

APAC CA WG Meeting Minutes – 15th Sep 2015

Time: 2 – 3pm SGT

Attendees:

Ken Lim	Bank of America – Merrill Lynch
Nathalie Cheng	Citibank
Phoebe Chng	Clearstream
Cherine Yeo	Deutsche Bank
Ankush Zutshi	Information Mosaic
Prashant	Information Mosaic
Noripah	JPM
Tony Chen	Morgan Stanley
Parasuraman	SGX
Harry Rana	Sungard
Nimit Jain	Sungard
Magdalene Goh	SWIFT
Gurumurthy Golla	Thomson Reuters
Janardhan Yalapalli	Thomson Reuters

1. Merger/Exchange offer in Korean market

As a recap from the previous meeting, questions were raised on how the average acquisition price (AAP) should be handled in the Korean market as this is currently handled via MT 599/568 or fax. The feedback from the KR NMPG is that AAP's submission is the shareholders' responsibility and sub-custodians do not support and do not consider AAP's submission as a separate event.

The APAC CA WG requested the feedback of the global SMPG CA WG, to check if there are similar scenarios happening globally, and what the practice is in other markets, and if not, to also explore any alternative option to improve STP of current process.

The feedback received from the SMPG was that this was originally part of the SMPG discussion but was later removed as the tax breakdown scenario could not be treated the same way as other cases. This could be possibly discussed at the SMPG Tax Sub-group instead at their next meeting but in the meantime, suggestion is to use MT 568/599 or even MT 565 (for those institutions which can send a 565 for a MAND event).

2. TW Rights Issue

Quick recap: back in 2013, the APAC CA WG discussed on the use of rights qualifiers in the TW market. Rights in TW are non-renounceable but transferable. The issue for TW was that there has been no standard qualifier for rights issue. At the APAC CA WG and at the global SMPG level, it was recommended that PRIO be used since in TW's case, there are no actual rights distributed and the offer is opened to selected investors if the company was not able to raise enough capital from the pool of existing shareholders.

After much discussion, The Taiwan SMPG has agreed that TW should apply for a DSS at ISO to support TW rights issue event.

- The group eventually agreed that they cannot use PRIO as was recommended by the APAC RMPG and Global SMPG because TW right issues have entitlement. Neither can they use RHTS because there are no intermediary securities.
- Using DSS would have the least impact to their system enhancement.
- The group agreed to do internal investigation to evaluate the impact of DSS within their organization and also to lobby with TW Trust Association to apply the DSS at ISO. The target implementation is by standards release 2016.

3. SR 2016

For Corporate Actions related changes, a total of 13 change requests (including MT and MX) were approved at the MWG meetings held in August this year. The changes will be implemented in SR 2016. In addition to change requests that were approved last year with implementation postponed to SR 2016, the total number of changes expected for implementation in SR 2016 is 22.

