



Securities Market Practice Group (SMPG) BY-LAWS

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Revision Record

Version	Publication Date	Changes Description	Affected Pages/Sections
4.1	26 May 2017	Final Drat 4.1 approved by voting ballot on April 26, 2017 at Dublin meeting.	-
4.1 Final Draft	22 March 2017	CH amendment on Section III.A.1.a on NMPG role in last paragraph amended by adding "SMPG" in front of "by-laws changes" and "SMPG global" in front of "market practice recommendations".	Page 7
4.1 Draft	17 January 2017 (For Voting at Dublin meeting).	<ul style="list-style-type: none"> Section III.A.1.a on NMPG role Section III.A.3 on affiliated organizations participation Section III.C.4.a on Chair and vice-Chair mandate limitations Section III.D on WG chair and co-chairs eligibility conditions A few typos 	Page 7 Page 8 Page 12 Page 13
4.0	<ul style="list-style-type: none"> 10 April 2015 27 Feb. 2015 	<ul style="list-style-type: none"> Approved Version Version for voting ballot (a few typos corrections compared to V3.20). 	
3.20	January 2015	Changes in Section II Mission in C and D: <ul style="list-style-type: none"> "better" definition of our work and emphasize in goals to reach common global market practices. Further encouragement to publish local market practices on www.smpg.info web site Changes in Section III: <ul style="list-style-type: none"> Organization and Name: review of all members of the SMPG, their roles as well as their rights e.g. participation, voting, Formalization of the "International Market Infrastructures" role Clarify definition of "Affiliated Organizations" Changes to Steering Committee voting in SMPG elections New section regarding co-chair position terms and election/re-election procedures 	Pages 4 to 11
3.15	January 2014	Typos corrections	Pages 7,8
3.14	July 2012	Update section III.B.4 on voting for the SMPG by-laws changes.	Page 7
3.13	March 2011	Post approval editorial changes.	Page 11
	August 2011	Support Letter required from applicants	Page 6
	November 2011	Rephrase the paragraph on the required support letter for applicants.	Page 6
	February 2012	Draft updates for SMPG election procedures	Pages 7,9
	April 2012	Clarification of voting majority, section 4	Page 9
	May 2012	Update of sections IV. Implementation of Securities Market Practice	Page 11
3.04	July 2009	Post approval editorial changes.	Pages 4,6
2.1	January 2006	Addition of NMPG vice-convenor role.	Page 7
		Addition of existing working groups, roles of co-chairs/facilitator and voting process.	Page 8

SMPG by-laws



		Clarification of role of all SC and Co-chairs	Page 9
		Submission of MP documents for global consideration	Page 14
	February 2009 April 2009	Updates to general by-laws and inclusion of nominee minimum requirement information Update to general by-laws for changes to the by-laws	Pages 5,6,B1,B4
	May June 2009	Updates to by-laws with adjust review of bylaw changes of 4 weeks. Reference to non-NMPG group involvement.	Pages 5,6
	June 2009	Market Practice Documentation (removed schedule table) Incorporated Armin's comments: (removed global meeting frequency) and added examples of affiliated member not acting appropriately.	Pages 5,6,11

SMPG BY-LAWS

I. Name

The global forum is the Securities Market Practice Group, known as the SMPG.

The SMPG is a not-for profit global securities industry group representing country national market practice groups and other affiliated organisations. The membership of the national groups consists of securities players in the local market.

II. Mission

II.A. Mission statement

The mission of the SMPG is to create globally harmonised market practices with the objective of enhancing Straight Through Processing (STP) at an industry level. This objective includes the harmonisation of non-regulated geographic differences as well as consistent implementation of ISO messaging standards by securities industry participants for processing within and across all markets.

The membership of the SMPG is committed to the vision that standards in conjunction with defined market practices will bring the industry closer to its goal of achieving STP.

II.B. Definition of “Securities Market Practices”

“Securities Market Practice” is understood as the sum of business data and business rules needed for an automated and dependable communication of securities transactions in all securities markets at local or global market level.

In practice the above definition is to be differentiated into:

- Market requirements: that all financial institutions, to be compliant to SMPG recommendations, should be able to process:
 - Global Market Practice: business rules and data are the same in all markets around the globe.
 - Local Market Practice: business rules are valid in the given local market (however not on all markets).
- Additional functionalities: that provides business data and rules needed for an automated and dependable communication of specific processes not applicable to all financial institutions:
 - As they may not be relevant to the role of a financial institution in the transaction (eg, a trade confirmation would not be sent to a local custodian),
 - As this is solely based on the offering of a service (e.g., block trade instruction is only relevant to the players offering this service).

II.C. Goal of defining global market practices

The global group examines similar business requirements and practices to find commonalities and based on that, creates global market practices. These global market practices are published on www.smpg.info.

Such standardisation shall prevent bilateral agreements as well as (mis-)interpretations and form the foundation for a true Straight-Through-Processing in the exchange of messages.

To enable an effective implementation of the Market Practices in day-to-day business, the business rules and data are translated into the available ISO 15022 and ISO 20022 standards, so that a unique description of kind, structure, data fields, qualifiers, code words and formats used in such messages is ascertained.

II.D. Goal of defining local market practices

The need for local particularities/additions to the global foundation of standards will still exist and is to be taken into account. Indeed, the legal and infrastructure framework existing in the different countries may lead to specific communication requirements.

However the SMPG will work toward harmonizing similar specific business requirements across markets having the same needs. The group shall also allow and encourage National Market Practice Groups (NMPGs) to make their country / market specific requirements available to the securities industry on www.smpg.info so the entire community can have access to local market practices.

III. Organisation

The SMPG is organised at both global and local country levels. The organisation is a non-funded industry group in which SWIFT Standards acts as a facilitator and sponsor.

The active participants of the group are National Market Practice Groups (NMPGs), the International Market Infrastructures and Affiliated Organizations¹.

III.A. Members

III.A.1. National Market Practice Groups (NMPGs)

III.A.1.a. The Group:

The NMPGs are open to all participants interested in creating globally agreed market practices for the securities industry.

The NMPG groups are composed of all securities industry players, e.g., IMIs, broker / dealers, custodian banks, central securities depositories, regulators, etc. who are direct members of the local securities settlement systems &/or trading platforms. The acceptance of indirect members or non-practitioners such as software providers, consultants, etc. is left to individual NMPG's decision; however, they will have no voting rights.

The objective of the NMPGs is to discuss and agree on local harmonised market practices. These practices shall be in line with existing globally agreed market practices. Country specific requirements shall be documented, published (on www.smpg.info) and kept up to date by the group.

The NMPGs are expected to comment on SMPG global market practice working documents and to send representation to the SMPG meetings and to vote in SMPG Steering Committee (SC) elections, on SMPG by-laws changes and on SMPG global market practice recommendations. Local meetings are held at the convenience of the NMPG groups.

III.A.1.b. The Convenor and vice-Convenor:

Each NMPG is chaired by a national convenor (primary contact) and a vice-convenor (secondary contact).

The national convenors chair NMPG meetings, represents the views of their national group at global level and ensure the circulation of the information at local level.

The vice-convenor helps the convenor and acts as an alternate when the convenor is absent. In the interest of neutrality, it is recommended that the vice-convenor be from another institution than the convenor.

An up to date list of NMPG convenors / vice-convenors / representatives is published on www.smpg.info.

III.A.2. International Market Infrastructures

Representatives of the International Market Infrastructures can participate in SMPG meetings and in working groups and are able to vote in SMPG Steering Committee (SC) elections, on by-laws changes and on market practice recommendations.

III.A.3. Affiliated Organizations

Other industry recognized organizations can be represented at SMPG as affiliated members, such as industry associations and liaison organisations. Business entities eligible to participate in one of these groups

¹ Please refer to the "[CONTACT US](#)" page on the www.smpg.info web site for a complete list of members / participants.

includes banks, broker dealers, investment managers, infrastructures, market utilities and providers of technology and other services.

The below criteria must be satisfied in supporting the involvement of these firms in the SMPG meetings and working groups. Minimum Requirements include:

- Organizations should be officially and formally established. Single commercial entities are not allowed,
- Organization must demonstrate a regional or global focus,
- Purpose of organization joining SMPG is to participate in working groups, adopt standards and share expertise and knowledge.

SMPG Participation will be limited to the following:

- Attendance at SMPG meetings/calls will allow for one representative per market practice working group²,
- Non-voting membership (No voting in SMPG elections or by-laws changes, market practice recommendations, etc.),
- As non-voting members, representatives of Affiliated Organizations are ineligible to run for SMPG elected positions on the Steering Committee or as Working Group chairs or co-chairs.

A formal Application must be completed for these organizations. The application is evaluated by the Steering Committee which makes the determination regarding membership. In addition a support letter is required to insure the participant's direct management endorses the application and understands the time commitment required to fulfil the role and the cost of travel for face-to-face meetings.

Membership is evaluated in terms of participation. The Steering Committee has the power to end the membership of affiliated members if they do not participate actively and appropriately, for example, not being longer focused on the discussions or misusing the forum, for commercial purposes.

Affiliated Members are encouraged to participate in their local market practice groups as well.

III.B. SMPG Global Forum

III.B.1. The Group

The SMPG consists of members mentioned in section III.A Organisation above.

The SMPG meets to perform harmonisation work on common local practices and build global market practices.

The SMPG decides on changes of the SMPG by-laws.

Attendance to the global forum meeting and conference calls is restricted to the NMPG official representatives, International Market Infrastructures and affiliated organizations. Other participants may be admitted on Steering Committee's approval).

The number of country representatives is limited to two per working group.

No fee is charged for participation in the meetings. Each participant is responsible for her/his own expenses (hotel accommodations and travel).

III.B.2. The Working Groups

The SMPG consists of four working groups:

² Additional Affiliated Organisation representatives will have to be justified and are subject to review by the Steering Committee.

- Settlement and Reconciliation working group (active)
- Corporate Action working group (active)
- Trade Initiation working group (dormant)
- Investment Funds working group (active)

Each working group is co-chaired by two industry players and facilitated by one member of SWIFT Standards. Additional co-chairs may be added if need be. The role of working group co-chair is a role of organisation and facilitation of working group meetings. It implies neutrality and dedication to the SMPG objectives. Therefore co-chairs shall not represent solely his/her country's views or his/her company.

III.B.3. Voting for Approval of Market Practice Recommendations

SMPG decision making is primarily based on consensus. If no consensus is reached, a vote will take place, whereby 3/4 majority of the votes cast is needed for a decision to be taken.

Each NMPG and International Market Infrastructure has one vote. However, the ICSDs representing the Eurobond market will cast a single vote.

Decisions taken at global meetings shall be submitted for approval to all NMPGs and the International Market Infrastructures before being implemented.

III.B.4. Voting for Changes of the SMPG By-Laws

The SMPG Steering Committee, an NMPG or an International Market Infrastructure may propose changes to the by-laws. Changes to the by-laws shall be proposed to all NMPGs at latest 4 weeks before the scheduled deadline for voting of the changes to the by-laws.

Voting for approval of changes to the by-laws can be conducted at a meeting of the SMPG or by e-mail ballot. If voting will be conducted during a meeting of the SMPG, votes can be cast either in person at the meeting or in writing to the General Secretary at least one week prior to the meeting.

Changes to the SMPG by-laws must receive 3/4 majority approval of the votes cast. The Steering Committee, each NMPG and each International Market Infrastructure has one vote.

III.C. SMPG Steering Committee

The Steering Committee (SC) manages the SMPG. It is composed of 11 people, sitting effectively, each with a clearly defined role. Those roles must be performed in total impartiality and cannot favour one country or individual institution:

- One Chairman
- One Vice-Chairman
- One General Secretary
- One Program Director
- Two Americas Regional Directors
- Two EMEA Regional Directors
- Two Asia-Pacific Regional Directors
- Immediate Past Chairman³

³ The Immediate Past Chairman can also serve as “ex-Officio” of the Steering Committee.

III.C.1. Roles

- The Chair represents, manages and advances the objectives of the SMPG.
- The Vice-Chair has a marketing role within the Committee. She/he makes sure that the activities of the SMPG are known and recognised by other important securities associations (ANNA, ECSDA, ISMAG, ISITC, etc.)
- The Program Director and General Secretary are responsible for the website monitoring, writing of minutes and MP documentation, organisation of the meetings, etc.
- The 6 Regional Directors have a marketing role within their region. They make sure that the activities of the SMPG are known and recognised within their region. They contribute to the creation of NMPGs in non-participating countries and take care of any regional MP issues that arise. They also help at the organisation of global meetings in their region.
- The Immediate Past Chairman shall perform duties as prescribed by the Steering Committee.

III.C.2. Terms

Elected Steering Committee members serve a term of two years on the SC, as outlined in section III.C.4, SC member election procedure. Terms are set for 2 years starting within thirty days of the election. At the end of that period, the current SC member may reapply to their existing position or another open position in the steering committee.

To ensure continuity, the terms of the Regional Directors, the Chair and the Vice Chair will be staggered. In even years, elections for the Chair, one Director for Americas, EMEA and Asia Pacific (Japanese) will be held. In odd years, elections for the Vice Chair, one Director for Americas, EMEA and Asia Pacific (non-Japanese) will be held.

Steering Committee members may be asked to relinquish their position if they do not participate in three consecutive monthly conference calls and three consecutive global meetings. All expulsions will be at the recommendation of the chair and vice-chair and subject to a majority vote by the Steering Committee.

Steering Committee members that are no longer working for the securities industry or whose job responsibilities in their company has changed to an area not relating to the SMPG work should resign from their position in the SC.

In the event that a Steering Committee member is removed or must resign due to the above situations, an interim election will be held by e-mail. The elected Steering Committee member will serve remaining term of the position and then will be eligible for re-election according to the staggered schedule. If the remaining term for the elected Steering Committee member is 6 months or less, the documentation submitted for the remaining term election can be used by the Steering Committee member for the election for his/her first full term.

III.C.3. Voting

SC decision making is primarily based on consensus, if no consensus is reached, majority votes of the SC members can be taken.

III.C.4. SC member election procedure:

Positions are open to all the members of the SMPG subject to the qualifications outlined in section D below.

The procedure is as follows:

Elections will take place during the General Session of the Spring SMPG Meeting and require physical presence of the nominees.

The SMPG General Secretary will inform all NMPG National Convenors and the International Market Infrastructures about the upcoming elections 2 months in advance of the physical meeting and request them to forward the advice to the members of their groups. Each nominee will fill in the Application Form, request a Support letter from his/her management (draft template to be provided by the SMPG General Secretary)

and send both back to the General Secretary within one month after the open position advice has been sent. The General Secretary will forward the forms to the members of the SC and then to the concerned NMPG convenors and the International Market Infrastructures.

Voting will take place during the General Session of the SMPG physical meeting in spring.

Votes will be taken as follows:

For the chair and vice-chair elections:

- One vote from the Steering Committee (the result of the voting of each Steering Committee member (excluding a Chair or Vice chair running for re-election)) and SWIFT Standards as SMPG facilitator). The Chair or Vice chair not running for re-election will reserve his/her vote and cast the deciding vote should there be a tie,
- One vote from each NMPG and International Market Infrastructure.

For Steering Committee Regional Director elections (other than Asia Pacific Regional Director (Japanese) :

- One vote from the Steering Committee (the result of the voting of each Steering Committee member (excluding a Regional Director running for re-election) and SWIFT Standards as SMPG facilitator). The Chair will reserve his/her vote and cast the deciding vote should there be a tie
- One vote from each concerned NMPG and International Market Infrastructure from that region.

The election of the Asia Pacific Regional Director (Japanese) will be conducted according to the procedures outlined in section III.C.4.b, Special election procedures for the Japanese Regional director position and the result of this election will be reported by the JP NMPG National Convenor to the SMPG General Session.

Elections for positions with only one nominee will be conducted by a show-of-hands. Elections for positions with more than one nominee will be conducted by ballot.

Ballots should include the names of the nominees in alphabetic order with boxes marked 'YES' and 'NO' opposite each name. There will be a separate ballot for each vacant position in the election.

Ballots should be collected by the SMPG General Secretary and will be counted by the SMPG General Secretary and the SMPG chair or vice chair (each is to be excluded in the staggered year of their re-election).

The winning nominee must receive at least a 50% majority of the votes cast. In the event that the nominees do not receive the required voting majority, then the two nominees receiving the most votes should proceed to the next round of voting.

If in the second round of voting, neither of the two nominees receive the required majority, the Steering Committee will conduct a third round of voting and the nominee receiving the most votes from the Steering Committee vote would win. The SMPG Chair would reserve his/her vote and cast the deciding vote should there be a tie.

The Chair or Vice Chair will cast the vote of the Steering Committee. National Convenors and members of the International Market Infrastructures who will not be present at the General Session can send a voting proxy to the SMPG General Secretary via e-mail no later than one week prior to the General Session. A National Convenor or Steering Committee member can be designated as a delegate for multiple proxies.

In addition to the aforementioned, the following rules will be applied:

III.C.4.a. Chair and Vice-Chair:

- Must be an active SMPG member that has an established record of participation in the group. This is necessary to assist in understanding how the organization is managed and to maintain continuity at a Steering Committee. Nominees should have attended at a minimum 2 global meetings.

- During their active terms, the SMPG Chair and Vice-Chair are ineligible to serve as a chair or co-chair of a Working Group.

III.C.4.b. Regional Directors:

Americas and EMEA:

The position is open to the concerned regional members of the SMPG.

Asia-Pacific:

The position is open to the Asia-Pacific region members of the SMPG, with one of the Asia-Pacific regional director positions to be reserved for Japan.

- Special election procedures for the Japanese Regional director position
 - An open position advice will be released to the JP NMPG National Convenor who will be asked to forward the advice to the members of her/his group.
 - Each candidate will fill in the Application form, request a Support letter from his management (provided by the secretariat) and sent both back to the JP NMPG convenor within one month after the open position advice.
 - The National convenor will forward the forms to JP NMPG members.
 - Voting will take place during the month prior to the SMPG Spring meeting The votes are to be sent to the JP National Convenor.
 - The JP National Convenor will report the results of the election at the SMPG General Session.

III.C.4.c. General Secretary and Program Director:

SWIFT Standards, as SMPG facilitator, solely chooses among its available resources, the person(s) who will take the SMPG General Secretary and Program Director role in charge.

SWIFT Standards will advise the SMPG Steering Committee of any position change for information.

III.C.4.d. Co-chairs of the Working Groups:

The terms and election process follows the principles as mentioned above in paragraph III.C.2.Terms and III.C.4.Election procedure. A staggered approach will be applied as well for the co-chairs and voting will take place in the spring meeting. The facilitator of the working group will organise the voting including the collection of the candidates and the voting process itself. Votes will be taken from each NMPG and International Market Infrastructure that participates in the working group.

In the event that a co-chair needs to step down during a term, a special election will be held in which a new co-chair will be elected for the remaining term of the co-chair stepping down. Voting at the spring meeting then will apply at the end of the partial term of the new co-chair.

III.D. Nominee Minimum Requirements

In order to ensure continued quality representation of the SMPG organization we have defined the below minimum requirements for the various officer positions which include Working Group Co-Chairs, Regional Directors, Vice Chair and Chair. It is critical that a deep understanding/knowledge of the securities business is expected of all SMPG participants, in addition to the support from the local markets/institutions they represent. Below are the intended as guidelines for any interested applicants.

General Prerequisites:

1. Applicant must have attended a minimum of 2 out of the last 3 SMPG meetings. This will allow the membership the opportunity to assess the candidate's experience.

2. Proper English in written and oral form is expected and needed to perform the required tasks (as highlighted by international standards.)
 3. Applicant has received approval internally from his/her respective organization as well as a budget to attend SMPG meetings.
- **Working Group Chair Prerequisites:**
 1. Active member of working group
 2. Ability to facilitate discussions
 3. Full voting member of the SMPG
 - **Regional Representatives Prerequisites:**
 1. Prior International representation
 2. Communicative
 3. Senior management Experience
 4. Ability to travel for presentations/meetings (as required)
 - **Chair/ Vice-Chair Prerequisites:**
 1. Communicative
 2. Ability to facilitate discussions
 3. Ability to travel for presentations/meetings (as required)
 4. Press Experience
 5. Marketing Experience
 6. Senior management experience
 7. Past member of the steering committee of SMPG or working group co-chair.

IV. Market practice documentation

IV.A. Publication

Global and country specific market practice documents, once finalised, are published on www.smpg.info.

To facilitate a smooth and synchronised implementation of new market practice documents, an implementation cycle was put in place.

IV.B. Implementation Cycle for Securities Market Practice:

IV.B.1. Introduction

The following milestones are key in the roll-out process of Market Practice:

- **Delivery of complete documentation:** Once the Market Practices are defined and approved by the member countries, SMPG produces and delivers complete documentation within 3 months. This documentation includes the Market Practice specifications, providing key information for those who want to implement and benefit from the use of Market Practice.
- **Availability date:** Once the core documentation is available, the market practices can be made available for testing. The objective is to allow institutions to adopt new market practices as soon as it is technically possible.
- **Implementation date:** When a community of users is ready to use the market practices, they are implemented by SMPG. By that date, all necessary documentation is made available to ensure community readiness and quality testing.

IV.B.2. Implementation Process

- a. FINAL DRAFT⁴ documentation is released for review and comment by all member countries.
- b. Comments are received and reviewed by the Working Group in preparation for final review/agreement for publication.
- c. Final Version Market Practice Documents are posted to the website. The Working Group will agree and publish a target implementation date for the Market Practice. The Market Practice is now available for adoption by national group firms.
- d. The Market Practice will be updated and aligned annually with the maintenance of the ISO standards and with the annual SWIFT Standards release.
- e. Corrections of errors and omissions of existing Market Practices could be posted at any time as requested by the Working Group.
- f. Working Group chairs should inform the Steering Committee when Market Practices have been agreed for publication and are available for adoption by national group firms.

IV.C. Submission of MP documents for global consideration

NMPGs are invited to submit any market practices they would like to be considered globally.

In order to ease the review and discussion process, they are invited to use the existing global MP document template.

⁴ FINAL DRAFT includes all documents that have been reviewed by all national groups and agreed on. This mainly includes documents that have been in progress and are awaiting final feedback from the national groups.