



Your Gateway to Securities Standards !

Spring WebEx Global SMPG Meeting

April 12 – April 16, 2021

Meeting Venue:

WebEx teleconference

I. Settlement and Reconciliation - Agenda

Monday 12th of April – CSDR

13:00 – 16:00 (Brussels) 07:00 – 10:00 (NY) 19:00 – 22:00 (Tokyo)	Welcome and tour the table	Marcin
	Co-chair elections	Alexandre
	Action list review	Marcin, Alexandre <i>Based on previous global meeting minutes and action list spreadsheet</i>
	CSDR penalties MP	
	- Penalty reporting MP update	Arnaud, Alberto <i>Document received from Arnaud on February 16th with Alberto comments received on February 25th</i>
	- Global testing and local discrepancies	Jason, Paul J. <i>Initiated by Jason, January 27th</i>
	- Transaction reference information in the monthly reports	All <i>Initiated by Sari on February 23th, followed with comments by Ton, Arnaud, Alberto, Marcin, Stephan</i>
- Payment date	All <i>Sari, March 2nd</i>	

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Tuesday 13th of April - MP maintenance day

13:00 – 16:00 (Brussels) 07:00 – 10:00 (NY) 19:00 – 22:00 (Tokyo)	Hold release MP	Ton
	Allegement MP	Suzanne
	Securities Transaction Posting Report MP	Suzanne
	Function of the message MP	Marcin
	Buy-in MP ISO20022 illustration	Marcin
	Progress update of the UG migration	Alexandre <i>Action 20-26</i>

Thursday 15th of April - SWIFT strategy day

13:00 – 16:00 (Brussels) 07:00 – 10:00 (NY) 19:00 – 22:00 (Tokyo)	Plenary session follow-up and discussion	All
	SWIFT strategy impact on MPs, including UTI	All
	Session with SWIFT IT API expert to discuss the technical details of API development including standards implications	Alexandre / SWIFT <i>Action 20-24</i>

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Friday 16 th of April – AOB (revised)			
14:00 – 16:30 (Brussels) 08:00 – 10:30 (NY) 21:00 – 23:30 (Tokyo)	14:00-14:20	Settlement MP summary sheet	Jason / All <i>Initiated by Northern</i>
	14:20-14:40	CRs for SR2022 – SMPG opinion on postponement proposal	All
	14:40-15:00	Partial settlement MP – final review of cancellation rules	Aundrea/ All
	15:00-15:15	T2S CR001666 code BSSP replaced by BPSS	Arnaud
	15:15-15:30	Field BENE//4!c in MT578 and MT586 in the context of CSDR SDR	Arnaud Mail from March
	15:30-15:45	Partial release	Arnaud
	15:45-16:00	Global net in CSDR penalty reporting	Arnaud
	16:00-16:15	MP maintenance spreadsheet review	Marcin
	16:15-16:30	Planning the next steps Next monthly call	All

II. Settlement and Reconciliation – Meeting Minutes

Attendance list

Alberto Almazan,	ES
Alexandre Hotat,	SWIFT
Alexander Topel,	T2S/ DE
Annemie Loose,	BE
Armin Borries,	DE
Arnuad Jochems,	LU
Åsa Lewenhagen,	SE
Axelle Wurmster,	FR
Aundrea Jarvis,	US
Brett Kotze,	ZA
Charifa Elotmani,	SWIFT
Charles-Raymond Boniver,	SWIFT
Christine Strandberg,	SE
David Wouters,	BE
Denis Andrejew,	DE
Didier Hermans,	SWIFT
Hans Martin Aulie,	NO
Jason Brasile,	US
Kenneth Leung,	SWIFT
Marcin Zawistowski,	PL
Neil Munro,	SWIFT
Olivier Leveque,	EU
Paul Janssens,	SWIFT
Reginald Clothier,	ZA
Remy Al_Sbinati,	EU
Richard Tomusk,	SWIFT
Riyosuke Abiko,	JP
Robin Leary,	IE
Sari Rask,	DK
Stephan Shuetter,	CH
Suzanne Forup,	DK
Takaya Hamamura,	JP
Tapas Bhattacharya,	SWIFT
Tom Alaerts,	SWIFT
Ton van Andel,	NL

Monday 12th of April

Welcome address

Marcin opened the session and welcomed the participants joining from all over the world, at early morning in the US, afternoon in EMEA and late evening in Japan and Asia. The agenda were presented with Webex virtual sessions scheduled between Monday to Friday.

Armin welcomed group and highlighted the virtual structure and SMPG focus through the conference. Armin facilitated the welcome and tour of the table.

Co-Chair elections

The group thanked Axelle Wurmser, the stepping-down co-chair, for her continuous support and valuable service.

Aundrea Jarvis, representative of ISITC, was anonymously elected as new SnR Co-Chair.

Action list review

Marcin presented the action items created during last SMPG meeting. Majority of items has been already completed.

Open actions discussed:

- User guideline migration on MyStandards
- MP Spreadsheet list provides easier browsing
- Question: ability to store internal documents within SMPG.
- Decision any global documents will not list full names to encourage questions to SMPG, rather than individual firms or individuals.

Action 20-20 reviewed contact Spanish NMPG representatives to discuss the possibility of updating the MP. If that's unsuccessful, the MP will be marked as 'obsolete' in the SMPG repository.

CSDR update

(1) Penalty Reporting

The global net amount per counterparty CSD is the expectation for service providers to follow for net amount usage. If a party in chain breaks method for representing global net amount may disrupt penalty reporting.

Market practice focused on CSD engagement. May be an opportunity to document custodian communication to asset managers.

Action 21-10 Robin, Jason, Aundrea to review and coordinate feedback custodian to asset manager points to consider within the MP.

(2) Global Testing

T2S start producing testing results in mid September until February 2022. Reports to be distributed as dry-run directly from production environment. T2S does not collect/distribute the penalties – so it would never be an invoice from T2S.

CSD+ICSD able to distribute calculation results and reporting to community of participants. Expectation is the reports will be distributed as of September. Olivier confirmed coordination with CSD community already completed.

SMPG role in the global testing process is for participants to educate and encourage early engagement and participation in testing.

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Following comment from Robin, discussed point any investor in the world is subject to penalties in the case assets are held in scope jurisdiction. Example, if DTCC holds in T2S, penalty calculation applied to DTCC as participant to T2S such as a depository receipts or multi-listed securities.

(3) Transaction Reference

CA market claims discussed to address question on which underlying instruction reference to include. Users can quote both the market claim and underlying reference number. CORP reference should be used instead of COAF; CLAI should be quoted as transaction type.

(4) Payment date presented by Sari Rask and Asa Lewenhager

Payment date denoted only in monthly statement. Calendar highlights paying on pay date note when statement received from service provider.

An example reviewed for cross-border securities & holidays where a service provider may be required to collect monies from the account holder prior to the CSD payment date. Ability for an intermediary to publish date in message beyond CSD payment date.

Sari pointed out that some service providers do not intend to distribute transaction references, penalty references and payment dates. The group confirmed SMPG MP contains advice to provide that data in penalty reporting.

Tuesday 13th of April - MP maintenance day

Alexandre presented a general discussion topic to solicit SMPG members for opinion on demand for postponement of SWIFT SR2022 release, as SWIFT noted consideration due to significance of migration of payment to the new SWIFT platform. 2 SR2022 Change Requests already identified, group acknowledged additional items may be identified with CSDR implementation in February 2022. Strong business cases will be important for Change Request considerations in 2022.

Marcin presented the initiative to review list of MPs maintained by S&R SMPG. He noted a number of the existing MPs still have no owners assigned. Marcin solicited additional volunteers. Some of the market practices are aged, and not reviewed in recent years.

Group discussion to review market practice documents.

Armin noted important to published approved versions of market practices with new SMPG Logo, condition noted for Securities Transaction Posting Report and Allegements.

(1) Hold release market practice presented by Ton van Anandel

T2S consideration when implementing partial release was design of simplified and executable process. Ideal condition is standard process across participants and CSDs, which is not currently in place. Market practice should offer a solution not designed toward specific jurisdiction or offering, but rather flexibility based on market's adopting.

Jason raised question to identify group for consistent adoption, defer to lobby CSDs for uniformity.

T2S Partial settlement batching windows were reviewed. Partial release requests are reversed at the end of day and placed back on hold.

Split position reported on status message advice to note balance released and balance on hold. An opportunity to provided more structured field, expect new Change Request to address.

Market practice document updates approved by Group and will be posted.

Action 21-11 Review and track SR2022 Change Request for status message advice.

(2) Allegement market practice presented by Suzanne Forup

Suzanne presented minor updates made to the document; notably removal advice, message code. No business workflow changes. Deferred discussion on beneficial owner (22F:BENF) to Friday's meeting. Market practice document updates approved by Group and will be posted.

(3) Securities Transaction Posting Report market practice presented by Suzanne Forup

Suzanne presented minor updates made to the document; notably debit code, short code, message description, and message code number. No business workflow changes. Market practice document updates approved by Group and will be posted.

(4) Function of the message market practice presented by Marcin Zawistowski

Marcin presented minor updates made to the document; No business workflow changes.

Robin asked question regarding MT530 message only supporting NEWM, no CANC. Ton noted message is processed immediately or denied, there is no 'pending' process. As a result CANC is not required in the business process. Arnaud clarified the message is also not acknowledged.

Market practice document updates approved by Group and will be posted.

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(5) Buy-in market practice presented by Marcin Zawistowski

Pervious updates to the market practice document discussed, added ISO20022 illustrations.

Discussed the status of the CSDR buy-in mandate. ECSDA has not published position on deferral or changes to the buy-in mandate. Market practice approved by Group and will be posted. To note, if the buy-in regime does not progress this market practice is theoretical based on current state of the CSDR buy-in mandate.

(6) Progress update of the UG migration presented by Alexandre and Didier from SWIFT

Alexandre provided background on the review. In prior SMPG meeting, he presented a list of Usage Guidelines (UGs) published on MyStandards in the name of SMPG. They should be related to MPs published on SMPG website. SWIFT offered to migrate the UGs to the SR2021 in the following months.

Didier presented the UG migration on MyStandards to demonstrate approach, timelines, and user experience. This presentation addressing **Action 20-25** and **Action 20-26**

Didier presented an option to introduce a closed community with history of the documents. This solution would afford the established users access to the documents, but not public materials for general parties accessing the site.

Robin raised question on whether SWIFT or SMPG would maintain the updates. SWIFT will support the maintenance. Additional user capabilities to upload materials a consideration in order for SMPG leads to assume maintenance role.

Thursday 15th of April - SWIFT strategy day

Joint Session with CA & SnR – Repetitive 94a Place of Safekeeping (SAFE) in MT564 & MT535

Jacques opened the session and welcomed the participants joining from both the CA and SnR working groups.

CA lead reviewed the condition in question, where parties in the chain are challenged to identifying a split position and the impact to the CA event details. The impact to CA event details may include variation in operational details (deadlines, CA election options and underlying terms of the event offering) and result in a service provider transmitting two or more events to an account holder as a result to the split positions. As a provider may distribute events per SAFE, there may be limited customer awareness on receipt of multiple messages.

The recommendation is to introduce repetitive 94a Place of Safekeeping within a message to display the multiple parties in the chain of custody. The benefit to account holders is not having to compromise on least favourable deadlines and event details

Armin noted securities, typically, do not leave the country. As such, the final place of safe keeping is always the same.

The group assessed if the demand for repetitive 94a Place of Safekeeping is only at the point in time where a specific party is maintaining the split position. For example, the sender would not need to quote the full chain of custody but rather only when the split position condition presents to their recipient.

Service providers are not moving and consolidating positions to resolve the issue due to risk of pending CA. Consolidating positions would be at the account holders instruction.

Robin noted MT535 has a complex market practice structure and may not require changes.

Group agreed to second discussion on Friday 16th of April to resume topic.

Return to Settlements and Reconciliation SWIFT strategy day

Marcin opened the session and welcomed the participants joining. The focus of the meeting is to review the SWIFT strategy with a number of guests and topics scheduled.

(1) Open discussion to gather feedback on Wednesday's plenary session

Armin noted the participation levels. 137+ attendees. 4% increase in LinkedIn Page. New attendees- expected this may be related to virtual forum, making the session more accessible to broader participants.

Positive feedback on the relevance of the topics and presentations. Observation by group, it is beneficial for speakers or topics to have presentations posted for participants reference.

Consider virtual support and engagement for future general sessions with a live transmission, in case where SMPG returns to in person sessions.

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(2) SWIFT strategy impact on MPs, including UTI presented by Charifa Elotmani at SWIFT

Request from SMPG to build out the documented use case for all intermediaries to assist with adoption.

Three organizations identified to start publishing UTIs included Euronext, DTCC and HK Stock Exchange.

Annemie highlighted the number of use cases of security settlement which may not clear through the exchange. These cases may be more challenging to establish central utility to publish UTI, highlighting the need for flexibility. Examples shared include cancellation, split settlement, transformations.

Group acknowledge effectiveness of UTI may depend on adoption and intermediaries supporting through life cycle of transactions. UTI standard format is 52 character length, with LEI in 'name space' of the organization publishing the UTI

Action 21-03 Consider lineage of transactions through the market practice documents for utilizing UTI. Charifa share information on the initiative, further discussion on whether SMPG will be involved, and how SMPG may provide assistance in the initiative.

(3) SWIFT API experts to discuss the technical details of API development and standards implementation

Tapa Bhattacharya, Tom Alaerts, and Neil Munro presented the API development and a complimentary detailed presentation regarding the SWIFT infrastructure and capabilities.

API utilized 20022 components affording ability for data structure and reuse. ISO dictionary transforms to data strategy. There are no ISO20022 APIs currently. Resources created for APIs can be registered as ISO20022 compliant such as the PSD2 API resources for account balance information currently being trialled in a small subgroup of users.

Question asked to address API governance, which should be addressed with Payment and Security SEG. Paul shared insights on a piloted payment SEG. This group started a sub-group, he noted an observation that the review is more for approving usage of the data rather than for developing and approving message usage and structures. Overall, expect an evolution of the tooling will be an outcome of API adoptions.

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Friday 16th of April – AOB

Second Joint Session with CA & SnR – Repetitive 94a Place of Safekeeping (SAFE) in MT564 & MT535

Group reviewed additional examples and diagrams to demonstrate the split positions within the chain of custody.

Proposal to use the 94B Place of Safekeeping within the SUBSAFE sequence repetitively to differentiate each place of reporting, then repeating the SUBBAL sequence with unique 94F::SAFE for each Place of Safekeeping as is used today. However, a validation rule exists preventing the SUBSAFE 94F and SUBBAL 94F to both be present

CA Group to trade action and subsequent discussions on MT564.

Action 21-12 Continue discussion within S&R on potential change to MT535 MP.

Return to Settlements and Reconciliation AOB Day

Marcin opened the session and welcomed the participants joining. The focus of the meeting is to review All Other Business Items, and items deferred from earlier in the week.

Marcin and Alexandre addressed a question from a local CSD in China. The organization would like to assess local market practice and global market practice to consider noting ISO20022 standards. In case they would like to update local market practice the NMPG would review and approve. If the organization would like to volunteer to update any SMPG market practice documents to consider ISO20022 updates, individuals would attend SMPG to present drafted changes for review and approval through SMPG.

(1) Settlement market practice summary sheet

Marcin presented the settlement market practice summary sheet. The last update date was February 2016. Group agreed the document is useful tool for users.

Aundrea asked question regarding the practice and process for participants to update. For the markets with an active NMPG, and representation at SMPG, individuals to review and update the summary sheet. Global custodians to provide feedback to update more broadly. Ton agreed to review NL.

Robin highlighted market practice usually managed by CSD of the local market.

Action 21-07 Remains open and Co-chairs to schedule discussion to review approach and content updates in more detail.

(2) Proposal for postponement of SWIFT SR2022 release

Group agreed no position on the topic. Expect firms have budgeted and planned for the annual release. Change Requests to be submitted for consideration for SR2022 release.

(3) Partial settlement market practice changes presented by Aundrea

Aundrea presented the drafted market practice language to describe cancellation of remaining quantity and settlement amount clarification in embedded document, including T2S specifications.

Discussion around validation of quantity during the cancellation request on partial settlement. Business flow challenges to specify and validate remaining balance, as transactions can continuously partial settle as conditions are met.

Aundrea presented option to simplify the market practice in ISO 15022 when a request for cancellation is sent/received, it should quote either the original or remaining quantity and settlement amount. The cancellation request should not quote a portion less than the remaining quantity of the original instruction. In ISO 20022, if partial settlement occurred, any subsequent cancellation request sent/received must quote the original quantity and settlement amount of the financial instrument to trigger the cancellation of the remaining quantity and settlement amount

Market practice document updates reviewed during meeting, approved by Group, and will be posted. Specific agreement provided by Robin, Stephan, Denis, Axelle, Arnaud.

(4) T2S CR T2S CR001666 code BSSP replaced by BPSS presented by Arnaud

ECSDA will accept both values as a result of a partial buy-in.

Arnaud and Alexandre provided background on the maintenance request. 22F::STCO/REGL/BSSP replaced with new structured field for SR2021 with 22F::STCO//BPSS because the BSSP was already a code used for slightly different purposes in the 3 series message.

(5) Field BENE//4!c in MT578 and MT586 in the context of CSDR SDR presented by Arnaud

Question presented to the group on whether BENE is required or mandated. No objection for the group that BENE is not mandatory.

(6) Partial release and global net amount discussions to be continued

(7) MP maintenance spreadsheet review

Marcin reviewed the MP maintenance spreadsheet. A number of MPs are not assigned. SMPG requests volunteers to review and validate the latest market practice version.

Action 21-13 Co-chairs to schedule discussion to review approach and content updates in more detail.

(8) Conclude meeting

Group agreed to next month calls: Tuesday 18th of May and Tuesday 15th of June. Robin noted an update for FX partial cancel Change Request and corresponding Market Practice, Action 20-36.