**Minutes of Meeting for SMPG Singapore**

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| Date and Time : | 7 March 2012 (Wednesday), 12 pm |
| Location : | Standard Chartered Bank, Marina Bay Financial Centre Tower 1, Level 32, Japan Room |
| Attendees: |  | Absent With Apologies: |
| Rico Yau | Bank of America Merrill Lynch |  | Daniel Sia | Bank of Singapore |
| Jane Lee | Bank of America Merrill Lynch |  | Mabel Goh | Citibank |
| Elizabeth Chia | BNP Paribas Securities Services |  | Tony Lewis | HSBC |
| Teo Chai Sio | CIMB Securities (Singapore)  |  |  |  |
| Gan Lai Chun  | Citibank |  | Administrator: |
| Herman Wan | DBS Bank |  | Florence Fung | Standard Chartered Bank |
| Judy Yang | DBS Bank |  |  |  |
| Christina Ang | Deutsche Bank |  |  |  |
| Gopu Maniam | HSBC |  |  |  |
| Janice Ow | OCBC Bank |  |  |  |
| Anthony Sim | Standard Chartered Bank |  |  |  |
| Lilian Soong | Standard Chartered Bank |  |  |  |
| Garry Chan | Standard Chartered Bank |  |  |  |
| Veronica Ng | United Overseas Bank |  |  |  |
| Grace Tan | United Overseas Bank |  |  |  |

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| **Minutes** |
| IntroductionAnthony welcomed all to the 1st Securities Market Practice Group (‘SMPG’) meeting for Singapore for 2012 hosted by Standard Chartered Bank (‘SCB’) at its premises. The primary agenda of SMPG (‘Group’) over the last 1-2 years was to identify and drive changes in areas which can be done differently and collectively as an industry.Group Direction Anthony shared that SWIFT had requested to join the Group to contribute to drive changes in our market. Recently, SWIFT had recently moved a team of 5 into Singapore with the purpose of supporting market practices in the region and standard activities. However, further progress or development in the bigger picture has yet to be seen due to limitations of today’s market conditions like cut-off times of some Corporate Action transactions. Some of these concerns can be driven collectively as a whole and will require engagement with the Group.Collectively, the Group agrees that SMPG should be self-driven and fairly independent from SWIFT as, while the latter’s participation and collaboration are lauded, SMPG has more bandwidth in terms of the things which can be done with the set-up of sub-working groups to address 2 or 3 issues concurrently. SMPG can invite SWIFT on an ad-hoc basis to join in the meetings and the Group should also increase interaction with SGX, ACCRA and other associations.Gan recommended that there be consistency in the naming of the Group to establish its identity in the industry which is Securities Market Practice Group.Anthony shared key focus identified by SCB for their similar initiative in Hong Kong: 1. Sub-custodian working groups (to discuss non-competitive focus on quarterly fees and enhancements),
2. SMPG consisting of 2 streams - Settlement and Corporate Actions - driven by SWIFT on ISO standards, and
3. Chinese currency RMB (local on-shore and off-shore) related activities.

Meeting FrequencyAnthony emphasised the need for the Group to meet up on a more regular basis to facilitate interaction. Suggestion was shared where different roles may be assigned to the different members or specific focus with certain stakeholders. From there, representation can be increased across the brokers and custodians to provide feedback on developments and propose changes. Gopu supported the collective effort to push for more changes as we are not getting the right support from the market. In addition, leverage on our regional contacts and what they are doing and how we can push forward with the regulators and depository here.Group MembershipThe current composition of SMPG is geared more towards the custodian banks. While there is a broker association, it consists of more local brokers than international ones. The group agreed that the group should be expanded to include local and international brokers for better representation and will invite brokers like UBS, Credit Suisse and Kim Eng to join the group. They can be included in the communications as members of the group.Group FocusIdeas were tossed around on what the group should direct its energy and focus on:1. Gan suggested SWIFT messaging starting with proxy messaging which is not available to date and changes in other message types related to Settlement and Corporate Actions adding Singapore perspective. We used to have CA standards.
2. Elizabeth suggested regulatory issues like Basel 3 and FATCA. The Group can work with regulators in the securities market to champion issues where a regulator like MAS looks to the Group to add value with their expertise and experience from different organisations e.g. rules which may not applicable to the entire industry or help lay certain ground rules.
3. With proxy voting already being lobbied and the committee issuing its recommendations, the next step is to ask ACCRA or MAS the status and what else is needed to see it through implementation.
4. Identify common concerns amongst broker-dealers and custodians to share and improve the infrastructure.
5. Identify issues which can be tackled as an organisation internally within the Group itself but externally to face the regulators and bodies. Promote market advocacy and push on difficult regulations or issues like proxy voting to gain recognition as a respectable body and national agenda.

It boiled down to 3 key areas of focus:1. advocacy engagement with the regulatory bodies or associations
2. market practices related to system and regulatory changes and SWIFT standards within the realm of Settlement and Corporate Actions
3. communication capability of the Group as one voice to the industry and specific stakeholders like MAS, SGX or other regulatory bodies as opposed to the combined efforts of a few representing the industry and lacking the authority and bite to push on issues at hand like CDP fees

Chai Sio gave insight from his perspective as broker that not all brokers join the broker association and, as such, it is not representative of the brokers’ community. MAS does not actively seek feedback from this association as yet. Members have a diverse and international mix of expertise to tap on to engage with the regulators for sharing of knowledge or market practices i.e. powers of the organisation on a global basis to share knowledge and practices. Collectively, we can add value to regulators and other stakeholders in the industry. Gan recommended that, opposed to individual engagement today, we can engage as a group now. He also recommended that we list the common issues we face and select 2 or 3 topics rather than the full list to have the momentum to push through. Elizabeth reiterated that this is for the long run when the bodies turn to the Group as the first option. Anthony emphasised the importance is the sharing session aside from communication, advocacy, infrastructure and market practices.Key Focus Areas**Communication**- Best Practices- Forum- Linkage with Regional / International Workgroups**Advocacy Engagement with (suggestion: non competitive focus)** - MAS- SGX- ACCRA **Market Practices (Transactional)**- Settlement / PSMS- Corporate Actions- SWIFT Standards- Proxy VotingAdvocacy Engagement – Discussions both at high level and specific activities to allow MAS & others to understand our pain points and enable them to use us as a springboard for dissemination of processes and, where required, have selected SMPG members meet and discuss at an industry level. There needs to be a united view that this goes beyond competitive advantage in doing so. Market Practices – These are primarily transactional and how we see the pain points of the current industry which we face and, in turn, have impact on the clients. Communication – This relates to best practices. We can set up a best practice depository. Today, there is a code of best practice for PSMS but this is at transactional level. This forum can mirror this by tapping on its expertise for the stakeholders to approach the Group and establish its validity and the forum for the stakeholders to reach out to. For instance, not all within the Group have line/functional responsibility for derivatives and swaps but this focus can help expand further insights to more into these areas.Jane offered to share details on the Clearing, Settlement & Custody Asia Forum website and their presentation slides from which the Group can glean market information. Anthony recommended that members suggest 2 topics/concerns which keep us awake at night or are close to our hearts or what we struggle with or need help with within each of the 3 pillars. These ideas can then be consolidated and broadcast to all members within the Group. Elizabeth further suggested that a vote be taken amongst the consolidated list to determine areas of focus by selecting 3 topics and distribute them amongst smaller groups with the relevant expertise to make it more achievable. The Group can reconvene for its 2012 focus. Appointment of ChairpersonWith the chairpersonship open post the departure of Victor Mills, the previous chairperson of the SMPG, the group unanimously voted Anthony as its new Chairperson. Meeting ScheduleAll agreed that the meetings be held the last Thursday of the month where possible.Action (Summary)1. Expand invitation to UBS and Credit Suisse to join the Group sessions. 2. Jane to share details on the Clearing, Settlement & Custody Asia Forum website and their presentation slides from which the Group can glean market information. 3. Members to each share with Florence by 24 May, at least 2 topics/concerns which keep us awake at night or are close to our hearts or what we struggle with or need help with within each of the 3 pillars [Advocacy Engagement, Market Practices (Transactional) and Communication]. This will be included in the next meeting agenda under action plan. |