**MEETING MINUTES**

**FORUM:** SG NMPG

**DATE AND TIME:** 24 July 2014, 9AM

**LOCATION:** SGX Centre, Tokyo Room

**ATTENDEES:**

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| **NAME** | **ORGANISATION** |
| Bruce Babcock | Broadridge |
| Chris Nixon | Broadridge |
| Aytac Kiran | Citi |
| Sharon Yeo | Citi |
| Alan Lim | DBS |
| Joline Koh | Deutsche Bank |
| Girish Pandit | Deutsche Bank |
| Daisy Lam | HSBC |
| Pang Bee Tin | HSBC |
| Mita Natarajan | SGX |
| Shirley Oh | SGX |
| Lai Kok Leong | SGX |
| Low Ten Yong | SGX |
| Tay Keng Kian | SGX |
| Chueh Jyi Chen | Standard Chartered Bank |
| Hartini Rahim | Standard Chartered Bank |
| Cindy Foo | SWIFT |
| Magdalene Goh | SWIFT |
| Jonathan Lim | UOB |

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| **AGENDA** |
| 1. SGX e-proxy initiative: how to expand electronic voting in SG market 2. SGX PTS project phase 2: NMPG views on CA processing using ISO 20022? 3. SG NMPG standards for CA messages: next steps to publish formats in MyStandards 4. SR2015 – Maintenance Working Group: review of SR 2015 Change Requests 5. AOB |

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| **MINUTES** |
| 1. **SGX e-proxy initiative: how to expand electronic voting in SG market**   SG NMPG CA group discussed with SGX Issuers Services (Mita Natarajan, Shirley Oh) and Broadridge (Bruce Babcock, Chris Nixon) on e-voting adoption/ incentives for SG market.  Through a partnership with Broadridge, SGX currently offers issuers the option to outsource their proxy voting process, mainly about interaction with retail investors.  However there is a low adoption rate as the service is not mandatory for issuers. In addition, there are limited benefits for DAs servicing institutional investors.  Broadridge shared their experience in other markets (US, CA, UK, Japan, Taiwan, etc.) where different solutions are currently in place that cater for both retail and institutional investors.   * In US, CA, UK, Broadridge is appointed by issuers to communicate with retail investors (prospectus, notifications, voting collection) * In Japan and Taiwan, Broadridge partners with the local depository to act as the outsourcing agent that collects and sends voting instructions to the relevant issuers/registrars   SG NMPG described the current flow for institutional investors. Communications between DAs and their clients are usually automated (SWIFT, e-channel, etc.) but the flow between DA and the issuers is highly manual.  SG NMPG members highlighted the need for a comprehensive approach, that would require infrastructure and operational changes but also possibly regulatory/ legal changes.  For instance, one suggested model would be for SGX/CDP, together with Broadridge to act as a central utility between issuers and DAs for proxy voting processes, similarly to the JP/TW models  Participants also mentioned the importance to engage issuers similarly to what was done for SGX new CA feed services.  Key priority is to raise issuers awareness of e-voting benefits/ incentives for them (effectiveness, cost-savings, transparency, etc.)  **Follow-up items for the next meeting (date to be confirmed – ideally in mid-Sep)**   * SG NMPG to draw a flow of current voting process and highlights key painpoints (operational, infrastructure, regulatory/ legal) * Broadridge to share current JP/TW operating models and flows * SGX to explore possibility of acting as a central voting utility + start identifying potential incentives/ engagement plans for issuers  1. **SGX PTS project phase 2: NMPG views on CA processing using ISO 20022?**   SGX shared their high level plans/ views of PTS project phase 2 for CA processing.  SGX initial thoughts are:   * + SGX plans to support 2 channels for CA :     - Channel 1: Either support ISO 20022 (via API) or Proprietary file upload (via SFTP) => SG community to agree on which one     - Channel 2: Manual input through SGX Web portal (GUI front-end ); most likely for retail clients     - ISO15022 will not be considered   + SGX plans to tackle CA election processing initially as part of PTS phase 2   + Roll-out targeted for May 2016   Participants feedback on community readiness:   * + While DAs recognize that ISO20022 might make better sense for SGX, it was also noted that Das have significantly invested and achieved high level of STP using ISO15022. Switching to ISO20022 would require significant efforts, cost and time.   + General view was that system requirements need to be put in place, DA needs to be warned in advance, grace period to allow co-existence.   + Also, if we were to change, then we have to do it across the entire lifecycle (announcements, eligibility/ entitlement confirmation, CA election processing and confirmation, payment, etc.   + Phased by event types or components? Some preferred event types, some preferred components.   Action: SGX to share high-level scoping agreement and publish questionnaire for further consultation   1. **SG NMPG standards for CA messages: next steps to publish formats in MyStandards**  * Following the publications of the SG market Settlement market practice templates in MyStandards, the group discussed on publishing similar templates for CA messages. * SWIFT team recommended, as a first step, for the group to review the “Global Market Practice – Part 2/ EIG+” grid and update it in the context of SG market. * It was agreed that each institution would review and update one event type grid for the next meeting * DVCA: UOB * INTR: DBS * Redemption: CITI * Rights issue: SCB * BONU: DB * DVOP: HSBC * The GMP Part 2 document (EIG+) will be sent for reference as part of the minutes  1. **SR2015 – Maintenance Working Group: review of SR 2015 Change Requests**   The group reviewed the SR 2015 CR items and provided the following opinion/ feedback to be shared at the MWG meeting in August:   * 2.1, CR 773: SG market to continue using TAXR. SG market prefers definition change > Option 1.   + There was a concern of removing TAXE qualifier in option 1 – this qualifier should stay in the narrative.   + [Personally I think there was a confusion between this TAXE qualifier with another TAXE qualifier. The one raised by Alan is actually located in Sequence F under 70E narrative – which is different from this CR where TAXE is in sequence E.] * 2.2, CR 777: Not applicable in SG market. However, question raised on why are they not using early call / redemption? * 2.3, CR 779: Not applicable in SG market * 2.4, CR 780: Not applicable in SG market * 2.5, CR 769: Definition is too specific to UCITS. Probably worthwhile to make it broader? However, there is no demand for SG. Nice to have. * 2.6, CR 771: Request 1: Why is there no deadline requested? We would still have to use narrative.   + - Request 2: No issue * 2.7, CR 778: No issue * 2.8, CR 775: Not applicable in SG market * 2.9, CR 776: No issue * 2.10, CR 766: No direct impact to SG. Situation like this happens in SG but rarely. * 2.11, CR 772: No issue but question: Why do you need TXNR in 568 since 564 is repeatable? * 2.12, CR 770: No issue * 2.13, CR 781: No issue. [For SG: park it when we review the EIG+ for exercise of warrants – do we want to consider this in future?] * 2.14, CR 774: Same CR as last year – not supportive * Common Cat 5, CR 737: Not applicable in SG market  1. **AOB**  * Participants also shared their respective experience after SGX launch of ISO15022 CA feed. * It was noted that during the first few weeks post launch, the level of STP was quite low for some events/ issuers. However, significant improvement has been made since then. * It was also highlighted that part of the reason for STP improvement was due to SGX engagement/ education of issuers. * Participants re-iterated the need for continuous engagement of all stakeholders and for the model to be re-applied for future initiatives (e-voting, CA ISO 20022, etc.). * SGX has also conducted individual reviews with each DA. It was suggested to invite SGX at the next meeting for a collective progress review. |
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| **ACTION ITEMS** |
| 1. **E-voting**  * SG NMPG to draw a flow of current voting process and highlights key painpoints (operational, infrastructure, regulatory/ legal) * Broadridge to share current JP/TW operating models and flows + any other insights * SGX to explore possibility of acting as a central voting utility + start identifying potential incentives/ engagement plans for issuers  1. **SGX PTS Phase 2:**   SGX to share high-level scoping agreement and publish questionnaire for further consultation   1. **SG NMPG standards**  * each institution would review and update one event type grid for the next meeting * DVCA: UOB * INTR: DBS * Redemption: CITI * Rights issue: SCB * BONU: DB * DVOP: HSBC  1. **MWG:** Jyi-chen and SWIFT to report back on MWG August meeting outcome 2. **AOB:** Jyi-chen to reach out to Peter Shen (SGX) to arrange for common reviews of outstanding CA feeds issues 3. **Next meeting :** date to be reconfirmed – set tentatively for 2nd half of September |