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Press Release

SMPG addresses global securities market practice challenges

At its Spring 2015 meeting in La Hulpe Belgium, the Securities Market Practice Group discussed new standard developments, in particular the ISO 20022 message practice within market infrastructures, the status of the development of the Legal Entity Identification, and EU CSD regulation implementation challenges. The SMPG focuses on defining market practices for the securities industry based on existing ISO messages for Trade Initiation/Confirmation, Settlements, Reconciliation, Corporate Actions and Investment Funds.

Stephen Lindsay and Nadine Limbourg from SWIFT pushed for new ways of improving standard maintenance discipline within the over 200 existing ISO 20022 market initiatives which largely are sponsored by market infrastructures in settlement (such as T2S) and in corporate action services by DTCC and JASDEC. Users of ISO 15022 messages within the SWIFT community all use the same version at the same time by adhering to an annual maintenance process. ISO 20022 on the other hand has different user pockets largely grouped around market infrastructure initiatives and have to deal with different message versions at different release times set by the various market infrastructures. This fragmentation takes away benefits of standardisation and increases costs across users because of need to support coexistence of various messaging practices. A plan to encourage harmonized business practices and regularly scheduled maintenance updates was proposed.

Gerard Hartsink, Chair of the GLEIF Board, gave an update on the status, operation and services of the Global Legal Entity Identifier System (GLEIS). He foresees growth of LEI use beyond financial transactions to commercial, public procurement, tax reporting purposes, and urged the market participants to proactively use LEI as widely as possible to be able to reap the benefits of entity identification standardization.

Alexander Westphal, ECSDA, commented on the new EU CSD Regulation with respect to settlement discipline and challenges in the areas of abolishing paper certificates by book entry, the move towards a more harmonized holding regime through rules on client individual and omnibus account segregation, as well as the strict limits on commercial bank money settlement. He noted also the successful introduction of the EU T+2 settlement cycle.

SMPG also strengthened its internal governance by electing the following members to the Steering Committee:

Vice Chair: Rudolf Siebel, BVI (re-elected)
Regional Director Asia-Pacific: Jyi-Chen Chueh, Standard Chartered Bank
Regional Director Europe: Armin Borries, Clearstream (re-elected)

The SMPG would like to thank outgoing Regional Director Asia-Pacific Anthony Sim for his active contribution to securities market practice.

SMPG met at SWIFT headquarters at La Hulpe, Belgium from 15th to 17th April 2015. The meeting joined about 60 securities experts representing about 20 markets from Africa, Asia-Pacific, Europe and the Americas.

End

Information for the Press:

Background on SMPG:

The Securities Market Practice Group was established in July 1998 with a focus on defining market practices for the securities industry based on existing ISO messages for Trade Initiation/Confirmation, Settlements, Reconciliation and Corporate Actions. SMPG's goal is to provide the community of ISO 15022 and ISO 20022 securities message users with a global market practice on the usage of these messages. SMPG has produced over 30 market practice recommendations using ISO 15022 messages. SMPG has since expanded to define market practices for the Investment Funds industry using the ISO 20022 messages. All market practices are available on www.smpg.info.

SMPG is open to all securities players – through participation in a National Market Practice Group (NMPG) – interested in creating globally-agreed market practices for the securities industry. NMPGs are established in about 40 countries. SMPG is a non-funded industry group that only functions thanks to the dedication and assistance of the local experts active in the NMPGs.

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