for one relationship between MIC and LEI and MICs are currently used heavily by traders today which won’t likely change practices
* Securities SWIFT Board has requested SMPG document best practices on usage across messages
	+ Spreadsheet of impacts created by SWIFT standards for message types after the SR2016 MWG meetings in August
		- TIC message types, Settlements and Reconciliation message types highlighting specific fields, qualifier and format option usage across every message type in scope
		- Spreadsheet highlights the sequence, field, qualifier or format option is repetitive and when the new Format Option L will be added.
		- Corp. Action decided to not add for this year until a stronger business case is presented
		- FX already allows for a structured LEI field across all party fields – added in SR2014
		- Cash message suites did not consider LEI yet. PMPG will be discussing in mid-October, 2015
		- Collateral Mgmt message suites only approved for MT569 for now. MT527/558 were not approved even though a strong business case was presented by ISITC highlighting the US tri party reform rules requiring the buying and selling legal entity mandatory usage currently identified via BIC.
		- Also includes the ISO20022 MX message formats
	+ Next step for SMPG SnR WG to create usage matrix similar to current SMPG summary matrix that shows a high level view regionally across applicable fields/format options of when/where the LEI is optional vs. required
		- MT565 Russia usage request raised
		- MT527 buyer and seller legal entity

For information:

* link to a page on the esma website with references to the RTS and related news: <http://www.esma.europa.eu/news/ESMA-readies-MiFID-II-MAR-and-CSDR>
* **Action item: Evelyne and Paul to setup a sub-group to get an initial version of matrix created – FR (Axelle) , ISITC (Jason), UK (Robyn), DE (Denis), AU (Suresh) representatives volunteered to start matrix and share with larger SMPG SnR WG.**
1. PSET B11 listing – T2S Markets (Jason/Evelyne/Paul)
* Matrix reviewed with group and additional markets were validated. NMPG representatives need confirmation from the CSDs before responding.
* **Action item: Jason and Evelyne to continue to work with individual markets on confirming PSET BIC11 and if can be used ahead of migration to be updated into SMPG PSET matrix**
1. Update to MUG – Case sensitiveness of Reference and Ids? (All)
* Request by T2S to clarify if a lower case reference ID should always be considered the same as an upper case reference ID of the same content – ABC123 = abc123
* X character set allows for both upper and lower case letters
* SnR WG agreed a SWIFT usage rule to be added to SWIFT UHB across all field 20a Reference ID fields to make sure that same set of characters (upper case or lower case) for Ref and Ids must be understood as the same reference, in other words, ref ABC123 and ref abc123 are identical.-> CR submitted by SWIFT sponsored by SMPG.

**Post meeting discussion (w/Gunnar): Need to re-open the debate at next SMPG meeting in Helsinki: “***In preparation of such revisiting of the topic I would recommend that each market representative uses the time to check with their national groups as we will do in T2S. Currently we have two big players both joining T2S next year with very different views on this topic, one of them clearly saying that abc123 is not the same as ABC123 and they are not willing to change view as this is long practice already*.”

1. AOB

Adding new disclaimer on cover page to all SMPG Global MP documents

* Reminders to authors of the MPs to put disclaimers in SMPG MP documents
* SMPG recommends to NMPGs for adopting the same disclaimer
* New disclaimer needs to be added to each market practice and added to the MyStandards Introduction page

Place of Trade usage/acceptance by local market sub-custodians – raised by US asset manager who participates at ISITC

* Turkey and other markets require Place of Trade
* Other markets such as Poland, one local custodian has rejected a trade because Place of Trade is provided on trade instruction as optional information
* Place of Trade field 94B allows for identifying On vs. Off Exchange through the use of subfield – 94B::TRAD//EXCH/\_\_\_ vs. 94B::TRAD//OTCO/\_\_
* **Action item: Each NMPG to confirm if there is any conditional requirement of populated on vs. off exchange. This is beyond Turkey and Singapore requirement already confirmed.**
* **Action item: Alex to forward email trail from US asset manager for Jason to follow up within ISITC to discuss further (done)**
1. Review of action items from last SMPG meeting (Evelyne)
* Not covered during SG meeting - Deferred to next conference
1. Status of SMPG global MP – Missing 20022 illustrations? (Evelyne)
* Not covered during SG meeting - Deferred to next conference

**END OF DOCUMENT**