Category 5 - Securities Markets

For Standards MT November 2023

Message Usage Guidelines

These usage guidelines provide information about the ISO 15022 securities message standards for Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions. This document is for all users of ISO 15022 securities message standards.

20 July 2023

Link to this document: https://www2.swift.com/go/book/book33194

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Preface

Introduction

The Category 5 - Securities Markets Message Usage Guidelines provides information about the ISO 15022 securities message standards. The securities message standards discussed are:

- The 11 Trade Initiation and Confirmation (TIC) messages implemented in the 1997 release.
- The 19 Settlement and Reconciliation (S&R) messages implemented in the 1998 release.
- The 5 Corporate Action (CA) messages implemented in the 1998 release.

CAUTION This volume contains information effective as of the November 2023 Standards release. Therefore the 22 July 2022 edition of the Standards MT User Handbook volumes remains effective until November 2023.

Overview of this book

This book is an overview. Readers should therefore consult the latest version of the Standards MT documentation for complete and comprehensive information about the standard.

The content of this volume is as follows:

- Chapter 1 explains the reasons for the ISO 15022 message standards. A brief definition of SWIFT terms is included to help the reader.
- Chapters 2 to 10 cover the different securities markets areas of TIC, S&R, and CA.

  Each market area contains three chapters, all of which follow the same format:

  - **Transaction Flows** examines the core business transaction flows and the corresponding message types.
  - **Message Outlines** explains how to construct and when to send each message. The more detailed message outlines illustrate the message components in terms of hierarchy, business functionality, and optional and mandatory sequences.
  - **Scenarios** demonstrates the application of the messages to actual business examples, providing a useful illustration of the use of the generic fields and qualifiers.
- Chapter 11 discusses the Settlement Chain. This chapter includes the S&R messages, as TIC and S&R differ in their approach to the settlement chain.
- Chapter 12 describes some usage rules for the function of the message qualifiers and sub-functions for ISO 15022 field 23G in CA and S&R messages.
- Chapter 13 describes the use of the Linkages subsequence in CA and S&R messages.
- Chapter 14 analyses the modular approach to the message format. It introduces generic fields, qualifiers, Start of Block, and End of Block fields.
- Chapter 15 provides an explanation of how to read the field and format specifications for the messages as published in the *Standards MT Category volumes.*
- Chapter 16 helps programmers develop the ISO 15022 messages.
- Appendix A discusses the Data Source Scheme.
- Appendix B illustrates the function of the message in S&R messages.

Significant Changes

The following table lists significant changes to the content of the *Category 5 - Securities Markets Message Usage Guidelines* since the 22 July 2022 edition. This table does not include editorial changes that SWIFT makes to improve the usability and comprehension of the document.

Updated information	Location
Updated graphical representation of MT 537	MT 537 Statement of Pending Transactions on page 71
Updated graphical representation of MT 548	MT 548 Settlement Status and Processing Advice on page 92

1 Introduction

The securities markets are subject to an ever-increasing pace of change. This has led SWIFT to analyse the potential effects of future trends on the Category 5 Securities Markets message types, and to adapt the messages accordingly.

1.1 Overview

This document

The Category 5 - Securities Markets Message Usage Guidelines provides an overview of both the business and technical elements of the Category 5 messages; their use and construction. This document concentrates on the messages for the areas of Trade Initiation and Confirmation (TIC), Settlement and Reconciliation (S&R), and Corporate Actions (CA).

In addition to documenting the ISO 15022 messages and formats, the intent of the Category 5 - Securities Markets Message Usage Guidelines is to create a bridge between the areas of business and technology. By starting with transaction flows, showing the relevant message types, the user can gain an overview of the purpose of the messages. Diagrams showing the message outlines, simplify how the business purpose of the message, and the transaction details, are represented in the message format (sequences and fields).

Scenarios are provided to demonstrate how to use the messages for TIC, S&R, and CA.

TIC and S&R messages

Chapter Eleven, Settlement Chain on page 169 introduces a key concept of the TIC and S&R messages. It illustrates the ISO 15022 approach of identifying parties to the trade according to their role. TIC and S&R approach the messages differently, and this chapter clearly demonstrates a step-by-step model for using the ISO 15022 generic fields and qualifiers.

Message formats

The more technical inclusions relate to the message formats. The latest changes are a result of the increasing complexity of message construction, and the need to cater for new information and functionality. In conjunction with the user community SWIFT concluded that rationalising the message structure will enhance performance by simplifying the processes of message construction and maintenance.

The solution SWIFT has chosen is to create a **modular methodology** based on the ability to group common data, to uniquely identify it, and to add new information, without having to introduce new fields. This has been implemented in the form of **generic** fields and the **Start of Block** and **End of Block** fields.

Generic fields

The **generic** fields, explained in the section ISO 15022 Field and Message Structures on page 224 contain the basic groups of business data that are common throughout the messages, for example, date and amount.

A qualifier, or description field, is then combined with the generic field tag for these purposes:

- To give specific business purpose to the generic field tag, by describing the type of general group to which it belongs, for example, settlement date, settlement amount.
- To create a unique information reference.

Start of Block and End of Block fields

The **Start of Block** and **End of Block** fields are a means of framing groups of fields which contain related business information. These fields enhance the modular approach, creating a *building block* approach. The idea of this is that the use of each block is not isolated to one message, but can be re-used across the messages and combined with other blocks, according to business requirements.

The introduction of generic fields, and the Start of Block and End of Block fields, has several benefits:

- Flexibility is provided within a structured format, allowing the messages to cater for a range of individual requirements, such as regional market differences.
- The structure enables smooth addition of future message functionality.
- By defining and programming the data elements once, maintenance of the field is also isolated to one occurrence. Reducing the number of fields created eases the volume of maintenance.
- A simplified message structure: easing maintenance and increasing clean message performance levels complements and contributes to straight-through processing (STP).

1.2 Overview of SWIFT Business Terminology

Introduction

The Category 5 - Securities Markets Message Usage Guidelines includes the three securities markets areas of TIC, S&R, and CA. An overview of the SWIFT business terminology is provided in the remainder of this chapter. Defining the terms relevant to each area of securities highlights the commonality between the general business flows and identifies relationships.

General Overview of TIC, S&R, and CA

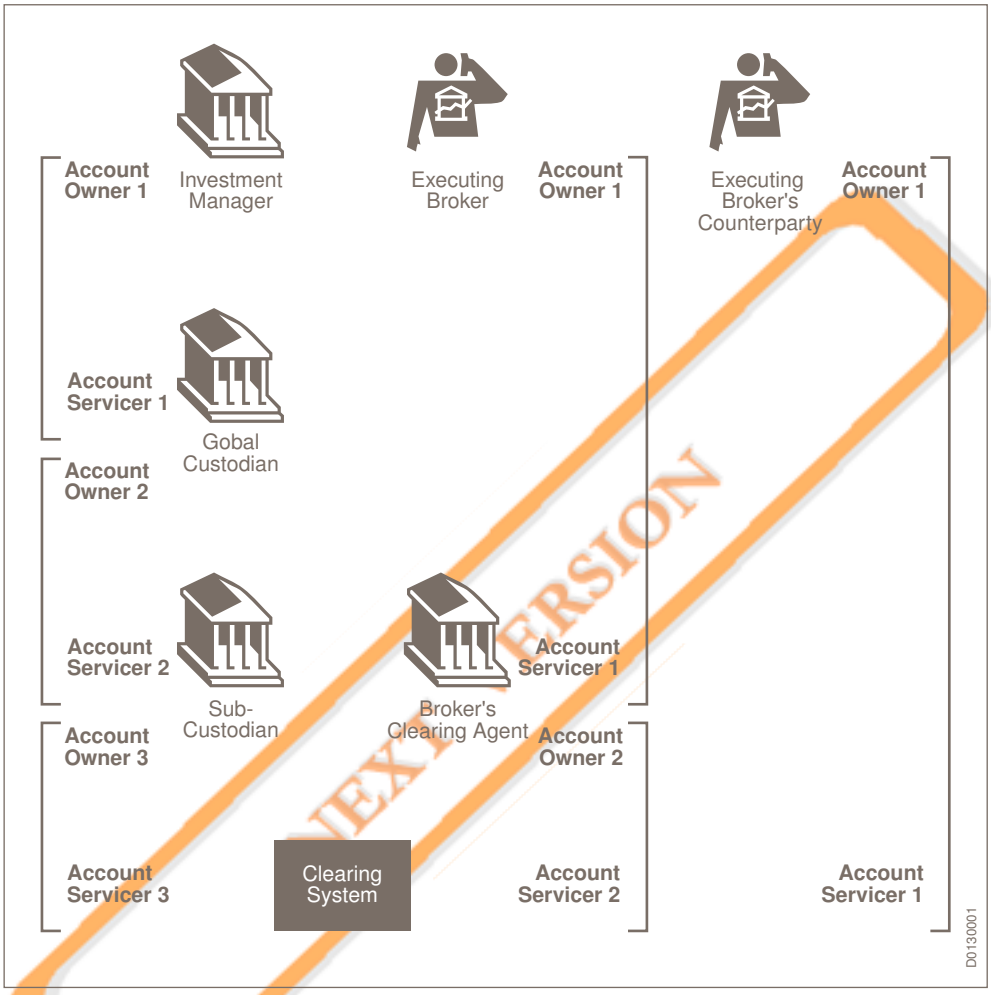
As demonstrated in General overview of Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions showing their relationship on page 11, there may be more than one account owner or account servicer relationship throughout the S&R and CA process. To clarify this statement, the investment management institution (account owner 1) has a safekeeping account which is serviced by its custodian (account servicer 1).

If the securities portfolio is international, the custodian acts as a global custodian (account owner 2) and maintains an account relationship with a sub-custodian in each market (account servicer 2). The sub-custodian also has an account (account owner 3) with the local clearing system (account servicer 3).

If the securities portfolio invests in domestic securities only, there may be just one account owner or account servicer relationship. The figure General overview of Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions showing their relationship on page 11

illustrates this relationship, showing the executing broker's counterparty as an account owner, and the clearing system as the account servicer.

General overview of Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions showing their relationship



Note *The General overview of Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions showing their relationship on page 11 illustrates one situation. Other combinations of account owner and account servicer relationships are possible. Another example might be that the initiating party - the investment management institution - has a direct relationship with the sub-custodian.*

1.3 Trade Initiation and Confirmation

Roles

The Trade Initiation and Confirmation (TIC) involves three parties:

- the instructing party
- the executing party
- the trade counterparty

Furthermore, TIC can be split into two different areas; **client-side** and **market-side**.

The client-side is the interaction between the instructing party and the executing party, where the executing party acts on behalf of the instructing party.

The market-side is where the executing party interacts with the trade counterparty and both are market traders.

Market terms

Whilst these are general roles, that is, the overall name for the type of role, more commonly-used market terms identify the financial players, as shown in General overview of Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions showing their relationship on page 11.

Terms:

- Instructing party: typically the investment arm of a universal bank, a fund manager or an investment management institution.
- Executing party: typically a broker or dealer.
- Trade counterparty: typically a broker, dealer, market maker, or inter-broker dealer.

Relationship

The instructing party, whether acting for a client or on its own behalf, will instruct the executing party either to buy or sell a specific number of securities. The executing party will then trade, with the trade counterparty acting as agent. Alternatively, the executing party will buy or sell securities for itself, acting as principal.

1.4 Settlement and Reconciliation and Corporate Actions

Roles

The Settlement and Reconciliation (S&R) and Corporate Actions (CA) processes involve two parties:

- the account owner
- the account servicer

Market terms

Whilst these are general roles, the commonly-used market terms to identify the financial players, are shown in General overview of Trade Initiation and Confirmation, Settlement and Reconciliation, and Corporate Actions showing their relationship on page 11.

Terms:

- Account owner: can be either an investment management institution, a broker or dealer, a global custodian, a sub-custodian, or a local agent.
- Account servicer: can be either a Central Securities Depository (CSD) or clearing system, a local agent, a sub-custodian, a global custodian, or a broker dealer.

Example

For example, an investment management institution holds an account with a global custodian. The investment management institution is the account owner. The global custodian is the account servicer. If the global custodian holds an account with a sub-custodian, the global custodian is an account owner and the sub-custodian is an account servicer. Similarly, the sub-custodian holds an account with the CSD. The sub-custodian is the account owner and the CSD the account servicer.

Settlement and Reconciliation relationship

The term account owner refers to the customer of an account servicer. The account servicer facilitates the transfer of ownership of securities and holds securities in safekeeping on behalf of the account owner.

Corporate Actions relationship

Custody involves the notification and processing of Corporate Action events. The account servicer is responsible for reporting events that affect the securities that it holds for its customer. This type of reporting involves an information chain, beginning with the issuer of the security and ending with the beneficial owner.

2 Trade Initiation and Confirmation (TIC) Transaction Flows

This chapter addresses messages for the securities area of Trade Initiation and Confirmation (TIC).

2.1 Overview

ISO 15022 securities

The ISO 15022 securities messages cater for part of the larger set of securities transactions. Transaction flows provide an overview of how the messages relate to one another, and the different parties involved.

TIC messages

Applicable messages:

- MT 502 Order to Buy or Sell
- MT 509 Trade Status Message
- MT 513 Client Advice of Execution
- MT 514 Trade Allocation Instruction
- MT 515 Client Confirmation of Purchase or Sale
- MT 517 Trade Confirmation Affirmation
- MT 518 Market-Side Securities Trade Confirmation
- MT 576 Statement of Open Orders

2.2 Trade Initiation and Confirmation Transaction Flows

Definitions

In TIC, the transaction flows are messages between the instructing party and the executing party on the client-side, and the trade counterparties on the market-side.

An **instructing party** may be a bank, or other financial institution, acting on its own behalf or that of its client, for example, a fund manager acting on behalf of one or more pension funds.

An **executing party** is a broker, or other financial institution, which goes into the market on behalf of its client. In some scenarios, a broker may act as an instructing party when it instructs a broker in the local market to buy or sell securities on behalf of one of its clients.

A **trade counterparty** may be a broker, or other financial institution, which is the counterparty of the executing party on the market-side.

TIC process

The TIC process includes the flows and relevant message types shown in the table.

TIC transaction flow

Transaction flow	Message type
Trade Initiation	Ordering the purchase or sale of securities (MT 502).
Trade Advice, Allocation, Confirmation and Affirmation	Advising the execution, or partial execution, of a trade (MT 513). Instructing the allocation of a block trade (MT 514). Confirming the trade carried out on the client-side (MT 515) and on the market-side (MT 518). Affirming the trade confirmation (MT 517).
Order and Status Reporting	Reporting on the order and trade status (MT 509) for open orders (MT 576).
ETC (Electronic Trade Confirmation) Service Provider	An intermediary between the parties on both the client and market-side (MT 509, MT 513, MT 514, MT 515, MT 517, and MT 518). A matching service between the same parties reporting on the status of the trade (MT 509). A third party which instructs settlement of a trade, once trade details have been fully agreed (MT 540, MT 541, MT 542, and MT 543).

2.3 Trade Initiation

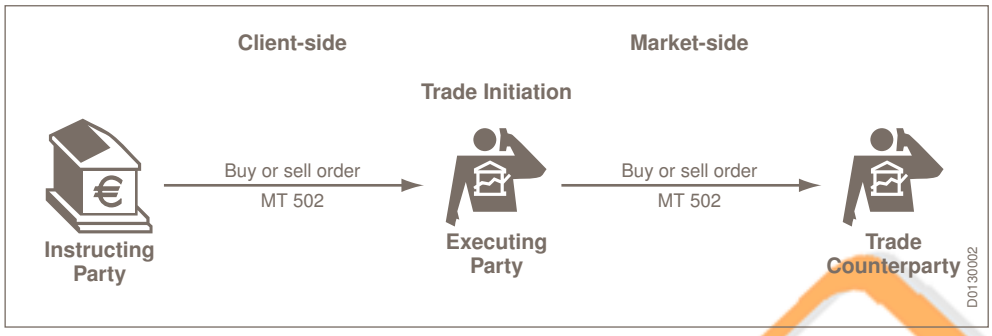
Trade Initiation process

The trade begins as follows:

1. The instructing party decides to purchase or sell securities. It may be initiated by an investment management institution that is acting on behalf of its clients, for example, pension funds or other investors.
2. The order is placed by an instructing party to an executing party (MT 502). It may then be sent from the executing party to a trade counterparty in the local market. This order may or may not directly correspond with the instructing party's MT 502.
3. It is possible that the executing party does not forward the MT 502 to the trade counterparty, as it decides to fill the order from its own books, that is, from its own account. Conversely, the executing party may also buy from the instructing party for its own books, rather than finding a trade counterparty.
4. In some cases, an indication may be given that the order is for a large amount that is to be allocated prior to confirmation.
5. Where known and appropriate, the instructing party provides settlement details at this time to the executing party.

Information flow

MT 502 Trade Initiation



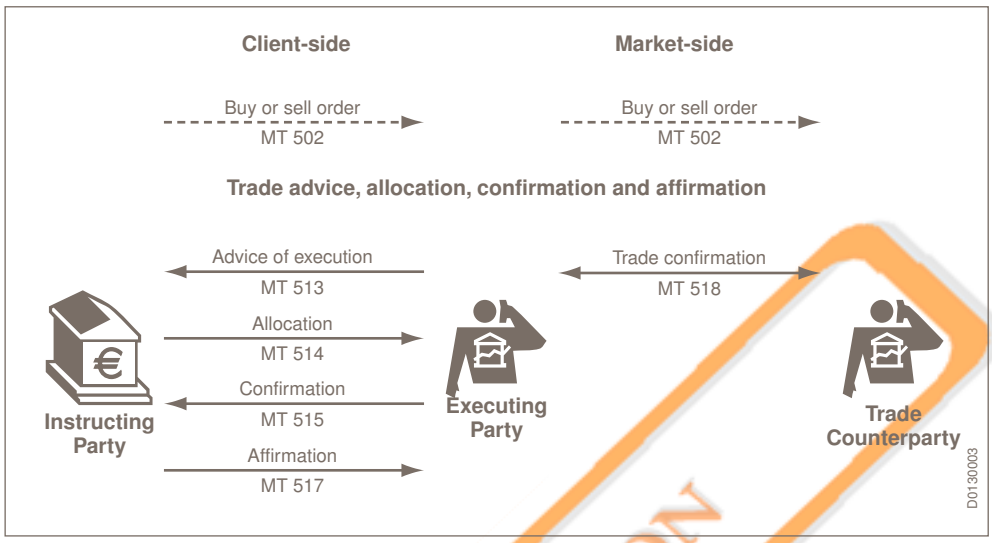
2.4 Trade Advice, Allocation, Confirmation and Affirmation

Process

1. Upon receipt of an order, the executing party looks in the market place for a trade counterparty willing to buy or sell the specific securities in the amounts needed, at a given price. For each trade agreed, the two trade counterparties send or exchange a market-side trade confirmation agreeing the details (MT 518).
2. Once the order has been fully or partially executed, the executing party advises the instructing party by providing the trade details (MT 513). Such advice is particularly critical in the instance of a block trade that needs to be allocated prior to confirmation. It is also important when the order is carried out partially over several days, or any other period, with differing prices.
3. When the block trade is executed to the satisfaction of the instructing party, the instructing party instructs the executing party about how the block is to be allocated among the different funds or clients (MT 514).
4. The executing party then sends the instructing party a client trade confirmation per order or, if a block trade, per allocation (MT 515).
5. A final step in some markets is the positive acknowledgement by the instructing party of the confirmation - the affirmation (MT 517).

Information flow

Trade Advice, Allocation, Confirmation and Affirmation MT 513, MT 514, MT 515, MT 517, and MT 518



2.5 Order and Trade Status Reporting

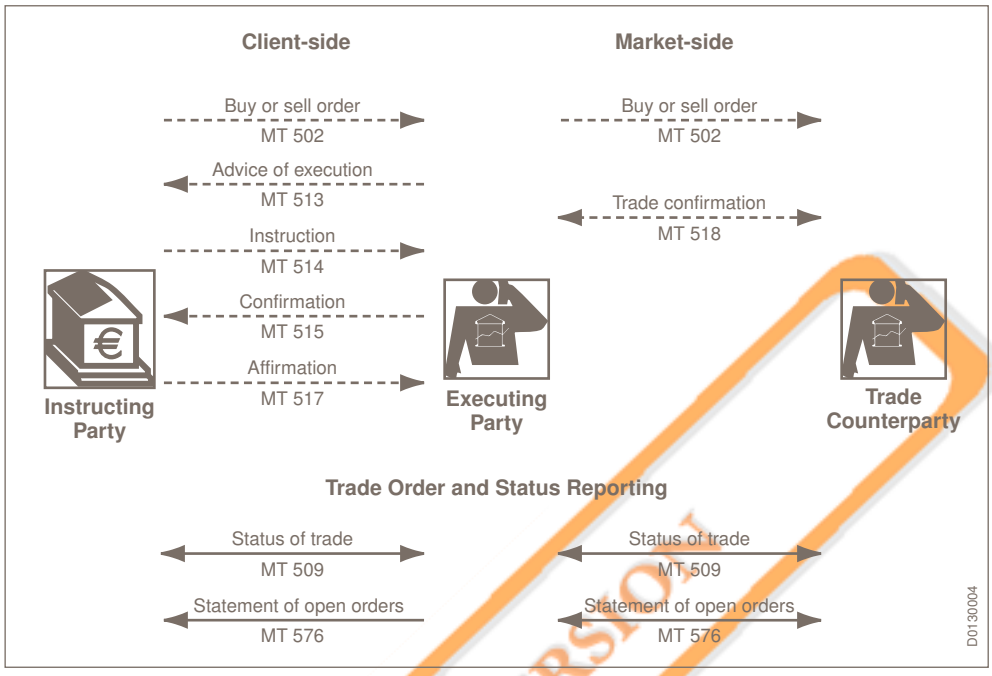
Introduction

In some markets or trading systems, status reporting is provided to inform the instructing party or executing parties of the trade status, for example, prior to its final confirmation or affirmation, or whatever the position of the trade within the process (MT 509).

Finally, the executing party reports on open orders to the instructing party (MT 576). Trade counterparties may also exchange the statement of open orders among themselves.

Information flow

Trade Order and Status Reporting MT 509 and MT 576



2.6 ETC Service Provider

Introduction

The ETC (Electronic Trade Confirmation) Service Provider may be present on both the client-side and the market-side of the trade.

On the client-side, the ETC Service Provider intermediates in these flows:

- MT 513 Client Advice of Execution on page 25
- MT 514 Trade Allocation
- MT 515 Trade Confirmation
- MT 517 Trade Affirmation

ETC Service Provider responsibilities

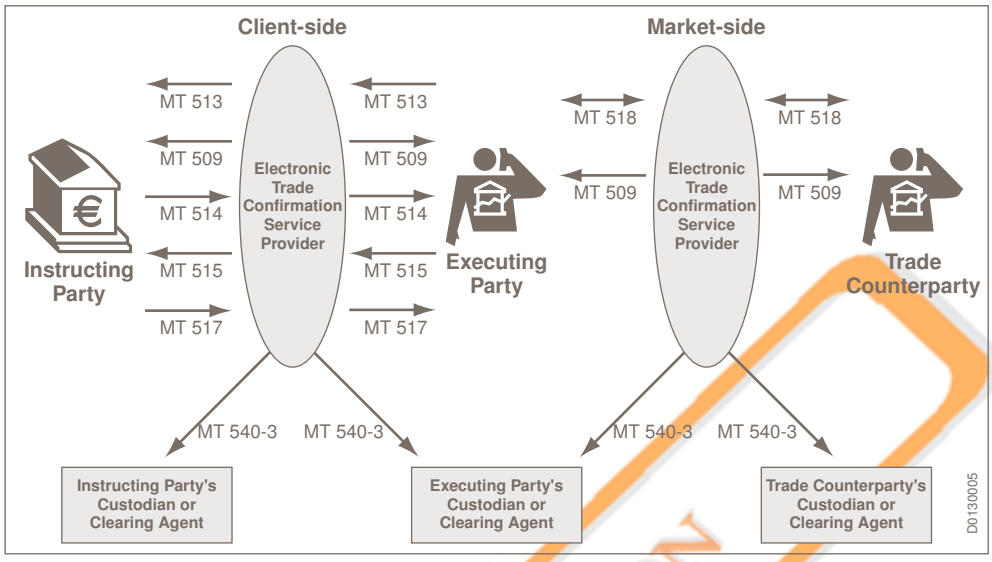
On the market-side, the ETC Service Provider intermediates in the trade confirmation flow (MT 518).

In both the client and market-sides of the trade, the ETC Service Provider reports on the status of the trade (MT 509).

The instructing party, executing party, or the trade counterparty may request the ETC Service Provider to send the appropriate settlement instructions to the corresponding party's custodian, or clearing agent, on their behalf (MT 540, MT 541, MT 542, and MT 543).

Information flow

ETC Service Provider



3 Trade Initiation and Confirmation Message Outlines

This chapter provides guidelines about the use of the Trade Initiation and Confirmation securities messages. It explains the business purpose, the parties involved, and additional functions for each message.

3.1 Overview

Message outlines

The transaction flows in Chapter Two Trade Initiation and Confirmation (TIC) Transaction Flows on page 14 reflect the business process represented by the message, whereas the more detailed message outlines show the message components in terms of hierarchy, business functionality, and optional and mandatory sequences.

Message types

Where relevant, each message type section looks at specific questions, for example: which message should be used in response to the MT 515 Client Confirmation of Purchase or Sale when the message is unacceptable to the client.

3.2 MT 502 Order to Buy or Sell

Purpose

To instruct the purchase or sale of a given quantity of a particular financial instrument.

Players

The MT 502 can be sent:

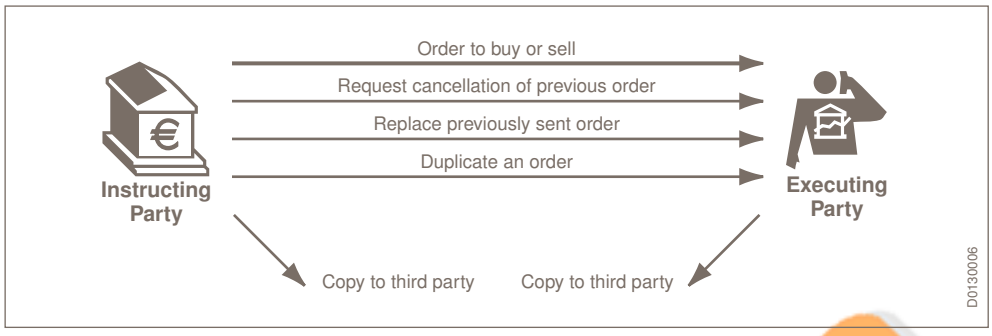
- By an instructing party or its authorised representative to an executing party.
- Directly, by an executing party to a point of execution (where permitted), such as an exchange.
- Between brokers.

Other functions

The MT 502 can also be used to:

- Request the cancellation of a previously sent order.
- Replace a previously sent order.
- Duplicate a previously sent order.
- Provide a third party with a copy of the message being sent.

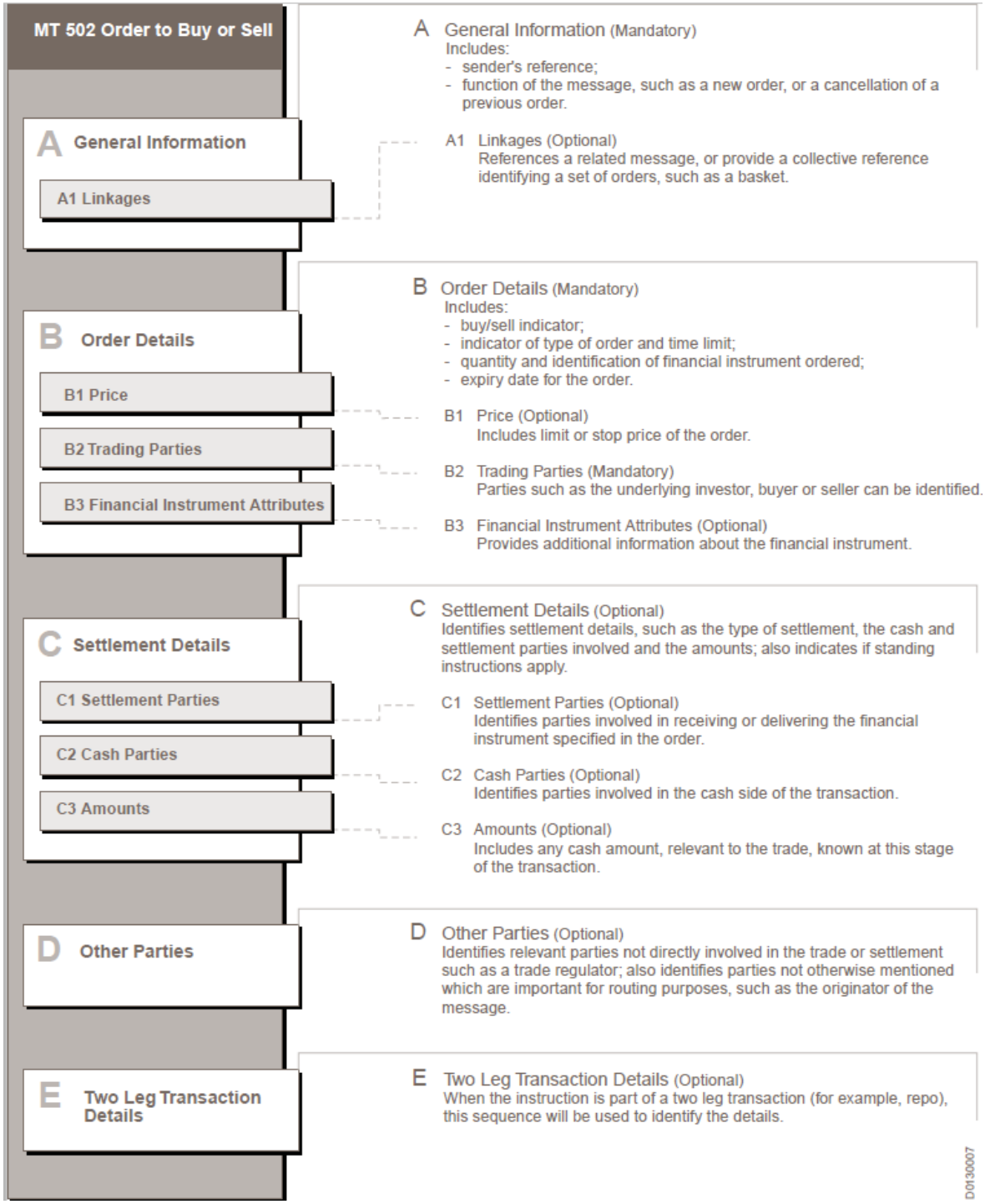
MT 502 Order to Buy or Sell



Note *It is recommended that all rejection processing take place in the MT 509 Trade Status Message, using field 23G-Function of the Message with code INST, and field 25D-Status Code with qualifier IPRC and subfield-Status with code REJT (Reject).*

Graphical representation of MT 502

MT 502



3.3 MT 509 Trade Status Message

Purpose

To indicate the status of a particular trade.

Players

The MT 509 can be sent:

- By an instructing party or its authorised representative to an executing party.
- By an executing party to the instructing party or its authorised representative.
- By an instructing party to its custodian to inform of an update in the trade or processing status of a previously sent settlement instruction.

This message may be sent directly or through an ETC Service Provider, to each of the parties of the trade.

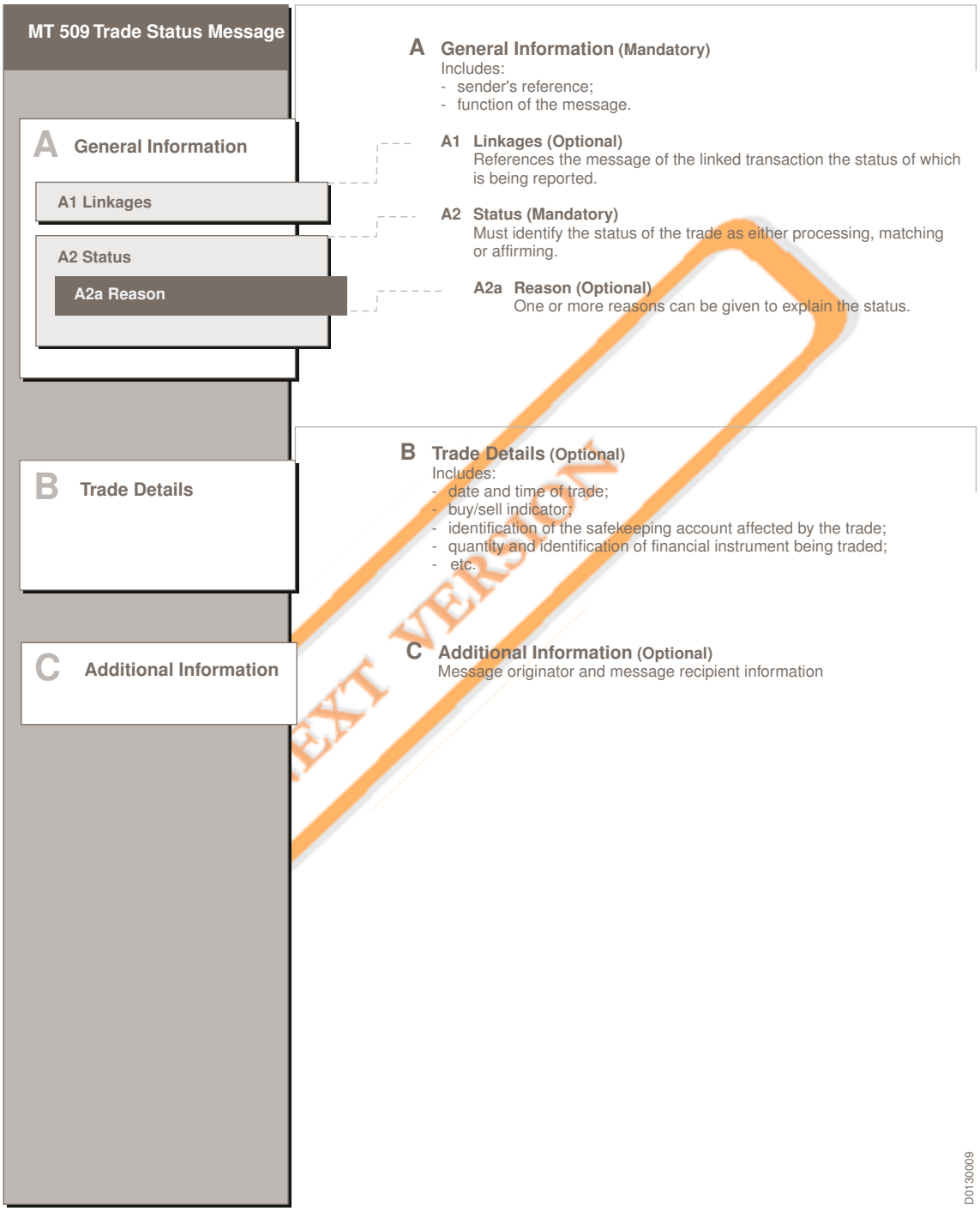
Other functions

The MT 509 can also be used to provide a third party with a copy of the status message being sent.

MT 509 Trade Status

Graphical representation of MT 509

MT 509



3.4 MT 513 Client Advice of Execution

Purpose

To provide brief and early information to the instructing party about a deal executed at its instruction. This advice of execution applies to a deal that cannot yet be fully confirmed, for example, because it is a block trade which is to be allocated.

Players

The MT 513 is sent:

- By the executing party, for example, the broker or dealer, to an instructing party or its authorised representative.
- By a point of execution to the party which had previously submitted an order to buy or sell.

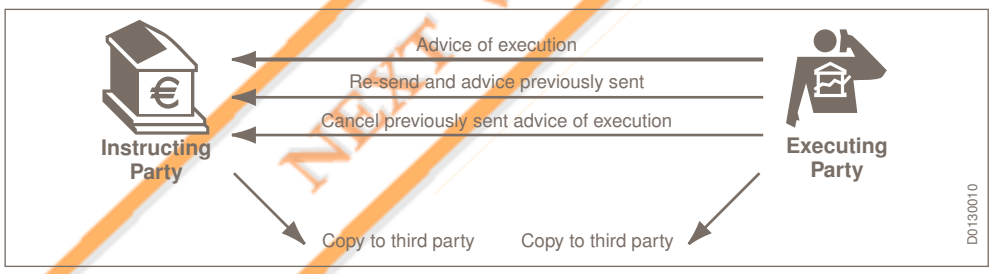
This message may be sent directly or through an ETC Service Provider, to each of the parties of the trade.

Other functions

The MT 513 can also be used to:

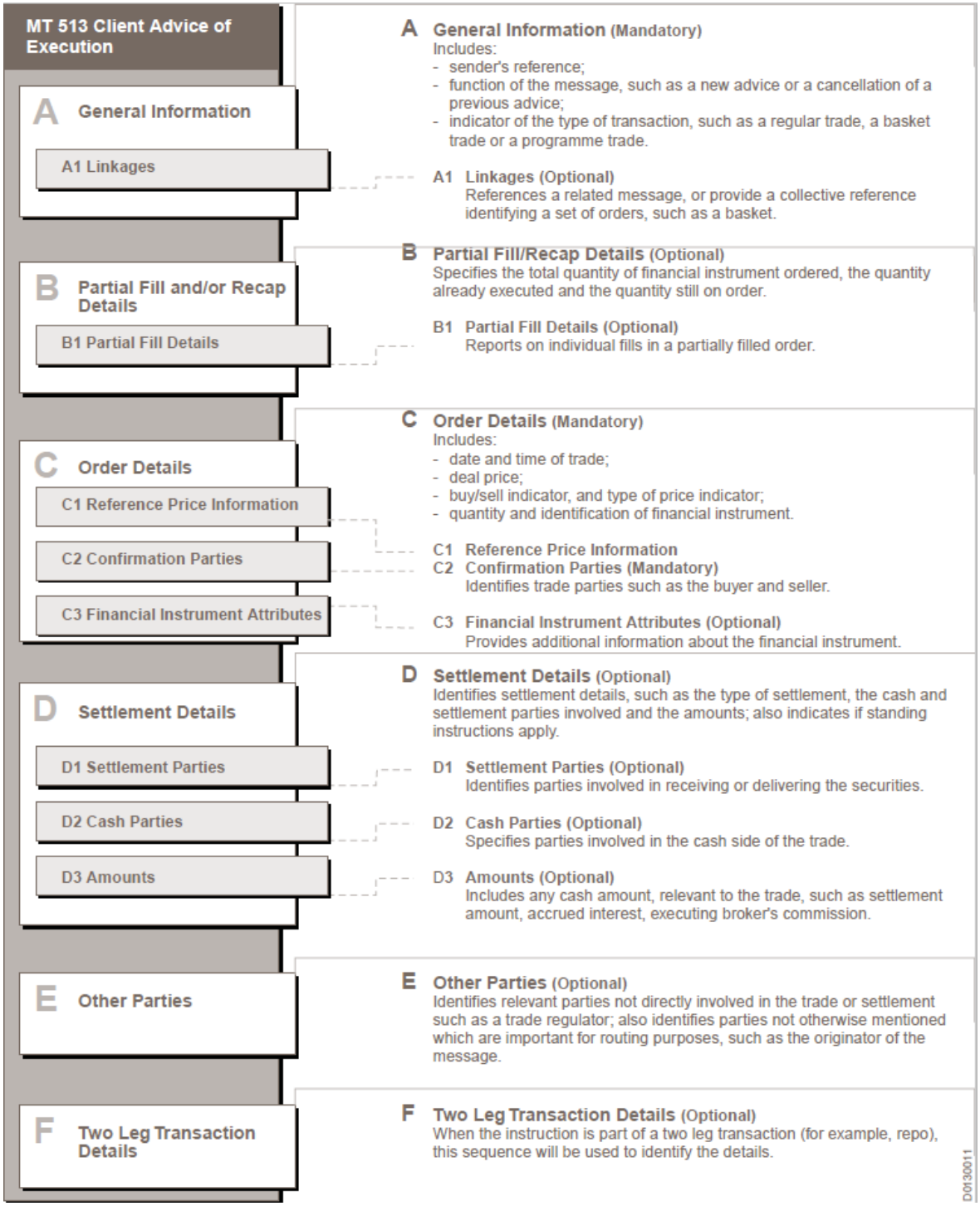
- Request the cancellation of a previously sent advice of execution.
- Re-send an advice of execution previously sent.
- Provide a third party with a copy of the message being sent.

MT 513 Client Advice of Execution



Graphical representation of MT 513

MT 513



3.5 MT 514 Trade Allocation Instruction

Purpose

To instruct the allocation of a block trade. Each message can only contain one allocation. Settlement details are optional and can be provided where standing instructions do not apply, or are not available.

Players

The MT 514 is sent:

- By an instructing party or its authorised representative to an executing party.
- As a copy from the instructing party to the custodian to provide early settlement information, where there is an agreement to this effect.

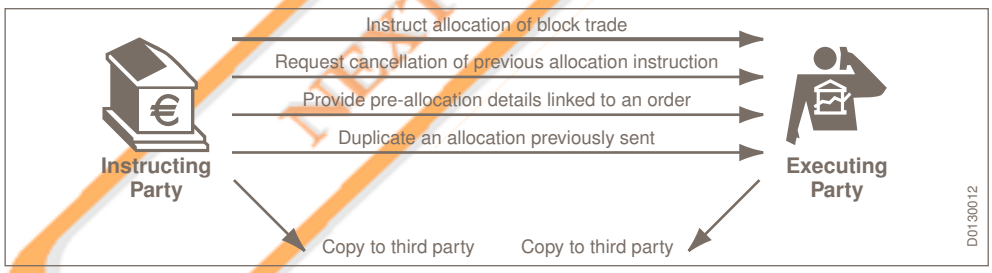
This message may be sent directly or through an ETC Service Provider, to each of the parties of the trade.

Other functions

The MT 514 can also be used to:

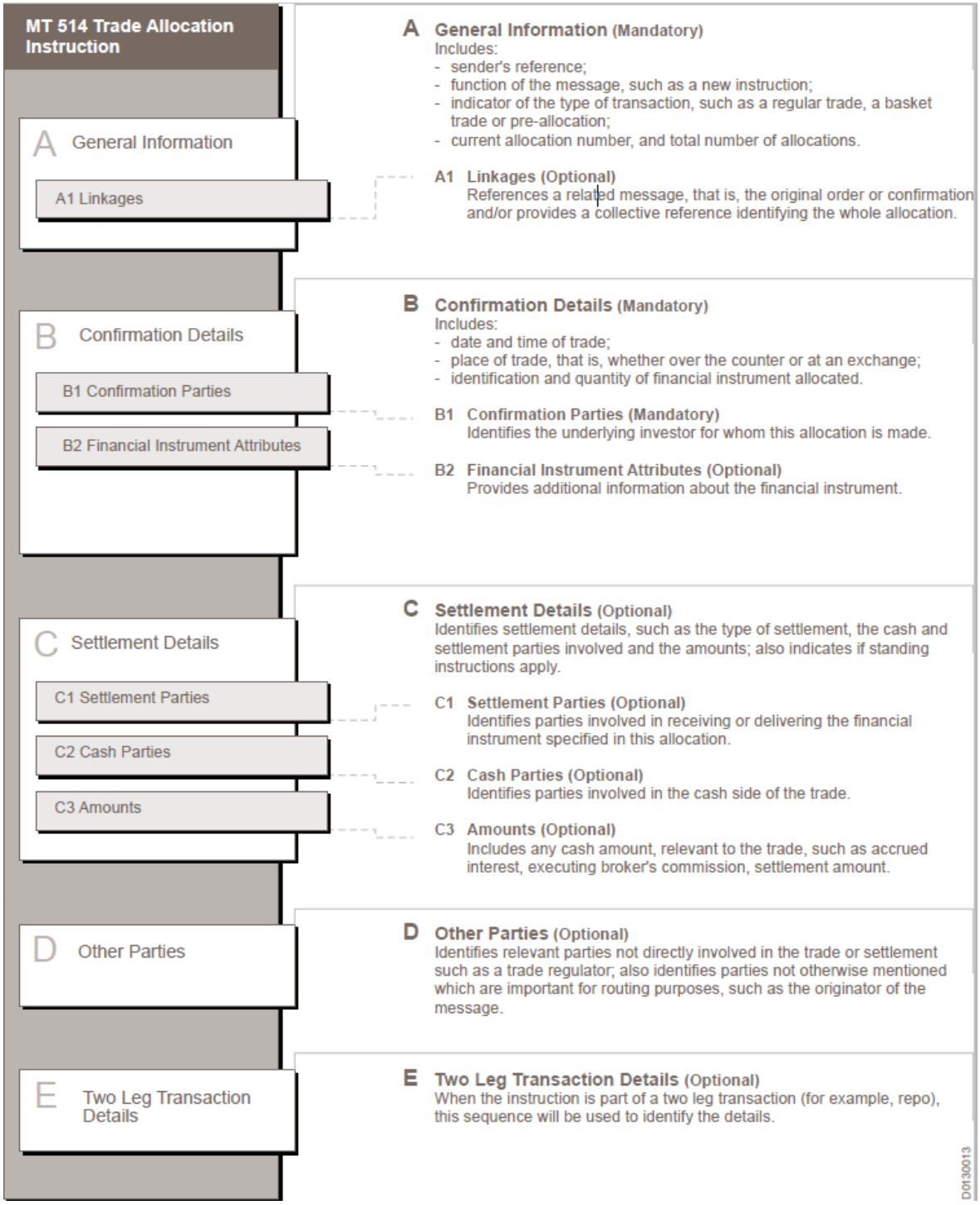
- Request the cancellation of a previously sent allocation instruction.
- Re-send an allocation instruction previously sent.
- Provide a third party with a copy of the message being sent.
- Provide pre-allocation details linked to an order to buy or sell.

MT 514 Trade Allocation Instruction



Graphical representation of MT 514

MT 514



3.6 MT 515 Client Confirmation of Purchase or Sale

Purpose

To confirm the details of a purchase or sale. It is also used to provide details on the payment side of the transaction. Where legally accepted, this message serves as a binding electronic contract note.

Players

The MT 515 is sent:

- By an executing party or its authorised representative to an instructing party or its authorised representative.
- As a copy from the executing party or the executing party to their respective custodians to provide early settlement information, where there is an agreement to this effect.

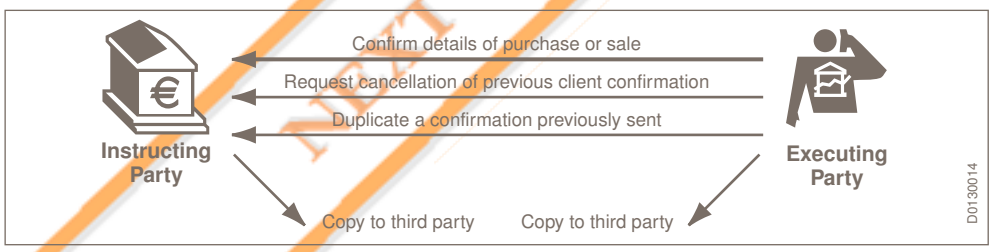
This message may be sent directly or through an ETC Service Provider, between parties of the trade.

Other functions

The MT 515 can also be used to:

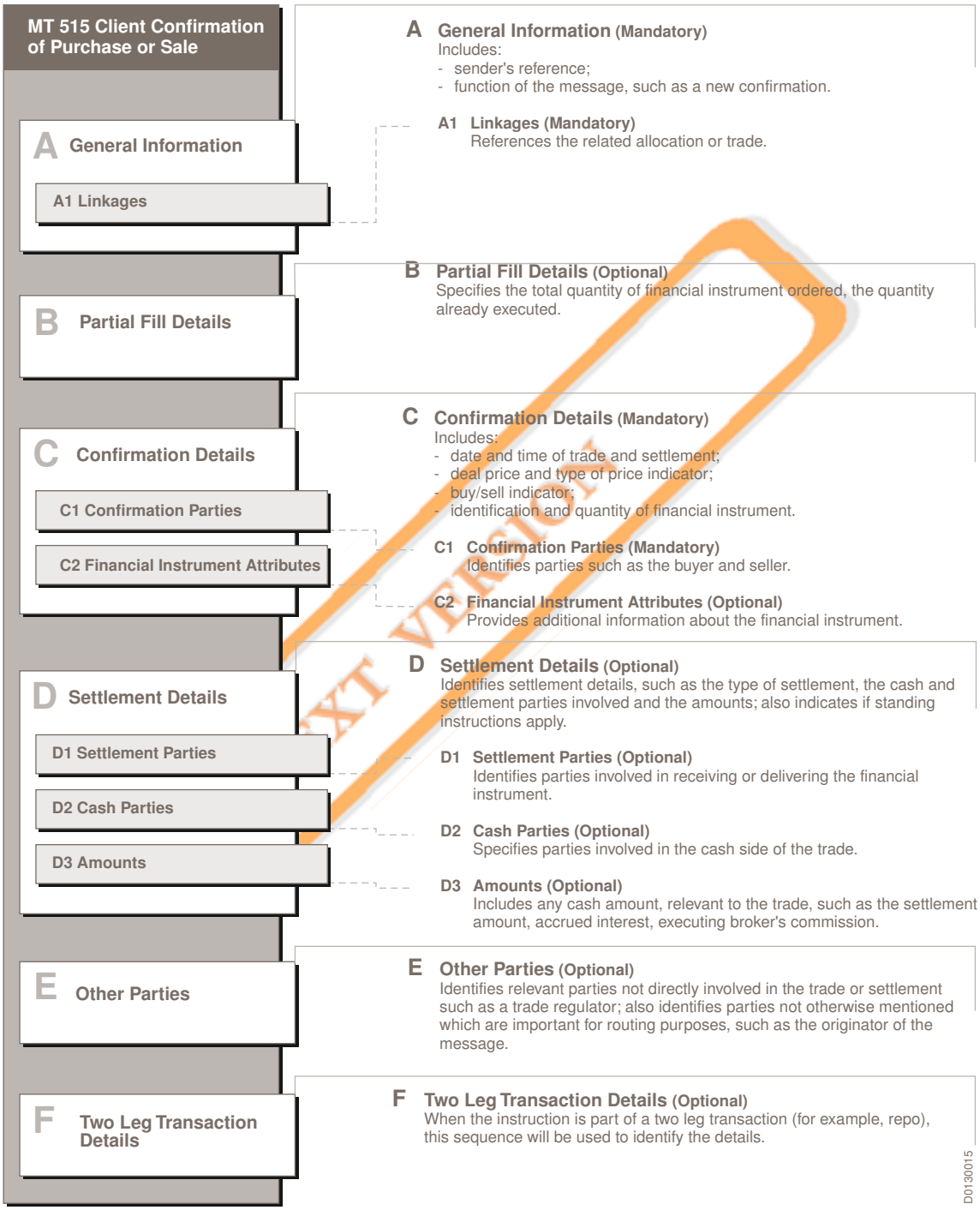
- Request the cancellation of a previously sent client confirmation.
- Re-send a client confirmation previously sent.
- Provide a third party with a copy of the message being sent.

MT 515 Client Confirmation of Purchase or Sale



Graphical representation of MT 515

MT 515



3.7 MT 517 Trade Confirmation Affirmation

Purpose

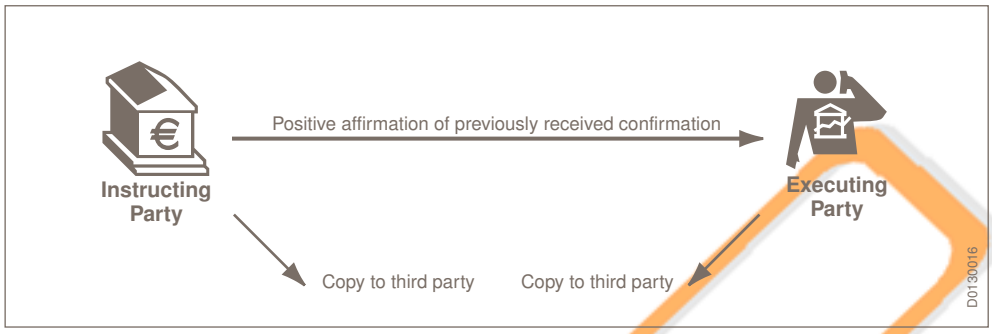
To **positively** affirm the details of a previously received confirmation or contract note. The trade confirmation details that are affirmed bind the sender and receiver.

Players

The MT 517 is sent by an instructing party, or its authorised representative, to a financial institution that had previously sent a trade confirmation or contract note, for example, a broker-dealer.

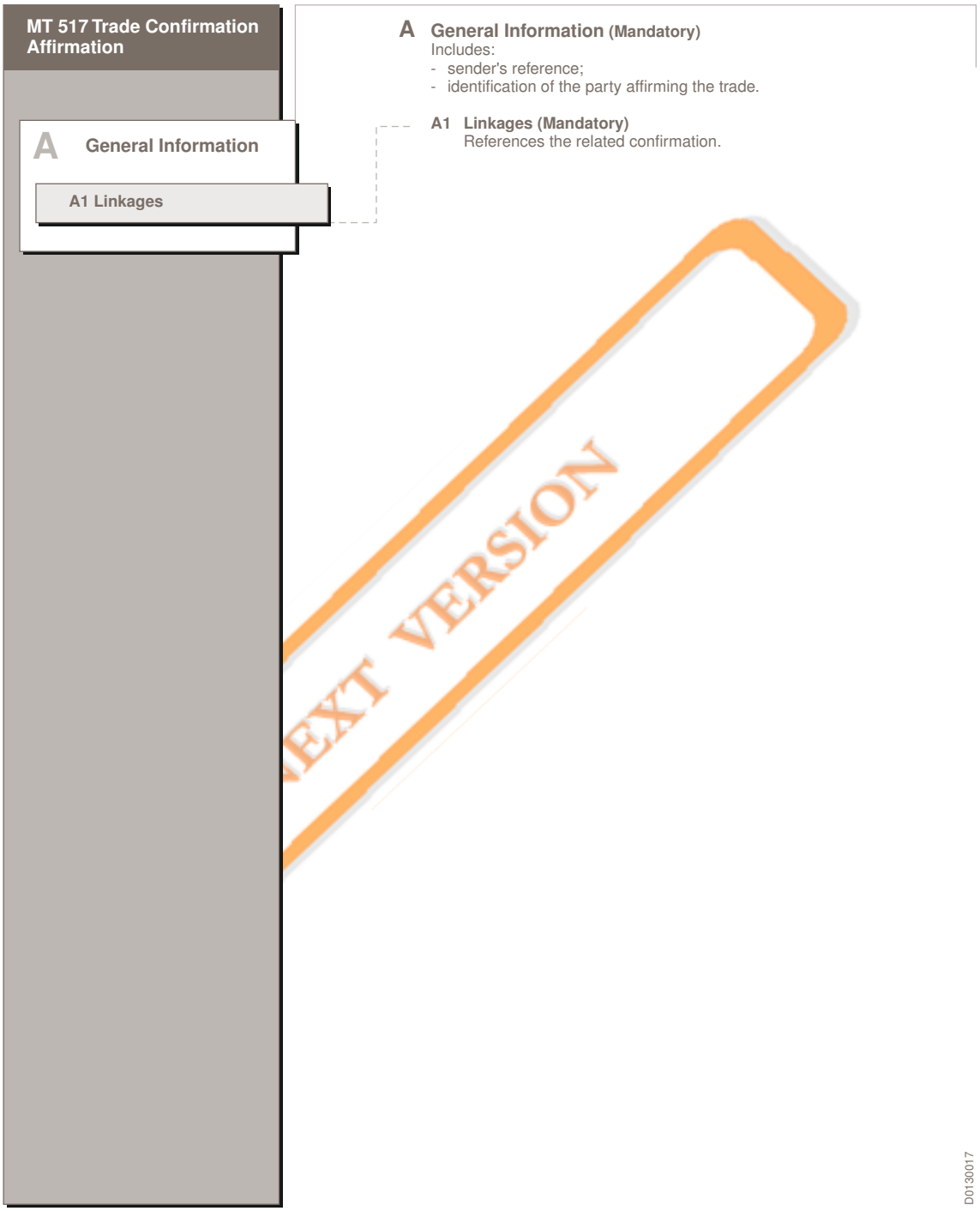
This message can be sent directly between parties to the trade, or via an ETC Service Provider.

MT 517 Trade Confirmation Affirmation



Graphical representation of MT 517

MT 517



3.8 MT 518 Market-Side Securities Trade Confirmation

Purpose

To confirm the details of a trade in the market place.

Players

The MT 518 is sent by an executing party to its trade counterparty.

The market confirmation may be exchanged directly, or via an ETC Service Provider, between two trade counterparties, for mutual comparison of the trade details.

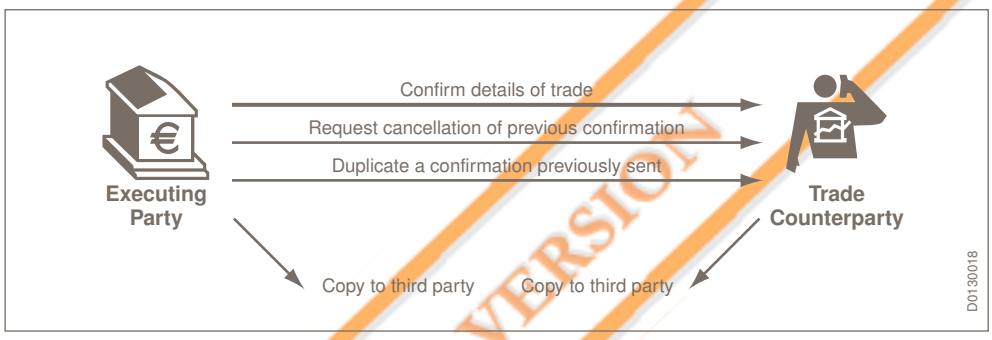
Other functions

The MT 518 can also be used to:

- Request the cancellation of a previously sent confirmation.
- Re-send a confirmation previously sent.
- Provide a third party with a copy of the message being sent.

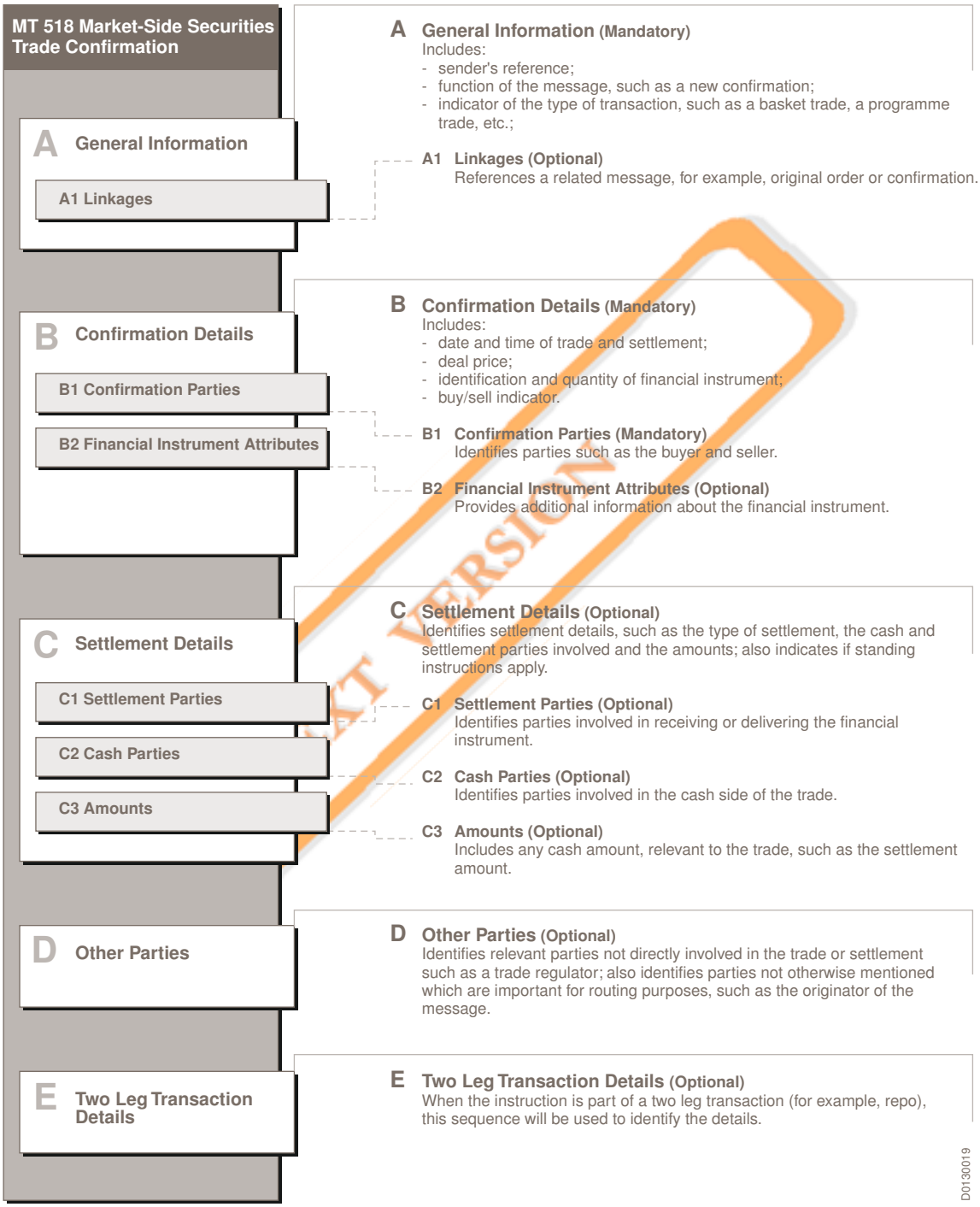
This message may include, where necessary, the settlement details of the trade.

MT 518 Market-Side Securities Trade Confirmation



Graphical representation of MT 518

MT 518



3.9 MT 576 Statement of Open Orders

Purpose

To identify orders which have not yet been fully executed. It may include all, or selected, open orders by financial instrument in all, or selected, safekeeping accounts, or sub-accounts. The activity flag must indicate that there are no open orders, when that is the case.

Players

This message is sent by an executing party which has accepted one or several orders to buy or sell financial instruments to:

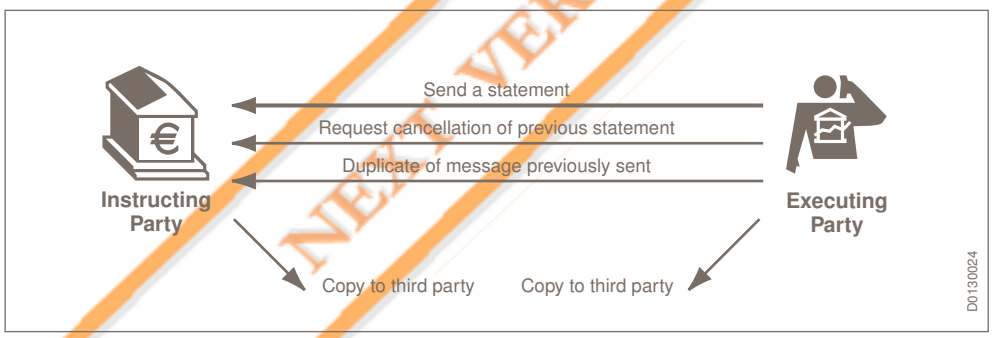
- An instructing party or its authorised representative.
- A point of execution, where permitted.

Other functions

The MT 576 can be used to:

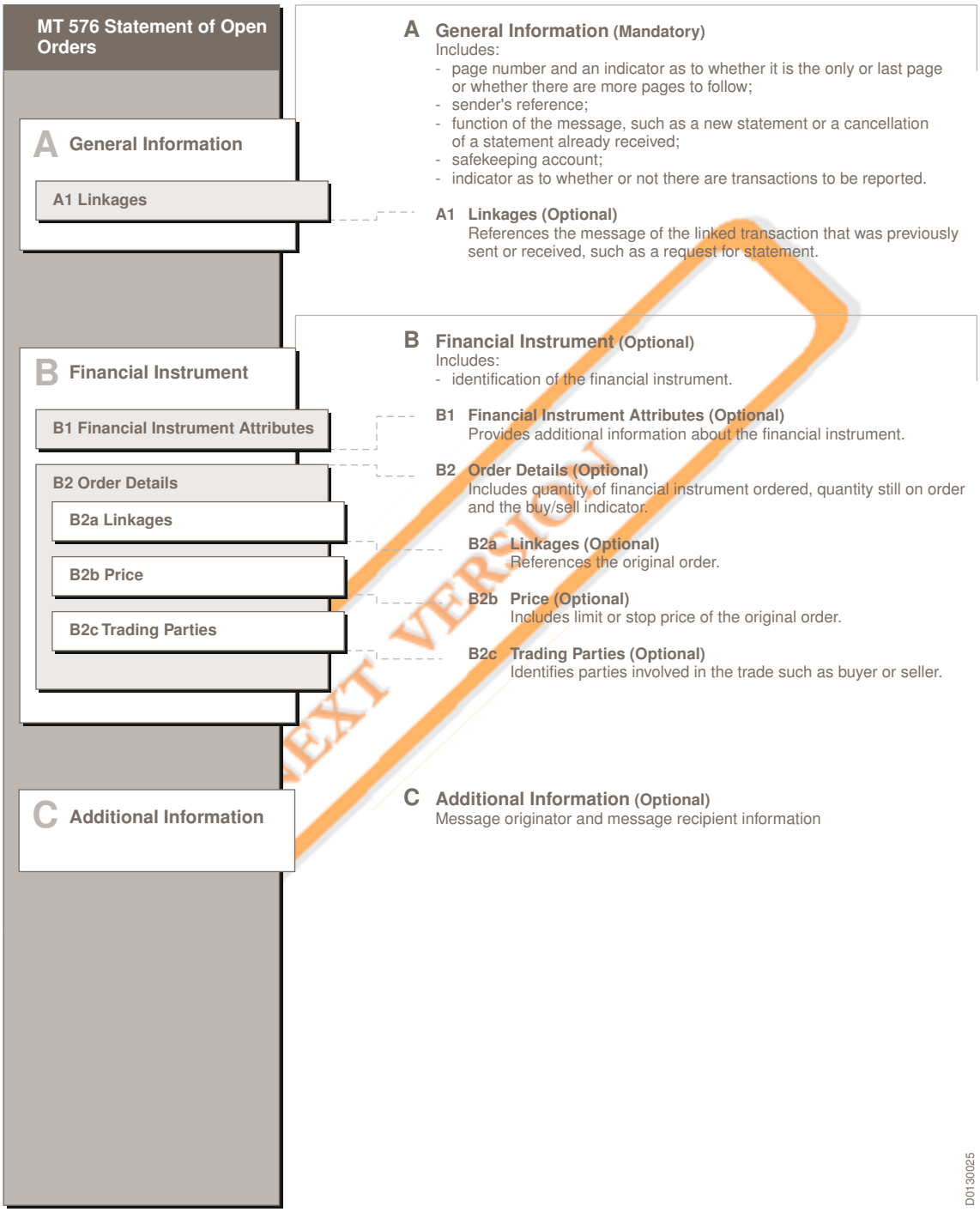
- Request the cancellation of a previously sent statement.
- Provide a duplicate of a statement previously sent.
- Provide a third party with a copy of the message being sent.

MT 576 Statement of Open Orders



Graphical representation of MT 576

MT 576



4 Trade Initiation and Confirmation Scenarios

The objective of this chapter is to show the use of messages in actual Trade Initiation and Confirmation (TIC) scenarios. The scenario examples are designed to illustrate the functionality of a message, however, **readers must consult the** Standards MT documentation **for the correct field and format structures**.

4.1 Overview

Contents of this chapter

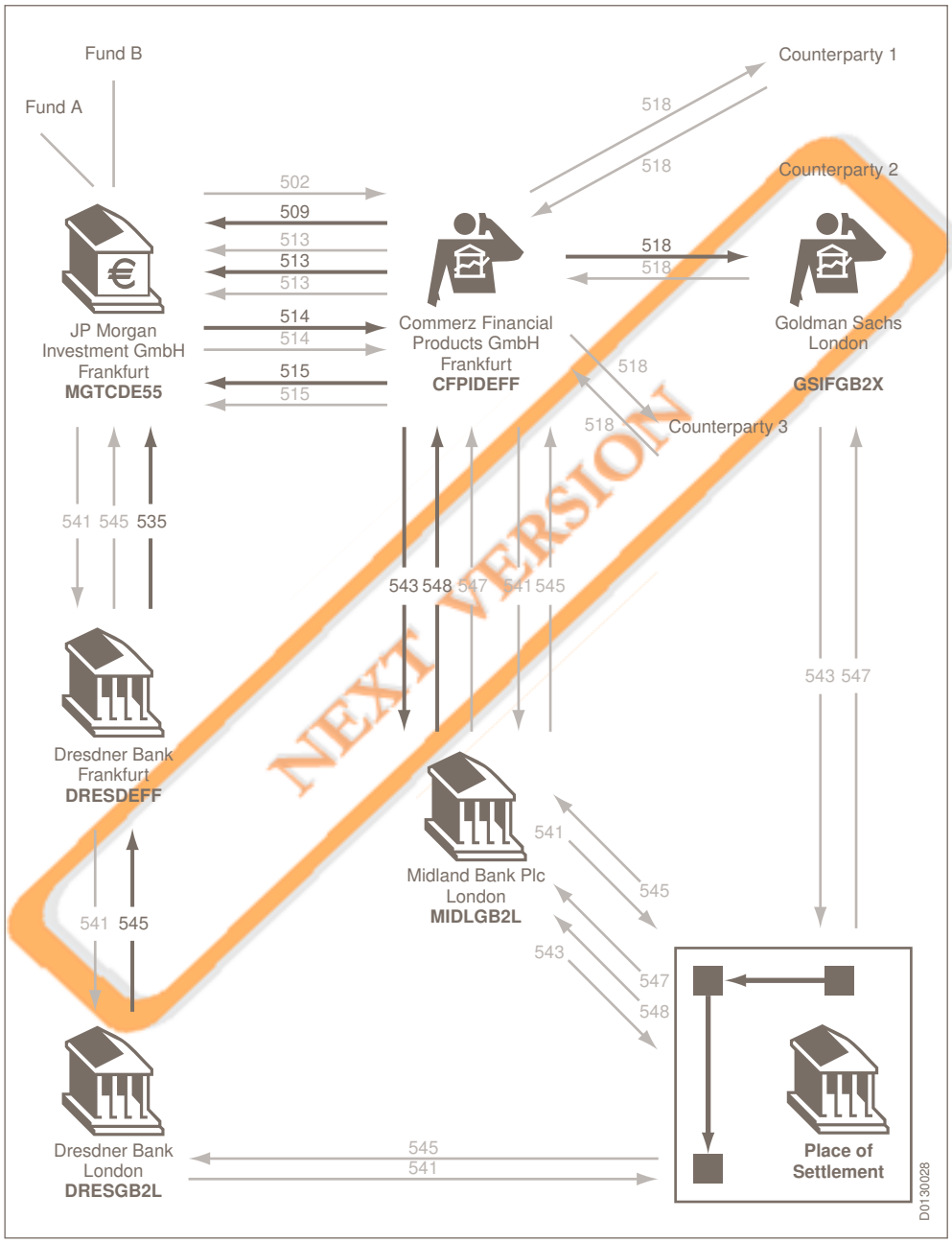
The examples demonstrate the TIC process, using these message types:

- MT 502 Order to Buy or Sell
- MT 513 Client Advice of Execution
- MT 514 Trade Allocation Instruction
- MT 515 Client Confirmation of Purchase or Sale
- MT 518 Market-Side Securities Trade Confirmation

Example of TIC messages

The TIC message examples are illustrated in TIC Messages on page 38. For the purposes of this chapter, only a sample of the messages have been documented (appearing in bold in the illustration).

TIC Messages



4.2 Example using the MT 502 Order to Buy or Sell

Scenario

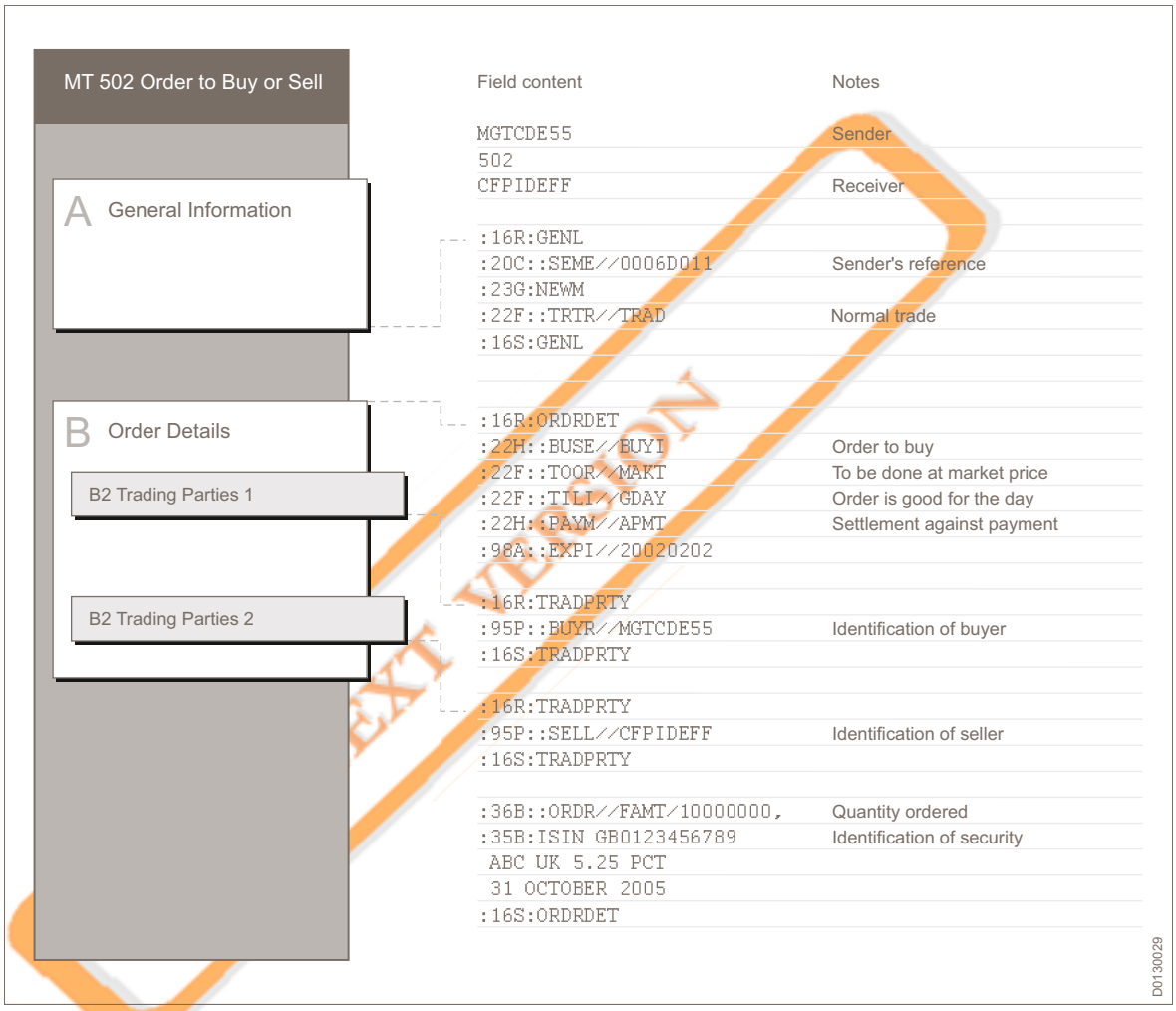
JP Morgan Investment GMBH manages two funds which are interested in buying "ABC UK" fixed income securities (ISIN : GB0123456789). JP Morgan Investment GMBH sends an MT 502 Order

to Buy or Sell to its broker Commerz Financial Products GMBH. The date is 11 January 2005, and the order expires at the end of the trading day on which the order is entered.

Message example

MT 502

This message example shows the MT 502 Order to Buy or Sell:



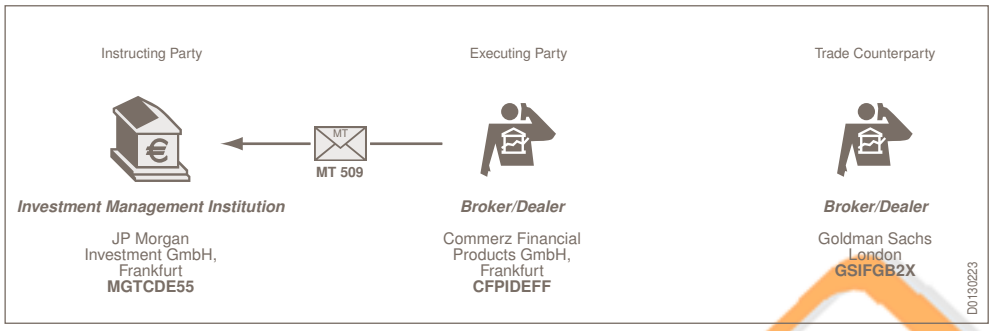
4.3 Example using the MT 509 Trade Status Message

Scenario

Commerz Financial Products GMBH had previously received an order to buy securities (GB0999999999) against payment. The broker now reports the unmatched status of the order to JP Morgan Investment GMBH.

Message flow

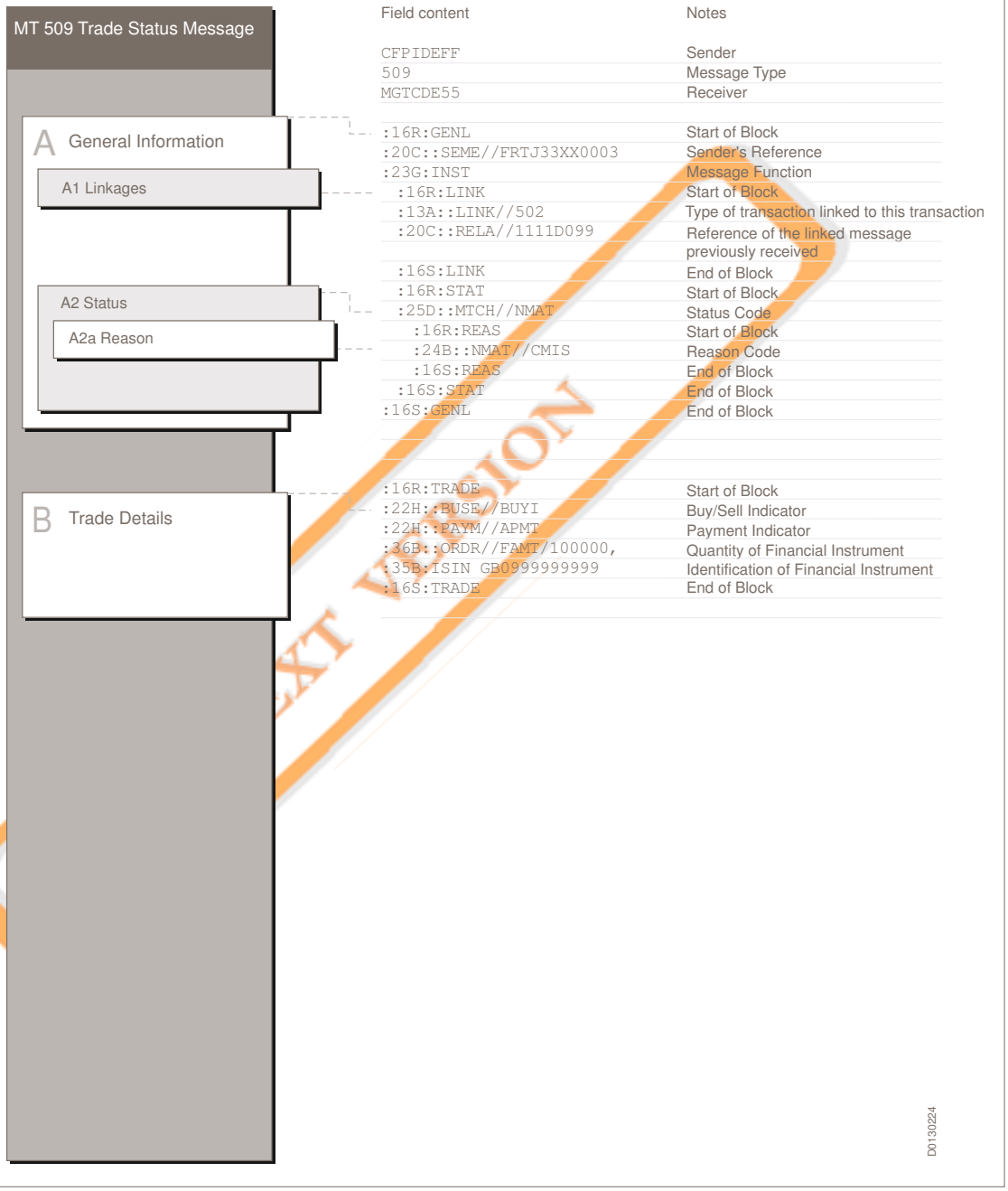
MT 509



Message example

MT 509

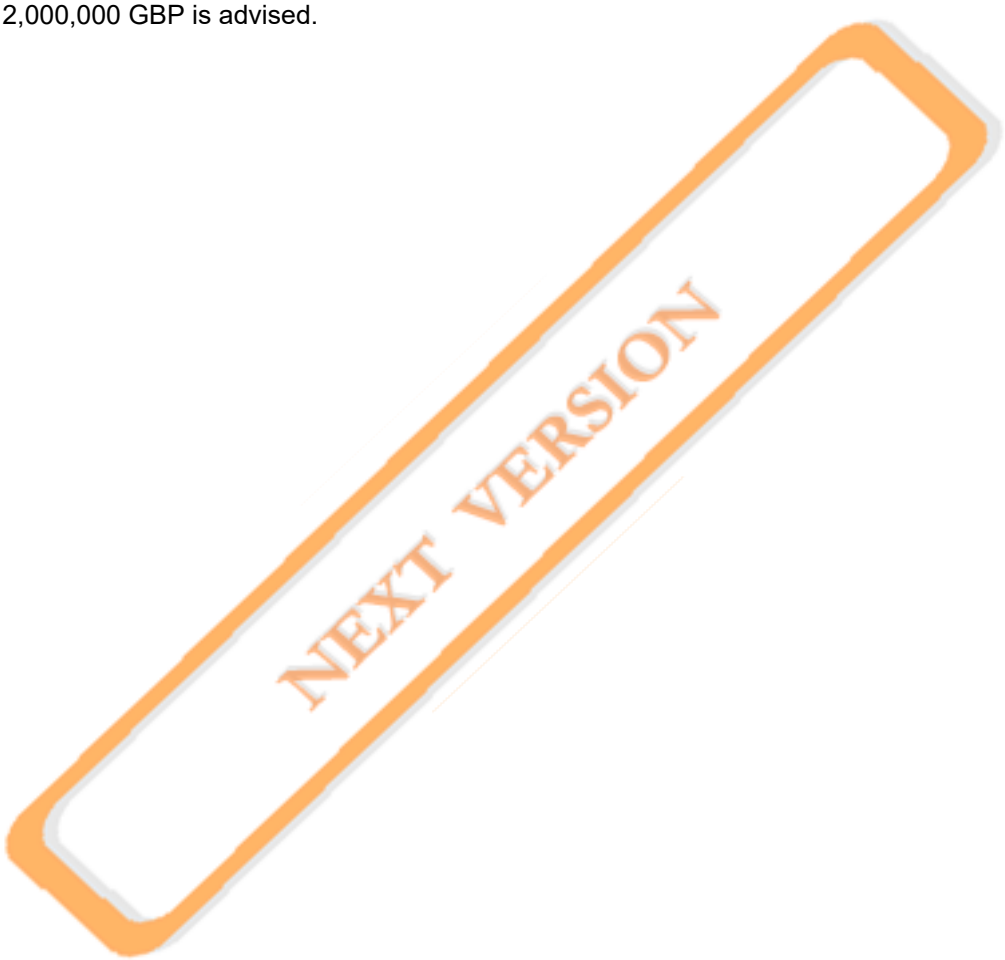
This message example shows the MT 509 Trade Status Message:



4.4 Example using the MT 513 Client Advice of Execution

Scenario

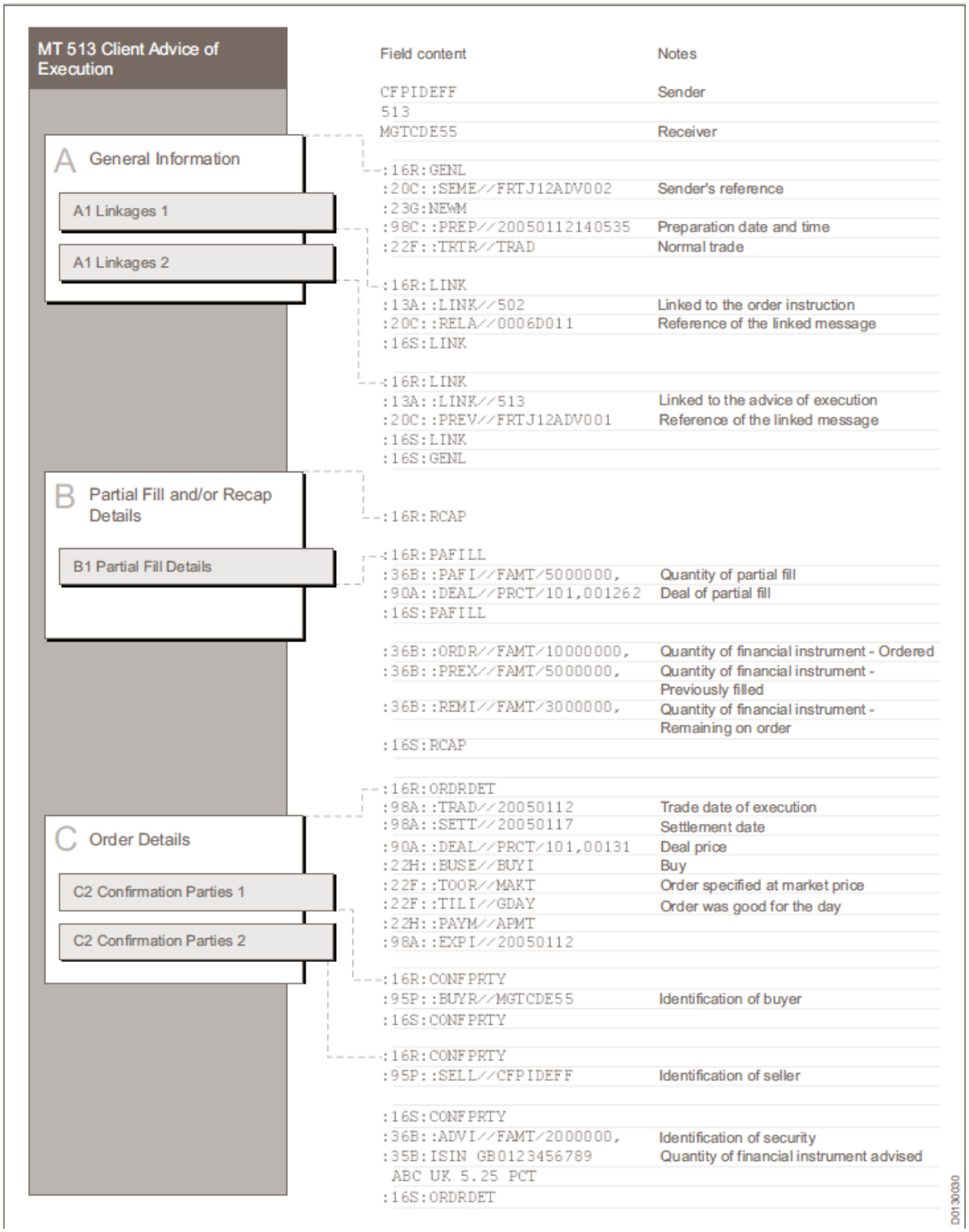
Commerz Financial Products GMBH executes the order on 12 January in three trades. For each execution it sends an MT 513 Client Advice of Execution to JP Morgan Investment GMBH. The example shows the second message sent, repeating the first partial fill and giving the details of the second execution. The first trade involved a face value of 5,000,000 GBP. In this message, another 2,000,000 GBP is advised.



Message example

MT 513

This message example shows the MT 513 Client Advice of Execution:



4.5 Example using the MT 514 Trade Allocation Instruction

Scenario

When Commerz Financial Products GMBH has advised the execution of the order, JP Morgan Investment GMBH will send its allocation instruction. The 10,000,000 GBP ABC UK securities are allocated as follows:

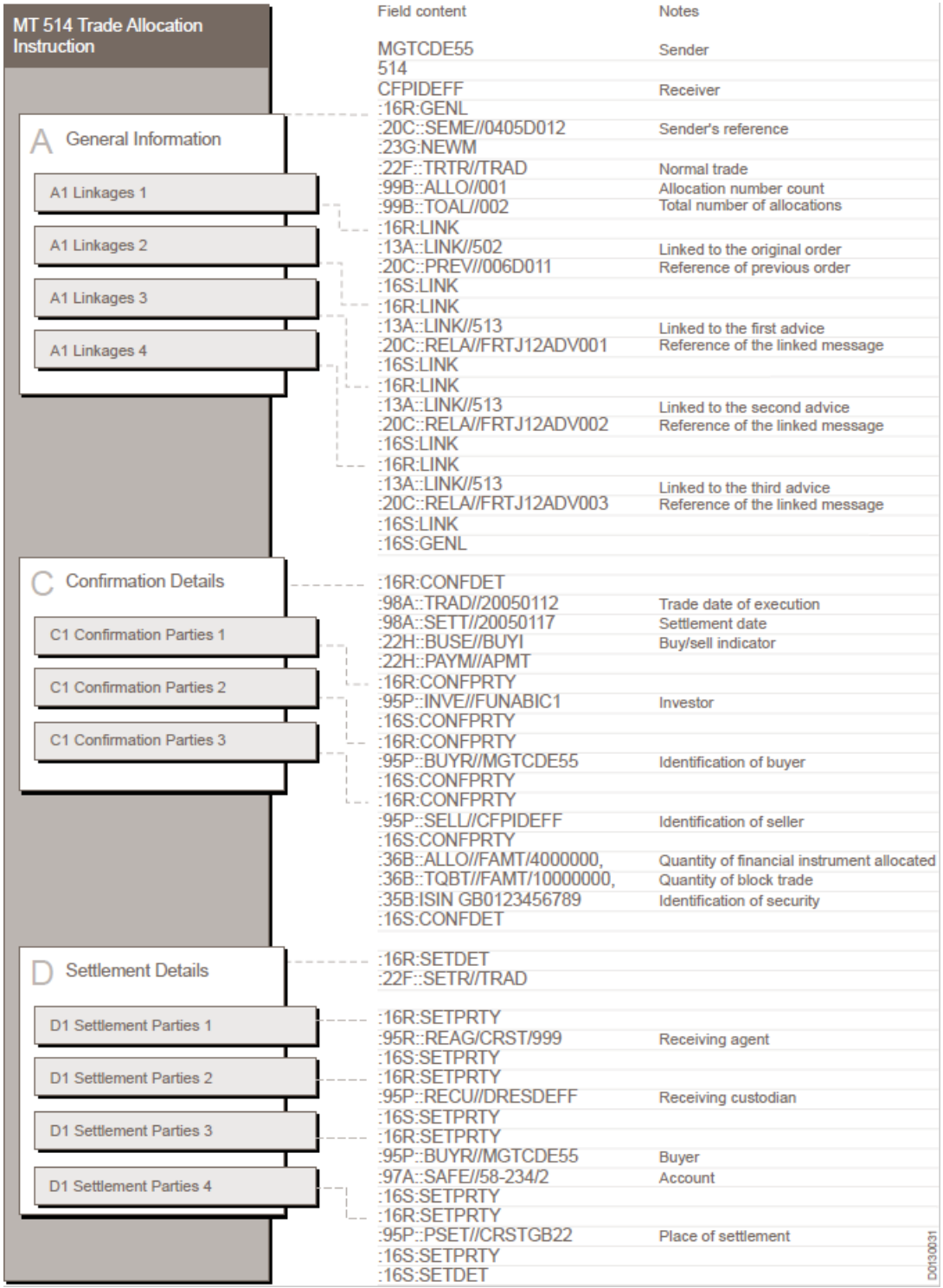
- 4,000,000 for Fund A (FUNABIC1) to be delivered against payment to Dresdner Bank, London (DRESGB2L) in favour of Dresdner Bank, Frankfurt (DRESDEFF) into account No. 58-234/2.
- 6,000,000 for Fund B (FUNBBIC1) to be delivered against payment to Dresdner Bank, London (DRESGB2L) in favour of Dresdner Bank, Frankfurt (DRESDEFF) into account No. 29-984/2.

For regulatory reasons, the settlement is not carried out as a block trade. Otherwise, one settlement for 10,000,000 could have occurred and, after settlement, an internal transfer at Dresdner Bank, Frankfurt, would have been made.

Message example

This example shows the first allocation message using an MT 514 Trade Allocation Instruction. In the message example four linkages are shown for completeness, the MT 514 is linked to one MT 502 and three MTs 513. Business practice will dictate which references will be used.

MT 514



4.6 Example using the MT 515 Client Confirmation of Purchase or Sale

Scenario

Commerz Financial Products GMBH confirms every allocation with an MT 515. It also sets the settlement amount for each allocation.

In the settlement details block it specifies who will deliver the securities (the delivering parties). This information can then be used by JP Morgan Investment GMBH when sending its settlement instruction (receive) to the custodian.

The settlement date is Friday January 17, 2005. The example shows the confirmation of the first allocation.

4,000,000 GB0123456789 is to be delivered against payment via Midland Bank, London, Commerz Financial Products GMBH's custodian in the UK.

In some markets, allocation processes do not take place and everything settles in block. When this is the case, no MTs 514 are sent - only a confirmation MT 515 (potentially preceded by MTs 513 in case of partial execution) of the settlement details. The investment manager may also convey its settlement information in the order message (MT 502).

Since Commerz Financial Products GMBH executed three trades to fill the order, three different deal prices were agreed:

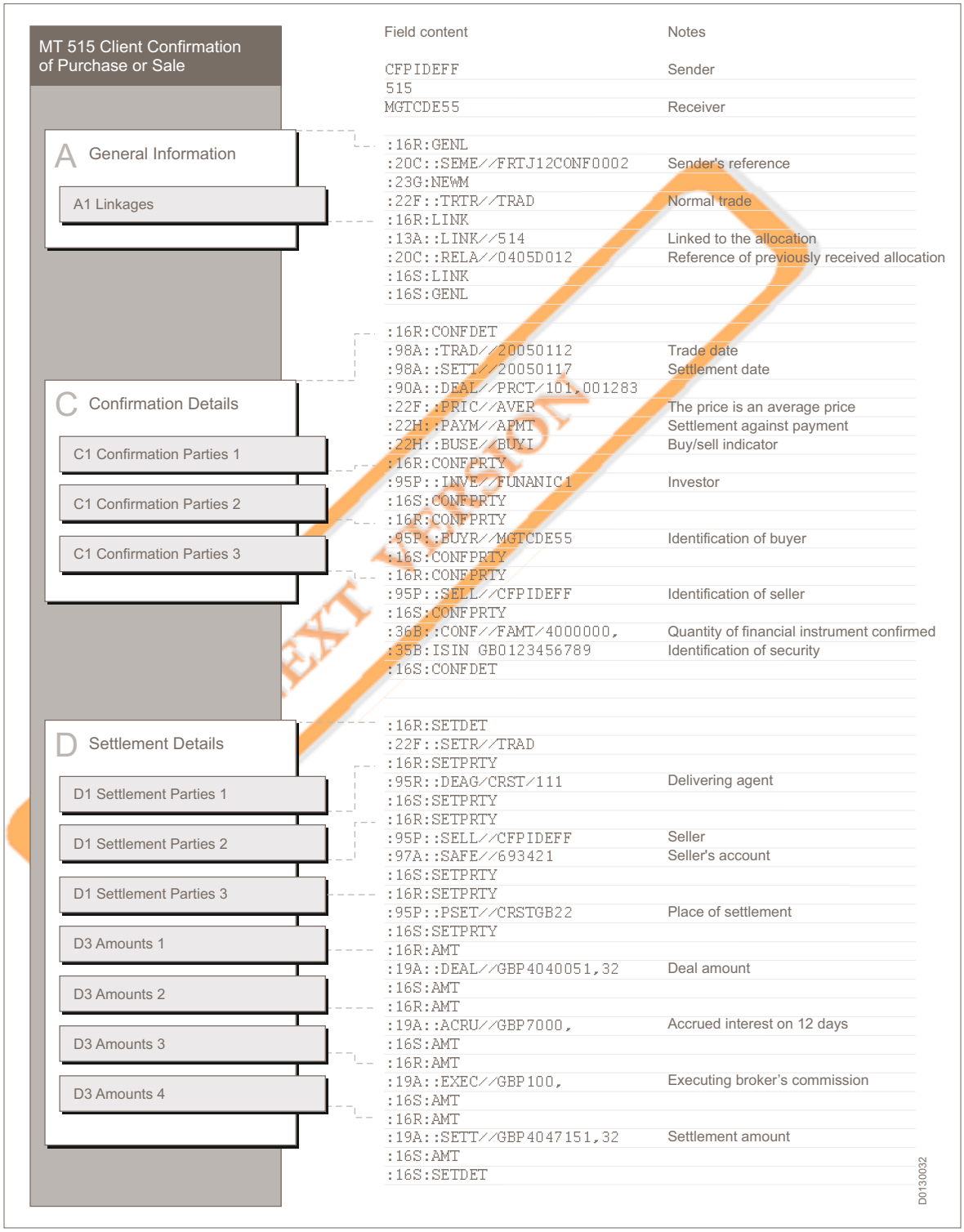
- For the first fill of 5,000,000 this was a percentage price of 101.001262.
- For the second fill of 2,000,000 this was a percentage price of 101.001310.
- For the last fill of 3,000,000 this was a percentage price of 101.001300.

The final deal price to calculate the settlement amount when delivering to JP Morgan Investment GMBH is an average price of 101.001283.

Message example

MT 515

This example shows the MT 515 Client Confirmation of Purchase or Sale:



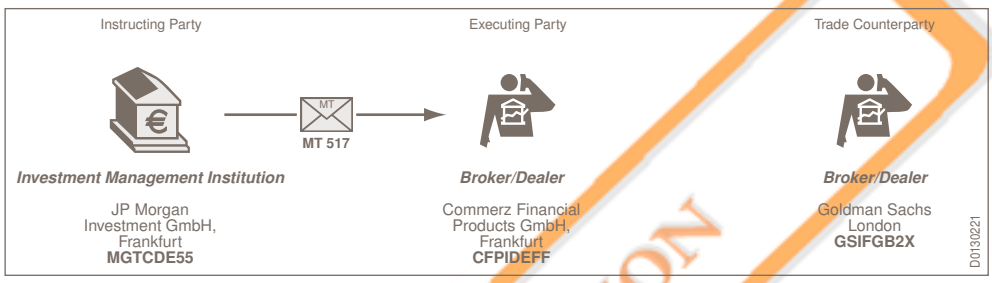
4.7 Example using the MT 517 Trade Confirmation Affirmation

Scenario

When Commerz Financial Products GMBH has confirmed the purchase, JP Morgan Investment GMBH sends an MT 517 Trade Confirmation Affirmation to positively affirm the details of the previously received message.

Message flow

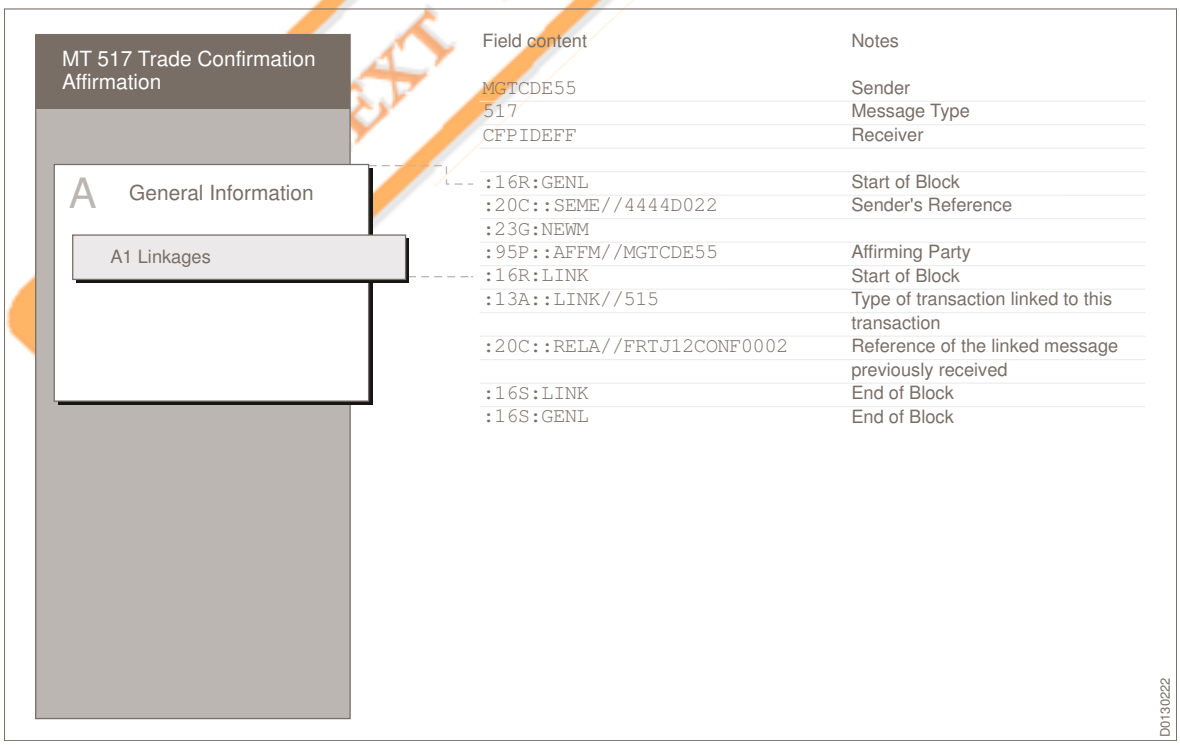
MT 517



Message example

MT 517

This diagram shows the MT 517 Trade Confirmation Affirmation:



4.8 Example using the MT 518 Market-Side Securities Trade Confirmation

Scenario

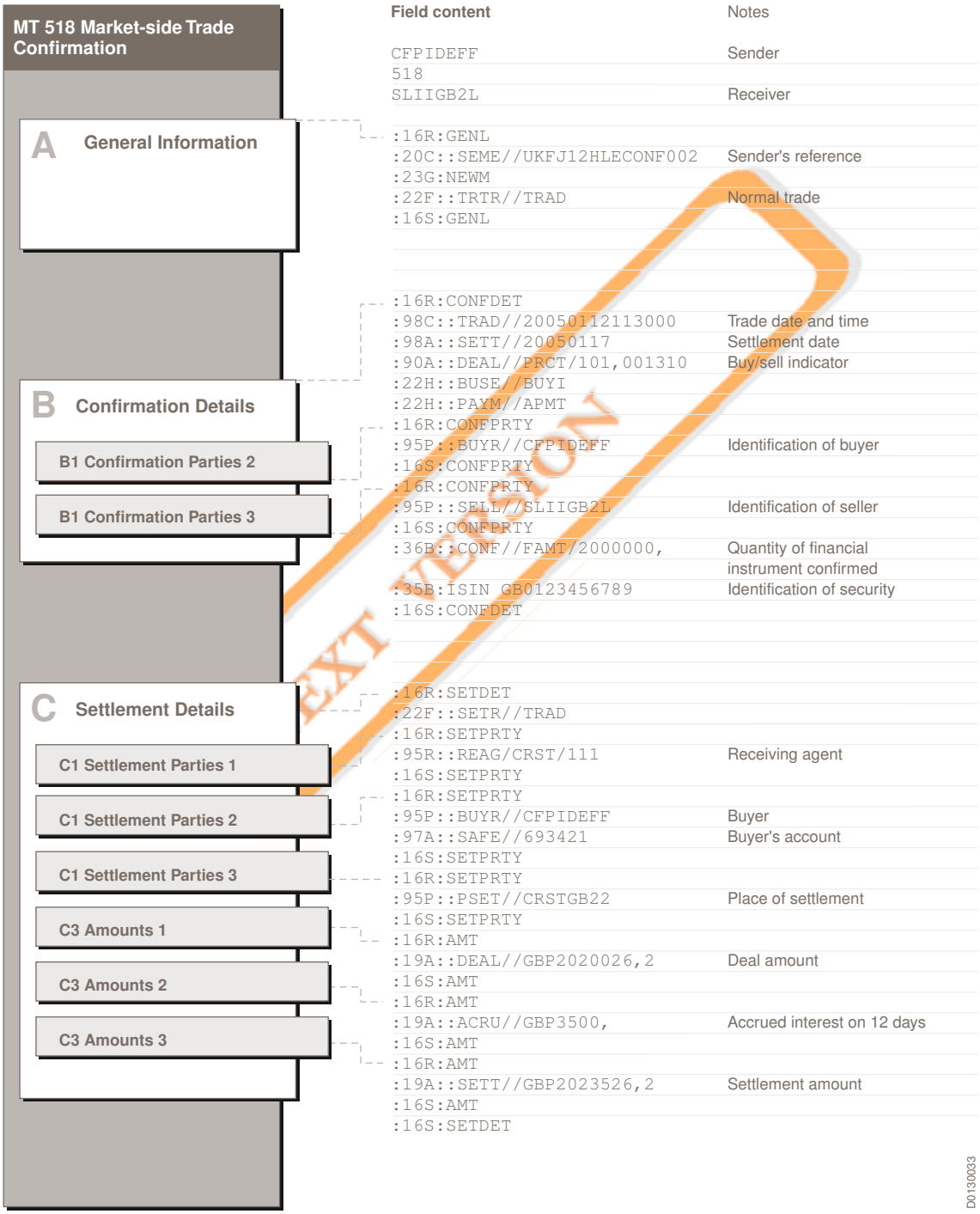
For the second fill, Commerz Financial Products GMBH bought the securities from Goldman Sachs London. The price agreed was 101.001310.

Both trading parties exchange Market-Side Securities Trade Confirmations MT 518 to make sure the details are matching, for example, quantity and settlement amount.

Message example

MT 518

This example shows the MT 518 Market-Side Securities Trade Confirmation:



4.9 Example using the MT 576 Statement of Open Orders

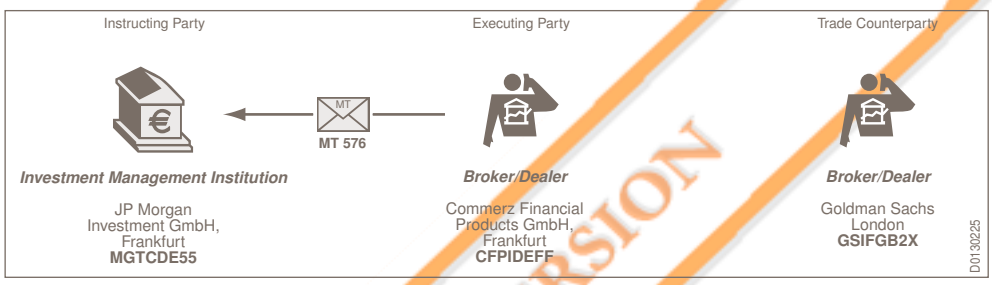
Scenario

Commerz Financial Products GMBH had previously received an order to buy securities (GB0999999999) against payment and had reported the unmatched status of the order. On 14 January 2005, the order is still open. Commerz Financial Products GMBH sends a statement reporting the open order.

Message flow

This diagram shows the MT 576 message flow.

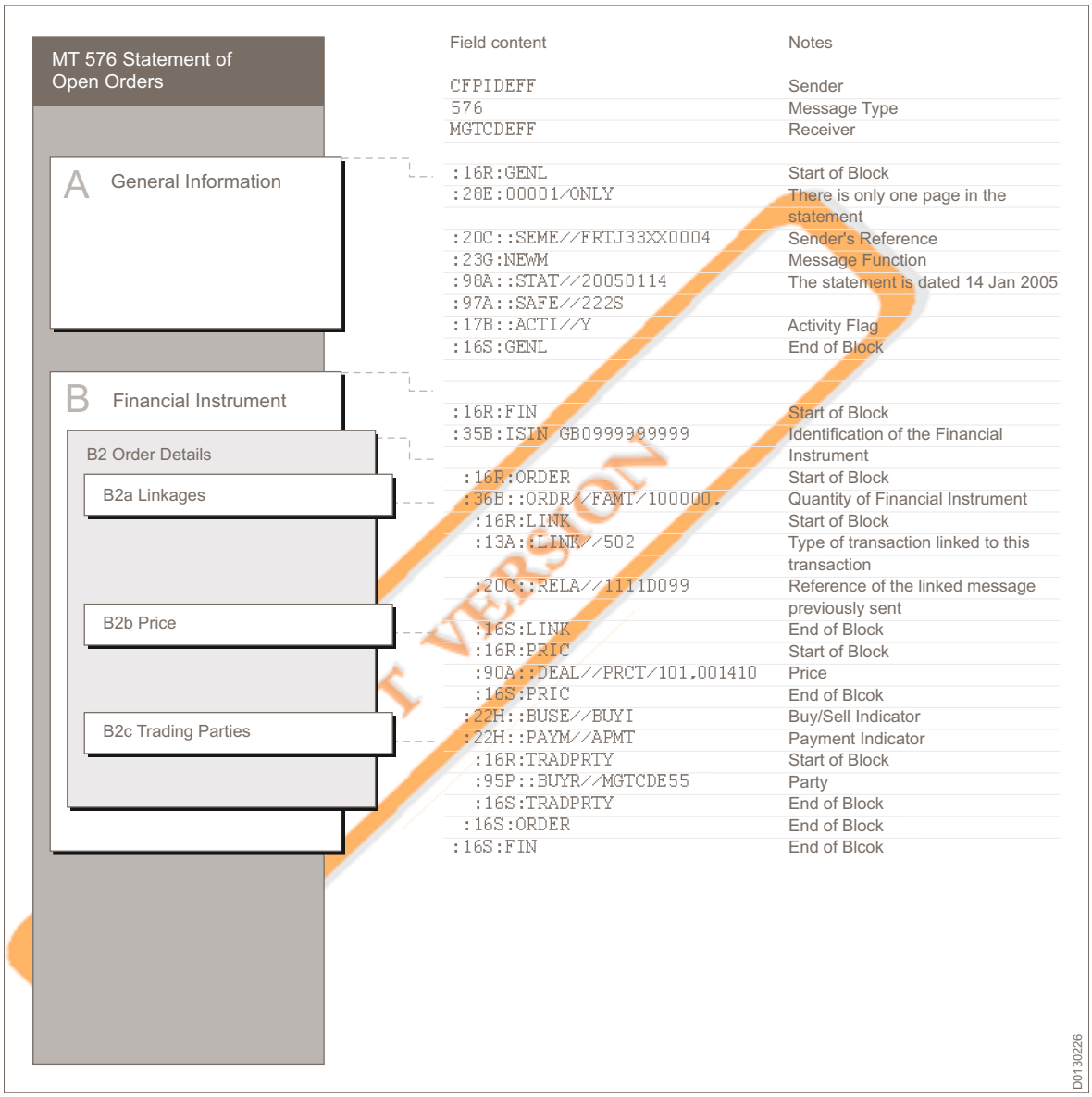
MT 576



Message example

This example shows the MT 576 Statement of Open Orders.

MT 576



5 Settlement and Reconciliation (S&R) Transaction Flows

This chapter addresses the transaction flows for the ISO 15022 Settlement and Reconciliation (S&R) messages.

5.1 Overview

Settlement and Reconciliation

In terms of business processes, S&R directly follows the Trade Initiation and Confirmation stage. Once a trade has been confirmed, it must be settled.

The transaction flows provide an overview of how the S&R messages relate to one another and the sequence in which they may be used. The flows also identify the main parties involved in sending and receiving the messages.

Messages covered in this chapter

The S&R messages covered in this document are listed as follows:

- MT 508 Intra-Position Advice
- MT 524 Intra-Position Instruction
- MT 535 Statement of Holdings
- MT 536 Statement of Transactions
- MT 537 Statement of Pending Transactions
- MT 538 Statement of Intra-Position Advices
- MT 540 Receive Free
- MT 541 Receive Against Payment
- MT 542 Deliver Free
- MT 543 Deliver Against Payment
- MT 544 Receive Free Confirmation
- MT 545 Receive Against Payment Confirmation
- MT 546 Deliver Free Confirmation
- MT 547 Deliver Against Payment Confirmation
- MT 548 Settlement Status and Processing Advice
- MT 549 Request for Statement/Status Advice
- MT 575 Report of Combined Activity
- MT 578 Settlement Allegement
- MT 586 Statement of Settlement Allegements

5.2 Settlement and Reconciliation Transaction Flows

Introduction

In Settlement and Reconciliation, the messages are sent between an account servicer and an account owner.

Note *A basic definition of terms used by SWIFT can be found in* Introduction *on page 9.*

Settlement messages

The settlement messages cater for all aspects of settlement activity; to advise, instruct, and confirm the movement of securities. They also report on the status of the pending settlement instruction, movements, and holdings for the specified account, at any given point or duration in time.

For purposes of documenting the transaction flows, the settlement messages have been grouped into five business flows:

- Settlement Instruction and Status Feedback
- Settlement Confirmation and Position Reporting
- Settlement Allegements
- Intra-Position Settlement
- Additional Processing and Settlement Reporting

Settlement messages

Transaction flow	Message type
Settlement Instruction and Status Feedback	Instructions to receive financial instruments from a specified party either Free or Against Payment (MT 540 and MT 541). Instructions to deliver financial instruments to a specified party either Free or Against Payment (MT 542 and MT 543). Provides all or selected outstanding transactions for a specified account (MT 537). Reports on the status of a specific settlement instruction (MT 548).
Settlement Confirmation and Position Reporting	Confirm the receipt of financial instruments from a specified party either Free or Against Payment (MT 544 and MT 545). Confirm the delivery of financial instruments to a specified party either Free or Against Payment (MT 546 and MT 547). Report on the quantity and identification of securities and other holdings held by the account owner (MT 535). Report on the account activity for all or selected securities, for a specified period of time for a specified account (MT 536).
Settlement Allegements	Report that a counterparty is alleging a trade against an account owner (MT 578). Report on all or selected alleged trades for an account owner (MT 586).
Intra-Position Settlement	Instruction, confirmation and reporting on the movement of securities between sub-balances and the change of status and availability of the securities within the same holding (MT 508, MT 524, and MT 538).

Transaction flow	Message type
Additional Processing/ Settlement Reporting	Request for additional interim reporting on holdings, settled or pending transactions for a specified account for a given point in time (MT 549). Reporting on both the securities and cash activity for a combination of safekeeping and cash accounts (MT 575).

5.3 Settlement Instruction and Status Feedback

Introduction

Once a trade has been confirmed on both the client-side and the market-side, the instructing party, executing party, and trade counterparty will instruct their custodians to settle the deal. It is also possible that an ETC Service Provider may initiate the settlement process by sending instructions to the buyer or seller's custodian or agent, that is, MT 540, MT 541, MT 542, and MT 543.

The instruction will be to either **receive**, or **deliver**, the securities involved in the trade, either Against Payment, or Free.

An Against Payment instruction

An Against Payment instruction provides details about the payment amounts and requires the remittance of payment. It may also detail the cash parties involved in the trade of the securities.

A Free instruction

A Free instruction may provide the payment amounts and details for the trade of the securities. However, these details are not mandatory, as payment is not carried out by the account servicer.

Settlement Instruction messages

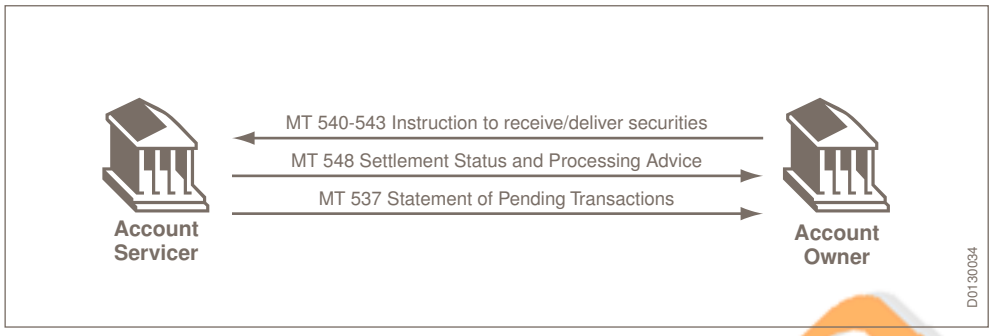
The settlement instruction messages are:

- MT 540 Receive Free
- MT 541 Receive Against Payment
- MT 542 Deliver Free
- MT 543 Deliver Against Payment

Following the issue of an instruction, the account servicer may send an MT 548 Settlement Status and Processing Advice to the account owner, acknowledging receipt of the settlement instruction and providing information about its current matching or settlement status.

The account servicer may also send an MT 537 Statement of Pending Transactions to the account owner, advising on the current status of all outstanding settlement transactions. This statement message may also be used to report on pending credits or debits not resulting from ordinary settlement instructions, such as Corporate Action pending movements or securities lending reimbursements.

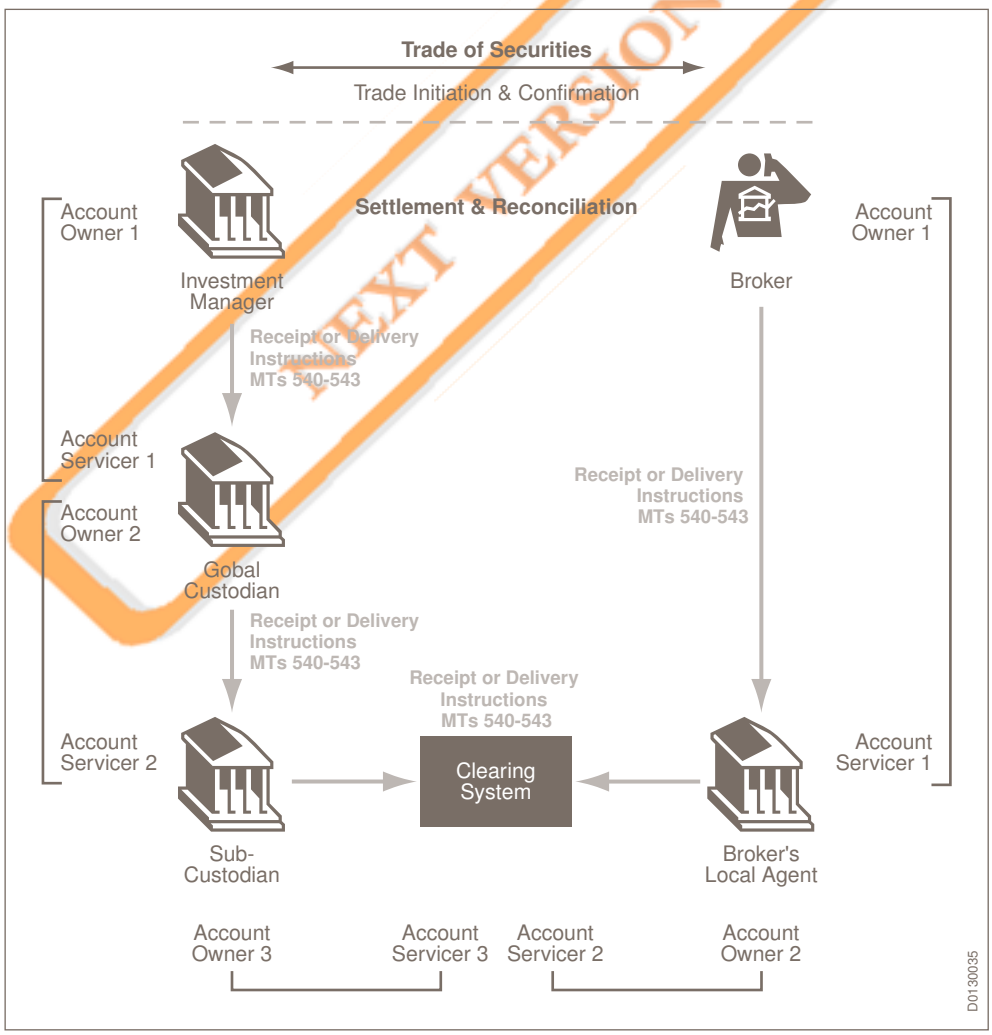
Instruction and Status Feedback



Settlement Instruction message flow

Settlement instructions will be issued to, and by, each settlement party involved in the chain, until both the matching **receive** and **deliver** instructions reach the final place of settlement, or clearing system, as illustrated in Receipt and Delivery Instructions settled at the clearing system on page 56.

Receipt and Delivery Instructions settled at the clearing system



5.4 Settlement Confirmation and Position Reporting

Introduction

Once settlement of the securities has been completed, the account servicer will send the account owner confirmation to this effect, using the appropriate message type.

The message type will be a confirmation of the settlement instruction and must match accordingly, for example, if the instruction was for a Receive Against Payment, the confirmation will be a Receive Against Payment Confirmation.

The table shows the corresponding instructions and confirmations.

Settlement Confirmation message types

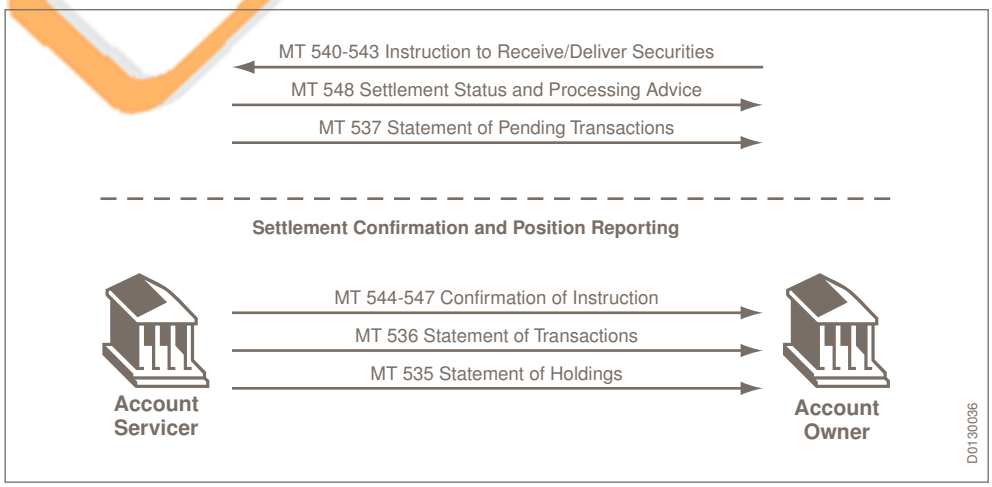
Original instruction	Corresponding confirmation
MT 540 Receive Free	MT 544 Receive Free Confirmation
MT 541 Receive Against Payment	MT 545 Receive Against Payment Confirmation
MT 542 Deliver Free	MT 546 Deliver Free Confirmation
MT 543 Deliver Against Payment	MT 547 Deliver Against Payment Confirmation

Sending an MT 535 and MT 536

In addition to the mandatory confirmation of the settlement instruction, the account servicer may also send an MT 535 Statement of Holdings to the account owner. The purpose is to provide additional information, detailing the quantity and identification of securities held for the account at a specific point in time. The account servicer may also send an MT 536 Statement of Transactions to the account owner, detailing the movement of securities into and out of the safekeeping account, including securities movements resulting from Corporate Actions, borrowing and lending, and collateral management activity.

Information flow

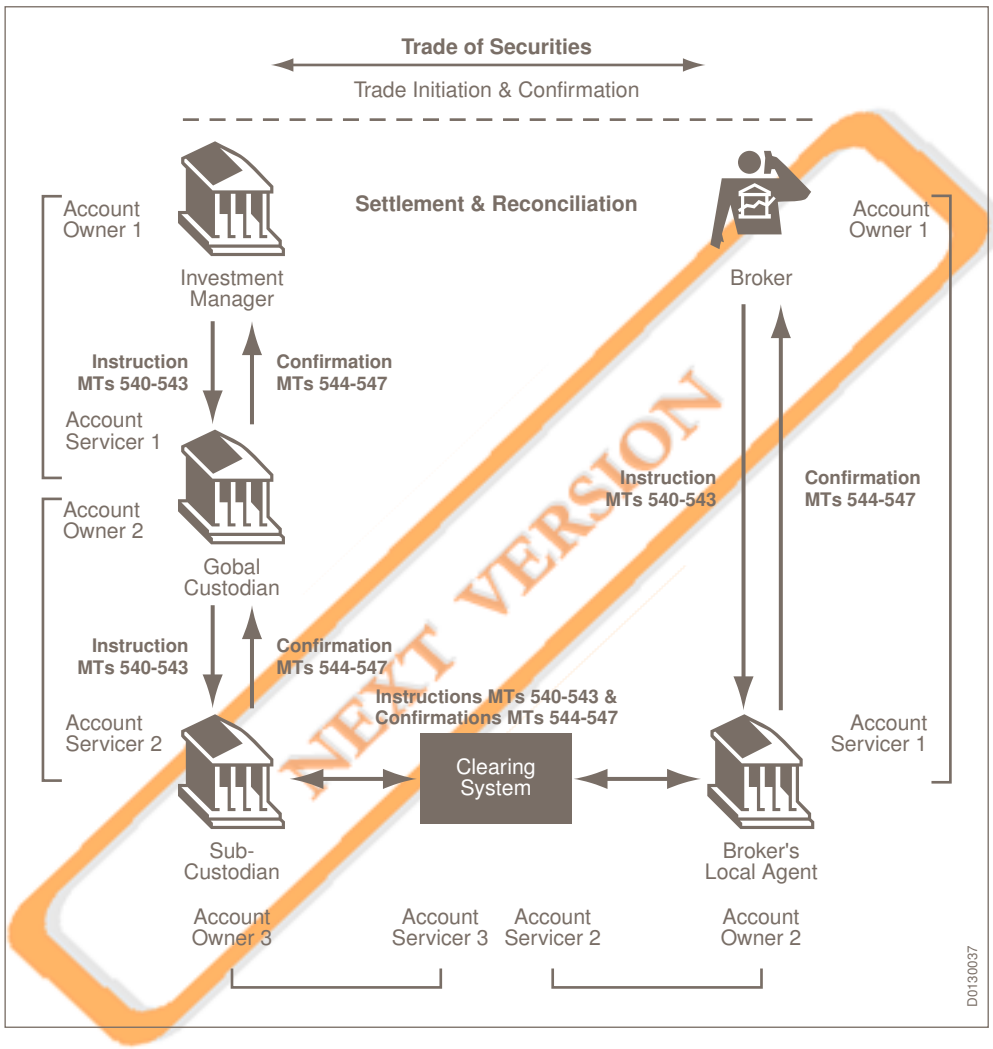
Settlement Confirmation and Position Reporting



Instruction and Confirmation settlement flow

Instruction and Confirmation settlement flow on page 58 shows the settlement instruction messages sent from the account owners, on both sides of the trade, to the clearing system. Following settlement, the account servicer sends confirmation of the instruction to the account owner. Note that there may be a repetition of the account owner or account servicer relationship.

Instruction and Confirmation settlement flow



5.5 Settlement Allegements

Introduction

Sections Settlement Instruction and Status Feedback on page 55 and Settlement Confirmation and Position Reporting on page 57 demonstrate the normal flow of events, whereby a settlement instruction is issued by the account owner and subsequently carried out and confirmed by the account servicer.

Deviation from this pattern may occur as a result of one or all of the events that follow:

- One party to the trade does not instruct its account servicer to receive or deliver the securities in time.
- The message is lost between the settlement parties.

- The message contains incorrect information.

In the event that any of the listed situations occurs, it is not likely to be detected until one of the settlement instructions reaches the clearing system.

Settlement Allegement flow

Settlement Allegement flow on page 60 repeats the account owner or account servicer relationship and also shows three main stages (represented by the numbers 1 to 3).

Number 1 shows the broker sending an instruction to deliver securities to the broker's local agent, which in turn sends an instruction to the clearing system. This is the normal instruction flow.

If the clearing system does not receive a matching instruction, the actions that follow may occur:

- The clearing system may issue an MT 578 Settlement Allegement to the account owner (identified in the unmatched instruction) stating that it has an alleged instruction for a securities movement and requires a matching settlement instruction.

  Number 2 in Settlement Allegement flow on page 60 *illustrates that the clearing system has not received a corresponding message to receive the securities from the IMI - global custodian - sub-custodian side of the trade, and sends an MT 578 Settlement Allegement to the sub-custodian*.

- If necessary, the MT 578 will be sent from each account servicer to the account owner (identified in the chain), until the point where the missing instruction is identified. If relevant, the account owner will then send the appropriate settlement instruction.

  Number 3 in Settlement Allegement flow on page 60 *shows the account owner responding to the MT 578 with the required corresponding instruction*.

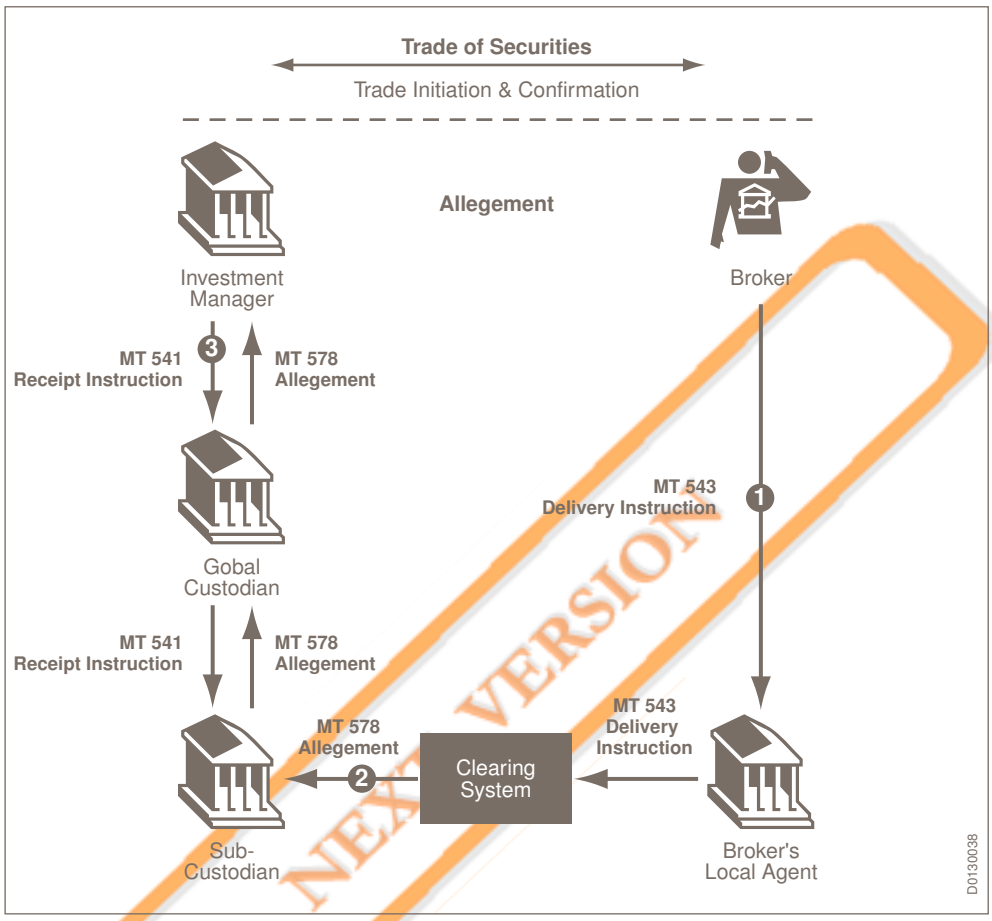
- If the account owner receives an allegement, but deems it to be incorrect, for example, it is not party to an unsettled trade, the MT 578 will be ignored.

- Alternatively, the clearing system receives two instructions for the trade, but the settlement details do not match or exceed the accepted tolerance level, which is a pre-arranged margin for error. For example, instructing party A may send an MT 541 for 5,000 shares. Instructing party B may send an MT 543 for 50,000 shares. The clearing system may not know which party has sent the correct details. Therefore an MT 578 will be issued to both parties to the trade, which will have to rectify the inconsistencies.

The unmatched status of the settlement instructions will also be reported in the form of an MT 548 Settlement Status and Processing Advice from the account servicer to the account owner, stating the reason for the unmatched status of the instructions. It is important to note, however, that the MT 548 is only issued as often as previously agreed by both parties.

The account servicer may also send an MT 586 Statement of Settlement Allegements to the account owner, showing the list of all outstanding settlement allegements.

Settlement Allegement flow



5.6 Intra-Position Settlement

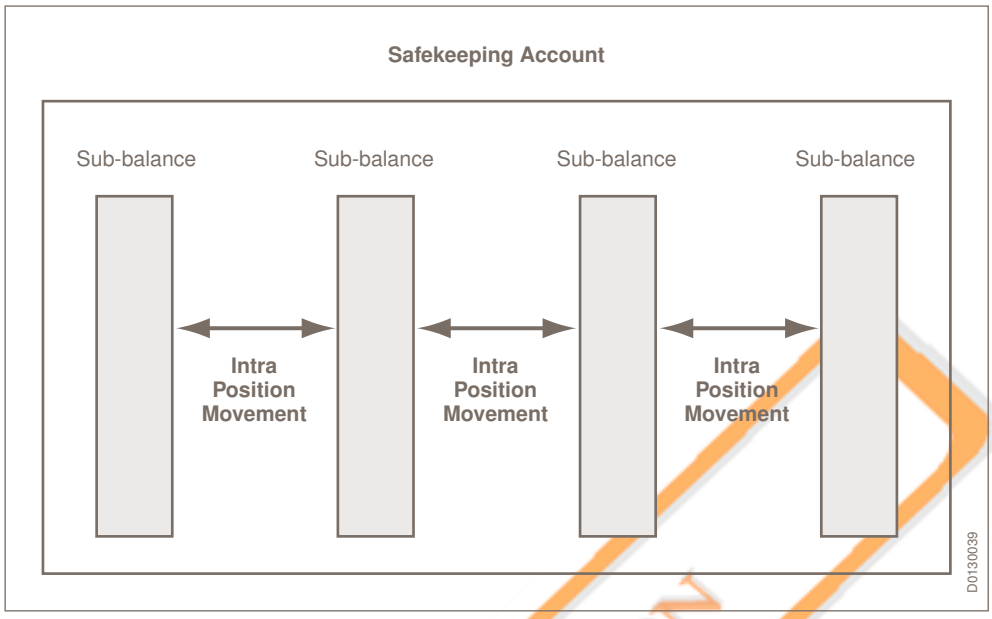
Purpose

The Intra-Position movements are used by the account servicer to report movements between the different types of sub-balance that make up the safekeeping account.

This is a partial list of possible sub-balances:

- Securities that are out for re-registration and not available for trading.
- Securities that require legal documents before trading can occur.
- Securities that are held in street name.
- Securities that are out on loan.

Intra-Position movements



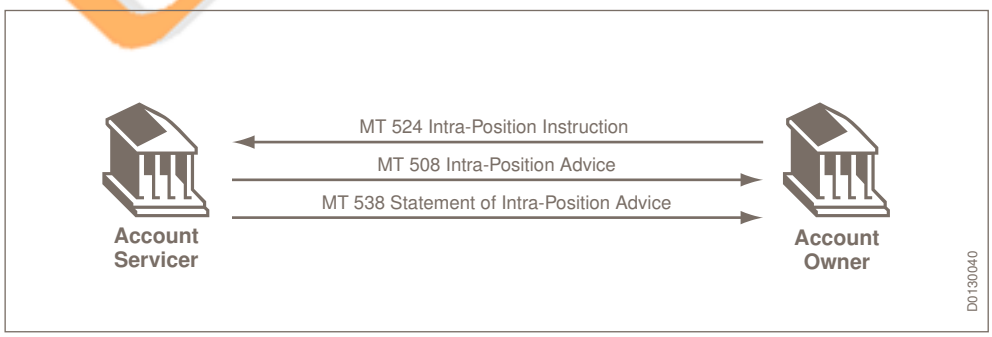
In the event that the account owner wishes to move securities from one sub-balance to another (which will effect the status and availability of the securities), it will send an MT 524 Intra-Position Instruction to the account servicer stating the requirements. For example, the account owner may want securities to be registered. Therefore, it might instruct to move securities from the *in street name* sub-balance to the *out-for-registration* sub-balance.

Once the Intra-Position Instruction has been processed, the account servicer sends an MT 508 Intra-Position Advice to the account owner, confirming the movement of the securities within the account.

The MT 508 may also be used by the account servicer to inform the account owner of any automatic Intra-Position movements that may have taken place, for example, securities that have been sent out-for-registration and then automatically moved back into the available sub-balance.

These activities will also be reported by the account servicer to the account owner, in the form of an MT 538 Statement of Intra-Position Advices detailing the sub-balance activities, within a holding, for a given period of time.

Intra-Position Settlement Flow



5.7 Additional Processing/Settlement Reporting

Introduction

The S&R statements and reports are issued by the account servicer to the account owner on a regular basis. The frequency of the reports is agreed in advance by both parties according to individual requirements.

At any point in time, however, the account owner may need additional interim information, for example, if the account owner cannot wait until the end of the day and needs to know the instruction status immediately. In such a situation, it is likely that the account owner will send an MT 549 Request for Statement/Status Advice to the account servicer, requesting details for either the particular settlement transaction for a given date, or for a set of settlement transactions for a given date or period of time. According to the requested message type, the account servicer replies with the appropriate message: MT 509, MT 510, MT 535, MT 536, MT 537, MT 538, MT 548, MT 567, MT 575, MT 576, or MT 586. This message can also be used to request messages from other markets (such as Trade Initiation and Confirmation and Corporate Actions).

MT 575 Report of Combined Activity

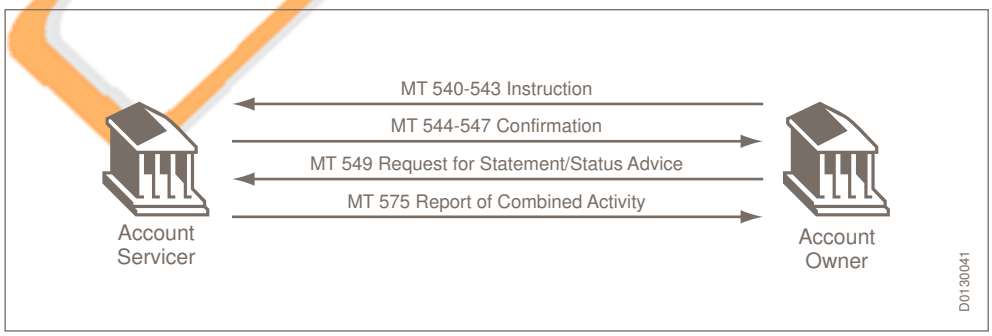
In the event that the account owner requires a total overall statement showing all aspects of cash and securities activity, it can request the MT 575 Report of Combined Activity. This message contains sequences for both cash and securities movements, which may have occurred either as a direct trade, or as a result of a Corporate Action or other securities income event.

Furthermore, a distinction is made between:

- cash-only transactions
- transactions involving payment
- *free asset* movements

The objective is that the account owner will receive a comprehensive picture of the wider implications of the settlement transaction. The information flow diagram Additional Processing/ Settlement Reporting on page 62 illustrates the transaction flows for the Additional Processing/ Settlement Reporting.

Additional Processing/Settlement Reporting



6 Settlement and Reconciliation Message Outlines

This chapter provides guidelines on the use of the Settlement and Reconciliation securities messages. It explains the business purpose, the parties involved and additional functions for each message.

6.1 Overview

Description

The transaction flows in Settlement and Reconciliation (S&R) Transaction Flows on page 53 reflect the business process represented by the message, whereas the more detailed message outlines show the message components in terms of hierarchy, business functionality, and optional and mandatory sequences.

Settlement and Reconciliation messages

These messages are described in this chapter:

- MT 508 Intra-Position Advice
- MT 524 Intra-Position Instruction
- MT 535 Statement of Holdings
- MT 536 Statement of Transactions
- MT 537 Statement of Pending Transactions
- MT 538 Statement of Intra-Position Advices
- MT 540 Receive Free
- MT 541 Receive Against Payment
- MT 542 Deliver Free
- MT 543 Deliver Against Payment
- MT 544 Receive Free Confirmation
- MT 545 Receive Against Payment Confirmation
- MT 546 Deliver Free Confirmation
- MT 547 Deliver Against Payment Confirmation
- MT 548 Settlement Status and Processing Advice
- MT 549 Request for Statement/Status Advice
- MT 575 Report of Combined Activity
- MT 578 Settlement Allegement
- MT 586 Statement of Settlement Allegements

6.2 MT 508 Intra-Position Advice

Purpose

To confirm the increase or decrease in the number of securities of a certain status within a holding, for example, movements from one sub-balance to another sub-balance within the same account, Intra-Position transfer.

This message should also be used by the account servicer to confirm a previously received MT 524 Intra-Position Instruction.

Players

This message is sent by an account servicer to an account owner. The account servicer may be:

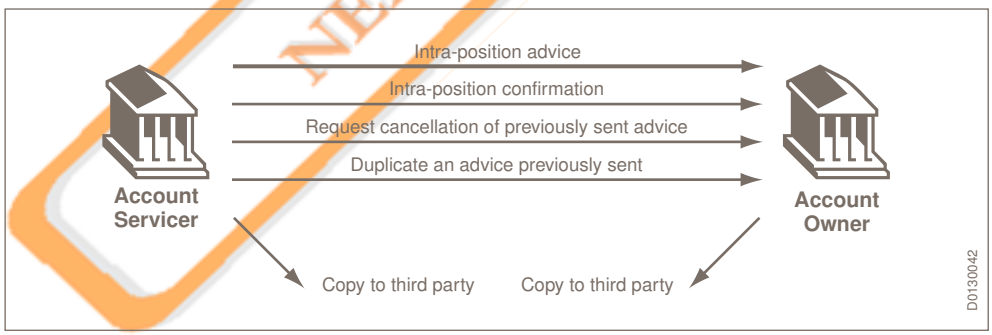
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 508 may also be used to:

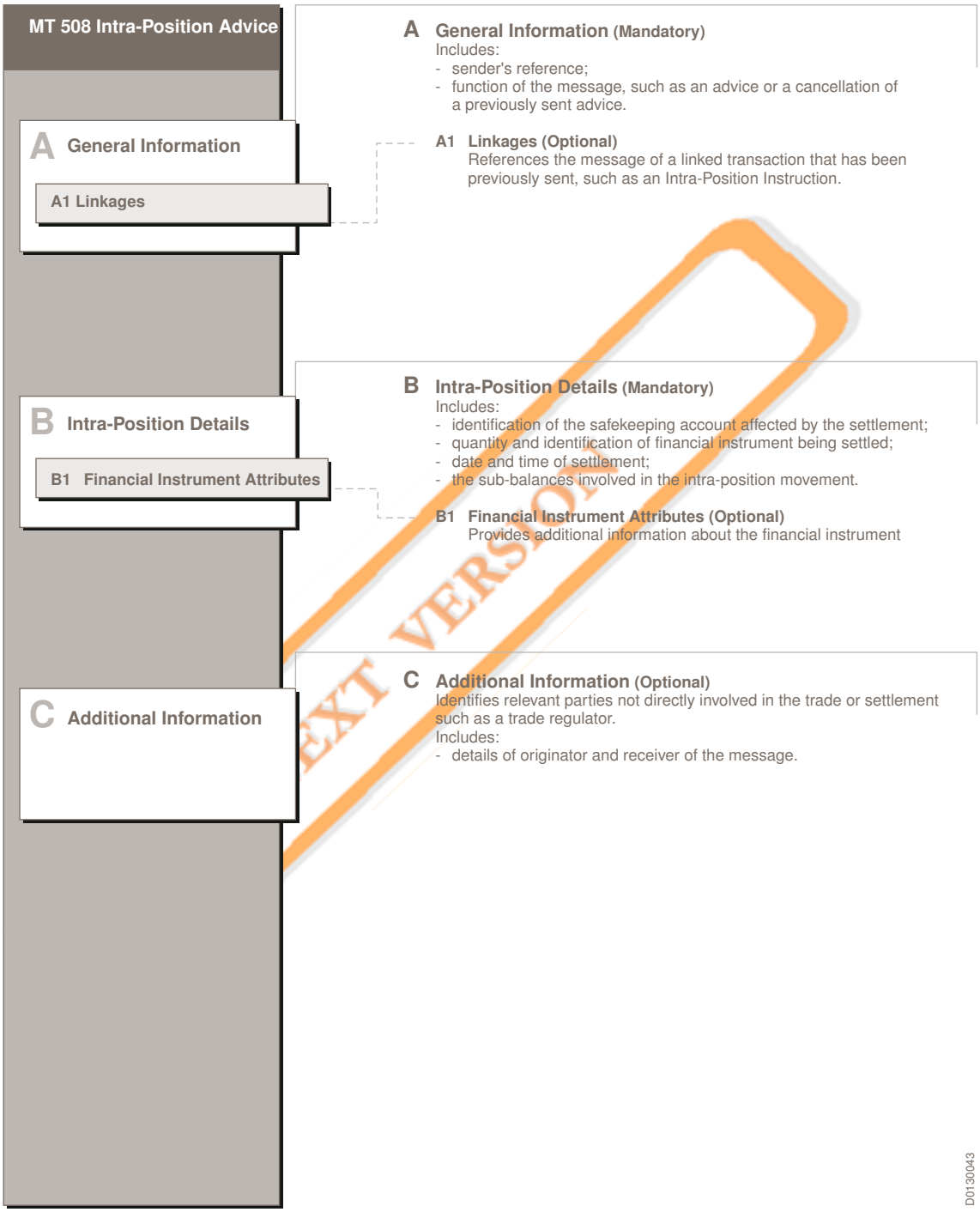
- Request the cancellation of a previously sent advice.
- Duplicate an advice previously sent.
- Provide a third party with a copy of the advice.

MT 508 Intra-Position Advice



Graphical representation of MT 508

MT 508



6.3 MT 524 Intra-Position Instruction

Purpose

To instruct the movement of securities within the holding, for example, re-registration of securities from one sub-balance to another sub-balance.

To confirm a previously received Intra-Position Instruction, the account servicer must use an MT 508 Intra-Position Advice message.

Players

This message is sent by an account owner to an account servicer.

The account owner may be:

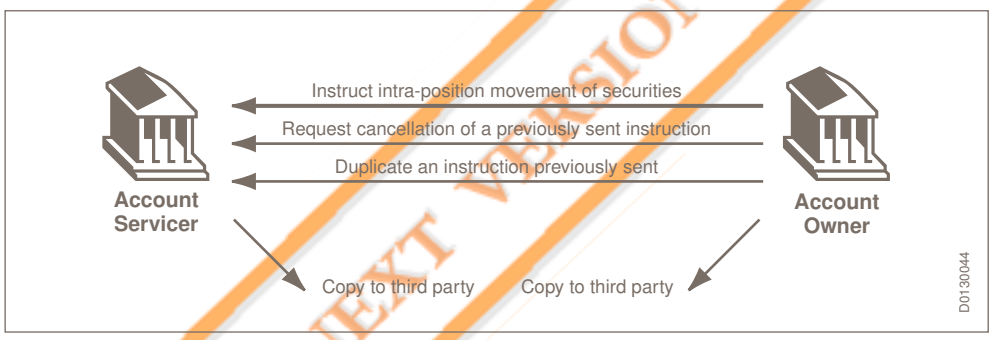
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 524 may also be used to:

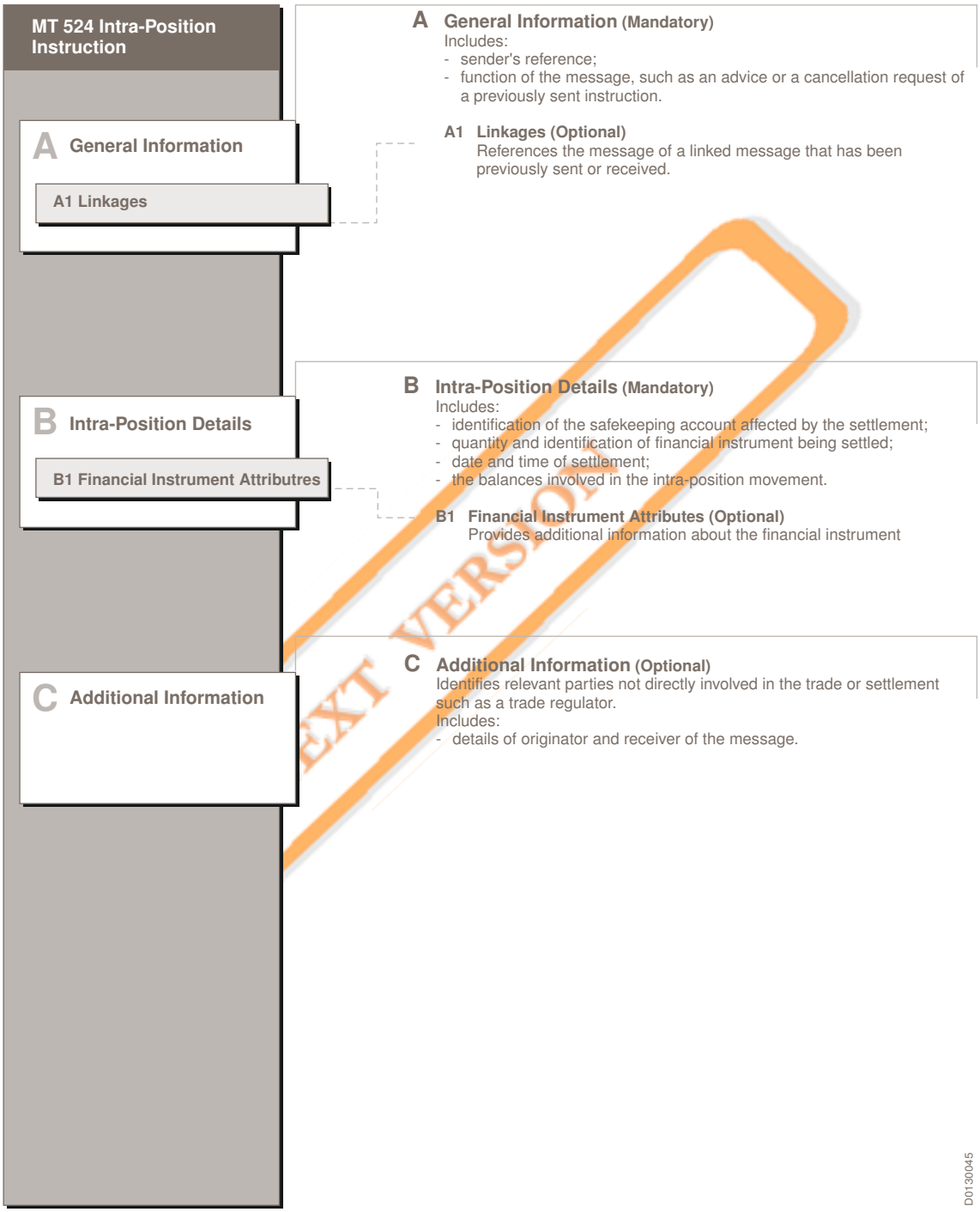
- Cancel a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide a third party with a copy of the instruction being sent.

MT 524 Intra-Position Instruction



Graphical representation of MT 524

MT 524



6.4 MT 535 Statement of Holdings

Purpose

To report on the quantity and identification of securities and other holdings which the account servicer holds for the account owner at a specified moment in time.

When the message is sent by a custodian to an investment management institution, the statement must be clearly identified as either a Custody or an Accounting Statement. The Custody Statement reports on the availability and the location of security holdings, to facilitate trading and minimise settlement issues. The Accounting Statement provides valuations of the portfolio with details of each security holding; it is not used for trading purposes.

Players

This message is sent by an account servicer to an account owner, or the designated agent. The account servicer may be:

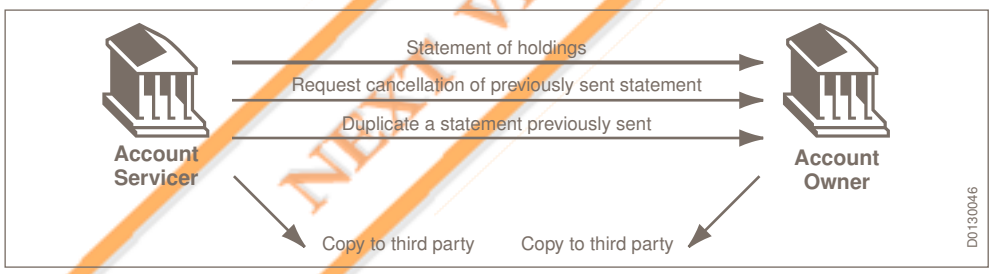
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 535 may also be used to:

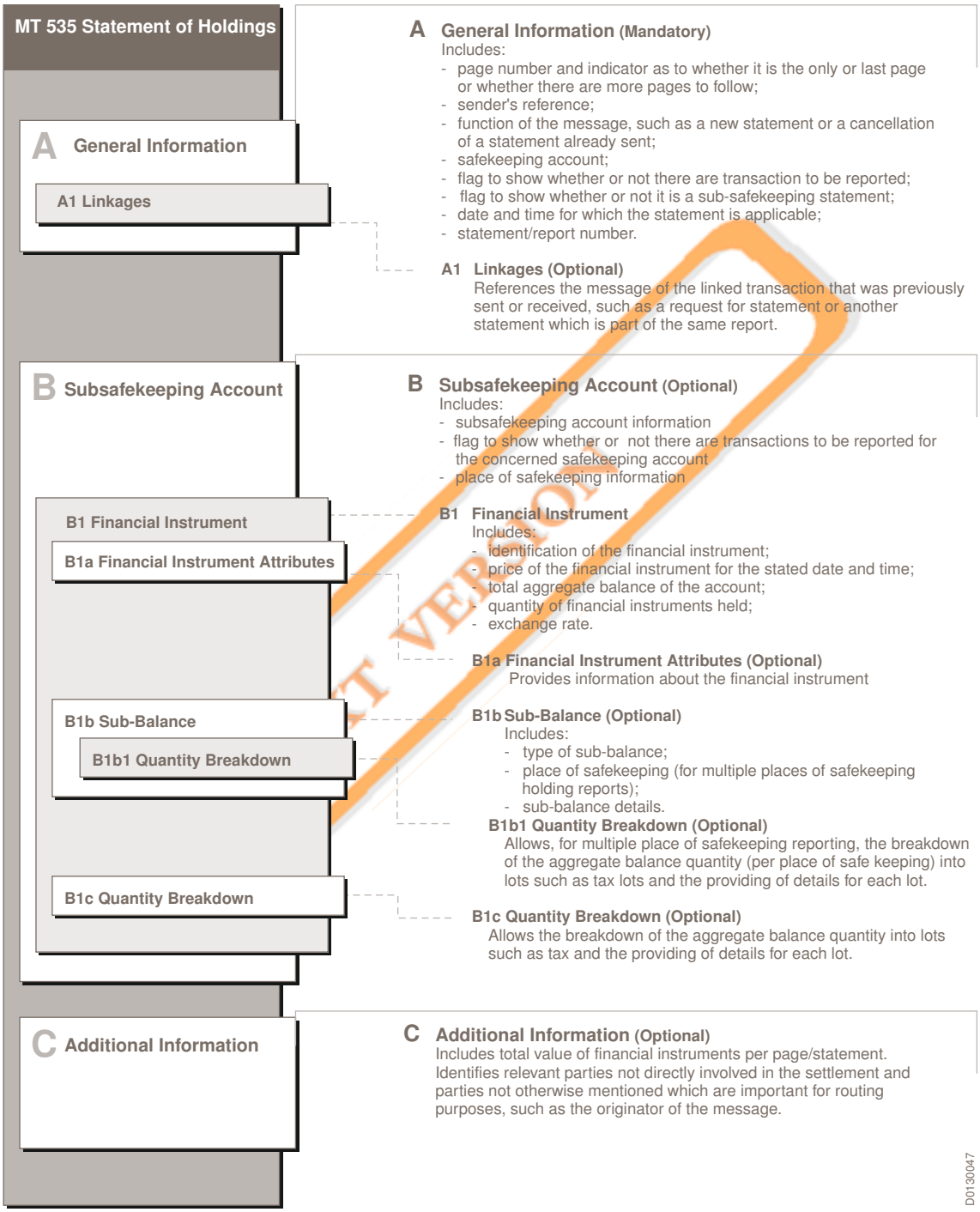
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 535 Statement of Holdings



Graphical representation of MT 535

MT 535



6.5 MT 536 Statement of Transactions

Purpose

To provide the details of any increases and decreases of holdings, which may have occurred over a specified period of time, for all, or a selected quantity of securities in the requested safekeeping account which the account servicer holds for the account owner.

Players

This message is sent by an account servicer to an account owner, or the designated agent.

The account servicer may be:

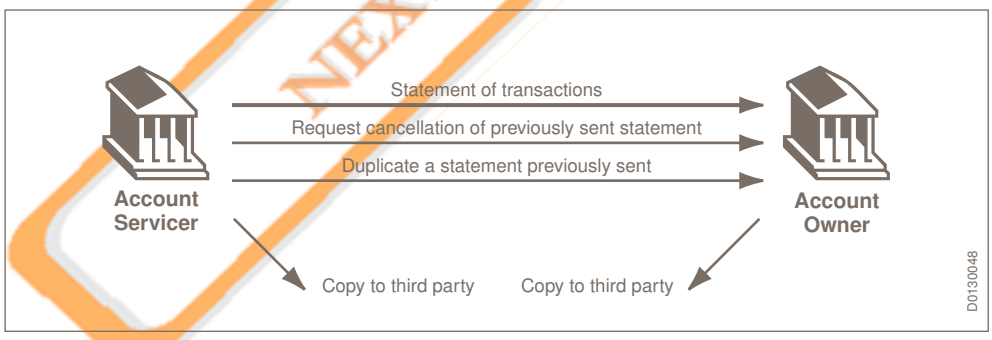
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 536 may also be used to:

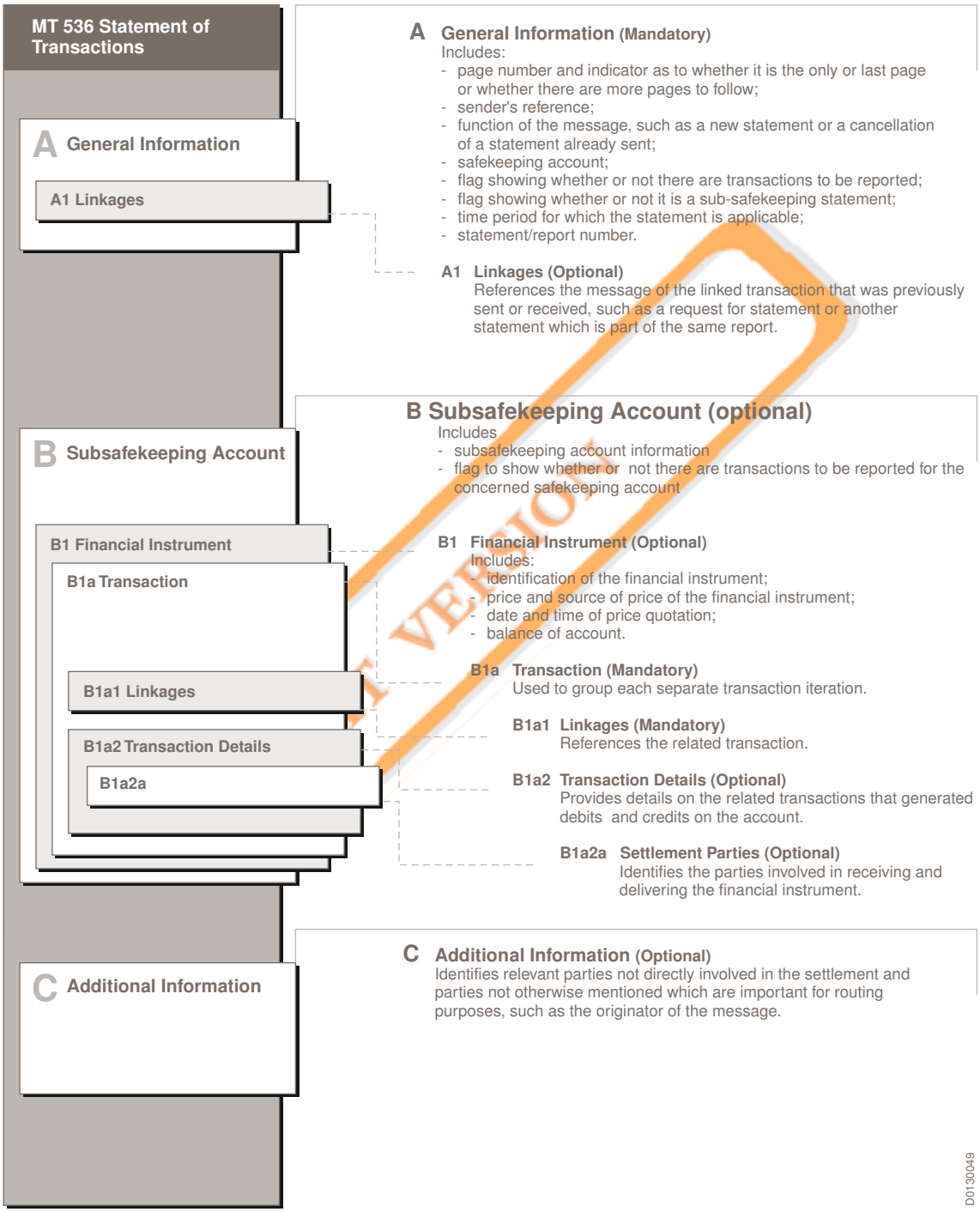
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 536 Statement of Transactions



Graphical representation of MT 536

MT 536



6.6 MT 537 Statement of Pending Transactions

Purpose

To provide the account owner with the details of pending increases or decreases in the quantity of holdings, at a specified moment in time. The message may contain details for all, or a selected

quantity of securities for a specified safekeeping account. It may also give all, or a selected number of reasons why the transaction is pending. The statement may also include future settlement, or forward, transactions which have become binding to the account owner. The statement may be sorted per Status or per Transaction.

Players

This message is sent by an account servicer to an account owner, or the designated agent.

The account servicer may be:

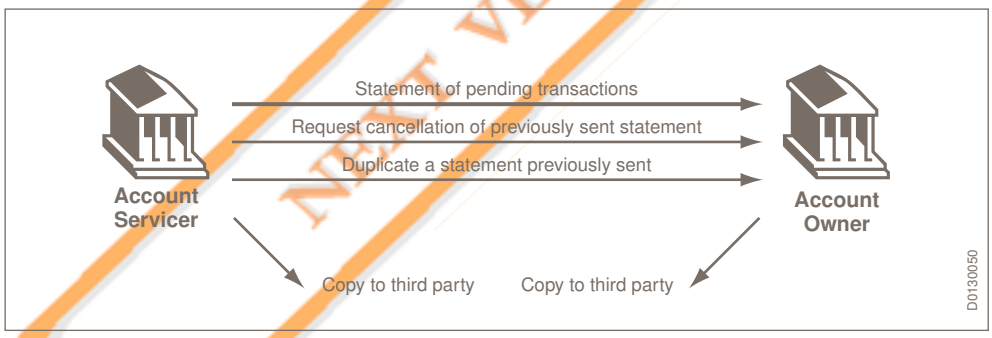
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 537 may also be used to:

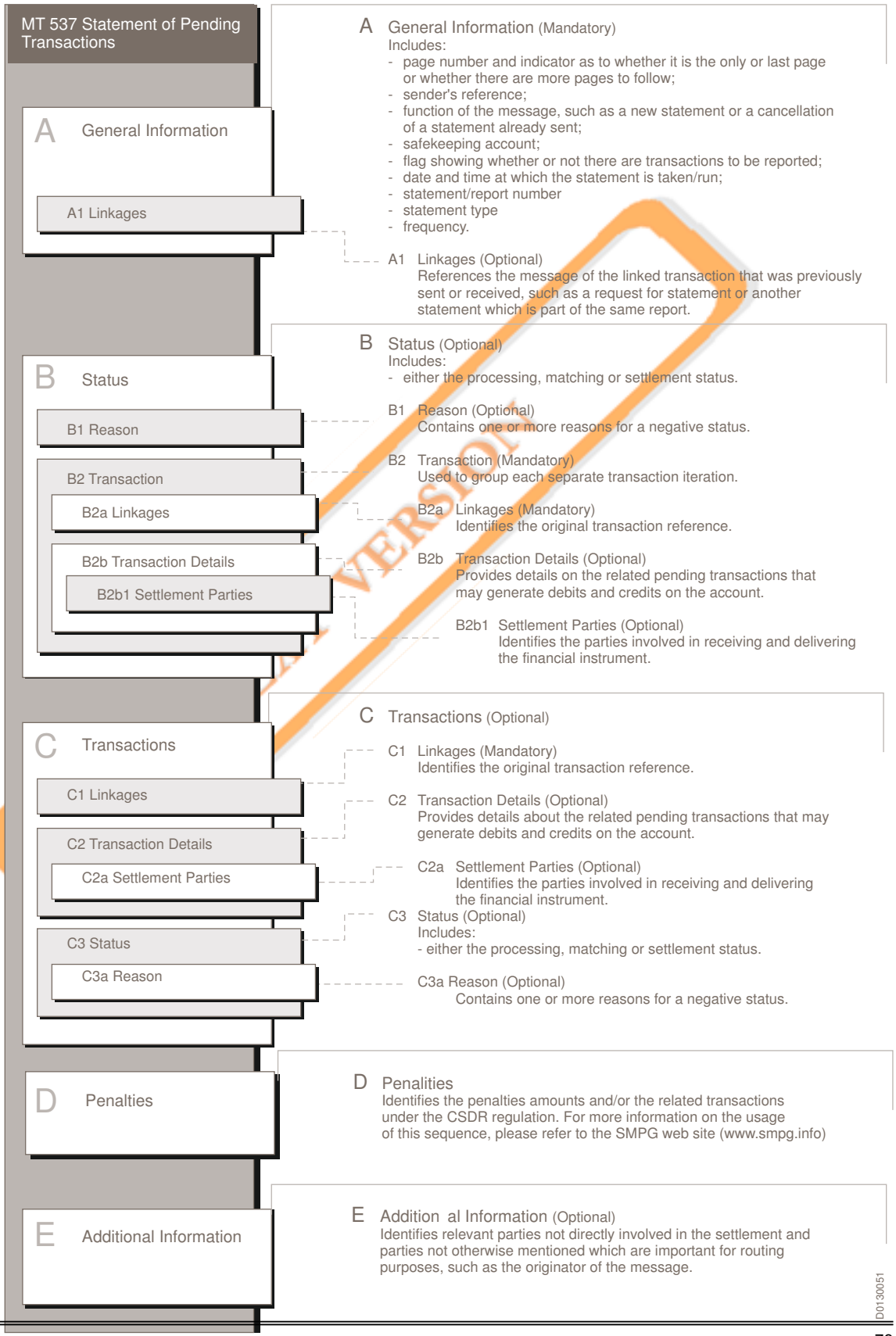
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 537 Statement of Pending Transactions



Graphical representation of MT 537

MT 537



6.7 MT 538 Statement of Intra-Position Advices

Purpose

To provide the account owner with the details of any intra-position transfers (movement of securities within a holding) for a specified period of time, for all, or selected securities in a specified safekeeping account.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

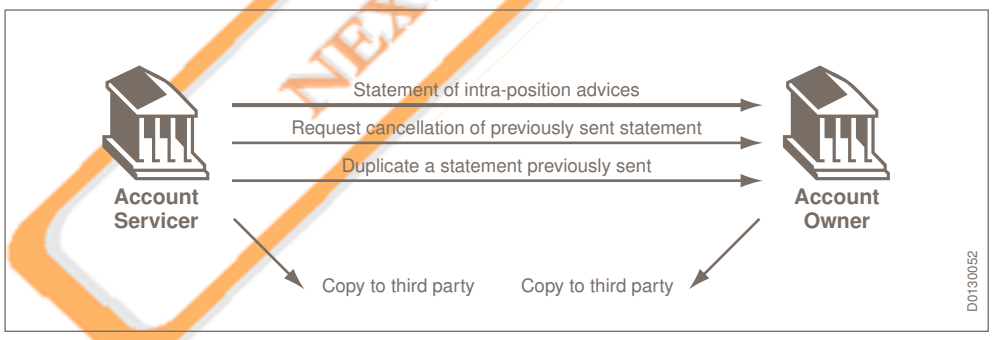
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 538 may also be used to:

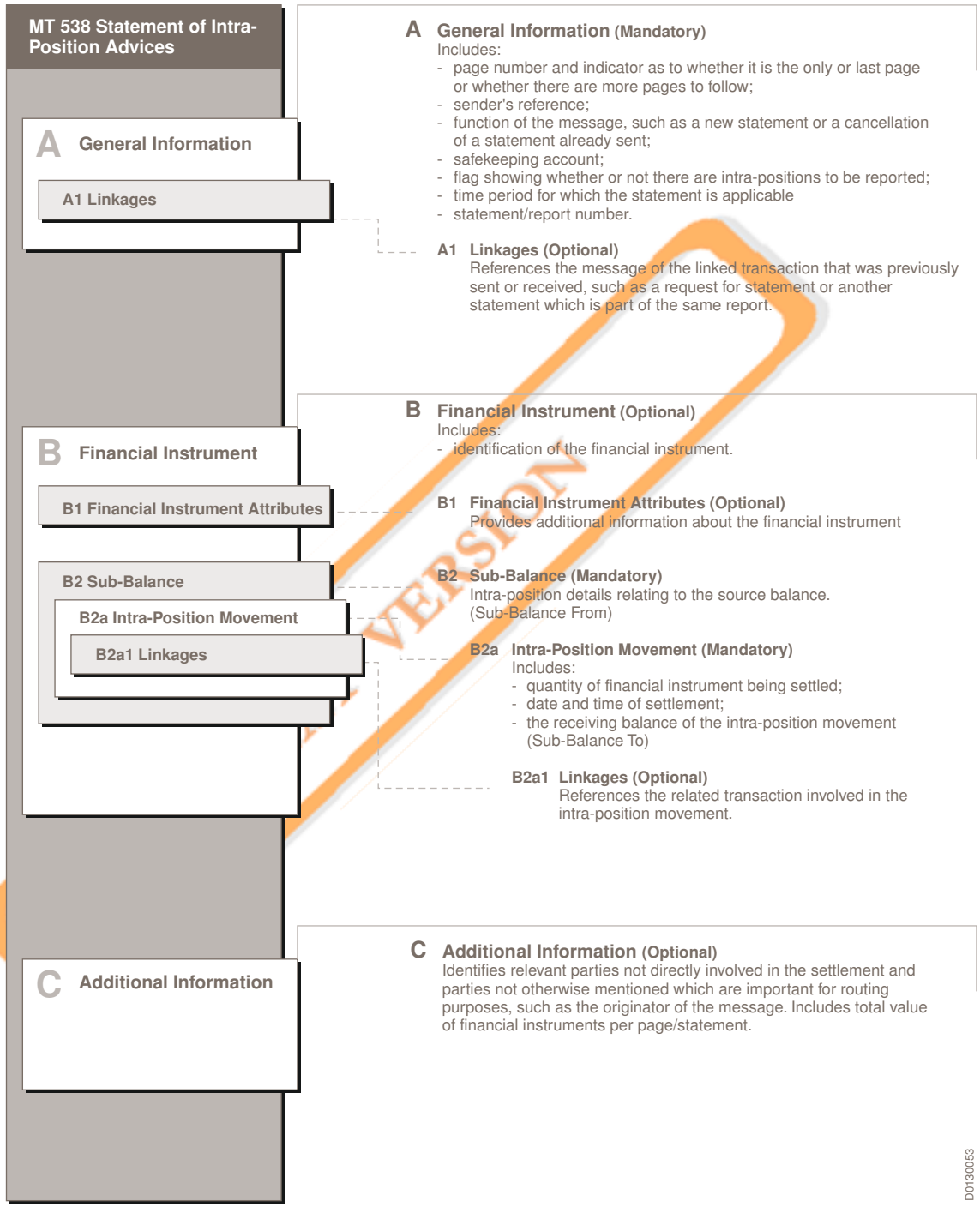
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 538 Statement of Intra-Position Advices



Graphical representation of MT 538

MT 538



6.8 MT 540 Receive Free

Purpose

To instruct the receipt of financial instruments, free of payment, from a specified party.

Players

This message is sent by an account owner to an account servicer.

The account owner may be:

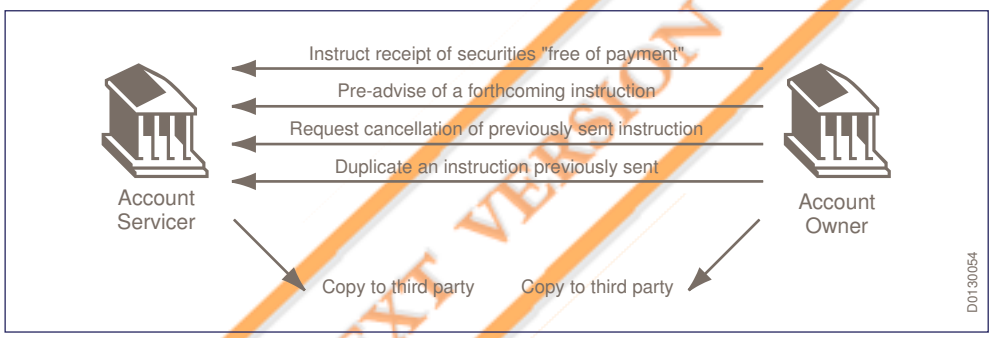
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 540 may also be used to:

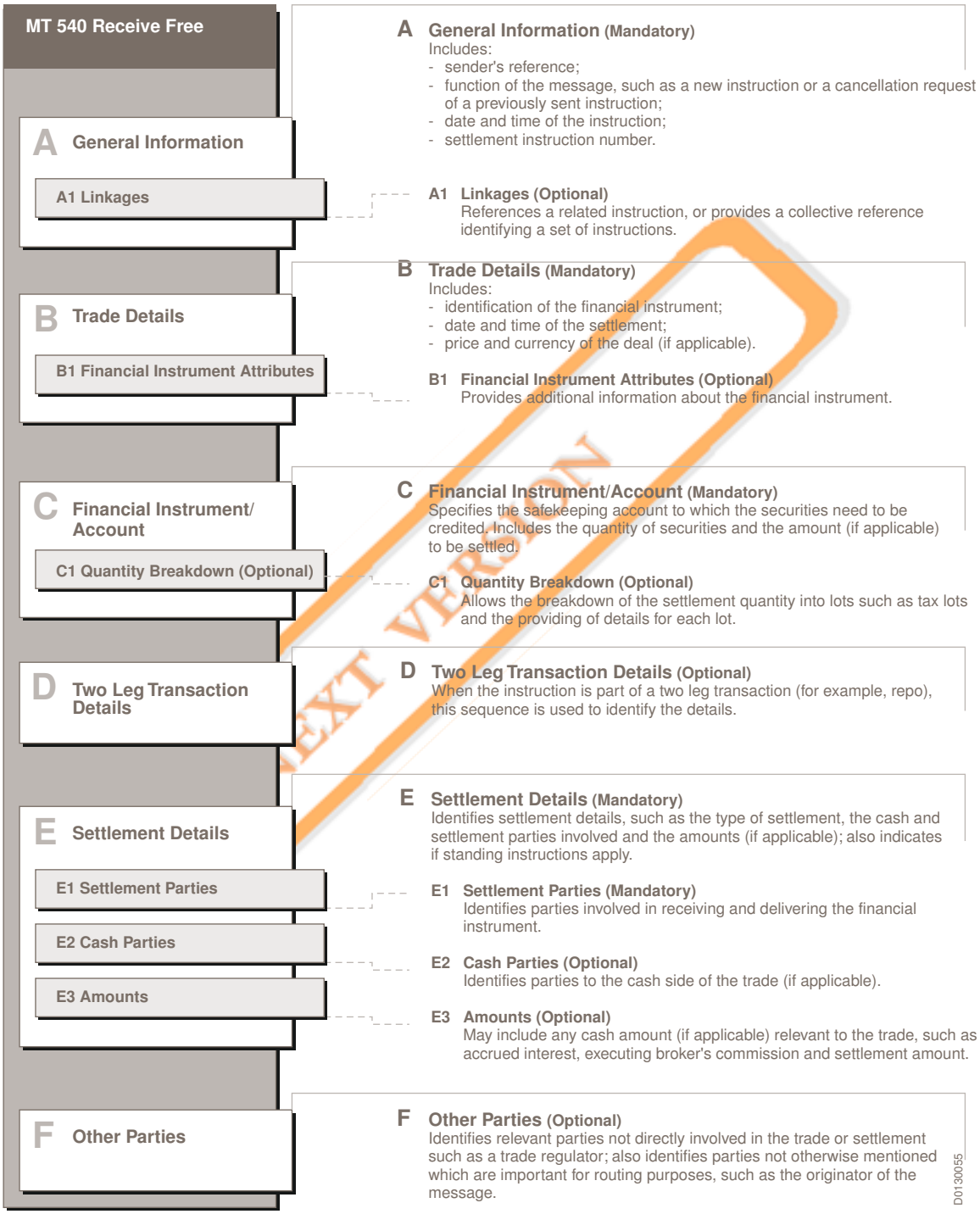
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

MT 540 Receive Free



Graphical representation of MT 540

MT 540



6.9 MT 541 Receive Against Payment

Purpose

To instruct the receipt of financial instruments, against payment, from a specified party.

Players

This message is sent by an account owner to an account servicer.

The account owner may be:

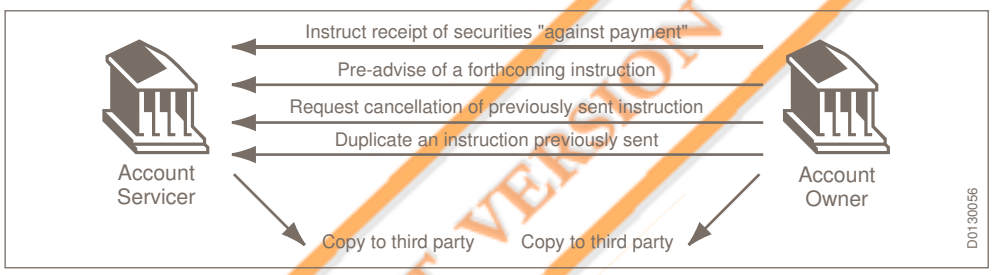
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 541 may also be used to:

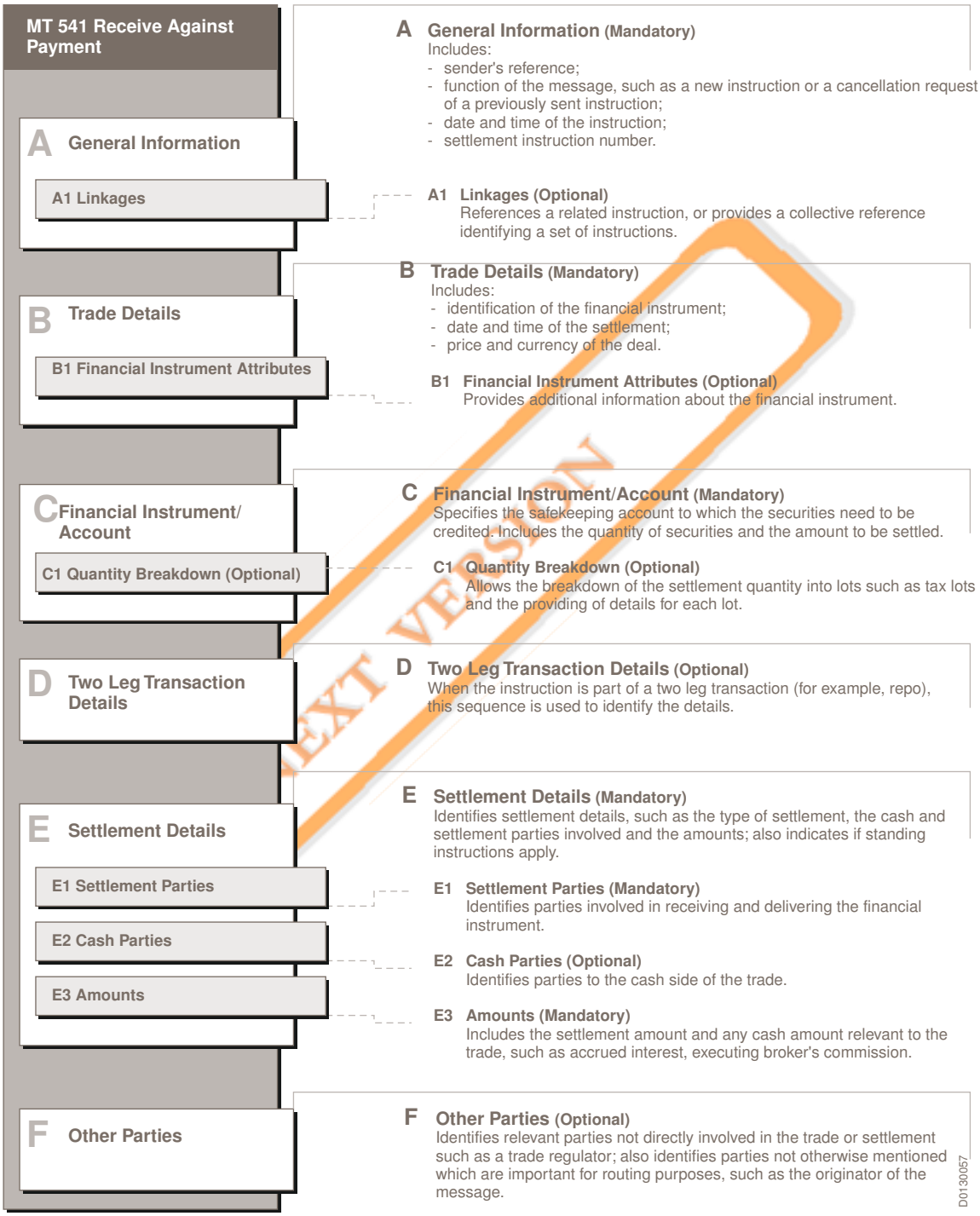
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

MT 541 Receive Against Payment



Graphical representation of MT 541

MT 541



6.10 MT 542 Deliver Free

Purpose

To instruct a delivery of financial instruments, free of payment, to a specified party.

Players

This message is sent by an account owner to an account servicer.

The account owner may be:

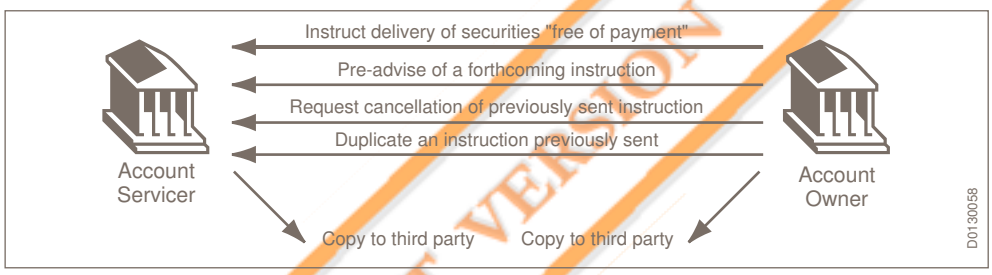
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 542 may also be used to:

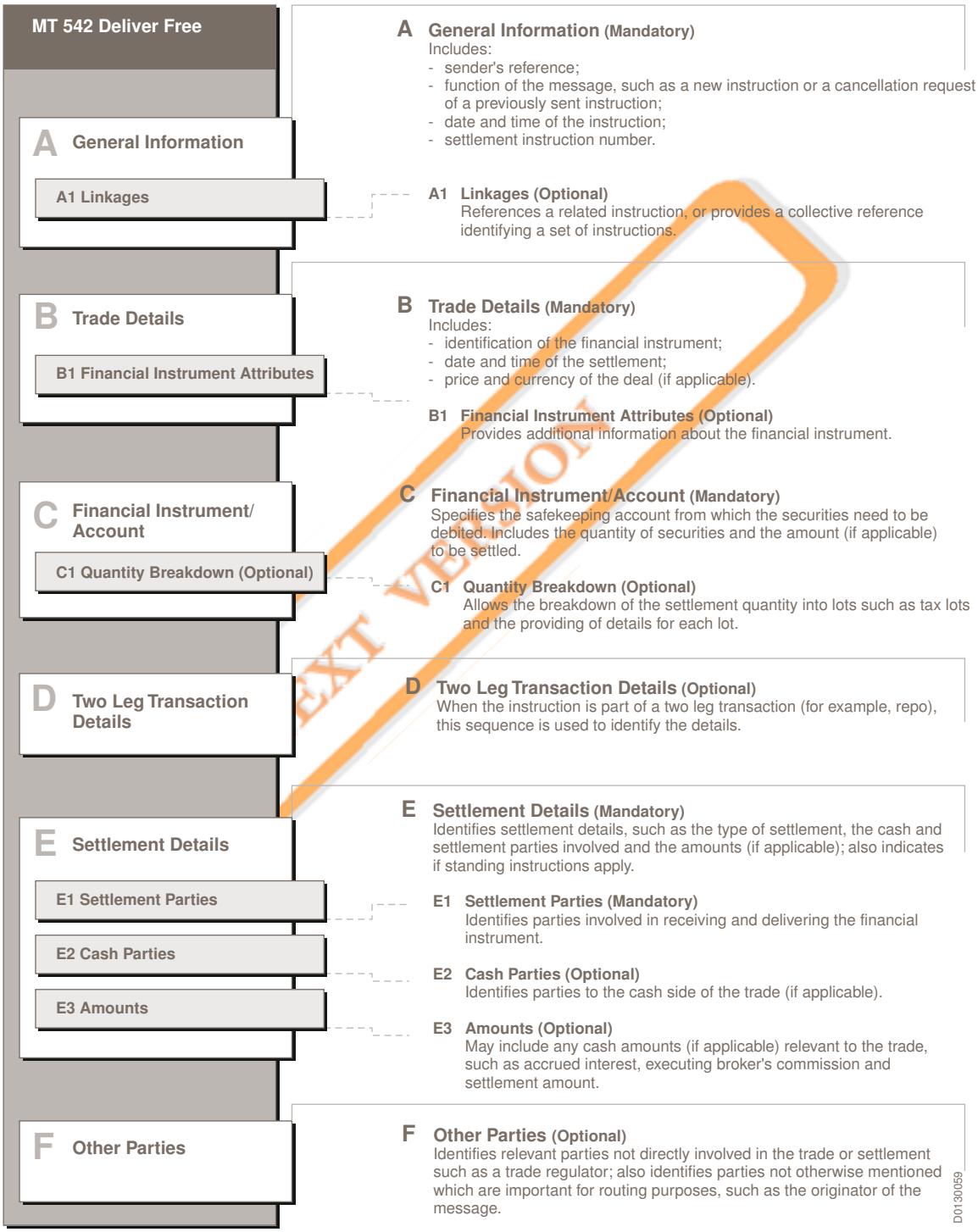
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advise of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

MT 542 Deliver Free



Graphical representation of MT 542

MT 542



6.11 MT 543 Deliver Against Payment

Purpose

To instruct a delivery of financial instruments, against payment, to a specified party.

Players

This message is sent by an account owner to an account servicer.

The account owner may be:

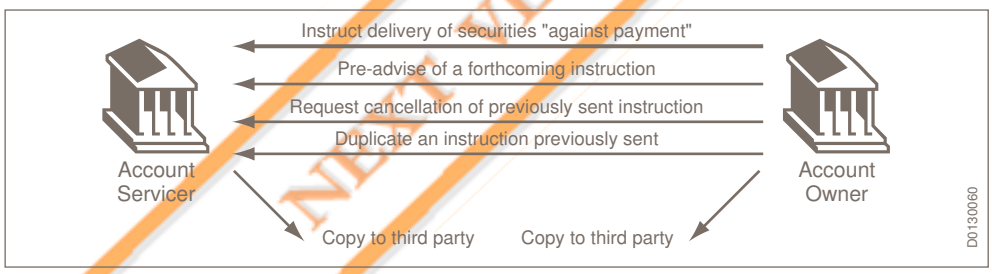
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 543 may also be used to:

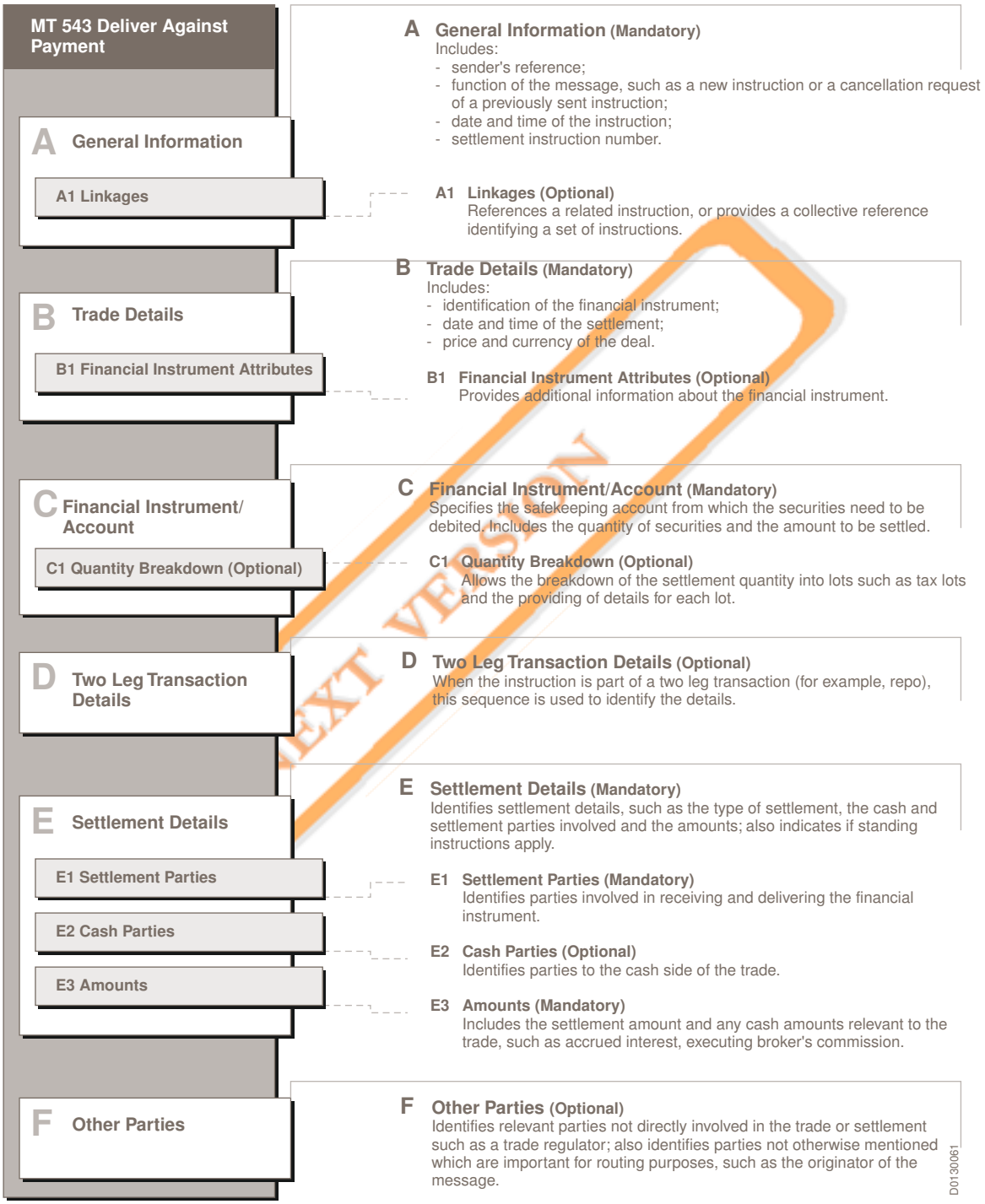
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

MT 543 Deliver Against Payment



Graphical representation of MT 543

MT 543



6.12 MT 544 Receive Free Confirmation

Purpose

To confirm a receipt of financial instruments, free of payment, from a specified party.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

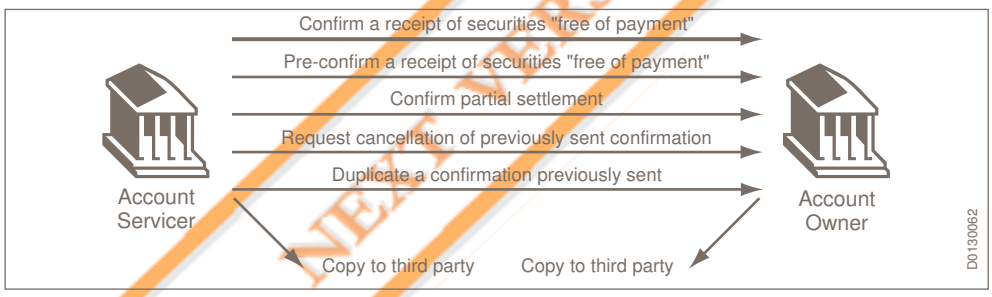
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 544 may also be used to:

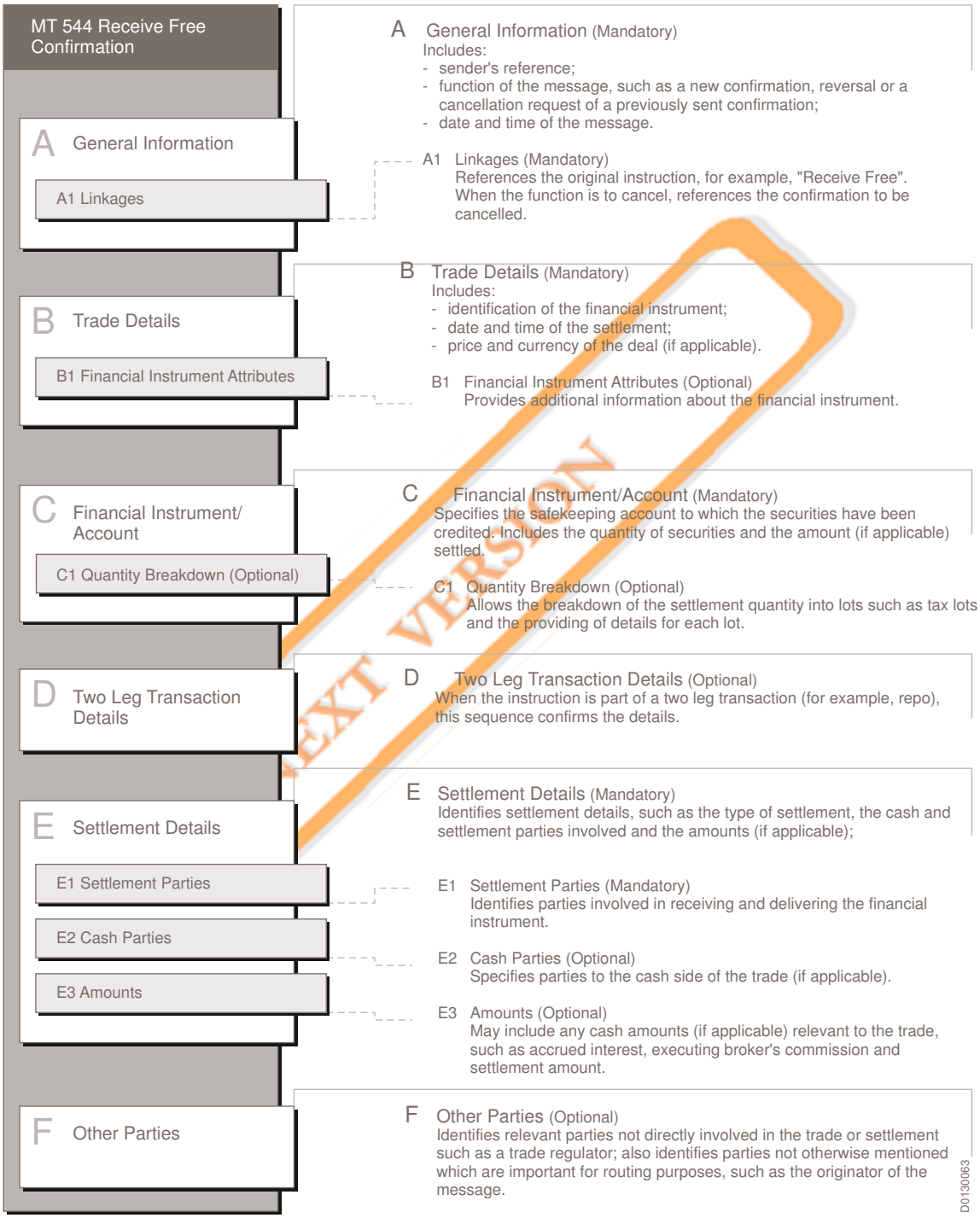
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 544 Receive Free Confirmation



Graphical representation of MT 544

MT 544



6.13 MT 545 Receive Against Payment Confirmation

Purpose

To confirm the receipt of financial instruments against payment from a specified party.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

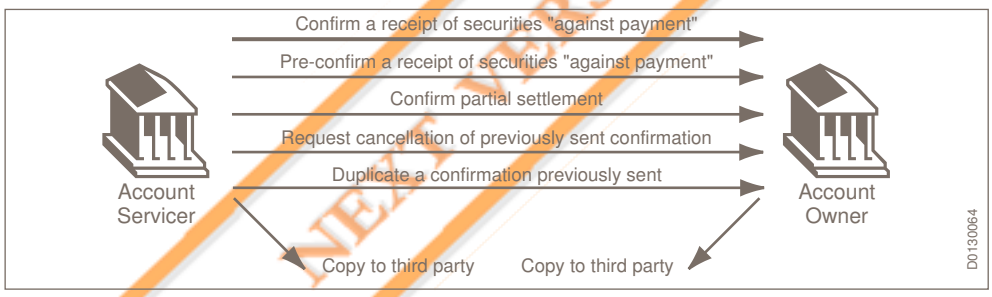
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 545 may also be used to:

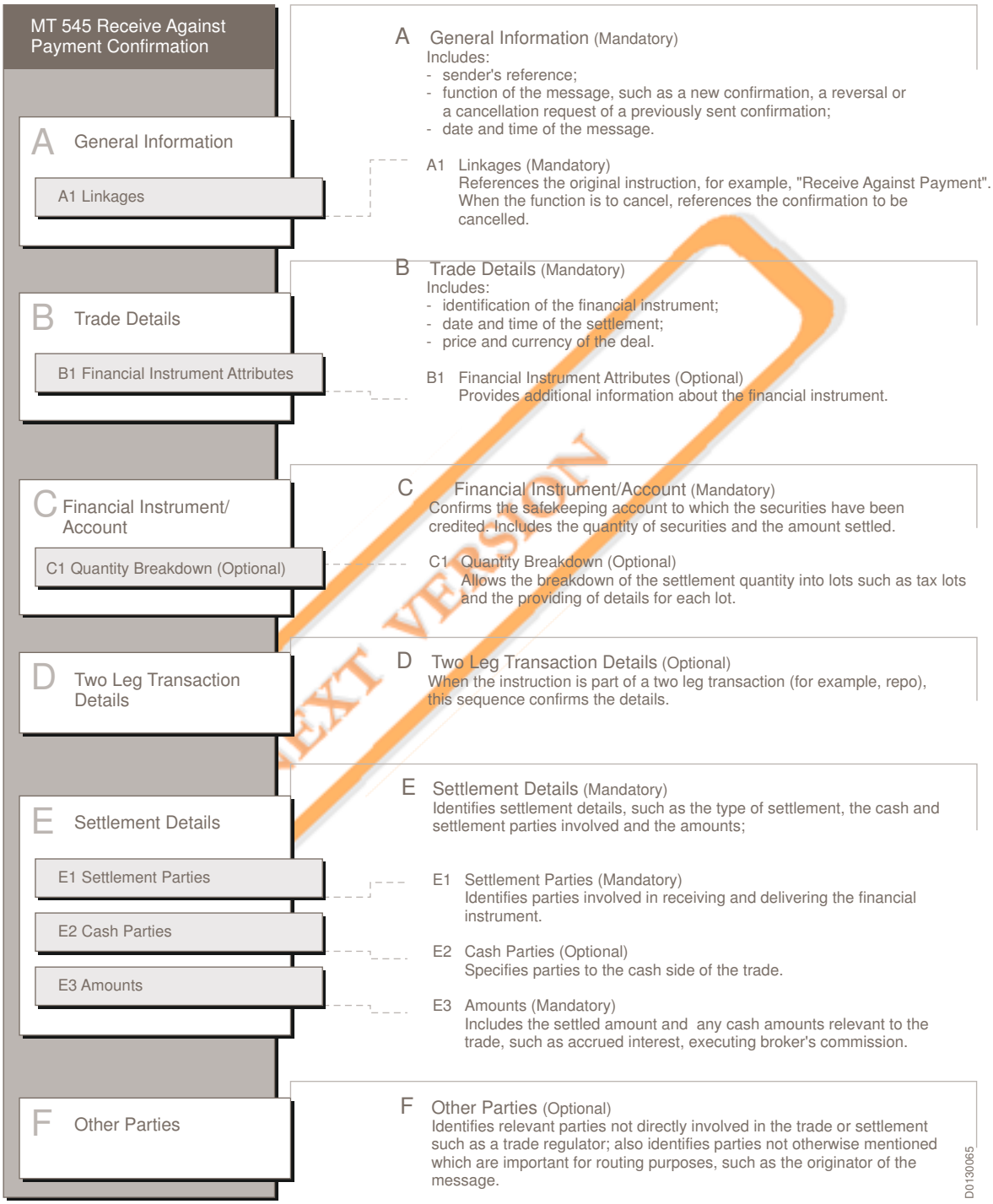
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 545 Receive Against Payment Confirmation



Graphical representation of MT 545

MT 545



6.14 MT 546 Deliver Free Confirmation

Purpose

To confirm a delivery of financial instruments, free of payment, from a specified party.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

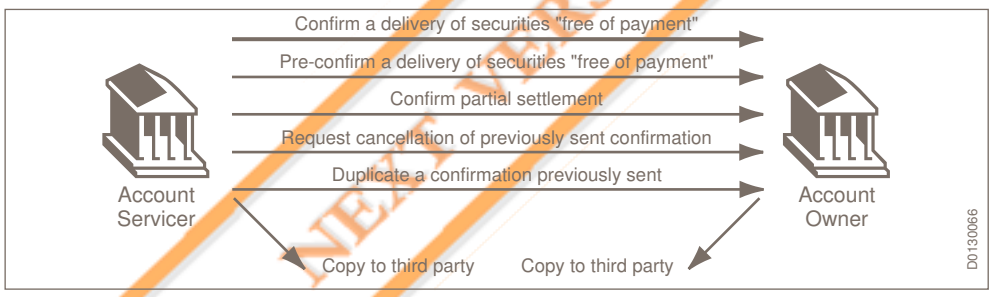
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 546 may also be used to:

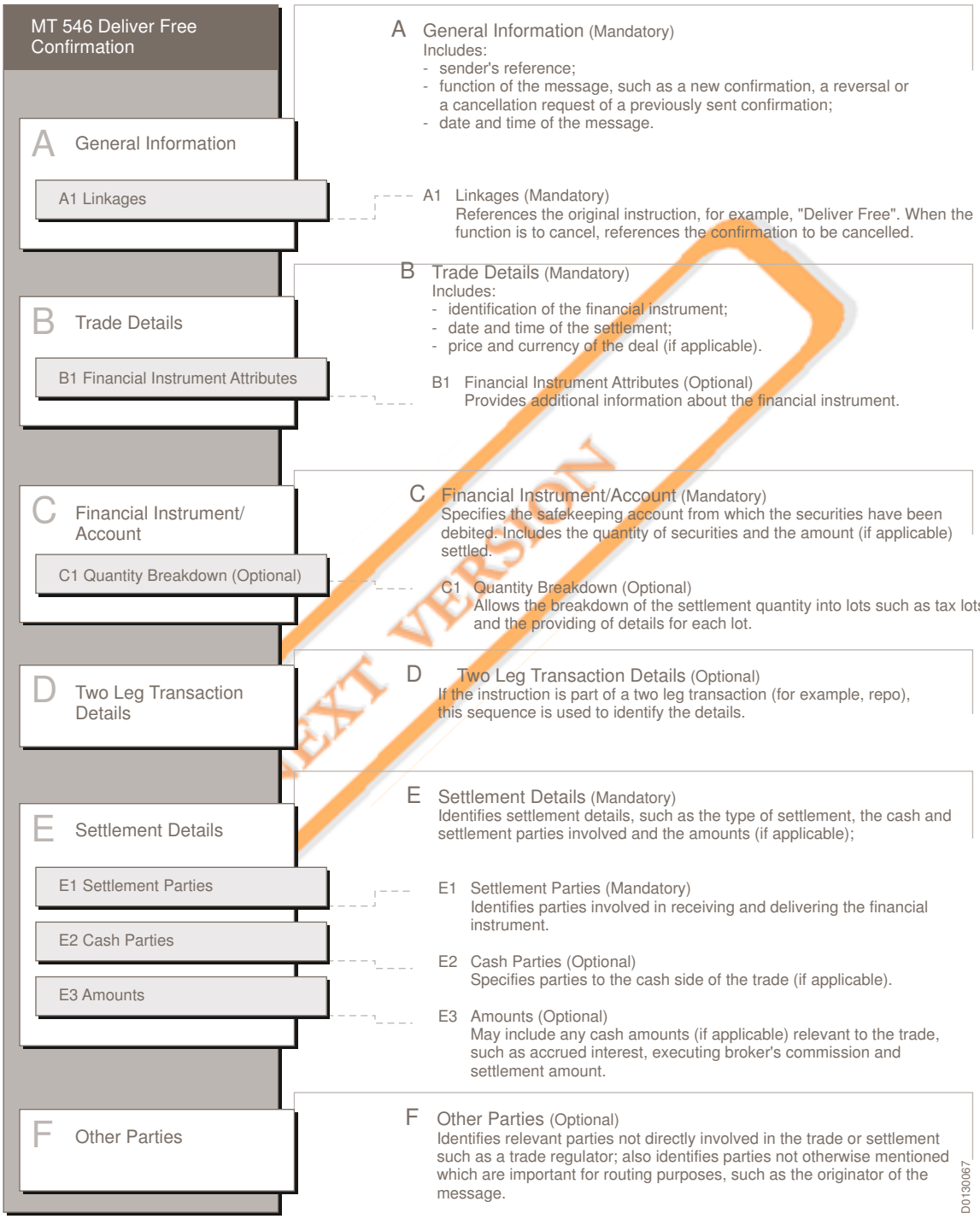
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 546 Deliver Free Confirmation



Graphical representation of MT 546

MT 546



6.15 MT 547 Deliver Against Payment Confirmation

Purpose

To confirm a delivery of financial instruments against payment to a specified party.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

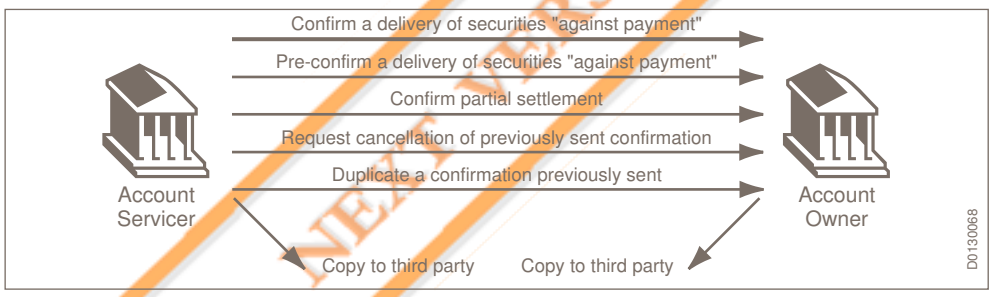
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 547 may also be used to:

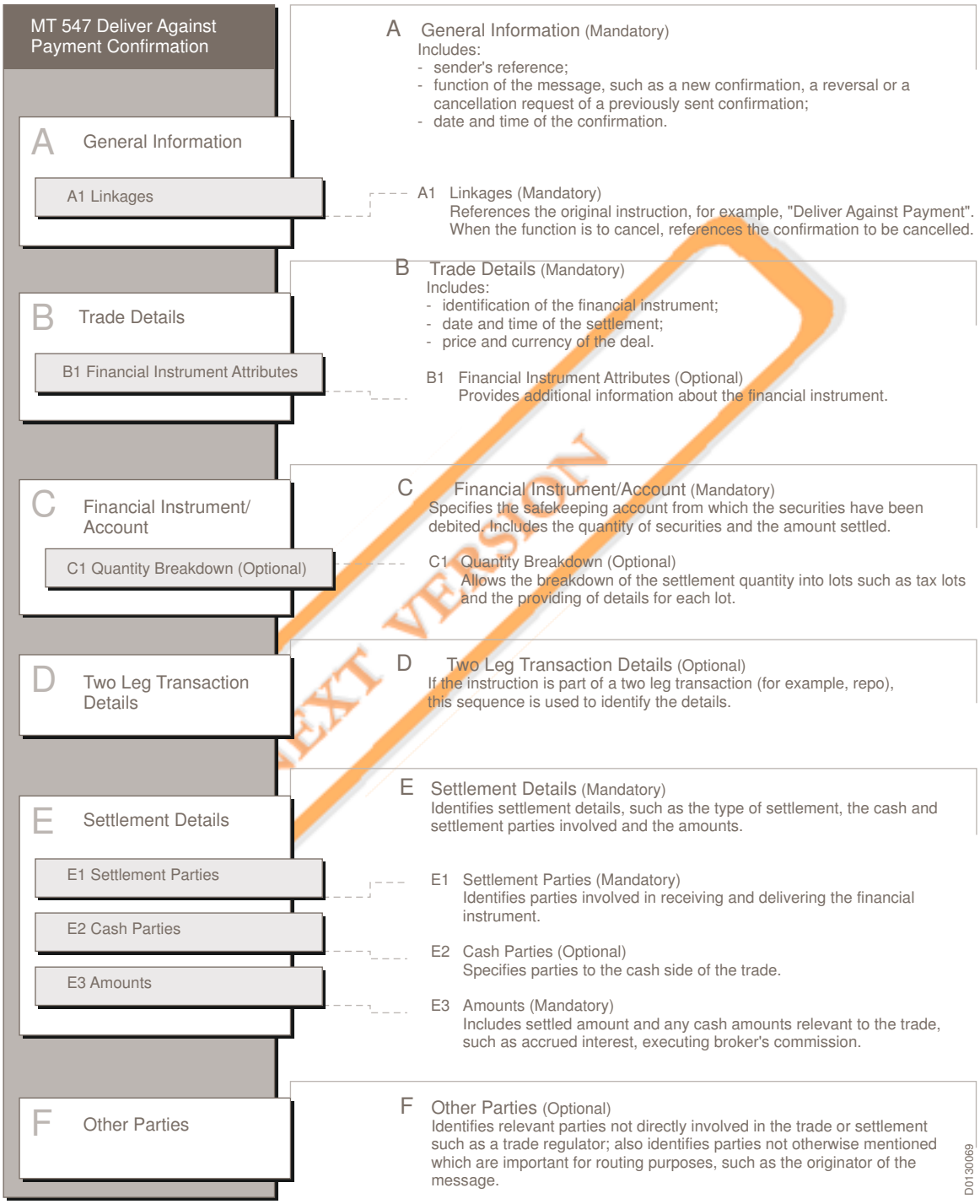
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 547 Deliver Against Payment Confirmation



Graphical representation of MT 547

MT 547



6.16 MT 548 Settlement Status and Processing Advice

Purpose

To advise the status of a settlement instruction, or as a reply to a cancellation request previously sent by the account owner.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

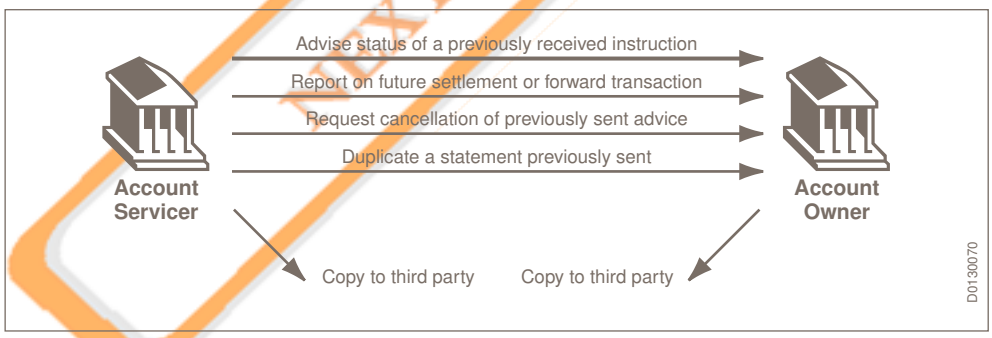
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 548 may also be used to:

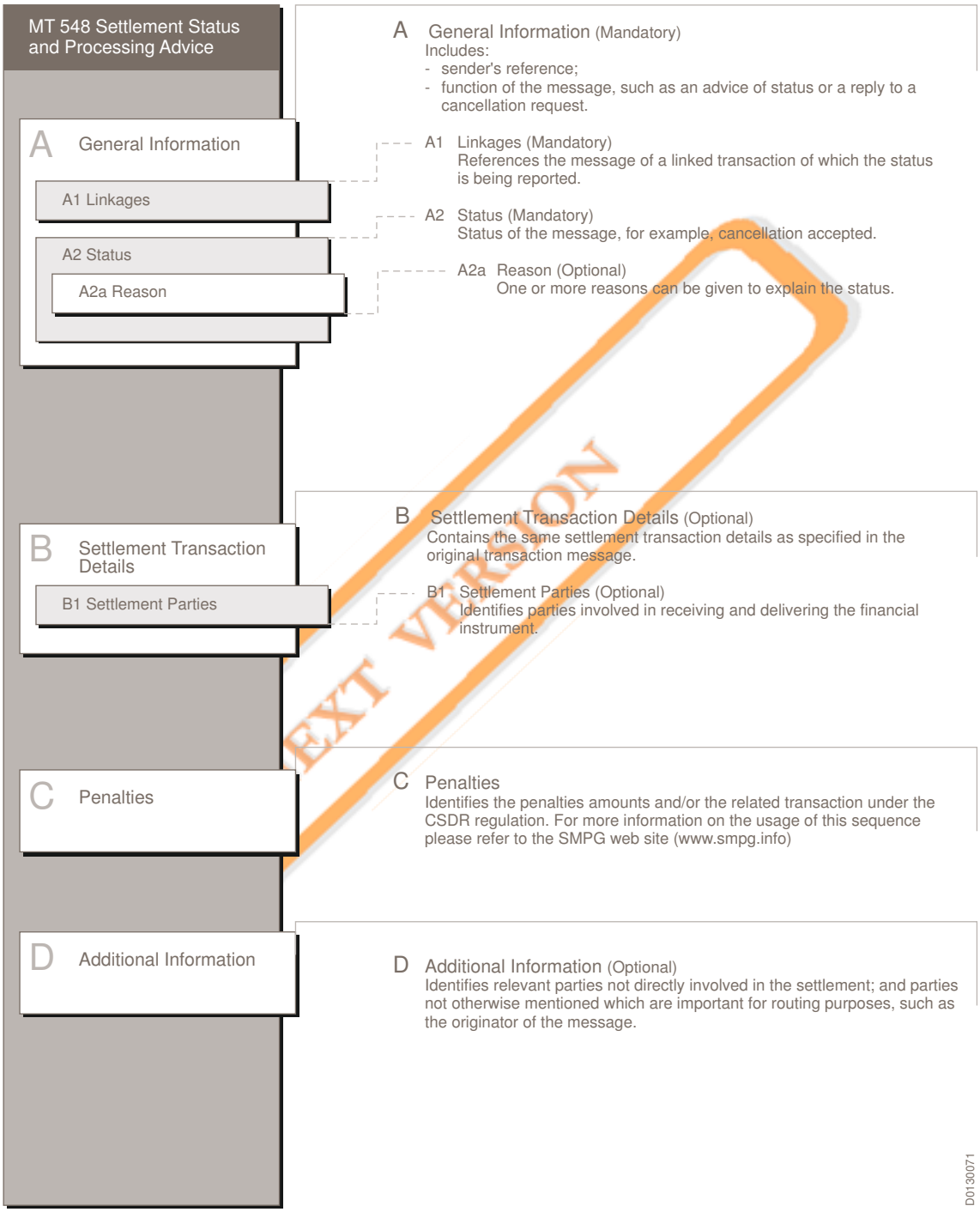
- Report on future settlement, or forward transactions, for example, free receipts for which no instruction is required, which have become binding to the account owner. The underlying instruction must be either a *Deliver* or *Receive* and either *Free* or *Against Payment.*
- To reply to a cancellation request previously sent by the account owner.

MT 548 Settlement Status and Processing Advice



Graphical representation of MT 548

MT 548



6.17 MT 549 Request for Statement/Status Advice

Purpose

To request one of these statements or status messages:

- MT 509 Trade Status Message
- MT 535 Statement of Holdings
- MT 536 Statement of Transactions
- MT 537 Statement of Pending Transactions
- MT 538 Statement of Intra-Position Advices
- MT 575 Report of Combined Activity
- MT 576 Statement of Open Orders
- MT 586 Statement of Settlement Allegements

The request for a statement/status advice can be used as a query message to gather information for one account, at a given date or period of time. Either sequence B or sequence C will be used as a means of ordering the information.

Players

This message is sent by an account owner to an account servicer.

The account owner may be:

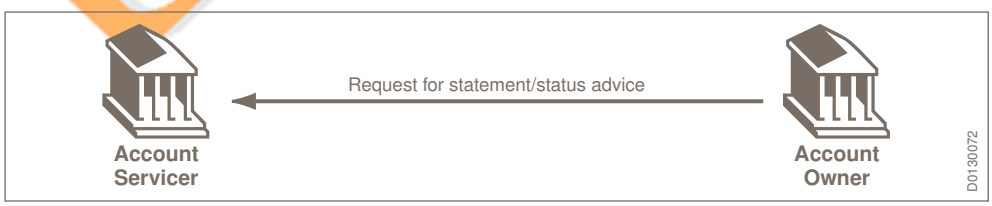
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 549 may also be used to request one of these messages:

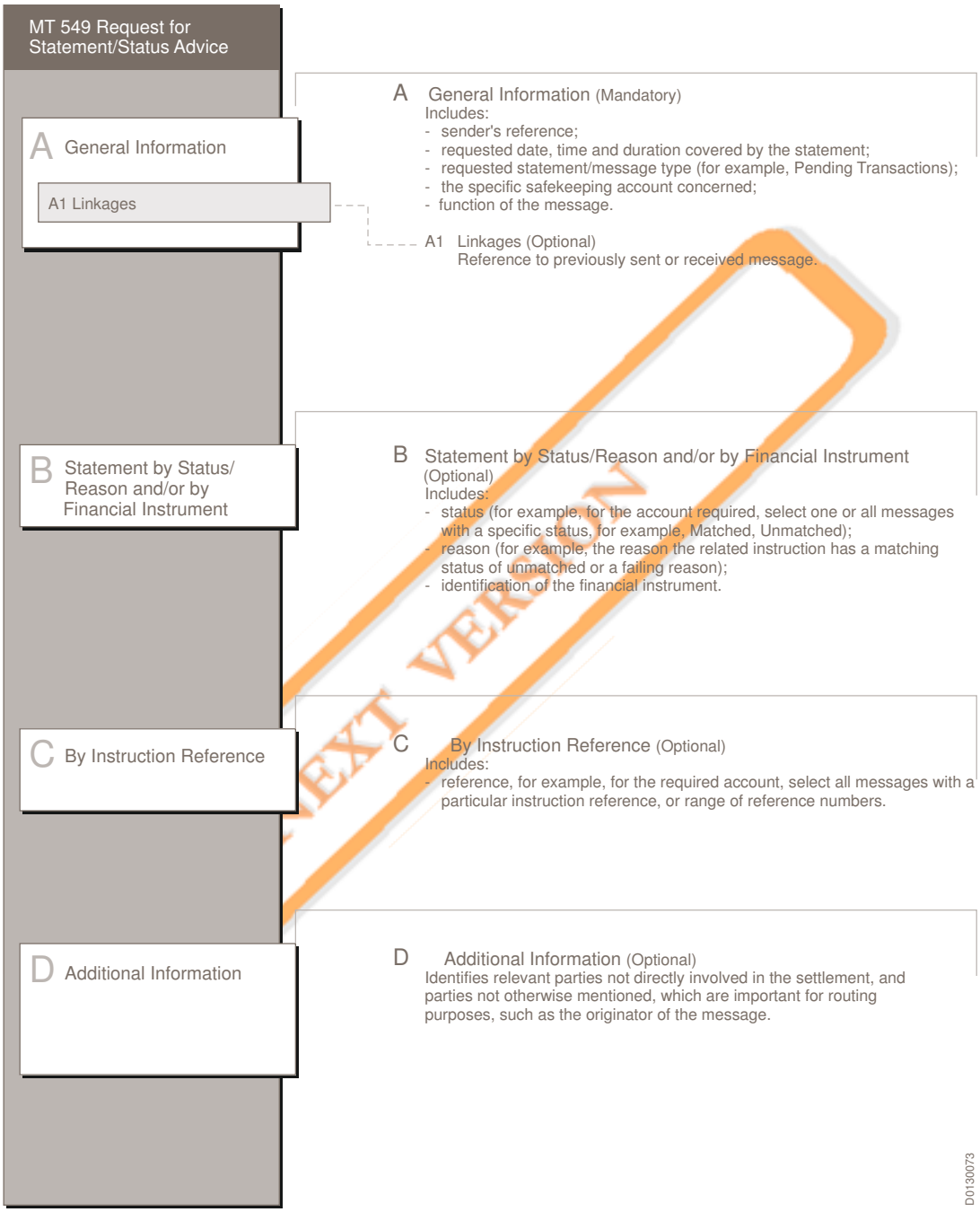
- MT 510 Registration Status and Processing Advice
- MT 548 Settlement Status and Processing Advice
- MT 567 Corporate Action Status and Processing Advice

MT 549 Request for Statement/Status Advice



Graphical representation of MT 549

MT 549



6.18 MT 575 Report of Combined Activity

Purpose

To report on all securities and cash activity for a given combination of safekeeping and cash accounts.

This message is intended to provide a summary of all cash and securities activity:

- For a given safekeeping account linked to one cash account (maintaining separate cash sub-accounts by currency) or,
- for a given safekeeping account linked to multiple cash accounts (maintaining separate cash sub-accounts by currency) or,
- for a given cash account (maintaining separate cash sub-accounts by currency) linked to multiple safekeeping accounts.

Players

This message is sent by an account servicer to an account owner or the designated agent.

The account servicer may be:

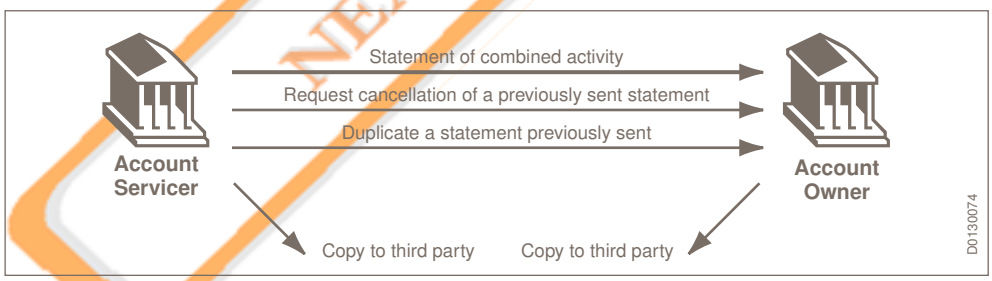
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 575 is also used to:

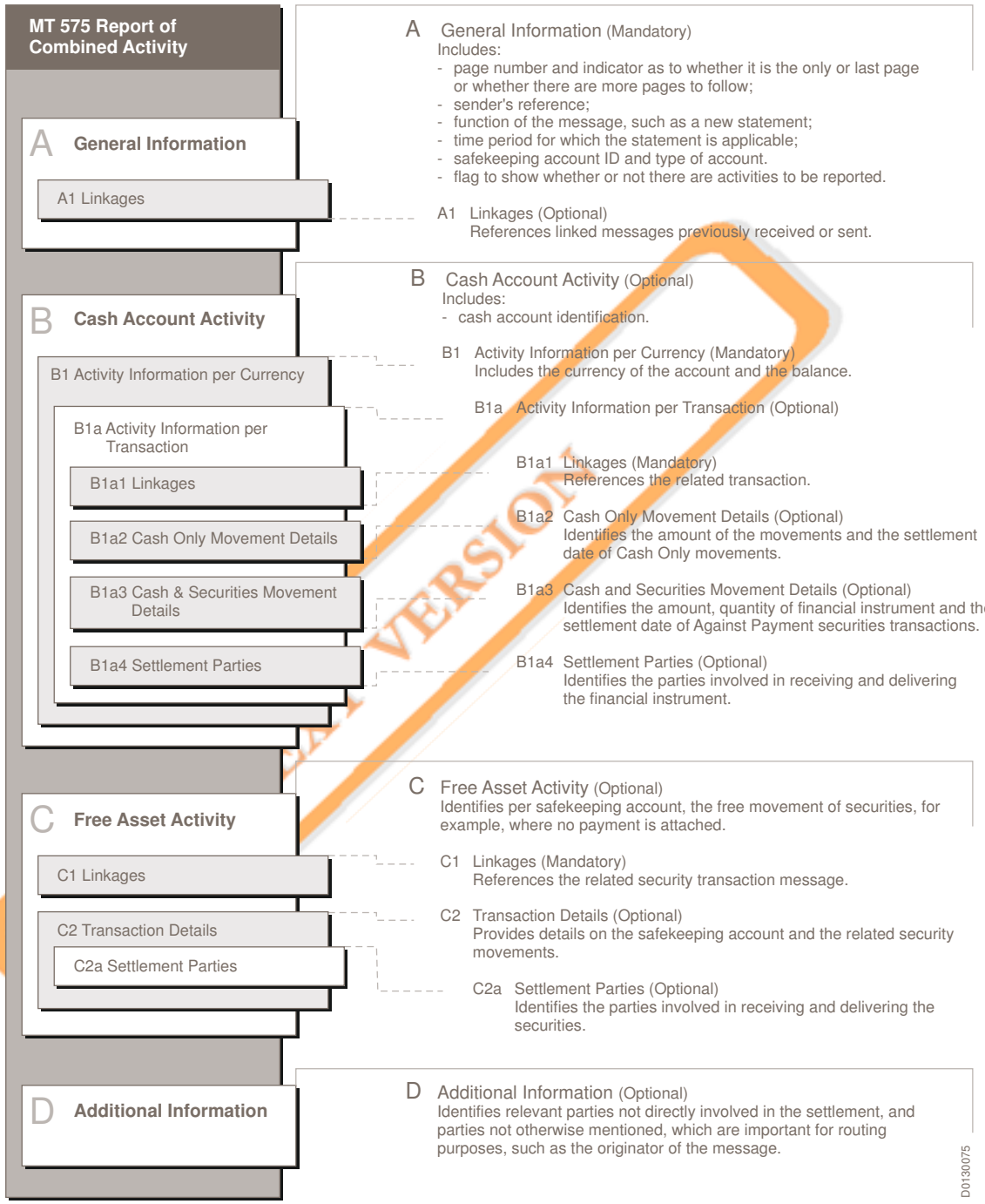
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 575 Report of Combined Activity



Graphical representation of MT 575

MT 575



6.19 MT 578 Settlement Allegement

Purpose

To advise the account owner that a counterparty has alleged a settlement instruction against the account owner's account with the account servicer, and that the account servicer could not find the corresponding instruction from the account owner.

Players

This message is sent by an account servicer to an account owner. When the account owner receives a settlement allegement, and agrees on it, a matching settlement instruction must be sent for settlement to occur. In the event that the account owner finds the settlement allegement to be incorrect, for example, the counterparty has made an error, the settlement allegement should be ignored.

The account servicer may be:

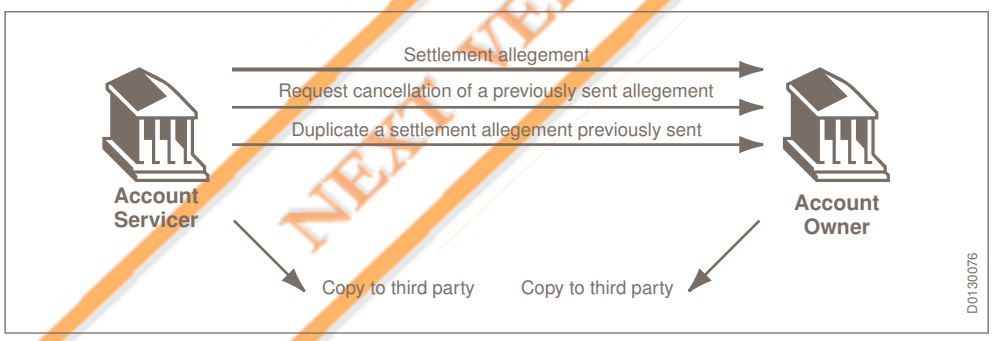
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 578 can also be used:

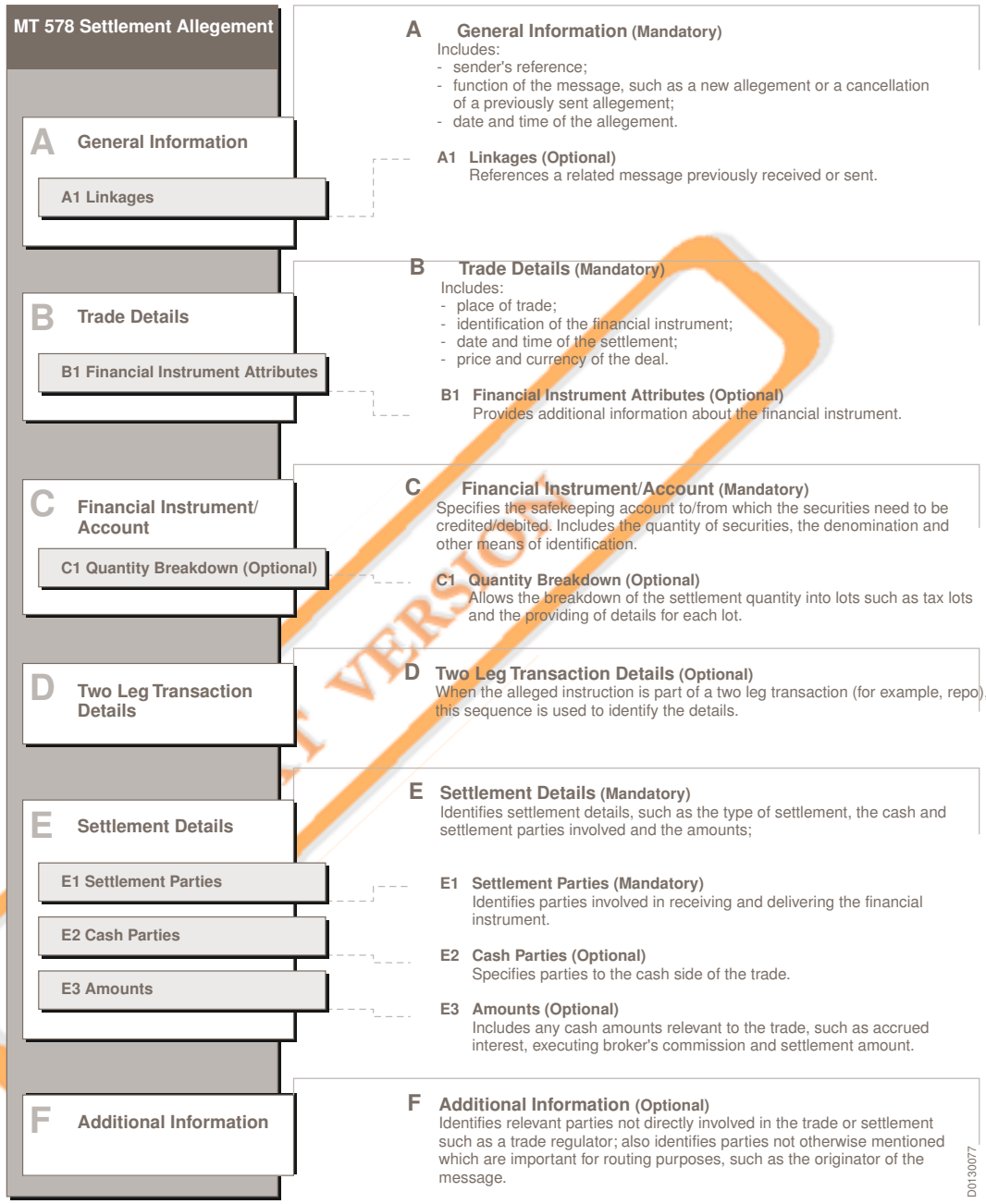
- Request the cancellation or removal of a previously sent settlement allegement.
- Duplicate a settlement allegement previously sent.
- Provide a third party with a copy of the settlement allegement.

MT 578 Settlement Allegement



Graphical representation of MT 578

MT 578



6.20 MT 586 Statement of Settlement Allegements

Purpose

To provide the details of pending settlement allegements, for all or selected securities in a specified safekeeping account, for a given point in time.

Players

This message is sent by an account servicer to an account owner.

The account servicer may be:

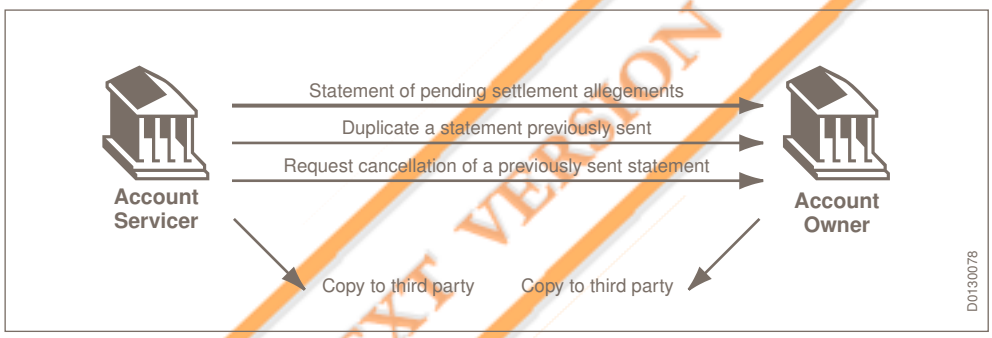
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

This MT 586 may also be used to:

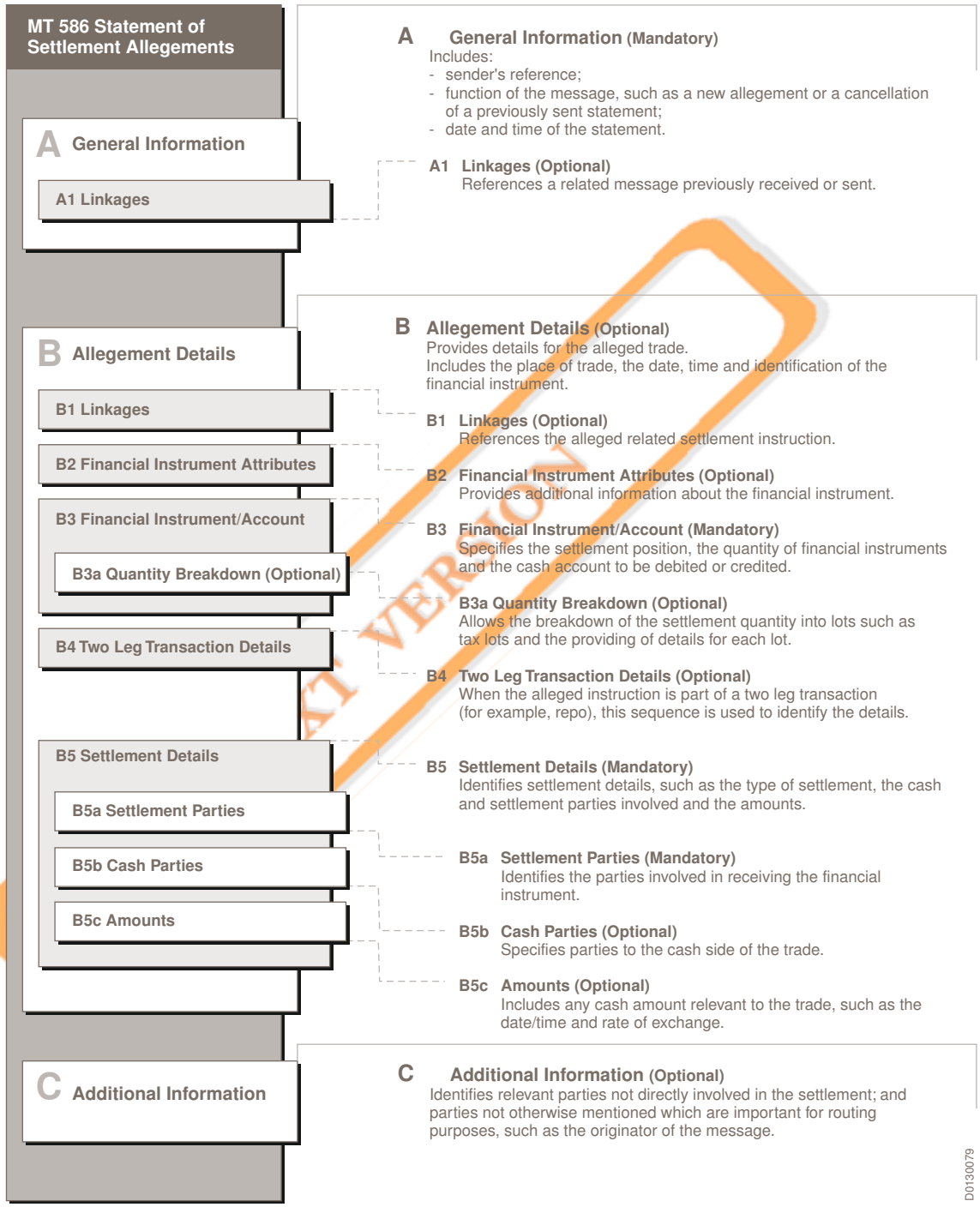
- Respond to the MT 549, a request for statement/status advice.
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 586 Statement of Settlement Allegements



Graphical representation of MT 586

MT 586



7 Settlement and Reconciliation Scenarios

The objective of this chapter is to show the use of the messages in actual Settlement and Reconciliation (S&R) situations. The scenario examples are designed to illustrate the functionality of a message, however, **readers must consult the** Standards MT documentation **for the correct field and format structures**.

7.1 Overview

Sample messages in this chapter

The examples take the reader through the S&R process using these message types:

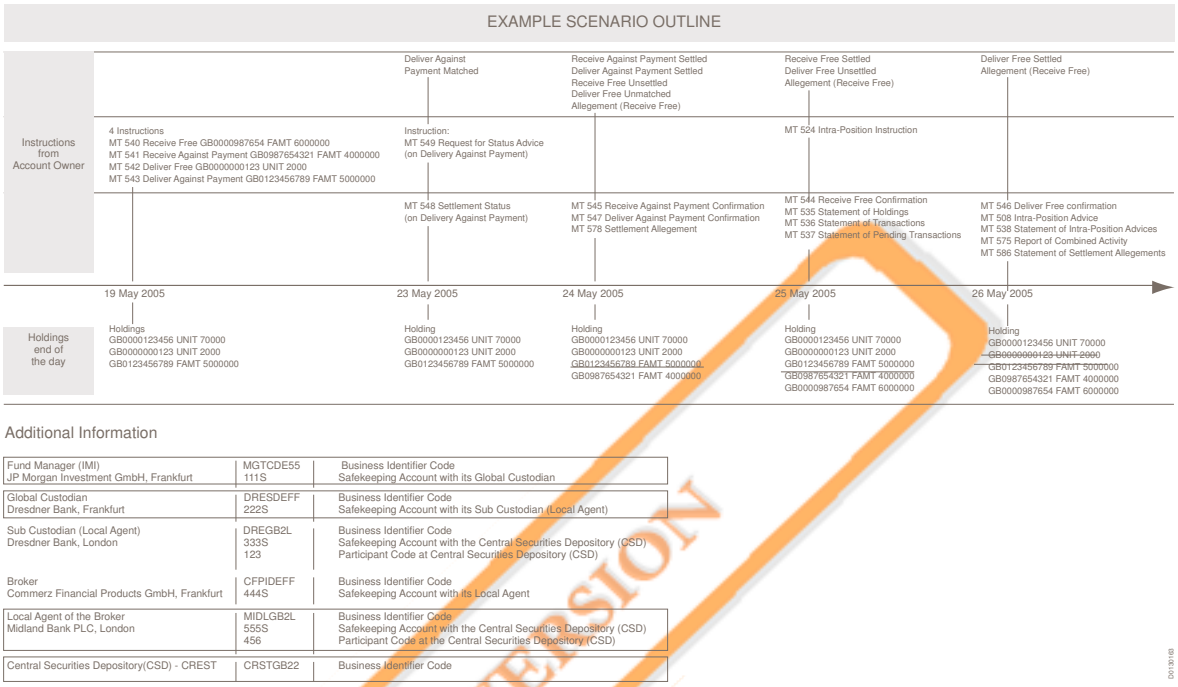
- MT 508 Intra-Position Advice
- MT 524 Intra-Position Instruction
- MT 535 Statement of Holdings
- MT 536 Statement of Transactions
- MT 537 Statement of Pending Transactions
- MT 538 Statement of Intra-Position Advices
- MT 540 Receive Free
- MT 541 Receive Against Payment
- MT 542 Deliver Free
- MT 543 Deliver Against Payment
- MT 544 Receive Free Confirmation
- MT 545 Receive Against Payment Confirmation
- MT 546 Deliver Free Confirmation
- MT 547 Deliver Against Payment Confirmation
- MT 548 Settlement Status and Processing Advice
- MT 549 Request for Statement/Status Advice
- MT 575 Report of Combined Activity
- MT 578 Settlement Allegement
- MT 586 Statement of Settlement Allegements

Timeline scenario

The timeline scenario (see Example scenario outline on page 103) illustrates how the S&R examples are used over an eight-day period. In each of the subsequent message examples, the

relevant section of the timeline is shown with the message highlighted. This is followed by a diagram of the message flow, and an illustration of how the message is constructed.

Example scenario outline



Additional Information

Fund Manager (IMI) JP Morgan Investment GmbH, Frankfurt	MGTCDE55 111S	Business Identifier Code Safekeeping Account with its Global Custodian
Global Custodian Dresdner Bank, Frankfurt	DRESDEFF 222S	Business Identifier Code Safekeeping Account with its Sub Custodian (Local Agent)
Sub Custodian (Local Agent) Dresdner Bank, London	DREGB2L 333S 123	Business Identifier Code Safekeeping Account with the Central Securities Depository (CSD) Participant Code at Central Securities Depository (CSD)
Broker Commerz Financial Products GmbH, Frankfurt	CFPIDEFF 444S	Business Identifier Code Safekeeping Account with its Local Agent
Local Agent of the Broker Midland Bank PLC, London	MIDLGB2L 555S 456	Business Identifier Code Safekeeping Account with the Central Securities Depository (CSD) Participant Code at the Central Securities Depository (CSD)
Central Securities Depository(CSD) - CREST	CRSTGB22	Business Identifier Code

Note *For educational purposes, all parties involved on both sides of the settlement chain are represented. However, the instructing side is not mandatory, as this information is not always available. In any case, please carefully check the conditional rules.*

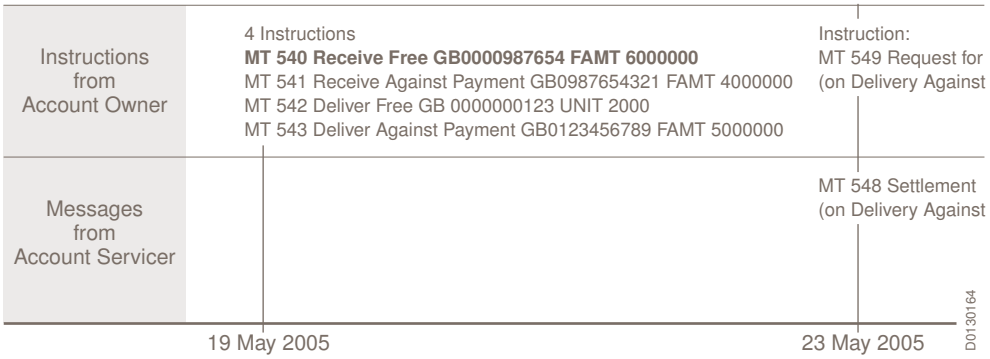
7.2 Example using the MT 540 Receive Free

Scenario

On 19 May 2005, Dresdner Bank Frankfurt (DRESDEFF) instructs its sub-custodian Dresdner Bank London (DRESGB2L) to receive free securities in favour of its customer JP Morgan Investment GMBH Frankfurt (MGTCDE55).

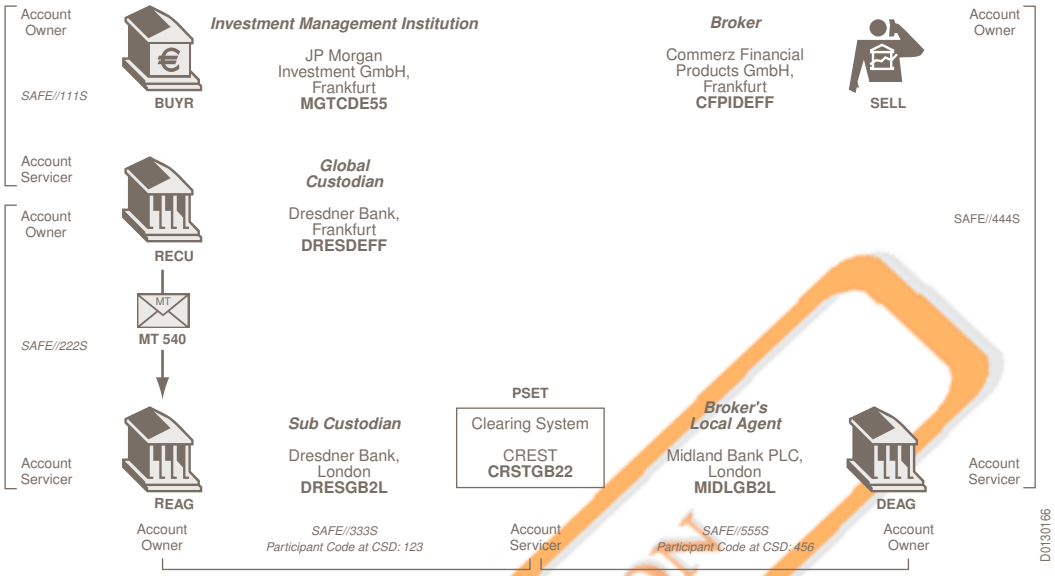
The securities are to be delivered by Midland Bank PLC London (MIDLGB2L) on behalf of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 540 instruction



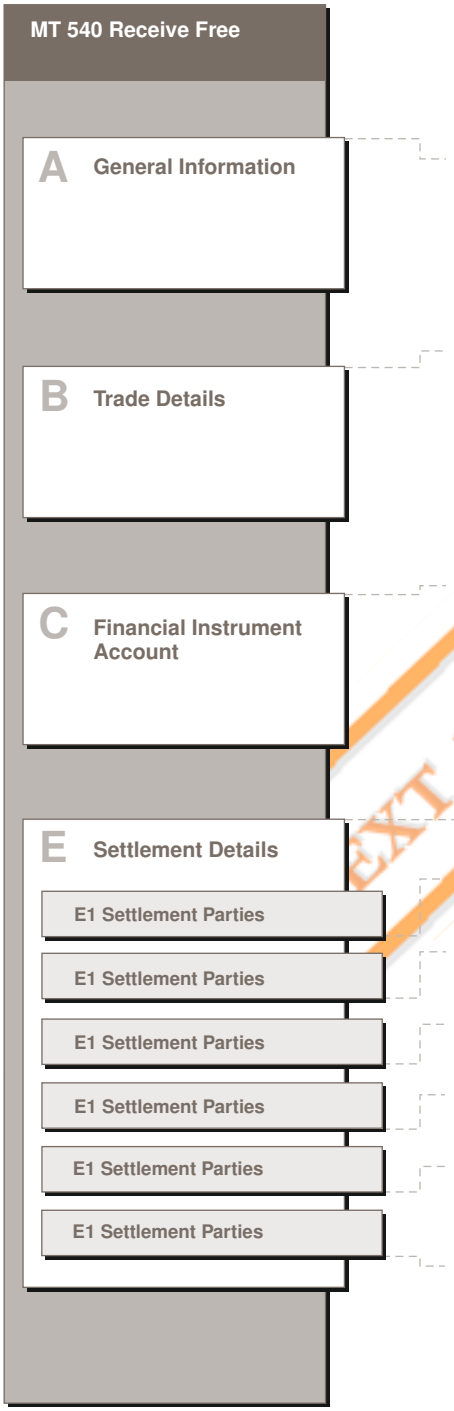
Message flow

Diagram of the MT 540 instruction flow



Message example

MT 540



Field content	Notes
DRESDEFF	Sender
540	Message Type
DRESGB2L	Receiver
:16R:GENL	Start of Block
:20C::SEME//FRTJ123REC1	Sender's Reference
:23G:NEWM	Message Function: New message
:16S:GENL	End of Block
:16R:TRADDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:35B:ISIN GB0000987654	Identification of Security
:16S:TRADDET	End of Block
:16R:FIAC	Start of Block
:36B::SETT//FAMT/6000000,	Quantity of Financial Instrument to be received
:97A::SAFE//222S	Safekeeping Account to be credited
:16S:FIAC	End of Block
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction
:16R:SETPRTY	Start of Block
:95P::SELL//CPFIDEFF	Party Identification: Seller
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/456	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/123	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::BUYR//MGTCDE55	Party Identification: Buyer
:97A::SAFE//111S	Safekeeping Account of the Buyer
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16S:SETDET	End of Block

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7.3 Example using the MT 541 Receive Against Payment

Scenario

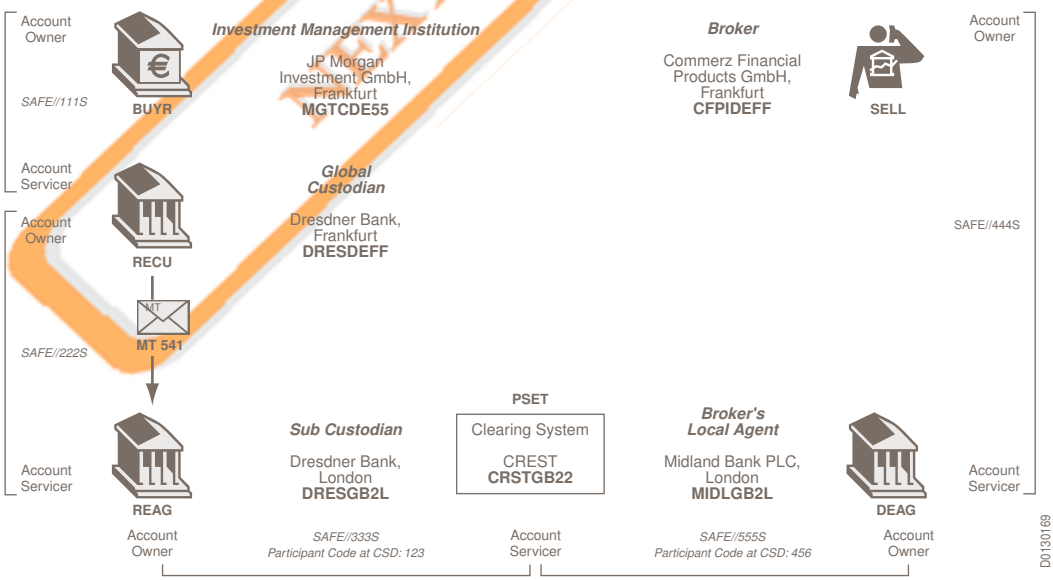
On 19 May 2005, Dresdner Bank Frankfurt (DRESDEFF) instructs its sub-custodian Dresdner Bank London (DRESGB2L) to receive against payment securities in favour of its customer JP Morgan Investment GMBH Frankfurt (MGTCDE55).

The securities are to be delivered by Midland Bank PLC London (MIDLGB2L) on behalf of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 541 instruction

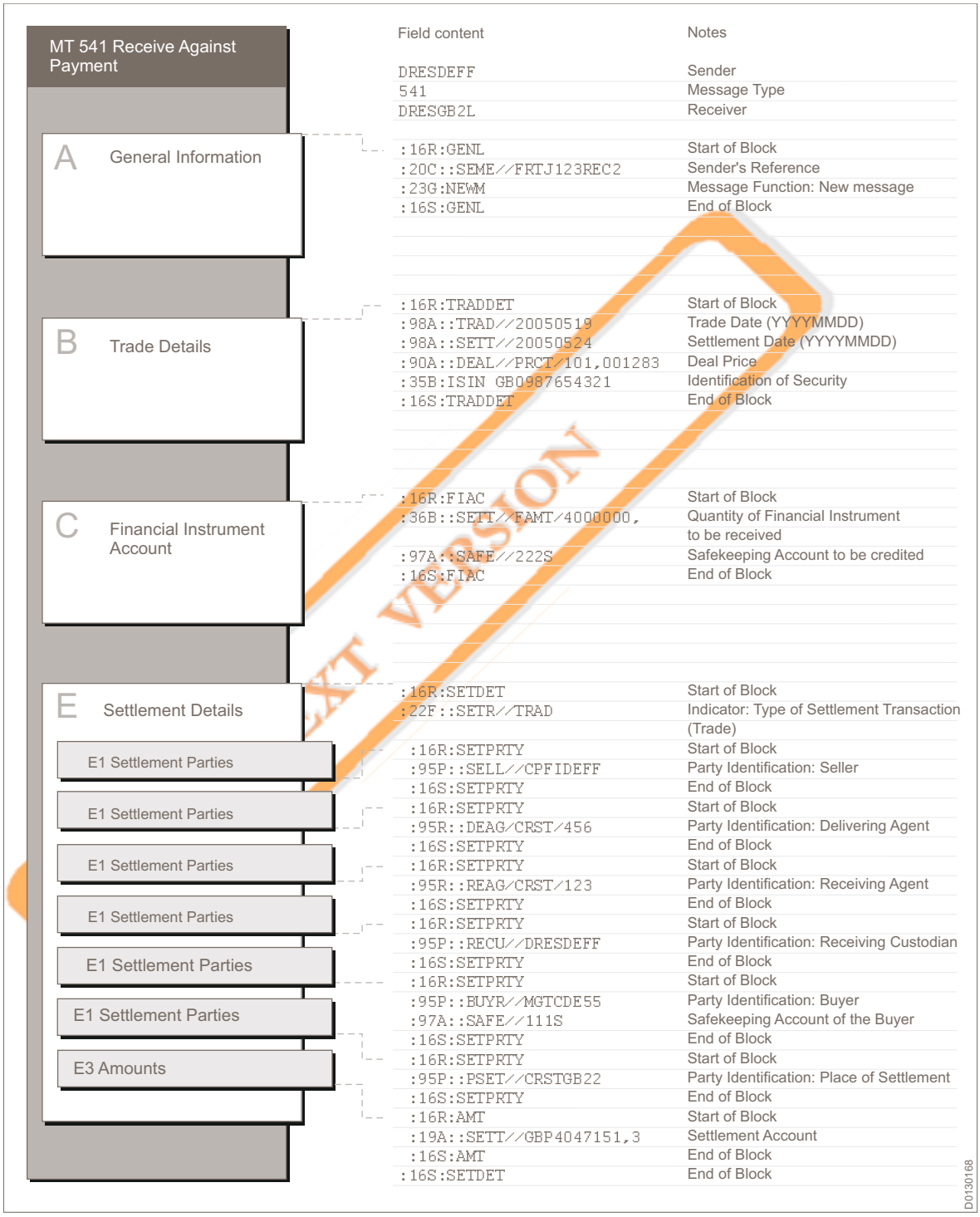
Message flow

Diagram of the MT 541 instruction flow



Message example

MT 541



7.4 Example using the MT 542 Deliver Free

Scenario

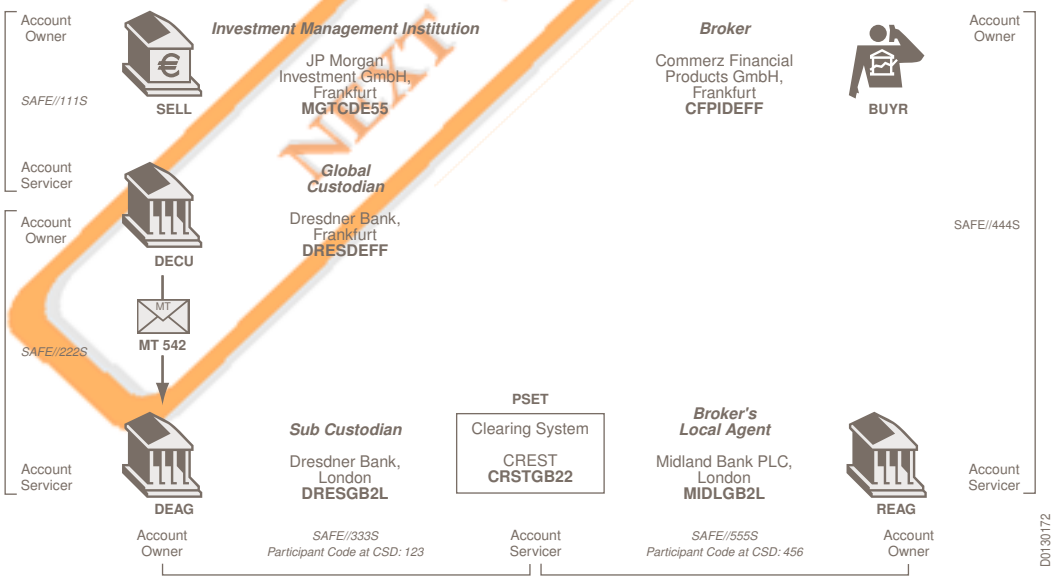
On 19 May 2005, Dresdner Bank Frankfurt (DRESDEFF) instructs its sub-custodian Dresdner Bank London (DRESGB2L) to deliver free securities on behalf of its customer JP Morgan Investment GMBH Frankfurt (MGTCDE55).

The securities are to be received by Midland Bank PLC London (MIDLGB2L) in favour of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 542 instruction

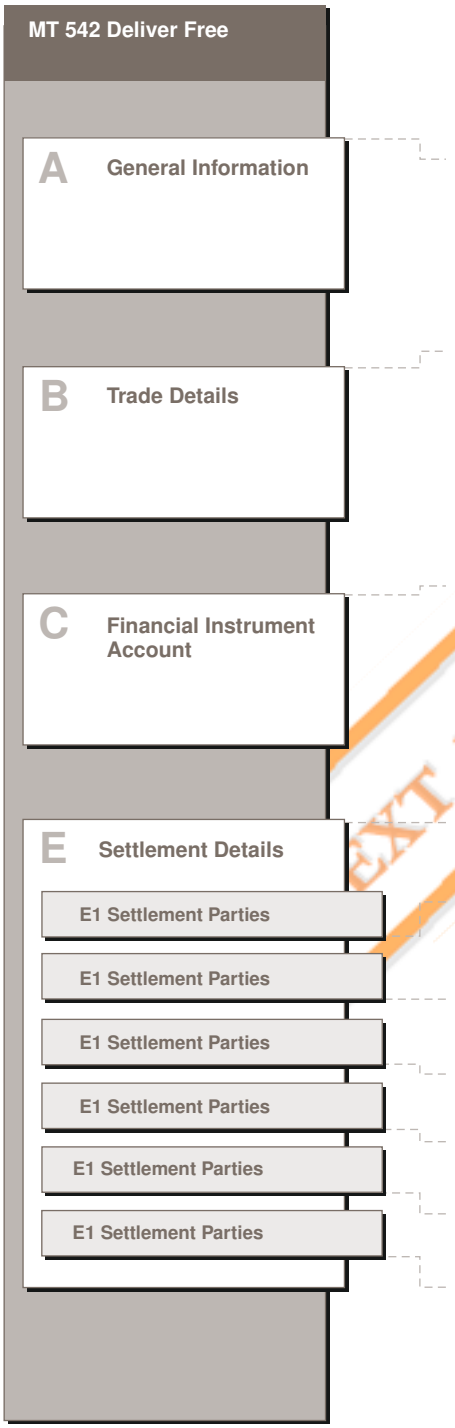
Message flow

Diagram of the MT 542 instruction flow



Message example

MT 542



Field content	Notes
DRESDEFF	Sender
542	Message Type
DRESGB2L	Receiver
:16R:GENL	Start of Block
:20C::SEME//FRTJ123DEL1	Sender's Reference
:23G:NEWM	Message Function: New message
:16S:GENL	End of Block
:16R:TRADDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:35B:ISIN GB0000000123	Identification of Security
:16S:TRADDET	End of Block
:16R:FIAC	Start of Block
:36B::SETT//UNIT/2000,	Quantity of Financial Instrument to be delivered
:97A::SAFE//222S	Safekeeping Account to be debited
:16S:FIAC	End of Block
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
:16R:SETPRTY	Start of Block
:95P::SELL//MGTCDE55	Party Identification: Seller
:97A::SAFE//111S	Safekeeping Account of the Seller
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::DECU/DRESDEFF	Party Identification: Delivering Custodian
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/123	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/456	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::BUYR//CFPIDEFF	Party Identification: Buyer
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16S:SETDET	End of Block

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7.5 Example using the MT 543 Deliver Against Payment

Scenario

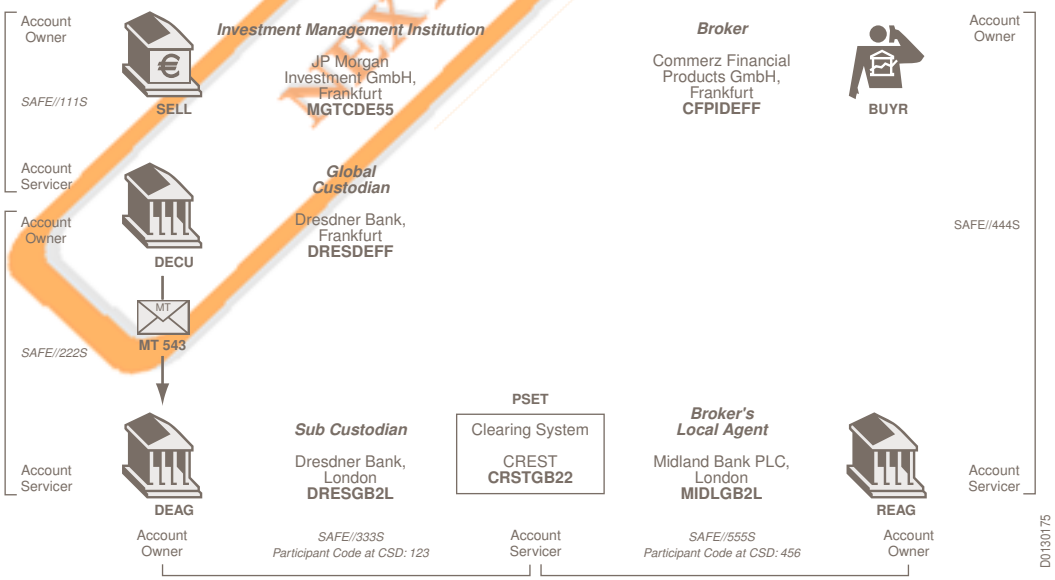
On 19 May 2005, Dresdner Bank Frankfurt (DRESDEFF) instructs its sub-custodian Dresdner Bank London (DRESGB2L) to deliver against payment securities on behalf of its customer JP Morgan Investment GMBH Frankfurt (MGTCDE55).

The securities are to be received by Midland Bank PLC London (MIDLGB2L) in favour of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 543 instruction

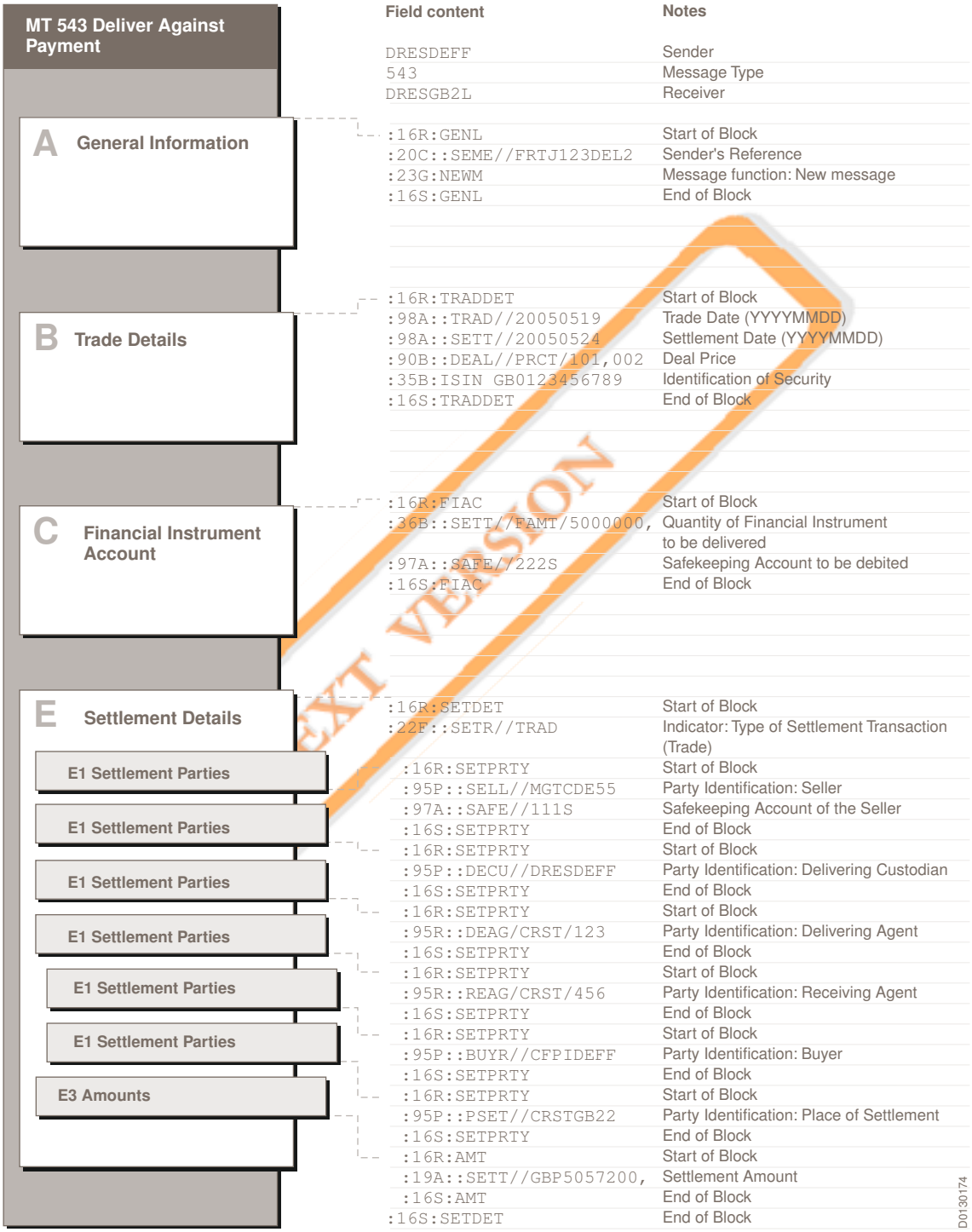
Message flow

Diagram of the MT 543 instruction flow



Message example

MT 543

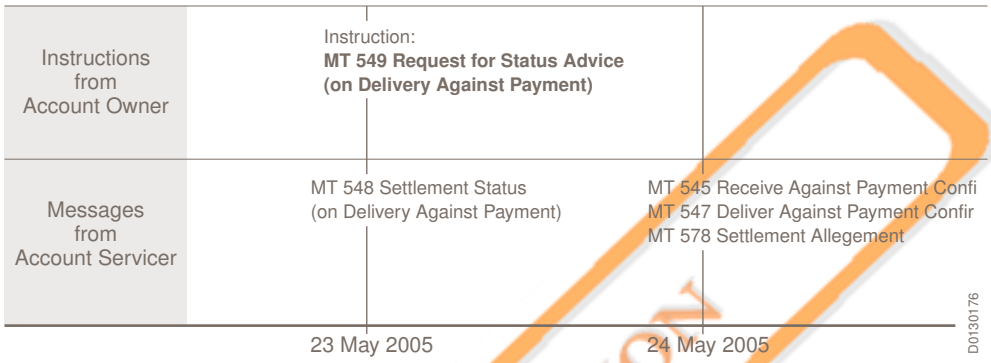


7.6 Example using the MT 549 Request for Statement/ Status Advice

Scenario

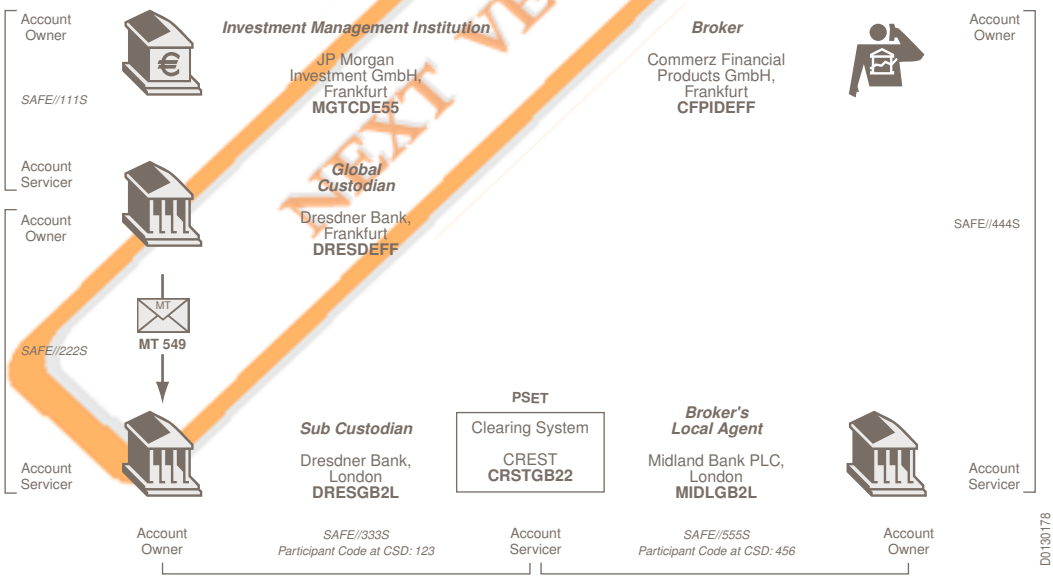
On 23 May 2005, Dresdner Bank Frankfurt (DRESDEFF) requests from its sub-custodian Dresdner Bank London (DRESGB2L) the status of the previously sent Deliver Against Payment instruction.

Scenario section highlighting the MT 549 instruction



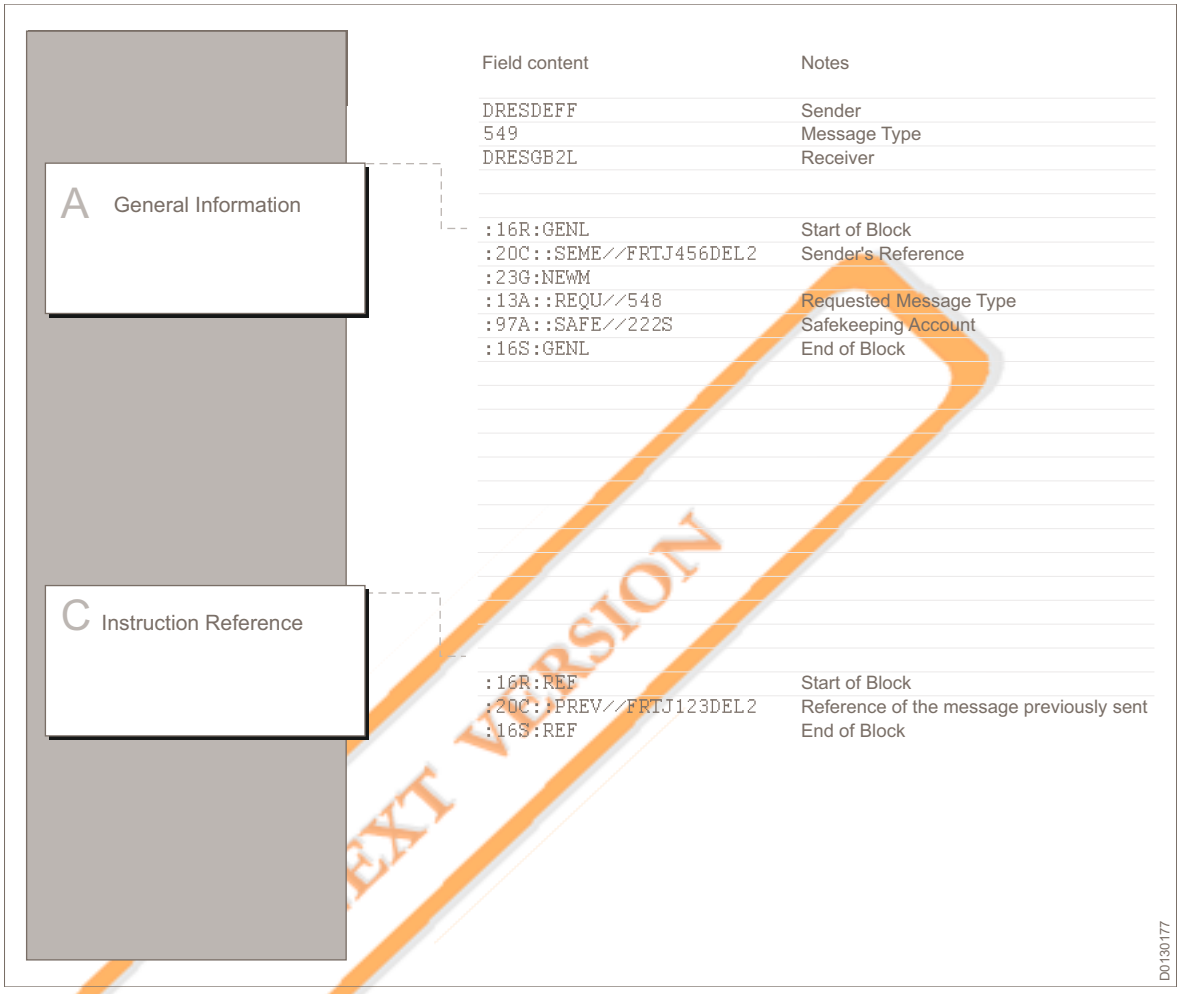
Message flow

Diagram of the MT 549 instruction flow



Message example

MT 549

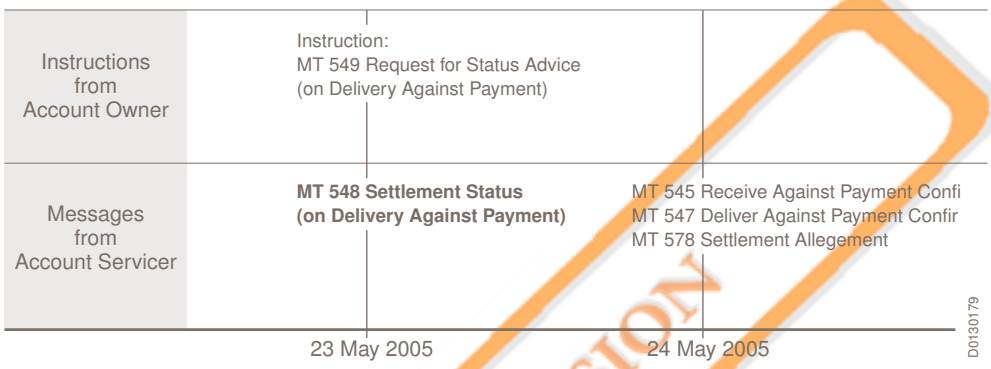


7.7 Example using the MT 548 Settlement Status and Processing Advice

Scenario

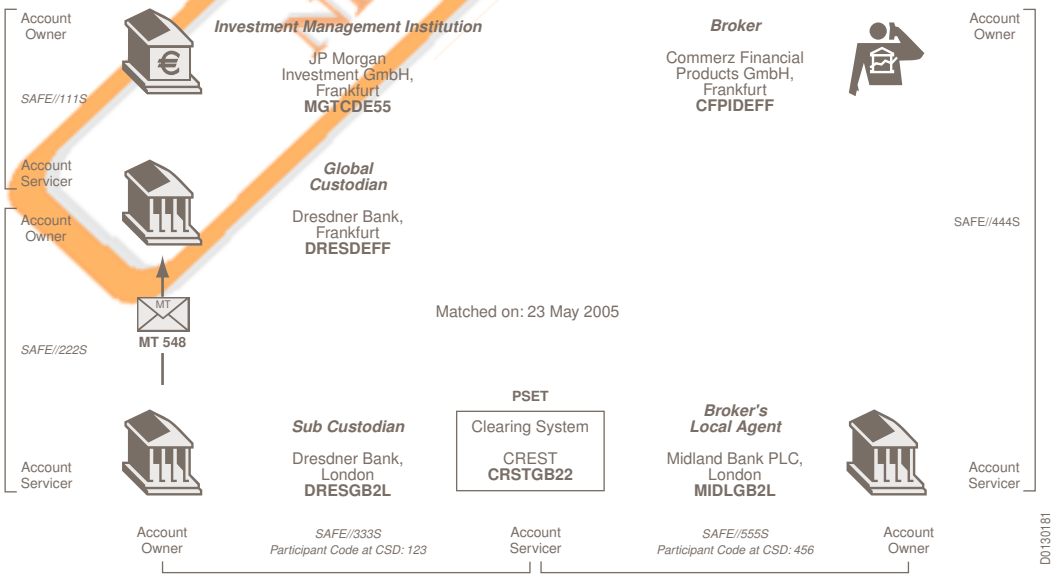
On 23 May 2005, Dresdner Bank London (DRESGB2L) advises its customer Dresdner Bank Frankfurt (DRESDEFF) on the previously requested status of the Deliver Against Payment instruction.

Scenario section highlighting the MT 548



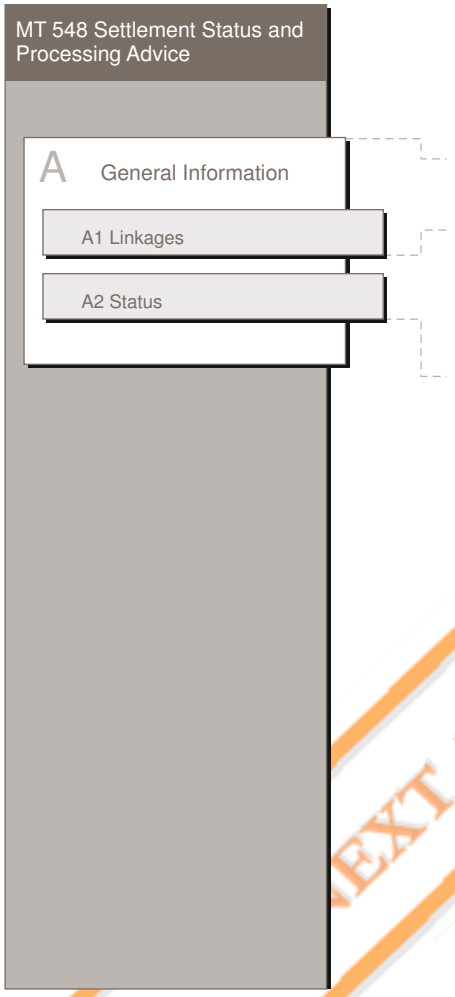
Message flow

Diagram of the MT 548 message flow



Message example

MT 548



Field content	Notes
DRESGB2L	Sender
548	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:20C::SEME//D9876XYZD2SST2	Sender's Reference
:23G:INST	Message Function: Transaction Status
:16R:LINK	Start of Block
:13A::LINK//543	Linked to Deliver Against Payment instruction
:20C::RELA//FRTJ123DEL2	Reference of received instruction to deliver
:16S:LINK	End of Block
:16R:STAT	Start of Block
:25D::MTCH//MACH	Matching Status: the instruction has matched
:16S:STAT	End of Block
:16S:GENL	End of Block

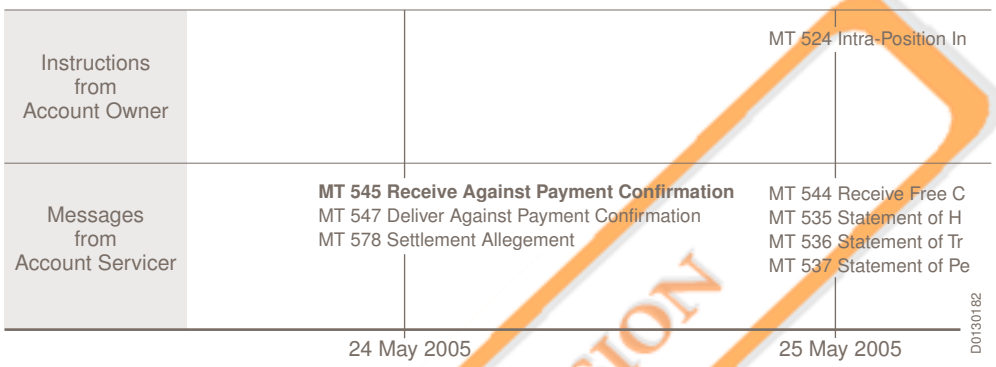
D0130180

7.8 Example using the MT 545 Receive Against Payment Confirmation

Scenario

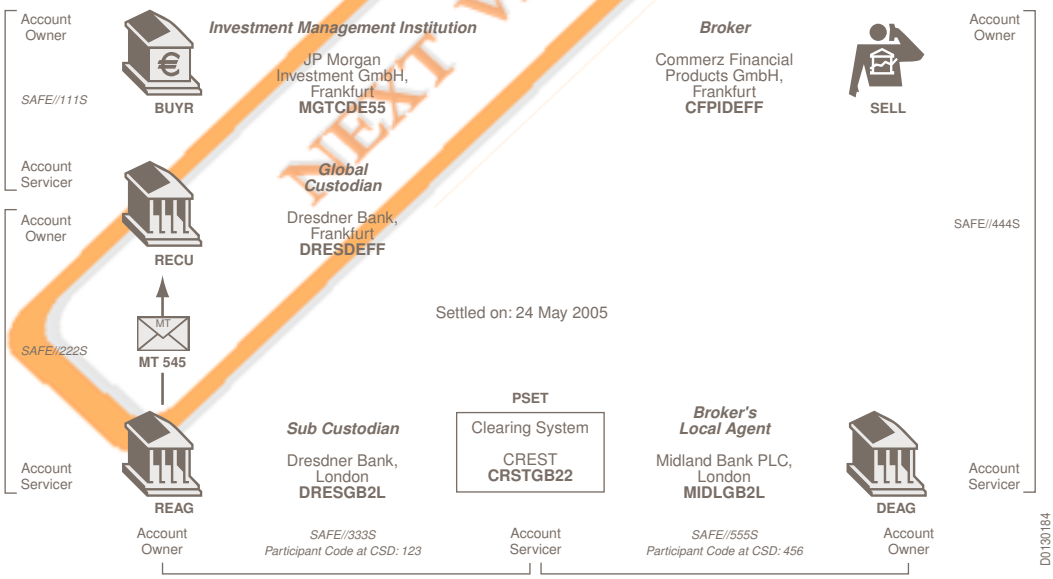
On 24 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Receive Against Payment settled on 24 May 2005.

Scenario section highlighting the MT 545



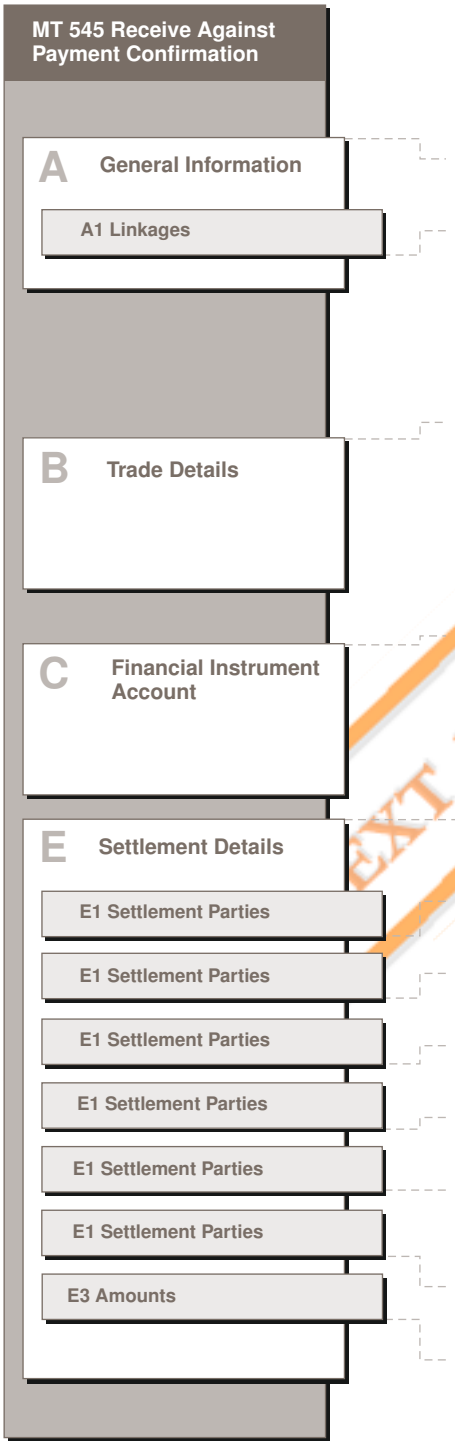
Message flow

Diagram of the MT 545 message flow



Message example

MT 545



Field content	Notes
DRESGB2L	Sender
545	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:20C::SEME//C9876XYZC2	Sender's Reference
:23G:NEWM	Message function: New message
:16R:LINK	Start of Block
:13A::LINK//541	Linked to Receive Against Payment instruction
:20C::RELA//FRTJ123REC2	Reference of the received instruction to receive
:16S:LINK	End of Block
:16S:GENL	End of Block
:16R:TRADDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:98A::ESET//20050524	Effective Settlement Date (YYYYMMDD)
:35B:ISIN GB0987654321	Identification of Security
:16S:TRADDET	End of Block
:16R:FIAC	Start of Block
:36B::ESTT//FAMT/4000000,	Quantity of Financial Instrument settled
:97A::SAFE//222S	Safekeeping Account credited
:16S:FIAC	End of Block
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
:16R:SETPRTY	Start of Block
:95P::SELL//CPFIDEFF	Party Identification: Seller
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/456	Party Identification: Delvering Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/123	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::BUYR//MGTCDE55	Party Identification: Buyer
:97A::SAFE//111S	Safekeeping Account of the Buyer
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16R:AMT	Start of Block
:19A::ESTT//GBP4047151,3	Settlement Amount
:16S:AMT	End of Block
:16S:SETDET	End of Block

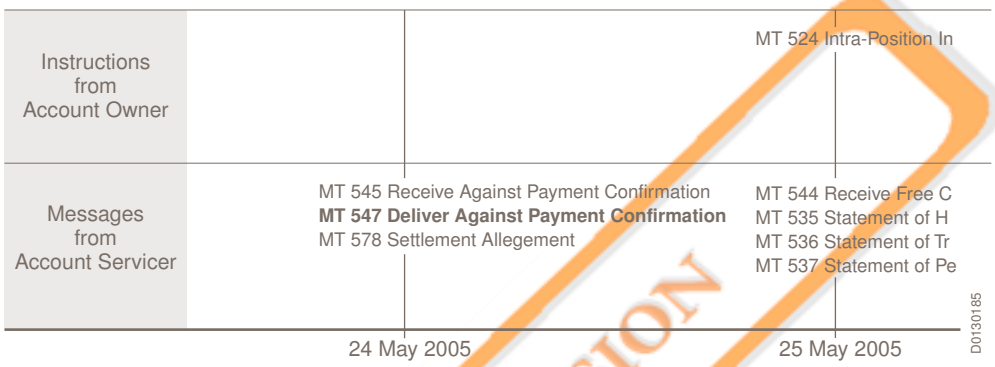
D0130183

7.9 Example using the MT 547 Deliver Against Payment Confirmation

Scenario

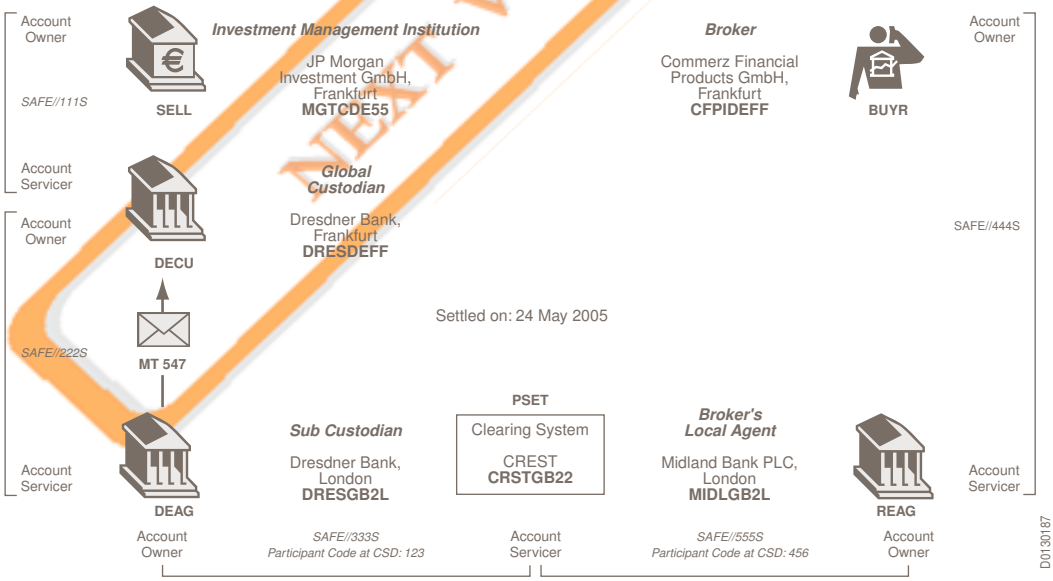
On 24 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Deliver Against Payment settled on 24 May 2005.

Scenario section highlighting the MT 547



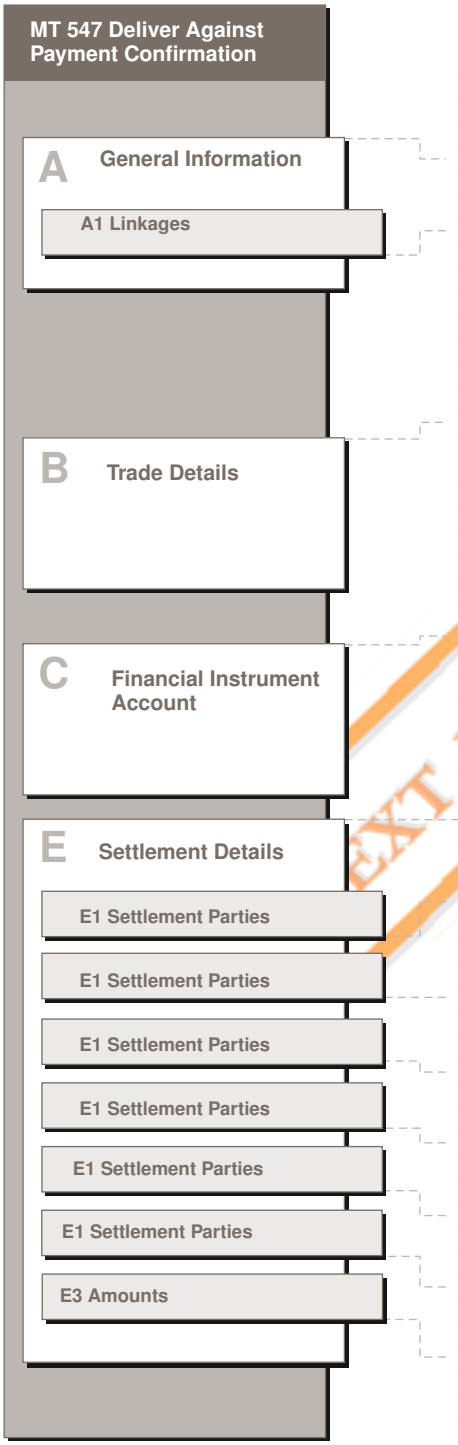
Message flow

Diagram of the MT 547 message flow



Message example

MT 547



Field content	Notes
DRESGB2L	Sender
547	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:20C::SEME//D9876XYZD2	Sender's Reference
:23G:NEWM	Message function: New message
:16R:LINK	Start of Block
:13A::LINK//543	Linked to Receive Against Payment instruction
:20C::RELA//FRTJ123DEL2	Reference of the received instruction to deliver
:16S:LINK	End of Block
:16S:GENL	End of Block
:16R:TRADDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:98A::ESET//20050524	Effective Settlement Date (YYYYMMDD)
:35B:ISIN GB0123456789	Identification of Security
:16S:TRADDET	End of Block
:16R:FIAC	Start of Block
:36B::ESTT//FAMT/5000000,	Quantity of Financial Instrument settled
:97A::SAFE//222S	Safekeeping Account debited
:16S:FIAC	End of Block
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
:16R:SETPRTY	Start of Block
:95P::SELL//MGTCDE55	Party Identification: Seller
:97A::SAFE//111S	Safekeeping Account of the Seller
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::DECU/DRESDEFF	Party Identification: Delivering Custodian
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/123	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/456	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::BUYR//CFPIDEFF	Party Identification: Buyer
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16R:AMT	Start of Block
:19A::ESTT//GBP5057200,	Settlement Amount
:16S:AMT	End of Block
:16S:SETDET	End of Block

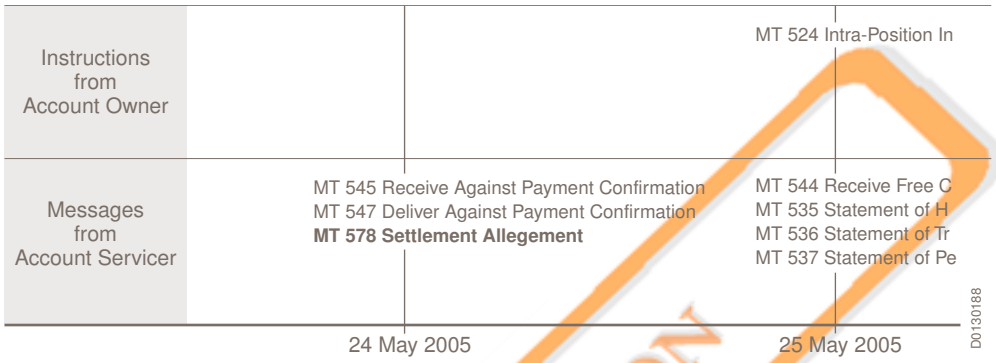
D0130186

7.10 Example using the MT 578 Settlement Allegement

Scenario

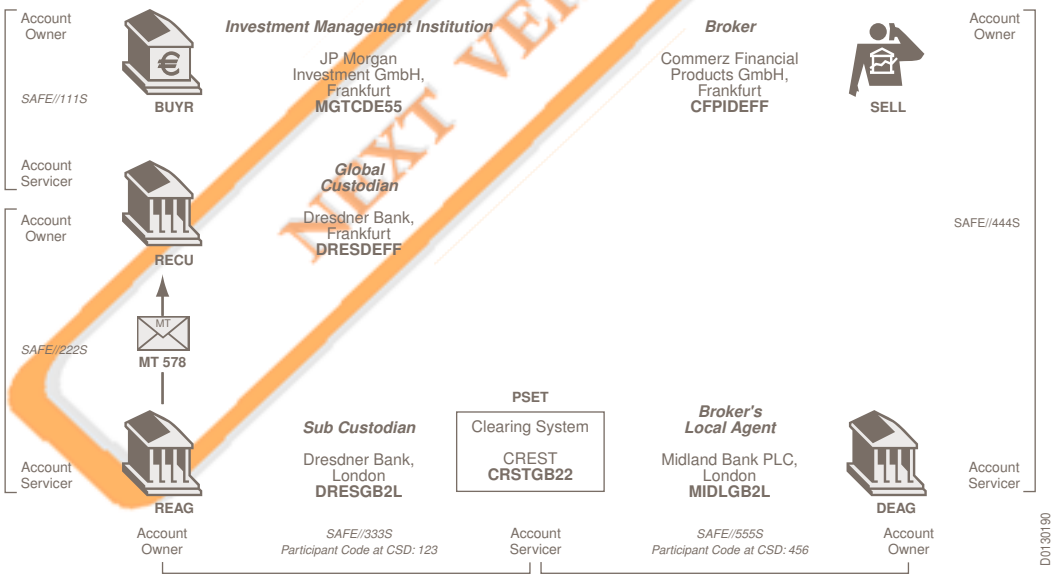
On 24 May 2005, Dresdner Bank London (DRESGB2L) advises its customer Dresdner Bank Frankfurt (DRESDEFF) that a counterparty has alleged a settlement instruction, and that it could not find the corresponding instruction.

Scenario section highlighting the MT 578



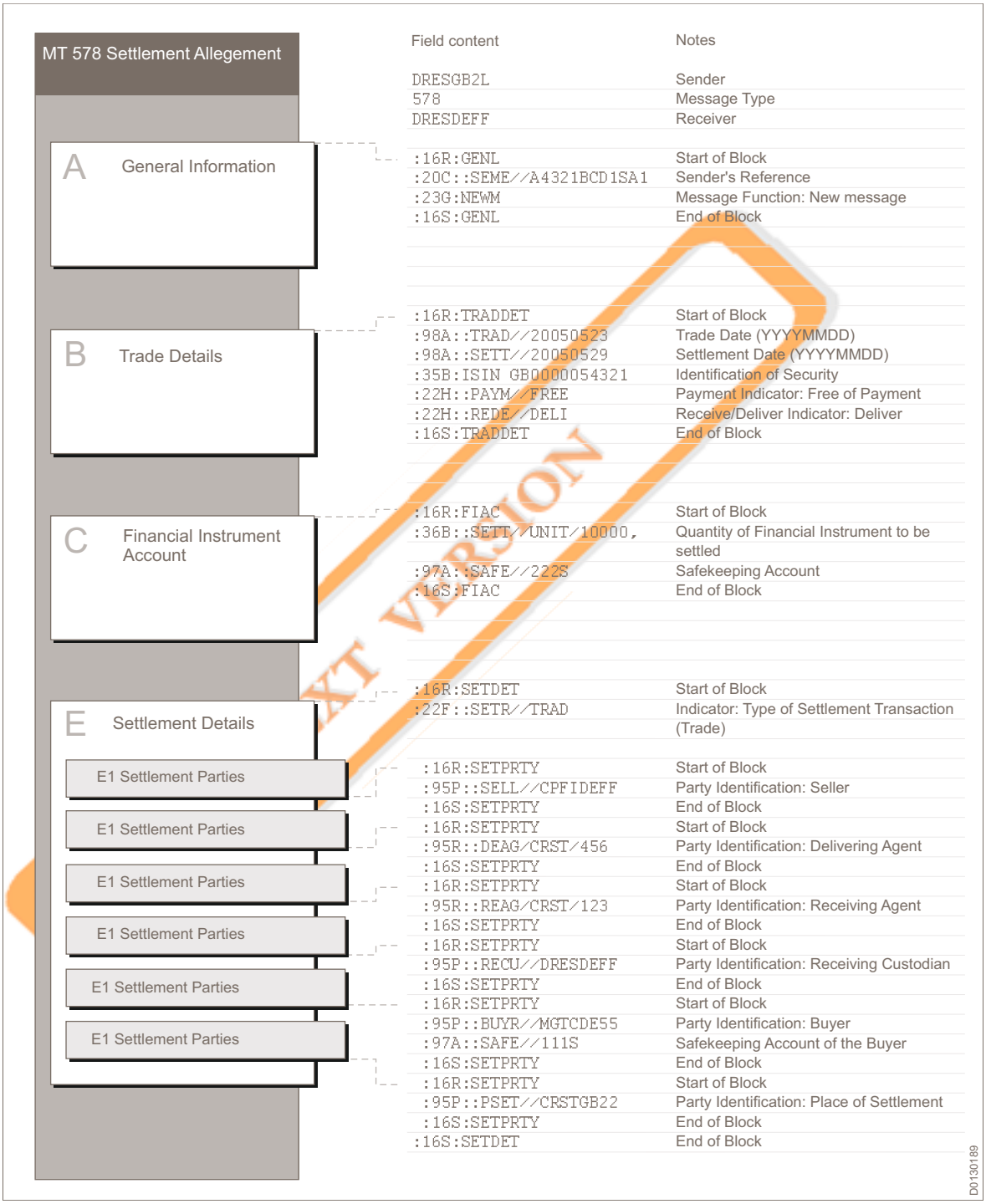
Message flow

Diagram of the MT 578 message flow



Message example

MT 578

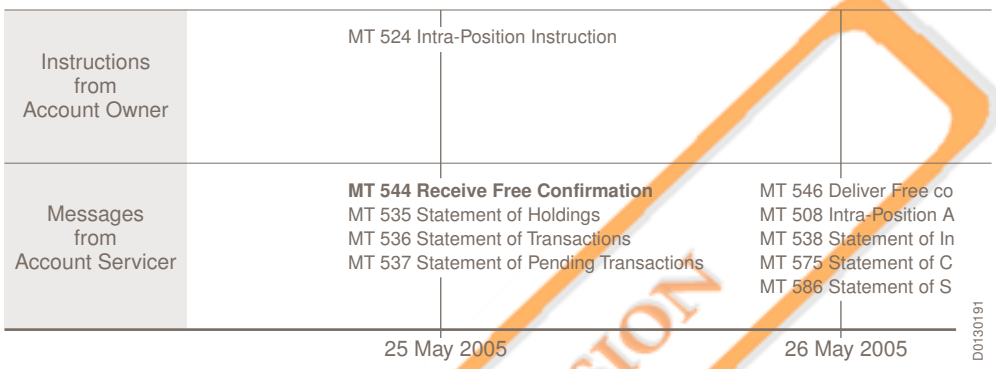


7.11 Example using the MT 544 Receive Free Confirmation

Scenario

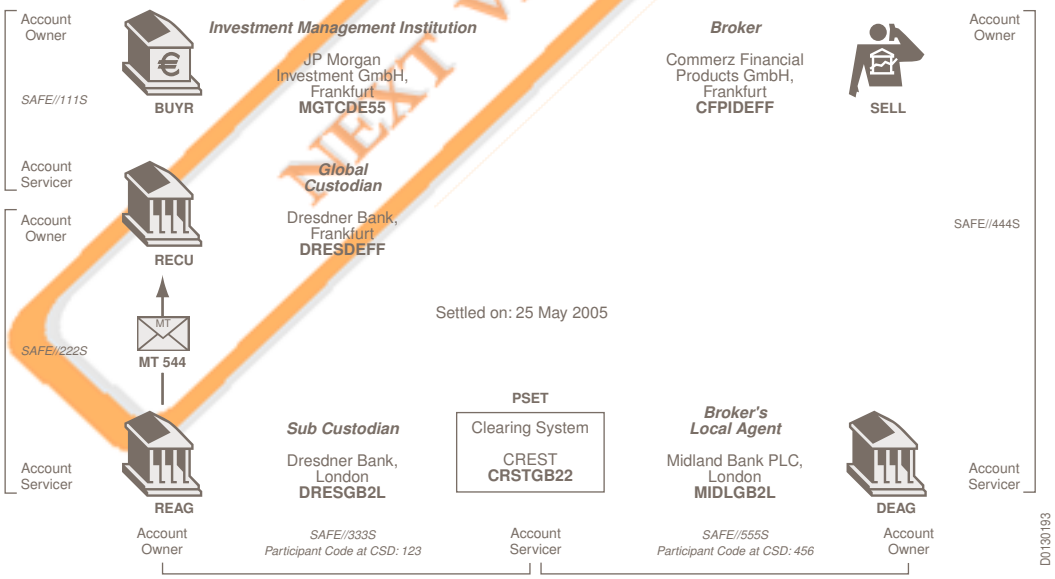
On 25 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Receive Free settled on 25 May 2005.

Scenario section highlighting the MT 544



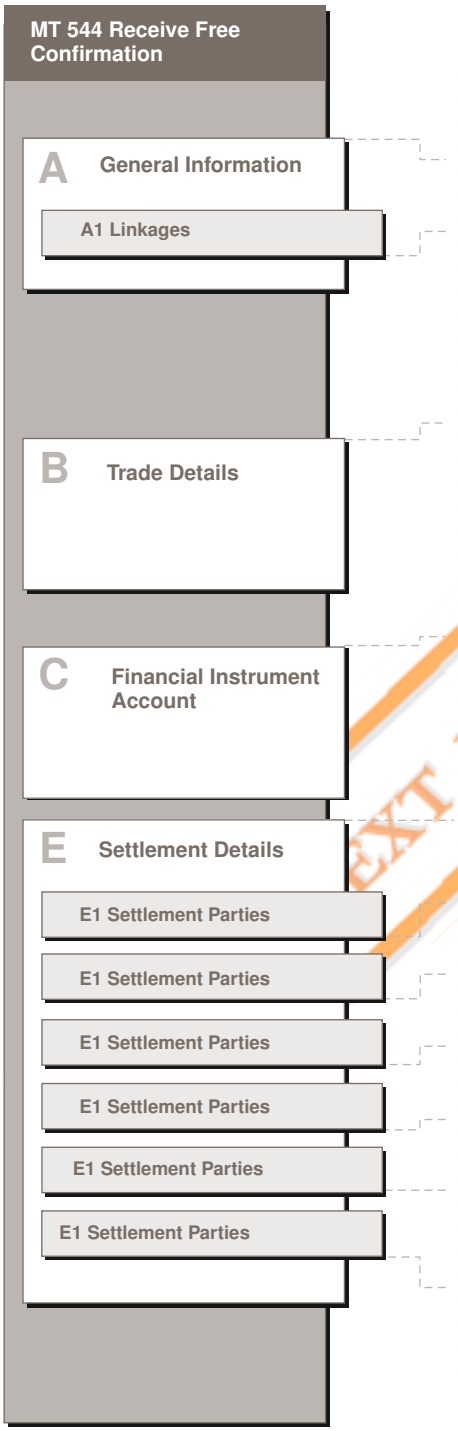
Message flow

Diagram of the MT 544 message flow



Message example

MT 544



Field content	Notes
DRESGB2L	Sender
544	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:20C::SEME//C9876XYZC1	Sender's Reference
:23G:NEWM	Message Function: New message
:16R:LINK	Start of Block
:13A::LINK//540	Linked to Receive Free instruction
:20C::RELA//FRTJ123REC1	Reference of the received instruction to receive
:16S:LINK	End of Block
:16S:GENL	End of Block
:16R:TRADDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:98A::ESET//20050525	Effective Settlement Date (YYYYMMDD)
:35B:ISIN GB0000987654	Identification of Security
:16S:TRADDET	End of Block
:16R:FIAC	Start of Block
:36B::ESTT//FAMT/6000000,	Quantity of Financial Instrument settled
:97A::SAFE//222S	Safekeeping Account credited
:16S:FIAC	End of Block
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
:16R:SETPRTY	Start of Block
:95P::SELL//CPFIDEFF	Party Identification: Seller
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/456	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/123	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::BUYR//MGTCDE55	Party Identification: Buyer
:97A::SAFE//111S	Safekeeping Account of the Buyer
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16S:SETDET	End of Block

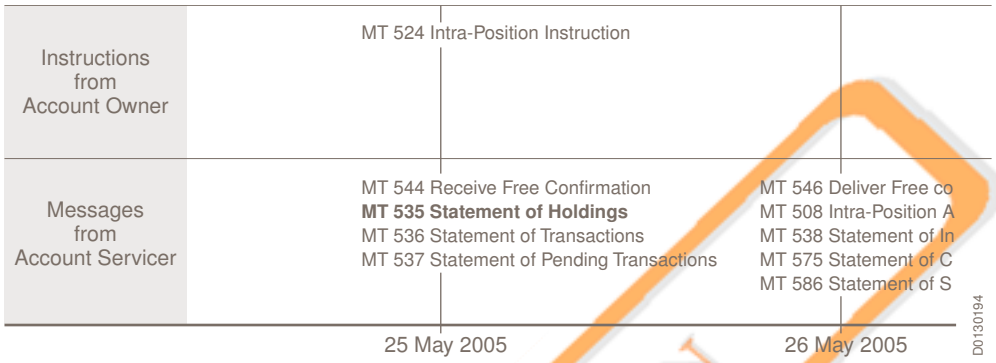
D0130192

7.12 Example using the MT 535 Statement of Holdings

Scenario

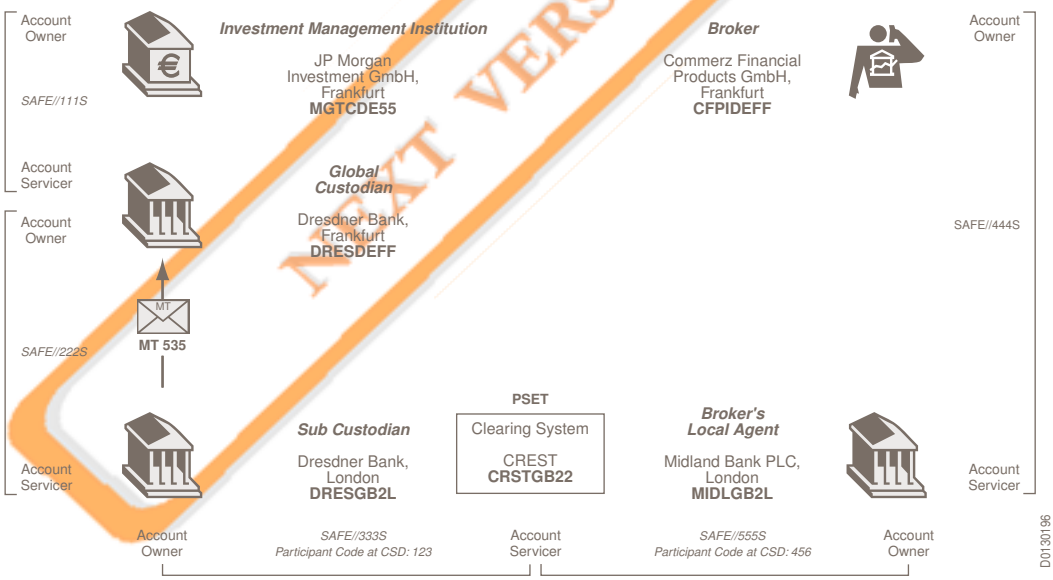
On 25 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of Holdings.

Scenario section highlighting the MT 535



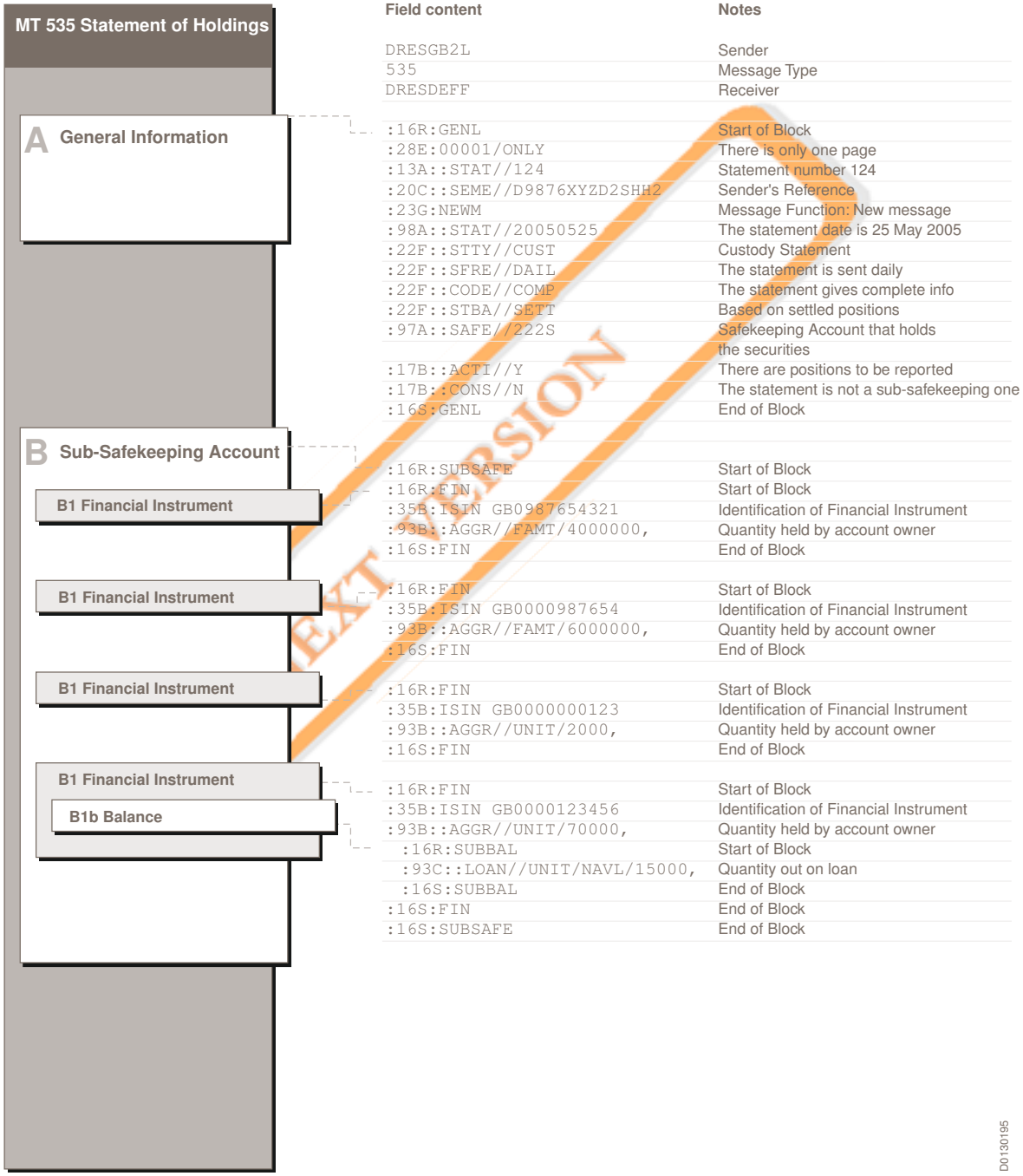
Message flow

Diagram of the MT 535 message flow



Message example

MT 535



Field content	Notes
DRESGB2L	Sender
535	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:28E:00001/ONLY	There is only one page
:13A::STAT//124	Statement number 124
:20C::SEME//D9876XYZD2SHH2	Sender's Reference
:23G:NEWM	Message Function: New message
:98A::STAT//20050525	The statement date is 25 May 2005
:22F::STTY//CUST	Custody Statement
:22F::SFRE//DAIL	The statement is sent daily
:22F::CODE//COMP	The statement gives complete info
:22F::STBA//SETT	Based on settled positions
:97A::SAFE//222S	Safekeeping Account that holds the securities
:17B::ACTI//Y	There are positions to be reported
:17B::CONS//N	The statement is not a sub-safekeeping one
:16S:GENL	End of Block
:16R:SUBSAFE	Start of Block
:16R:FIN	Start of Block
:35B:ISIN GB0987654321	Identification of Financial Instrument
:93B::AGGR//FAMT/4000000,	Quantity held by account owner
:16S:FIN	End of Block
:16R:FIN	Start of Block
:35B:ISIN GB0000987654	Identification of Financial Instrument
:93B::AGGR//FAMT/6000000,	Quantity held by account owner
:16S:FIN	End of Block
:16R:FIN	Start of Block
:35B:ISIN GB0000000123	Identification of Financial Instrument
:93B::AGGR//UNIT/2000,	Quantity held by account owner
:16S:FIN	End of Block
:16R:FIN	Start of Block
:35B:ISIN GB0000123456	Identification of Financial Instrument
:93B::AGGR//UNIT/70000,	Quantity held by account owner
:16R:SUBBAL	Start of Block
:93C::LOAN//UNIT/NAVL/15000,	Quantity out on loan
:16S:SUBBAL	End of Block
:16S:FIN	End of Block
:16S:SUBSAFE	End of Block

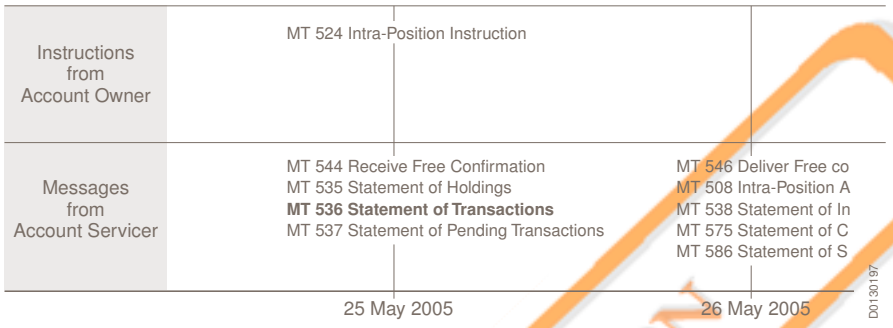
D0130195

7.13 Example using the MT 536 Statement of Transactions

Scenario

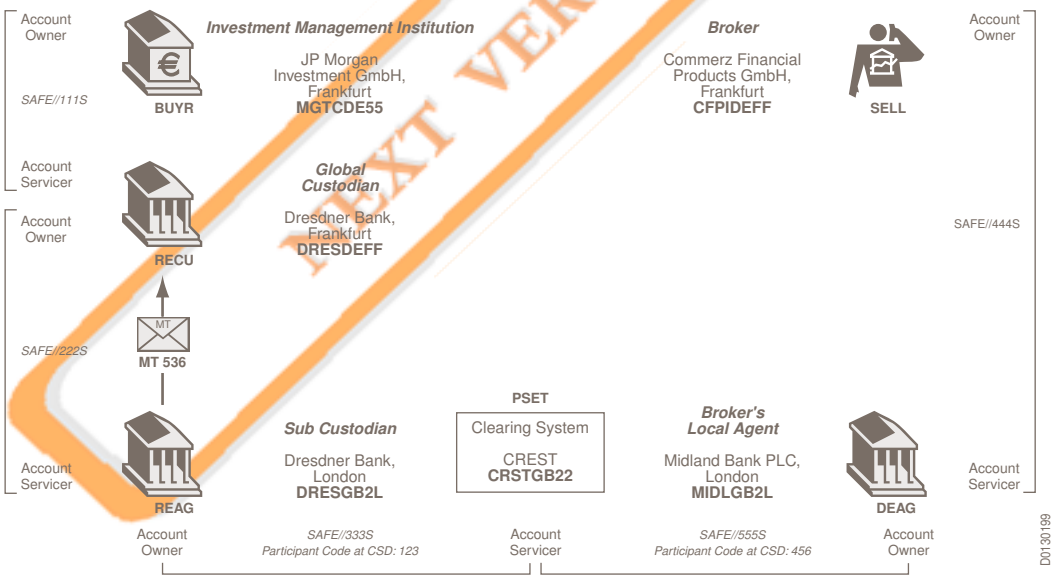
On 25 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of Transactions.

Scenario section highlighting the MT 536



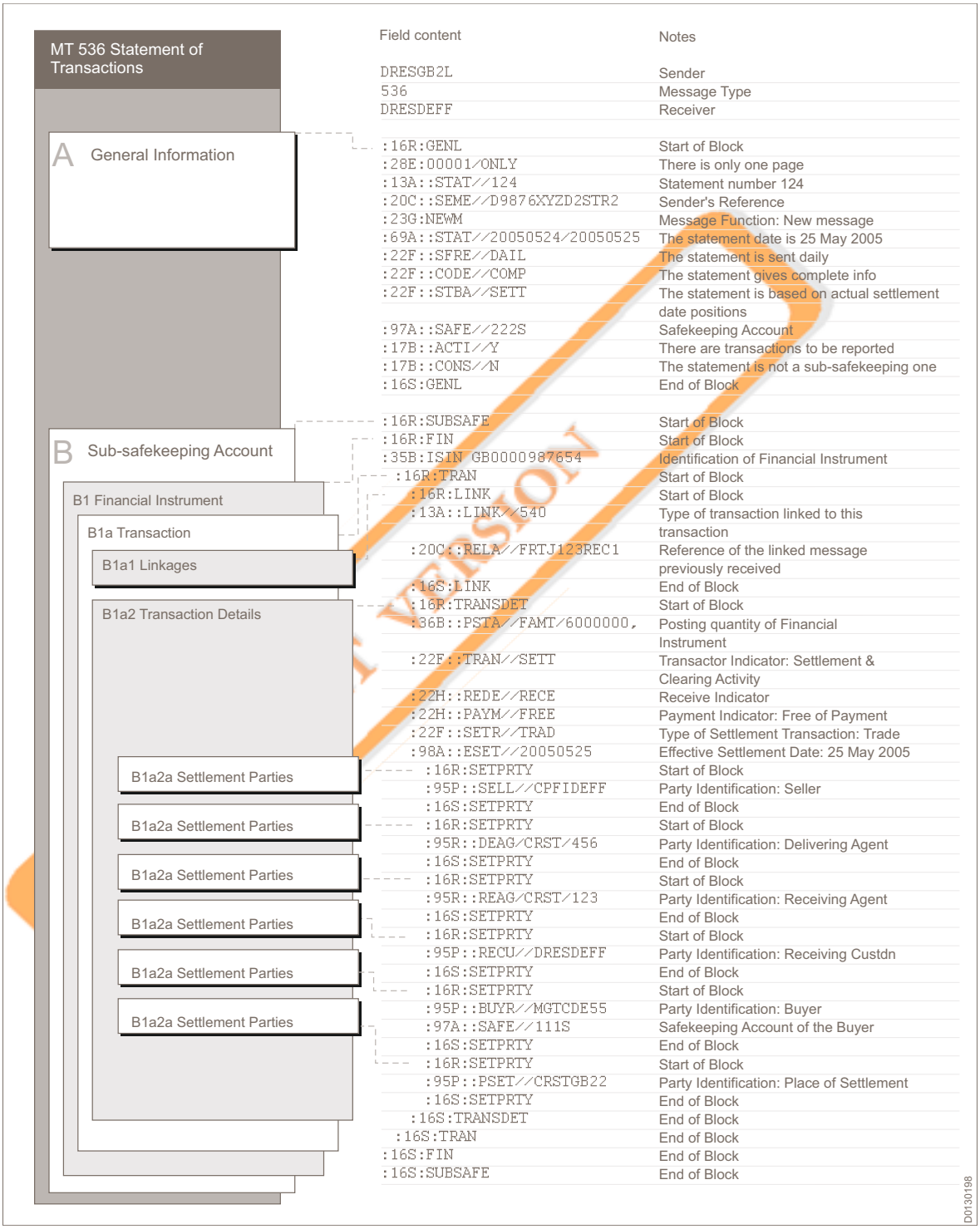
Message flow

Diagram of the MT 536 message flow



Message example

MT 536

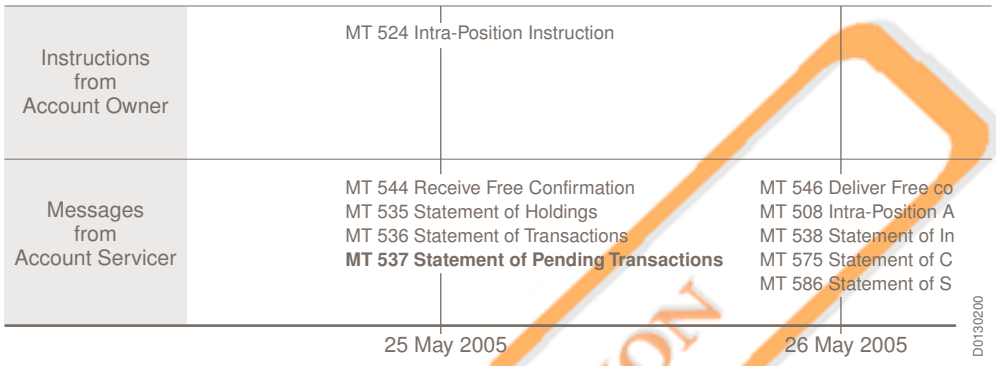


7.14 Example using the MT 537 Statement of Pending Transactions

Scenario

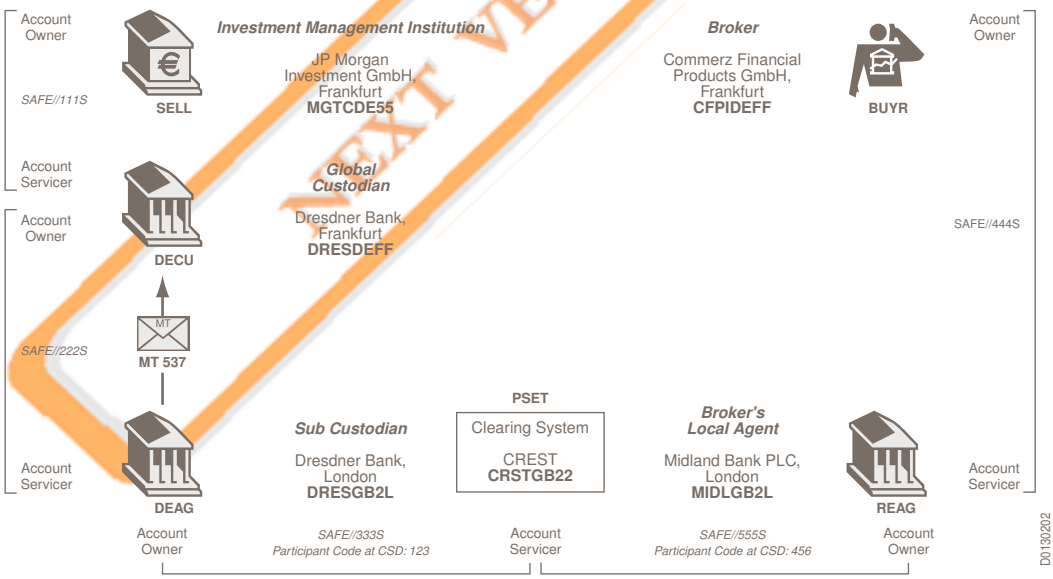
On 25 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a statement per status of its pending transactions.

Scenario section highlighting the MT 537



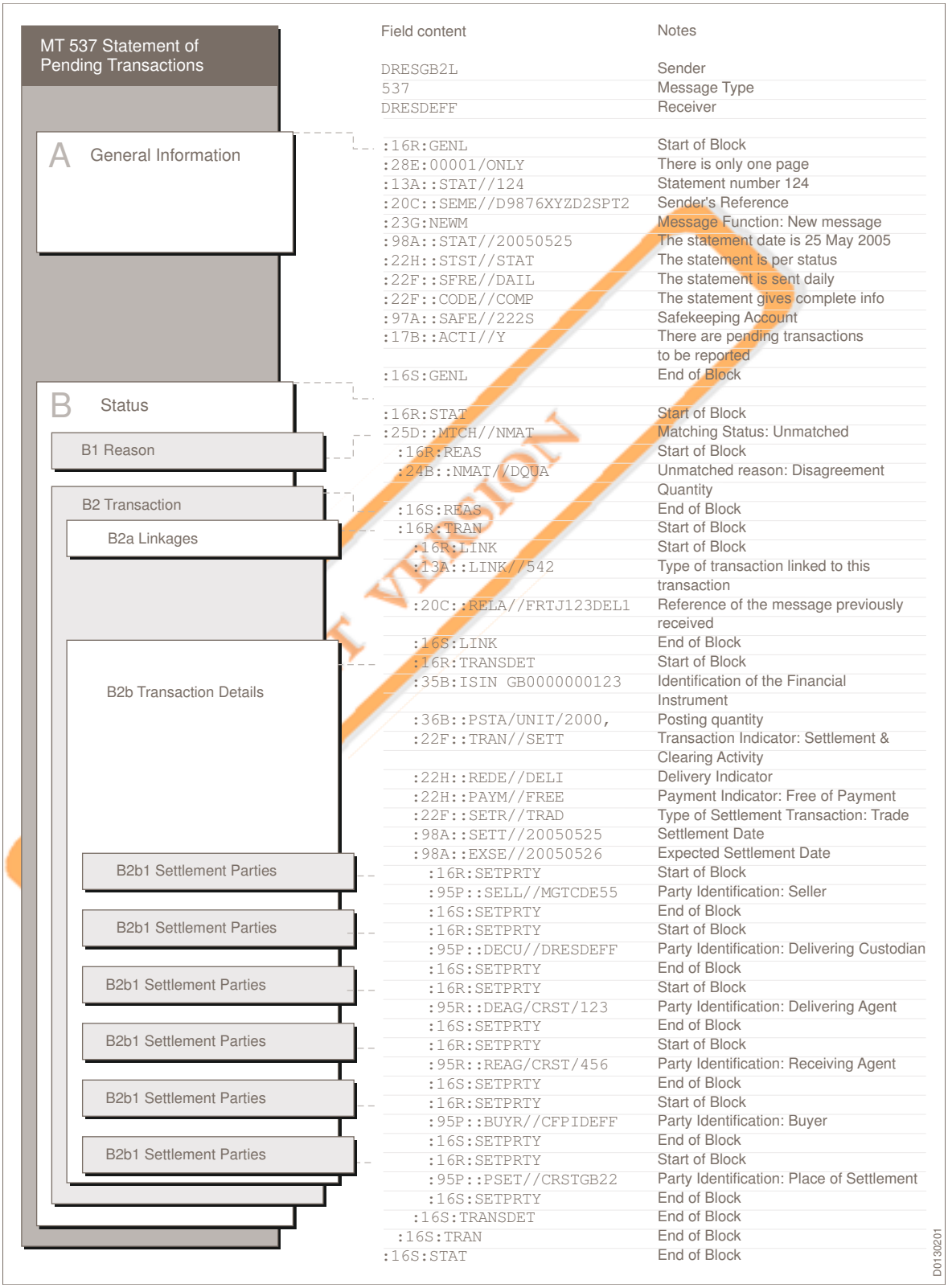
Message flow

Diagram of the MT 537 message flow



Message example

MT 537

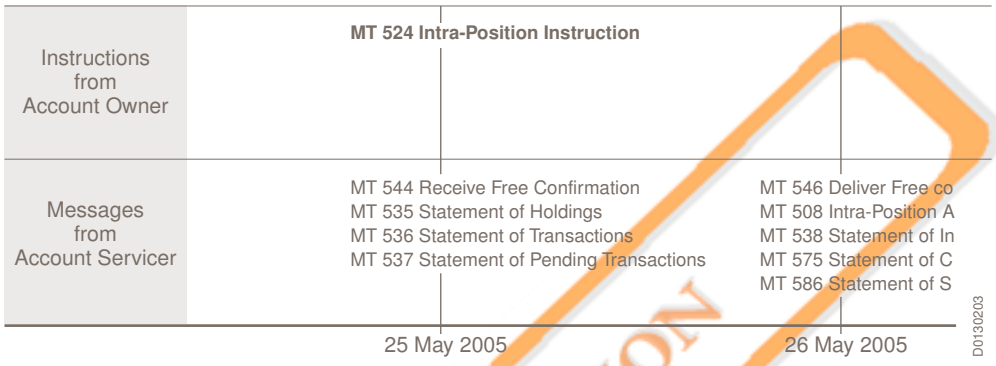


7.15 Example using the MT 524 Intra-Position Instruction

Scenario

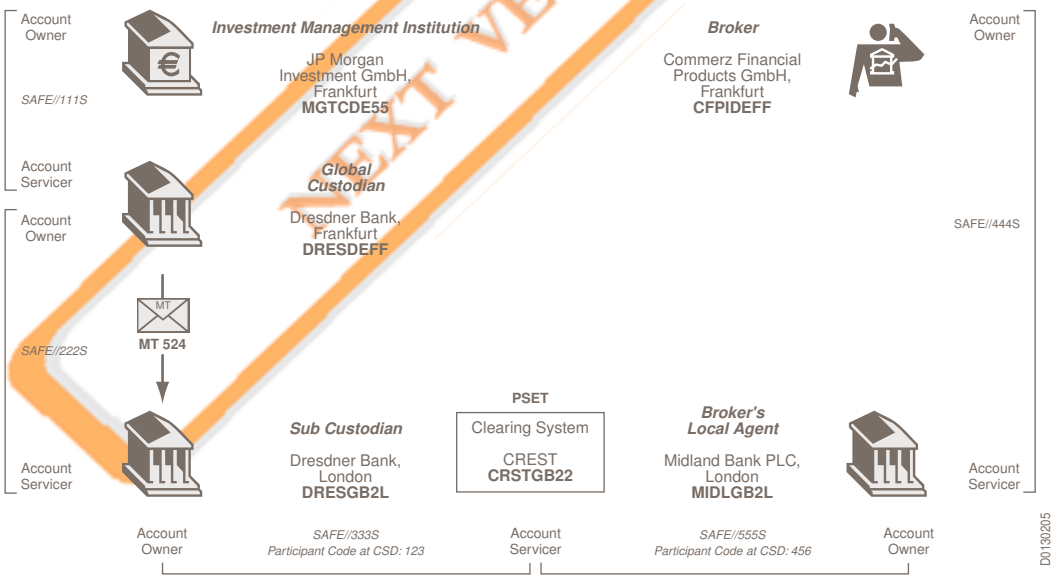
On 25 May 2005, Dresdner Bank Frankfurt (DRESDEFF) requests its sub-custodian Dresdner Bank London (DRESGB2L) to move securities from the Available to the Restricted sub-balance.

Scenario section highlighting the MT 524 instruction



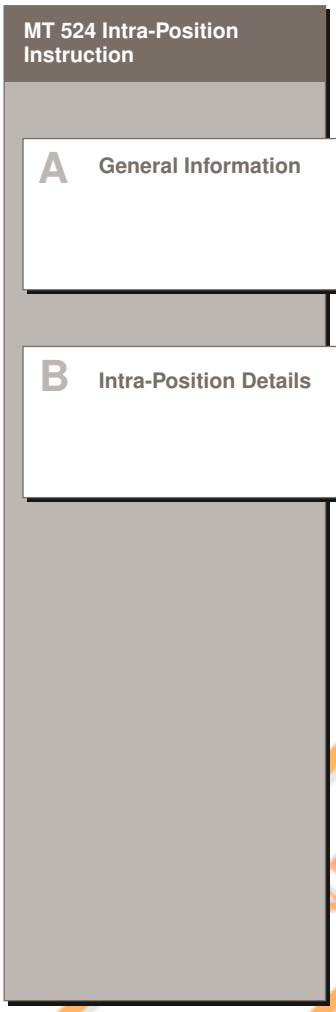
Message flow

Diagram of the MT 524 message flow



Message example

MT 524



Field content	Notes
DRESDEFF	Sender
524	Message type
DRESGB2L	Receiver
:16R:GENL	Start of Block
:20C::SEME//FRTJ123REG1	Sender's Reference
:23G:NEWM	Message Function: New message
:16S:GENL	End of Block
:16R:INPOSDET	Start of Block
:97A::SAFE//222S	Safekeeping Account that holds the securities
:36B::SETT//FAMT/4000000,	Quantity of Financial Instrument to be settled
:35B:ISIN GB0987654321	Identification of the Financial Instrument
:98A::SETT//20050526	Date on which the securities are to be moved
:93A::FROM//AVAI	Type of balance from which the securities are moving
:93A::TOBA//RSTR	Type of balance to which the securities are moving
:16S:INPOSDET	End of Block

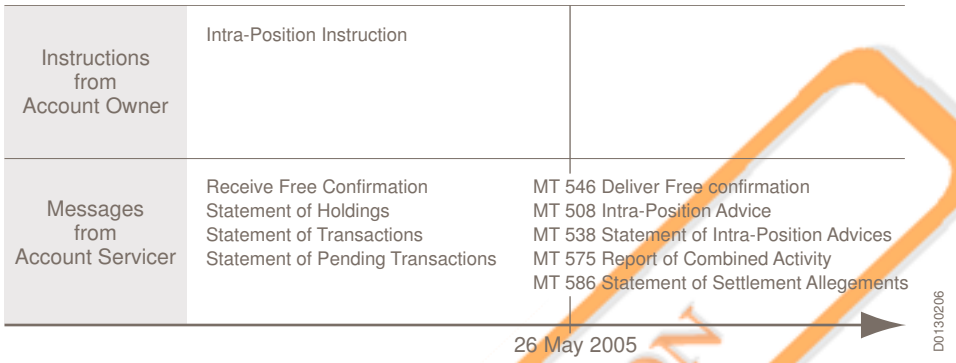
D0130204

7.16 Example using the MT 508 Intra-Position Advice

Scenario

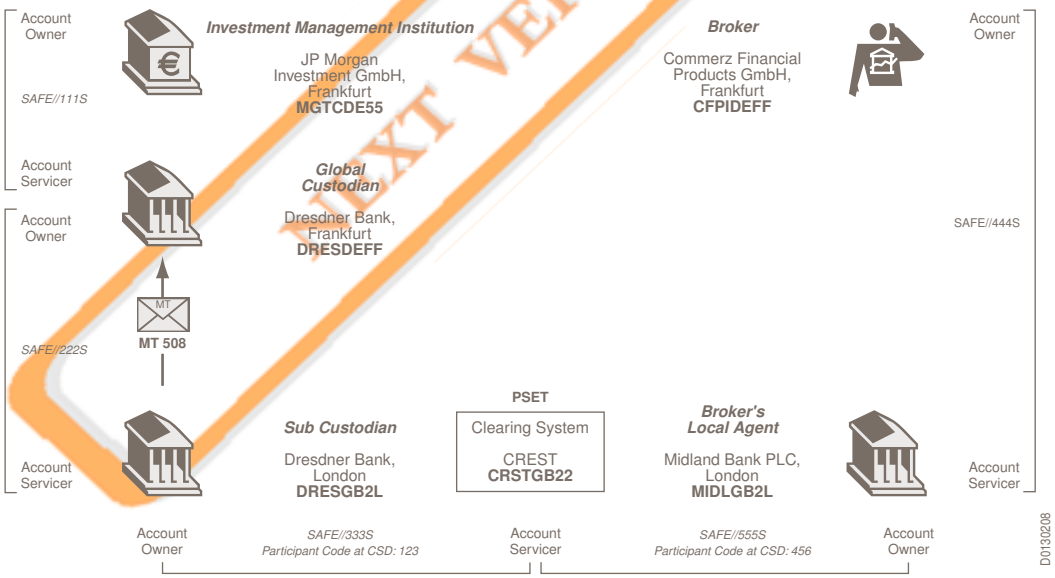
On 26 May 2005, Dresdner Bank London (DRESGB2L) sends to its customers Dresdner Bank Frankfurt (DRESDEFF) an Intra-Position Advice. It is used to confirm the previously requested securities movement.

Scenario section highlighting the MT 508



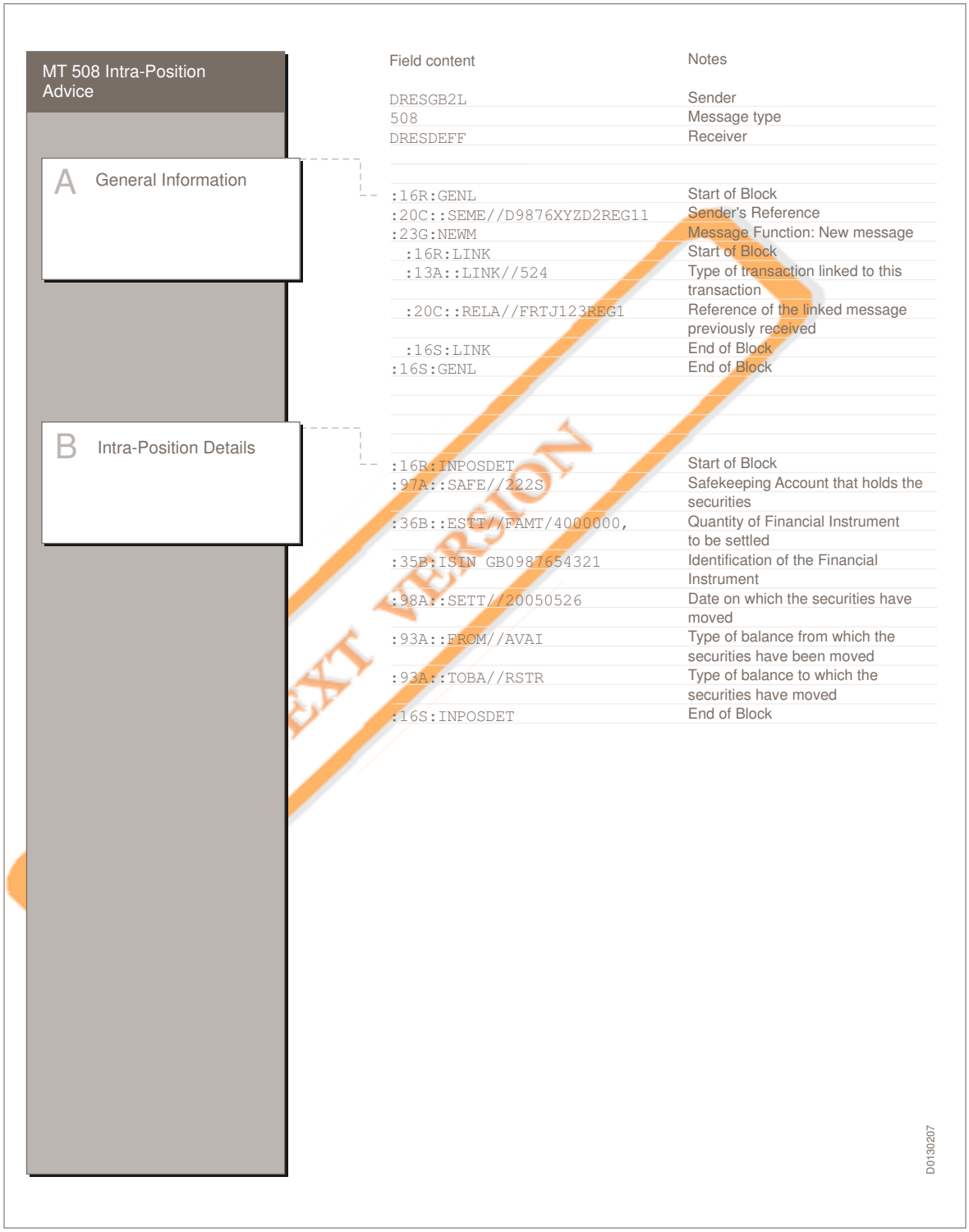
Message flow

Diagram of the MT 508 message flow



Message example

MT 508

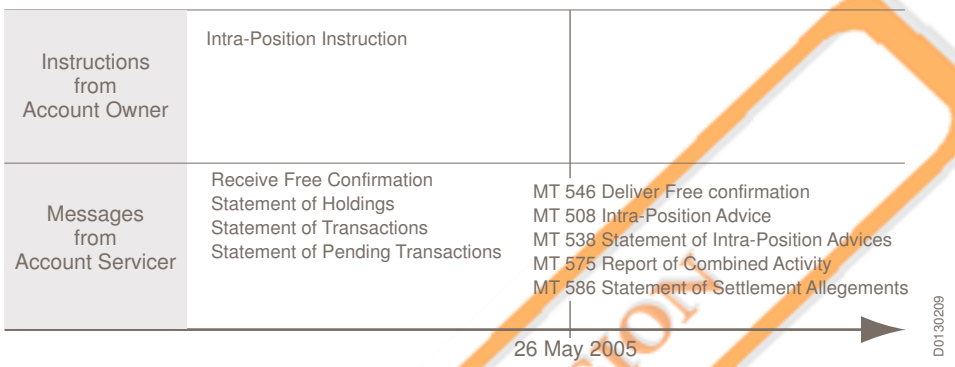


7.17 Example using the MT 546 Deliver Free Confirmation

Scenario

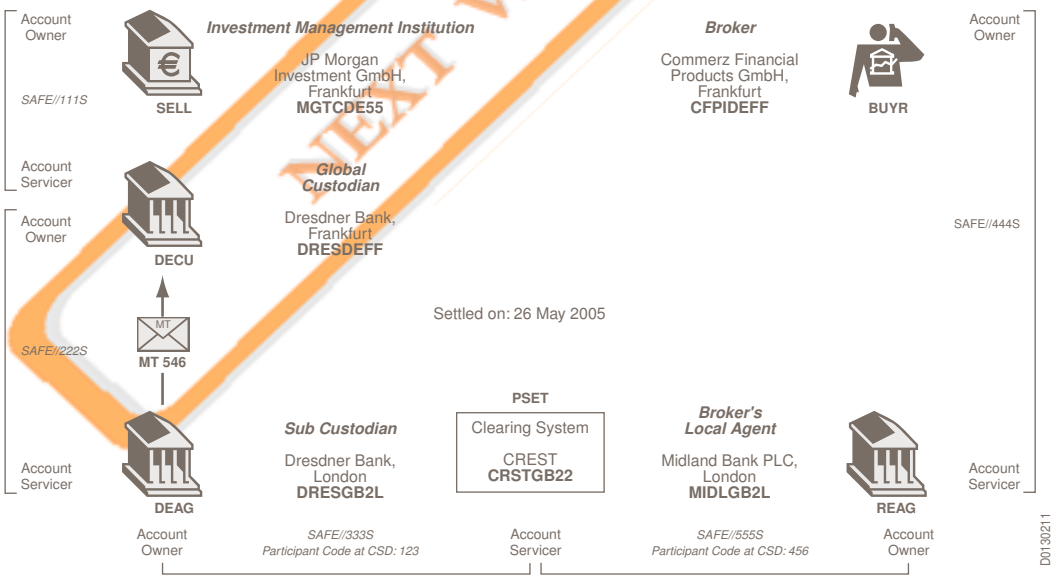
On 26 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Deliver Free settled on 26 May 2005.

Scenario section highlighting the MT 546



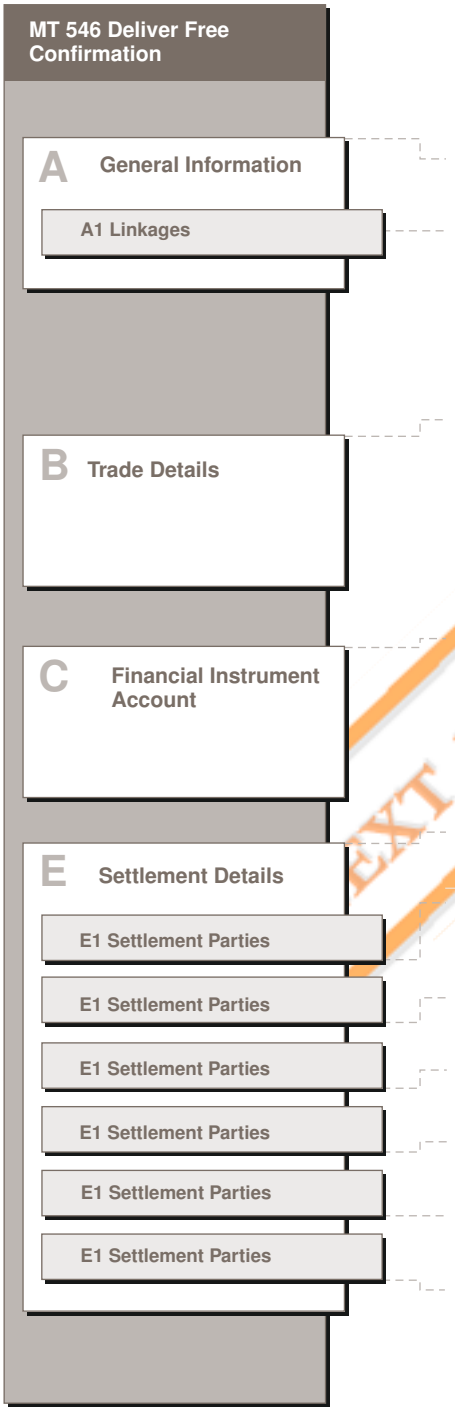
Message flow

Diagram of the MT 546 message flow



Message example

MT 546



Field content	Notes
DRESGB2L	Sender
546	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:20C::SEME//D9876XYZD1	Sender's Reference
:23G:NEWM	Message Function: New message
:16R:LINK	Start of Block
:13A::LINK//542	Linked to Receive Against Payment instruction
:20C::RELA//FRTJ123DEL1	Reference of the received instruction to deliver
:16S:LINK	End of Block
:16S:GENL	End of Block
:16R:TRADDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:98A::ESET//20050526	Effective Settlement Date (YYYYMMDD)
:35B:ISIN GB0000000123	Identification of Security
:16S:TRADDET	End of Block
:16R:FIAC	Start of Block
:36B::ESTT//UNIT/2000,	Quantity of Financial Instrument settled
:97A::SAFE//222S	Safekeeping Account debited
:16S:FIAC	End of Block
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction
:16R:SETPRTY	Start of Block
:95P::SELL//MGTCDE55	Party Identification: Seller
:97A::SAFE//111S	Safekeeping Account of the Seller
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::DECU//DRESDEFF	Party Identification: Delivering Custodian
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/123	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/456	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::BUYR//CFPIDEFF	Party Identification: Buyer
:16S:SETPRTY	End of Block
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16S:SETDET	End of Block

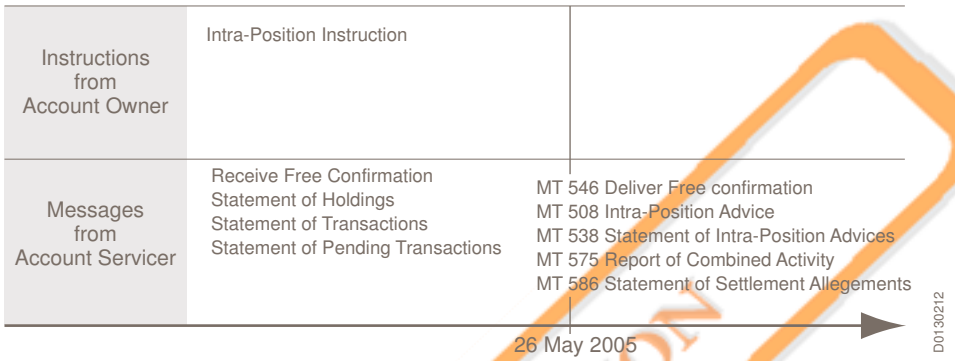
D0130210

7.18 Example using the MT 538 Statement of Intra-Position Advices

Scenario

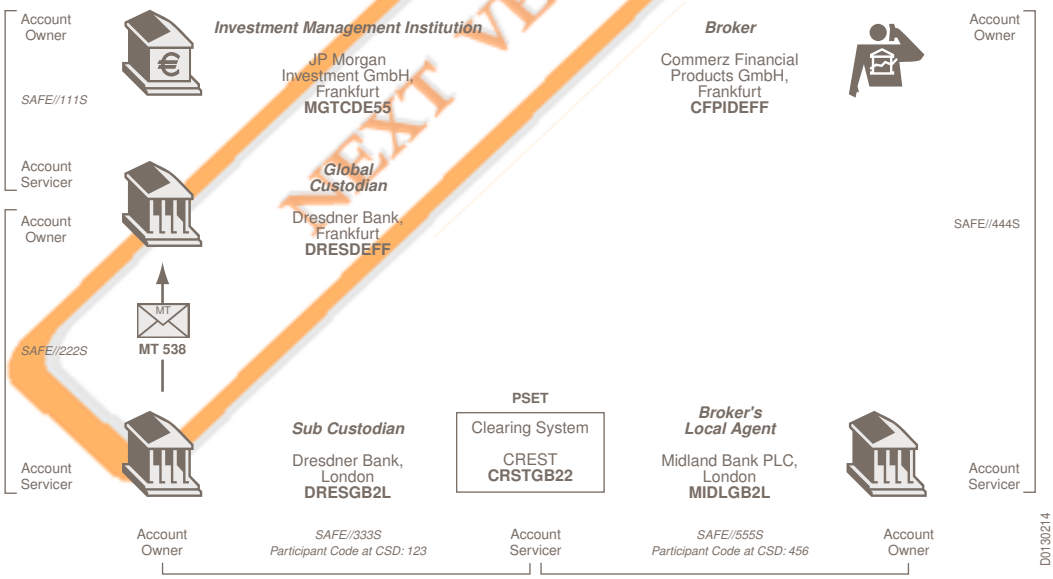
On 26 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of the Intra-Position Advices.

Scenario section highlighting the MT 538



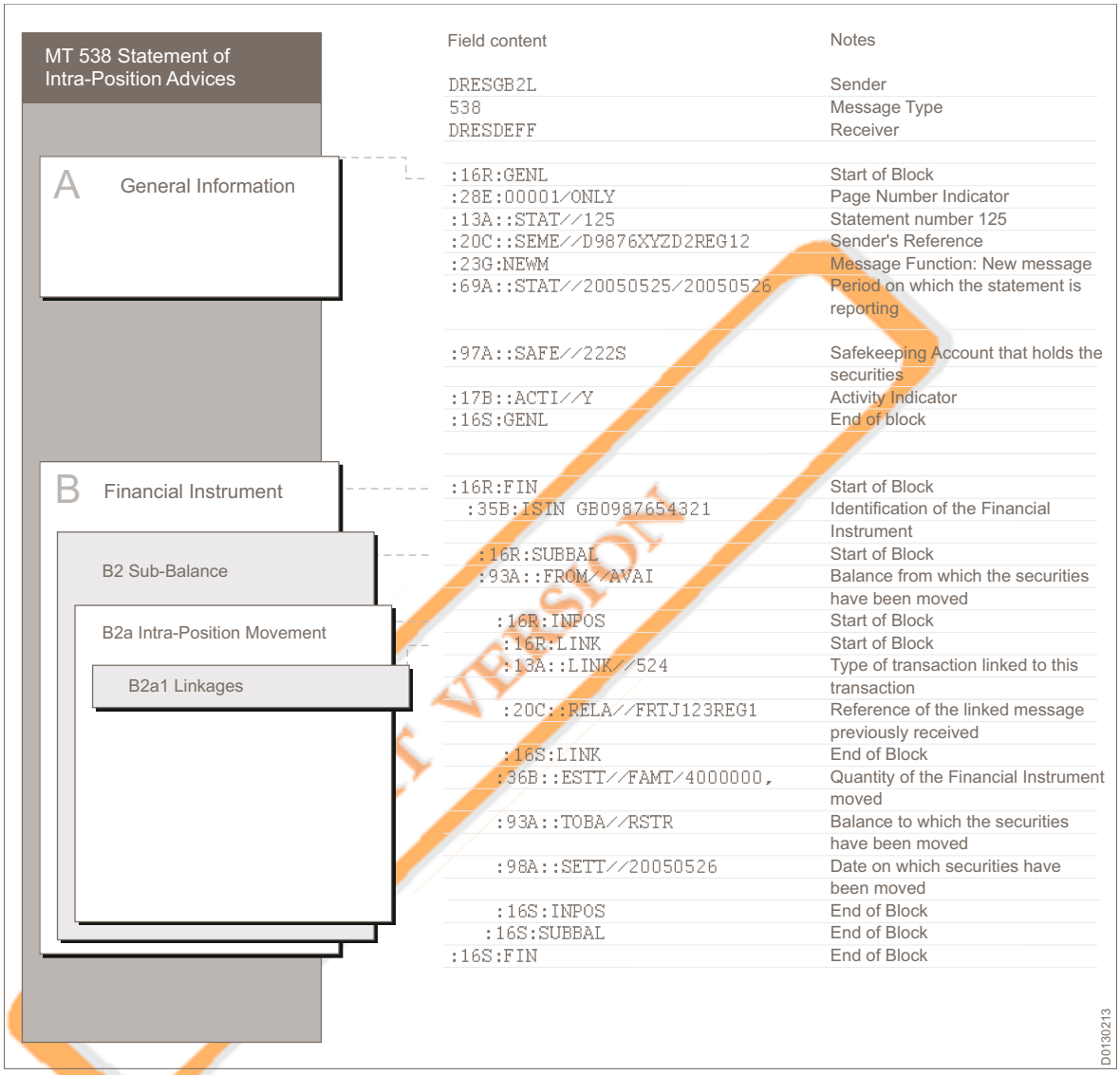
Message flow

Diagram of the MT 538 message flow



Message example

MT 538



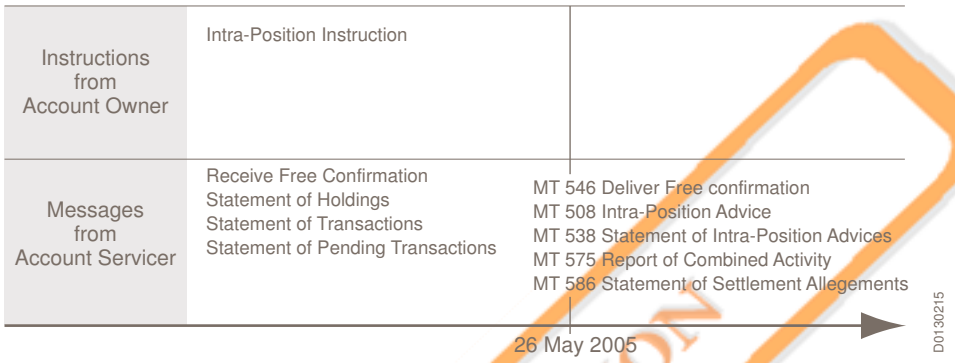
Field content	Notes
DRESGB2L	Sender
538	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:28E:00001/ONLY	Page Number Indicator
:13A::STAT//125	Statement number 125
:20C::SEME//D9876XYZD2REG12	Sender's Reference
:23G:NEWM	Message Function: New message
:69A::STAT//20050525/20050526	Period on which the statement is reporting
:97A::SAFE//222S	Safekeeping Account that holds the securities
:17B::ACTI//Y	Activity Indicator
:16S:GENL	End of block
:16R:FIN	Start of Block
:35B:ISIN GB0987654321	Identification of the Financial Instrument
:16R:SUBBAL	Start of Block
:93A::FROM//AVAI	Balance from which the securities have been moved
:16R:INPOS	Start of Block
:16R:LINK	Start of Block
:13A::LINK//524	Type of transaction linked to this transaction
:20C::RELA//FRTJ123REG1	Reference of the linked message previously received
:16S:LINK	End of Block
:36B::ESTT//FAMT/4000000,	Quantity of the Financial Instrument moved
:93A::TOBA//RSTR	Balance to which the securities have been moved
:98A::SETT//20050526	Date on which securities have been moved
:16S:INPOS	End of Block
:16S:SUBBAL	End of Block
:16S:FIN	End of Block

7.19 Example using the MT 575 Report of Combined Activity

Scenario

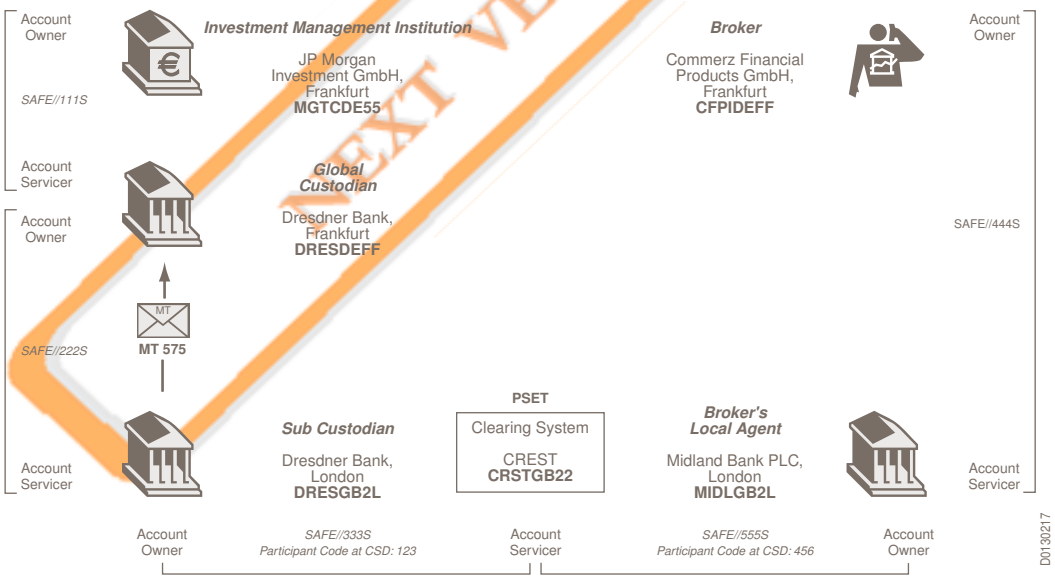
On 26 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Report of Combined Activity.

Scenario section highlighting the MT 575



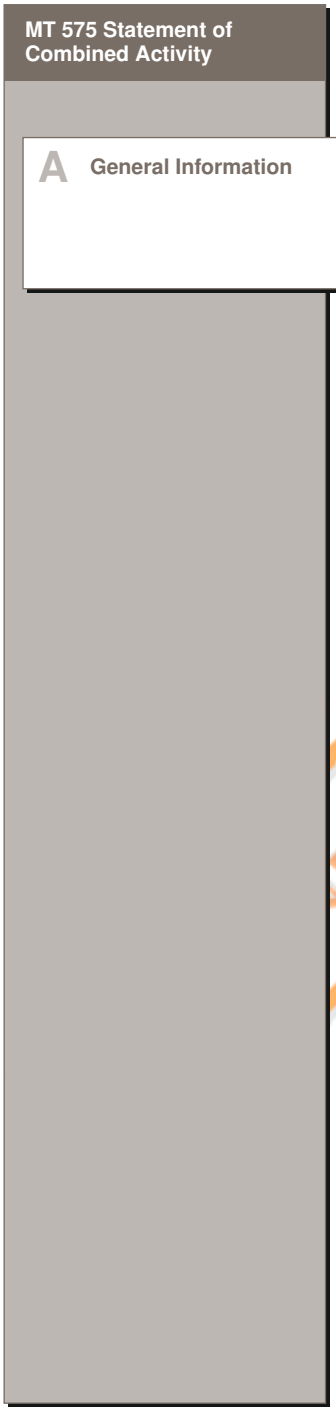
Message flow

Diagram of the MT 575 message flow



Message example

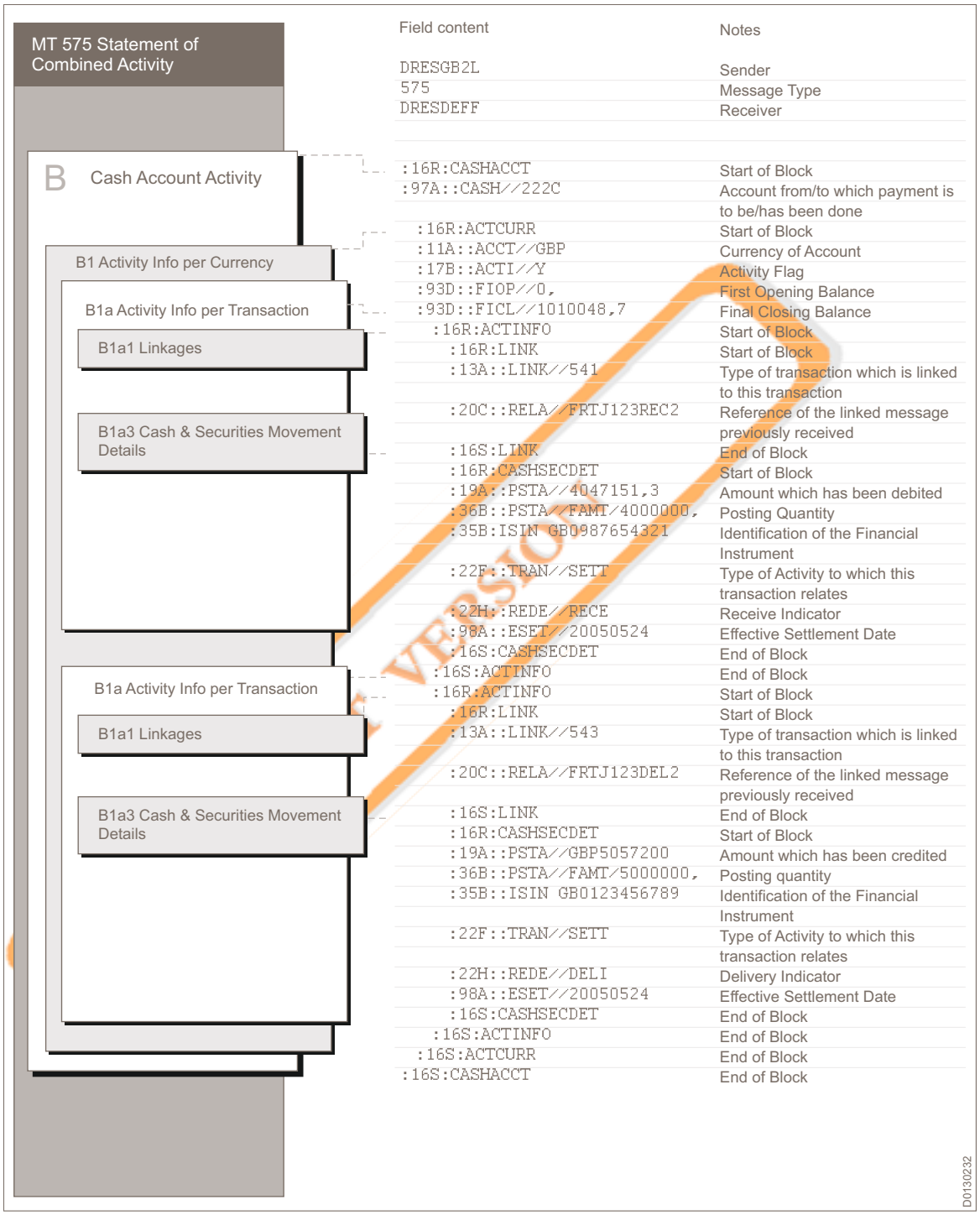
MT 575



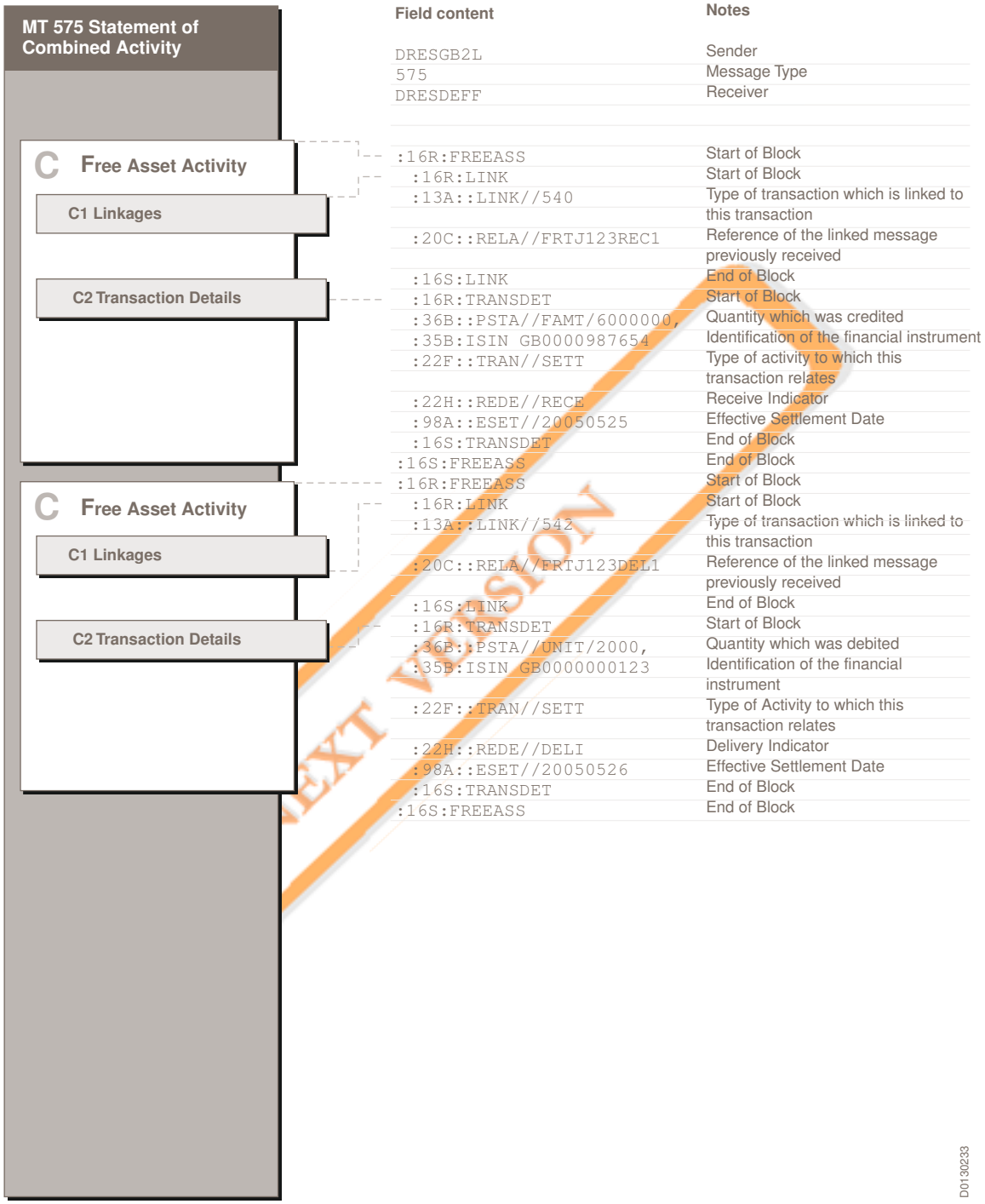
Field content	Notes
DRESGB2L	Sender
575	Message Type
DRESDEFF	Receiver
:16R:GENL	Start of Block
:28E:00001/ONLY	There is only one page
:13A::STAT//021	Statement number 21
:20C::SEME//D4321ABC1SCA1	Sender's Reference
:23G:NEWM	Message Function: New message
:69A::STAT//20050522/20050526	Period on which the statement is reporting
:22F::SFRE//WEEK	Statement frequency indicator: weekly report
:97A::SAFE//222S	Safekeeping Account that holds the securities
:17B::ACTI//Y	Activity Flag
:16S:GENL	End of Block

D0130216

MT 575 (cont.)


MT 575 Statement of Combined Activity
B Cash Account Activity
B1 Activity Info per Currency
B1a Activity Info per Transaction
B1a1 Linkages
B1a3 Cash & Securities Movement Details
B1a Activity Info per Transaction
B1a1 Linkages
B1a3 Cash & Securities Movement Details
Field content
Notes
DRESGB2L
Sender
575
Message Type
DRESDEFF
Receiver
:16R:CASHACCT
Start of Block
:97A::CASH//222C
Account from/to which payment is to be/has been done
:16R:ACTCURR
Start of Block
:11A::ACCT//GBP
Currency of Account
:17B::ACTI//Y
Activity Flag
:93D::FIOP//0,
First Opening Balance
:93D::FICL//1010048,7
Final Closing Balance
:16R:ACTINFO
Start of Block
:16R:LINK
Start of Block
:13A::LINK//541
Type of transaction which is linked to this transaction
:20C::RELA//FRTJ123REC2
Reference of the linked message previously received
:16S:LINK
End of Block
:16R:CASHSECDET
Start of Block
:19A::PSTA//4047151,3
Amount which has been debited
:36B::PSTA//FAMT/4000000,
Posting Quantity
:35B:ISIN GB0987654321
Identification of the Financial Instrument
:22F::TRAN//SETT
Type of Activity to which this transaction relates
:22H::REDE//RECE
Receive Indicator
:98A::ESET//20050524
Effective Settlement Date
:16S:CASHSECDET
End of Block
:16S:ACTINFO
End of Block
:16R:ACTINFO
Start of Block
:16R:LINK
Start of Block
:13A::LINK//543
Type of transaction which is linked to this transaction
:20C::RELA//FRTJ123DEL2
Reference of the linked message previously received
:16S:LINK
End of Block
:16R:CASHSECDET
Start of Block
:19A::PSTA//GBP5057200
Amount which has been credited
:36B::PSTA//FAMT/5000000,
Posting quantity
:35B::ISIN GB0123456789
Identification of the Financial Instrument
:22F::TRAN//SETT
Type of Activity to which this transaction relates
:22H::REDE//DELI
Delivery Indicator
:98A::ESET//20050524
Effective Settlement Date
:16S:CASHSECDET
End of Block
:16S:ACTINFO
End of Block
:16S:ACTCURR
End of Block
:16S:CASHACCT
End of Block
D0130232

MT 575 (cont.)



Field content	Notes
DRESGB2L	Sender
575	Message Type
DRESDEFF	Receiver
:16R:FREEASS	Start of Block
:16R:LINK	Start of Block
:13A::LINK//540	Type of transaction which is linked to this transaction
:20C::RELA//FRTJ123REC1	Reference of the linked message previously received
:16S:LINK	End of Block
:16R:TRANSDET	Start of Block
:36B::PSTA//FAMT/6000000,	Quantity which was credited
:35B:ISIN GB0000987654	Identification of the financial instrument
:22F::TRAN//SETT	Type of activity to which this transaction relates
:22H::REDE//RECE	Receive Indicator
:98A::ESET//20050525	Effective Settlement Date
:16S:TRANSDET	End of Block
:16S:FREEASS	End of Block
:16R:FREEASS	Start of Block
:16R:LINK	Start of Block
:13A::LINK//542	Type of transaction which is linked to this transaction
:20C::RELA//FRTJ123DEL1	Reference of the linked message previously received
:16S:LINK	End of Block
:16R:TRANSDET	Start of Block
:36B::PSTA//UNIT/2000,	Quantity which was debited
:35B:ISIN GB0000000123	Identification of the financial instrument
:22F::TRAN//SETT	Type of Activity to which this transaction relates
:22H::REDE//DELI	Delivery Indicator
:98A::ESET//20050526	Effective Settlement Date
:16S:TRANSDET	End of Block
:16S:FREEASS	End of Block

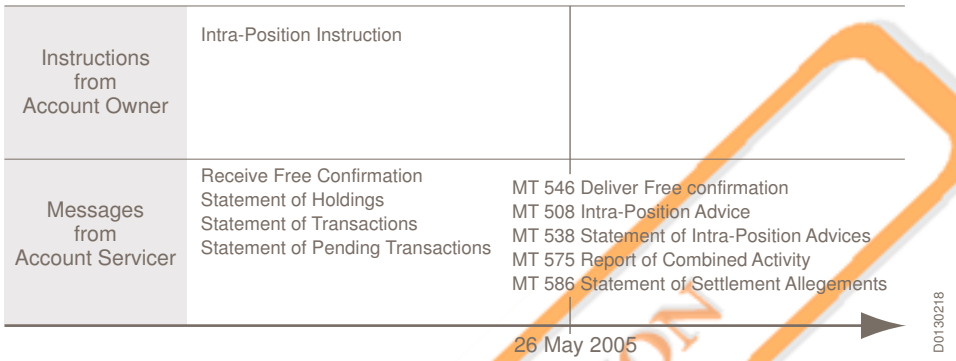
D0130233

7.20 Example using the MT 586 Statement of Settlement Allegements

Scenario

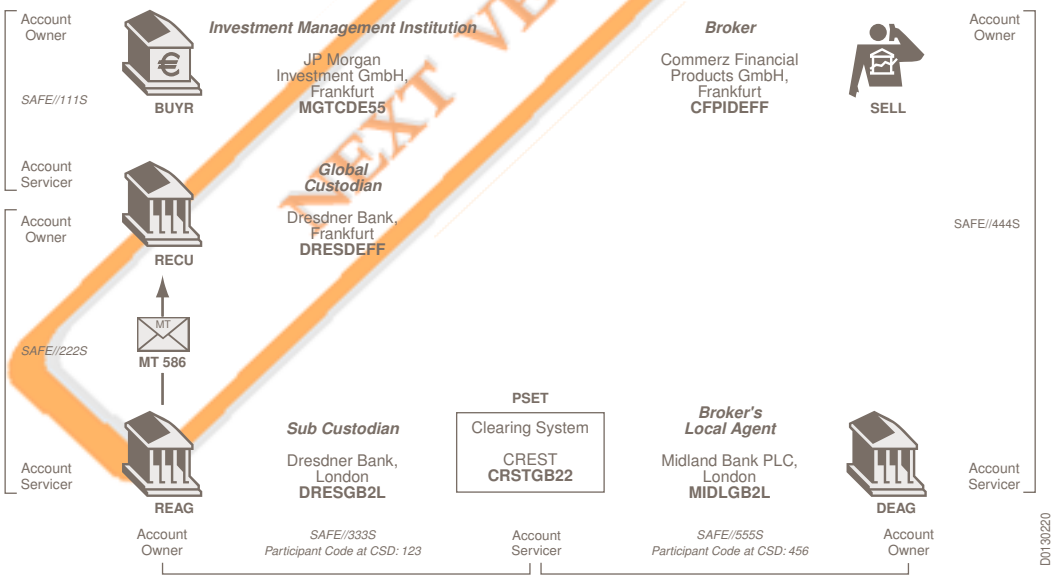
On 26 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of Settlement Allegement.

Scenario section highlighting the MT 586



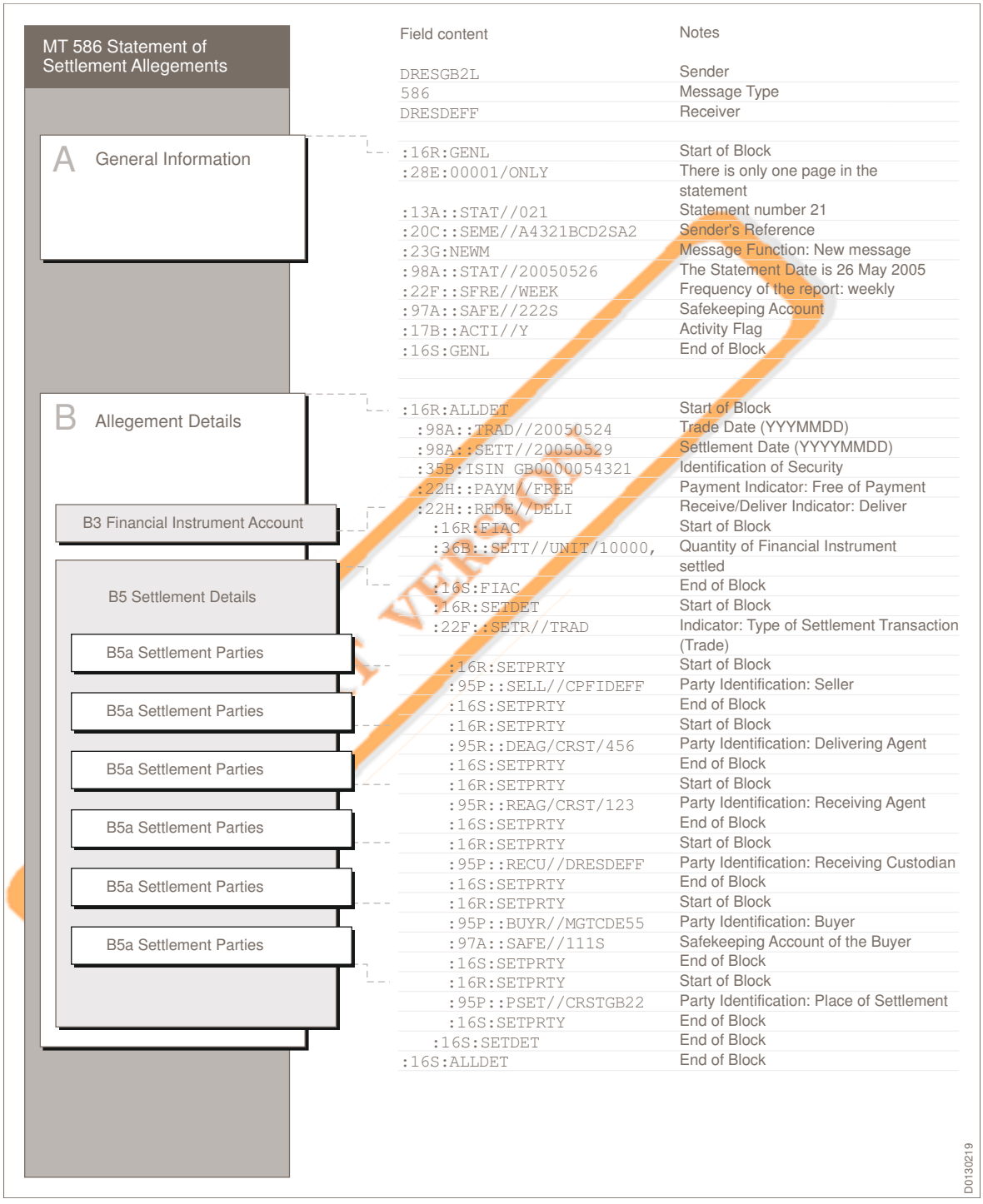
Message flow

Diagram of the MT 586 message flow



Message example

MT 586



8 Corporate Action (CA) Transaction Flows

8.1 Overview

Introduction

After the settlement and custody of securities, the major product of a custodian involves the management of Corporate Actions (CA) and their effect on customers' safekeeping accounts. In recent years, the processing of Corporate Actions has become increasingly visible, because of the risks involved and the degree of manual processing required.

Corporate Action messages are designed to reduce the risks involved, by providing for:

- The unambiguous reporting of the nature of the event.
- The options available to the shareholder, response deadlines.
- The specific impact on a safekeeping account.

In this chapter

The Corporate Action messages covered in this document are listed as follows:

- MT 564 Corporate Action Notification
- MT 565 Corporate Action Instruction
- MT 566 Corporate Action Confirmation
- MT 567 Corporate Action Status and Processing Advice
- MT 568 Corporate Action Narrative

Note *Market practices and usage around Corporate Actions evolve on a regular basis based on harmonisation efforts at industry level. What is explained in this chapter and the following are subject to change. To remain aware of the latest evolution of market practice, visit* www.smpg.info*.*

8.2 Corporate Actions

Introduction

In Corporate Actions, the messages are sent between an account servicer and an account owner.

In the world of Corporate Actions, and for the purposes of this chapter, the transaction flows are initiated by market information gathered and distributed by local agents and data vendors.

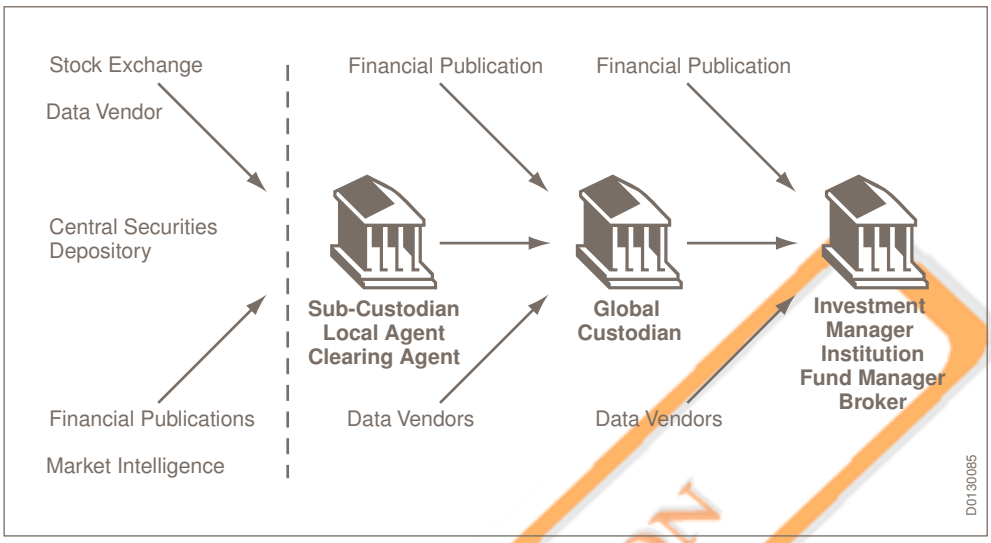
Note *A basic definition of terms used by SWIFT can be found in* Introduction *on page 9.*

Corporate Actions information flow

As illustrated in Corporate Actions information flow on page 145, there is a constant flow of external information and local market intelligence into the Corporate Action chain, via the sub-custodians

and global custodians. The result is that all parties receive, verify, and add value to data from the previous link in the chain.

Corporate Actions information flow



How Corporate Actions are used

The Corporate Action messages are used to:

- Convey information from the account servicer to the account owner, regarding details of forthcoming Corporate Action events.
- Enable the account owner to provide the account servicer with the necessary details and instructions to carry out transactions relating to the Corporate Action event.
- Confirm to the account owner that the account servicer has carried out the required transactions, with the appropriate adjustments (credits or debits) to the account.
- Enable the account servicer and the account owner to exchange narrative details, whether outlining complex instructions pertaining to a Corporate Action event, or information regarding Annual General Meetings and Proxy Voting actions and requirements.
- Enable the account servicer to provide the status of an ongoing Corporate Action event, or the status of instructions sent by the account owner.

Division of messages

The general division of messages is shown in this table:

Transaction flow	Message type
Notification	Provide the account owner with information concerning forthcoming CA events (MT 564).
Instruction	Provide the custodian with instructions on how the account owner wishes to proceed with a CA event (MT 565).
Confirmation	Confirm to the account owner that securities or cash have been credited or debited to an account as the result of a CA event (MT 566).
Narrative	Communicate to the account owner information pertaining to shareholders or provide complex instructions relating to a CA event (MT 568).

Transaction flow	Message type
Status Advice	Communicate to the account owner the status of an ongoing CA event or the status of an instruction sent by the account owner (MT 567).

8.3 Corporate Actions - Chronology of Events

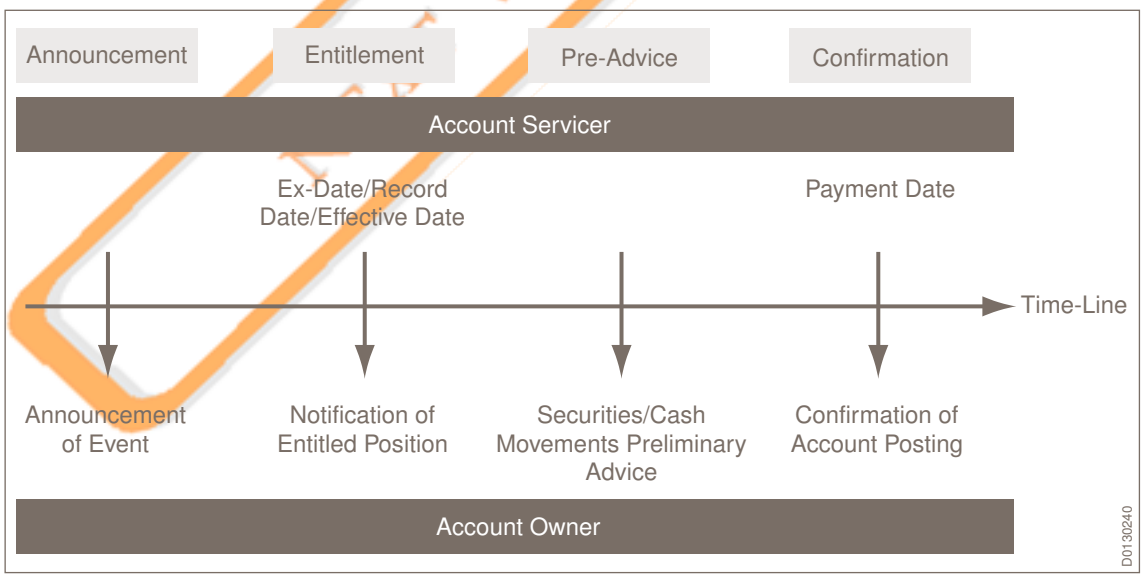
Introduction

The Corporate Action transaction flows differ in their format to those of Trade Initiation and Confirmation (TIC) and Settlement and Reconciliation (S&R). This is because the Corporate Action messages share a close relationship with events in the market, and are often issued in response to certain fixed dates within the course of a specific event.

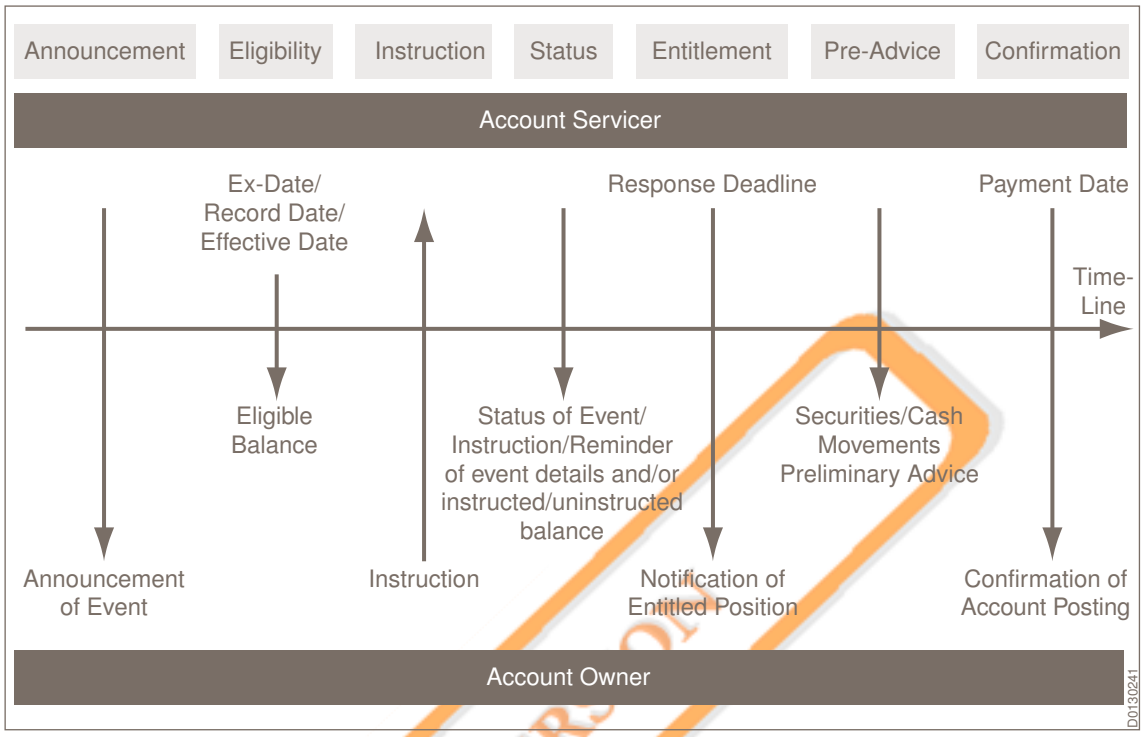
Corporate Actions timeline

The figures introduce the notion of a timeline, which shows a chronology of market events and dates, with the corresponding Corporate Action messages. For example, the Announcement of a Corporate Action event from the stock exchange, results in an account servicer sending an MT 564 to the account owner. The individual transaction flows and Corporate Action dates are explained in a similar manner in these sections MT 564 Corporate Action Notification - Announcement on page 147, to MT 568 Corporate Action Narrative on page 156.

Mandatory Corporate Action events sequence



Voluntary/elective Corporate Action events sequence



8.4 MT 564 Corporate Action Notification - Announcement

Unlike other securities markets processes that are initiated as a result of a tangible transaction or instruction, CA events are a direct result of either a company's strategic policies or the effect of market trends on a company.

Consequently, the Corporate Action label covers a wide spectrum of business scenarios and processes that are difficult to standardise, for the reasons that follow:

- The number of different types of events that come under the Corporate Action umbrella: SWIFT has identified over 60 types of Corporate Action events.
- The variation in the relevant information pertinent to each type of event.
- The same event or Corporate Action having market-specific processing or local market variations.
- Local markets may use alternative names for the same Corporate Action event.

Note *SWIFT's intention is not to standardise all Corporate Action events. Focus has been placed on the most frequently encountered and the most straightforward events, for example, income collection. This will allow customers the opportunity to concentrate resources on the more difficult and potentially risky events, such as rights issues and tender offers.*

8.5 Corporate Action Messages

8.5.1 Special Features

Multiple accounts

The MT 564 Corporate Action Notification provides a custodian with the facility to announce an event together with all safekeeping accounts that hold a security impacted by a Corporate Action. The account information sequence will allow the sender to repeat each account number, and the underlying balance of securities held by each account. One announcement per account owner may be sent, even if many accounts are involved in an event.

Due to the complexity of multiple sequencing, entitlement messages, detailing cash and securities calculations, must be sent based on a one-account-per-message basis.

General announcement

The MT 564 Corporate Action Notification allows a custodian to send a general announcement to each account owner, without providing further details on individual safekeeping accounts. This feature is to be used for preliminary announcements only, where complete details are not yet available.

Balance of securities

All Corporate Action messages allow flexible reporting of underlying securities balances. The objective of this functionality is to segregate an underlying balance according to the status of the holding. The account servicer can provide further details on pending transactions and indicate if a balance is eligible or not eligible to participate in an event. It can also be used to advise whether a balance is blocked, on loan, or if a registration status would affect eligibility to participate in an event, for example, shares held in street name.

Default option/standing instructions

When an event has more than one election possible, an account servicer can indicate the option that will be selected by default, if an instruction is not received from the account owner. Another flag will allow the custodian to indicate that standing instructions will be applied to select a specific option.

Dates and date codes

Following the work of the Securities Market Practice Group (SMPG) known as the D versus E analysis, dates are now placed at only one location in the message, enabling predictability when automating the message.

There are also two codes that can be used in lieu of an actual date. Rather than omitting a date from the message, account servicers are encouraged to use the code UKWN to indicate critical dates are unknown at the time a message is sent. The second code ONGO will be used to indicate that a date is determined by "on going basis" process, for example "au fil de l'eau".

Rates and ratios

The generic field, Rate, allows the sender a structured way to indicate a wide variety of rates and ratios used to make entitlement calculations for a specific event. The basis on which a rate is expressed is described within the definition of the qualifier. For example, a rate can be expressed as a percentage, for example, tax rate or based on a cash amount per share, for example, dividend rate.

The basis for ratios is also defined by the qualifier description. Most ratios will be used for events such as rights issues and stock splits. Read the definitions carefully to determine the order of the

ratio and to make sure numbers are not transposed, for example, 1 for 2 rather than 2 for 1. Following the work of the Securities Market Practice Group (SMPG) known as the D versus E analysis, rates are now mostly placed at only one location in the message, enabling predictability when automating the message.

Linking messages and references

The ISO 15022 SWIFT securities messages provide a Linkages subsequence that will enable a sender to link a message to one previously sent (previous reference), or to a message sent by another institution (related reference). Messages are also linked through a unique Corporate Action reference that is carried throughout the duration of the event.

Intermediate securities

In the MT 564 Corporate Action Notification, the Intermediate Securities sequence was created for events that credit securities to a safekeeping account before an account owner has an opportunity to make a decision. The Intermediate Securities sequence is used in rights issues where a custodian confirms that rights are posted to a safekeeping account. Other fields in this sequence indicate whether rights are tradable, the date they were credited to the account, and the duration of the trading period. Events that credit securities to an account representing an entitlement, for example, Netherlands coupon payment, French dividend options, also use the Intermediate Securities sequence.

Details sequence versus options sequence

The MT 564 contains two sequences with many of the same fields, for example, dates, period, rate, price:

- Sequence D, Corporate Action Details, is used to convey all details relevant to the event in general.
- Sequence E, Corporate Action Options, is used when the details are relevant to the specified option only.

For example, a voluntary event offers the shareholder a choice of two options. If the response deadline on one option is shorter than the second, the Corporate Action Options sequence must be used to indicate the deadline dates specific to each option.

Amounts

The MT 564 and the MT 566 offer the sender the opportunity to specify a variety of cash amounts. The objective of the amount qualifiers is to provide details of the individual components of a cash posting. For example, the calculation of the net posted amount can be displayed by showing the original gross payment, taxes, and any charges. The receiver will therefore be able to reconcile the individual components to ensure all calculations were performed accurately. Further qualification of cash amounts remains optional, whereas the actual cash amount posted to an account will always be mandatory.

Other qualifiers will indicate amounts resulting from events such as capital gains distributions, market claims, or the portion of a cash redemption that represents a premium.

8.5.2 Preliminary to Confirmed Announcements

How initial messages are replaced

1. Once it has been provided with information regarding a forthcoming event, the account servicer may choose to provide the account owner with only the INITIAL details of the Corporate Action.
2. Initial notification is carried out via the MT 564 Corporate Action Notification. The function of the message is NEWM (new message). The processing status of the message type is indicated

using the code PREU (preliminary announcement unconfirmed). It is important to recognise the significance of the process status codes at this stage, as an MT 564 announcement may not contain the full details relating to the event, for example, event dates and options. Furthermore, the information has not been confirmed and is subject to change.

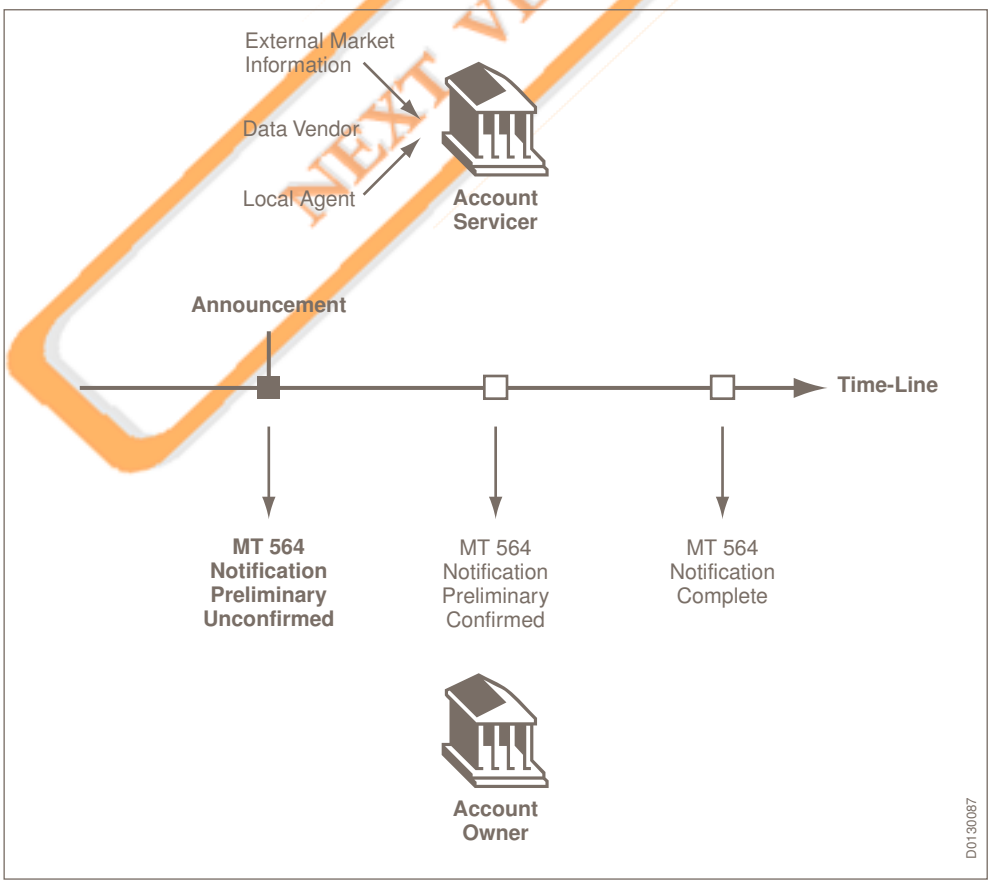
3. Once the account servicer has confirmed the event with corroborating sources, or the stock exchange has made a formal announcement about the forthcoming Corporate Action, another MT 564 may be sent to advise the account owner that the initial information has been confirmed, although the account servicer may still not be able to provide all the details relating to the event. In this case, the message will replace a previously sent message indicated by the function code REPL replace. The processing status field will contain the code PREC (preliminary announcement confirmed).
4. As soon as the account servicer is aware of all the details relating to the event, another replacement message will be sent, advising the account owner of the exact details. This will use the processing status code COMP, indicating complete information. Complete information means that all the dates have been confirmed and reported, for example, Payment Date.

Not every event will go through this process. Often the account servicer will have complete and confirmed information from the first notification.

Note *It is important to note that each MT 564 sent after the first new message will include a linked reference to the previous MT 564. See* Corporate Action Message Outlines *on page 157, for the Linkages subsequence A1.*

Timeline showing announcement

MT 564 Corporate Action Notification - Announcement



8.5.3 Mandatory versus Voluntary

Introduction

In addition to creating groups of Corporate Action event types, SWIFT has identified three general divisions of Corporate Actions which determine:

- The mandatory or voluntary participation of the account owner in the event.
- Whether the account servicer requires an investment decision from the account owner on the precise option to follow.

Mandatory Corporate Action

A mandatory Corporate Action is defined as an event in which the beneficial owner of the underlying security has no option other than to participate in the event. No investment decision is required, for example, coupon payment to a bondholder.

Mandatory Corporate Action with Options

A mandatory Corporate Action with Options is an event in which the beneficial owner of the underlying security has no option other than to participate in a CA event. However, an investment decision is required, usually relating to a choice regarding the preferred financial option to pursue. An example of this is a dividend option where the account owner must decide between a cash or securities option.

Voluntary Corporate Action

A voluntary Corporate Action is an event where the beneficial owner of securities is not obliged to participate. These types of events usually involve an offer to the shareholder. However, an instruction is required from the account owner to indicate an interest and either accept or reject the offer, for example, repurchase offer or tender offer.

Summary

Summary of Corporate Actions

mandatory Corporate Action event	No instruction is required from the account owner.
mandatory Corporate Action event **with options**	Instruction from the account owner is required indicating the option to pursue.
voluntary Corporate Action event	Instruction from the account owner is required if it wants to participate.

8.6 MT 565 Corporate Action Instruction

Introduction

The account servicer will have previously informed the account owner of the Corporate Action taking place via an MT 564 Corporate Action Notification.

According to the event type (as explained in Mandatory versus Voluntary on page 151), the account servicer may require an MT 565 Corporate Action Instruction.

Types of event

There are two types of event that require an instruction:

- A mandatory event with options, which requires the account owner to send an instruction to the account servicer expressing its decision on the option it would prefer to take.
- A voluntary event, where the account owner sends an instruction indicating whether it wishes to participate in the event.

It is common practice for an account servicer to remind the account owner that a deadline is approaching, when no instruction has been received. The MT 564 Corporate Action Notification is used for this purpose.

Investment decision

It is also important to understand the implications of the investment decision requirement, as a failure to respond may be interpreted as a decision itself.

In the event that either the instruction is not received before the response deadline date or no instruction is received at all, these events may occur:

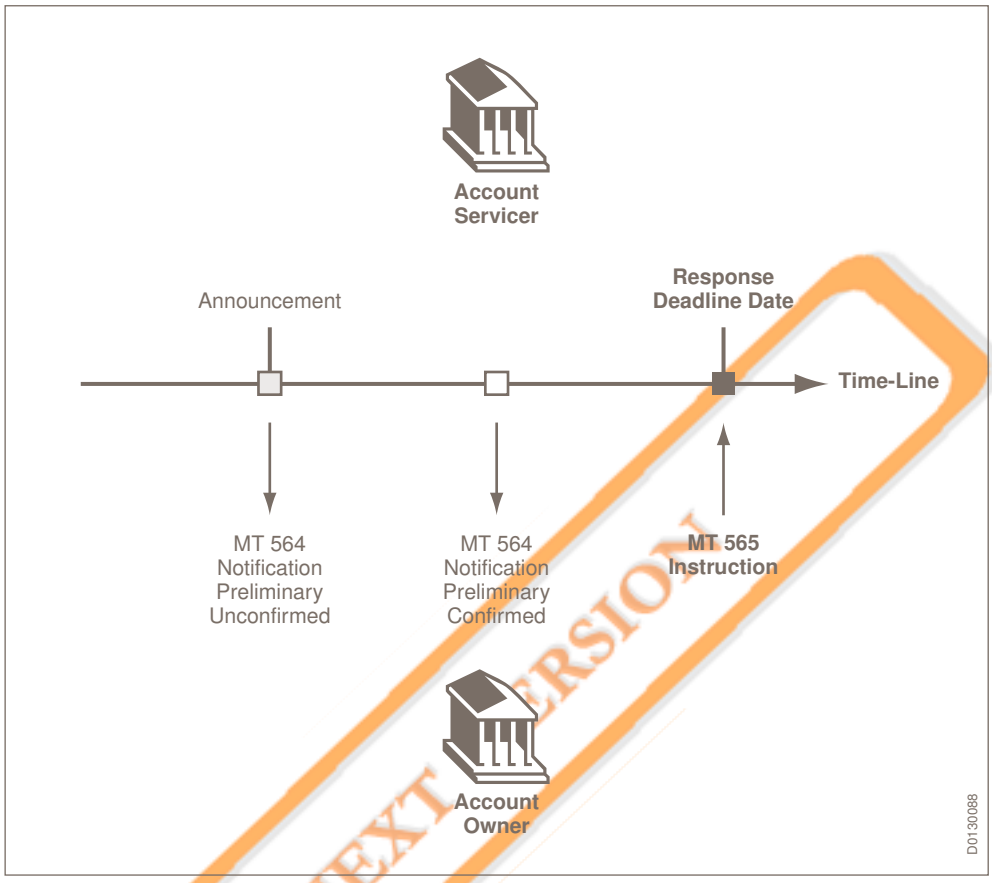
- In a mandatory event, if no instruction is received by the account servicer, it may default the account owner to a specific option. For example, in the case of a dividend option, if an account owner does not respond by the deadline date, the account servicer may award cash as a default option.
- In a voluntary event, if no instruction is received by a deadline date, an account owner may forgo its opportunity to participate in the event.

Therefore, to prevent ambiguity about the account owner's intentions, it is good practice to respond to the MT 564 Corporate Action Notification, where an instruction is required.

Note *If no instruction is received, through the use of a flag, the MT 564 Corporate Action Notification allows the account servicer to indicate which option will be selected by default.*

MT 565 Timeline

MT 565 Corporate Action Instruction



8.7 MT 564 Corporate Action Notification - Eligible Balance

Explanation

On the cut-off date to determine whether securities purchased will be eligible for an event (the Ex Date), the account servicer will send an MT 564 Corporate Action Eligible Balance Notification to the account owner.

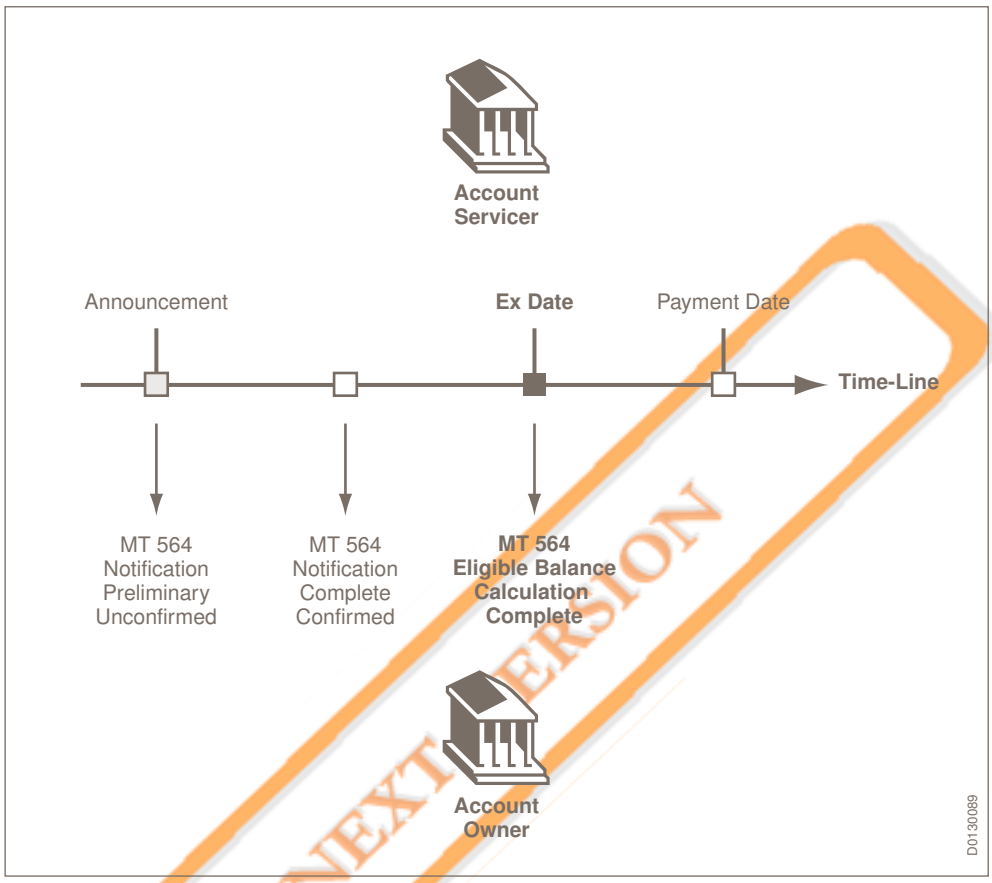
According to the Corporate Action event type, the MT 564 entitlement calculation will specify the impact to the safekeeping account or the cash account based on:

- The number of underlying shares held by the account owner.
- The payment ratio and the terms of the offer (whether this is in the form of rights, shares, cash or options).
- The option selected by the account owner.

The function of the MT 564 will be REPE (Eligible Balance Notification), the processing status field will contain the code COMP (complete), indicating that all the relevant details have been finalised.

The message may also contain the expected impact on safekeeping and cash accounts as a result of the event.

MT 564 Corporate Action Notification - Eligible Balance



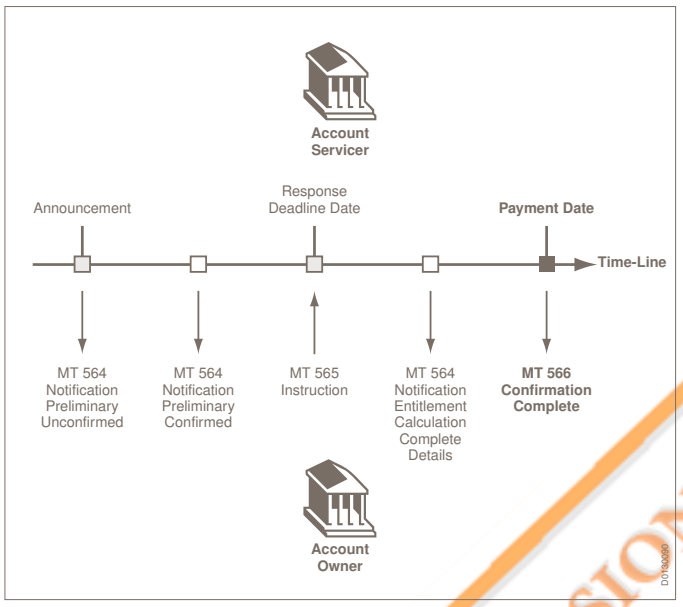
8.8 MT 566 Corporate Action Confirmation

Using the MT 566 Corporate Action Confirmation

Confirmation that an event has been completed, will be sent from the account servicer to the account owner via an MT 566 Corporate Action Confirmation. This message will only be triggered

by actual postings to an account. The MT 566 will confirm that the appropriate adjustments to the safekeeping account have been effected.

MT 566 Corporate Action Confirmation



8.9 MT 567 Corporate Action Status and Processing Advice

Using the MT 567

The MT 567 Corporate Action Status and Processing Advice may seem to have limited use within the requirements of Corporate Action processing, because within a TIC/S&R transaction, the need for status and process tracking is more apparent. A pending trade can always be attributed a status, for example, the reason that it is still pending; whether matched, unmatched, or a future settlement. In contrast, Corporate Actions do not follow such a structured process.

Some rules

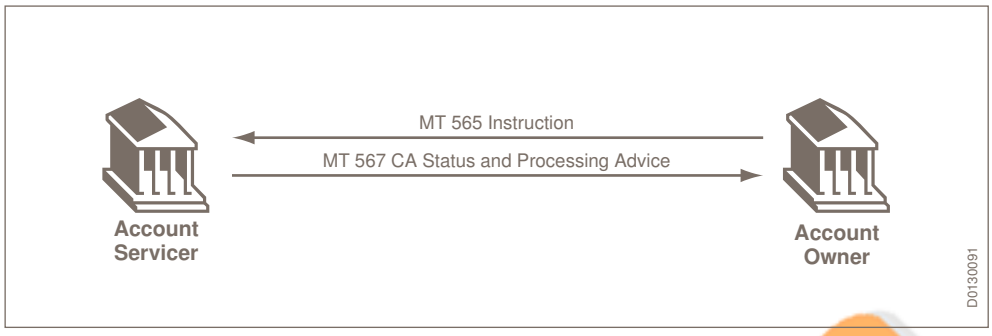
For example, once an MT 565 Corporate Action Instruction has been sent from an account owner to an account servicer stating a requirement to participate in an event, this instruction will be carried out. It is unlikely that structured status codes could be used effectively prior to completion.

In certain circumstances, however, the account servicer will have a requirement to send an MT 567 Corporate Action Status and Processing Advice to an account owner.

These are:

- To acknowledge the acceptance or rejection of an instruction.
- To acknowledge the acceptance or rejection of a cancellation.
- To advise an account owner of a delay in payment by an issuer, or to provide an explanation for an event not being processed, or completed, by the effective date.
- To advise an account owner that there will be a problem in executing an instruction, for example, insufficient funds or insufficient securities.

MT 567 Corporate Action Status and Processing Advice



8.10 MT 568 Corporate Action Narrative

Using the MT 568

The MT 568 Corporate Action Narrative message is designed for extremely complex and detailed events that require a large field for narrative and unstructured information. The MT 568 can be used to convey information to, or from, either party - the account owner or the account servicer.

The MT 568 has been created as a solution to the difficulties of using the MT 599 Free Format, where the message size restrictions inhibit the use of large amounts of free text.

The replacement of the MT 599 by the MT 568 for narrative Corporate Action information aims at improving the routing of Corporate Action messages to the correct destinations, providing a more efficient delivery system for the receiver. It must be noted however, that the MT 568 is NOT designed to be used in lieu of structured messages such as the MT 564 - 566 for common events.

9 Corporate Action Message Outlines

9.1 Overview

Messages described in this section

It explains the business purpose, the parties involved and additional functionality for each of the messages that follow:

- MT 564 Corporate Action Notification
- MT 565 Corporate Action Instruction
- MT 566 Corporate Action Confirmation
- MT 567 Corporate Action Status and Processing Advice
- MT 568 Corporate Action Narrative

The transaction flows in the previous chapter reflect the business process represented by the message, whereas the more detailed message outlines that follow, show the message components in terms of hierarchy, business functionality, and, optional and mandatory sequences.

9.2 MT 564 Corporate Action Notification

Purpose

To provide an account owner with the details of a Corporate Action event. It may also include possible elections or choices available to the account owner. The MT 564 can initially be sent as a preliminary advice, and subsequently replaced by another MT 564 with complete or confirmed information.

The message will also be used to provide the account owner with a calculation of the impact a Corporate Action event will have on a safekeeping, or cash, account, for example, entitlement calculation.

Players

This message is sent by an account servicer to an account owner for which it services a securities safekeeping account.

The account servicer may be:

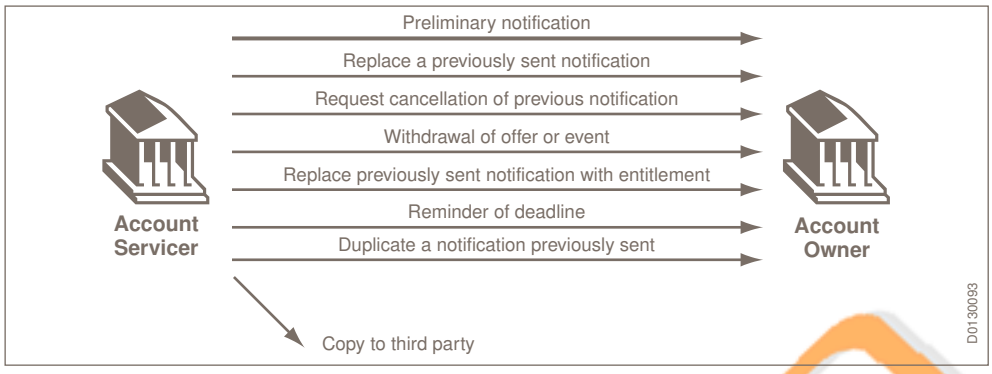
- A local agent servicing an account on behalf of a global custodian customer.
- A sub-custodian servicing an account on behalf of its global custodian.
- A custodian servicing an account on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 564 may also be used to:

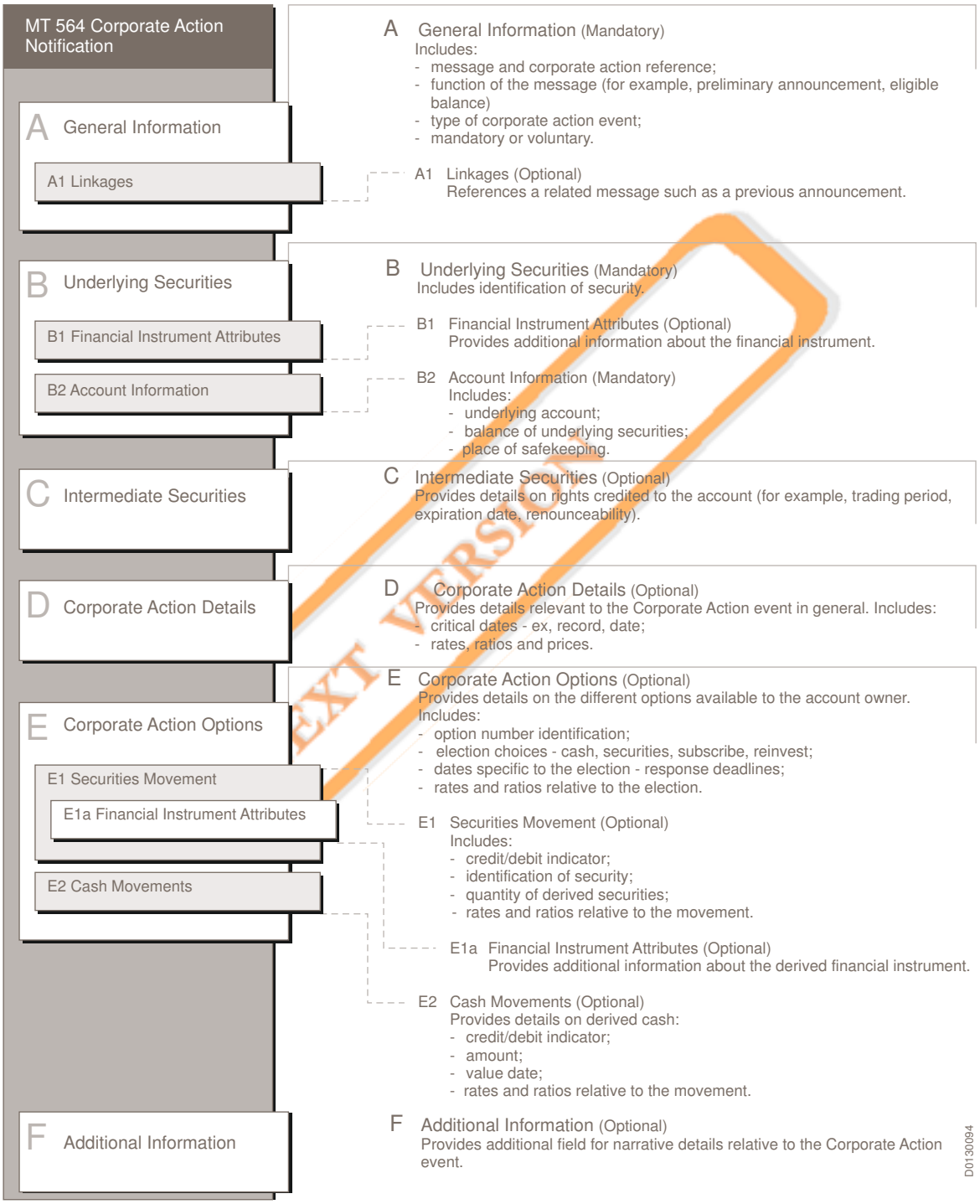
- Request the cancellation or the withdrawal of a previously sent Corporate Action notification.
- Re-send a Corporate Action notification previously sent.
- Provide a third party with a copy of the message.

MT 564 Corporate Action Notification



Graphical representation of MT 564

MT 564



9.3 MT 565 Corporate Action Instruction

Purpose

To provide the account servicer with instructions about how the account owner wishes to proceed with a Corporate Action event. Instructions include investment decisions regarding the exercise of rights issues, the election of stock, or cash, when the option is available, and decisions on the conversion or tendering of securities.

Players

This message is sent by an account owner to its account servicer.

The account owner may be:

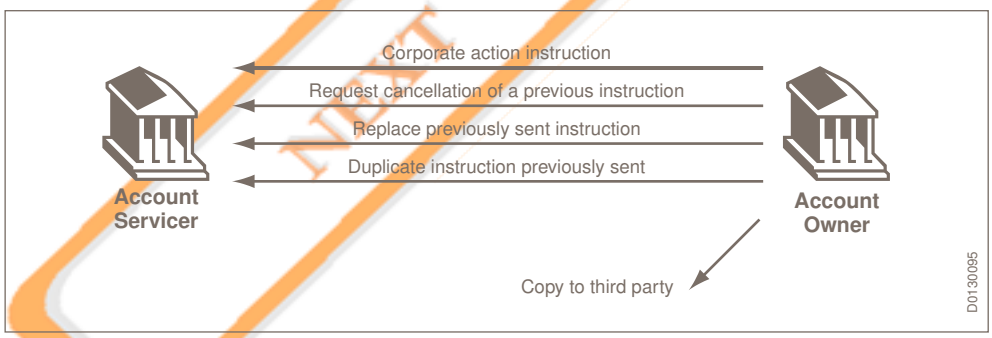
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 565 may also be used to:

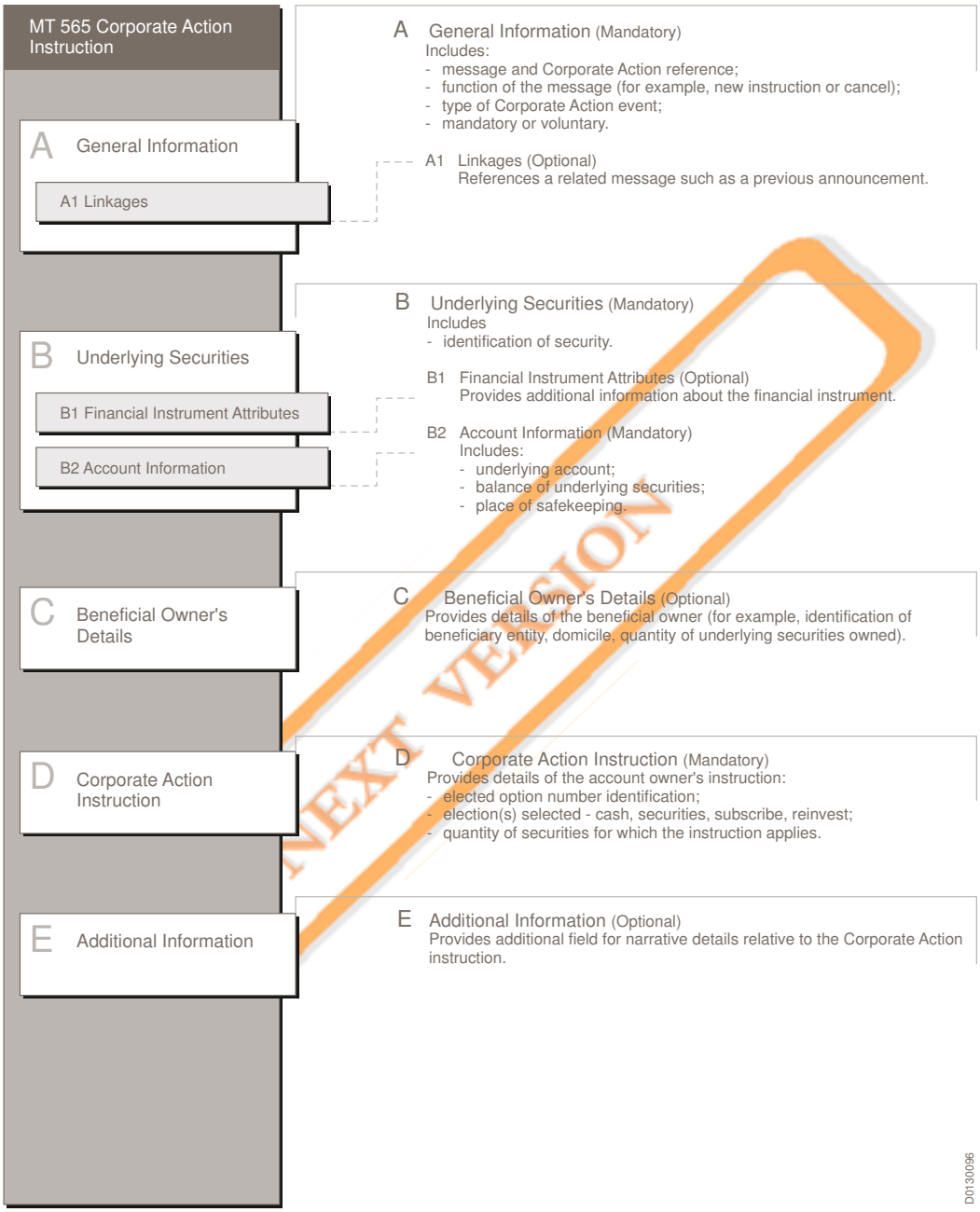
- Request the cancellation of a previously sent Corporate Action instruction.
- Re-send a Corporate Action instruction previously sent.
- Provide a third party with a copy of the message.

MT 565 Corporate Action Instruction



Graphical representation of MT 565

MT 565



9.4 MT 566 Corporate Action Confirmation

Purpose

To confirm to the account owner that securities or cash have been credited, or debited, to an account, as the result of a Corporate Action event.

Players

This message is sent by an account servicer to an account owner for which it services a securities safekeeping account.

The account servicer may be:

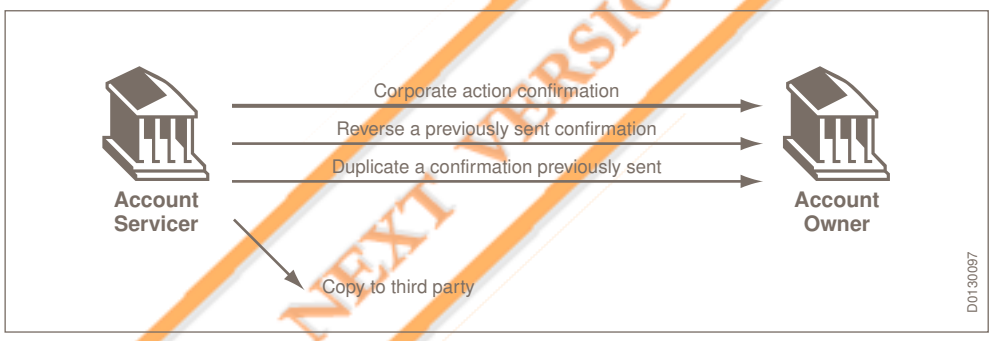
- A local agent servicing an account on behalf of a global custodian customer.
- A sub-custodian servicing an account on behalf of its global custodian.
- A custodian servicing an account on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 566 may also be used to:

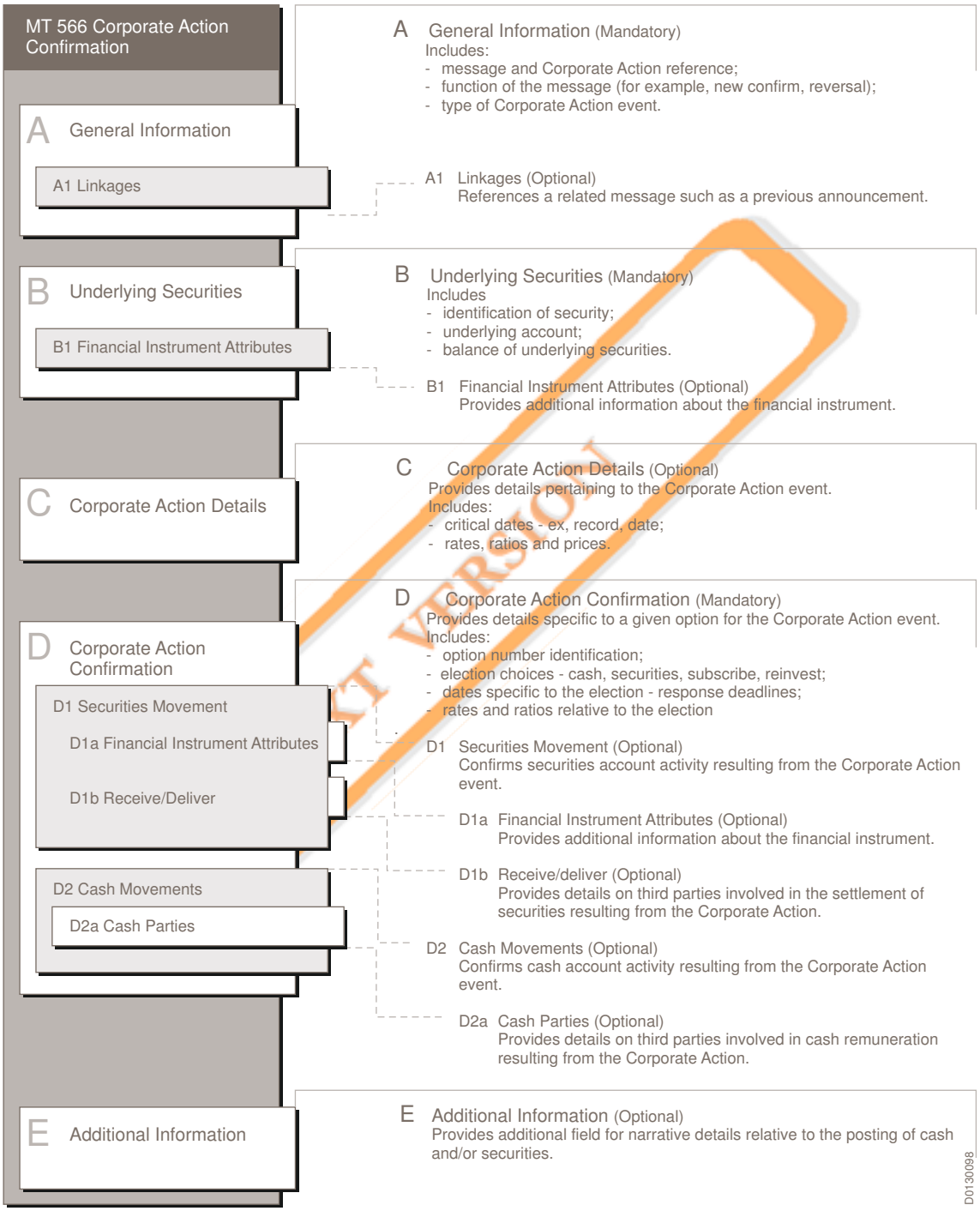
- Reverse a previously sent Corporate Action confirmation.
- Re-send a Corporate Action confirmation previously sent.
- Provide a third party with a copy of the message.

MT 566 Corporate Action Confirmation



Graphical representation of MT 566

MT 566



9.5 MT 567 Corporate Action Status and Processing Advice

Purpose

To advise the status, or a change in status, of a Corporate Action-related transaction previously instructed by, or executed on behalf of, the account owner. This will include the acknowledgement or rejection of a Corporate Action instruction or the acknowledgement or rejection of a request to cancel an outstanding instruction. It may also be used to provide the reason a Corporate Action event has not been completed by the announced payment dates.

Players

This message is sent by an account servicer to an account owner for which it services a securities safekeeping account.

The account servicer may be:

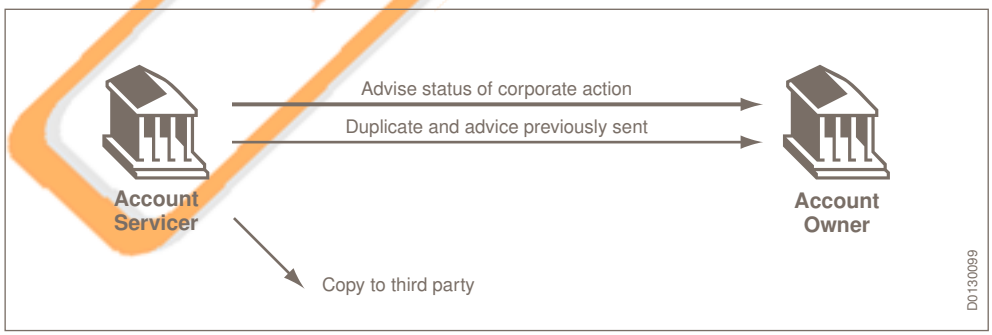
- A local agent servicing an account on behalf of a global custodian customer.
- A sub-custodian servicing an account on behalf of its global custodian.
- A custodian servicing an account on behalf of:
  - An investment management institution.
  - A broker or dealer.

Other functions

The MT 567 may also be used to:

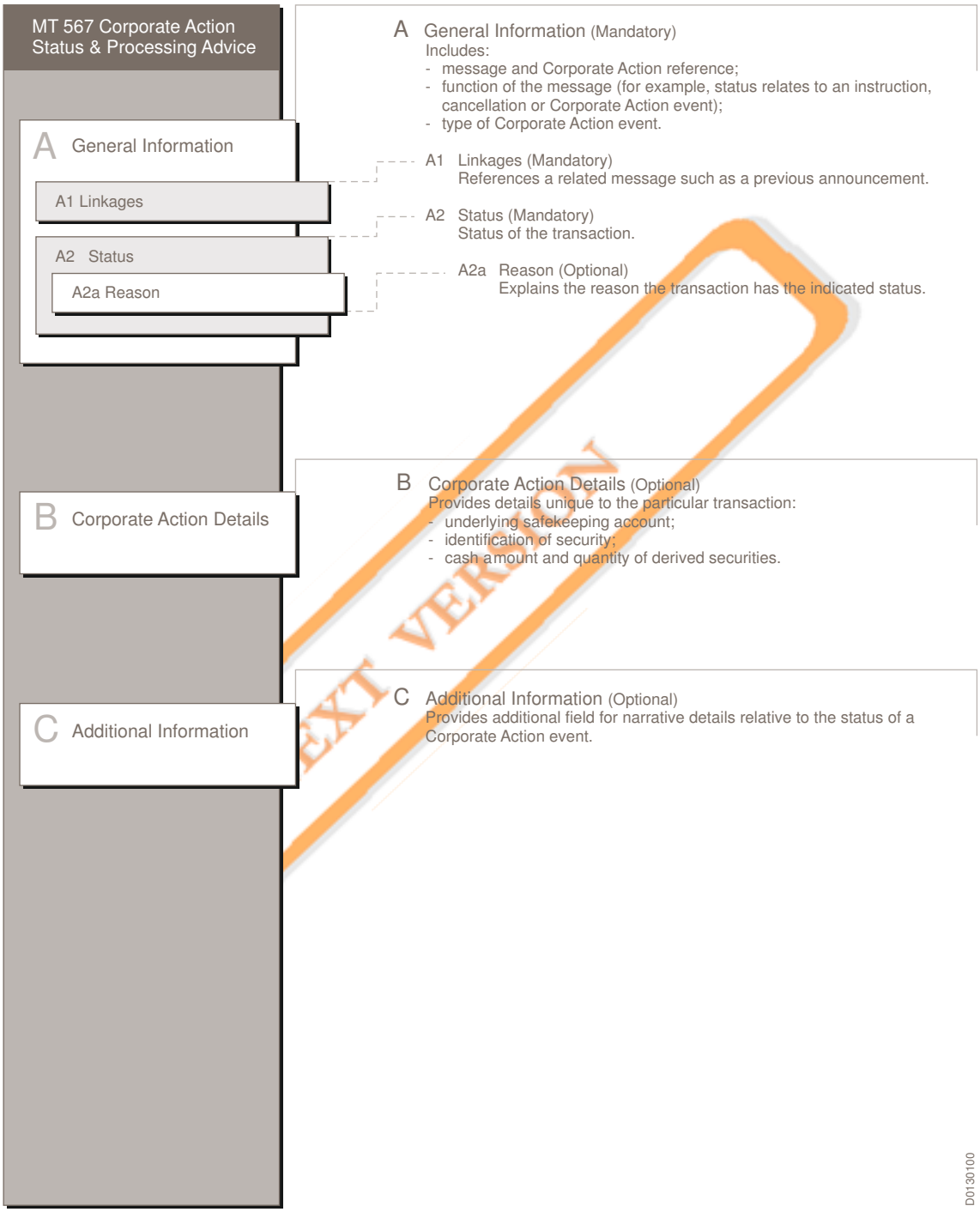
- Re-send a Corporate Action status previously sent.
- Provide a third party with a copy of the message.

MT 567 Corporate Action Status and Processing Advice



Graphical representation of MT 567

MT 567



9.6 MT 568 Corporate Action Narrative

Purpose

To provide complex instructions or narrative details relating to a Corporate Action event.

Players

This message is sent between an account servicer and an account owner for which it services a securities safekeeping account.

The MT 568 may be sent between:

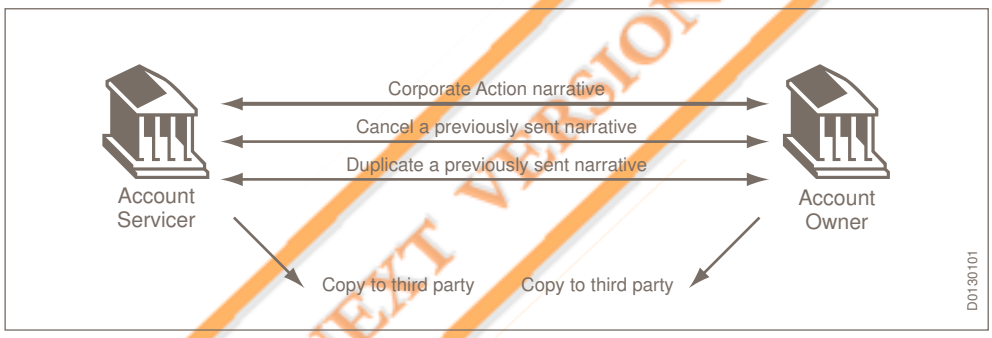
- A local agent and its global custodian customer.
- A sub-custodian and its global custodian customer.
- A custodian and its investment management institution customer.
- A custodian and its broker or dealer customer.

Other functions

The MT 568 may also be used to:

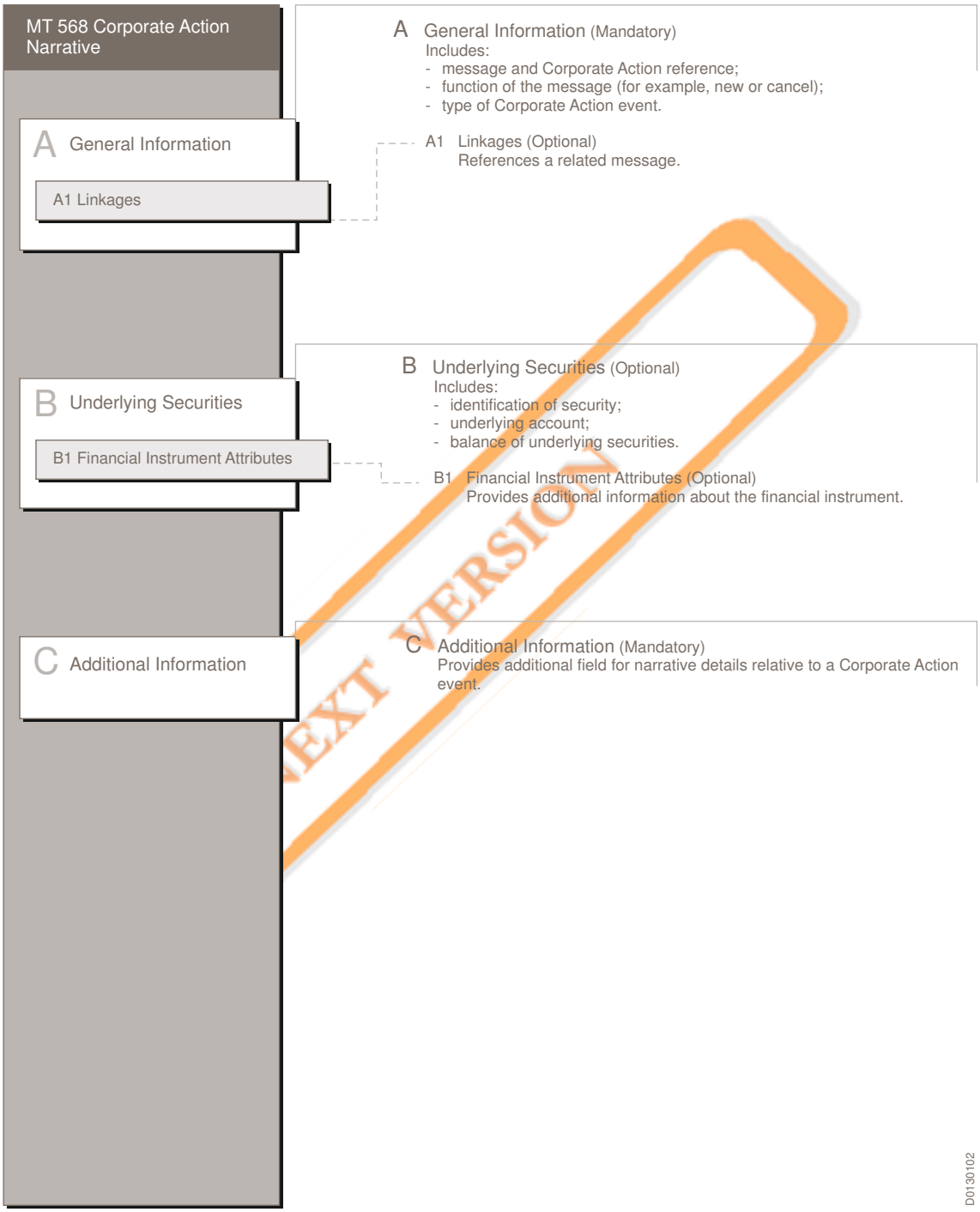
- Cancel a previously sent Corporate Action narrative.
- Re-send a Corporate Action narrative previously sent.
- Provide a third party with a copy of the message.

MT 568 Corporate Action Narrative



Graphical representation of MT 568

MT 568



10 Corporate Action Scenarios

Due to the diversity of Corporate Actions in general, the application of the ISO 15022 message types to Corporate Action events may seem a challenging task.

The Securities Market Practice Group has therefore published a series of scenarios, the *SMPG CA Events Templates,* available on www.smpg.info. This document aims at helping users to implement ISO 15022 MTs 564, 565, 566, 567, and 568. The templates reflect only one scenario per event. There may be other more complex scenarios for the same event where additional information could be needed. The purpose of the document is to demonstrate with concrete examples how to apply various SMPG recommendations that are available.

The samples are designed to illustrate the functionality of a message, however, **readers must consult the** Standards MT documentation **for the complete field and format structures. The actual usage and content will be determined in accordance with market best practice.**

11 Settlement Chain

This chapter explains how to use the generic fields of both the Trade Initiation and Confirmation (TIC) and the Settlement and Reconciliation (S&R) messages in the specific context of the settlement chain. The settlement chain refers to the parties and safekeeping accounts involved in the settlement of a securities trade.

11.1 Overview

Settlement chain

The settlement chain concept was created to provide the capability to uniquely identify as many parties as desired within the message structure. It consists of a list of qualifiers which, in conjunction with a set of rules, describe the relationship between all parties involved.

It is important to note the difference between the TIC and the S&R approach to the settlement chain.

In TIC messages:

- None of settlement chain parties is mandatory.

In S&R messages:

- In a delivery instruction, at least one party on the receiving side must be specified.
- In a receipt instruction, at least one party on the delivery side must be specified.

The Securities Market Practice Group recommends the presence of the full settlement chain with a minimum of two levels (the local agent and its client).

The sections that follow give an explanation of the qualifiers used in the settlement chain, the rules applied to the qualifiers, and how to construct the settlement chain.

11.2 Which Qualifier for Which Party

Introduction

The qualifiers used to identify the parties correspond to the parties' position in the settlement chain, and their relationships with one another, rather than their business roles. For example, a local or sub-custodian is identified as a receiving or delivering agent rather than as the investment manager's custodian's sub-custodian, or executing broker's local custodian.

A typical TIC message
MT 502

Party	Status	Party field + qualifier
Deliverer/Receiver of Securities	O	`:95a::DEAG or :95a::REAG`
Beneficiary of Securities	O	`:95a::BUYR`
Account With Institution	O	`:95a::ACCW`

Party	Status	Party field + qualifier
Beneficiary of Money	O	:95a::BENM

A typical S&R message

MT 542-543

Party	Status	Party field tag + qualifier
Seller	O	:95a::SELL
Deliverer's Custodian	O	:95a::DECU
Deliverer's Intermediary	O	:95a::DEI1
Instructing Party's Safekeeping Account	M	:97a::SAFE
Place of Settlement	M	:95a::PSET
Receiving Agent	M	:95a::REAG
Receiver's Intermediary	O	:95a::REI1
Receiver's Custodian	O	:95a::RECU
Buyer	O	:95a::BUYR

Settlement chain concept

The settlement chain concept was created to ensure that, regardless of the number of parties present, enough party fields would be available. In the example (delivery instruction), the *New* field tag column already shows a few optional qualifiers (REI1, RECU) which can be used in the new messages if one needs to identify more than two parties (on the receiving side).

Qualifiers have been defined for the receiving and the delivering parties which may be involved in a securities transaction. There is a specific dependency, or *hierarchy*, which must be applied when specifying parties in the settlement chain.

When only one party is to be specified, this will be identified as REAG (Receiving Agent) or DEAG (Delivering Agent).

When specification of additional party(ies) is necessary, the qualifiers used to describe their position in the settlement chain will always be specified as follows:

Settlement chain

Party to specify	Receiving side	Delivering side
1st	REAG (Receiving Agent)	DEAG (Delivering Agent)
2nd	BUYR (Buyer)	SELL (Seller)
3rd	RECU (Receiver's Custodian)	DECU (Deliverer's Custodian)
4th	REI1 (Receiver's Intermediary 1)	DEI1 (Deliverer's Intermediary 1)
5th	REI2	DEI2

Note *"..." = data, in this case implying the positions between 4th and 12th.*

The order in which the qualifiers are listed in the table is not necessarily the order of the chain.

The purpose of the table is to show the relationships between the qualifiers, for example, RECU is dependent on the presence of BUYR, REI1 is dependent on the presence of RECU, REI2 is dependent on the presence of REI1, etc.

The order in which the settlement parties are specified is not important within the series of the settlement parties sequences.

The examples in the sections that follow will help comprehending this whole concept better.

11.3 Trade Initiation and Confirmation Messages

When a trade is ordered, executed, allocated, or confirmed, the sender of the message may need to specify the parties which will settle the trade. The buyer or seller may either specify its settlement side, that of their counterparty, or both. The settlement chain principle allows the sender to identify as many parties as required.

These examples illustrate how to use the qualifier in the settlement chain.

11.3.1 Receiving Parties

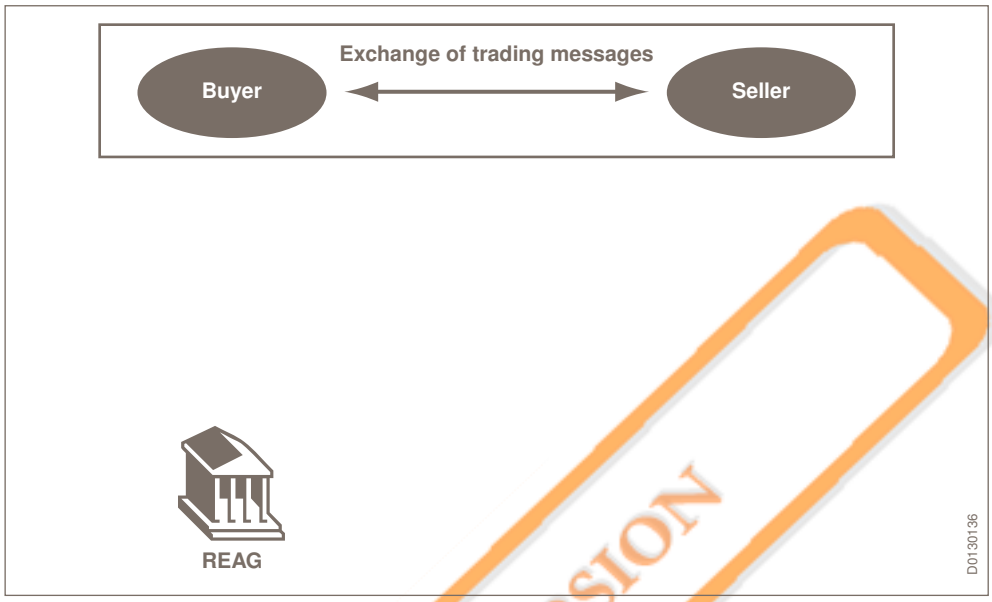
Identify and build the parties

We will first show how to identify and build the parties on the receiving side. The examples that follow demonstrate which qualifiers to use in different scenarios, for example, one party on the receiving side, two parties on the receiving side.

The sender specifies one receiving party

For the receiver of securities, the qualifier REAG should be specified.

One receiving party is specified



Example 1

NatWest London has bought securities which it will settle at CREST (domestically). When confirming the deal to its counterparty (seller), NatWest will identify itself in the settlement chain as being the receiver of securities.

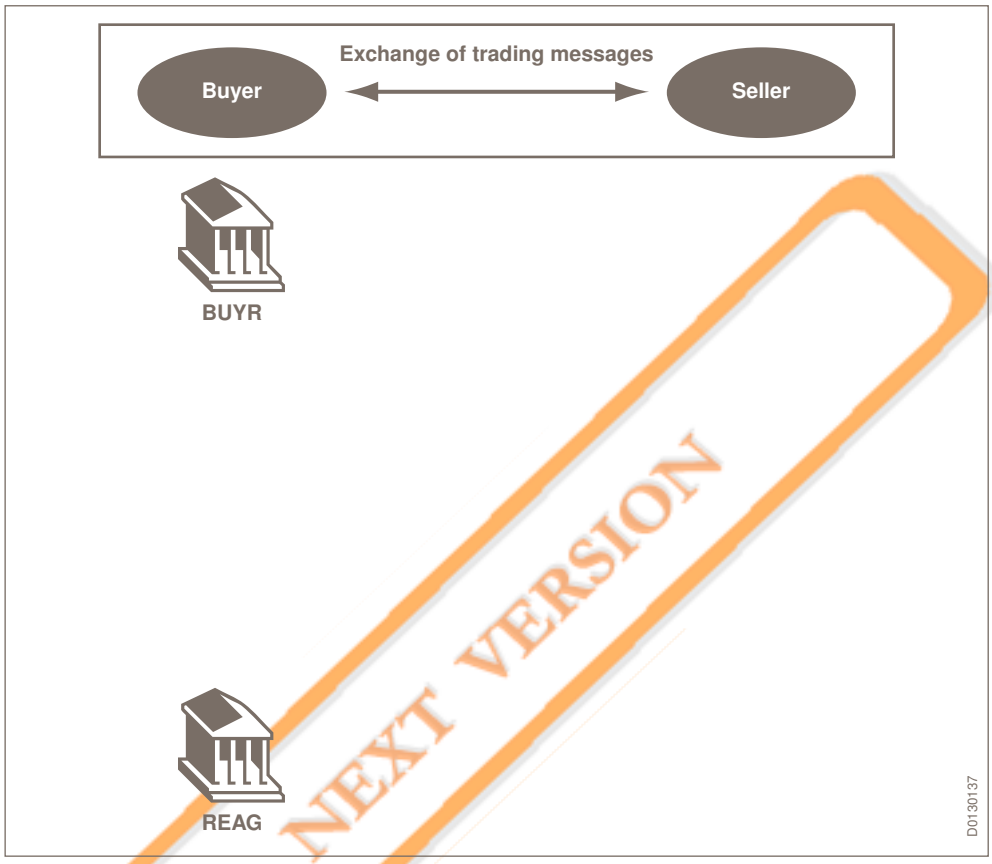
```
:95R::REAG/CRST/B1987
```
(NatWest London CREST code identification as per GB Market Practice)

```
:95P::PSET//CRSTGB22
```

The sender specifies two receiving parties

If the buyer has a direct relationship with the receiving agent, the buyer and its account may be specified, using the qualifier BUYR. In this case, BUYR will have an account at REAG.

Two receiving parties are specified



Example 2

Paribas Paris has bought securities from a German broker. Paribas wants to receive the securities at Dresdner Bank, Frankfurt, in its own favour. Dresdner Bank will be identified as the receiver of securities. Paribas will identify itself as the buyer. To comply with German Market Practice, Paribas will also provide the account of Dresdner at the German CSD. It will also identify the place of settlement of Dresdner.

`:95P::BUYR//PARBFRPP` (Paribas)

`:95P::REAG//DRESDEFF` (Dresdner Bank)

`:97A::SAFE//7002000`

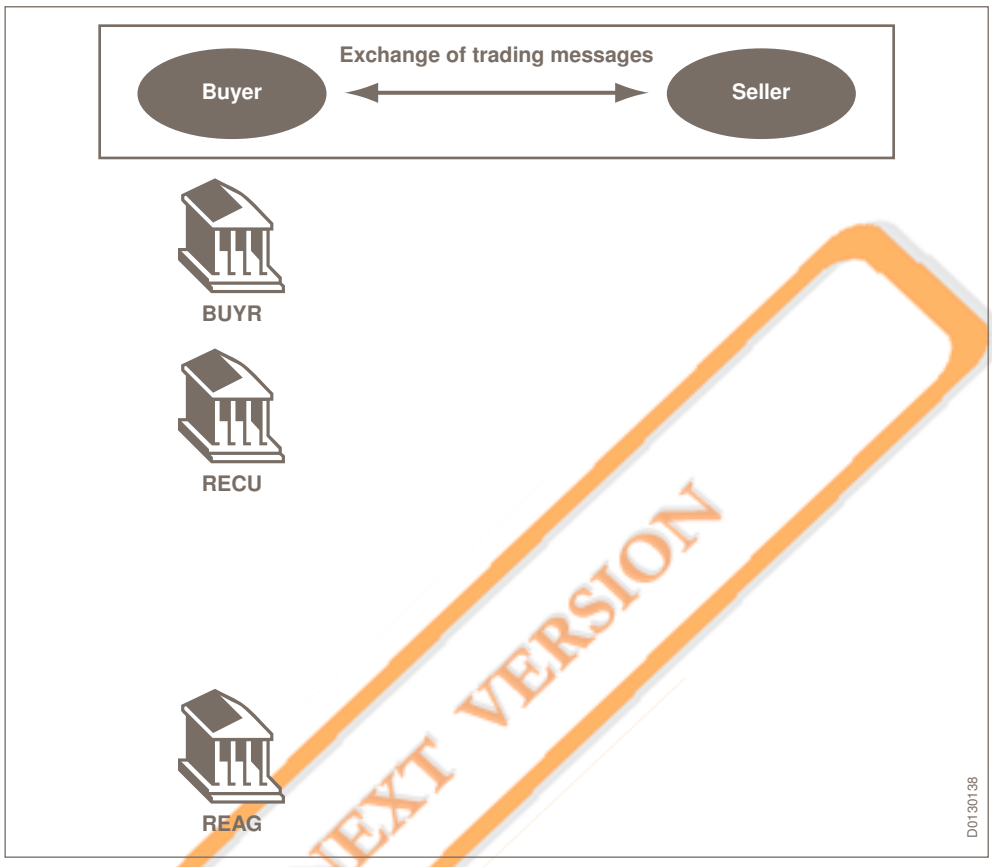
`:95P::PSET//DAKVDEFF`

If the sender wishes to specify three receiving parties:

If the buyer uses a global custodian, rather than a direct relationship with a clearing agent in the local market, and wishes to identify this party, the qualifiers BUYR, RECU (Receiving Custodian), and REAG must be specified. The buyer's account at the custodian, and the custodian's account at

the receiving agent may also be specified. In this case, BUYR will have an account with RECU and RECU with REAG.

Three receiving parties are specified



Example 3

Fidelity US has bought stock in the UK market, via its broker. In the allocation messages, Fidelity informs its broker of the parties via which it wants to receive the assets. Fidelity uses the Bank of New York as its global custodian, which in turn uses Midland Bank.

`:95P::BUYR//FIINUS31` (Fidelity Investments)

`:95P::RECU//IRVTUS3N` (Bank of New York)

`:95R::REAG/CRST/259UZ` (Midland Bank CREST Code)

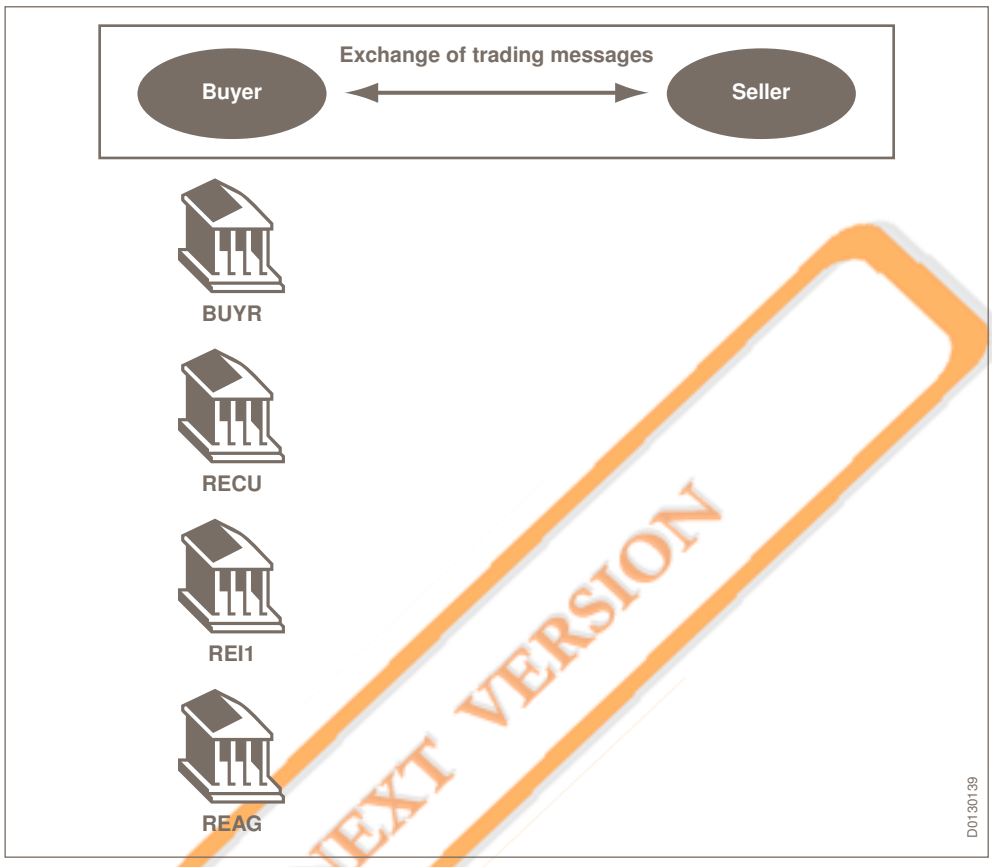
`:95P::PSET//CRSTGB22`

The sender specifies four receiving parties

If there is an intermediary between the buyer's global custodian and the local or sub-custodian, and the sender wishes to identify this party, the qualifiers REAG, REI1 (Receiver's Intermediary 1),

RECU, and BUYR must be used. In this case, BUYR will have an account with RECU, RECU with REI1, and REI1 with REAG.

Four receiving parties are specified:



Example 4

Safekeeping Account has bought Spanish securities. Safekeeping Account wants to receive the securities via its global custodian, Bankers Trust. Bankers Trust use Euroclear, which in turn uses Banco Santander to operate in Spain.

`:95P::BUYR//BEAAUS33` (Safekeeping Account)

`:95P::RECU//BKTRUS33` (Bankers Trust)

`:95P::REI1//MGTCBEBE` (Euroclear)

`:95P::REAG//BSCHESMM` (Banco Santander)

`:95P::PSET//SCLVESMM`

The chain can continue:

If a fifth party were required, qualifier REI2 would be used. REI2 would be the party in between REAG and REI1.

11.3.2 Delivering Parties

Introduction

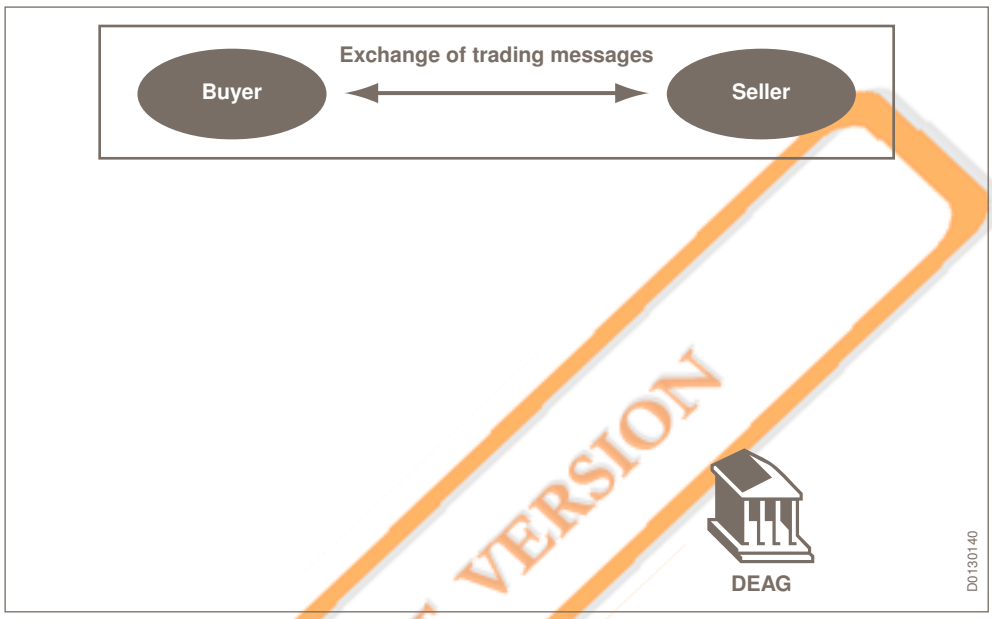
The same principle has been adopted to identify parties delivering on behalf of the seller.

As in section Receiving Parties on page 171, the examples that follow demonstrate how to identify and use the qualifiers on the delivering side according to the scenario, for example, one party on the delivering side, two parties on the delivering side.

The sender specifies one delivering party

If the deliverer of securities needs to be specified, the qualifier DEAG must be used.

One delivering party is specified



Example 1

Credit Suisse, Zurich, has sold securities to a Credit Suisse counterparty. Credit Suisse will be the delivering party.

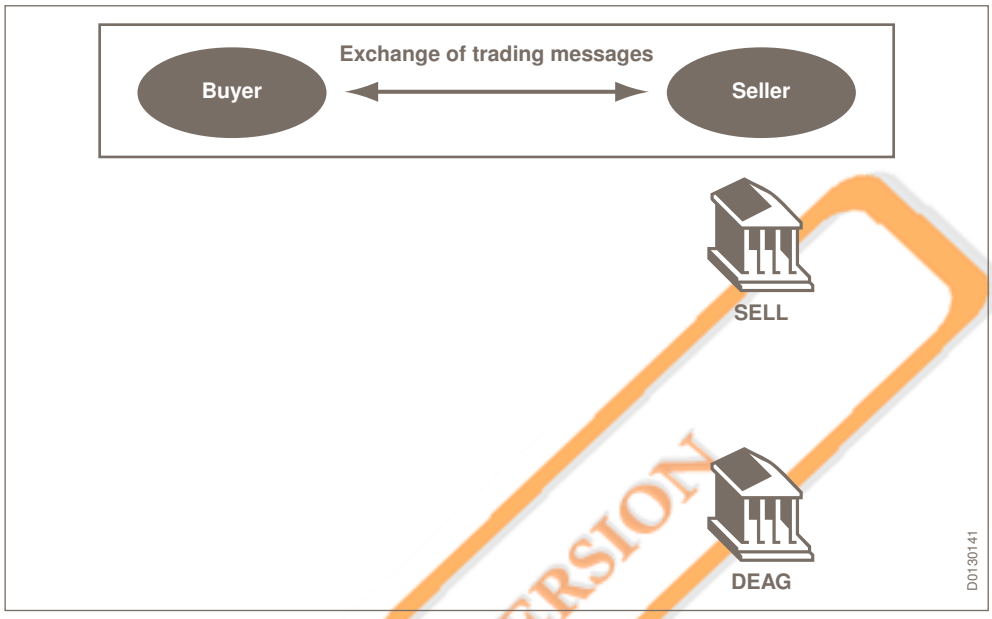
`:95P::DEAG//CRESCHZF` (Credit Suisse)

`:95P::PSET//INSECHZZ`

The sender specifies two delivering parties

If the seller has a direct relationship with the delivering agent, the seller and its account must be specified, using the qualifier SELL. In this case, SELL will have an account at DEAG.

Two delivering parties are specified



Example 2

Credito Italiano has sold German securities. The securities are held with its agent in Frankfurt, Deutsche Bank. Deutsche Bank will be the deliverer of securities.

`:95P::SELL//CRITITMM` (Credito Italiano)

`:95P::DEAG//DEUTDEBB` (Deutsche Bank)

`:97A::SAFE//7004000`

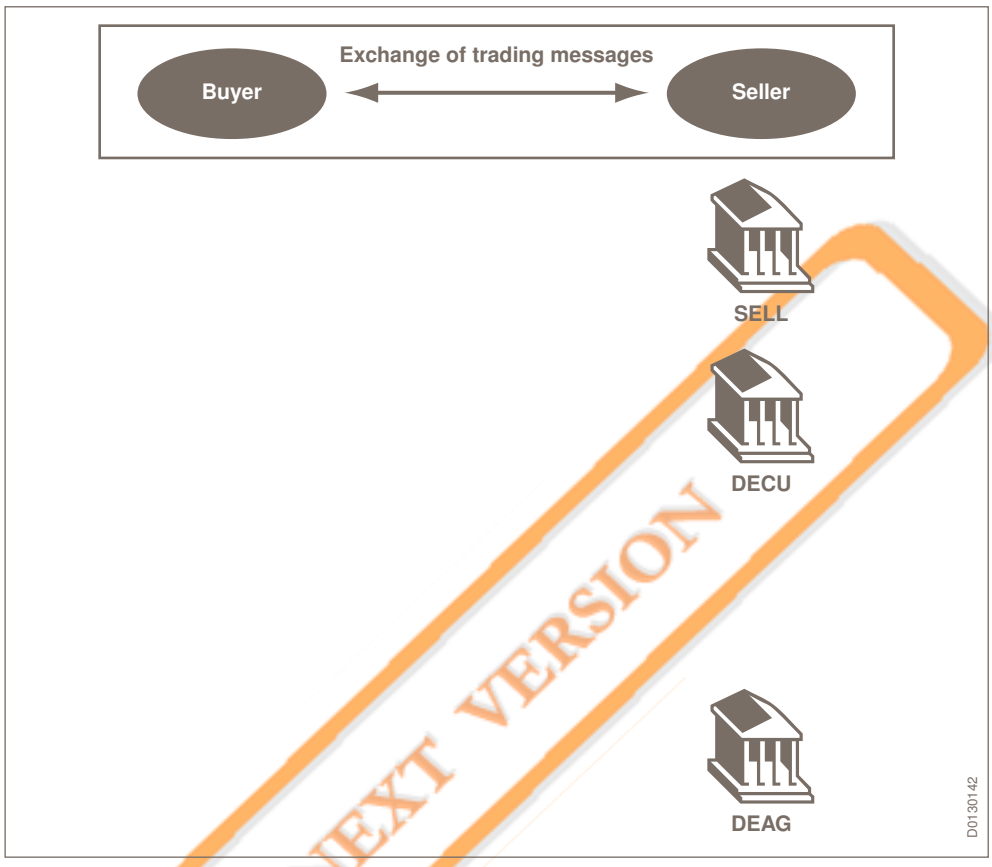
`:95P::PSET//DAKVDEFF`

The sender specifies three delivering parties

If the seller uses a global custodian (or other global player), rather than a direct relationship with an agent in the local market, and wishes to identify this party, the qualifiers SELL, DECU (Deliverer's Custodian), and DEAG must be used. The seller's account at the custodian, and the custodian's

account at the delivering agent, must also be specified. In this case, SELL will have an account with DECU and DECU with DEAG.

Three delivering parties are specified



Example 3

Julius Baer, in the US, has sold Dutch securities. When confirming the deal to its counterparty, Julius Baer specifies the delivering agent as ABN-AMRO Amsterdam, which will be instructed by its global custodian, Bankers Trust. As per NL Market Practice, Julius Baer also provides the account of Bankers Trust at ABN Amro and the place of settlement.

`:95P::SELL//BAERUS33` (Julius Baer)

`:95P::DECU//BKTRUS33` (Bankers Trust)

`:97A::SAFE//123654789`

`:95P::DEAG//ABNANL2A` (ABN-AMRO)

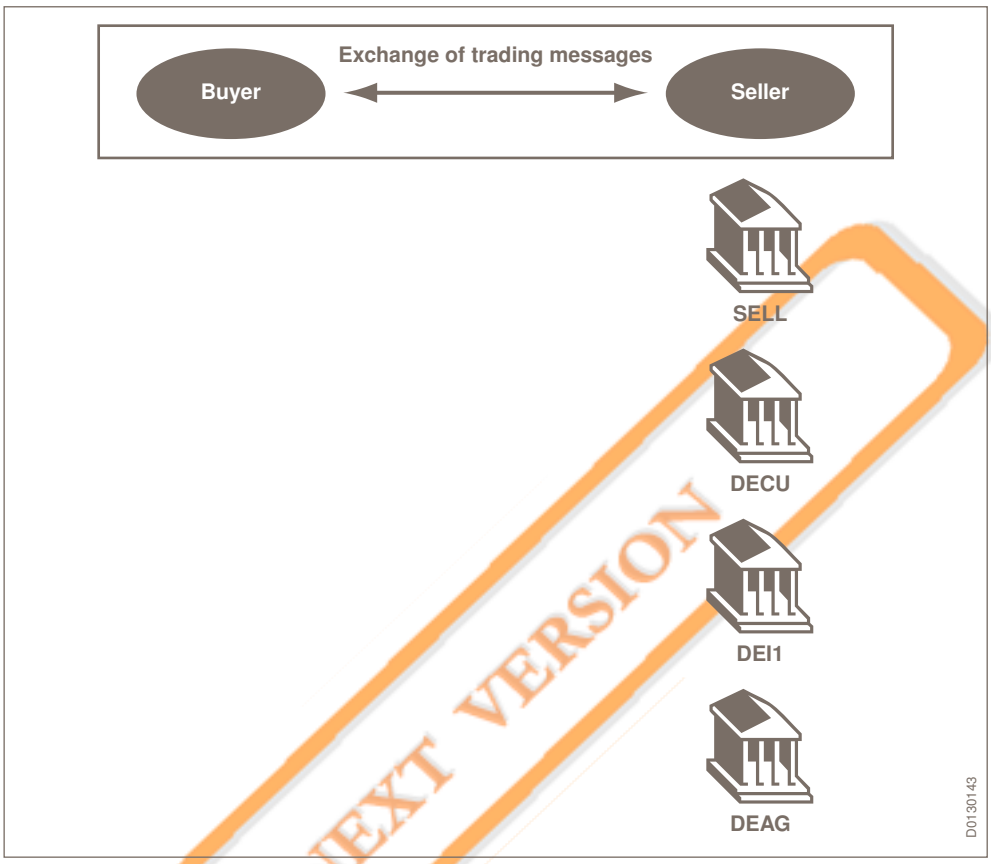
`:95P::PSET//NECINL2A`

The sender specifies four delivering parties

If there is an intermediary between the seller's custodian and the local or sub-custodian, and the sender wishes to specify this party, the qualifiers DEAG, DEI1 (Deliverer's Intermediary 1), DECU,

and SELL must be used. In this case, SELL will have an account with DECU, DECU with DEI1 and DEI1 with DEAG.

Four delivering parties are specified



Example 4

James Capel, London, has sold some of its Argentine stock to an Argentine counterpart. James Capel currently holds the stock at Euroclear. Euroclear uses Citicorp, Argentina, in the local market, which in turn goes through the Caja de Valores to settle at CRYL:

`:95P::SELL//JCEOGB21` (James Capel)

`:95P::DECU//MGTCBEBE` (Euroclear)

`:95P::DEI1//CITIARB1` (Citicorp)

`:95P::DEAG//CAVLARBA` (Caja de Valores)

As with the receiving side, it is possible to continue including delivering parties, by adding DEI2.

Place of settlement

The Securities Market Practice Group recommends the presence of the place of settlement. It is the place, for example, a depository where the receiving or delivering agent identified in the TIC message will settle the transaction.

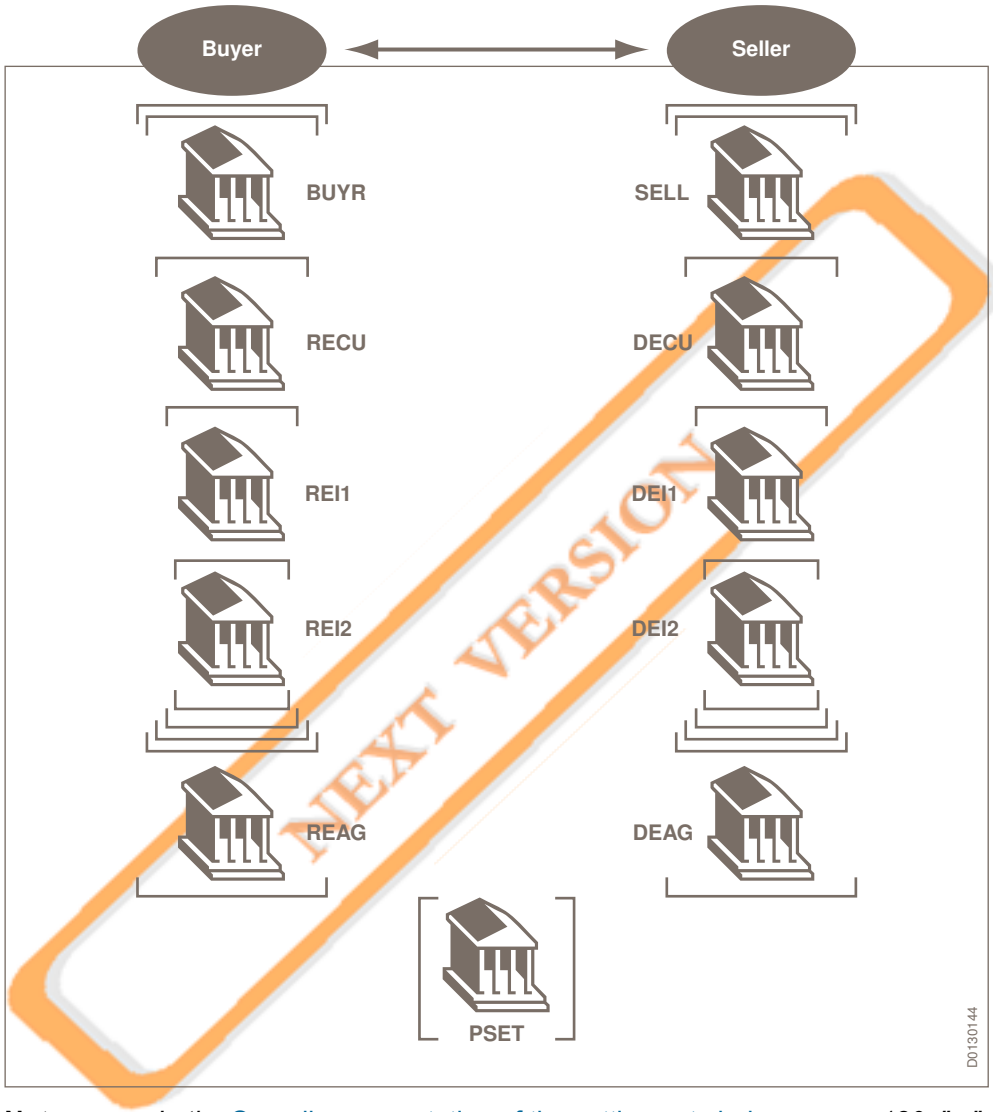
`:95P::PSET//DTCYUS33`

In Overall representation of the settlement chain on page 180, brackets [ ] have been used to illustrate the optional nature of specifying the parties in the settlement chain. Qualifiers between

brackets are optional in the message. However, each layer of brackets depends on information in the outer layer being present. For example:

[BUYR [RECU]] means that RECU can only be present if BUYR is present.

Overall representation of the settlement chain



Note *In the Overall representation of the settlement chain on page 180, "..." = Insertion of settlement parties. See the receiving side in Four receiving parties are specified: on page 175, and the delivering side in the Four delivering parties are specified on page 179.*

Conditional rules

The Overall representation of the settlement chain on page 180 can also be translated into conditional rules:

If BUYR is present, then REAG must be present.

If RECU is present, then BUYR must be present.

If REI1 is present, then RECU must be present.

If REI2 is present, then REI1 must be present.

Similarly, if SELL is present, then DEAG must be present.

If DECU is present, then SELL must be present.

If DEI1 is present, then DECU must be present.

If DEI2 is present, then DEI1 must be present.

11.4 Settlement and Reconciliation Messages

The next set of examples illustrate the settlement chain as used by the S&R messages. The approach is different to that of TIC.

We will show the settlement parties involved when an account owner instructs its account servicer to deliver securities. There is a receiving side of the settlement chain, for example, the parties that will receive the securities, and an instructing side of the settlement chain. The sender of the message is on the instructing side.

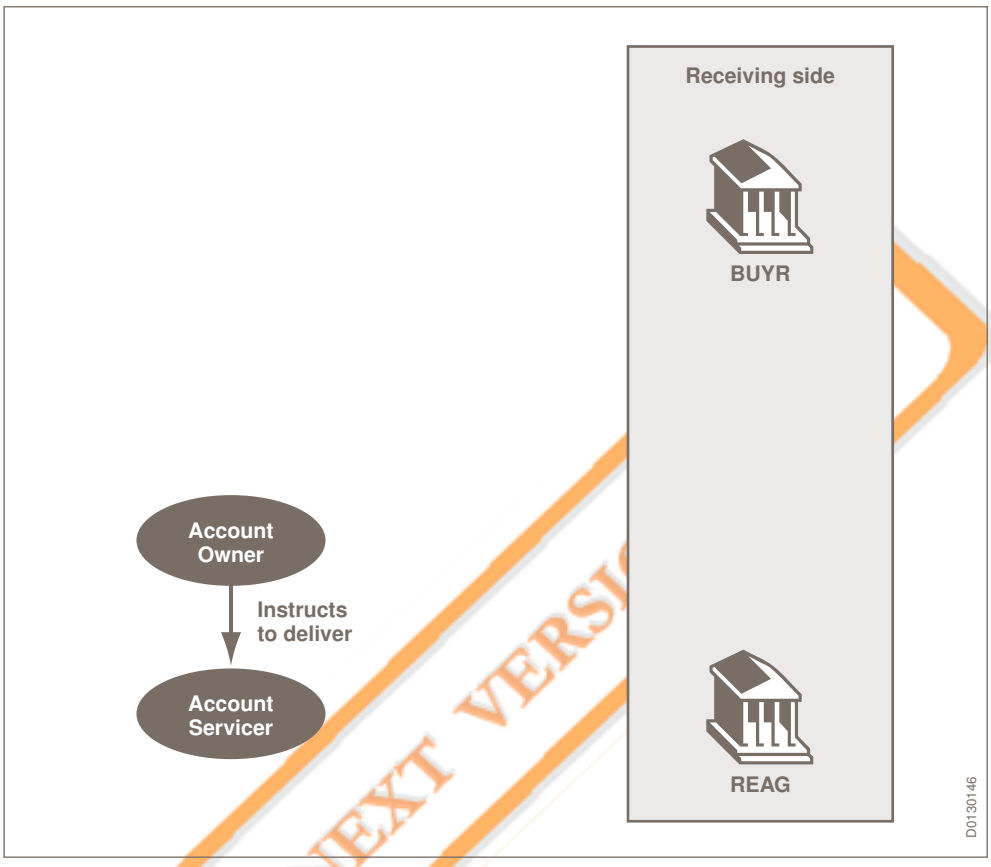
11.4.1 Receiving Parties

The sender specifies two parties on the receiving side

The account owner instructs its account servicer to deliver securities. According to market practices, a minimum of two parties are to be specified. It must use qualifiers REAG and BUYR. REAG will be the receiver of securities in favour of BUYR. As recommended by market practices,

the account owner will also indicate the place of settlement of the Receiving Agent (REAG) of the counterparty using qualifier PSET.

The sender specifies two parties on the receiving side



Example 1

Paribas Paris has bought securities from a German broker. Paribas wants to receive the securities at Dresdner Bank, Frankfurt, in its own favour. In the instruction sent from the German broker to its account servicer, Dresdner Bank will be identified as the receiver of securities, Paribas will be identified as the buyer. As requested by German market practice, the account of Dresdner Bank at the German CSD will also be provided.

`:95P::BUYR//PARBFRPP` (Paribas)

`:95P::REAG//DRESDEFF` (Dresdner Bank)

`:97A::SAFE//7002000`

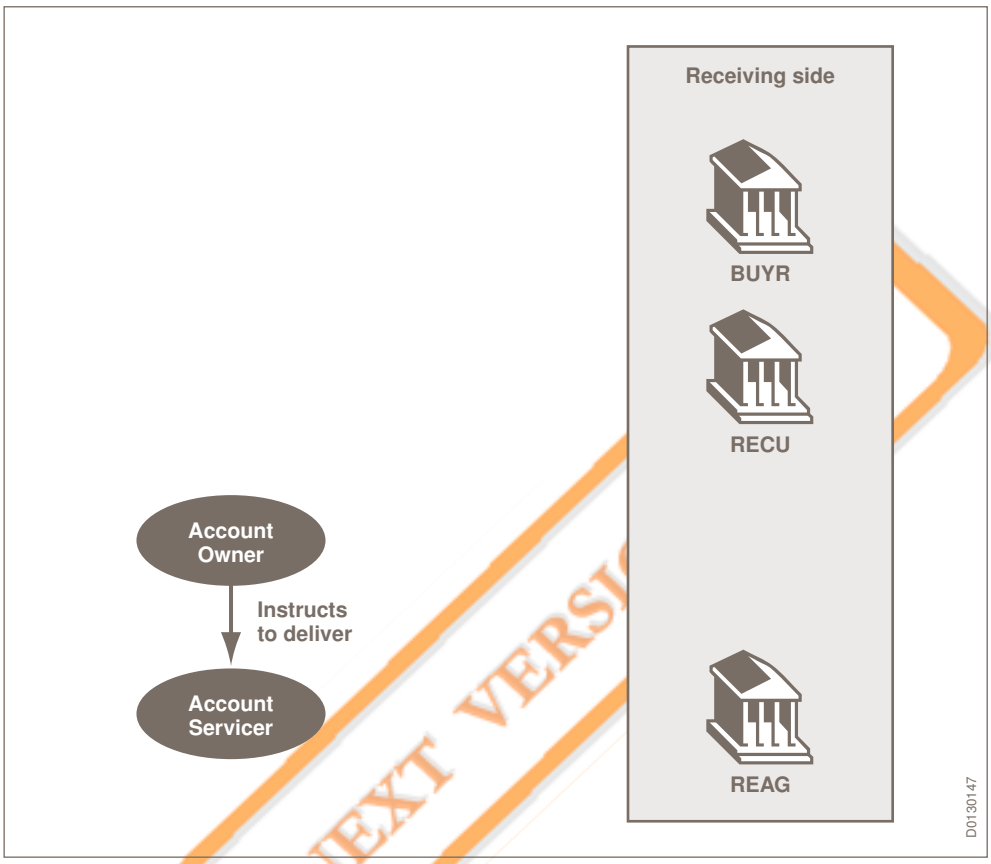
`:95P::PSET//DAKVDEFF`

The sender specifies three parties on the receiving side

The account owner instructs its account servicer to deliver securities. If three parties are to be specified, qualifiers REAG, RECU, and BUYR must be used. REAG will be the receiver of securities in favour of RECU, and RECU will receive in favour of BUYR. As recommended by

market practices, the account owner will also indicate the place of settlement of the Receiving Agent (REAG) of the counterparty using qualifier PSET.

The sender wishes to specify three receiving parties



Example 2

Fidelity US has bought stock in the NL market, via its broker. Fidelity uses the Bank of New York as its global custodian, which in turn uses ING Bank N.V. as local custodian. Dutch market practice mandates the identification of the account of Bank of New York at ING Bank. This account will be mentioned in the same sequence where Bank of New York is identified. In the delivery instruction from the broker, the receiving parties are specified as follows:

`:95P::BUYR//FIINUS31` (Fidelity Investments)

`:95P::RECU//IRVTUS3N` (Bank of New York)

`:97A::SAFE//123456789`

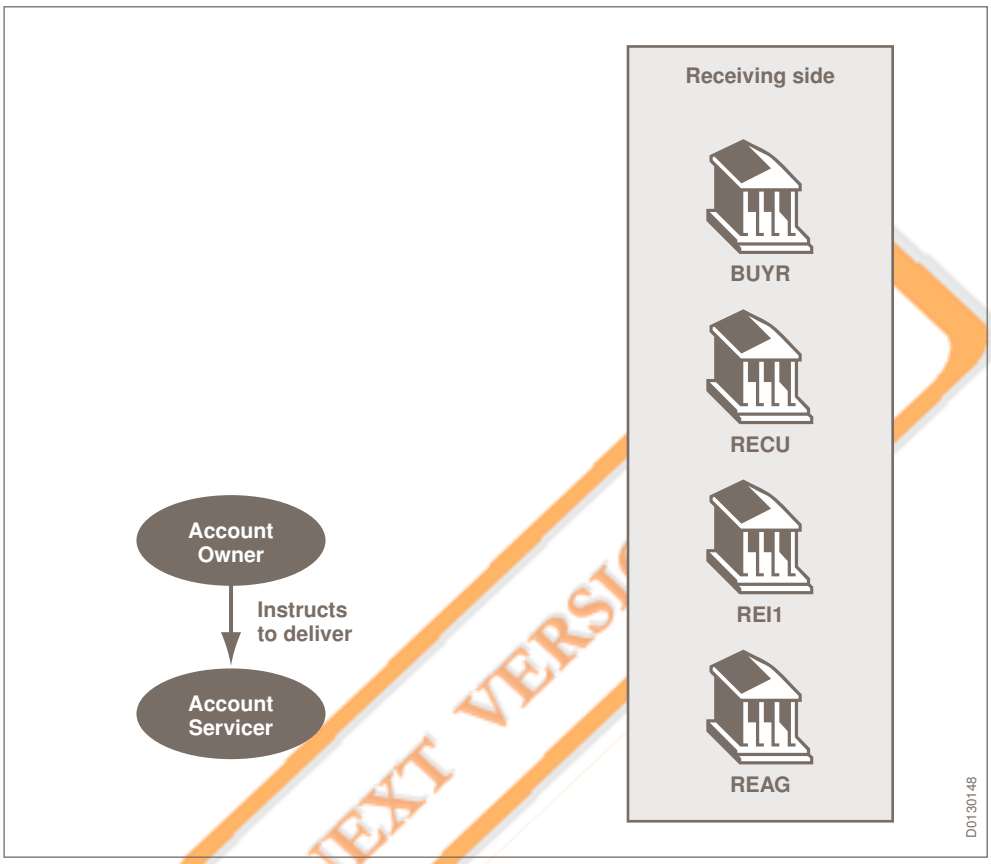
`:95P::REAG//INGBNL2A` (ING Bank N.V.)

The sender specifies four parties on the receiving side

The account owner instructs its account servicer to deliver securities. If four receiving parties are to be specified, qualifiers REAG, REI1, RECU, and BUYR must be used. REAG will be the receiver of securities in favour of REI1, REI1 will receive in favour of RECU, and RECU will receive in favour

of BUYR. As recommended by market practices, the account owner will also indicate the place of settlement of the Receiving Agent (REAG) of the counterparty using qualifier PSET.

The sender wishes to specify four receiving parties



Example 3

Safekeeping Account has bought Spanish securities. Safekeeping Account wants to receive the securities via its global custodian, Bankers Trust. Bankers Trust use Euroclear, which in turn uses Banco Santander to operate in Spain. The seller of the securities tells its account servicer to deliver to:

`:95P::BUYR//BEAAUS33` (Safekeeping Account)

`:95P::RECU//BKTRUS33` (Bankers Trust)

`:95P::REI1//MGTCBEBE` (Euroclear)

`:95P::REAG//BSCHESMM` (Banco Santander)

`:95P::PSET//SCLVESMM`

Note *The chain can continue.*

If a fifth party were required, then qualifier REI2 must be used. REI2 would be the party in between REAG and REI1.

11.4.2 Instructing Parties

Introduction

The same principle has been adopted to identify parties on the instructing side. As the S&R structure is different to that of TIC, the account owner may not be the initiating party of the trade, for example, it may be a sub-custodian acting for a global custodian. The sub-custodian (account owner) may wish to specify the instructing party of its client, the investment management institution (if the global custodian has passed on this information).

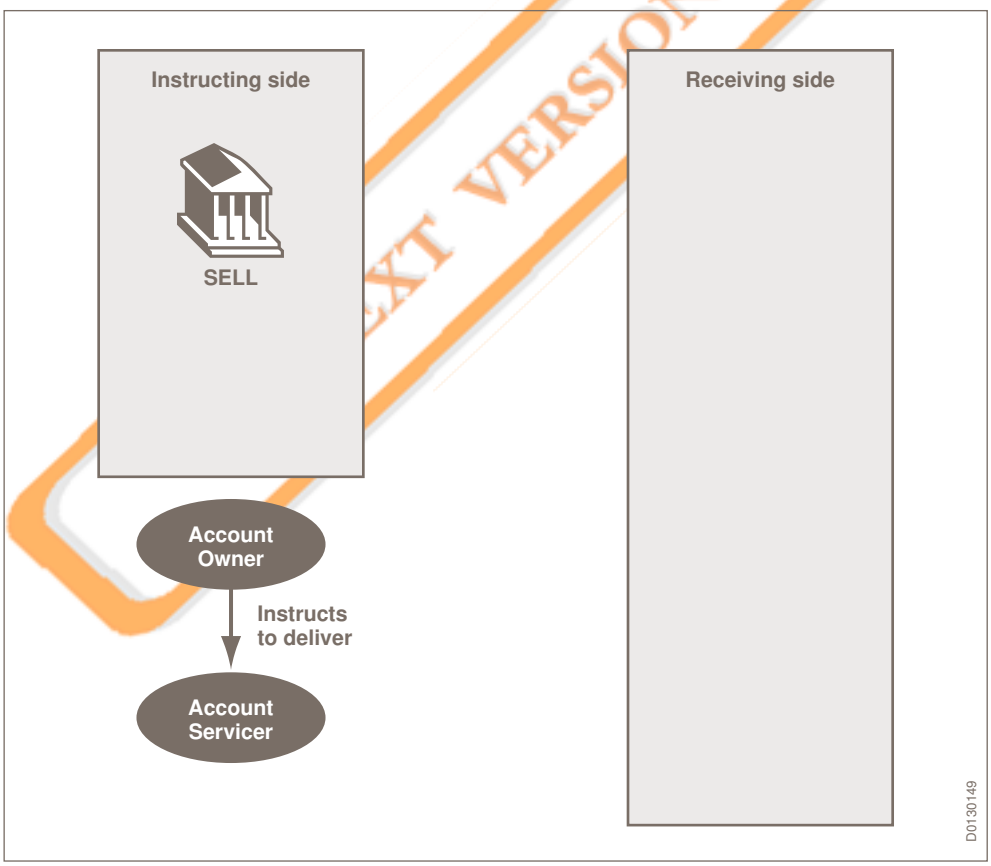
The settlement chain principle allows the sender to identify as many parties as required, but NONE are mandatory.

The information that follows demonstrates how parties are identified in a deliver message.

The sender specifies one party before it in the chain

If the account owner wishes to specify one party before it in the chain, then it must use qualifier SELL. This party (SELL) has instructed the account owner to deliver. Party SELL is the client of the account owner.

One instructing party before the account owner



Example 1

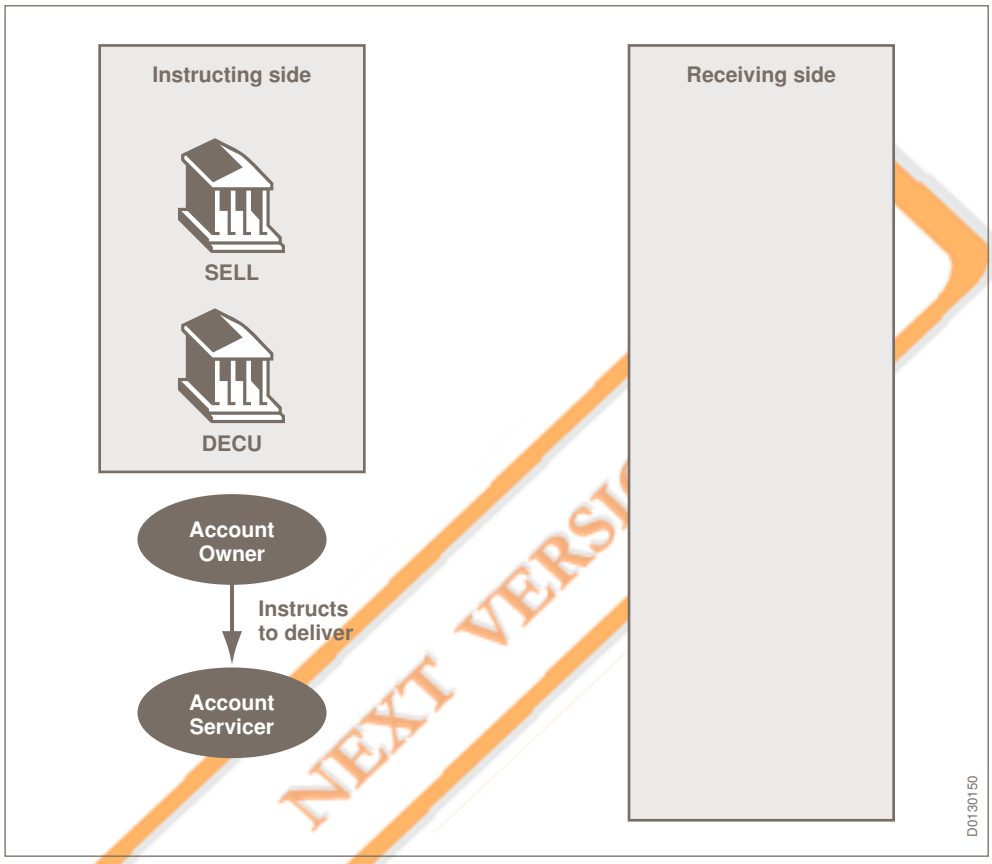
Bank of New York has to deliver securities for its client Generale Bank, Belgium.

`:95P::SELL//GEBABEBB` (Generale Bank)

The sender specifies two parties before it in the chain

If the account owner wants to specify two parties before it in the chain, then it must use qualifier SELL and DECU. Party SELL has instructed party DECU to deliver, which in turn has instructed the account owner to deliver. Party DECU is the client of the account owner.

Two instructing parties before the account owner



Example 2

Den Danske instructs to deliver. In its instruction it wants to specify that its client is Bank of New York, which is acting on behalf of Alliance Capital Management.

`:95P::DECU//IRVTUS3N` (Bank of New York)

`:95P::SELL//ALCAUS33` (Alliance Capital Management)

Further parties

The chain can continue.

If a third party is required, then qualifier DEI1 must be used. DEI1 would be the party in between DECU and the account owner.

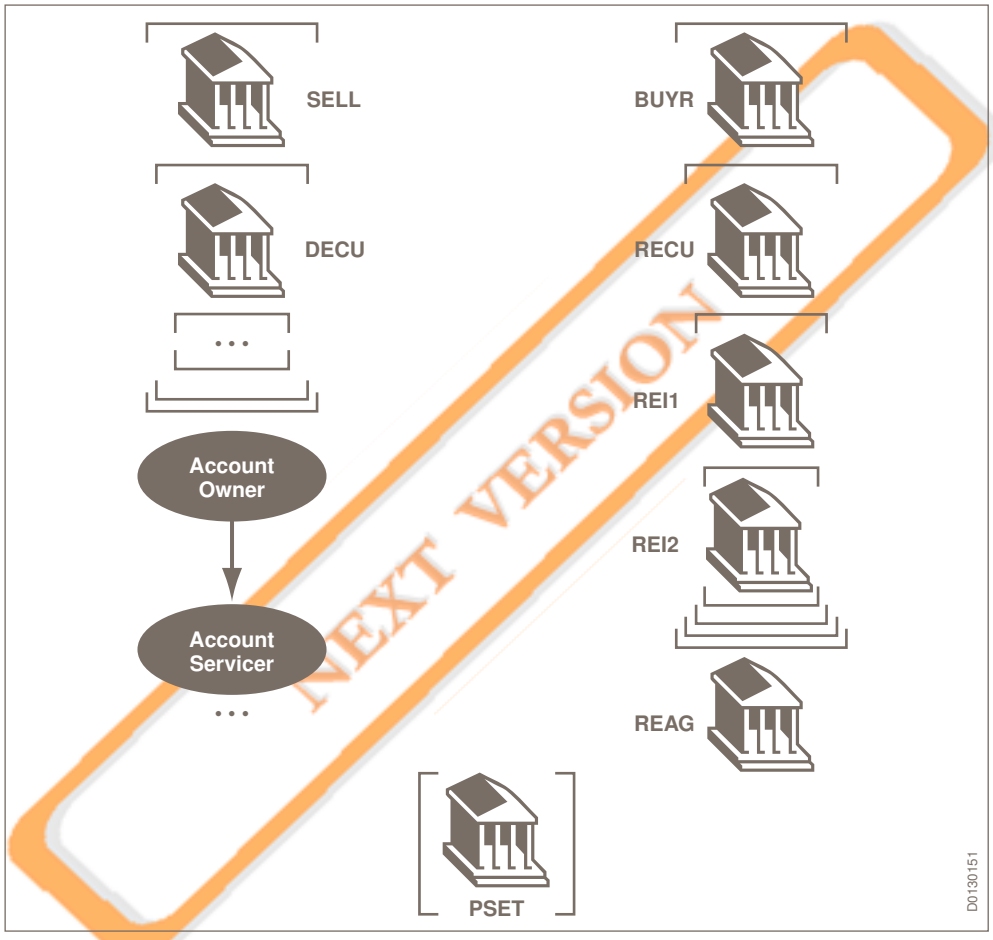
If a fourth party is required, then qualifier DEI2 must be used. DEI2 would be the party in between DEI1 and the account owner.

Note *The account owner may not mention its agent's settlement network when instructing a settlement message. This is represented in the examples by three dots between the account servicer and the (optional) place of settlement.*

All the previous S&R examples for the delivery instruction can be combined to form a horseshoe diagram, as shown in Horseshoe representation of the settlement parties involved in a delivery instruction *on page 187.*

Settlement parties in a delivery instruction

Horseshoe representation of the settlement parties involved in a delivery instruction



The Horseshoe representation of the settlement parties involved in a delivery instruction on page 187 can also be translated into conditional rules:

REAG is mandatory.

If RECU is present, then BUYR must be present.

If REI1 is present, then RECU must be present.

If REI2 is present, then REI1 must be present.

(...)

If DECU is present, then SELL must be present.

If DEI1 is present, then DECU must be present.

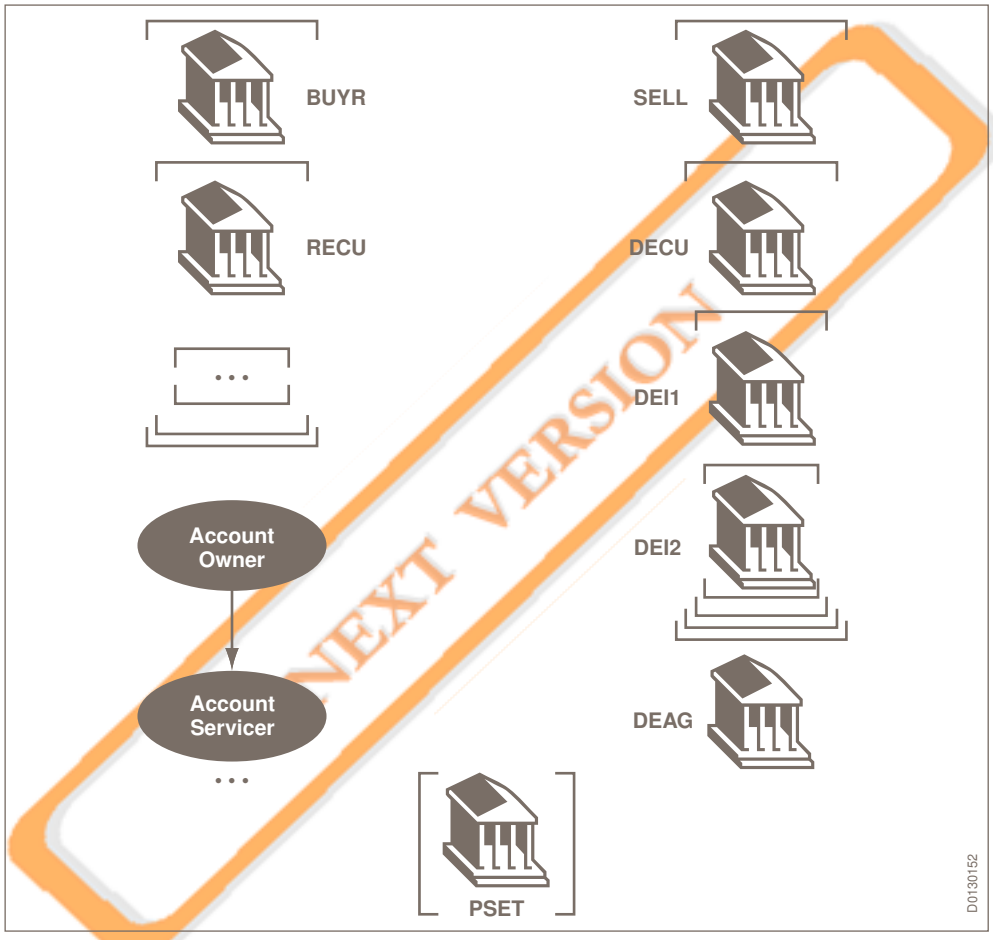
If DEI2 is present, then DEI1 must be present.

This section Settlement and Reconciliation Messages on page 181, described how an account owner instructs its account servicer to deliver an instruction in terms of the settlement chain.

The same step-by-step approach will not be used for an account owner instructing its account servicer to receive an instruction. In this case, the qualifiers remain unchanged. However, one must always be aware of the position in the settlement chain, and the side, for example, receiving or instructing.

Settlement parties in a receipt instruction

Horseshoe representation of the settlement parties involved in a receipt instruction



The Horseshoe representation of the settlement parties involved in a receipt instruction on page 188 can also be translated into conditional rules: DEAG is mandatory.

If DECU is present, then SELL must be present.

If DEI1 is present, then DECU must be present.

If DEI2 is present, then DEI1 must be present.

If RECU is present, then BUYR must be present.

If REI1 is present, then RECU must be present.

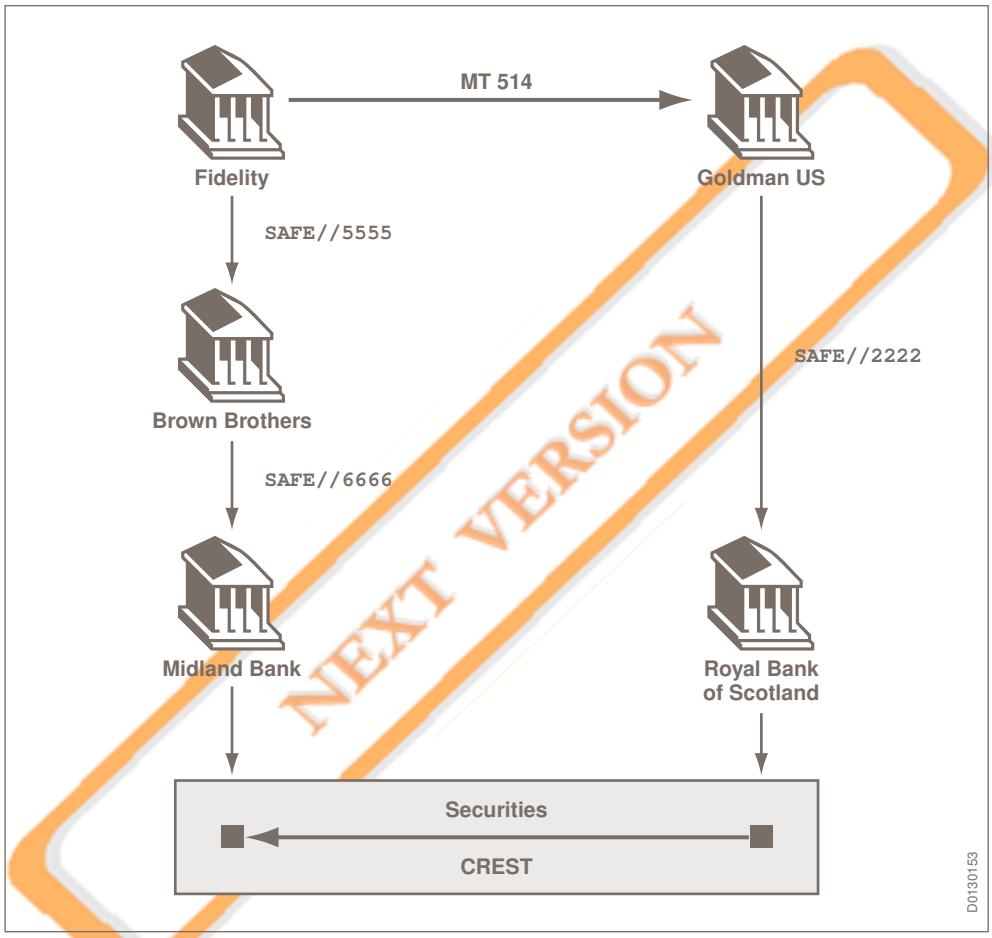
If REI2 is present, then REI1 must be present.

11.5 TIC Settlement Chain Example

Scenario details

Fidelity Investments, on the advice of ABC Investing and on behalf of Fund A, has ordered its broker, Goldman Sachs, New York, to purchase 1000 XYZ Common Shares identified with the ISIN GB0006789112.

TIC settlement details



The TIC settlement details on page 189 shows the settlement details:

- Goldman will use its agent Royal Bank of Scotland (RBOSGB2L) where it has an account *2222*.
- Royal Bank of Scotland will settle through CREST where it is identified with its CREST code BO123.
- Fidelity will use its global custodian Brown Brothers Harriman (BBHCUS33) where it has an account *5555*.
- Brown Brothers Harriman will use its sub-custodian Midland Bank, London (MIDLGB22) where it has its account *6666*.
- Midland Bank, London will settle through CREST where it is identified with its CREST code 259UZ.

When Fidelity sends allocation instructions (MT 514), it may specify the settlement details. In this example, they specify all parties on the receiving side.

Note *Only the party fields and accounts of the settlement parties sequence are shown.*

Important fields in the message

Explanation	Content
Sender	FIINUS31
Message Type	514
Receiver	GOLDUS33
Message Text	
...	...
Start of Block	:16R:SETPRTY
Place of Settlement	:95P::PSET//CRSTGB22
End of Block	:16S:SETPRTY
Start of Block	:16R:SETPRTY
Receiving Agent	:95R::REAG/CRST/259UZ
End of Block	:16S:SETPRTY
Start of Block	:16R:SETPRTY
Receiver's Custodian	:95P::RECU//BBHCUS33
Safekeeping Account	:97A::SAFE//6666
End of Block	:16S:SETPRTY
Start of Block	:16R:SETPRTY
Buyer	:95P::BUYR//FIINUS31
Safekeeping Account	:97A::SAFE//5555
End of Block	:16S:SETPRTY
...	...
End of Message Text/Trailer.	

Note *"..." signifies extra fields that have not been listed.*

Fidelity identifies all parties in the chain on the receiving side and the place of settlement.

Fidelity specifies:

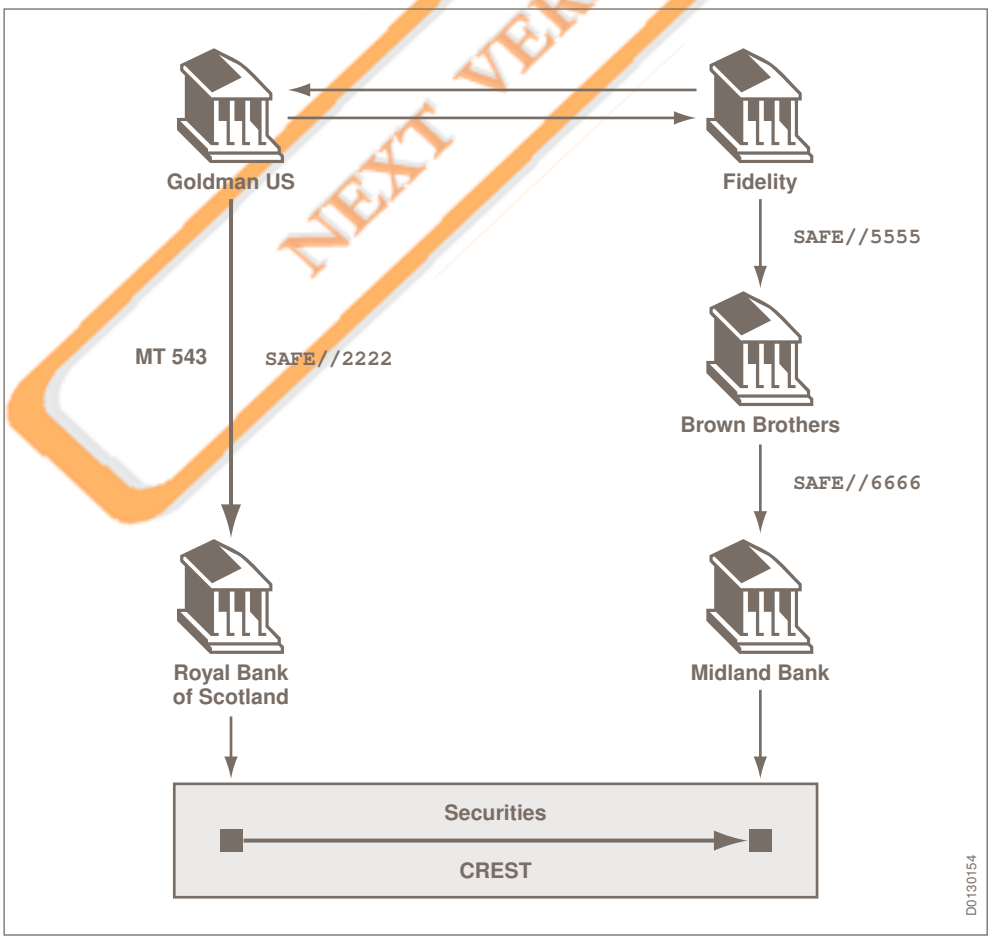
- *The place of settlement is CREST.*
- *The receiver of securities (Midland Bank) is identified with its local CREST identification (259UZ is the CREST code for Midland Bank).*
- *The receiver of securities, REAG, is an agent for Brown Brothers Harriman.*
- *Brown Brothers Harriman will receive the securities on behalf of Fidelity. Fidelity's account number with Brown Brothers Harriman is 5555.*

11.6 S&R Settlement Chain Example

Scenario details

Fidelity Investments, on the advice of ABC Investing and on behalf of Fund A, has ordered its broker, Goldman Sachs, New York, to purchase 1000 XYZ Common Shares identified with the ISIN GB0006789112.

S&R settlement details



The settlement details are as follows:

- Goldman will use its agent Royal Bank of Scotland (RBOSGB2L) where it has an account *2222*.
- Royal Bank of Scotland will settle through CREST where it is identified with its CREST code BO123.
- Fidelity will use its global custodian Brown Brothers Harriman (BBHCUS33) where it has an account *5555*.
- Brown Brothers Harriman will use its sub-custodian Midland Bank, London (MIDLGB22) where it has its account *6666*.
- Midland Bank, London will settle through CREST where it is identified with its CREST code 259UZ.

When Goldman sends delivery instructions (MT 543), it will specify the settlement details. In this example, it specifies all parties on the receiving side.

Note *Only the party fields and accounts of the settlement parties sequence are shown.*

Important fields in the message

Explanation	Content
Sender	GOLDUS33
Message Type	543
Receiver	RBOSGB2L
Message Text	
	...
Safekeeping Account	:97A::SAFE//2222
	...
Start of Block	:16R:SETPRTY
Place of Settlement	:95P::PSET//CRSTGB22
End of Block	:16S:SETPRTY
Start of Block	:16R:SETPRTY
Receiving Agent	:95R::REAG/CRST/259UZ
End of Block	:16S:SETPRTY
Start of Block	:16R:SETPRTY
Receiver's Custodian	:95P::RECU//BBHCUS33
Safekeeping Account	:97A::SAFE//6666
End of Block	:16S:SETPRTY
Start of Block	:16R:SETPRTY

Explanation	Content
Buyer	:95P::BUYR//FIINUS31
Safekeeping Account	:97A::SAFE//5555
End of Block	:16S:SETPRTY
	...
End of Message Text/Trailer-	

Note *"..." signifies extra fields that have not been listed.*

Goldman identifies all parties in the chain on the receiving side.

It specifies:

- *The safekeeping account with its agent (Royal Bank of Scotland) (2222).*
- *The receiver of securities (Midland Bank) are identified with their local CREST code (259UZ).*
- *The receiver of securities is the agent for Brown Brothers.*
- *Brown Brothers, in turn, will receive for Fidelity. Fidelity has account 5555 with BBH.*

12 Function of the Message

12.1 Corporate Actions

Introduction

The announcement type is translated in an MT 564 by the function of the message.

There are different levels of notification such as early notification, confirmed notification, updated notification, and so on.

The function of the message (MT 564) indicates whether the announcement/notification is a new notification, a replacement, or a replacement with entitlements (other special functions exist: reminder, cancel, or withdrawal).

NEWM

A new message (`:23G:NEWM`) is always used as the first notification for a given event.

After a NEWM is sent, any subsequent notification will be a REPL (replacement) or REPE (eligible balance notification).

If a notification is sent when a new recipient/account buys the underlying security in an ongoing event, this is a NEWM message even if other recipients/accounts receive the same notification as a REPL/REPE.

For late announcement and well known events recommendations, see Cancel versus withdrawal on page 195.

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
A	23G		November 2000/ November 2004	November 2002/May 2005	November 2012	

REPE

REPE messages can be used in the eligibility stage or in the pre-advice/ final entitlement stage.

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
A	23G	REPE	November 2000	November 2002		

If a final entitlement MT 564 is sent (that is, after the response deadline of elections), then it should include details of the actual stock and cash benefits (Geneva meeting, September 2002).

ADDB

ADDB can be mentioned to notify an additional business process to a Corporate Action, for example `:22F::ADDB//CAPA`, which indicates that the message is preliminary advice of payment.

Cancel versus withdrawal

WITH (withdrawal) should be used to void a previously sent message or in case the issuer has cancelled the event. This implies that the corporate event number (CORP) will not be re-used.

CANC (cancel) is to be used when the sender wishes to cancel a corporate event previously announced by the account servicer or a previously sent Preliminary Advice of Payment message (`:22F::ADDB//CAPA` in sequence D). In this case, the field `:22F::ADDB//CAPA` must be present in sequence D of the MT 564 CANC message.

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
A	23G		November 2000	November 2002		
D	22F	ADDB	August 2011	November 2012		SR 2012 CR

Should a CANC be used or a REPL?

Replace messages should be sent in all circumstances.

If a REPE message has been sent, then the replacing message containing the new details is also a REPE (not a REPL).

When REPE is used, it is understood that the REPE message contain the entire set of information, not just the elements replaced or added.

In case of a withdrawal, the specific withdrawal code should be used.

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
A	23G		November 2000	November 2002		

The CAEV, CAMV, and financial instrument identification are crucial to the processing of an event; if one or more of them changes, the old event is to be cancelled by the account servicer and a new one started.

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
			November 2009	November 2010		CA 155

Late announcements

1. When a mandatory event is notified late and the entitlements are known, the rule "first notification message = MT 564 NEWM" should be followed.

   This NEWM (sent after record date) may include eligibility and entitlement details. If not, a REPE will need to follow.

2. When a mandatory event is notified late, the entitlements are known and the payment date is in the past, for consistency and easy automation purposes, it is recommended to issue a notification (MT 564 NEWM) before sending the confirmation (MT 566).

From SR 2006, a status code of ENTL may be used with the processing status qualifier of PROC, `25D::PROC//ENTL`. This indicates that the message contains entitlements. In addition, its use is restricted to function of message NEWM, and requires the presence of one or more of movement sequences E1 and E2.

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
A	25D		April 2006	November 2006		CA 66

Well-known events

For well-known events, the rule remains that a NEWM should be used as first notification message. This NEWM message may include eligibility and entitlement details. If not, a REPE will need to follow.

Well known events are typically fixed income events.

Event - ->	Well known	One off and message sent after entitlements known and before payments date	One off and message sent after entitlements known and after payments date
564 Notification NEWM	Mandatory	Mandatory	Mandatory
564 Notification REPE	Optional	Optional	Optional
566 Confirmation	Mandatory	Mandatory	Mandatory

Note *The confirmation message is **always** sent when the event results in outturns of cash and/or stock.*

Sequence	Tag	Qualifier	Decision date	Implementation date	Update date	Open item reference
A	23G		November 2000/ November 2004	November 2002/ November 2006		

12.2 Settlement and Reconciliation

Introduction

This section aims at describing some usage rules for the function of the message qualifiers and sub-functions for ISO 150222 field 23G in settlement and reconciliation messages. Though called market practice, the objective is rather to clarify what are the ISO 15022 standard requirements on this field.

Definition

Field 23G identifies the function of the message.

A set of qualifiers is available. This set may be different depending on the scope of the message (real-time message vs. statement message, instruction vs. advice, etc.). Those qualifiers may also be used with a sub-function.

Qualifiers

Qualifier	Description	MT concerned
NEWM	New	ALL except MT 548
CANC	Cancellation	ALL except MT 548
PREA	Preadvice	MTs 540-3
INST	Instruction Transaction Status	MT 548
CAST	Cancellation Request Status	MT 548
RVSL	Reversal	MTs 544-7
REMO	Removal	MT 578

Sub-functions

Code	Description	Definition	MT concerned
CODU	Copy Duplicate	Message is a copy to a party other than the account owner/account servicer, for information purposes and the message is a duplicate of a message previously sent.	ALL
COPY	Copy	Message is a copy to a party other than the account owner/account servicer, for information purposes.	ALL
DUPL	Duplicate	Message is for information/confirmation purposes. It is a duplicate of a message previously sent.	ALL
RECO	Reconciliation Only	Settlement instruction has already been sent on the market. Sent to an account servicer for reconciliation purposes.	MTs 540-3
PORT	Portfolio Transfer	The Statement of Settlement Allegements relates to a client portfolio move from an account servicer to another.	MT 586

Related information

For illustrations about Settlement and Reconciliation function of the message, see

Settlement and Reconciliation Function of the Message Illustration on page 263

12.2.1 Settlement Instructions and Advice Messages

NEWM

THERE IS NO AMENDMENT FUNCTION FOR THE MTs 540-3. THIS MEANS THAT FOR AMENDMENTS, THE ACCOUNT OWNER MUST SENT A CANCELLATION REQUEST FOLLOWED BY A NEW MESSAGE.

Qualifier	Code	Business context
NEWM		Must be used ONLY for new messages. This is the first time the message receiver is made aware by the message sender of a settlement transaction, a settlement confirmation, a statement. etc. For settlement instructions, when a PREA was previously sent, the Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent PREA message. For settlement confirmation messages, the Linkages subsequence A1 should be present with a RELA linkage identifying the related reference of the NEWM MTs 540-3 previously received and that is confirmed.
NEWM	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. For settlement instructions, when a PREA//COPY was previously sent, the Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent PREA//COPY message. For settlement confirmation messages, the Linkages subsequence A1 should be present with a RELA linkage identifying the related reference of the NEWM//COPY MTs 540-3 previously received and that is confirmed.
NEWM	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field `23G:NEWM//COPY`) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent NEWM//COPY message. For settlement confirmation messages, the Linkages subsequence A1 should be present with a RELA linkage identifying the related reference of the NEWM//COPY MTs 540-3 previously received and that is confirmed.

Qualifier	Code	Business context
NEWM	DUPL	This is ONLY for duplicates of a message previously sent (account owner/servicer and vice-versa). The message sender should have sent a NEWM message previously. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent NEWM message. For settlement confirmation messages, the Linkages subsequence A1 should be present with a RELA linkage identifying the related reference of the NEWM MTs 540-3 previously received and that is confirmed. This should NOT be used as an amendment message.
NEWM	RECO	Is used when the instruction is sent for reconciliation purposes to the account servicer. No action is expected from the account servicer except the set-up of the instruction on the account servicer's books.

CANC

Qualifier	Code	Business context
CANC		Must be used ONLY for cancellation of a previously sent message. The Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent NEWM message to be cancelled.
CANC	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. The Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent NEWM//COPY message to be cancelled.
CANC	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field `23G:CANC//COPY`) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent NEWM//COPY message to be cancelled.
CANC	DUPL	This is ONLY for duplicate of messages previously sent (account owner/servicer and vice-versa). The message sender should have sent a CANC message previously. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent NEWM message to be cancelled.

Qualifier	Code	Business context
CANC	RECO	Must be used ONLY for cancellation of a previously sent "for reconciliation" message. The Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent NEWM/RECO message to be cancelled.

PREA

Qualifier	Code	Business context
PREA		Must be used ONLY for pre-advice messages. Those types of messages should be followed by a NEWM message (with a PREV linkage to the PREA message) for the message to be fully executable.
PREA	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. Those types of messages should be followed by a NEWM//COPY message (with a PREV linkage to the PREA//COPY message).
PREA	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field 23G:PREA//COPY) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent PREA//COPY message.
PREA	DUPL	This is ONLY for duplicate of messages previously sent (account owner/servicer and vice-versa). The message sender should have sent a PREA message previously. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent PREA message.

INST (MT 548 only)

Qualifier	Code	Business context
INST		Must be used ONLY for instruction status or processing advice messages. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of a cancellation (original message field 23G::CANC), ONLY of an instruction (original message field 23G::NEWM).

Qualifier	Code	Business context
INST	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of a cancellation (original message field 23G::CANC//COPY), ONLY of an instruction (original message field 23G::NEWM//COPY).
INST	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field 23G:INST//COPY) should have already been previously sent to the same party. A first sequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent INST//COPY message. A second Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of a cancellation (original message field 23G::CANC//COPY), ONLY of an instruction (original message field 23G::NEWM//COPY).
INST	DUPL	This is ONLY for duplicate of messages previously sent (account owner/servicer and vice-versa). The message sender should have sent a INST message previously. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent INST message. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of a cancellation (original message field 23G::CANC//COPY), ONLY of an instruction (original message field 23G::NEWM//COPY).

CAST (MT 548 only)

Qualifier	Code	Business context
CAST		Must be used ONLY for cancellation status or processing advice messages. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the cancellation message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of an instruction (original message field 23G::NEWM), ONLY of a cancellation (original message field 23G::CANC).
CAST	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the cancellation message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of an instruction (original message field 23G::NEWM//COPY), ONLY of a cancellation (original message field 23G::CANC//COPY).
CAST	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field 23G:CAST//COPY) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent CAST//COPY message. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the cancellation message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of an instruction (original message field 23G::NEWM//COPY), ONLY of a cancellation (original message field 23G::CANC//COPY).

Qualifier	Code	Business context
CAST	DUPL	This is ONLY for duplicate of messages previously sent (account owner/servicer and vice-versa). The message receiver should have received a CAST message previously. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent CAST message. The Linkages subsequence A1 should be present with a RELA linkage identifying the related SEME reference of the cancellation message previously received and on which the advice is given. The RELA reference in the Linkages subsequence A1 should NOT be the SEME reference of an instruction (original message field 23G::NEWM), ONLY of a cancellation (original message field 23G::CANC).

RVSL (MTs 544-7 only)

Qualifier	Code	Business context
RVSL		Must be used ONLY for the reversal of a previously sent settlement confirmation. It means that the settlement took place but has been reversed at market level (for the markets where this is possible business scenario). A first Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the confirmation message previously sent. A second Linkages subsequence A1 should be present with a RELA linkage identifying the SEME reference of the settlement instruction originally received and for which the settlement confirmation is reversed.
RVSL	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the NEWM//COPY confirmation message previously sent. A second Linkages subsequence A1 should be present with a RELA linkage identifying the SEME reference of the settlement instruction NEWM//COPY originally received and for which the settlement confirmation is reversed.

Qualifier	Code	Business context
RVSL	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field 23G:RVSL//COPY) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent RVSL//COPY message. A second Linkages subsequence A1 should be present with a RELA linkage identifying the SEME reference of the settlement instruction NEWM//COPY originally received and for which the settlement confirmation is reversed.
RVSL	DUPL	This is ONLY for duplicate of messages previously sent (account owner/servicer and vice-versa). The message receiver should have received a RVSL message previously. A first Linkage subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent RVSL message. A second Linkages subsequence A1 should be present with a RELA linkage identifying the SEME reference of the settlement message originally received and for which the settlement confirmation is reversed.

REMO (MT 578 only)

Qualifier	Code	Business context
REMO		Must be used ONLY for removal of a previously sent NEWM MT 578. Removal means that settlement allegement has been withdrawn by the counterparty. (An MT 578 with CANC would mean the allegement is cancelled by the sender (sent by mistake, for instance)). The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the message previously sent.
REMO	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the message NEWM//COPY previously sent.
REMO	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner/servicer for information purposes. A copy message (with field 23G:REMO//COPY) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent REMO//COPY message.

Qualifier	Code	Business context
REMO	DUPL	This is ONLY for duplicate of messages previously sent (account owner/servicer and vice-versa). The message receiver should have previously received a REMO message. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent REMO message.

12.2.2 Reconciliation Messages

NEWM

Qualifier	Code	Business context
NEWM		Must be used ONLY for new statements. This is the first time the account servicer sends a statement for the period or statement date/time mentioned in the message.
NEWM	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner for information purposes.
NEWM	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner for information purposes. A copy statement (with field `23G:NEWM//COPY`) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent NEWM//COPY statement.
NEWM	DUPL	This is ONLY for duplicates of a statement previously sent. The message sender should have previously sent a NEWM statement. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent NEWM statement. This should NOT be used as a statement amendment message.
NEWM	PORT	Is used only for MT 586 portfolio transfer sent between account servicers at the time of a client portfolio transfer.

CANC

Qualifier	Code	Business context
CANC		Must be used ONLY for cancellation of a previously sent statement. The Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent NEWM statement to be cancelled. It means that the previously sent statement is not valid (that is wrong data sent, sent by mistake...). If used with an MT 544-7 (settlement confirmations), it means that the message was sent by mistake by the account owner and that the trade never settled as previously advised.
CANC	COPY	As the definition explains it, this is ONLY to be sent to another party than the account owner for information purposes.
CANC	CODU	As the definition explains it, this is ONLY to be sent to another party than the account owner for information purposes. A copy cancellation of statement (with field `23G:CANC//COPY`) should have already been previously sent to the same party. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent CANC// COPY cancellation of statement.
CANC	DUPL	This is ONLY for duplicate of messages previously sent. The message receiver should have received a CANC cancellation of statement message previously. The Linkages subsequence A1 should be present with a PREV linkage identifying the SEME reference of the previously sent CANC message.
CANC	PORT	Must be used ONLY for cancellation of a previously sent MT 586 with function of the message `:23G:NEWM/PORT`. The Linkages subsequence A1 should be present with a PREV linkage identifying the reference of the previously sent NEWM/PORT MT 586 to be cancelled. It means that the previously sent statement is not valid (that is wrong data sent, sent by mistake...).

13 Linkages

13.1 Corporate Actions

Introduction

Linkage is a mechanism to link different pieces of information.

SMPG has looked into rules on how to achieve a constant reliable way to reconcile and link the flow of information.

In ISO 15022, this would be achieved by specific rules on how and when to use the linkage block (A1).

Linkage of different message types

In addition to the Corporate Action reference (CORP), the market practice requires a link *only* to the preceding notification message (`:20C::PREV`).

There is no market practice requirement to link the MT 564 REPE to the MT 565 election (`:20C::RELA`). Therefore a single MT 564 REPE may be sent at the end of the response period, when the entitlements may be calculated, to indicate the entitlements for each of the options instructed.

In addition, there is no market practice requirement to reference the MT 565 instruction(s) in the MT 566 confirmation, an instruction should be acknowledged with an MT 567 status.

Linkage of MT 564

When an update message is sent, it should always bear the unique reference to the corporate event number in the sequence A of the message. The linkage block will contain the reference to the last previous sent MT 564 using the field `:20C::PREV//` in the Linkages subsequence A1.

One will only expect a referencing to the last message sent, NOT to the whole chain of previous messages.

Linkage MT 564 and MT 568

It was agreed that the MT 564 should include a reference to a subsequent MT 568 - if a subsequence MT 568 is used.

It is strongly recommended NOT to use the MT 568 whenever possible as this narrative message hinders STP (see Linking multi-parts MT 564/MT 568 announcements (when message size limit is reached) on page 208 on rules for handling message above the limit of an MT 564).

The MT 564 link is only to be used when MT 568 follows immediately (same day); the MT 564 should not be hold up because an MT 568 is following only a couple of weeks later. Otherwise a separate MT 568 can always be sent later on, linking it back to the MT 564.

Example of forward linking:

```
MT 564

:20C::SEME//1234

[use subsequence A1,

13A::LINK//568

:20C::CORP//16x (the CA Reference)

]
```

```
And the MT 568 should cross-reference to the MT 564 -

[use subsequence A1,

13A::LINK//564

:20C::PREV//1234 (the SEME of the MT 564)
```

Full forward linking, that is indicating in the MT 564 the reference of the MT 568 to come is difficult to do from an IT point of view from a sender's perspective as it implies knowing the senders reference of the MT 568 before having generating it.

Therefore, the SMPG recommendation is to indicate in the MT 564 that an MT 568 will be sent without indicating the reference of the MT 568 if available.

An MT 568 should NOT be sent independently. The MT 568 should be linked with the MT 564 as per the existing Standards usage rules reading that "Usage rule of MT 568: This message should not be used in lieu of a structured message, that is, the MTs 564, 565, 566, or 567".

The Function of Message (field 23G) should be the same in the MT 564 and its associated MT 568. And, before an MT 568 is sent, the relevant narrative fields of the MT 564 should be used.

MT 564/568 narrative updates

Whenever a narrative text needs to be updated/amended in an MT 564, a replacement MT 564 shall be re-sent with the whole updated/amended narrative text included, that is, the narrative text may not only contain the amended or updated part of the narrative text.

If multiple linked MTs 568 have been sent, and one of the MTs 568 needs to be replaced, the whole sequence of linked MTs 568 needs to be replaced.

If an MT 564 is to be replaced but the narrative content of any linked MT 568 does not need any changes, the whole chain of linked MTs 568 must be re-sent even if only the MT 564 is changing.

Linking multi-parts MT 564/MT 568 announcements (when message size limit is reached)

Corporate Actions announcement messages can eventually be long. This could occur for instance if there are 10s or 100s of different options to choose from within a given event or if a long list of 100s or 1000s of account and account owners must be provided or if very long narrative text must be provided.

In this case, accounts or options or long narrative information could eventually be split amongst several multi-parts linked MTs 564 and several multi-parts linked MTs 568. In those cases, the pagination element in MTs 564 and 568 can be used. See the SMPG market practices for more details about how to split and link multi-parts MTs 564 and MTs 568.

Linking 2 or more events

When two or more events are connected, it is possible to link the two events together.

This can be achieved in ISO 15022 using the Linkages subsequence and the qualifier CORP in the field `:20C::`.

The reference given in that field is the Corporate Action event number to the linked event, not the senders message reference of the other event. It is of course possible to link more than 2 events together by repeating the Linkages subsequence.

When events take place consecutively, for example, a rights issue processed as separate events with a distribution of rights (RHDI) followed by a rights exercise (EXRI) and ending with an assimilation (PARI), the second event may be linked to the first event, and the third event linked to the second event.

13.2 Settlement and Reconciliation

Introduction

This section aims at proposing a global market practice for the use of the Linkages subsequence and its reference types in various business scenarios such as basic processes like cancellations, settlement confirmation but also more complicated ones like pair-off, back-to-back, etc.

Note *Those market practices are, for most of them, reminders of the ISO 15022 requirements (usage rules) rather than a practice that should be debated on.*

The use of the Linkages subsequence will depend on the business scenario involved. We will therefore propose market practice definitions per business scenario.

Cancellation

THERE IS NO AMENDMENT FUNCTION FOR THE MTs 540-3. THIS MEANS THAT FOR AMENDMENTS, THE ACCOUNT OWNER MUST SENT A CANCELLATION REQUEST FOLLOWED BY A NEW MESSAGE.

This is more a reminder of the ISO 15022 standard requirements for that process.

The account owner must use the Linkages subsequence A1 with field `20C::PREV//` followed by the sequence A field `20C::SEME` reference of its previously sent message to be cancelled.

It is recommended to include the number identification field `13A::LINK` identifying the MT number of the message to be cancelled.

The original instruction's sequence A is:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-REF1
:23G:NEWM
:16S:GENL

The cancellation sequence A and A1 MUST be the following:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-REF2
:23G:CANC
:16R:LINK
:13A::LINK//541
:20C::PREV//ACC-OWNER-REF1
:16S:LINK

MT 541
:16S:GENL

Settlement confirmation

This is also a reminder of the ISO 15022 standard requirements for that process.

The account servicer must use the Linkages subsequence A1 with field 20C::RELA// followed by the sequence A field 20C::SEME reference of the account owner's original message to be confirmed.

It is recommended to include the number identification field 13A::LINK identifying the MT number of the message to be confirmed.

The original account owner instruction's sequence A is:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-REF
:23G:NEWM
:16S:GENL

The account servicer settlement confirmation sequence A and A1 MUST be the following:

MT 545
:16R:GENL
:20C::SEME//ACC-SERVICER-REF
:23G:NEWM
:16R:LINK
:13A::LINK//541
:20C::RELA//ACC-OWNER-REF
:16S:LINK
:16S:GENL

If the account servicer needs to reverse its settlement confirmation, the reversal sequence A and A1 MUST be the following:

MT 545
:16R:GENL
:20C::SEME//ACC-SERVICER-REF2

MT 545
:23G:RVSL
:16R:LINK
:13A::LINK//541
:20C::RELA//ACC-OWNER-REF
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//ACC-SERVICER-REF
:16S:LINK
:16S:GENL

Statement of transaction MT 536

This is also a reminder of the ISO 15022 standard requirements for that process.

The account servicer must use the Linkages subsequence B1a1 with field `20C::RELA//` followed by the sequence A field `20C::SEME` reference of the account owner's original message to be confirmed.

It is recommended to include the number identification field `13A::LINK` identifying the MT number of the message to be confirmed.

The original account owner instruction's sequence A is:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-REF
:23G:NEWM
:16S:GENL

The account servicer statement of transaction sequence B and B1a1 MUST be the following:

MT 536
.../...
:16R:TRAN
:16R:LINK

MT 536
:13A:LINK//541
:20C::RELA//ACC-OWNER-REF
:16S:LINK
:16R:LINK
:20C::ASRF//ACC-SERVICER-REF
:16S:LINK
.../...

Status advice MT 548

This is also a reminder of the ISO 15022 standard requirements for that process.

The account servicer must use the Linkages subsequence A1 with field `20C::RELA//` followed by the sequence A field `20C::SEME` reference of the account owner's original message on which the status is given.

It is recommended to include the number identification field `13A::LINK` identifying the MT number of the message for which the status is provided.

The original account owner instruction's sequence A is:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-REF
:23G:NEWM
:16S:GENL

The account servicer MT 548 sequence A and A1 MUST be the following:

MT 548
:16R:GENL
:20C::SEME//ACC-SERVICER-REF
:23G:INST
:16R:LINK
:13A::LINK//541
:20C::RELA//ACC-OWNER-REF

MT 548
:16S:LINK

Statement of pending transaction MT 537

This is also a reminder of the ISO 15022 standard requirements for that process.

The account servicer must use the Linkages subsequence B2a with field 20C::RELA// followed by the sequence A field 20C::SEME reference of the account owner's original message to be reported on.

It is recommended to include the number identification field 13A::LINK identifying the MT number of the message to be reported on.

The original account owner instruction's sequence A is:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-REF
:23G:NEWM
:16S:GENL

The account servicer statement of pending transaction sequence B2 and B2a MUST be the following:

MT 537
.../...
:16R:TRAN
:16R:LINK
:13A:LINK//541
:20C::RELA//ACC-OWNER-REF
:16S:LINK
:16R:LINK
:20C::ASRF//ACC-SERVICER-REF
:16S:LINK
.../...

Pair off

A pair-off is a buyback to offset and effectively liquidate a prior sale of securities or a sellback to offset and effectively liquidate a prior purchase of securities.

When the sequence E field 22F::SETR// code is PAIR, the Linkages subsequence should be present to identify the previously sent transactions (receipt or deliveries) with which the new instruction should be paired-off (the linkage relationship may be one-to-one, but also many-to-one, one-to-many, and many-to-many).

It is recommended to include the number identification field 13A::LINK identifying the MT number of the message to be paired-off with.

It is also recommended to include the indicator field 22F::LINK// with code WITH to clearly indicate the instructed transaction needs to be settled with the linked transaction.

The original instruction's sequence A is:

MT 543	MT 541
:16R:GENL	:16R:GENL
:20C::SEME//ACC-OWNER-DEL	:20C::SEME//ACC-OWNER-REC
:23G:NEWM	:23G:NEWM
:16S:GENL	:16S:GENL

The pair-off instruction sequence A and A1 will be the following:

MT 541	MT 543
:16R:GENL	:16R:GENL
:20C::SEME//ACC-OWNER-REC	:20C::SEME//ACC-OWNER-DEL
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK
:22F::LINK//WITH	:22F::LINK//WITH
:13A::LINK//543	:13A::LINK//541
:20C::PREV//ACC-OWNER-DEL	:20C::PREV//ACC-OWNER-REC
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

Cancellation, confirmation, status advice, and reconciliation messages' Linkages subsequences will follow the rules mentioned in Cancellation on page 209, Settlement confirmation on page 210, Statement of transaction MT 536 on page 211, Status advice MT 548 on page 212, and Statement of pending transaction MT 537 on page 213.

Contingent upon linkage

Contingent upon process expresses the principle of delivery upon receipt. The delivery is short but is linked to a covering receive instruction that is expected to be settled on the same day or before.

Generally, on a processing point of view, the receive instruction will be sent first. Indeed, the sending of the delivery is dependent on the processing of the covering receive instruction (the linkage relationship may be one-to-one, but also many-to-one, one-to-many, and many-to-many).

The account owner is recommended to add a Linkages subsequence to the delivery instruction to identify the previously sent receive transaction that is covering the delivery.

It is recommended to include the number identification field `13A::LINK` identifying the MT number of the covering receive message.

It is also recommended to include the indicator field `22F::LINK//` with code AFTE to clearly indicates that the instructed delivery transaction must be settled after the linked receive instruction (delivery upon receipt).

The receive instruction's sequence A is:

MT 541
:16R:GENL
:20C::SEME//ACC-OWNER-RECEIV
:23G:NEWM
:16S:GENL

The delivery instruction sequence A and A1 will be the following:

MT 543
:16R:GENL
:20C::SEME//ACC-OWNER-DELIVE
:23G:NEWM
:16R:LINK
:22F::LINK//AFTE
:13A::LINK//541
:20C::PREV//ACC-OWNER-RECEIV
:16S:LINK
:16S:GENL

Cancellation, confirmation, status advice, and reconciliation messages' Linkages subsequences will follow the rules mentioned in Cancellation on page 209, Settlement confirmation on page 210, Statement of transaction MT 536 on page 211, Status advice MT 548 on page 212, and Statement of pending transaction MT 537 on page 213.

Turnaround

Securities bought/sold and sold/bought for settlement on the same day.

It is identified in an ISO 15022 message using sequence E field `22F::SETR//TURN`.

The order the delivery and receipt instructions are sent varies.

The account owner is recommended to add a Linkages subsequence to the second (delivery or receive) instruction to identify the previously sent (receive or delivery) transaction (the linkage relationship may be one-to-one, but also many-to-one, one-to-many, and many-to-many).

It is recommended to include the number identification field `13A::LINK` identifying the MT number of the first message sent.

The turnaround first instruction's sequence A is:

MT 541	MT 543
:16R:GENL	:16R:GENL
:20C::SEME//ACC-OWNER-REC	:20C::SEME//ACC-OWNER-DEL
:23G:NEWM	:23G:NEWM
:16S:GENL	:16S:GENL

The turnaround second instruction sequence A and A1 will be the following:

MT 543	MT 541
:16R:GENL	:16R:GENL
:20C::SEME//ACC-OWNER-DEL	:20C::SEME//ACC-OWNER-REC
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK
:13A::LINK//541	:13A::LINK//543
:20C::PREV//ACC-OWNER-REC	:20C::PREV//ACC-OWNER-DEL
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

Cancellation, confirmation, status advice, and reconciliation messages' Linkages subsequences will follow the rules mentioned in Cancellation on page 209, Settlement confirmation on page 210, Statement of transaction MT 536 on page 211, Status advice MT 548 on page 212, and Statement of pending transaction MT 537 on page 213.

Block trade

This is a reminder of the market practice already published (see BLOCK TRADE final).

For block trades, sequence A and A1 of the messages should look like:

Parent MT 543	Children 1 MT 543	Children 2 MT 543	Children 3 MT 543
:16R:GENL	:16R:GENL	:16R:GENL	:16R:GENL
:20C::SEME// PAR152456	:20C::SEME//CHILD1	:20C::SEME//CHILD2	:20C::SEME//CHILD3

Parent MT 543	Children 1 MT 543	Children 2 MT 543	Children 3 MT 543
:23G:NEWM	:23G:NEWM	:23G:NEWM	:23G:NEWM
:99B::TOSE//003	:99B::TOSE//003	:99B::TOSE//003	:99B::TOSE//003
:99B::SETT//000	:99B::SETT//001	:99B::SETT//002	:99B::SETT//003
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:20C::POOL// BLOCK123	:20C::POOL// BLOCK123	:20C::POOL// BLOCK123	:20C::POOL// BLOCK123
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL	:16S:GENL	:16S:GENL

Cancellation, confirmation, status advice, and reconciliation messages' Linkages subsequences will follow the rules mentioned in Cancellation on page 209, Settlement confirmation on page 210, Statement of transaction MT 536 on page 211, Status advice MT 548 on page 212, and Statement of pending transaction MT 537 on page 213. No need to link the messages corresponding to the children and parent.

If a POOL reference is included in the cancellation, confirmation, and status advice messages; POOL identifies the pool reference of the original instructions.

Example of MT 548 status advice:

Parent MT 548	Children 1 MT 548	Children 2 MT 548	Children 3 MT 548
:16R:GENL	:16R:GENL	:16R:GENL	:16R:GENL
:20C::SEME// SERVPA12	:20C::SEME//SERVCH1	:20C::SEME//SERVCH2	:20C::SEME//SERVCH3
:23G:INST	:23G:INST	:23G:INST	:23G:INST
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:13A:LINK//543	:13A:LINK//543	:13A:LINK//543	:13A:LINK//543
:20C::RELA// PAR152456	:20C::RELA//CHILD1	:20C::RELA//CHILD2	:20C::RELA//CHILD3
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:20C::POOL// BLOCK123	:20C::POOL// BLOCK123	:20C::POOL// BLOCK123	:20C::POOL// BLOCK123
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK

Book transfer

This is a reminder of the market practice already published (see Book Transfer Market Practice).

For book transfers, sequence A and A1 of the messages should look like:

Delivery leg	Receive leg
:16R:GENL	:16R:GENL
:20C::SEME//DELI12345	:20C::SEME//RECE98765
:23G:NEWM	:23G:NEWM
:16S:GENL	:16R:LINK
	:13A::LINK//542
	:20C::PREV//DELI12345
	:16S:LINK
	:16S:GENL

Generally, on a processing point of view, the delivery instruction will be sent first. Indeed, the sending of the book transfer in a whole is dependent on the non-shortage of the delivery leg.

Cancellation, confirmation, status advice, and reconciliation messages' Linkages subsequences will follow the rules mentioned in Cancellation on page 209, Settlement confirmation on page 210, Statement of transaction MT 536 on page 211, Status advice MT 548 on page 212, and Statement of pending transaction MT 537 on page 213. No need to link the messages corresponding to the children and parent.

Example (confirmation):

Delivery leg confirmation	Receive leg confirmation
:16R:GENL	:16R:GENL
:20C::SEME//ACC-SERVICER-REF1	:20C::SEME//ACC-SERVICER-REF2
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK
:13A::LINK//542	:13A::LINK//540
:20C::RELA//DELI12345	:20C::RELA//RECE98765
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

Linkage of multiple messages with POOL

The practice to follow in the linkage of several messages is the same than for block trades with a slight difference: IF USED, field 99B::TOSE (total of linked settlement instruction) should include the true total number of messages. The reason for the block trade messages not to follow this rule is driven by the fact there was a need to identify in each block trade message the number of children, number of transactions excluding the parent message.

A POOL reference may also be used for the linking of only 2 references.

In a situation of 4 deliveries to be linked, their sequence A and A1 should be as follows:

MT 542	MT 542	MT 542	MT 542
:16R:GENL	:16R:GENL	:16R:GENL	:16R:GENL
:20C::SEME// DELIVERY1	:20C::SEME// DELIVERY2	:20C::SEME// DELIVERY3	:20C::SEME// DELIVERY4
:23G:NEWM	:23G:NEWM	:23G:NEWM	:23G:NEWM
:99B::TOSE//004	:99B::TOSE//004	:99B::TOSE//004	:99B::TOSE//004
:99B::SETT//001	:99B::SETT//002	:99B::SETT//003	:99B::SETT//004
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:20C::POOL// DEL123456	:20C::POOL// DEL123456	:20C::POOL// DEL123456	:20C::POOL// DEL123456
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL	:16S:GENL	:16S:GENL

Cancellation, confirmation, status advice, and reconciliation messages' Linkages subsequences will follow the rules mentioned in Cancellation on page 209, Settlement confirmation on page 210, Statement of transaction MT 536 on page 211, Status advice MT 548 on page 212, and Statement of pending transaction MT 537 on page 213. No need to link the messages corresponding to the children and parent.

If a POOL reference is included in the cancellation, confirmation, and status advice messages; POOL identifies the pool reference of the original instructions.

Example cancellation (account owner to account servicer):

MT 542	MT 542	MT 542	MT 542
:16R:GENL	:16R:GENL	:16R:GENL	:16R:GENL
:20C::SEME//CANCEL1	:20C::SEME//CANCEL2	:20C::SEME//CANCEL3	:20C::SEME//CANCEL4
:23G:CANC	:23G:CANC	:23G:CANC	:23G:CANC
:99B::TOSE//004	:99B::TOSE//004	:99B::TOSE//004	:99B::TOSE//004
:99B::SETT//001	:99B::SETT//002	:99B::SETT//003	:99B::SETT//004
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:13A::LINK//542	:13A::LINK//542	:13A::LINK//542	:13A::LINK//542
:20C::PREV// DELIVERY1	:20C::PREV// DELIVERY2	:20C::PREV// DELIVERY3	:20C::PREV// DELIVERY4

MT 542	MT 542	MT 542	MT 542
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:20C::POOL// DEL123456	:20C::POOL// DEL123456	:20C::POOL// DEL123456	:20C::POOL// DEL123456
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL	:16S:GENL	:16S:GENL

In this example, the cancellation requests are linked to their respective original settlement messages to be cancelled.

Example settlement confirmation (account servicer to account owner):

MT 546	MT 546	MT 546	MT 546
:16R:GENL	:16R:GENL	:16R:GENL	:16R:GENL
:20C::SEME// CONFIRM1	:20C::SEME// CONFIRM2	:20C::SEME// CONFIRM3	:20C::SEME// CONFIRM4
:23G:NEWM	:23G:NEWM	:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:13A::LINK//542	:13A::LINK//542	:13A::LINK//542	:13A::LINK//542
:20C::RELA// DELIVERY1	:20C::RELA// DELIVERY2	:20C::RELA// DELIVERY3	:20C::RELA// DELIVERY4
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16R:LINK	:16R:LINK	:16R:LINK	:16R:LINK
:20C::POOL// DEL123456	:20C::POOL// DEL123456	:20C::POOL// DEL123456	:20C::POOL// DEL123456
:16S:LINK	:16S:LINK	:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL	:16S:GENL	:16S:GENL

In this example, the confirmations are linked to their respective original settlement messages to be confirmed.

Use of common reference

Two counterparts (at trading level) may decide on a common reference to both instructions, or a common reference may be given by a central pre-matching system (such as GSTP or OMGEO).

It is recommended that this reference should be passed down and up the settlement chain, as it can be a very useful information for repair or even matching purposes.

From the fund managers to their global custodians:

MT 541 of counterparty 1	MT 543 of counterparty 2
:16R:GENL	:16R:GENL
:20C::SEME//CPTY1-REF-1234	:20C::SEME//CPTY2-REF-9876
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK
:20C::COMM//AGREED-REF	:20C::COMM//AGREED-REF
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

From the global custodians to their sub-custodians:

MT 541 of counterparty 1	MT 543 of counterparty 2
:16R:GENL	:16R:GENL
:20C::SEME//GLOB1-REF-XYZ	:20C::SEME//GLOB2-REF-ZYX
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK
:20C::COMM//AGREED-REF	:20C::COMM//AGREED-REF
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

The sub-custodian should send the reference to the CSD also.

The COMM reference should be included in cancellation, confirmation, status advice, and reconciliation messages.

Example settlement confirmation from the global custodian to the fund manager:

MT 545
:16R:GENL
:20C::SEME//GLOB1-CONFREF
:23G:NEWM
:16R:LINK
:20C::COMM//AGREED-REF

MT 545
:16S:LINK
:16R:LINK
:13A::LINK//541
:20C::RELA//CPTY1-REF-1234
:16S:LINK
:16S:GENL

Use of a trading reference

A trading reference is a reference assigned to the trade by the investment manager **OR** the broker/dealer. This reference will be used throughout the trade life cycle to access/update the trade details.

This reference is generally not common to the investment manager and the broker/dealer. If it is common (provided, for instance, by the trading platform), COMM should be used.

It is recommended that this reference should be passed down and up the settlement chain, as it can be a very useful information for repair or even matching purposes.

From the fund managers to their global custodians:

MT 541 of counterparty 1	MT 543 of counterparty 2
:16R:GENL	:16R:GENL
:20C::SEME//CPTY1-REF-1234	:20C::SEME//CPTY2-REF-9876
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK
:20C::TRRF//CPTY1-TRADEREF	:20C::TRRF//CPTY2-TRADEREF
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

From the global custodians to their sub-custodians:

MT 541 of counterparty 1	MT 543 of counterparty 2
:16R:GENL	:16R:GENL
:20C::SEME//GLOB1-REF-XYZ	:20C::SEME//GLOB2-REF-ZYX
:23G:NEWM	:23G:NEWM
:16R:LINK	:16R:LINK

MT 541 of counterparty 1	MT 543 of counterparty 2
:20C::TRRF//CPTY1-TRADEREF	:20C::TRRF//CPTY2-TRADEREF
:16S:LINK	:16S:LINK
:16S:GENL	:16S:GENL

The sub-custodian should send the reference to the CSD also.

The TRRF reference should be included in cancellation, confirmation, status advice, and reconciliation messages.

Example: extract of sequence B1a1 of an MT 536 from the global custodian to the fund manager:

MT 536
:16R:TRAN
:16R:LINK
:20C::TRRF//CPTY1-TRADEREF
:16S:LINK
:16R:LINK
:13A::LINK//541
:20C::RELA//CPTY1-REF-1234
:16S:LINK
.../...

14 ISO 15022 Field and Message Structures

14.1 Overview

Modular design

The securities markets messages, that is, Trade Initiation and Confirmation (TIC), Settlement and Reconciliation (S&R), and Corporate Action (CA), have been designed with ease of implementation and maintenance in mind. A new modular approach has been adopted on the premise that information can be identified and programmed once, but re-used whenever needed.

This has been achieved by creating a new message structure, which introduces two new concepts:

- generic fields
- Start of Block and End of Block fields

These two concepts are applied to all ISO 15022 securities messages.

Generic fields are like building blocks in the message. They are used to describe groups of data that are common, for example, date, amount. These general fields are then made unique by the addition of a qualifier, which specifically identifies the type of general field required, for example, settlement date, settlement amount.

The modular method requires the re-usability of the generic field within and across the messages (minimising maintenance), at the same time allowing the unique identification of an increasingly larger amount of information by the use of the qualifier. Previously, a new field would have been introduced. It is the combination of the generic field, plus the qualifier, that creates the unique reference of information.

The Start of Block and End of Block fields define the start and the end of a set or sequence of fields, that, from a business perspective, logically fit together. This enhances the approach of the message, improving maintenance by organising the data into natural groups.

14.2 ISO 15022 Message Structure

Standard creation process

All messages that have been designed using the ISO 15022 concepts are created as follows:

- Each message contains one or more sequences.

  Each sequence is made up of:

  - A Start of Block field, indicating the start of a group of related information.
  - One or more subsequences and/or fields.
  - An End of Block field, indicating the end of a group of related information.

The structure of a subsequence is exactly the same as that of a sequence, the difference being that it is nested or contained within the sequence.

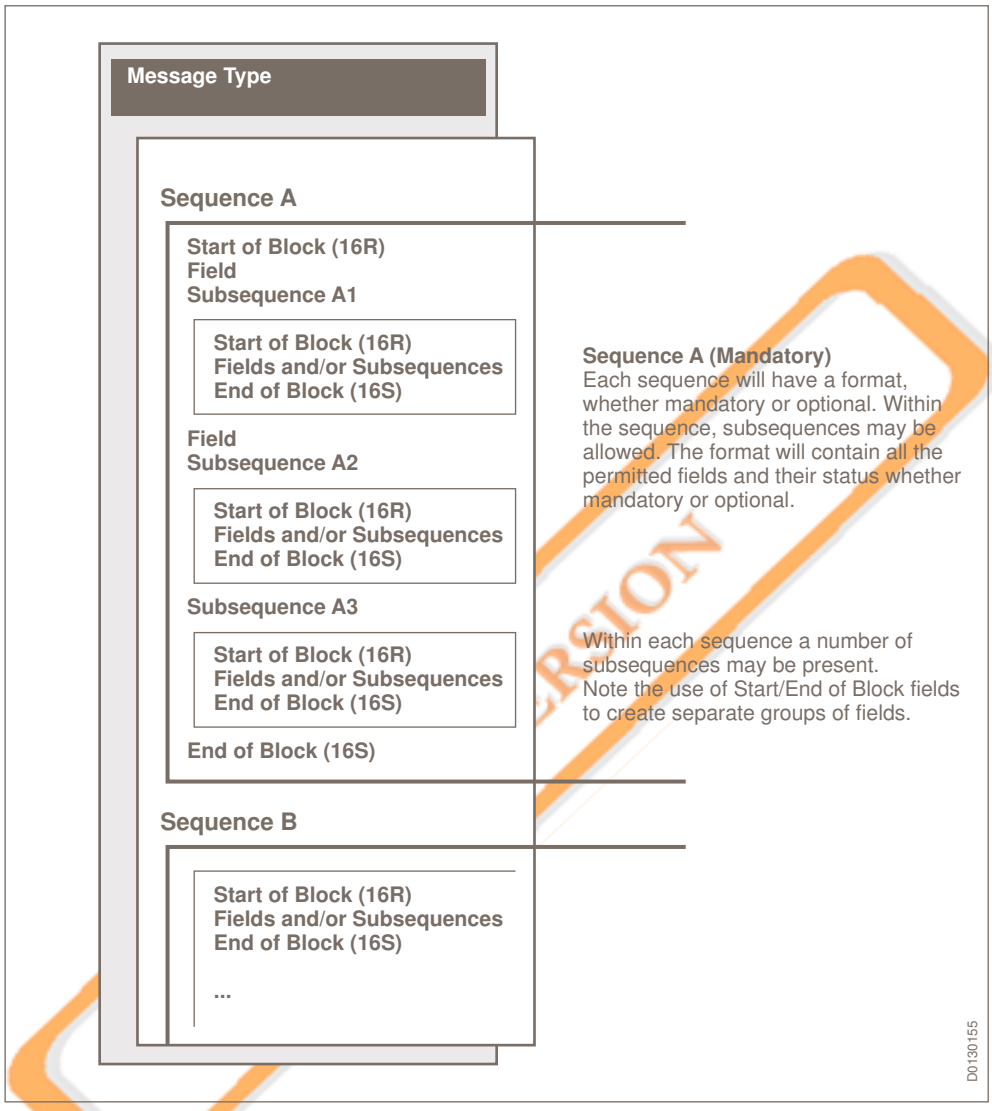
The fields contained within each (sub)sequence can be either discrete or generic.

Discrete fields are used in the same manner as the traditional fields. The field is used for one purpose only.

Generic fields are multi-purpose fields (see the section Generic Fields Structure on page 230).

The ISO 15022 message structure on page 225 illustrates the detail of the message structure.

ISO 15022 message structure



Overview of presence and repetition rules

There are certain presence and repetition rules that apply to all message types and all elements of the message, whether the element is:

- A sequence in a message.
- A subsequence in a sequence.
- A field in a sequence.
- A field in a subsequence.

The rules are as follows:

Presence

Each element within the message has an indicator stating the requirement for its presence at the given location.

It can either be mandatory (M), optional (O), or conditional (C), as follows:

- If a (sub)sequence or a field within a (sub)sequence is mandatory, then it must be present where indicated.
- If a (sub)sequence or a field within a (sub)sequence is optional, then it can be present, but it is not required.
- If a (sub)sequence or a field within a (sub)sequence is conditional, then there is a conditional rule which specifies whether it is mandatory or optional, according to its position and use.

See sections Format Specifications on page 237 and Field Specifications on page 239 for more information about the application of the mandatory, optional, and conditional rules.

Repetition

Each (sub)sequence within the message is either repetitive or non-repetitive:

- The (sub)sequence may appear more than once in its parent.

For further discussion of repetition, see the section How to Read the ISO 15022 Message Formats on page 236.

Each generic field within the (sub)sequence is either repetitive (R) or non-repetitive (N):

- The generic field may appear more than once in its given location. However, it is subject to the qualifier table rules.

See the section Field Specifications on page 239 for further discussion of the qualifier table.

14.3 Sequences and Subsequences

(Sub)sequence composition

Each (sub)sequence is composed of:

- Start of Block field, represented by the field tag 16R.
- One or more (sub)sequences and/or fields.
- End of Block field represented by the field tag 16S.

For any given (sub)sequence, the fields 16R and 16S are mandatory, and their value must be the same (see the section Overview of the Start of Block and End of Block Fields on page 233).

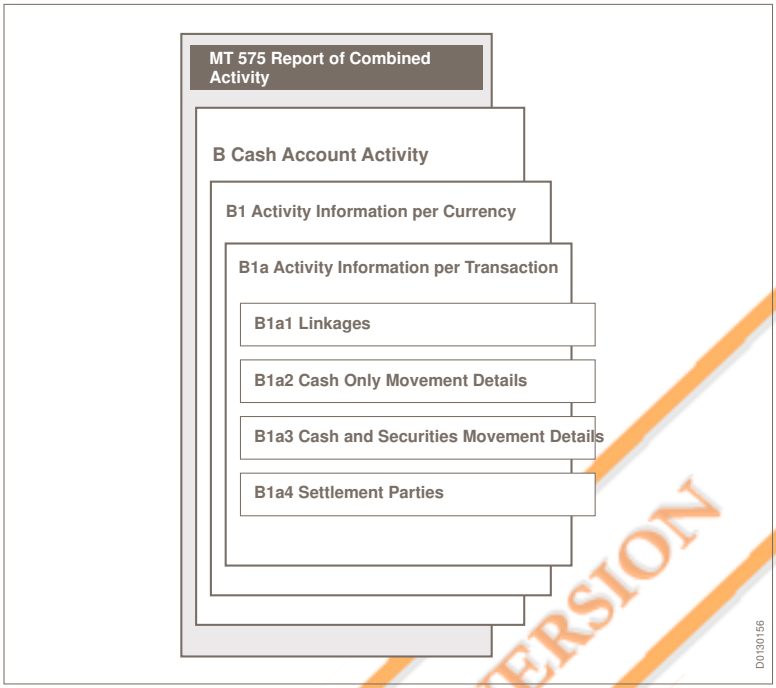
Each (sub)sequence has a name (defined by the value of fields 16R and 16S), and an identifier defined by the position of the (sub)sequence in the message:

- The identifier of a sequence is always an alphabetic character; the first sequence in a message is always identified by the letter "A", the second "B", and so on. The identifier of a (sub)sequence is always composed of the identifier of its parent (sub)sequence and a number or a letter.

  Depending on the level of nesting:

  - (Sub)sequences in a sequence are identified as follows: "A1", "A2", ..., "B1", "B2", ...
  - A (sub)sequence within a (sub)sequence is identified as follows: "A1a", 'A1b", ... "C5a", ...
  - Another (sub)sequence a level below is identified as follows: "A1a1", "A1a2", ...
  - Etc.

An extract from the MT 575 Report of Combined Activity showing the nesting of (sub)sequences



Within a given (sub)sequence, all occurrences of a particular generic field will be grouped together. This means that the generic field will occur once in the format specifications of the (sub)sequence. However, the same generic field can occur again in any other (sub)sequence, including (sub)sequences that are part of the current (sub)sequence.

Further information concerning the exact formula or definition of the message structure is the basis for the section How to Read the ISO 15022 Message Formats on page 236, which gives an explanation of the format and field specification sections of the Category 5 Securities Markets book.

14.4 ISO 15022 Field Format Notation

Data types and notation

The below table contains a brief description of the field data types and other notation. It should help to clarify any references made to field format examples. The latest version of the Standards MT documentation should be consulted for the full set of notations and rules.

The format notation is as follows:

Field formats

Length restrictions	nn	maximum length
	nn!	fixed length
	nn-nn	minimum and maximum length

	nn * nn	maximum number of lines times maximum line length
Types of character	n	digits
	d	digits with a decimal comma
	h	uppercase hexadecimals
	a	uppercase letters
	c	uppercase alphanumeric
	e	space
	x	SWIFT character set
	y	upper case level A ISO 9735 characters
	z	SWIFT extended character set
	/, word	character as-is, or, word as-is
Optional element identifier	[...]	where ... represents any of the allowed combinations of length or character

Example
Comparison of old and new formats

Description	Old notation	New notation
Fixed 4 uppercase alphanumeric, optionally followed by a slash and up to 30 SWIFT characters	`4a [/30x]`	`4!c[/30x]`
Number of up to 15 digits, including a decimal comma	`15 number`	`15d`
Code followed by a space and fixed 12 uppercase alphanumeric	`ISINb 12a`	`ISIN1e12!c`

Explanation

For each field number, there may be several format options for expressing the data. All field options and formats for each message are specified in the field specifications of the Standards MT documentation.

For example, in field **98a**, the lower case *a*, means that field 98 has several format options. When using this field in this particular message, it is permitted to use whichever of the allowed formats is preferred.

In contrast, **98A** means that field 98 has several format options, **BUT** for this message, and this use of the field, format option A must be used.

To summarise, lower case options mean the free choice to use one of the format options specified. Upper case options mean that the specific option stated **must** be used.

14.5 Generic Fields Overview

Consistent identification of data

Generic fields allow the consistent identification of data, in a logical and structured way. Each generic field can be identified by the initial colon **(:)** of the field content and will always have the same meaning across all ISO 15022 securities messages. For example:

`:98a::` will always be a DATE/TIME

`:24a::` will always be a REASON CODE

Each generic class of information has its own field, plus a descriptive list of codes or qualifiers which identify the specific type of information within the field. Qualifiers allow the identification of the type of data. Again, this identification is the same across all ISO 15022 securities messages. For example:

`:98a::COUP` will always be NEXT COUPON DATE

`:98a::MATU` will always be MATURITY DATE

Examples covering some of the types of generic fields are listed as follows.

Example

Generic field name	Field	Usage examples
Type of Financial Instrument	:12a:	Class of financial instrument.
Number Identification	:13a:	Coupon number, version number.
Flag	:17a:	Override standing instruction yes or no flag.
Amount	:19a:	Settlement amount, commission.
Reference	:20a:	Sender's, related, or other reference.
Indicator	:22a:	Trade transaction type.
Reason	:24a:	Reason for rejection.
Status	:25a:	Processing status.
Narrative	:70a:	Text specific to a trade, settlement, cash, or other party.
Quantity of Financial Instrument	:36a:	Quantity of the financial instrument previously ordered, quantity confirmed, quantity to be settled.
Price	:90a:	Deal price, percent discount.
Rate	:92a:	Rate of exchange or interest rate.
Location	:94a:	Place of trade, place of settlement.
Party	:95a:	Trading or settlement parties, affirming party, regulatory body.

Generic field name	Field	Usage examples
Account	:97a:	Safekeeping and cash accounts.
Date/Time	:98a:	Date/time of trade, date of settlement, processing time.
Number Count	:99a:	Number of allocations.

14.6 Generic Fields Details

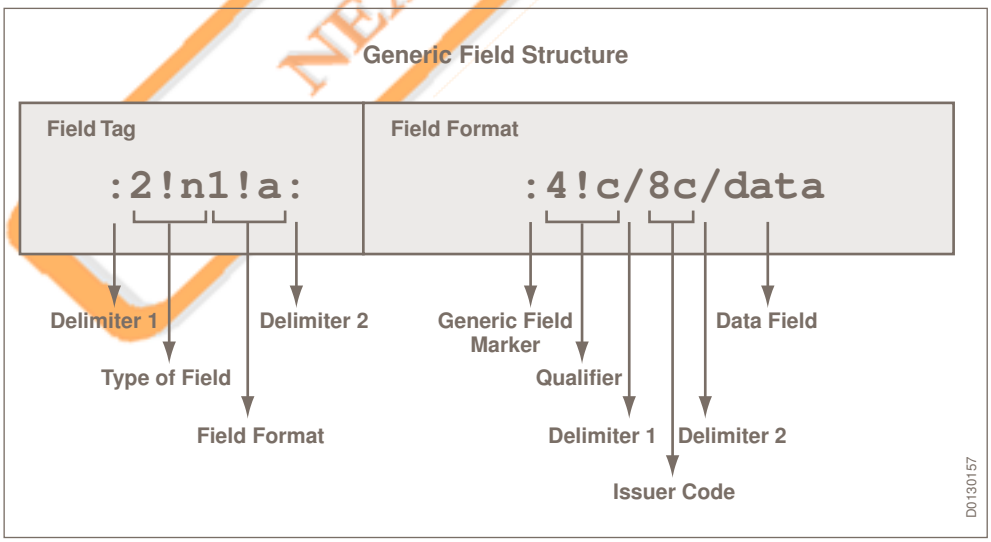
14.6.1 Generic Fields Structure

Generic fields

Each generic field is structured to indicate:

1. The class of data specified, for example, an amount or a reference.
2. How the data is formatted, for example, line length and character restrictions.
3. The business origin of the data, for example, type of payment, such as the settlement amount or commission.
4. In some cases, the coding scheme used, for example, a party is identified by its local market or proprietary code.

Generic field structure



This table describes the generic field structural components shown in the diagram.

Field tags

Field tag		
Delimiter 1	:	Shows the start of the field.

Field tag		
Type of Field	2!n	2-digit number representing the data type, for example, party, amount, account, date.
Field Format	1!a	The format of the contents of the data field, for example, option A in field 98a indicates a date with 8 digits; option C indicates a date of 8 digits and a time of 6 digits.
Delimiter 2	:	Separates the field tag from the field content.

Field formats

Field format		
Generic Field Marker	:	Identifies the field as generic.
Qualifier	4!c	Provides the business significance of the data and is mandatory, for example, in a generic field defined as amount, the qualifier *COUP* identifies a coupon amount.
Delimiter 1	/	Mandatory delimiter.
Issuer Code	8c	When SWIFT-defined codes are not used, allows for the use of market codes with a maximum of eight characters, for example, *DTCY, CRES, SICV* (see Appendix A).
Delimiter 2	/	Mandatory delimiter.
Data Field	data	Data for the field. The format is specified by the letter option of the field format.

14.6.2 Generic Fields Examples

Date/Time, Party, Account

`Date/Time: Field 98a`

Date/Time can be expressed as `YYYYMMDD`, a descriptive code, or `YYYYMMDDHHMMSS`.

Date/time examples

Option	Structure	Explanation and example
A	:4!c//8!n Qualifier and Date	:98A::SETT//20050311 The settlement date is 11 March 2005.
B	:4!c/[8c]/4c Qualifier, Issuer Code, and Date/Time-Code	:98B::SETT/DAKV/ISSS The settlement date is specified with a non standard code ISSS. This code has been defined by an issuer, DAKV.
C	:4!c//8!n6!n Qualifier, Date and Time	:98C::TRAD//20050311210000 The trade date is 11 March 2005 at 9:00 PM.

Party: Field 95a

The parties can be identified by BIC, proprietary code, or name and address.

Party examples

Option	Structure	Explanation and example
P	:4!c//4!a2!a2!c[3c] Qualifier and BIC	:95P::BUYR//INSOGB2L The buyer is identified with the BIC INSOGB2L; this is the BIC of Invest & Sons.
R	:4!c/8c/34x Qualifier, Issuer Code, and Proprietary Code	:95R::BUYR/CRES/78UY1 The buyer is identified with the code 78UY1, which is a CREST-code; this is the CREST-identifier for Invest & Sons.
Q	:4!c//4*35x Qualifier Name and Address	:95Q::BUYR//INVEST & SONS 152 AVENUE ROAD, GB The buyer is identified with its name and address.
S	:4!c/[8c]/4!c/2!a/30x Qualifier, Issuer Code Type of ID, Country Code, Alternate ID	:95S::ALTE//ARNU/US/12345 The alternate identification is a US alien registration number: 12345.

Account: Field 97a

The account can be identified by the account number, issuer code, and type of account.

In option B, Type would be used when the account number is not sufficient to identify a particular account at an account servicer.

Account examples

Option	Structure	Explanation and example
A	:4!c//35x Qualifier and Account	:97A::SAFE//90001 Safekeeping account 90001.
B	:4!c/[8c]/4!c/35x Qualifier, Issuer Code, Type and Account	:97B::SAFE//CEND/67435 67435 further identifies the safekeeping account, for example, a short sale account, a margin account, or a domestic safekeeping account. CEND is the centralised domestic book-entry account.

14.7 Overview of the Start of Block and End of Block Fields

Grouping discrete fields together

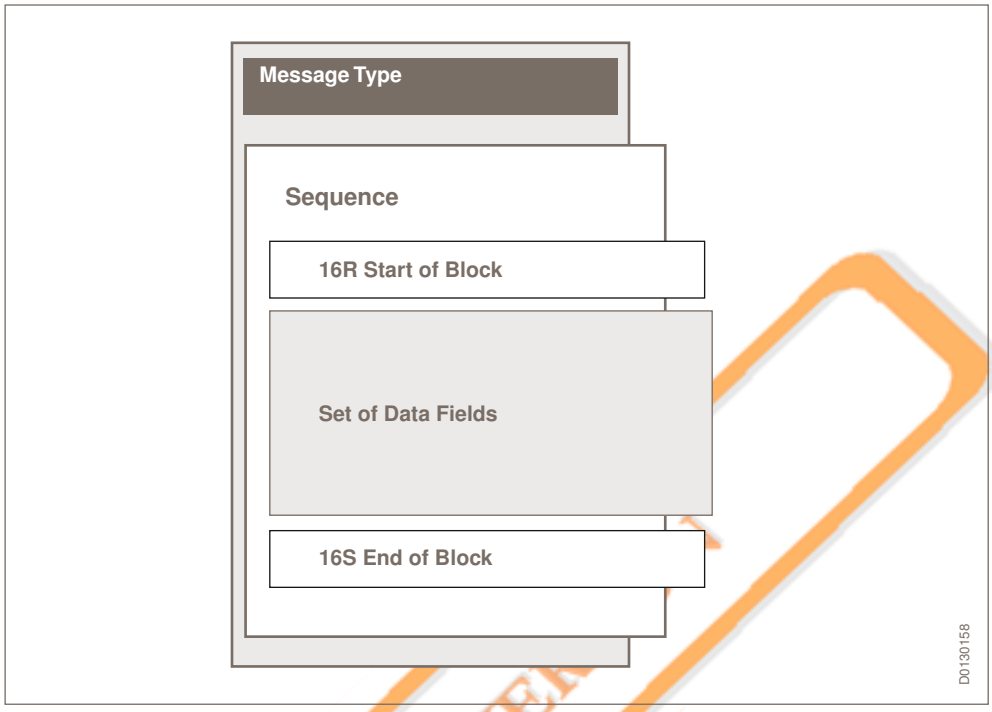
Field blocks are used to reinforce the modular approach, by framing groups of discrete or generic fields. Each sequence within the message will have a Start of Block field, followed by the fields within that block, and ending with an End of Block field.

A Start of Block field is represented by the discrete field 16R. An End of Block is indicated by the discrete field 16S. For a particular (sub)sequence, both fields contain the same number field tag and an identical code to identify the type of information contained within the block. For example:

:16R:SETPRTY Start of Settlement Party Block

:16S:SETPRTY End of Settlement Party Block

Start of Block and End of Block fields



14.7.1 Start of Block and End of Block Field Details

Examples of Start of Block and End of Block field

This table shows the structure of the Settlement Parties sequence. It contains the Start of Block and End of Block fields, 16R and 16S, with the Settlement Party block identifier, SETPRTY.

The section Format Specifications on page 237 gives an explanation of how to read a (sub)sequence.

-----> repetitive optional subsequence Settlement Parties

Status	Tag	Qualifier	Generic field name	Detailed field name	Content/options	No.
M	16R			Start of Block	SETPRTY	1
----->						
M	95a	4!c	Party	(see qualifier description)	P,Q,R or S	2
-----|						
O	97a	SAFE	Account	Safekeeping Account	A or B	3

Status	Tag	Qualifier	Generic field name	Detailed field name	Content/options	No.
O	98a	PROC	Date/Time	Processing Date/Time	A or C	4
O	20C	PROC	Reference	Processing Reference	:4!C//16X	5
----->						
O	70a	4!c	Narrative	(see qualifier description)	C or D	6
-----|						
M	16S			End of Block	SETPRTY	7
-----|						

A Start of Block and End of Block field with the value SETPRTY identifies the sequence as containing a single settlement party. Parties not placed between the SETPRTY Start of Block and End of Block fields are not considered part of the settlement chain.

For each settlement party in the Settlement Parties (sub)sequence, these details are given:

1. Start of Block delimiter with code SETPRTY.
2. Role and identifier of the party in the settlement chain.
3. Safekeeping account owned by the party.
4. Date/time when the party processed, or will process, the transaction.
5. Party reference for the transaction.
6. Additional text, for example, for declaration details.
7. End of Block delimiter, with code SETPRTY.

In addition to the Settlement Party block, there are other blocks, for example, Cash Party (CSHPRTY) block and Financial Instrument Attributes (FIA) block.

15 How to Read the ISO 15022 Message Formats

Representation of business processes

The ISO 15022 message specifications are documented in the Standards MT Category volumes, so the aim here is not to repeat the formats, but rather to explain how to read and understand the presentation of the format.

We should view the message types as generally representing a particular business process or function. Within the business process, data can either be essential to the business function, or merely nice to have.

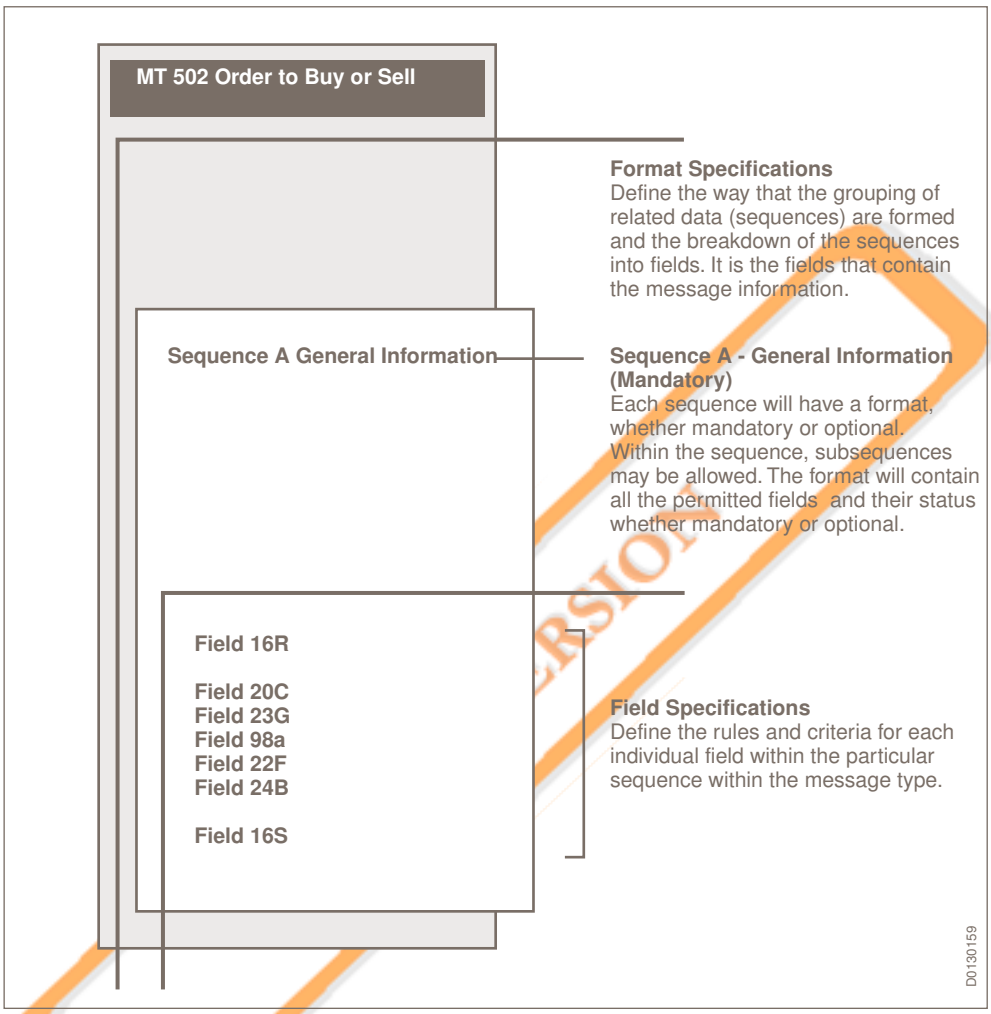
With reference to the message types, the organisation of the business data is defined within the **format specifications**, that is, the format for presenting the business data in a standard way. The organisation of the message data content is split into (sub)sequences (grouping the types of business data).

Each group of data is further represented by fields, containing specific information. The **field specifications** define the rules pertaining to each field within a (sub)sequence, for a particular message type.

Correct implementation of the field specifications is particularly important if the new modular concept is to be applied in the way that it was intended. It is possible to use the generic fields in the traditional manner, however, this will result in a loss of all the benefits and advantages associated with the *building block* concept, for example, modularity, re-usability, ease of maintenance, and flexibility. The ISO 15022 method is *table driven*, which introduces a new dimension to the fields. The qualifier examples in the section Qualifier Examples on page 242 demonstrate the new construction of the fields.

A simplified extract of the structure of the MT 502 can be seen in the Extract of the MT 502, showing format and field specifications on page 237.

Extract of the MT 502, showing format and field specifications



15.1 Format Specifications

How to build message blocks

The format specifications for the Category 5 Securities Markets messages can be found in the Standards MT documentation.

The format specifications show how to build the message blocks. They specify the sequences required, the order of sequences within the message, and whether or not these sequences are repetitive or non-repetitive (single occurrence or multiple occurrences). In addition to the mandatory and optional sequences, there may also be mandatory and optional subsequences. In effect, each group of data can be broken down into smaller sets; each set may contain data elements that need to be repeated (the notion of repetitive sequences/subsequences).

Each (sub)sequence is made up of fields. The format specifications define the fields required (whether mandatory or optional, repetitive or non-repetitive), the order in which they should appear, and how to identify/qualify them.

When consulting the Standards MT documentation for the message creation, the format specifications give the high level structure of the overall message content and the general rules and conditions to be applied. Remember, each line is read as a whole unit, and corresponds to a field. Each field and its status must be placed within the context of the (sub)sequence and the rules applying to the particular (sub)sequence.

This table shows an excerpt from the MT 502 (Order to Buy or Sell). The next table gives an explanation of how to read each column.

-----> mandatory sequence A General Information

Status	Tag	Qualifier	Generic field name	Detailed field name	Content/options	No.
M	16R			Start of Block	GENL	1
M	20C	SEME	Reference	Sender's Reference	:4!c//16x	2
M	23G			Function of the Message	4!c[/4!c]	3
O	98a	PREP	Date/Time	Preparation Date/Time	A or C	4
----->						
M	22F	4!c	Indicator	(See qualifier description.)	:4!c/[8c]/4!c	5
-----|						

This table explains the meaning of each individual column:

Explanation of columns

Status	Identifies whether the field is mandatory (M) or optional (O) in its (sub)sequence.
Tag	The type of field, for example, field 20C, where 20 is the field tag number and C is the option format. Note that: • Upper case letter option means that the user must use the option specified. • Lower case letter option, for example, 98a, means that the user can use one of the available formats for the field number in its given location.
Qualifier	A specific value, showing the business origin of the generic field, for example, SEME indicates that the field is used to contain the Sender's Reference. If there are multiple qualifiers for the field the generic field format is used, for example, 4!c. If not a generic field this column will be empty.
Generic field name	The name of the generic field, for example, field 20C is *Reference*, 98a is *Date/Time*. If not a generic field this column will be empty.

Detailed field name	The field name if there is only one value, for example, *Sender's Reference* for field 20C. It can indicate that there are several possible qualifiers. It is also used for the detailed name of discrete fields.
Content/options	The specific format or format options for the field. All possible format options are specified. If the format is mandatory (upper case), the actual format is given in this column. It can also contain the discrete field name if it has a single value.
No.	The No. outside the table is **not** a field within the message, it is a quick look-up reference to the field format in the field specifications. When a field has the same usage elsewhere in the message, the number is placed in parentheses.

15.2 Field Specifications

How to build message blocks

The full field specifications for the Category 5 Securities Markets messages can be found in the Standards MT documentation.

For each field described in the format specifications, a corresponding, more detailed description is provided in the field specifications. Each field specification is listed in the order it appears in the message.

The specifications for each field are vital, at this point, to show the alternative methods of representing the type of field, whether in terms of format, alternative qualifiers and codes, or mandatory/optional presence.

The field specifications show categories for each field; not all fields will have entries in every category. However, any specifications listed must be implemented.

The specification categories are:

1. Format
2. Presence
3. Qualifier
4. Definition
5. Values
6. Rules

Where:

1. **Format:** The format for the field, including the letter option required. Where there are several optional formats, all are specified.
2. **Presence:** The mandatory or optional status of the field within the sequence. There are seven presence conditions:

Presence conditions

Presence	Explanation
Mandatory	The field must be present.
Mandatory in an optional (sub)sequence	If the (sub)sequence is present the field must be present.
Mandatory in a conditional (sub)sequence	The field must be present if the (sub)sequence must be present according to the conditional rule.
Optional	The field may be present, but is not required.
Conditional	The field is present according to a specified conditional rule.
Conditional in an optional (sub)sequence	The field is present if the (sub)sequence is present as noted in the conditional rule.
Conditional in a conditional (sub)sequence	The field is present according to the conditional rule(s) for the (sub)sequence and the field.

3. **Qualifier:** This category applies only to generic fields. It specifies the descriptive qualifier applicable to the generic field, and any other rules or conditions. If more than one qualifier applies, all are specified. Whenever this particular generic field is used at this location in the message, it must contain a qualifier that is included in the qualifier table.

   This example shows field 20C, as it appears in the Standards MT documentation.

   Field 20C example

Order	M/O	Qualifier	R/N	CR	Options	Qualifier description
1	M	SEME	N		CR	Sender's Reference

   Field 20C explanations

Format	Example	Explanation
Order	1	This column, in conjunction with the Qualifier column, identifies the different occurrences of the field with a qualifier. Within a particular field, the highest number in the Order column defines the maximum number of **different** qualifiers that may be used for this field, at this location, **within a single occurrence of a sequence**. Note that: • The sequence in which the qualifiers appear has no importance. • A qualifier which is marked as repetitive (in the R/N column), may be used more than once.

Format	Example	Explanation
M/O	M	This column indicates whether the use of a qualifier (or one of a list of qualifiers) designated within a particular *order* is mandatory or optional. Note that: • When the qualifier for an occurrence of a field is to be chosen from a list of qualifiers, the status (M/O) is specified at the first qualifier available for that *order*. • Subsequent qualifiers associated with that *order* will have the word *or* in the M/O column, meaning only one qualifier in that particular *order* may be used in a particular sequence.
Qualifier	SEME	Specifies the value of the qualifier.
R/N	N	Specifies whether the qualifier, when used, may be repeated (R), or not repeated (N).
CR		Identifies the number of the conditional rule which will be applied when the qualifier is used, when relevant.
Options	C	Specifies the format options which are valid for use with the qualifier.
QualifierDescription	Sender's Reference	Specifies the detailed name of the qualifier.

4. **Definition:** If the Detailed Name requires further explanation, the definition of the qualifier(s) is given here.
5. **Values:** Information about the content of the field or codes. It may, for example, list and explain codes available for use in the field, other than the qualifier. In some cases, the list of possible codes depends on the value of the qualifier. This means that these codes can only be used with the specified qualifier.
6. **Rules:** Information about the business use, or structure, of the field, which is not explained elsewhere in the field specification.

The table example of the field 20C should be interpreted as follows:

Order 1 is mandatory. The only possible qualifier is SEME, so this must be used. It is non-repetitive and there are no conditional rules to apply. The only field format option available is C, which is defined in the Format category and shown in the Options column.

It is essential that all forms of the field specification be consulted and applied to the field. All elements work in conjunction with each other. New business requirements can be satisfied by adding new qualifiers. However, the use of the Order section enables the further categorisation of the type of qualifier and the rules that apply to it. When reading the qualifier table, the Order and Qualifier columns form a joint reference of information.

The Values category must be consulted for any alternative or additional identifier codes that may be applied to the joint Order and Qualifier reference to make up the field.

15.3 Qualifier Examples

MT 514 Trade Allocation Instruction

These examples are based on the MT 514 Trade Allocation Instruction.

The field specifications are extracts from the Standards MT documentation.

15.3.1 Field 98a Date/Time

How to build message blocks

Field specifications

FORMAT	Option A	:4!c//8!n (Qualifier) (Date)
	Option B	:4!c/[8c]/4!c (Qualifier) (Issuer Code) (Date Code)
	Option C	:4!c//8!n6!n (Qualifier) (Date) (Time)
PRESENCE	Mandatory	
QUALIFIER		

Order	M/O	Qualifier	R/N	CR	Options	Qualifier description
1	M	TRAD	N		A, B or C	Trade Date/ Time
2	O	SETT	N		A, B or C	Settlement Date/Time

Definitions

The qualified generic field specifies:		
TRAD	The trade date/time.	
SETT	The settlement date/time.	
VALUES	Date must be a valid date expressed as YYYYMMDD. Time must be a valid time expressed as HHMMSS.	
In option B, when the qualifier is SETT and the Issuer Code is not present, Date Code must be one of these values:		
	WISS	Settlement is to be completed when the security is issued.
	WDIS	Settlement is to be completed when the security is distributed.

	WIDI	Settlement is to be completed when the security is issued or when distributed.
	SEOP	Settlement is to be completed at the seller's option.
	TBAT	Settlement is to be completed as a result of a *to be announced* trade.
In option B, when the qualifier is TRAD and the Issuer Code is not present, Date Code must be one of these values:		
	VARI	Partial trades have occurred over a period of two or more days.

The field specifications for field 98a will be interpreted as:

1. **Format:** Option A, B, and C are available.
2. **Presence:** The field is mandatory within this sequence.
3. **Qualifier:** Order 1 is mandatory. Since there is only one possible qualifier, TRAD, this one must be used. It can only appear once (non-repetitive) and has no conditional rules. The options available for use are either A, B, or C.

   Order 2 is optional. This means the use of qualifier SETT is optional. It can only appear once (non-repetitive), it has no conditional rules. The options available for use are either A, B, or C.
4. **Definition:** Qualifier TRAD is the Trade Date/Time, SETT is the Settlement Date/Time.
5. **Values:** Particular formats for date and time are stated. Alternative formats are given for the optional qualifier SETT and format option B and also for mandatory qualifier TRAD and format option B. The Date Code of format option B, may be used if Issuer code is not present.
6. **Rules:** There are no rules for field 98a.

Valid examples

Application of these specifications would look like this:

Order 1 is mandatory. It must be used with qualifier TRAD.

Order 2 and the use of qualifier SETT is optional.

These valid examples show the use of the mandatory qualifier TRAD with the format options A, B, and C and subsequently the combination of the mandatory qualifier TRAD with the optional qualifier SETT.

Use of the TRAD and SETT qualifiers

Field	Explanation
`:98A::TRAD//20050131`	Simple option A(1)
`:98B::TRAD//VARI`	Simple option B without optional Issuer Code
`:98B::TRAD/DTCY/CLOS`	Option B with optional Issuer Code (see section Data Source Scheme on page 261).
`:98C::TRAD//20050131085040`	Simple option C

(1) The order of the mandatory and optional field sequence is not important. It is not necessary that option A (TRAD) precedes option C (SETT). It could well be:

```
:98A::TRAD//20050128
```

:98A::SETT//20050131

or

:98C::SETT//20050131085040

:98A::TRAD//20050128

or

:98B::TRAD/DTCY/CLOS (see Data Source Scheme on page 261.)

:98C::SETT//20050131085040

Invalid examples

TRAD is **non-repetitive** and must therefore be present only once, this applies equally to qualifier SETT. These are invalid examples:

This field tag must occur once with qualifier TRAD:

:98A::SETT//200501

:98B::TRAD//VARI *Invalid Reason*

:98C::TRAD//20050131085040 Qualifier is repeated

The qualifier SETT is non-repetitive:

:98A::TRAD//20050131

:98C::SETT//20050131085040

:98B::SETT//WISS Qualifier is repeated

15.3.2 Field 22F: Indicator

How to build message blocks

Field specifications

FORMAT	Option F	:4!c/[8c]/4!c (Qualifier) (Issuer Code) (Indicator)
PRESENCE	Optional	
QUALIFIER		

Order	M/O	Qualifier	R/N	CR	Options	Qualifier description
1	O	SETR	N		F	Type of Settlement Transaction
2	O	STCO	R		F	Settlement Transaction Condition

Definitions

The qualified generic field specifies:		
SETR	The type of settlement transaction contained in the settlement details block of the message.	
STCO	The conditions under which the order/trade is to be settled.	
VALUES	When the qualifier is SETR and the Issuer Code is not present, the Indicator must contain one of these values:	
	TRAD	The transaction relates to the settlement of a trade.
	REDI	The transaction involves the withdrawal of specified amounts from specified sub-accounts.
	RPTO	The transaction is for reporting purposes only.
	....	*
	SECL	The transaction is part of a securities lending operation.
	COLL	The transaction relates to collateral in the form of securities.
When the qualifier is STCO, and the Issuer Code is not present, the Indicator must contain one of these values:		
	UNEX	Unexposed - delivery cannot be effected until cash is received.
	SPST	Split Settlement - when cash and securities settle in different locations.
	SPDL	Trade to be settled with special delivery.
	FRCL	Free Clean Settlement (this indicates that delivery will be made free of payment but that a clean payment order will be sent).
	....	*
	SPCS	Split Currency Settlement - settlement is in two different currencies.

The field specifications for field 22F state that:

1. **Format:** Option F must be used.
2. **Presence:** The field is optional within the sequence.
3. **Qualifier:**

   Order 1 is optional. This means the use of qualifier SETR is optional. It is non-repetitive, it has no conditional rules. The only format option available for use is F.

   Order 2 is optional. This means the use of the qualifier STCO is optional. It may appear more than once (repetitive), it has no conditional rules. The only format option available for use is F.
4. **Definition:** Qualifier SETR states the type of settlement transaction, STCO the conditions for the trade.

5. **Values:** In the event that the Issuer code is not present optional codes are specified for the optional qualifier SETR and also for optional qualifier STCO.
6. **Rules:** There are no rules for field 22F.

Note ** See the Standards MT documentation for the full field specification.*

Valid examples

Application of these specifications would look like this:

This optional field may occur once with either or both qualifiers.

Qualifier SETR is optional and non-repetitive.

Qualifier STCO is optional and may be repetitive.

Use of the SETR and STCO qualifiers

Field	Explanation
:22F::SETR//REDI	Qualifier SETR, REDI code as Issuer code not present(1)
:22F::SETR//TRAD	Qualifier SETR, TRAD code as Issuer code not present
:22F::STCO//UNEX	Qualifier STCO, UNEX code as Issuer code not present
:22F::STCO/INSE/SPEC	(see Data Source Scheme on page 261.)
:22F::SETR//REDI	Qualifier SETR
:22F::STCO//UNEX	Qualifier STCO

(1) The order of the optional field sequences is not important. Both optional fields and qualifiers will use option F. It could well be:

:22F::STCO//UNEX

:22F::STCO//SPCS Qualifier STCO repeated

or

:22F::STCO//UNEX

:22F::SETR//REDI

:22F::STCO//SPCS Qualifier STCO repeated

or

:22F::STCO//UNEX

:22F::STCO//SPCS

:22F::SETR//REDI Qualifier STCO repeated

or

:22F::STCO//UNEX

:22F::SETR//REDI

:22F::STCO//SPCS Qualifier STCO repeated

Invalid examples

Order 1 with qualifier SETR is non-repetitive.

```
:22F::SETR//TRAD
```

```
:22F::SETR//REDI
```
Qualifier SETR repeated

or

```
:22F::STCO//UNEX
:22F::SETR//TRAD
:22F::SETR//REDI
```
Qualifier SETR is repeated

or

```
:22F::STCO//UNEX
:22F::STCO//SPCS
:22F::SETR//TRAD
:22F::SETR//REDI
```
Qualifier SETR is repeated

15.3.3 Field 95a: Party

How to build message blocks

Field specifications

FORMAT	Option P	:4!c//4!a2!a2!c[3!c] (Qualifier) (BIC)				
	Option Q	:4!c//4*35x (Qualifier) (Name and Address)				
	Option R	:4!c/8c/34x (Qualifier) (Issuer Code) (Proprietary Code)				
	Option S	(Qualifier) (Issuer Code) (Type of ID) (Country Code) (Alternate ID)				
PRESENCE	Mandatory					
QUALIFIER						
Order	**M/O**	**Qualifier**	**R/N**	**CR**	**Options**	**Qualifier description**
1	M	INVE	N		P, Q, or R	Investor
	or	BUYR	N		P, Q, or R	Buyer
	or	CLBR	N		P, Q, or R	Clearing Broker

	or	SELL	N		P, Q, or R	Seller
	or	STBR	N		P, Q, or R	Step-in Broker
	or	ETC1	N		P, Q, or R	ETC Service Provider 1
	or	ETC2	N		P, Q, or R	ETC Service Provider 2
	or	AFFM	N		P, Q, or R	Affirming Party
2	O	ALTE	N		S	Alternate ID

Definitions

The qualified generic field specifies:		
	INVE	The Investor.
	....	*
	ALTE	Alternate ID.
	Proprietary Code specifies a local national code or market segment code identifying the party.	
	....	*
VALUES	If the Issuer Code is not present, Type of ID must be one of these values:	
	ARNU	Alien Registration Number.
	....	*
	TXID	Tax Identification Number.
Country Code must be a valid ISO country code (Error code T73).		

Note ** See the Standards MT documentation for the full field specification.*

Valid examples

Order 1 is mandatory. This means the user has to use one of the qualifiers (INVE, BUYR, CLBR, SELL, STBR, ETC1, ETC2, AFFM). It may only appear once (non-repetitive). It has no conditional rules. The options available for use are P, R, or Q.

Order 2 is optional. This means the qualifier ALTE is optional. If used, then it may only appear once (non-repetitive). It has no conditional rules. Format option S must be used.

Application of these specifications would look like this:

Qualifier INVE of Order 1 is mandatory and non-repetitive.

Qualifier ALTE of Order 2 is optional and non-repetitive.

```
:95P::INVE//BNLIIT2M
:95Q::BUYR//The Northern Trust Company
:95S::ALTE//TXID/LU/1234567
```

(The 1234567 number is the Luxembourg Tax-Id for the Northern Trust Company).

or

```
:95S::ALTE/CEDE/TAXD/LU/1234567
:95Q::BUYR//Morgan Grenfell Capital Mgmt
```

(Morgan Grenfell Capital Management has Luxembourg Tax-Id 1234567).

Note *The order of the mandatory and optional field sequence is not important. It is not necessary that the first order qualifiers precede those of the second and third order.*

Invalid examples

Field 95a must occur once with one of the qualifiers INVE, BUYR, CLBR, SELL, STBR, ETC1, ETC2, AFFM.

`:95S::ALTE/CEDE/TAXD/LU/1234567` Qualifier in Order 1 is mandatory

or

```
:95P::BUYR//BNLIIT2M
```

`:95P::SELL//BNLIIT2M` More than one qualifier in Order 1

or

```
:95Q::AFFM//Pacific Investment Management Company
:95S::ALTE/CEDE/TAXD/LU/1234567
```

`:95S::ALTE/EOC/TAXE/BE/7890234` Repetitive use of qualifier ALTE

or

```
:95P::BUYR//BNLIIT2M
```

`:95Q::BUYR//Banca Nazionale del Lavoro` Repetitive use of qualifier BUYR

15.3.4 Field 19A: Amount

How to build message blocks

Field specifications

FORMAT	Option A	:4!c//[N]3!a15d (Qualifier) (Sign) (Currency) (Amount)				
PRESENCE	Mandatory in an optional sequence.					
QUALIFIER						
Order	**M/O**	**Qualifier**	**R/N**	**CR**	**Options**	**Qualifier description**

1	M	ACRU	N		A	Accrued Interest Amount
	....	*				
	or	DEAL	N		A	Trade Amount
	....	*				
2	O	RESU	N	C2	A	Resulting Amount

Definitions

The generic field specifies a cash amount. This field is part of a sequence which identifies cash amounts such as taxes and charges, as well as amounts needed for accounting purposes (for example, original face value traded, broker commission)		
The qualified generic field specifies:		
	ACRU	The accrued interest amount.
	....	*
	RESU	The amount in an alternate currency.
VALUES	Sign must be present when the amount is negative.	
	Currency must contain a valid ISO currency code.	
	In the amount, the number of digits following the decimal comma must not exceed the maximum allowed for the currency specified (Error code C03).	

Note ** See the Standards MT documentation for the full field specification.*

Valid examples

Field 19A is used in an optional sequence.

Order 1 is mandatory. This means that one of the qualifiers listed [ACRU, EXEC, CHAR, LOCO, COUN, DEAL, ISDI, LEVY, LOCL, MARG, ORGV, POST, REGF, REPA, REPP, SETT, SHIP, SPCN, STAM, STEX, TRAN, TRAX, VATA, WITH, or OTHR] must be used. It is non-repetitive and must use format option A.

Order 2 is optional. This means that qualifier RESU is optional. It is non-repetitive. Format option A must be used, and it is subject to conditional rule 2.

Application of these specifications would appear as follows:

One of the qualifiers listed in Order 1 is mandatory and non-repetitive.

Qualifier RESU is optional and non-repetitive but subject to conditional rule 2.

```
:19A::ACRU//USD973,54
```

or

```
:19A::DEAL//USD2973,54
```

```
:19A::RESU//GBP1837,65
```

Invalid examples

This field tag may only occur with one of the qualifiers in Order 1.

`:19A::RESU//GBP1858,46` Use of qualifier RESU, without a qualifier from Order 1

or

```
:19A::ACRU//USD973,54
```

`:19A::DEAL//USD1858,46` Repetitive use of qualifier in Order 1

16 Programming Guide

The purpose of this chapter is to provide a number of helpful hints and tips for a smooth transition to the ISO 15022 message structures. Successful programming of the ISO 15022 message structures is dependent on a good understanding of the sections ISO 15022 Field and Message Structures on page 224 and How to Read the ISO 15022 Message Formats on page 236, which introduce the generic fields, and the Start of Block and the End of Block fields.

16.1 Programming Hints

Benefits of ISO 15022 field and message structures

Each system or application design will have its own house style, however, the tips in this chapter may be useful.

The ISO 15022 field and message structures offer the potential benefits of:

- Flexibility within a defined structure.
- Modular and re-usable code.
- Easier addition of new functionality to the messages.
- The ability to customise validation/creation routines to individual local requirements.

A **table-driven** approach can be used to maintain the modular aspect of the messages. This approach is best explained in the parsing and/or validation of a message.

16.2 Parsing and/or Validating a Message

Table-driven definition

Parsing and validating a message can be made table-driven by defining a table for each message type, describing the syntax of the message in terms of fields, and creating a table for each field in terms of its components.

Use of generic data types

All components should be coded in their most suitable and generic form, such as character sets, codes, date, time, qualifiers, etc. If necessary, features such as iterations, blocks, branches, gotos, presence, etc., can be included in the tables.

Steps in the parsing/validation process

The parsing/validation process should take as input the text of the message (or a reference to it) and the message type. The process can then determine the required table for the specified message type.

The process checks the elements of the message type table, executing the logic as specified by each element. Upon encountering a field element, the corresponding table for that field is executed.

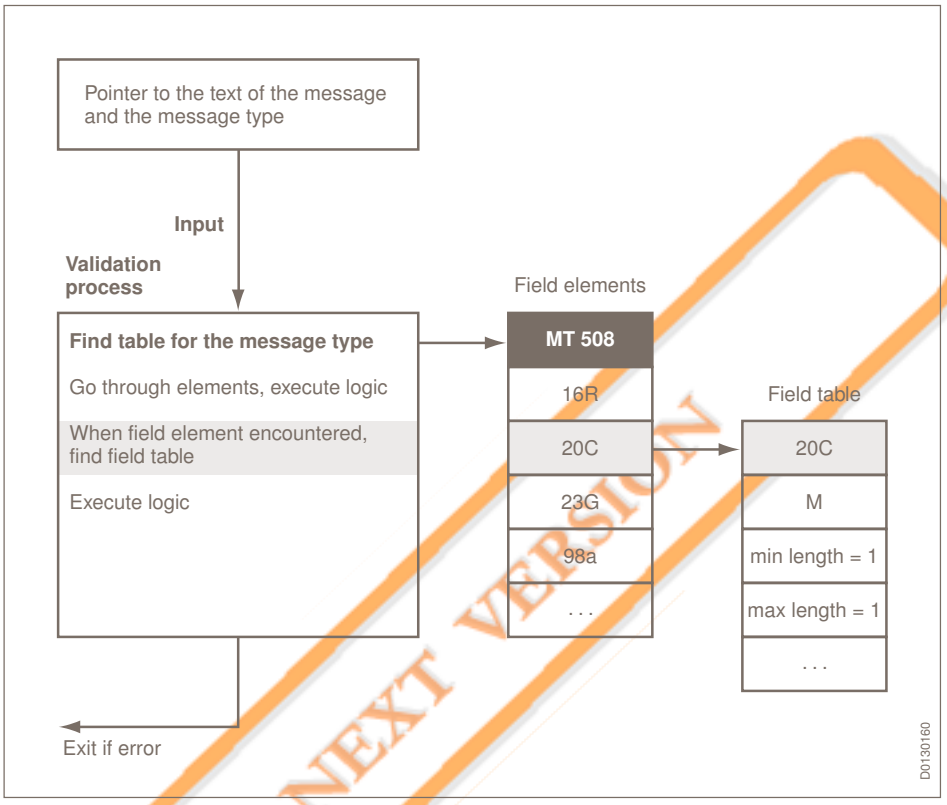
Upon detection of an error, the parsing/validation process can be exited.

During the parsing/validating process, the entire message will be parsed and access references for each instance of its fields, and each of their respective components, can be kept.

Each of the conditional rules can then be executed using these references to access the instance and/or values of the required fields and/or its components. The conditional rules can be coded as separate procedures, and could also be linked to each message type via the tables. The General

table-driven principle on page 253 illustrates the general principles of the description, whereas the Illustrating validation logic on page 254 demonstrates the logical steps.

General table-driven principle

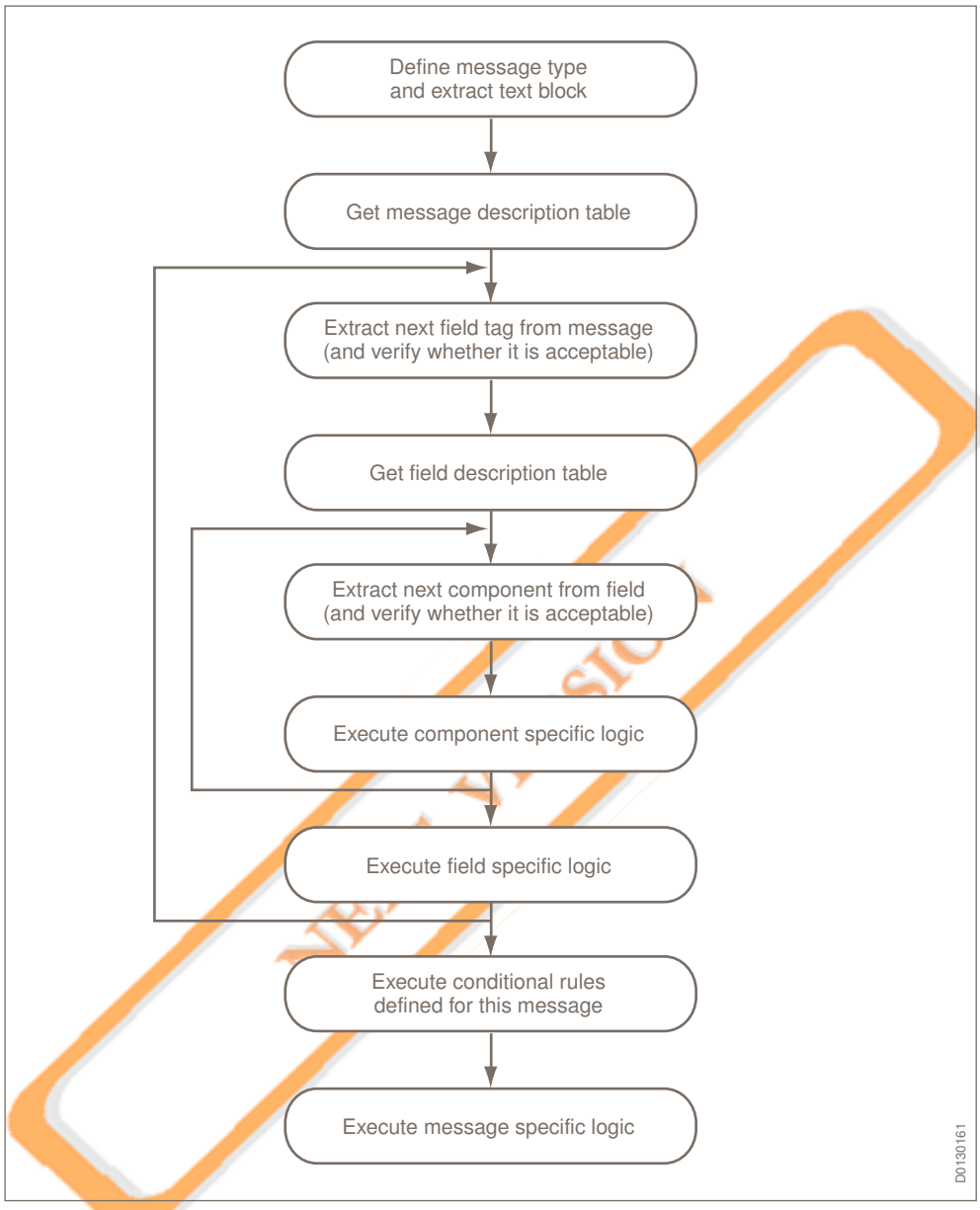


As shown in the Illustrating validation logic on page 254, it is possible to include logic that is specific to individual environments.

Some examples include:

- The extracted fields, or components, stored in local databases. If required, the destination of the extracted information can also be included in the database table.
- Individual requirements added for component, field or message validation processing logic. Where required, these requirements can also be included at the appropriate places in the message or field tables.

Illustrating validation logic



16.3 Creating a Message

Routines

You may create different routines to create a message.

Example 1: To build the common part of any generic field

A routine can be created to build the common part of any generic field. The parameters will be the field tag, the format option, the qualifier, the issuer code, and the field contents.

`int 98A_contents;`	/*initialise field variable*/

`98A_contents = '20050725';`	/* assign value to field*/
`GEN_FLD('98','A','TRAD","", 98A_contents);`	/* function returns formatted field*/

This will generate the generic field:

```
':98A::TRAD//20050725'
```

Example 2: To build the content part of each format option of a generic field

A routine can be created to build the content part of each format option of a generic field. This can be used when completing a field.

```
int GEN_94B(int 'A', int 'B');

{

/* body of function to produce 'A/B' */

}

int 94B_contents;

main()

94B_contents=GEN_94B('OTCO','TELEKURS');
```

This will generate a variable containing the value:

```
'OTCO/TELEKURS'
```

Example 3: To build (sub)sequences

Modular code can be created to complete a (sub)sequence, incorporating the Start of Block and the End of Block fields. The parameters will be the code value and the block contents.

`char block_contents;`	/*initialise block variable*/
`block_contents = ':19A::ACRU// BEF1000,:98A::VALU//20050725'`	/* assign block value to variable*/
`GEN_BLK ('AMT', block_contents);`	/* function returns formatted block*/

This will generate the (sub)sequence:

```
':16R:AMT:19A::ACRU//BEF1000,:98A::VALU//20050725:16S:AMT'
```

Some (sub)sequences are re-used in different messages. Routines can be created to build the contents element of these (sub)sequences. These routines can then be used whenever a (sub)sequence needs to be created.

Tables can be used to contain all possible values for:

- Qualifiers for a particular generic field.
- Qualifiers for a particular generic field, at a particular location, in a message.
- Codes for a particular subfield belonging to a specific generic field.
- Codes for a particular subfield belonging to a specific generic field, combined with a particular qualifier.
- Block identifiers.

- Block identifiers for a particular message type.

By following the routines, all possible and relevant values can be obtained at one point in the program. In this way, one can limit the risk of using non-existent values, or invalid values for the particular location within a message type.

Tables can also be used to link individual local variables to a particular field, qualifier and, possibly, subfield and/or code.

16.4 Questions and Answers

Building the common part of a generic field

This section contains some general questions and answers that may prove useful in gaining a further understanding of the table-driven approach.

What kind of tables can be used?

There are two types of table:

- static tables
- dynamic tables

Static tables are typically used to define the layout of messages and fields. They may also contain information pertinent to the static details of the message, for example, qualifiers, codes, country codes, and currency codes.

Dynamic tables are typically used to store information about the current message being parsed or validated, for example, pointers, offsets, lengths, and component values.

What kind of information can be included in a message layout table?

For each **(sub)sequence** in the message, the table can contain:

- The sequence name, stored in fields 16R and 16S:

  To identify a (sub)sequence and to find the start and end of each (sub)sequence occurrence.
- The minimum and maximum number of sequence occurrences:

  To identify/validate the presence of all mandatory (sub)sequences, and to validate the possible number of repetitions for each (sub)sequence.
- The nesting level:

  To establish/validate the hierarchy of (sub)sequences, and to detect, or give an indication of, the start and end of a (sub)sequence.

  A nesting level identifier may also be useful for skipping through all/any fields and/or (sub)sequences that are subject to conditional presence rules, for example, a field can only occur within a (sub)sequence if a particular (sub)sequence is present/absent.

For each **field** within the message, the table can contain:

- The field tag:

  As a reference to the corresponding field table, and to verify the contents of the field.
- The minimum and maximum number of occurrences:

  To validate the presence of all mandatory fields, and to validate that no invalid repetition has occurred.
- A reference to the qualifier table:

In the case of generic fields, the qualifier table will contain all valid qualifiers that may occur at the precise location in the message.

- A reference to the code table(s):

  The code table(s) will contain all possible codes (per field component) that may occur at the precise location in the message.

- A means of differentiating between the format options available for use:

  To process the different field format options in the correct manner

Example 1

This example shows sequence A of the MT 509 in the format that can be used as a **message layout table**.

Note *The table structure contains examples of all of the possible elements mentioned.*

```
SEQ_START (name='GENL', minimum=1, maximum=1, nest=1)

FLD (tag='20C', minimum=1, maximum=1, qualifiertable=509_20a_Q1)

FLD (tag='23G', minimum=1, maximum=1, codetable=509_23G_C1)

FLD (tag='98A', minimum=0, maximum=1, qualifiertable=509_98a_Q1,
if_found_skip(1))

FLD (tag='98C', minimum=0, maximum=1, qualifiertable=509_98a_Q1)

SEQ_START (name='LINK', minimum=0, maximum=?, nest=2)

FLD (tag='13A', minimum=0, maximum=1, qualifiertable=509_13a_Q1)

FLD (tag='20C', minimum=1, maximum=1, qualifiertable=509_20a_Q2)

SEQ_END (name='LINK')

SEQ_START (name='STAT', minimum=0, maximum=?, nest=2)

FLD (tag='25D', minimum=1, maximum=1, qualifiertable=509_25a_Q1,
codetable=509_25D_C1)

SEQ_START (name='REAS', minimum=0, maximum=?, nest=3)

FLD (tag='24B', minimum=1, maximum=1, qualifiertable=509_24a_Q1,
codetable=509_24B_C1)

FLD (tag='70D', minimum=0, maximum=1, qualifiertable=509_70a_Q1)

SEQ_END (name='REAS')

SEQ_END (name='STAT')

SEQ_END (name='GENL')
```

What information can be included in a field layout table?

For each **component** the table can contain:

- An identifier to indicate whether the component is mandatory or optional.
- The minimum and maximum length of the component.
- A character set, or fixed value, to use.
- An indication whether a contents check is required, using a qualifier table or code table (the table reference will be passed from the message table).

Example 2

Example 2 illustrates a possible format for a **field table**, using field 25D:

```
CMP (mandatory, min_len=1, max_len=1, char=':')

CMP (mandatory, minlen=4, maxlen=4, char=C-set, qualifiertable)

CMP (mandatory, minlen=1, maxlen=1, char='/')

CMP (optional, minlen=1, maxlen=8, char=C-set)

CMP (mandatory, minlen=1, maxlen=1, char='/')

CMP (mandatory, minlen=4, maxlen=4, char=C-set, codetable)
```

What information can be included in a qualifier table?

For each qualifier, the **qualifier** table can contain:

- The value of the qualifier.
- The order to which the qualifier belongs.
- An identifier indicating whether the order is mandatory or optional.
- An identifier indicating whether the qualifier is repetitive or non-repetitive.
- A list of format options that may be used.

Example 3

These examples show possible formats for **qualifier tables**.

QualifierTable 509_20a_1

```
QUAL ('SEME', order=1, mandatory, non-repetitive, 'C')
```

QualifierTable 509_20a_2

```
QUAL ('RELA', order=1, mandatory, non-repetitive, 'C')
QUAL ('PREV', order=1, mandatory, non-repetitive, 'C')
QUAL ('MAST', order=1, mandatory, non-repetitive, 'C')
QUAL ('BASK', order=1, mandatory, non-repetitive, 'C')
QUAL ('INDX', order=1, mandatory, non-repetitive, 'C')
QUAL ('LIST', order=1, mandatory, non-repetitive, 'C')
QUAL ('TRRF', order=1, mandatory, non-repetitive, 'C')
QUAL ('PROG', order=1, mandatory, non-repetitive, 'C')
QUAL ('COMM', order=1, mandatory, non-repetitive, 'C')
QUAL ('ISSU', order=1, mandatory, non-repetitive, 'C')
```

QualifierTable 509_22a_Q1

QUAL ('BUSE', order=1, mandatory, non-repetitive, 'H')
QUAL ('PROC', order=2, optional, repetitive, 'F')
QUAL ('RPOR', order=3, optional, non-repetitive, 'F')
QUAL ('PRIR', order=4, optional, non-repetitive, 'F')
QUAL ('SETG', order=5, optional, non-repetitive, 'F')
QUAL ('PAYM', order=6, mandatory, non-repetitive, 'H')

What information can be included in a code table?

For each **code** the table can contain:

- The value of the code.
- The value of the related qualifier (if applicable).

Example 4

These examples show possible formats for a **code table**:

CodeTable 509_23G_C1

CODE ('CAST')
CODE ('INST')
CODE ('REST')

CodeTable 509_25D_C1

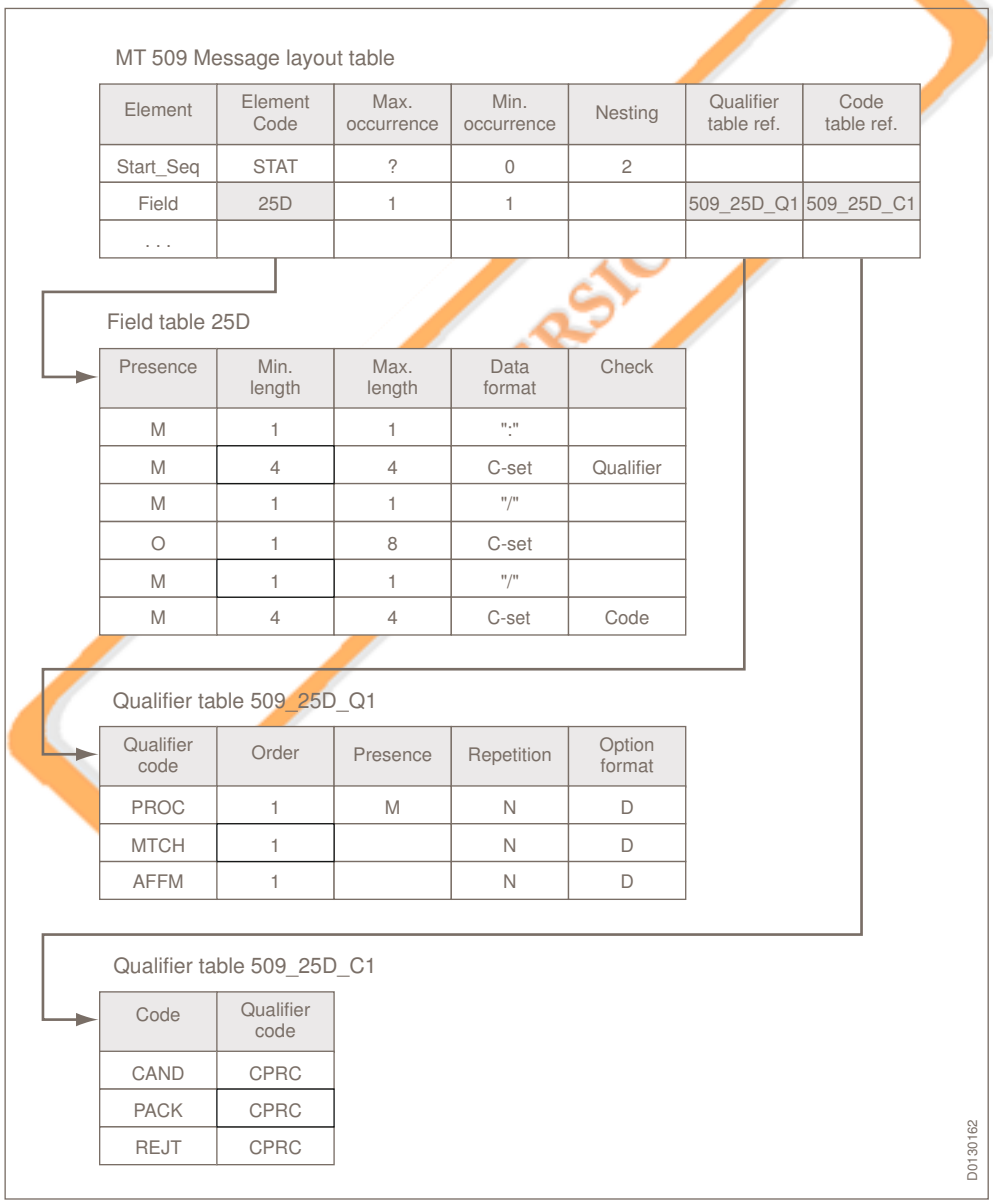
CODE ('CAND', 'CPRC')
CODE ('PACK', 'CPRC')
CODE ('REJT', 'CPRC')
CODE ('CANP', 'CPRC')
CODE ('DEND', 'CPRC')
CODE ('EXCH', 'CPRC')
CODE ('INTE', 'CPRC')
CODE ('PARF', 'CPRC')
CODE ('REPR', 'CPRC')
CODE ('MACH', 'MTCH')
CODE ('NMAT', 'MTCH'

CODE ('AFFI', 'AFFM')
CODE ('NAFI', 'AFFM')
etc.

The examples given are intended to provide a basis or framework for each structure; the table-driven principle will need to be applied and modified to individual applications and house styles.

The Message layout table, field table, qualifier and code tables on page 260 provides an overall and final illustration of the table-driven approach.

Message layout table, field table, qualifier and code tables



MT 509 Message layout table

Element	Element Code	Max. occurrence	Min. occurrence	Nesting	Qualifier table ref.	Code table ref.
Start_Seq	STAT	?	0	2		
Field	25D	1	1		509_25D_Q1	509_25D_C1
. . .						

Field table 25D

Presence	Min. length	Max. length	Data format	Check
M	1	1	":"	
M	4	4	C-set	Qualifier
M	1	1	"/"	
O	1	8	C-set	
M	1	1	"/"	
M	4	4	C-set	Code

Qualifier table 509_25D_Q1

Qualifier code	Order	Presence	Repetition	Option format
PROC	1	M	N	D
MTCH	1		N	D
AFFM	1		N	D

Qualifier table 509_25D_C1

Code	Qualifier code
CAND	CPRC
PACK	CPRC
REJT	CPRC

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17 Data Source Scheme

The data source scheme, [4!c[4c]], consists of two subfields:

- The data source issuer code - where the purpose is to identify the institution issuing a proprietary code.
- The data source issuer subcode - where the purpose is to explicitly identify the proprietary code in the case where a single institution issues more than one proprietary code for the same business purpose, for example, two codes for identification of parties.

17.1 Data Source Scheme Attribution Process

Principles

An initial list of valid data source schemes, assigned on a field-by-field basis, has been agreed with ISO.

Updates to this list are agreed between the ISO 15022 Registration Authority (RA) and the ISO 15022 Registration Management Group (RMG).

These principles apply:

- **A. Generic fields for which there is agreement that no current need exists for a data source scheme**

  If an institution or market organisation requires the use of additional (proprietary) codes in one of these fields, they either have to request the RA to register new codes in the Data Dictionary, or they have to request a data source scheme from the RA. Such a request will need to be accompanied by a business justification of why they cannot use the standard codes. It is not the intention that every bank or institution should obtain a data source scheme. In case of appeal, the final decision will be taken by the Registration Management Group.

  Fields: Account, Balance, Date/Time, Place, Rate, Status Code, Number Identification

  Note *For the number identification field, it is recommended to use the ISO standard for the transmission of certificate numbers (ISO 8532, Securities - Format for transmission of certificate numbers). If the ISO standard is followed, no data source scheme must be used. A data source scheme may only be used when an institution or market organisation wants to transmit proprietary certificate numbers.*

- **B. Generic fields for which there is agreement that an institution or market organisation may need to specify their proprietary schemes**

  In this case, the RA will assign a data source scheme to each institution or market organisation requesting a data source scheme, that is, the assignment will be less restricted than for the previously listed fields.

  However, if an institution requests to register new codes in the Data Dictionary, the RA will not register the proprietary codes of each institution, but will translate and register any new business code(s) not already catered for within the ISO 15022 Standard.

  Fields: Indicator, Reason Code, Type of Financial Instrument

- **C. Generic fields for which there is agreement that the proprietary schemes for a specific list of institutions and market organisations may be used**

  The list of data source schemes is available on www.iso15022.org (document).

  Any additional data source schemes or updates to the existing data source schemes should be submitted for approval to the ISO 15022 Registration Authority. The official data source scheme

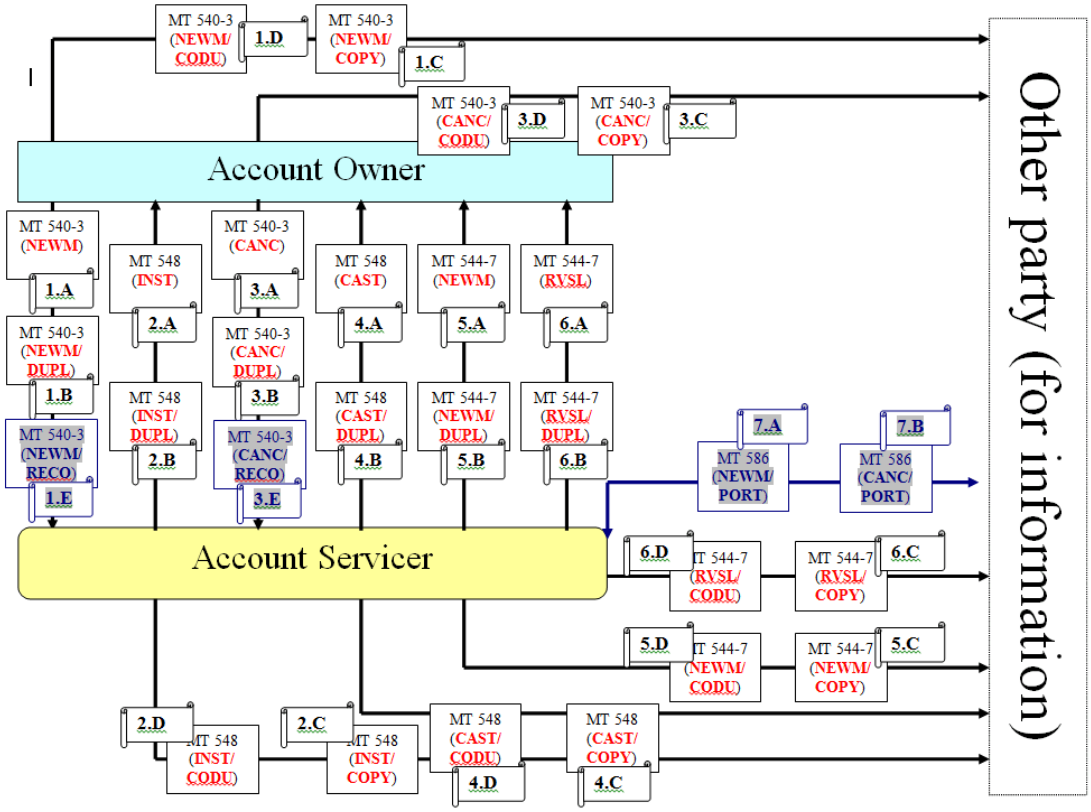
request form *Request for a new Data Source Scheme* can be found on the ISO 15022 web site www.iso15022.org.

If you have any questions, please contact the ISO 15022 Registration Authority Administrator:

E-mail: iso15022ra@iso15022.org

18 Settlement and Reconciliation Function of the Message Illustration

Illustration



18.1 From Account Owner to Account Servicer

1.A Settlement instruction (new)

MT 541 (NEWM)
:16R:GENL
:20C::SEME//541-OWN-1234-NEW
:23G:NEWM
:16S:GENL

1.B Settlement instruction (duplicate)

MT 541 (NEWM/DUPL)
:16R:GENL
:20C::SEME//541-OWN-1234-DUP
:23G:NEWM/DUPL
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-NEW
:16S:LINK
:16S:GENL

1.E Settlement instruction for reconciliation

MT 541 (NEWM)
:16R:GENL
:20C::SEME//541-OWN-1234-REC
:23G:NEWM/RECO
:16S:GENL

3.A Cancellation (new)

MT 541 (CANC)
:16R:GENL
:20C::SEME//541-OWN-1234-CAN
:23G:CANC
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-NEW
:16S:LINK
:16S:GENL

3.B Cancellation (duplicate)

MT 541 (CANC/DUPL)
:16R:GENL
:20C::SEME//541-OWN-1234-DUP
:23G:CANC/DUPL
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-CAN
:16S:LINK
:16S:GENL

3.E Cancellation (reconciliation only message)

MT 541 (CANC)
:16R:GENL
:20C::SEME//541-OWN-1234-CREC
:23G:CANC/RECO
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-RECO
:16S:LINK
:16S:GENL

18.2 From Account Owner to Other Party

1.C Settlement instruction (copy)

MT 541 (NEWM/COPY)
:16R:GENL
:20C::SEME//541-OWN-1234-NEW
:23G:NEWM/COPY
:16S:GENL

1.D Settlement instruction (copy dupe)

MT 541 (NEWM/CODU)
:16R:GENL
:20C::SEME//541-OWN-1234-COD
:23G:NEWM/CODU
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-NEW
:16S:LINK
:16S:GENL

3.A Cancellation (copy)

MT 541 (CANC/COPY)
:16R:GENL
:20C::SEME//541-OWN-1234-CAN
:23G:CANC/COPY
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-NEW
:16S:LINK
:16S:GENL

3.B Cancellation (copy duplicate)

MT 541 (CANC/CODU)
:16R:GENL
:20C::SEME//541-OWN-1234-COD
:23G:CANC/CODU
:16R:LINK
:13A::LINK//541
:20C::PREV//541-OWN-1234-CAN

MT 541 (CANC/CODU)
:16S:LINK
:16S:GENL

18.3 From Account Servicer to Account Owner

2.A Status advice on an instruction (INST)

MT 548 (INST)
:16R:GENL
:20C::SEME//548-SERV-ABC-INS
:23G:INST
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK

2.B Status advice on an instruction (dupe)

MT 548 (INST/DUPL)
:16R:GENL
:20C::SEME//548-SERV-ABC-DUP
:23G:INST/DUPL
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//548
:20C::PREV//548-SERV-ABC-INS
:16S:LINK

4.A Status advice on a cancellation (CAST)

MT 548 (CAST)
:16R:GENL
:20C::SEME//548-SERV-ABC-CAS
:23G:CAST
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-CAN
:16S:LINK

4.B Status advice on a cancellation (dupe)

MT 548 (CAST/DUPL)
:16R:GENL
:20C::SEME//548-SERV-DEF-DUP
:23G:CAST/DUPL
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-CAN
:16S:LINK
:16R:LINK
:13A::LINK//548
:20C::PREV//548-SERV-ABC-CAS
:16S:LINK

5.A Settlement confirmation (new)

MT 545 (NEWM)
:16R:GENL
:20C::SEME//545-SERV-ABC-NEW
:23G:NEWM
:16R:LINK

MT 545 (NEWM)
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16S:GENL

5.B Settlement confirmation (duplicate)

MT 545 (NEWM/DUPL)
:16R:GENL
:20C::SEME//545-SERV-ABC-DUP
:23G:NEWM/DUPL
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//548-SERV-ABC-NEW
:16S:LINK
:16S:GENL

6.A Settlement reversal (RVSL)

MT 545 RVSL
:16R:GENL
:20C::SEME//545-SERV-ABC-REV
:23G:RVSL
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW

MT 545 RVSL
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//545-SERV-ABC-NEW
:16S:LINK

RVSL used with a settlement confirmation indicates that the settlement has been reversed at market level (CSD, ICSD...).

Used with CANC, it indicates that the settlement confirmation was sent by mistake by the account servicer and that the trade was never settled as previously advised.

6.B Settlement reversal (duplicate)

MT 545 (RVSL/DUPL)
:16R:GENL
:20C::SEME//545-SERV-DEF-DUP
:23G:RVSL/DUPL
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//545-SERV-ABC-REV
:16S:LINK
:16S:GENL

18.4 From Account Servicer to Other Party

2.C Status advice on an instruction (copy)

MT 548 (INST/COPY)
:16R:GENL

MT 548 (INST/COPY)
:20C::SEME//548-SERV-ABC-INS
:23G:INST/COPY
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK

2.D Status advice on an instruction (copy dupe)

MT 548 (INST/CODU)
:16R:GENL
:20C::SEME//548-SERV-ABC-COD
:23G:INST/CODU
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//548
:20C::PREV//548-SERV-ABC-INS
:16S:LINK

4.C Status advice on a cancellation (copy)

MT 548 (CAST/COPY)
:16R:GENL
:20C::SEME//548-SERV-ABC-CAS
:23G:CAST/COPY
:16R:LINK
:13A::LINK//541

MT 548 (CAST/COPY)
:20C::RELA//541-OWN-1234-CAN
:16S:LINK

4.D Status advice on a cancellation (copy dupe)

MT 548 (CAST/CODU)
:16R:GENL
:20C::SEME//548-SERV-DEF-DUP
:23G:CAST/CODU
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-CAN
:16S:LINK
:16R:LINK
:13A::LINK//548
:20C::PREV//548-SERV-ABC-CAS
:16S:LINK

5.C Settlement confirmation (copy)

MT 545 (NEWM/COPY)
:16R:GENL
:20C::SEME//545-SERV-ABC-NEW
:23G:NEWM/COPY
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16S:GENL

5.D Settlement confirmation (copy duplicate)

MT 545 (NEWM/CODU)
:16R:GENL
:20C::SEME//545-SERV-ABC-COD
:23G:NEWM/CODU
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//545-SERV-ABC-NEW
:16S:LINK
:16S:GENL

6.C Settlement reversal (copy)

MT 545 (RVSL/COPY)
:16R:GENL
:20C::SEME//545-SERV-ABC-REV
:23G:RVSL/COPY
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//545-SERV-ABC-NEW
:16S:LINK
:16S:GENL

6.D Settlement reversal (copy duplicate)

MT 545 (RVSL/CODU)
:16R:GENL
:20C::SEME//545-SERV-DEF-COD
:23G:RVSL/CODU
:16R:LINK
:13A::LINK//541
:20C::RELA//541-OWN-1234-NEW
:16S:LINK
:16R:LINK
:13A::LINK//545
:20C::PREV//545-SERV-ABC-REV
:16S:LINK
:16S:GENL

7.A Portfolio transfer MT 586 (new)

MT 545 (RVSL/COPY)
:16R:GENL
:20C::SEME//586-CLIENT1-NEW
:23G:NEWM/PORT
:16S:GENL

7.B Portfolio transfer MT 586 (cancel)

MT 545 (RVSL/CODU)
:16R:GENL
:20C::SEME//586-CLIENT1-CAN
:23G:CANC/PORT
:16R:LINK
:13A::LINK//586
:20C::PREV//586-CLIENT1-NEW

MT 545 (RVSL/CODU)
:16S:LINK
:16S:GENL

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