

APAC CA WG Meeting Minutes – 22nd July 2014

Time: 2 – 2.45pm SGT

Attendees:

Ken Lim	Bank of America Merrill Lynch
Saju Madhavan	Citibank
Phoebe Chng	Clearstream
Cherine Yeo	Deutsche Bank
Yu Yek Ling	HSBC
Prashant	Information Mosaic
Madalene Soon	Interactive Data
Parasuraman	SGX
Chueh Jyi-chen	Standard Chartered
Harry Rana	Sungard
Janardhan	Thomson Reuters
Gurumurthy Golla	Thomson Reuters
Kineth Yuen	SWIFT
Magdalene Goh	SWIFT

1. Fully Franked Dividend (Follow-up from previous meeting)

The following points were noted:

- Magdalene (SWIFT) communicated with the AU representative of the CA Maintenance Working Group. He replied that the rate type codes should be used to represent the breakdown of rate along with qualifier GRSS.

They currently follow the below process (example below)

:92J::GRSS//FLFR/AUD139306,
:92J::GRSS//INTR/AUD0,0262294
:92J::GRSS//TXFR/AUD0,00084

However, he also replied that he will reach out to the other participants to check if anyone is using the FLFR qualifier instead of a rate type code as he is a member of ACSA.

In the case of reporting multiple breakdowns, this is done in a single cash movement.

- As his replies seem to be in line with the AP CA WG investigations so far – using of rate type code not qualifier, Magdalene suggested that this be taken up with the SMPG CA group for further discussion – to discuss if the FLFR qualifier should be removed from the SWIFT messages in the next change request. Jyi-chen (SCB) who is a member of the SMPG CA Tax sub-group responded that he can take this up with them once we receive confirmation from ACSA that the qualifier is indeed redundant.

2. CA SMPG – CA 280 Withholding Tax Changes Recommendations – For Review (Jyi-chen, SC)

Background information:

The CA SMPG is looking for feedback/concurrence on the following change request submitted by the SMPG Tax group.

The objective is to introduce a change request for SR 2015 to streamline the definition and usage of tax qualifiers TAXR/WITF/WITL.



CA280_WithholdingTMT564_Taxes_Funds
ax_Proposal (final) 05



.xls

The following points were noted:

- Jyi-chen took over and shared information with the group on the change request submitted by the CA SMPG and why the need to streamline the definition and usage of tax qualifiers TAXR/WITF/WITL – and to gather any feedback/concerns the APAC group might have on this change request. In short, the current definition of WITF and WITL can

be misleading with the short definitions being inconsistent with the long definitions. All information can be found in the word document as attached.

- Magdalene commented that Ipah from JPM (who was unable to attend the meeting) provided her feedback that she has no issue with the 3 recommendations, though further understanding is required for options under recommendation 2. Jyi-chen will follow up with her separately.
- As there were no other comments made on the call, it was approved in principle that the APAC CA WG is supportive of the change request made by the SMPG CA group.

3. Proxy Voting Agenda Translation (Ipah, JPM)

Background information:

How is Proxy Voting Agenda disseminated in non-English speaking country? Is the Proxy Voting agenda published in English in the market and what is the market practice in terms of translation to English? i.e. who is responsible – custodian? Issuers?

If the translation is done by the custodian bank, does custodian bank provide translation for all meetings in the market or is this responsibility shared across with other local custodians? i.e. each custodian only translate agenda belonging to issuers allocated to them and subsequently share the translation with the other local custodians.

The following points were noted:

- Jyi-chen commented that he doesn't know of any such practice at the moment. In SCB, they are doing the translation on their own.
- Magdalene also updated with findings she received: in general, there is no centralize servicing party to do the translation and sub-custodians translate it themselves to support their clients when necessary.

4. CA SMPG – CA 281 Interest Period Inclusive/Exclusive End dates (SWIFT)

Background information:

The CA SMPG is looking for feedback: Should an interest period be reported from inclusive to exclusive or inclusive to inclusive?

Let's say the interest period starts from June 1 and ends in June 30. Is it 30 days including June 1 and June 30, or 29 days excluding June 30, etc. In some countries, it can be different per type of product.

The following points were noted:

- Yek Ling (HSBC): For Hong Kong, it is always inclusive.
- Jyi-chen commented that it should be the same in Singapore i.e. inclusive, however, Yek Ling responded that she has seen cases where it is exclusive in Singapore.

- Suggestion was to go back to the SG NMPG for clarification.

5. Voting Transparency (Mai, JP Morgan)

To continue discussion on the request for optional qualifiers to provide transparency into the voting status – to gain concurrence from the APAC market, if any.

The following points were noted:

- Magdalene updated the group that this topic has been discussed at the SMPG Proxy Voting sub group, and this is the comment extracted from the PV meeting minutes: *The CR was originally rejected by the Maintenance Group due to cost an infrastructure in place. Even if the message codes are optional, all users must adapt their systems. Limited value perceived as not all markets will make use of messages. ISO 20022 standard addresses Proxy Voting specifically and if market changes should be recognized, they should be done in this standard.*
- Jyi-chen mentioned that this topic has been re-introduced for the SR 2015 Change Request this year and it will be re-discussed at the Maintenance Working Group in August. He agreed that there is value in this, but do not see the immediate need for it, as we would not be able to utilise the functionality because of the lack of content. However, there are also different initiatives being worked on in the region, e.g. Taiwan is looking at proxy voting enhancements, and in SG, SGX is partnering with Broadridge and issuers to increase the adoption of e-voting, which are all moving in the right direction but would probably not happen in the next 1 or 2 years.
- Yek Ling concurred and agreed with Jyi-chen's views that it is still too early to look at it at this stage.

6. SWIFT MT 564/568 Pagination (Mai, JPM)

Background information:

On CA notifications and narrative messages, field 28e, the page number/continuation indicator, allows users to “provide a page number and continuation indicator to indicate that the multi-parts notification is to continue or that the message is the last page of the multi-parts notification” according to the definition of this field.

This field would be useful in indicating there are more “pages” to a corporate action notification in instances where there is a:

- large number of repetitions of sub-sequence B2 account information (e.g. where event notification is bulked but the accounts details are still advised instead of a generic “GENR” message)
- large number of options resulting in a much longer notification than usual

- large amount of narrative resulting in a longer notification than usual
- combination of the above.

Question: What practices does each market have in place with respect to pagination?

The following points were noted:

- As this was only introduced in SR 2012, feedback from the group was that many institutions are not supporting or utilising it at the moment.
- The following is extracted from the SMPG CA Global Market Practice document for Pagination:
 - *For long MT564 and MT568 messages for which the length would overcome the 10K character limit on SWIFTNet FIN, a pagination mechanism is available through the use of the 28E field present at the top of both messages:*
 - *The splitting of the MT564 information contents should follow the following guidelines:*
 1. *If sequence B has too much account information (i.e. account bulking - many accounts repetitions seq. B1, B2, B3,...)*
 - a. *Fill the MT564 with all A, D, E and F sequences and add as many B sequences that can fit, and (i.e. sequences A+B1+D+E+F)*
 - b. *send all A, D, E and F sequences as in the first MT564 plus the additional B sequences in the next MT564(s) (i.e. seq. A+B2+D+E+F followed by A+B3+D+E+F etc...)*
 2. *If sequence E has too much options information (many Options present)*
 - a. *fill the MT564 with all A, B, D and F sequences and add as many E sequences that can fit, and (i.e. seq. A+B+D+E1+F)*
 - b. *send all A, B, D and F sequences as in the first MT564 plus the additional E sequences in the next MT564(s) (i.e. seq. A+B+D+E2+F followed by A+B+D+E3+F etc...).*
 3. *If there are both too much accounts repetition and options information, it is recommended not to bulk on an account level.*
- Feedback from Mai (JPM) via email was that it would make more sense to fill the first MT 564 with seq A+ B, and for the subsequent MT 564s with seq A+B2+D+E+F, since D+E+F should be the same in each MT 564, rather than using option 1 as recommended by the SMPG.
- This topic should be discussed further in the next meeting given that it is a relatively new topic.