**MEETING MINUTES**

**FORUM:** APAC SMPG

**DATE AND TIME:** 4 JUNE 2013, 1PM – 5.30PM

**LOCATION:** SWIFT OFFICE, LEVEL 18, TOWER 3 AVENUE 7, BANGSAR SOUTH, NO. 8 JALAN KERINCHI, KUALA LUMPUR, MALAYSIA

**ATTENDEES:**

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| **NAME** | **ORGANISATION** |
| Samiah Ithnin  | AL RAJHI BANKING (Islamic Finance) |
| Freddy Khoo | AmBank |
| Taketoshi Mori | Bank of Tokyo-Mitsubishi UFJ and ISITC JP |
| Chung Siew Foong | CIMB |
| Ahmad Khalil Danial  | CIMB |
| Anne-Pascale Malrechauffe | Clearstream Banking S.A. Singapore branch |
| Jacqueline William | Deutsche Bank (Malaysia) Berhad |
| Yek Ling YU | HSBC |
| Rei Kanechiku | Japan Securities Depository Center, Inc. (JASDEC) |
| Ms. Noripha ABU SAMAH (Ipah)  | JPM, of Direct Custody and Clearing Product Management |
| Low Hee  | Maybank |
| Chew Ming Heong | MyClear |
| William Chew Nam Hing | MyClear |
| Adeline Chin | RHB |
| Yong Wai Lian | Standard Chartered |
| Anthony Sim Eng Thiam (SMPG ASPAC Regional Director/SCB SG) | Standard Chartered Bank  |
| Chueh Jyi-chen  | Standard Chartered Bank  |
| Jonathan Rodda | State Street |
| Jackie Burden | UBS |
| Alexandre Kech | SWIFT |
| Cindy Foo | SWIFT |
| Magdalene Goh | SWIFT |

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| **AGENDA** |
| 1. APAC RMPG Activities since June 2012
2. APAC CA WG status update
3. April Global SMPG outcome update and discussions
4. ABMF Status update
5. Update on Offshore-CNY
6. Status on standardisation and market practice update per APAC market (round the room)
7. ISO 20022 adoption status and plan for next 12 months
8. APAC RMPG requested topics discussion
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| **MINUTES** |
| 1. APAC RMPG Activities since June 2012

Alex kick-started the meeting by reinstating the purpose and structure of APAC RMPG (the “Group”). An update was also provided on APAC RMPG activities since its establishment one year ago. When mentioned that IPO and Depository Receipts (DR) are two market practices which originated from APAC and had been discussed at the global level, Anthony added that Earmarking is another market practice stemming from APAC which had also been discussed at the Global SMPG level. The Earmarking process originated from Vietnam market. However, there is more interest in this process regionally than globally as the Earmarking process currently does not exist in the Europe and US regions. Nevertheless, this topic is still relevant in APAC and should not be dropped. Anthony suggested that more effort should be put into driving this Earmarking initiative in the APAC region.Alex also updated the Group on the status of creation of NMPGs within APAC. In Korea, there already exists an NMPG. Recently, the Korea NMPG has launched a CA WG and is targeting to publish its MP by end of this year. It will start with the publication of its CA MP and the S & R MP will follow. In Singapore, the NMPG is reorganising its S & R and CA work with plans to publish its MPs. In Malaysia, the NMPG held its re-launch meeting on 8 May 2013 and a second meeting was held on 4 June 2013 morning. For Thailand, there is still plan to set up a kick-off meeting in Q3 this year. Custodians are already on board this initiative and broker contacts are available. However, the current challenge is to obtain the involvement of the Thailand CSD. In Vietnam, the market is now focusing on standardisation work and is building a new infrastructure. At the same time, SWIFT is working with the market with an aim to set up an NMPG by end of this year. For Hong Kong, there is ongoing discussion regarding the reshaping of the NMPG to be more inclusive as currently, there exist many individual sub-groups in the market and there is no proper flow of information between them. In Indonesia, there are ongoing discussions with the custodians and CSD to restart the NMPG by end of this year. India is persuading its CA MP templates work and will be publishing new ones in MyStandards. The India S & R MPs will follow. Anthony voiced out that with the effort of establishing NMPGs in APAC, the Group should target to have at least three more NMPG representatives attending the next APAC RMPG physical meeting in 2014, ideally from Thailand, Indonesia and India. Alex added that this is one of the action tasks of the Group which is to increase the attendance of the Group’s members to the meetings and conference calls/webex. On the next steps for the Group, below are the discussion points from the participants:* Alex shared that one of the tasks is to increase the involvement of the APAC region in global SMPG and standards discussions
* The Group will also continue supporting the existing NMPGs and the creation of new ones
* The topic on TRAX was raised by Alex and he shared that the Hong Kong community is questioning the decision by the gobal SMPG to use TRAX for Transaction Tax. The relevant people from Hong Kong should be participating in the next APAC RMPG conference call/webex for further discussion on this issue.
* Anthony suggested that the Group should assist in shaping the MPs across the markets in ASEAN. Alex commented that currently, the ASEAN linkage exists. However, there is a need to engage the different CSDs to communicate with one another on the topic of MP harmonisation.
* Jyi Chen added that the Group should look into how it can reach a level with a pool of Standards experts in APAC region who are able to discuss issues at a detailed level. A suggestion on how to achieve that is to have an SMPG training on how to build MPs.
* Ipah talked about Proxy Voting resolutions and how currently, all the resolutions are captured in tag 70E. She suggested that the APAC CA WG should focus on this issue as priority. Jyi Chen and Alex are both in agreement and Alex added that this is an issue currently faced by all global players.
* MY NMPG has started working on Islamic Finance. Regional countries like Brunei and Indonesia are interested in this topic. Alex shared that APAC RMPG will be a good platform for sharing information on this topic and will keep the Group informed of its progress.
* Anthony questioned on the need to form a Funds MP group in APAC as there is a Fund WG in the global SMPG. Otherwise, how can the information from the global SMPG be shared with the APAC region? Alex explained that currently in APAC, AU seems to be the only market with clear MP on Funds. However, further work in this area will need to be based on concrete needs in the regional markets.
* Yek Ling enquired on the level of support offered by APAC RMPG to the regional NMPGs. Alex shared that it would normally be the sharing of best practices or tried-and-tested solutions. Another example would be for the APAC CA WG to assist in the drafting of the EIG per APAC country. On the other hand, the existing NMPGs can also help APAC RMPG in the creation of NMPGs in countries where currently there is none, by providing good leads and contacts.

The presentation slides on APAC RMPG Activities since June 2012 will be available together with these meeting minutes and posted on [www.smpg.info](http://www.smpg.info/) in APAC RMPG folder.1. APAC CA WG status update

Jyi Chen updated the Group on the status of the APAC CA WG. The presentation slides will be available together with these meeting minutes and posted on [www.smpg.info](http://www.smpg.info/) in APAC RMPG folder. The primary objective of the APAC CA WG is to be the community to discuss CA challenges in the APAC region. Ipah raised a question about the current NMPG setup and if it is a separate team working on APAC CA WG. Jyi Chen responded that the APAC CA WG does not want to duplicate the work of the local NMPG. The regional group is to resolve discrepancies that countries may have across the region eg. Rights Issues across the market currently still have two different approaches – either one or two events. APAC CA WG will focus on the following four priorities:1. Standardize and automate the announcement process
2. Work with infrastructures to move from proprietary to ISO standards
3. To improve transparency and efficiency of Shareholders Meeting services (Proxy-voting)
4. To review and complete the EIG+ document for all APAC countries

There is general agreement that item 3 Proxy Voting is the top priority. Anthony pointed out that Transactional Tax is a current hot topic. There is generic agreement within the global SMPG CA WG that the tax group will focus on withholding tax process while the Financial Transaction Tax will be handled by a specific group within the global SMPG CA WG. Ipah concurred with item 3 with regards to improving transparency of Shareholders Meeting services (Proxy Voting) as the markets are experiencing problems with this item due to a lack of standardization and transparency and there is no status update available for the client.Alex shared with the Group that there will be a Standards Forum taking place in Australia in September this year where there will be a round table discussion on Proxy Voting. Such round table discussions may also be interesting to other markets. If the Group members have colleagues in Australia who are interested in attending this Standards Forum, please inform Alex Kech or Cindy Foo from SWIFT.Adding on a side topic, Alex informed the Group that he had received a request from a vendor to join the APAC RMPG without first disclosing the name of the vendor. The topic of vendors as members within APAC RMPG was not discussed during the onset of the Group. Hence, Alex would like to seek the views of the Group members on having vendors participating in the APAC RMPG. Jonathan replied in favor as he felt that vendors may have a wealth of knowledge. There were no objections from the Group. Anthony voiced out that with the inclusion of this vendor into the Group, should the Group then reach out and invite other vendors to join? Alex responded that the joining decision will be reactive ie upon the request of a vendor. As not all the APAC RMPG members are physically present at the APAC RMPG meeting, an email will be sent out to seek the confirmation from the members if they are agreeable to include vendors into the group. Alex disclosed that the vendor who had raised the request is Omgeo. As Omgeo covers the post-trade space, Alex commented that the Group could have discussions in that area in the future. However, Jackie (co-Chair of ASIFMA) pointed out that there is already an existing group (a sub-group to ASIFMA) looking at the post-trade space and there should not be a duplicate in the work done. Omgeo does not participate to that group. Jackie will share the output of that group with the APAC RMPG members. 1. April Global SMPG outcome update and discussions

Cindy provided an update on the Global SMPG meeting which took place in Frankfurt in April this year. The presentation slides will be available together with these meeting minutes and posted on [www.smpg.info](http://www.smpg.info/) in APAC RMPG folder. The full meeting notes of the three day Global SMPG meeting are also available on the SMPG website.Regarding the IPO Global MP document, the Global SMPG commented that the document should include more information on other markets besides India in order to make it a truly global market practice document. Hence, the representatives from the NMPGs will add the IPO specificities for their respective market to the MP document and send to Cindy for the identification of commonalities between the different markets. There was also a discussion at the Global SMPG S & R WG on the MY Clearing Fees for which there were followup discussions with the MY NMPG to determine if there is a suitable qualifier to use for this fee. Alex clarified that the Clearing Fees is not needed for settlement but for accounting purpose. The MY NMPG has been asked to provide a clearer definition of the MY Clearing Fees in order to better identify the appropriate qualifier to use. The information will also be circulated to the APAC RMPG so that other markets with similar needs can adopt the same practice. Yek Ling shared that any changes in the MY Clearing Fees will not only impact the custodian banks but their clients as well. Alex shared that more information can be found in the MP document.On the Transaction Tax, the Global SMPG’s recommendation is to use TRAX for Transaction Tax. However, this outcome is not final as there is still ongoing discussion on this topic. Reason is because Hong Kong has been using TRAX for a different charge type. Hence, there is still opportunity to voice out any concern and discuss at the Global SMPG before the issue is finalized. Regarding Field 97a Option A and E, Yek Ling shared with the Group that Middle East is using Option E. As a CR has been raised to remove Option E, Alex commented that Yek Ling may wish to highlight to the Maintenance Working Group that Option E is actually still in use today. Rei reinstated Jasdec’s concern with the removal of Option E at ISO 20022 level and will be raising that at the Maintenance Working Group. 1. ABMF Status Update

The ABMF has reached end of phase 2 which is to recommend the way forward for a harmonized bond market in ASEAN+3. ABMF has come up with two reports. First is the sub forum one report which is about the definition of ASEAN+3 bond market issuance framework with suggestions on how to achieve harmonization between the different ASEAN+3 countries. Sub forum two report is focusing more on the operational matters with a list of recommendations on how to move the bond markets towards more harmonized processes using ISO 20022. Additional recommendations include the use of ISIN, International Party Identifier etc. The two reports have been submitted to the ministers of finance in May. Depending on the approval outcome of the reports, there may be a phase 3 for ABMF where the recommendations will be put into practice.At the moment, the recommendations are not public yet, pending the approval by regulators. Once approved, they are likely to be published and available to the public.1. Update on Offshore-CNY

Jonathan who is a member of the Offshore-CNY WG provided an update on the Offshore-CNY activities. There are three WGs – (i) Securities, (ii) FX/MM and (iii) Cash and Trade. In the Securities WG, a current hot topic is the Market Disruption Event clause which is to protect participants of repo trades. There is a need to put a code word into messages of repo trades between the participants. There are also discussions surrounding the addition of SG, TW and London as RMB clearing centres. Alex added on that in SG, SWIFT has been discussing with MAS and ICBC (the RMB clearing bank in SG) and sharing the recommendations which have been formulated by the WG in HK. The MP and related documents are available on [www.smpg.info](http://www.smpg.info/) in the HK folder. In addition, SWIFT has also met up with a group senior industry players (from JPM, HSBC and SCB) at PBOC. The meeting was to discuss about CNAPS and to involve them in defining the requirements for the future international platform for Offshore-CNY. There was also exchange of information on Standards and MPs with an objection of achieving greater collaboration between the industry players and PBOC.Take queried if SWIFT messages can be used for the China International Payment system. Alex shared that that is affirmative. However, PBOC has not formally announced the type of messages which will be used. There were other standardisation issues being discussed including the Chinese Commercial Code (CCC) code where there are currently different lists available. Hence, one recommendation to PBOC was to publish a single list of CCC at a central location and maintain it. Likely should be done for the CNAPS code. There were also discussions on the standardisation of messaging and data within the messages.William from the MY NMPG also shared with the Group regarding the implementation of Offshore-CNY in MY. MY is also a clearing centre for Offshore-CNY and Bank of China KL is the onshore settlement institution. MY is also considering issuing Islamic bonds in CNY currency. 1. Status on standardisation and market practice update per APAC market (round the room)

Participants at the meeting provided the below updates on the regional markets and industry groups:* Jyi Chen shared that on the CA front in SG, there are ongoing discussions with SGX regarding the automation of CA
* Anthony shared that within the SG NMPG, three sub-committees have been formed – (i) Transactional, (ii) Communication and (iii) Advocacy. Tender offer participation and proxy voting are among the initiatives which the SG NMPG has been working on. In addition, the group has also been looking at how to work more closely with the stock exchange and central bank.
* Rei from JP shared that JASDEC will be introducing Tolerance Matching in the Pre-Settlement Matching System (PSMS) in 2014 and is currently working on the MP. Another update is that JP will be adopting ISO 20022. There are thirty one out of two hundred over participants who will be early adopters of ISO 20022. There is a five year term for adoption and 2018 is the deadline for JP players to move onto ISO 20022.
* Jackie updated that ASIFMA is working on a number of tactical initiatives which include lobbying HKX and SGX on tariffs. ASIFMA is also checking if the requirement for the end beneficiary name for IPO in the HK market is still valid. If no, to explore abolishing the requirement. ASEAN linkage is another issue which ASIFMA has been looking into. The group would like to also take a step back and look holistically at how they would like the region to develop in terms of processing and harmonization. In all, ASIFMA has been working on a number of tactical, long-term initiatives and some other interest points which Jackie can share with the Group.
* There is a need to restructure the HK NMPG and Alex will be having a discussion with Jonathan and other HK players on this matter
* In TH, there is ongoing work in the market (mostly with the custodian banks) to arrange a kick-off meeting for the NMPG. Likewise for ID.
* The IN NMPG is very active, especially in CA recently. They have also helped produce a MP on IPO.
* Brunei is is actively working on establishing a capital market. Brunei will most likely be embarking on ISO 20022.
* The CN NMPG exists but operates differently from the other regional NMPGs which makes it challenging to engage them in the regional discussions. SWIFT Standards are participating in the CN NMPG and discussing with them separately.
* The status in TW is similar to that of CN where it has been challenging to engage the TW NMPG in regional discussions. Ipah highlighted on the Rights Issues in TW where there is no security identifier issued. Given that rights are not tradable, the issuer does not issue the identifier. Alex proposed for the market participant to revert back to the issuer informing of the need for an identifier for processing reasons.
* Ipah informed that in AU and NZ, both markets are active in standardization and lobbying work. However, in AU, there is an issue with Conduit Foreign Income where this is no SWIFT qualifier for foreign withholding tax. Jyi Chen advised that the code WITF should be used for this purpose.
* The VN market is reviewing its whole infrastructure and is interested in adopting ISO Standards. There is ongoing work targeting to launch an NMPG in VN. Cindy shared that SWIFT Standards had visited VSD at their Hanoi office and have more interested VN representatives added to the APAC RMPG as members.
1. ISO adoption status and plan for next 12 months

Alex presented the ISO adoption status and plan to the Group. The presentation slides will be available together with these meeting minutes and posted on [www.smpg.info](http://www.smpg.info/) in APAC RMPG folder. 1. APAC RMPG requested topics discussion

There was a survey being sent out prior to the meeting to collect market issues which the respective NMPGs are focusing on as well as topics which the members feel APAC RMPG should focus on. Below are the collated results on which the participants discussed on:* Market Issues/Topics for NMPGs
* JP:
* Tolerance Matching (covered in earlier discussions)
* ISO 20022 adoption (covered in earlier discussions)
* CCP Transaction: this item is driven by the regulatory board. CCP transaction tax is something new and there are ongoing discussions within WGs regarding this tax. Discussions are at the infancy stage now.
* Collateral Management: this topic is currently being discussed in JP and is about how to optimize collateralisation
* Cross-border Collateral: JP is not only using domestic CCPs but regional and international CCPs as well. Therefore, if there are changes in the regional CCPs, JP will need to engage into discussions as to which CCPs and what type of collateralisation would be suitable.
* AU:
* Conduit Foreign Income (covered in earlier discussions)
* NZ:
* Supplementary Dividend: there is no qualifier for this element at the moment. Hence, OTHR is the qualifier being used. This issue will be discussed further by the APAC CA WG and a CR may potentially be raised.
* HK:
* HKSCC CCASS unmatch reason code: there is currently no SWIFT code being mapped to the HKSCC CCASS unmatch reason code. Alex suggested to have this issue discussed by the HK NMPG and for them to publish a mapping between the two elements.
* HKSCC is not a SWIFT user: communication with HKSCC is via an interface. JPM’s suggestion is that SWIFT should work with HKSCC to build out SWIFT messaging capabilities. Alex expressed that APAC RMPG is not the right group and forum to discuss about this issue. Ipah clarified that there are ongoing discussions with HKSCC on this topic and SWIFT Standards should be involved in the discussions so as to share more information on ISO messaging.
* CMU’s upgrade: CMU is planning to upgrade MT535/536/548 in 2014. JPM is awaiting further discussions and details, after which JPM will ensure that these are kept in line with the clients’ expectations. William shared that CMU represents a bond market. Alex shared that there are existing MPs for the messages in question and suggested that Ipah (JPM) to share the MPs with CMU as they could potentially reuse the established practices instead of reinventing the wheel.
* Market Issues for APAC region
* Improved transparency on coac and proxy instruction status (covered in earlier discussions)
* SWIFT Standards should cater for Proxy Voting resolutions (covered in earlier discussions)
* To improve the efficiency in the IPO process: Ipah commented that there is a need to improve the efficiency in the IPO process in the region. Anthony commented that work has already commenced to document the IPO processes and suggested that the IPO Global MP document be recirculated within the Group. If the APAC RMPG members know of any existing country specific requirements, they should raise it within this Group.
* Contractual income: there is no existing SWIFT qualifier for the confirmation of income previously posted as contractual. Ipah shared that a CR has been raised for this. However, Jyi Chen advised that there is already an existing qualifier for contractual income. Ipah will obtain and provide more information on this for further discussions at the APAC CA WG.
* China Interbank Bond Market: Jonathan updated that there are still ongoing discussions and work in progress to draft out clear ISO message MP rules for the China Interbank Bond market
* Jonathan had previously raised a few questions which are more like observations and not market issues. One of them is: Of the NMPGs which currently exist in APAC region, are they open to all industry constituents or is NMPG role covered by a local custodian group. Is the latter scenario ok? This is relevant to HK where the NMPG consists of mostly the HK Custodian Club.

Alex shared some historical background on the SMPG where it started off with only the custodians. However, as CSDs began implementing ISO Standards, they started participating to the SMPG as well. Currently, in S&R WG, almost half of the SMPG meeting participants are from CSDs and the other half from custodians. However, there has always been effort to include the brokers within the SMPG as well but without great success except in the US and the UK. In Asia, from Alex’s experience, it has been challenging to obtain the involvement of the CSD who are primarily focused on their broker community engagement. This trait is different from that in Europe. Anthony raised a suggestion which is to provide an update on the outcome after meetings to the brokers/CSDs and invite them to future meetings as observers. It is also important to ask the people from the right level (management level) as that will set the direction for their organisation.  |
| **Action Tasks**1. Standards Forum in Australia in September:

Any interested participants, please send an email to Alex Kech (alexandre.kech@swift.com) or Cindy Foo (cindy.foo@swift.com) from SWIFT1. Inclusion of vendors (eg. Omgeo) into APAC RMPG:

A email will be sent out to all APAC RMPG members to seek the confirmation that everyone is agreeable to vendors’ participation into the Group. Please revert with your confirmation before the next APAC RMPG conference call/webex.1. Post-trade sub-group:

Jackie from ASIFMA will share the output of this sub-group with APAC RMPG members1. ASIFMA’s initiatives:

Jackie to share with APAC RMPG members the tactical, long-term initiatives and interest points which ASIFMA is working on1. IPO Global MP document:

The document will be recirculated among the APAC RMPG. Members who know of existing country specific requirements for the IPO process, please provide the information to the Group or to Cindy Foo from SWIFT 1. APAC RMPG Physical Meeting Survey:

A survey will be sent to the participants of the physical meeting to collect their feedback if they find the physical meeting useful as well any suggestions for improvement in future physical meetings. |
| **Next Meeting**On Thursday 01/08/2013 at 14:00SGTWebex details will be sent along with the meeting invite. |