

APAC CA WG Meeting Minutes – 24th Nov 2015

Time: 2 – 3pm SGT

Attendees:

| | |
|---------------------|-----------------|
| Nathalie Cheng | Citibank |
| Phoebe Chng | Clearstream |
| Cherine Yeo | Deutsche Bank |
| Vicky Yiu | HSBC |
| Ankush Zutshi | Markit |
| Harry Rana | Sungard |
| Magdalene Goh | SWIFT |
| Mieko Morioka | SWIFT |
| Gurumurthy Golla | Thomson Reuters |
| Janardhan Yalapalli | Thomson Reuters |

1. Highlights from the Global SMPG Meeting – General Session in Singapore
ISO 2022 Journey – CSDs in APAC – Latest updates

China

- ISO 2022 adoption at the MI level (e.g. Payments MI for CNAPS and CIPS and Securities MI – China Securities Regulatory Commission CSRC)
- Education / Awareness stage to determine decision to implement or not. This is to prepare for RMB internationalisation and to enhance STP in China. Expect once an announcement is made, it will likely be implemented quickly.
- Payments (CIPS) ISO 2022 migration already underway.

Korea

- KSD (ISO 2022 compliant) – for its offshore fund service platform (automated mutual fund platform)
- S&R: Discussion about adoption of ISO 2022 but no plans to move to ISO 2022 currently.
- CA: Now at feasibility study on adoption ISO 2022.

Japan

- JASDEC and TSE transformation projects related to ISO 2022 underway

Philippines

- Payments moving to ISO 2022 – ASEAN Payments Framework. Also related to ABMF 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
- HKEX – no plans currently, settlements side with CSD. SWIFT is working with them on standards

Taiwan

- No progress to date on ISO 2022
- TDCC is the CSD – New electronic voting system for Taiwanese shareholder meetings

Vietnam

- Recently implemented ISO 15022 – no plans for ISO 2022 migration at this time

Cambodia and Laos

- No securities market currently and handles manually

Thailand

- Just implemented ISO 15022 pre-matching settlement system went live in Sept, 2015
- SWIFT has been engaging with the TH custodian club members in standardisation discussions and about setting up an NMPG.
- Also looking at establishing funds hub and proxy-voting

Myanmar

- Implementing RTGS and stock exchange

Malaysia

- Reconsidering implementing ISO 2022. Standards will assist them in market practice and standards compliance.

Indonesia

- IDX, KPEI, KSEI modernising their infrastructure
 - IDX – Corporate Actions ISO 20022
 - KPEI (CCP) – General clearing member process study using ISO 20022 underway
 - KSEI – ISO 20022 adoption underway

Singapore

- Transformation project related to ISO 20022 underway using MyStandards to document specs.

India

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

Australia

- CHES migration being considered – for equity and equity related securities
- Austraclear – migration being considered as well – debt market
- Transformation project related to ISO 20022 underway using MyStandards to document specs
- ASX / AU NMPG – ASIC (Australian Securities and Investments Commission) review of market infrastructure underway prior to considering migration to ISO 20022.

New Zealand

- Removing CSD business – exchange likely to take over but RFP currently ongoing with ASX also considering

Sri Lanka

- Discussions about launching CCP and ISO 20022

Bangladesh

- Only discussions at this point

All other information and presentation slides used at the SMPG global meeting can be found at smpg.info.

2. Add elements to narrative fields to identify updated date and time and updated descriptions
The CR was rejected but the SMPG was requested to create a more robust MP on how to indicate in the narrative itself what has been updated in the narrative and when (update date).

The following theoretical scenario in the below table is discussed:

| Sending Date | MT564 - Function | Simulated ADTX Contents changes ("\$" is the delimiter placeholder character for the update description and date) |
|--------------|------------------|--|
| 1 Jan. 2069 | 564-NEWM | ABC DEF |
| 2 Jan. 2069 | 564-REPL | \$20690102 added G\$ ABC DEFG |
| 3 Jan. 2069 | 564-REPL | \$20600103 added H\$ \$20690102 added G\$ ABC DEFGH |
| 4 Jan. 2069 | 564-REPL | \$20600103 added H\$ \$20690102 added G\$ ABC DEFGH |
| 5 Jan. 2069 | 546-REPL | \$20690105 E has been replaced by X\$ \$20600103 added H\$ \$20690102 added G\$ ABC DXFGH |

In summary, we have the 3 following options for what can be done:

1. Keep last change info only:
Provide a summarized description of the changes (as described above), but only keep the latest update date and summarized description in the free text field of the message. The messages then would always look like the January 2 example outlined above. This would comply with the current ISO 20022 Standards which does not repeat the "UpdateDescription" element in a narrative.
2. Keep the history of change info:
Provide a history of all summarized descriptions of all the updates, as outlined in the example above. This would require a change to ISO 20022 Standards to enable the repetition of the "UpdateDescription" element.
The argument for supporting options 1 & 2 above is mainly that it helps the operator in a long narrative to quickly identify what has changed in the text.
3. Do not define a MP for update information
The argument for some in the group is that this would not bring any STP improvement anyway since the narrative must be read anyway and therefore it is not worth having such a complex MP.

Feedback from the meeting:

KR NMPG – option 2 is preferred.

3. Creditors filing for bankruptcy – is this considered as a BRUP event? (Question from Thomson Reuters)

27-Jul-2015 11:34

JAKARTA, July 27 (Reuters) - A creditor has initiated bankruptcy proceedings at a Jakarta court against a unit of Indonesian coal miner PT Berau Coal Energy Tbk BRAU.JK over alleged unpaid debts.

PT Cakra Sinergi Investama, which had started the court proceedings, has claimed that Berau Coal Energy's unit, PT Berau Coal, owes it money, Berau Coal Energy said in a filing to the Jakarta stock exchange, without disclosing the amount. (Full Story)

Berau Coal had originally owed the money to PT Fortuna Star, but Fortuna Star had transferred this debt to Cakra Sinergi, according to the filing.

Berau Coal is "making checks and verifications in a detailed and in-depth manner", Berau Coal Energy said.

Indonesian conglomerate Sinar Mas Group is in talks with bondholders to restructure \$950 million worth of debt held by Berau, which it is in the process of acquiring, its executive said earlier this month. (Full Story)

A Singapore court had imposed a moratorium on debt issued by a unit of Berau Coal Energy, giving it until Jan. 4 to negotiate with bondholders.

Feedback from the meeting:

SWIFT commented that for this example, it is likely not considered as a BRUP event as there is no formal court ruling yet, hence it is not official that the company is bankrupt. However, SWIFT is not a market data provider and therefore the interpretation of terms and conditions of CA events should be confirmed by experts in the working group to ensure that it is valid.

Harry Rana (Sungard) agreed and added that if it is initiated by a creditor, then it is traditionally dealt with as a class action event and not as a BRUP until the company has taken steps themselves to file for bankruptcy. The group also concurred with this feedback.