



Category 5 - Securities Markets

For Standards MT November 2016

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.

22 July 2016

PREVIOUS VERSION

Table of Contents

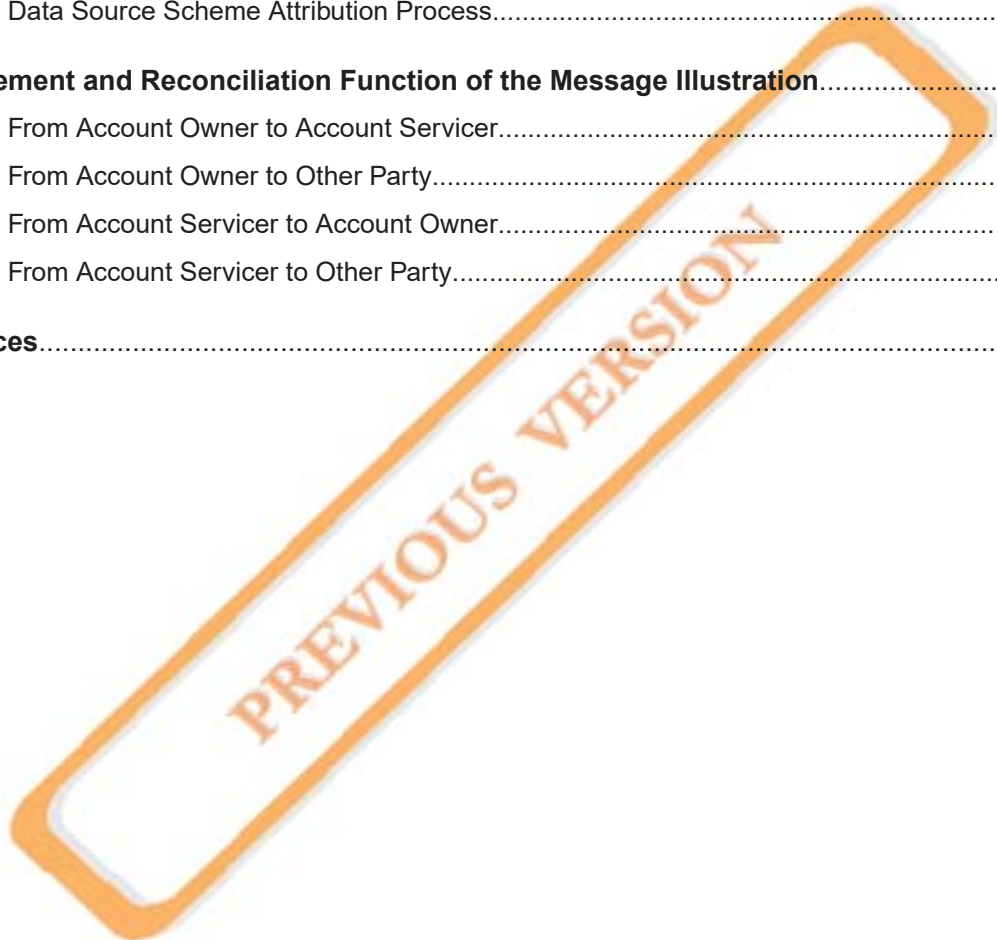
Preface	7
1 Introduction	9
1.1 Overview.....	9
1.2 Overview of SWIFT Business Terminology.....	10
1.3 Trade Initiation and Confirmation.....	11
1.4 Settlement and Reconciliation and Corporate Actions.....	12
2 Trade Initiation and Confirmation (TIC) Transaction Flows	14
2.1 Overview.....	14
2.2 Trade Initiation and Confirmation Transaction Flows.....	14
2.3 Trade Initiation.....	15
2.4 Trade Advice, Allocation, Confirmation and Affirmation.....	16
2.5 Order and Trade Status Reporting.....	17
2.6 ETC Service Provider.....	18
3 Trade Initiation and Confirmation Message Outlines	20
3.1 Overview.....	20
3.2 MT 502 Order to Buy or Sell.....	20
3.3 MT 509 Trade Status Message.....	22
3.4 MT 513 Client Advice of Execution.....	25
3.5 MT 514 Trade Allocation Instruction.....	27
3.6 MT 515 Client Confirmation of Purchase or Sale.....	29
3.7 MT 517 Trade Confirmation Affirmation.....	31
3.8 MT 518 Market-Side Securities Trade Confirmation.....	33
3.9 MT 576 Statement of Open Orders.....	35
4 Trade Initiation and Confirmation Scenarios	37
4.1 Overview.....	37
4.2 Example using the MT 502 Order to Buy or Sell.....	38
4.3 Example using the MT 509 Trade Status Message.....	40
4.4 Example using the MT 513 Client Advice of Execution.....	42
4.5 Example using the MT 514 Trade Allocation Instruction.....	44

4.6	Example using the MT 515 Client Confirmation of Purchase or Sale.....	46
4.7	Example using the MT 517 Trade Confirmation Affirmation.....	48
4.8	Example using the MT 518 Market-Side Securities Trade Confirmation.....	50
4.9	Example using the MT 576 Statement of Open Orders.....	52
5	Settlement and Reconciliation (S&R) Transaction Flows.....	54
5.1	Overview.....	54
5.2	Settlement and Reconciliation Transaction Flows.....	55
5.3	Settlement Instruction and Status Feedback.....	56
5.4	Settlement Confirmation and Position Reporting.....	58
5.5	Settlement Allegements.....	60
5.6	Intra-Position Settlement.....	62
5.7	Additional Processing/Settlement Reporting.....	64
6	Settlement and Reconciliation Message Outlines.....	65
6.1	Overview.....	65
6.2	MT 508 Intra-Position Advice.....	65
6.3	MT 524 Intra-Position Instruction.....	68
6.4	MT 535 Statement of Holdings	70
6.5	MT 536 Statement of Transactions.....	72
6.6	MT 537 Statement of Pending Transactions.....	74
6.7	MT 538 Statement of Intra-Position Advices.....	76
6.8	MT 540 Receive Free.....	77
6.9	MT 541 Receive Against Payment.....	79
6.10	MT 542 Deliver Free.....	82
6.11	MT 543 Deliver Against Payment.....	84
6.12	MT 544 Receive Free Confirmation.....	85
6.13	MT 545 Receive Against Payment Confirmation	88
6.14	MT 546 Deliver Free Confirmation.....	89
6.15	MT 547 Deliver Against Payment Confirmation	92
6.16	MT 548 Settlement Status and Processing Advice	94
6.17	MT 549 Request for Statement/Status Advice	96
6.18	MT 575 Report of Combined Activity.....	97
6.19	MT 578 Settlement Allegement.....	99
6.20	MT 586 Statement of Settlement Allegements.....	101

7	Settlement and Reconciliation Scenarios	104
7.1	Overview.....	104
7.2	Example using the MT 540 Receive Free.....	106
7.3	Example using the MT 541 Receive Against Payment.....	108
7.4	Example using the MT 542 Deliver Free.....	110
7.5	Example using the MT 543 Deliver Against Payment.....	112
7.6	Example using the MT 549 Request for Statement/Status Advice.....	114
7.7	Example using the MT 548 Settlement Status and Processing Advice.....	116
7.8	Example using the MT 545 Receive Against Payment Confirmation.....	117
7.9	Example using the MT 547 Deliver Against Payment Confirmation.....	120
7.10	Example using the MT 578 Settlement Allegement.....	122
7.11	Example using the MT 544 Receive Free Confirmation.....	124
7.12	Example using the MT 535 Statement of Holdings.....	126
7.13	Example using the MT 536 Statement of Transactions.....	128
7.14	Example using the MT 537 Statement of Pending Transactions.....	130
7.15	Example using the MT 524 Intra-Position Instruction.....	132
7.16	Example using the MT 508 Intra-Position Advice.....	133
7.17	Example using the MT 546 Deliver Free Confirmation.....	136
7.18	Example using the MT 538 Statement of Intra-Position Advices.....	138
7.19	Example using the MT 575 Report of Combined Activity.....	140
7.20	Example using the MT 586 Statement of Settlement Allegements.....	143
8	Corporate Action (CA) Transaction Flows	146
8.1	Overview.....	146
8.2	Corporate Actions.....	146
8.3	Corporate Actions - Chronology of Events.....	148
8.4	MT 564 Corporate Action Notification - Announcement.....	149
8.5	Corporate Action Messages.....	150
8.6	MT 565 Corporate Action Instruction.....	154
8.7	MT 564 Corporate Action Notification - Eligible Balance.....	155
8.8	MT 566 Corporate Action Confirmation.....	156
8.9	MT 567 Corporate Action Status and Processing Advice.....	157
8.10	MT 568 Corporate Action Narrative.....	158
9	Corporate Action Message Outlines	159
9.1	Overview.....	159

9.2	MT 564 Corporate Action Notification.....	159
9.3	MT 565 Corporate Action Instruction.....	162
9.4	MT 566 Corporate Action Confirmation.....	163
9.5	MT 567 Corporate Action Status and Processing Advice	166
9.6	MT 568 Corporate Action Narrative.....	167
10	Corporate Action Scenarios.....	170
11	Settlement Chain.....	171
11.1	Overview.....	171
11.2	Which Qualifier for Which Party	171
11.3	Trade Initiation and Confirmation Messages.....	173
11.4	Settlement and Reconciliation Messages.....	183
11.5	TIC Settlement Chain Example.....	191
11.6	S&R Settlement Chain Example.....	193
12	Function of the Message.....	196
12.1	Corporate Actions.....	196
12.2	Settlement and Reconciliation.....	198
13	Linkages.....	210
13.1	Corporate Actions.....	210
13.2	Settlement and Reconciliation.....	212
14	ISO 15022 Field and Message Structures.....	228
14.1	Overview.....	228
14.2	ISO 15022 Message Structure.....	228
14.3	Sequences and Subsequences.....	230
14.4	ISO 15022 Field Format Notation	231
14.5	Generic Fields Overview.....	233
14.6	Generic Fields Details.....	234
14.7	Overview of the Start of Block and End of Block Fields.....	237
15	How to Read the ISO 15022 Message Formats.....	240
15.1	Format Specifications.....	241
15.2	Field Specifications.....	243
15.3	Qualifier Examples.....	246

16	Programming Guide	257
16.1	Programming Hints.....	257
16.2	Parsing and/or Validating a Message.....	257
16.3	Creating a Message.....	259
16.4	Questions and Answers.....	261
A	Data Source Scheme	267
A.1	Data Source Scheme Attribution Process.....	267
B	Settlement and Reconciliation Function of the Message Illustration	269
B.1	From Account Owner to Account Servicer.....	269
B.2	From Account Owner to Other Party.....	271
B.3	From Account Servicer to Account Owner.....	273
B.4	From Account Servicer to Other Party.....	277
	Legal Notices	282



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 2016 Standards release. Therefore the 24 July 2015 edition of the Standards MT User Handbook volumes remains effective until November 2016.

Overview of this book

This book is an overview. Readers should therefore consult the latest version of the [Standards MT Category volumes](#) 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 aid 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 linkage sequence 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 all significant changes to the content of the [Category 5 Securities Markets Message Usage Guidelines](#) since the 24 July 2015 edition. This table does not include editorial changes that SWIFT makes to improve the usability and comprehension of the document.

Deleted information	Location
Remove all tables for Corporate Actions	Linkages on page 210



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*, 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 228 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.

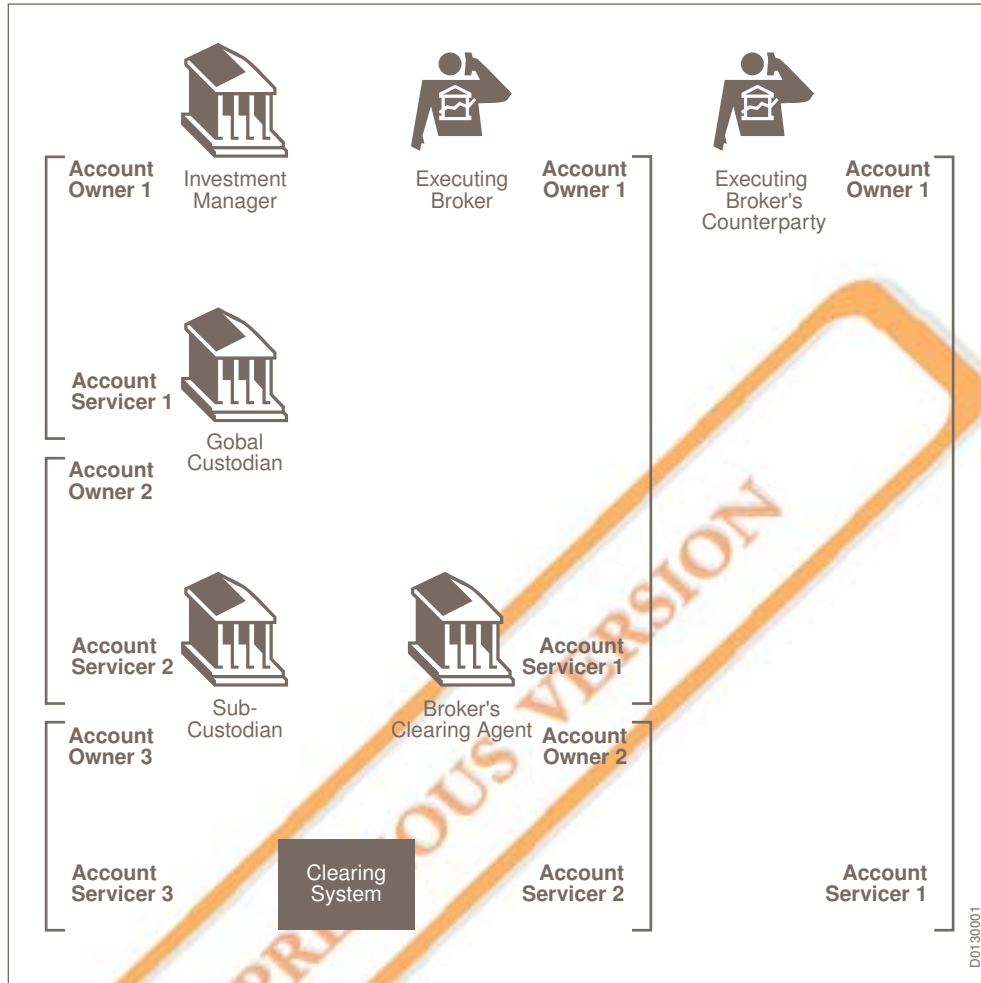
General Overview of TIC, S&R, and CA

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 figure [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	<p>Advising the execution, or partial execution, of a trade (MT 513)</p> <p>Instructing the allocation of a block trade (MT 514).</p> <p>Confirming the trade carried out on the client-side (MT 515) and on the market-side (MT 518).</p> <p>Affirming the trade confirmation (MT 517).</p>
Order and Status Reporting	Reporting on the order and trade status (MT 509) for open orders (MT 576).
ETC (Electronic Trade Confirmation) Service Provider	<p>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).</p> <p>A matching service between the same parties reporting on the status of the trade (MT 509).</p> <p>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).</p>

2.3 Trade Initiation

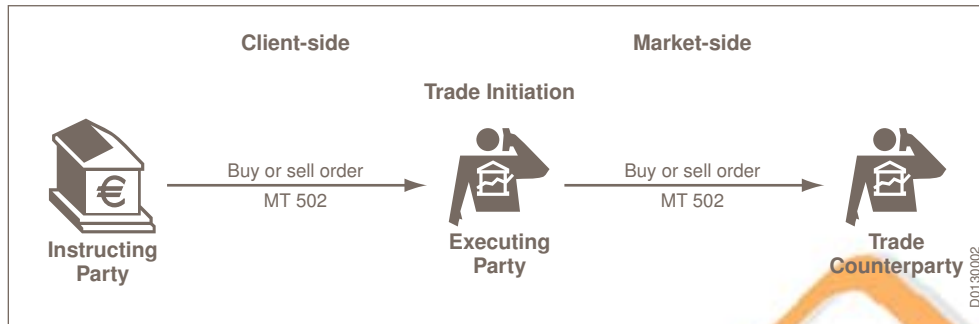
Trade Initiation process

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 advices are particularly critical in the instance of a block trade that needs to be allocated prior to confirmation. They are 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

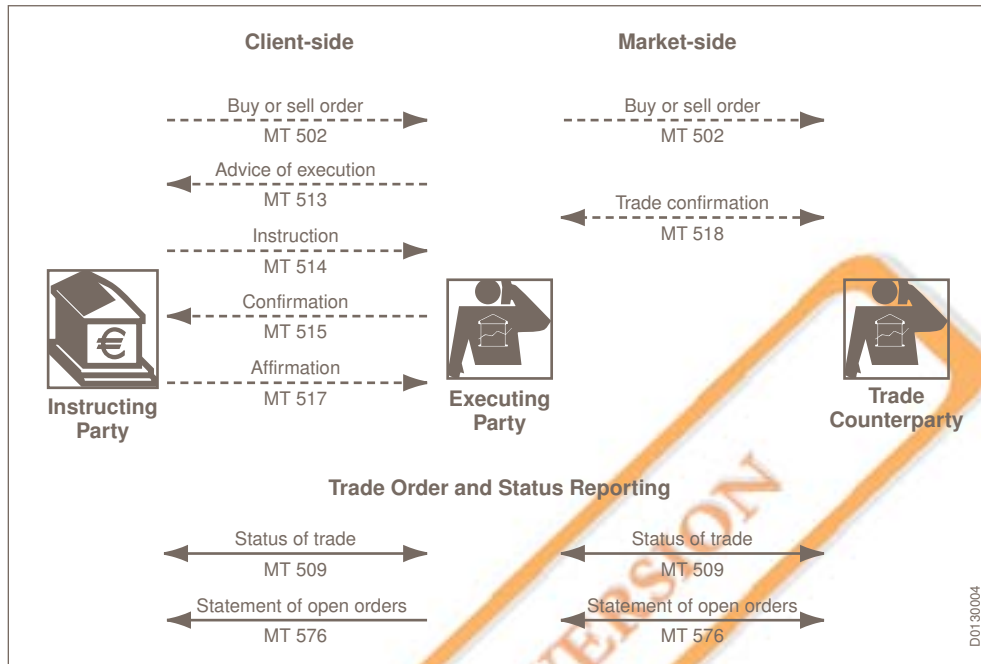
Introduction

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

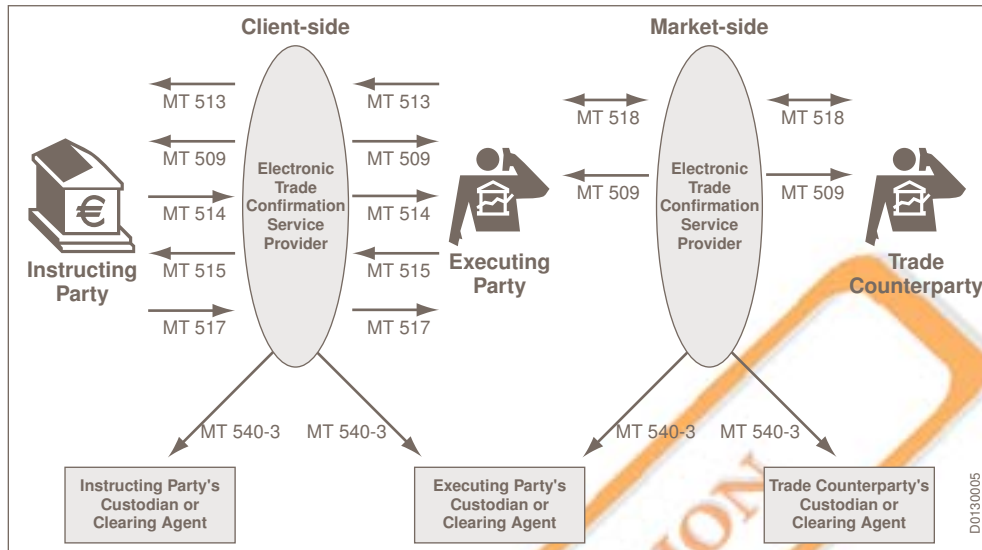
On the market-side, the ETC Service Provider intermediates in the trade confirmation flow (MT 518).

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 on 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 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:

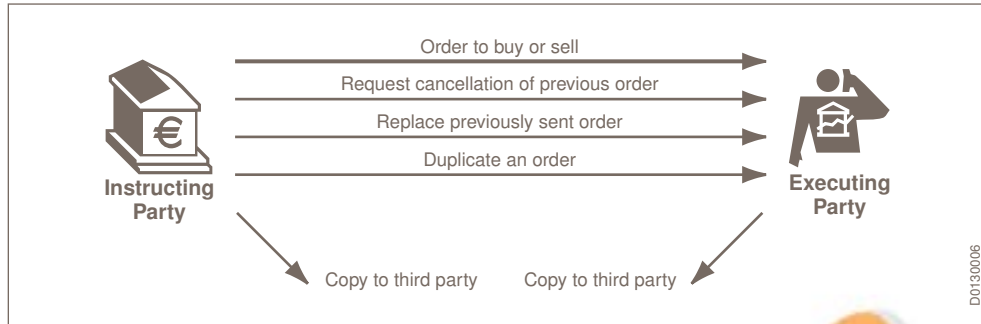
- By an Instructing Party or its authorised representative to an Executing Party.
- Directly, by an Executing Party to a point of execution (where permitted), such as an exchange.
- Between brokers.

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

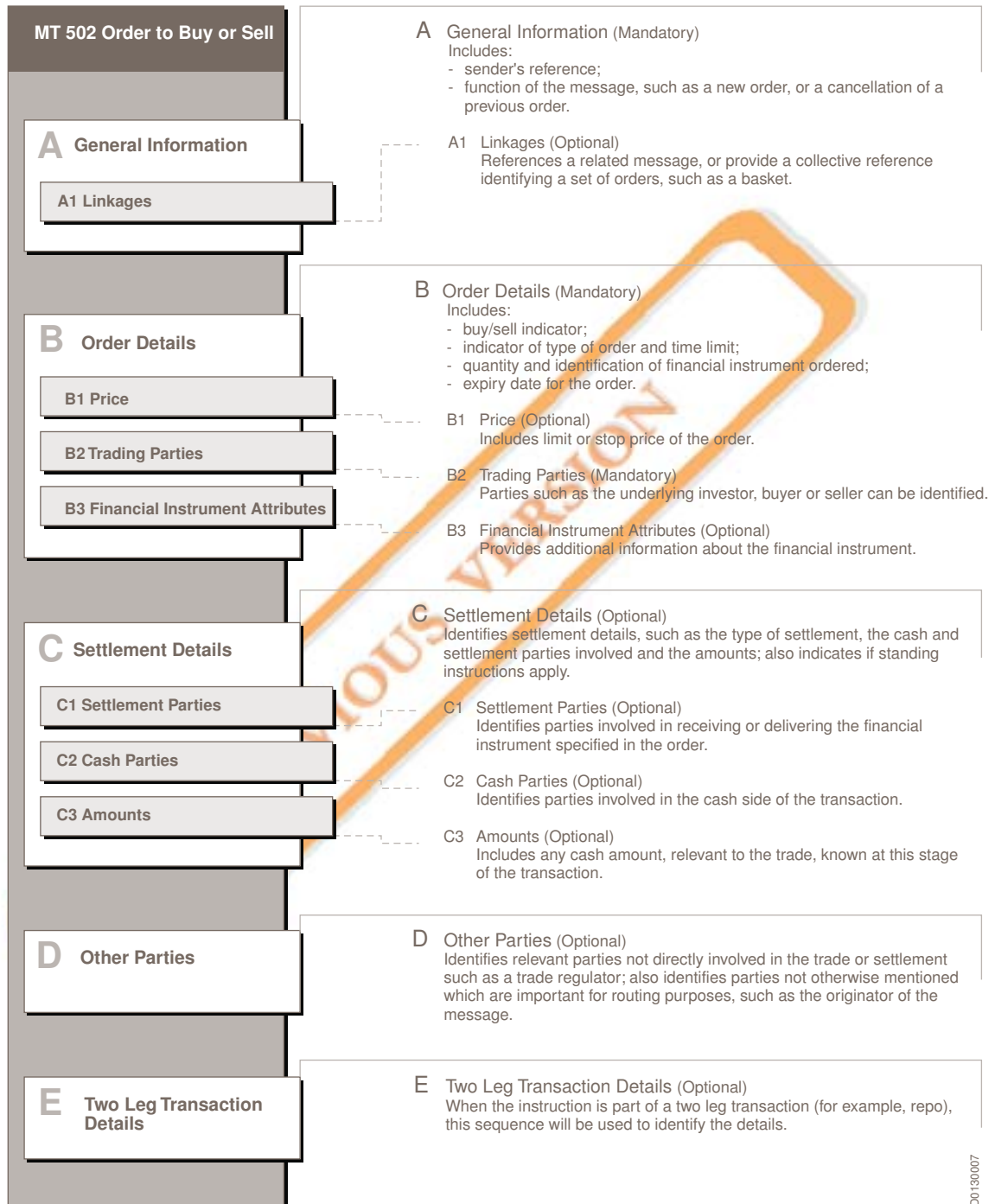


Note *It is recommended that all rejection processing take place in the MT 509 Trade Status Message, using field 23G-Function of the Message with code INST, and field 25D-Status Code with qualifier IPRC and subfield-Status with code REJT (Reject).*

PREVIOUS VERSION

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

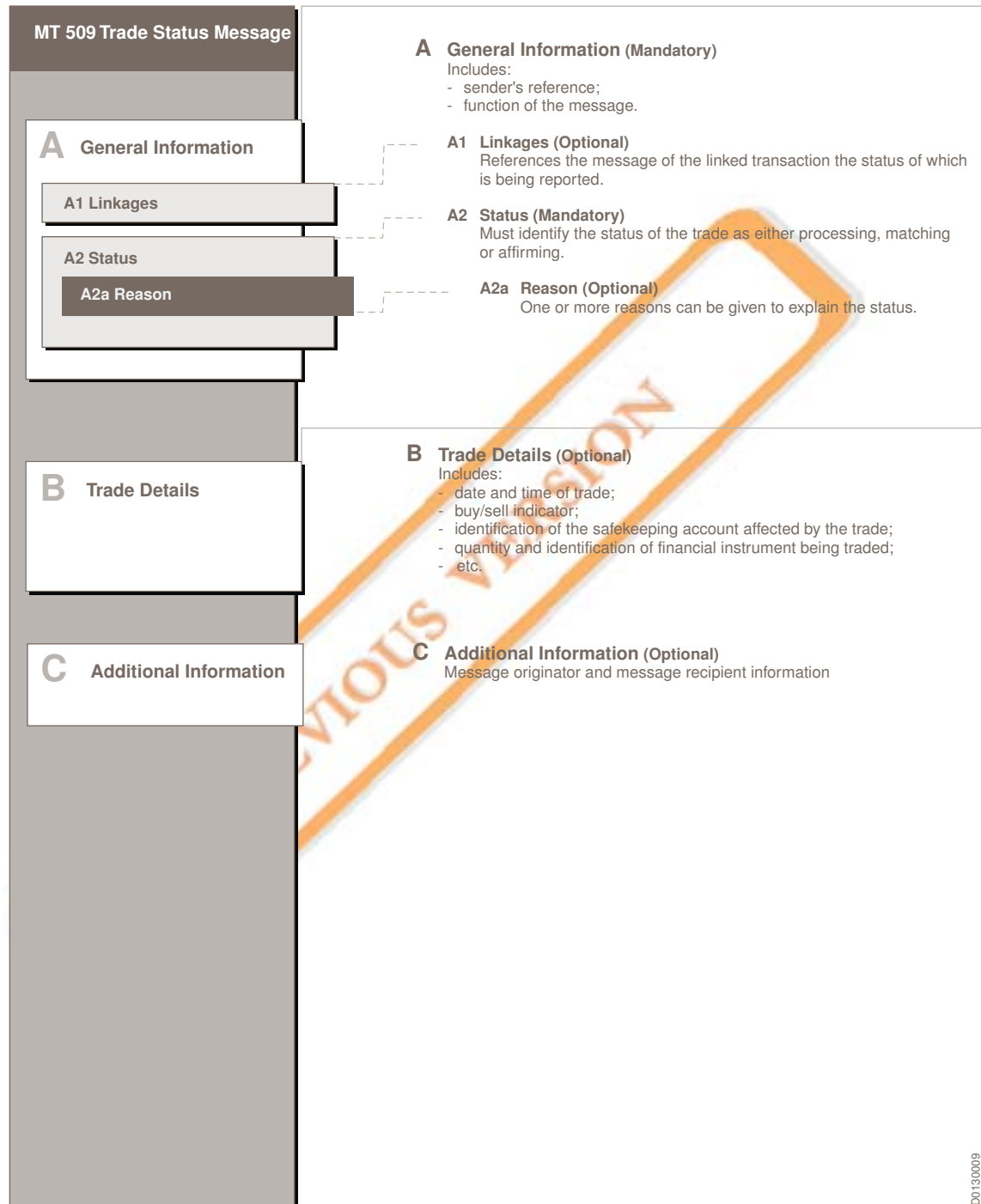
The MT 509 can also be used to provide a third party with a copy of the status message being sent.

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.

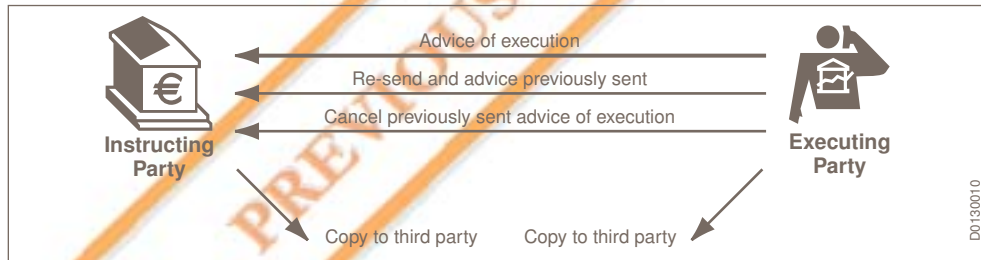
This message may be sent directly or through an ETC Service Provider, to each of the parties of the trade.

Other functions

The MT 513 can also be used to:

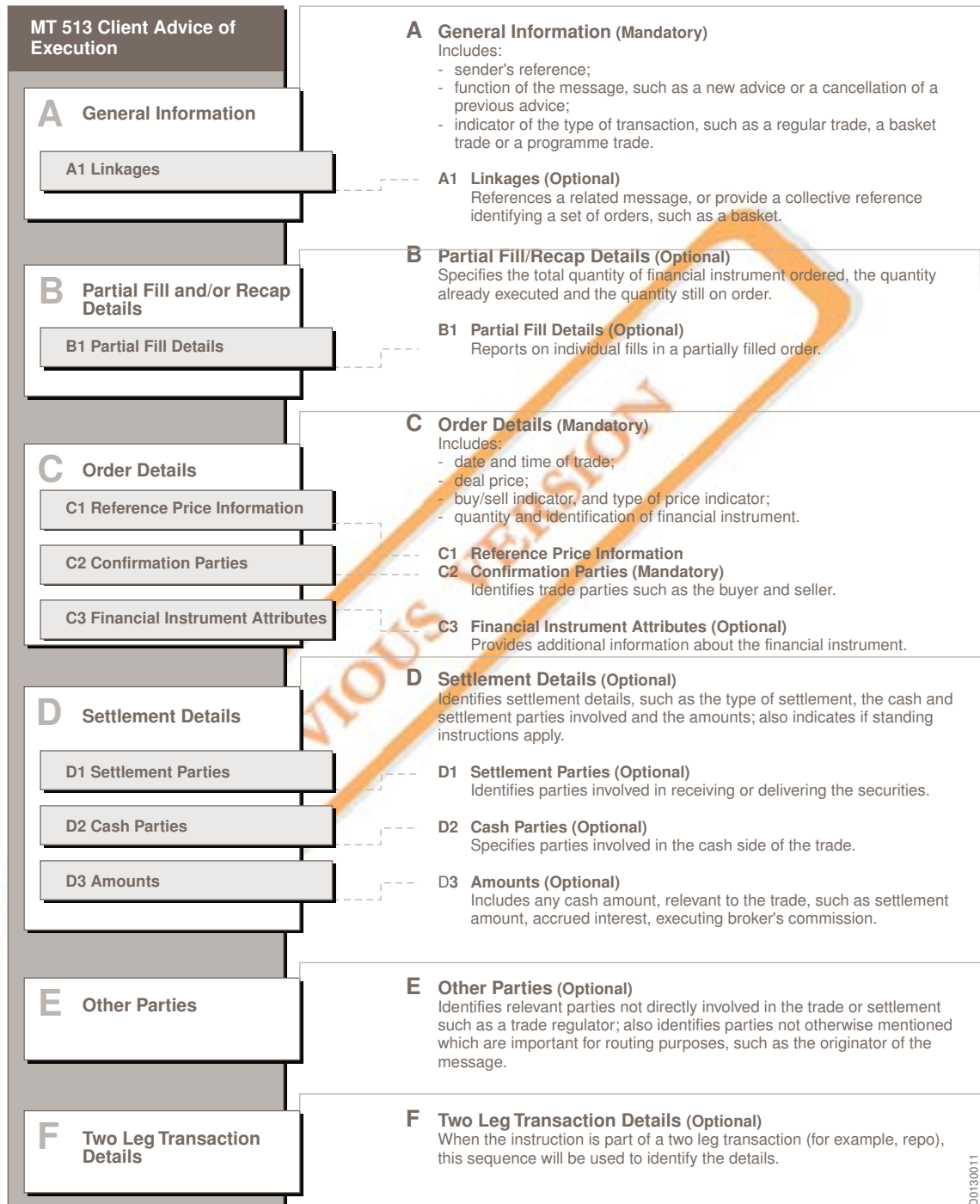
- Request the cancellation of a previously sent advice of execution.
- Re-send an advice of execution previously sent.
- Provide a third party with a copy of the message being sent.

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.

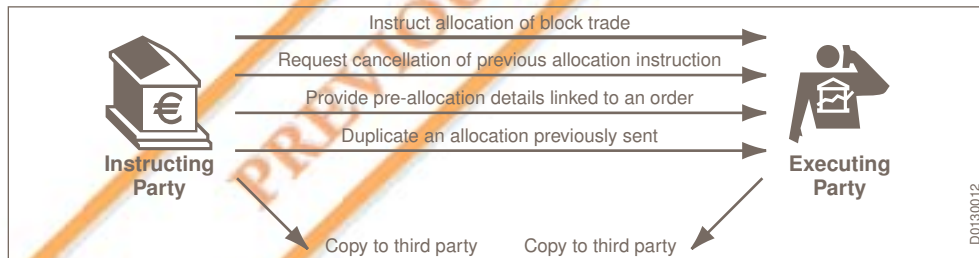
This message may be sent directly or through an ETC Service Provider, to each of the parties of the trade.

Other functions

The MT 514 can also be used to:

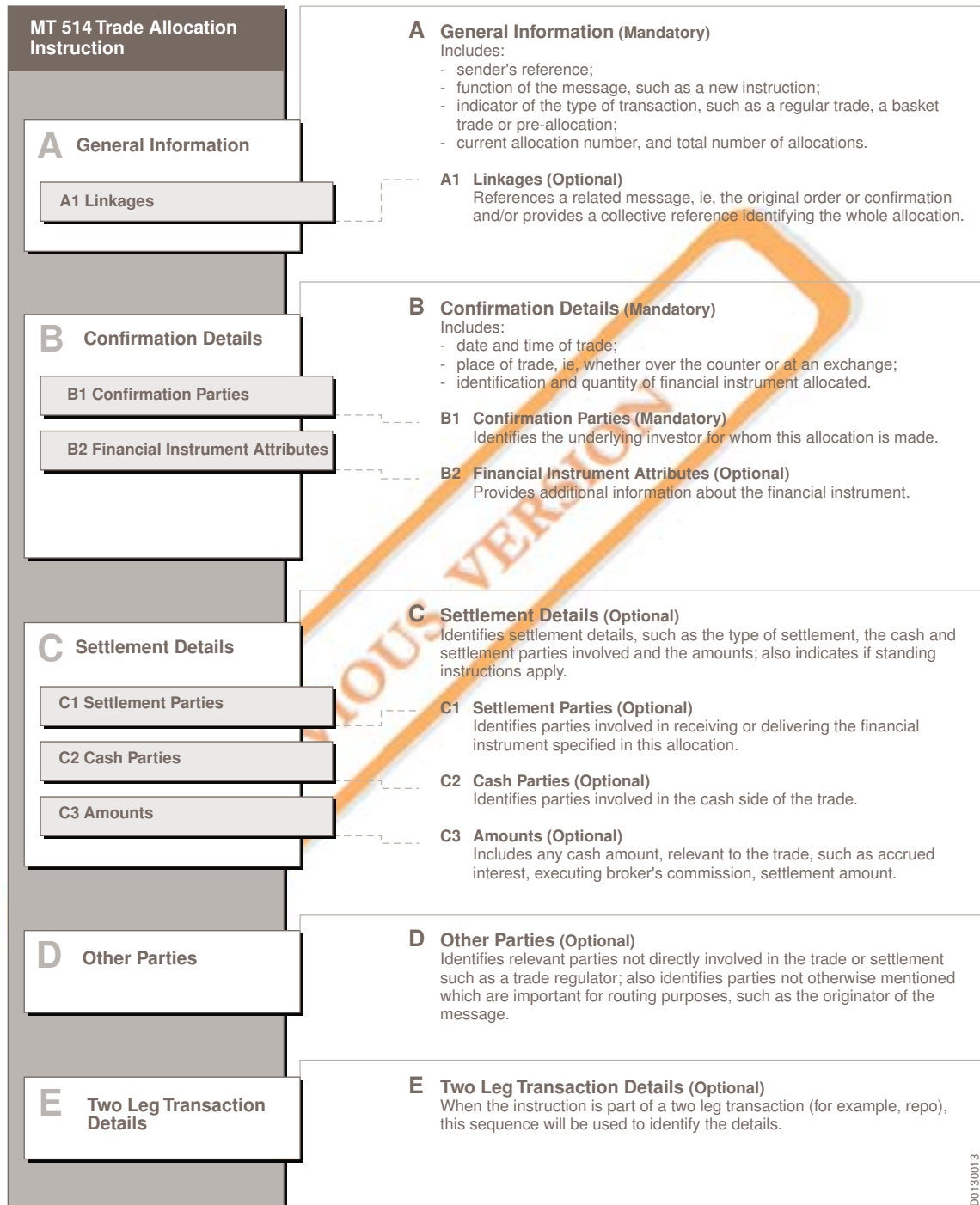
- Request the cancellation of a previously sent allocation instruction.
- Re-send an allocation instruction previously sent.
- Provide a third party with a copy of the message being sent.
- Provide pre-allocation details linked to an order to buy or sell.

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.

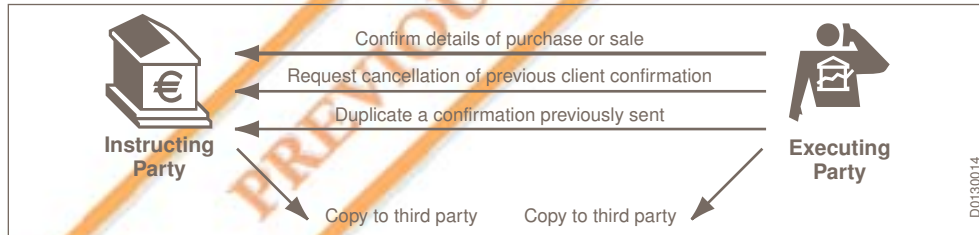
This message may be sent directly or through an ETC Service Provider, between parties of the trade.

Other functions

The MT 515 can also be used to:

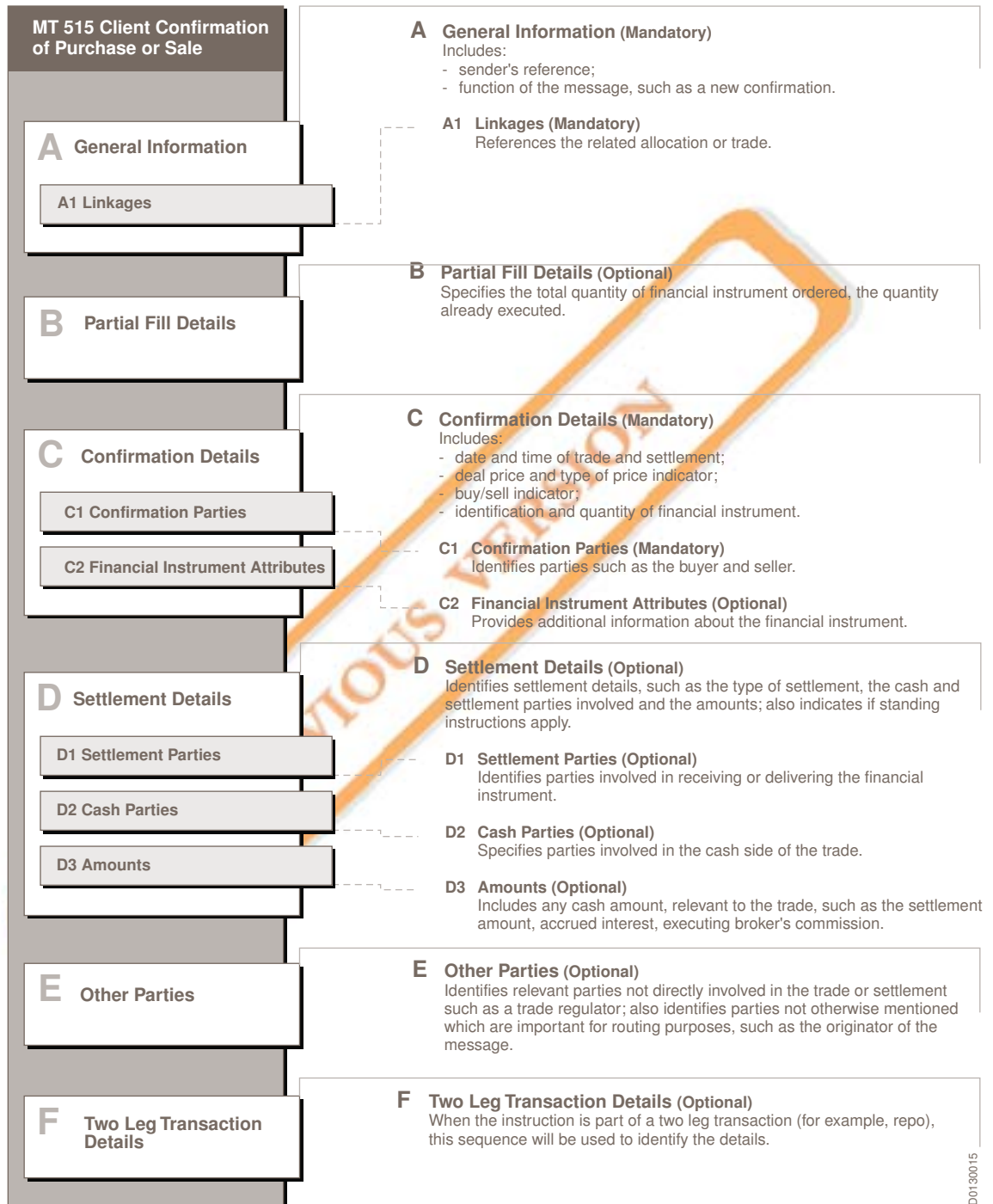
- Request the cancellation of a previously sent client confirmation.
- Re-send a client confirmation previously sent.
- Provide a third party with a copy of the message being sent.

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.

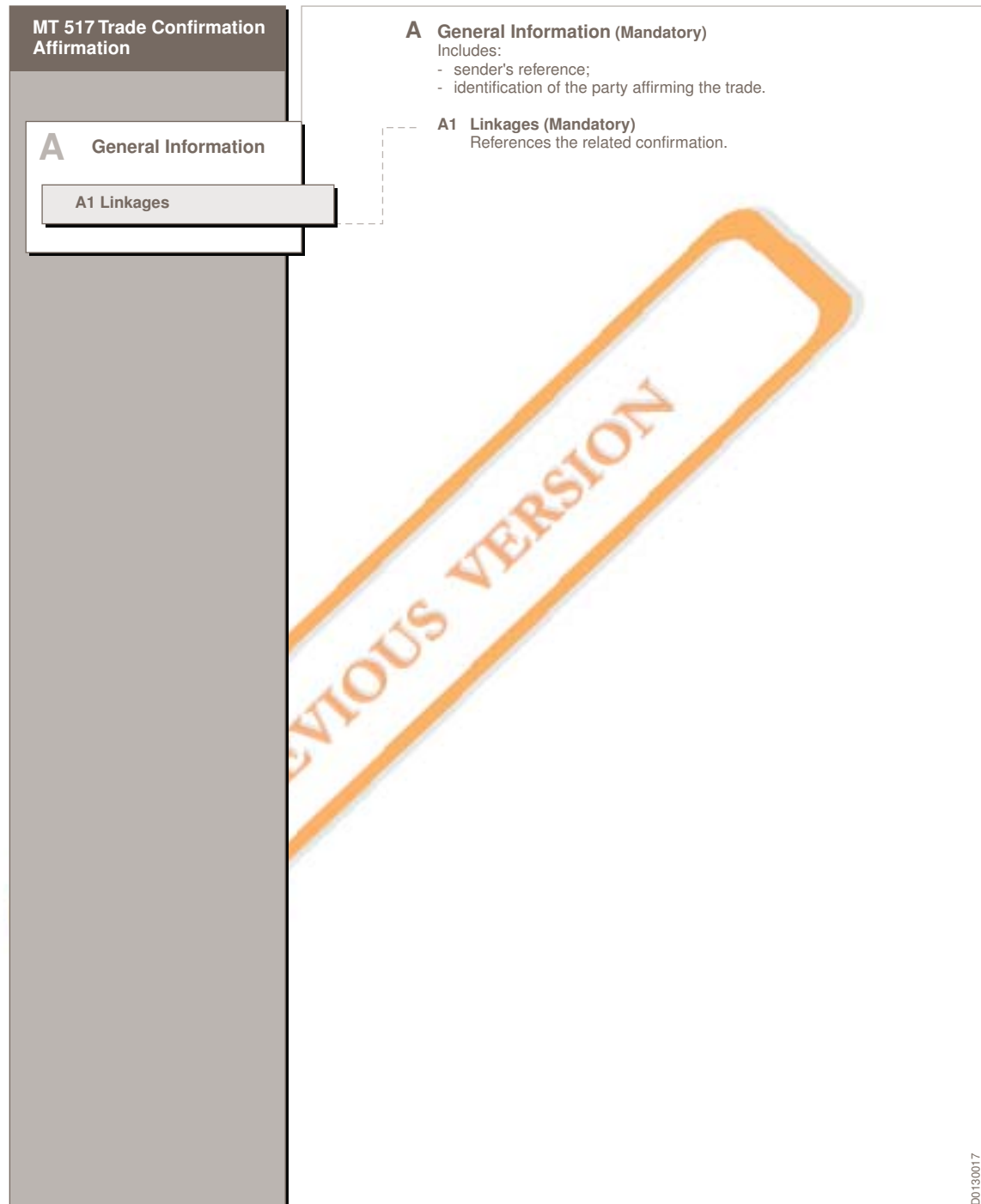
This message can be sent directly between parties to the trade, or via an ETC Service Provider.

MT 517 Trade Confirmation Affirmation



Graphical representation of MT 517

MT 517



D0130017

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.

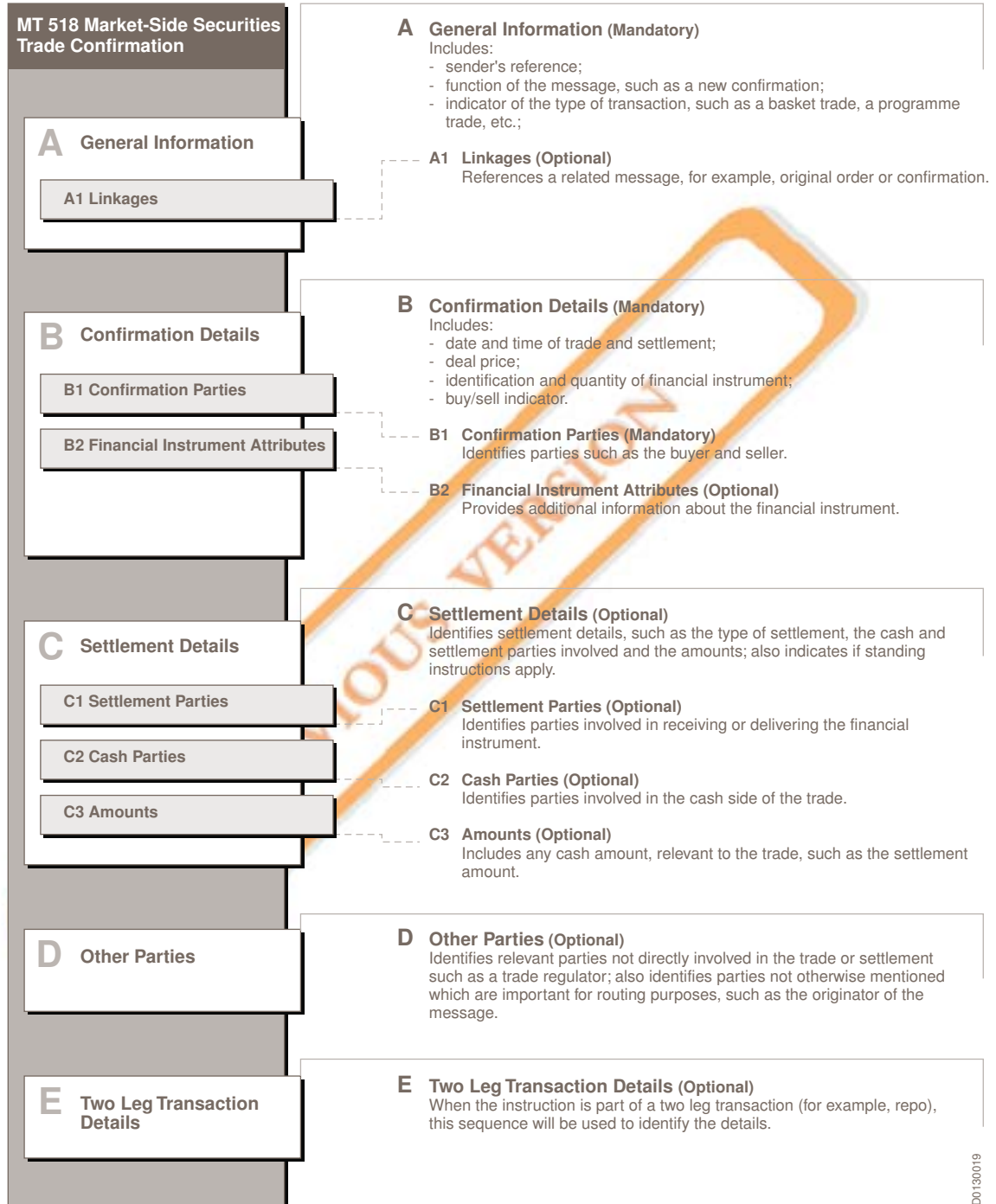
This message may include, where necessary, the settlement details of the trade.

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:

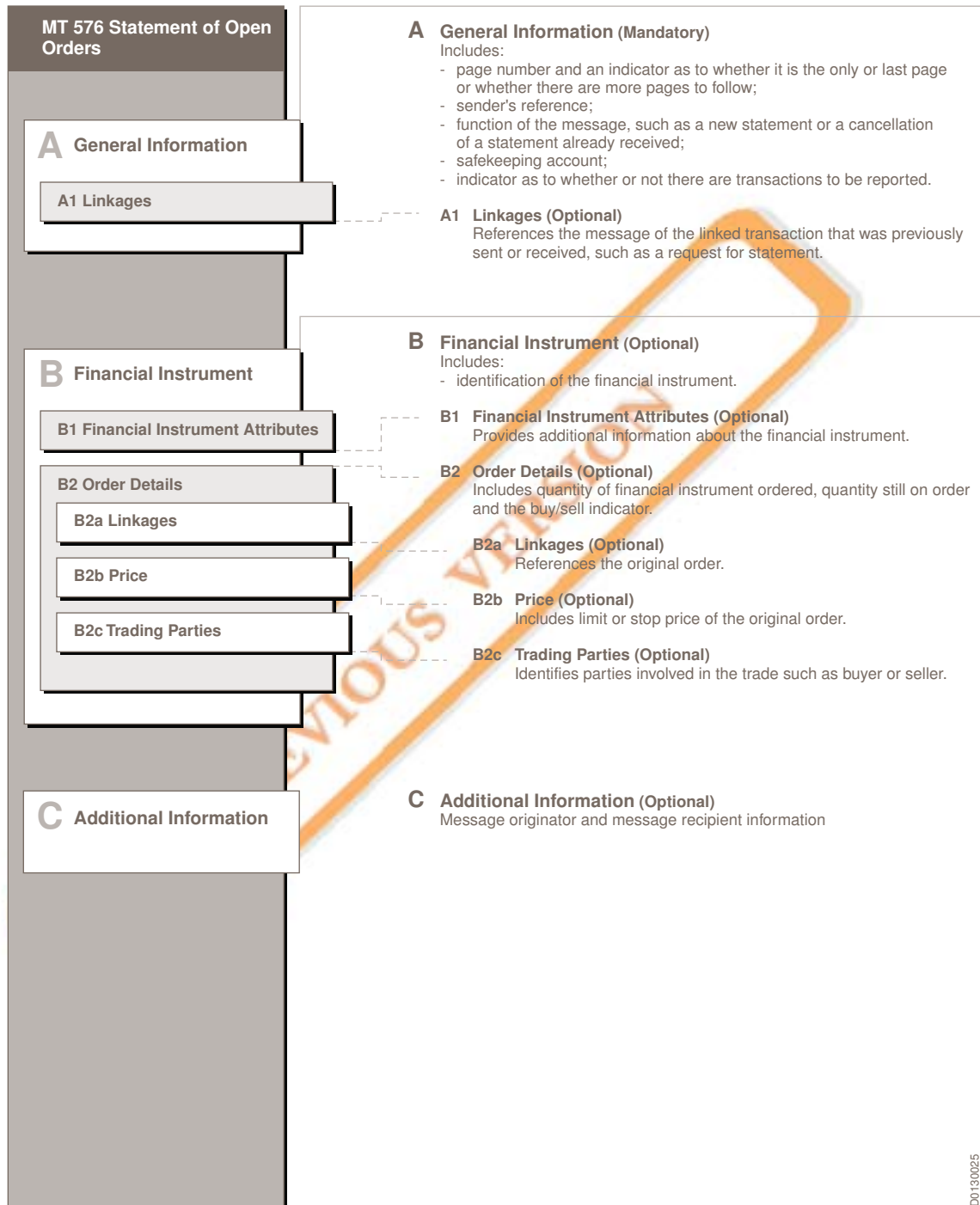
- Request the cancellation of a previously sent statement.
- Provide a duplicate of a statement previously sent.
- Provide a third party with a copy of the message being sent.

MT 576 Statement of Open Orders



Graphical representation of MT 576

MT 576



D0130025

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 Category volumes](#) for the correct field and format structures.**

4.1 Overview

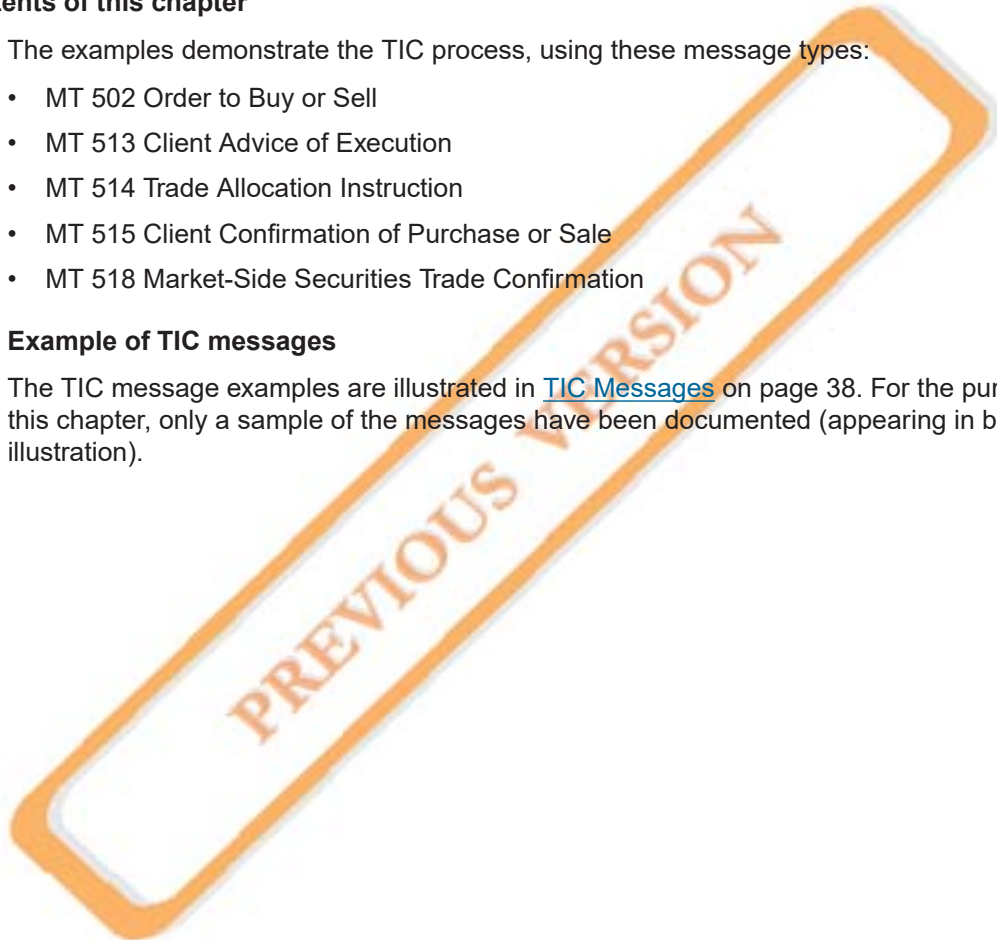
Contents of this chapter

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

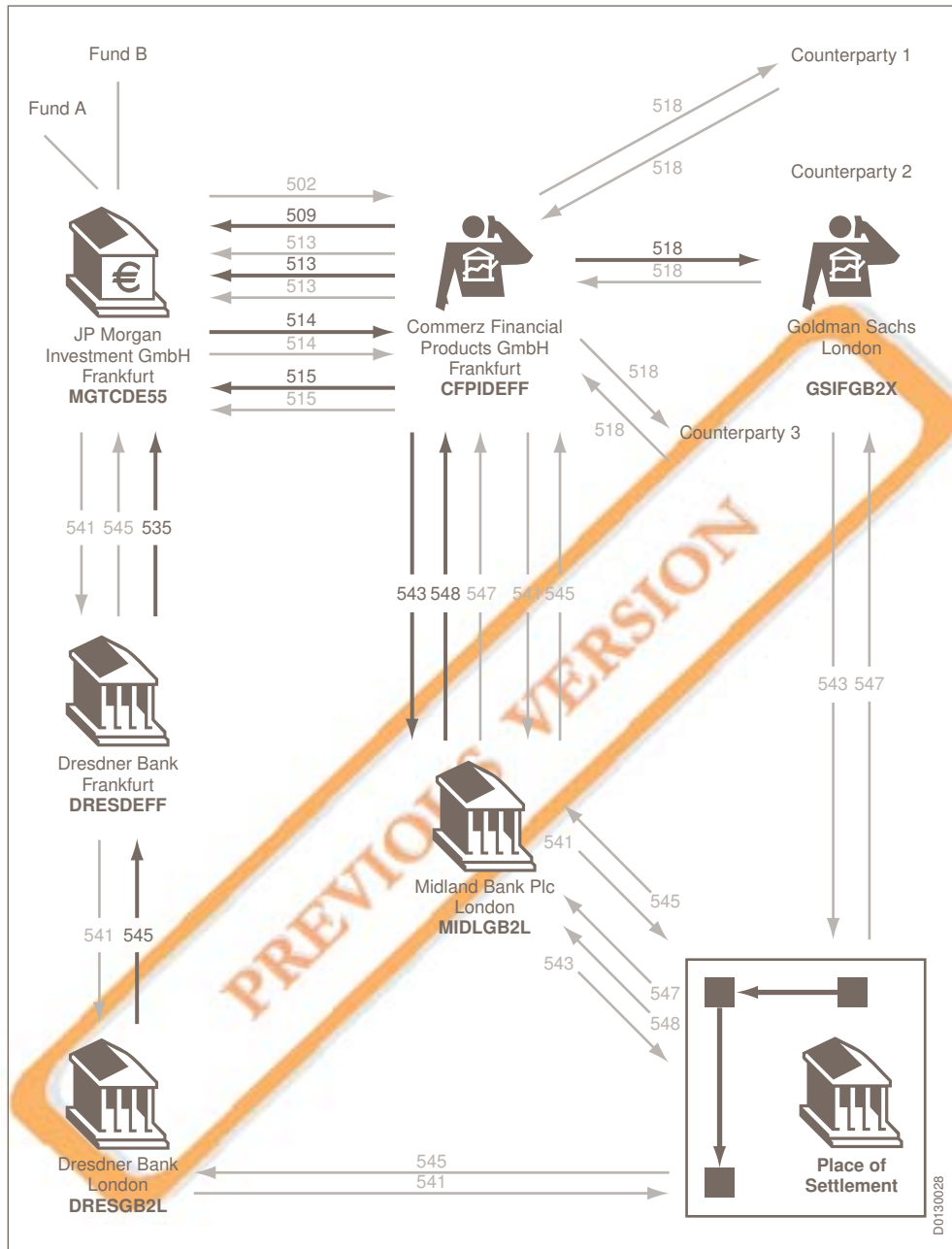
- MT 502 Order to Buy or Sell
- MT 513 Client Advice of Execution
- MT 514 Trade Allocation Instruction
- MT 515 Client Confirmation of Purchase or Sale
- MT 518 Market-Side Securities Trade Confirmation

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 the 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:

MT 502 Order to Buy or Sell	Field content	Notes	
A General Information	MGTCDE55	Sender	
	502		
	CFPIDEFF	Receiver	
	:16R:GENL		
	:20C::SEME//0006D011	Sender's reference	
B Order Details	:23G:NEWM		
	:22F::TRTR//TRAD	Normal trade	
	:16S:GENL		
	B2 Trading Parties 1	:16R:ORDRDET	
	B2 Trading Parties 2	:22H::BUSE//BUYI	Order to buy
		:22F::TOOR//MAKT	To be done at market price
		:22F::TILI//GDAY	Order is good for the day
		:22H::PAYM//APMT	Settlement against payment
		:16R:TRADPTY	
		:95P::BUYR//MGTCDE55	Identification of buyer
		:16S:TRADPTY	
		:16R:TRADPTY	
		:95P::SELL//CFPIDEFF	Identification of seller
		:16S:TRADPTY	
		:36B::ORDR//FAMT/10000000,	Quantity ordered
	:35B:ISIN GB0123456789	Identification of security	
	ABC UK 5.25 PCT		
	31 OCTOBER 2005		
	:16S:ORDRDET		

DDI30029

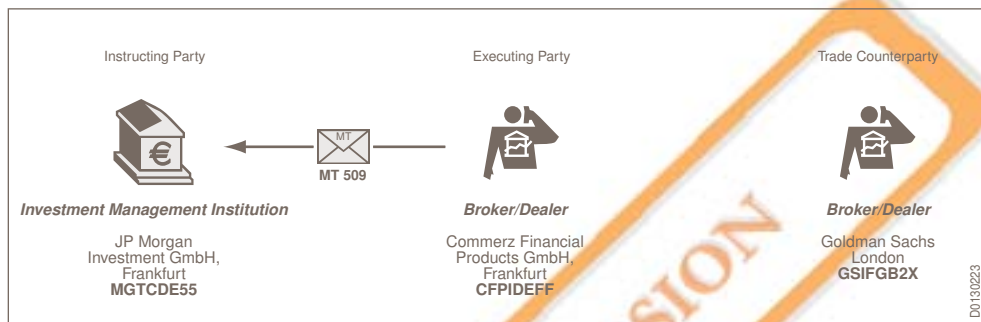
4.3 Example using the MT 509 Trade Status Message

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:

Field content	Notes
CFPIDEFF	Sender
509	Message Type
MGTCDE55	Receiver
A General Information	
A1 Linkages	
:16R:GENL	Start of Block
:20C::SEME//FRTJ33XX0003	Sender's Reference
:23G:INST	Message Function
:16R:LINK	Start of Block
:13A::LINK//502	Type of transaction linked to this transaction
:20C::RELA//1111D099	Reference of the linked message previously received
:16S:LINK	End of Block
:16R:STAT	Start of Block
:25D::MTCH//NMAT	Start of Block
:16R:REAS	Status Code
:24B::NMAT//CMIS	Start of Block
:16S:REAS	Reason Code
:16S:STAT	End of Block
:16S:GENL	End of Block
B Trade Details	
:16R:TRADE	Start of Block
:22H::BUSE//BUYI	Buy/Sell Indicator
:22H::PAYM//APMT	Payment indicator
:36B::ORDR//FAMT/100000,	Quantity of Financial Instrument
:35B:ISIN GB0999999999	Identification of Financial Instrument
:16S:TRADE	End of Block

D0130224

4.4 Example using the MT 513 Client Advice of Execution

Scenario

Commerz Financial Products GMBH executes the order on the 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:

MT 513 Client Advice of Execution	Field content	Notes
	CFPIDEFF	Sender
	513	
	MGTCDE55	Receiver
A General Information		
A1 Linkages 1	:16R:GENL	
	:20C::SEME//FRTJ12ADV002	Sender's reference
	:23G:NEWM	
A1 Linkages 2	:98C::PREP//20050112140535	Preparation date and time
	:22F::TRTR//TRAD	Normal trade
	:16R:LINK	
	:13A::LINK//502	Linked to the order instruction
	:20C::RELA//0006D011	Reference of the linked message
	:16S:LINK	
	:16R:LINK	
	:13A::LINK//513	Linked to the advice of execution
	:20C::PREV//FRTJ12ADV001	Reference of the linked message
	:16S:LINK	
	:16S:GENL	
B Partial Fill and/or Recap Details		
B1 Partial Fill Details	:16R:RCAP	
	:16R:PAFILL	
	:36B::PAFI//FAMT/5000000,	Quantity of partial fill
	:90A::DEAL//PRCT/101,001262	Deal of partial fill
	:16S:PAFILL	
	:36B::ORDR//FAMT/10000000,	Quantity of financial instrument - Ordered
	:36B::PREX//FAMT/5000000,	Quantity of financial instrument - Previously filled
	:36B::REMI//FAMT/3000000,	Quantity of financial instrument - Remaining on order
	:16S:RCAP	
	:16R:ORDRDET	Trade date of execution
	:98A::TRAD//20050112	Settlement date
	:98A::SETT//20050117	Deal price
	:90A::DEAL//PRCT/101,00131	Buy
	:22H::BUSE//BUYI	Order specified at market price
	:22F::TOOR//MAKT	Order was good for the day
	:22F::TILI//GDAY	
	:22H::PAYM//APMT	
C Order Details		
C2 Confirmation Parties 1	:16R:CONFPTY	Identification of buyer
	:95P::BUYR//MGTCDE55	
	:16S:CONFPTY	
C2 Confirmation Parties 2	:16R:CONFPTY	Identification of seller
	:95P::SELL//CFPIDEFF	
	:16S:CONFPTY	
	:36B::ADVI//FAMT/2000000,	Quantity of financial instrument advised
	:35B:ISIN GB0123456789	Identification of security
	ABC UK 5.25 PCT	
	:16S:ORDRDET	

D0130030

4.5 Example using the MT 514 Trade Allocation Instruction

Scenario

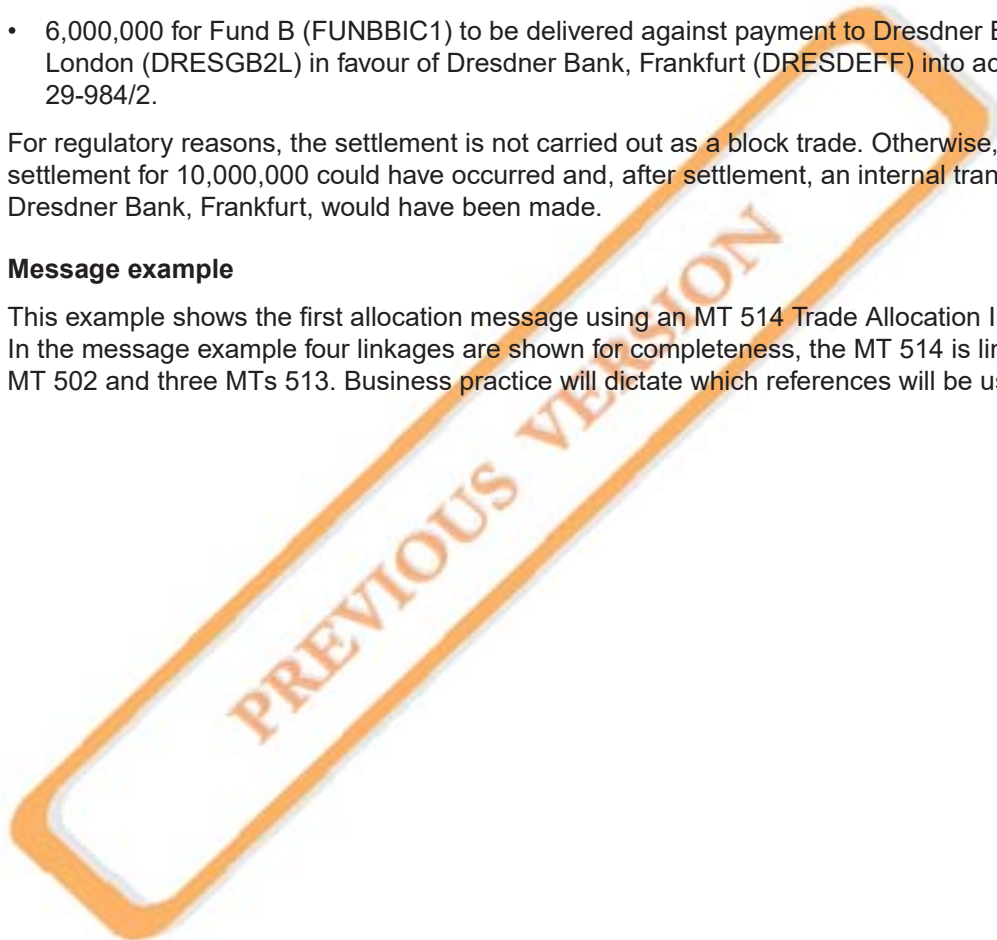
When Commerz Financial Products GMBH has advised the execution of the order, JP Morgan Investment GMBH will send its allocation instruction. The 10,000,000 GBP ABC UK securities are allocated as follows:

- 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

Field content	Notes
MGTCDE55	Sender
514	
CFPIDEFF	Receiver
:16R:GENL	
:20C::SEME//0405D012	Sender's reference
:23G:NEWM	
:22F::TRTR//TRAD	Normal trade
:99B::ALLO//001	Allocation number count
:99B::TOAL//002	Total number of Allocation
:16R:LINK	
:13A::LINK//502	Linked to the original order
:20C::PREV//006D011	Reference of previous order
:16S:LINK	
:16R:LINK	
:13A::LINK//513	Linked to the first advice
:20C::RELA//FRTJ12ADV001	Reference of the linked message
:16S:LINK	
:16R:LINK	
:13A::LINK//513	Linked to the second advice
:20C::RELA//FRTJ12ADV002	Reference of the linked message
:16S:LINK	
:16R:LINK	
:13A::LINK//513	Linked to the third advice
:20C::RELA//FRTJ12ADV003	Reference of the linked message
:16S:LINK	
:16S:GENL	
:16R:CONFDET	
:98A::TRAD//20050112	Trade date of execution
:98A::SETT//20050117	Settlement date
:22H::BUSE//BUYI	Buy/sell indicator
:22H::PAYM//APMT	
:16R:CONFPRTY	
:95P::INVE//FUNABIC1	Investor
:16S:CONFPRTY	
:16R:CONFPRTY	
:95P::BUYR//MGTCDE55	Identification of buyer
:16S:CONFPRTY	
:16R:CONFPRTY	
:95P::SELL//CFPIDEFF	Identification of seller
:16S:CONFPRTY	
:36B::ALLO//FAMT/4000000,	Quantity of financial instrument allocated
:36B::TQBT//FAMT/10000000,	Quantity of block trade
:35B:ISIN GB0123456789	Identification of security
:16S:CONFDET	
:16R:SETDET	
:22F::SETR//TRAD	
:16R:SETPRTY	
:95R::REAG/CRST/999	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::RECU//DRESDEFF	Receiving custodian
:16S:SETPRTY	
:16R:SETPRTY	
:95P::BUYR//MGTCDE55	Buyer
:97A::SAFE//58-234/2	Account
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//CRSTGB22	Place of settlement
:16S:SETPRTY	
:16S:SETDET	

D0130031

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:

	Field content	Notes
MT 515 Client Confirmation of Purchase or Sale		
	CFPIDEFF	Sender
	515	
	MGTCDE55	Receiver
A General Information		
A1 Linkages		
	:16R:GENL	
	:20C::SEME//FRTJ12CONF0002	Sender's reference
	:23G:NEWM	
	:22F::TRTR//TRAD	Normal trade
	:16R:LINK	
	:13A::LINK//514	Linked to the allocation
	:20C::RELA//0405D012	Refer. of previously received allocation
	:16S:LINK	
	:16R:GENL	
C Confirmation Details		
C1 Confirmation Parties 1		
	:16R:CONFDET	
	:98A::TRAD//20050112	Trade date
	:98A::SETT//20050117	Settlement date
	:90A::DEAL//PRCT/101,001283	
	:22F::PRIC//AVER	The price is an average price
	:22H::PAYM//APMT	Settlement against payment
	:22H::BUSE//BUYI	Buy/sell indicator
C1 Confirmation Parties 2		
	:16R:CONFPRTY	
	:95P::INVE//FUNANIC1	Investor
C1 Confirmation Parties 3		
	:16S:CONFPRTY	
	:16R:CONFPRTY	
	:95P::BUYR//MGTCDE55	Identification of buyer
	:16S:CONFPRTY	
	:16R:CONFPRTY	
	:95P::SELL//CFPIDEFF	Identification of seller
	:16S:CONFPRTY	
	:36B::CONF//FAMT/4000000,	Quantity of FI confirmed
	:35B:ISIN GB0123456789	Identification of security
	:16S:CONFDET	
D Settlement Details		
D1 Settlement Parties 1		
	:16R:SETDET	
	:22F::SETR//TRAD	
	:16R:SETPRTY	Delivering agent
	:95R::DEAG/CRST/111	
	:16S:SETPRTY	
D1 Settlement Parties 2		
	:16R:SETPRTY	Seller
	:95P::SELL//CFPIDEFF	Seller's account
	:97A::SAFE//693421	
	:16S:SETPRTY	
D1 Settlement Parties 3		
	:16R:SETPRTY	Place of settlement
	:95P::PSET//CRSTGB22	
D3 Amounts 1		
	:16S:SETPRTY	
	:16R:AMT	Deal amount
	:19A::DEAL//GBP4040051,32	
	:16S:AMT	
D3 Amounts 2		
	:16R:AMT	Accrued interest on 12 days
	:19A::ACRU//BGP7000,	
	:16S:AMT	
D3 Amounts 3		
	:16R:AMT	Executing broker's commission
	:19A::EXEC//GBP100,	
	:16S:AMT	
D3 Amounts 4		
	:16R:AMT	Settlement amount
	:19A::SETT//GBP4047151,32	
	:16S:AMT	
	:16S:SETDET	

DOI:30032

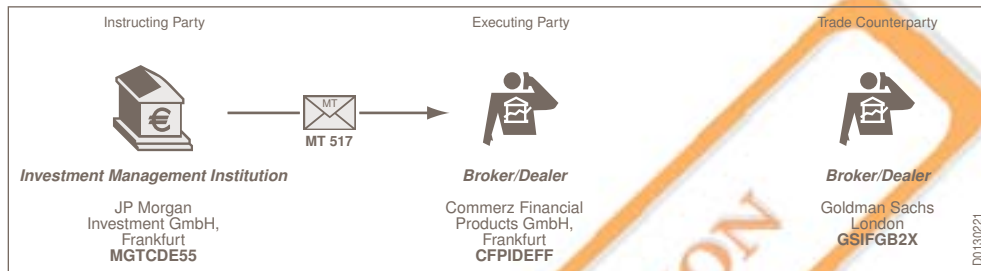
4.7 Example using the MT 517 Trade Confirmation Affirmation

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

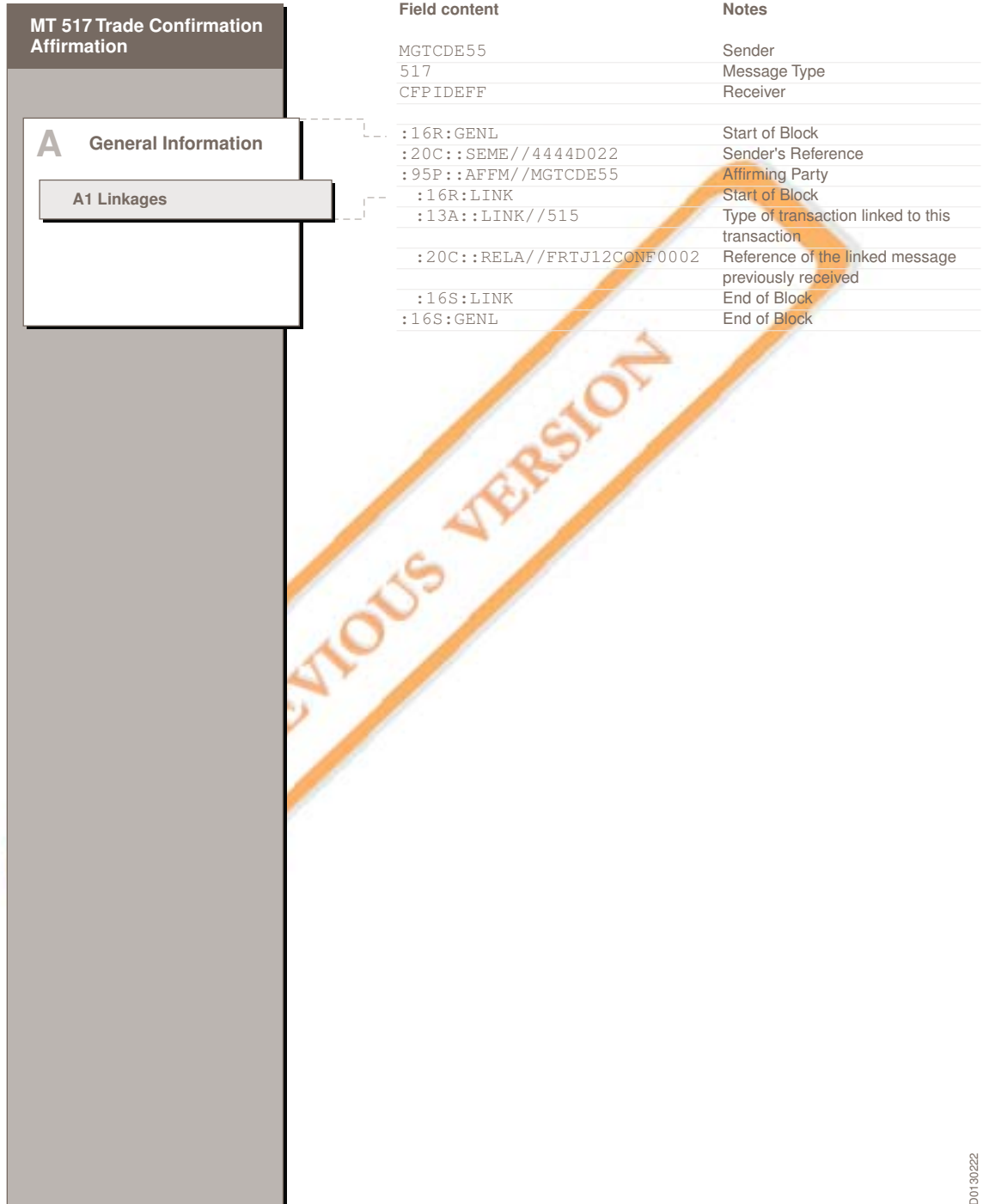
MT 517



Message example

MT 517

This diagram shows the MT 517 Trade Confirmation Affirmation:



DD130222

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:

MT 518 Market-side Trade Confirmation		Field content	Notes
		CFPIDEFF	Sender
		518	
		SLIIGB2L	Receiver
A General Information		:16R:GENL	
		:20C::SEME//UKFJ12HLECONF002	Sender's reference
		:23G:NEWM	
		:22F::TRTR//TRAD	Normal trade
		:16S:GENL	
B Confirmation Details		:16R:CONFDET	
		:98C::TRAD//20050112113000	Trade date and time
		:98A::SETT//20050117	Settlement date
		:90A::DEAL//PRCT/101,001310	Buy/sell indicator
		:22H::BUSE//BUYI	
		:22H::PAYM//APMT	
	B1 Confirmation Parties 2	:16R:CONFPTY	
		:95P::BUYR//CFPIDEFF	Identification of buyer
		:16S:CONFPTY	
	B1 Confirmation Parties 3	:16R:CONFPTY	
	:95P::SELL//SLIIGB2L	Identification of seller	
	:16S:CONFPTY		
	:36B::CONF//FAMT/2000000,	Quantity of financial instrument confirmed	
	:35B:ISIN GB0123456789	Identification of security	
	:16S:CONFDET		
C Settlement Details		:16R:SETDET	
		:22F::SETR//TRAD	
		:16R:SETPRTY	
	C1 Settlement Parties 1	:95R::REAG/CRST/111	Receiving agent
		:16S:SETPRTY	
		:16R:SETPRTY	
	C1 Settlement Parties 2	:95P::BUYR//CFPIDEFF	Buyer
		:97A::SAFE//693421	Buyer's account
		:16S:SETPRTY	
	C1 Settlement Parties 3	:16R:SETPRTY	
		:95P::PSET//CRSTGB22	Place of settlement
	C3 Amounts 1	:16S:SETPRTY	
		:16R:AMT	
	:19A::DEAL//GBP2020026,2	Deal amount	
C3 Amounts 2	:16S:AMT		
	:16R:AMT		
	:19A::ACRU//GBP3500,	Accrued interest on 12 days	
C3 Amounts 3	:16S:AMT		
	:16R:AMT		
	:19A::SETT//GBP2023526,2	Settlement amount	
	:16S:AMT		
	:16S:SETDET		

DD130033

4.9 Example using the MT 576 Statement of Open Orders

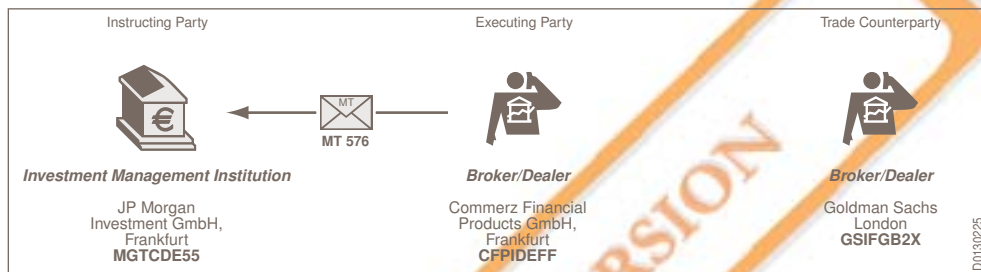
Scenario

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 the 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

MT 576 Statement of Open Orders		Field content	Notes
		CFPIDEFF	Sender
		576	Message Type
		MGTCDEFF	Receiver
A General Information		:16R:GENL	Start of Block
		:28E:00001/ONLY	There is only one page in the statement
		:20C::SEME//FRTJ33XX0004	Sender's Reference
		:23G:NEWM	Message Function
		:98A::STAT//20050114	The statement is dated 14 Jan 2005
		:17B::ACTI//Y	Activity Flag
		:16S:GENL	End of Block
B Financial Instrument	B2 Order Details	:16R:FIN	Start of Block
		:35B:ISIN GB0999999999	Identification of the Financial Instrument
		:16R:ORDER	Start of Block
	B2a Linkages	:36B::ORDER//FAMT/100000,	Quantity of Financial Instrument
		:16R:LINK	Start of Block
	B2b Price	:13A::LINK//502	Type of transaction linked to this transaction
		:20C::RELA//1111D099	Reference of the linked message previously sent
		:16S:LINK	End of Block
		:16R:PRIC	Start of Block
	B2c Trading Parties	:90A::DEAL//PRCT/101,001410	Price
		:16S:PRIC	End of Block
		:22H::BUSE//BUYI	Buy/Sell Indicator
		:22H::PAYM//APMT	Payment Indicator
		:16R:TRADPTY	Start of Block
		:95P::BUYR//MGTCDE55	Party
:16S:TRADPTY		End of Block	
	:16S:ORDER	End of Block	
	:16S:FIN	End of Block	

D0130226

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	<p>Instructions to receive financial instruments from a specified party either Free or Against Payment (MT 540 and MT 541).</p> <p>Instructions to deliver financial instruments to a specified party either Free or Against Payment (MT 542 and MT 543).</p> <p>Provides all or selected outstanding transactions for a specified account (MT 537).</p> <p>Reports on the status of a specific settlement instruction (MT 548).</p>
Settlement Confirmation and Position Reporting	<p>Confirm the receipt of financial instruments from a specified party either Free or Against Payment (MT 544 and MT 545).</p> <p>Confirm the delivery of financial instruments to a specified party either Free or Against Payment (MT 546 and MT 547).</p> <p>Report on the quantity and identification of securities and other holdings held by the Account Owner (MT 535)</p> <p>Report on the account activity for all or selected securities, for a specified period of time for a specified account (MT 536).</p>
Settlement Allegements	<p>Report that a Counterparty is alleging a trade against an Account Owner (MT 578).</p> <p>Report on all or selected alleged trades for an Account Owner (MT 586).</p>

Transaction flow	Message type
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).
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

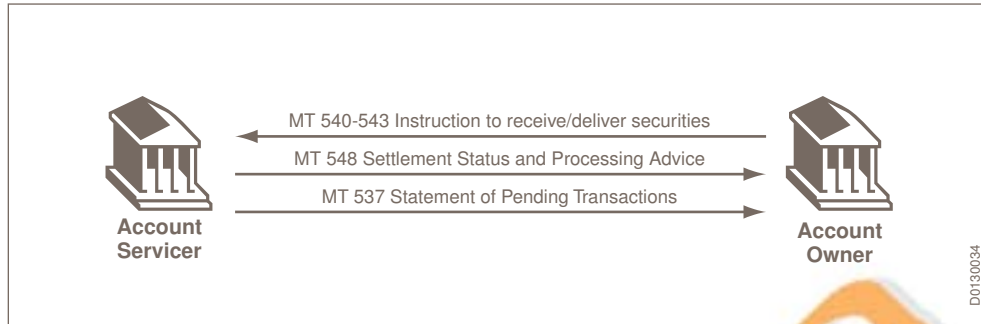
The settlement instruction messages are:

- 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.

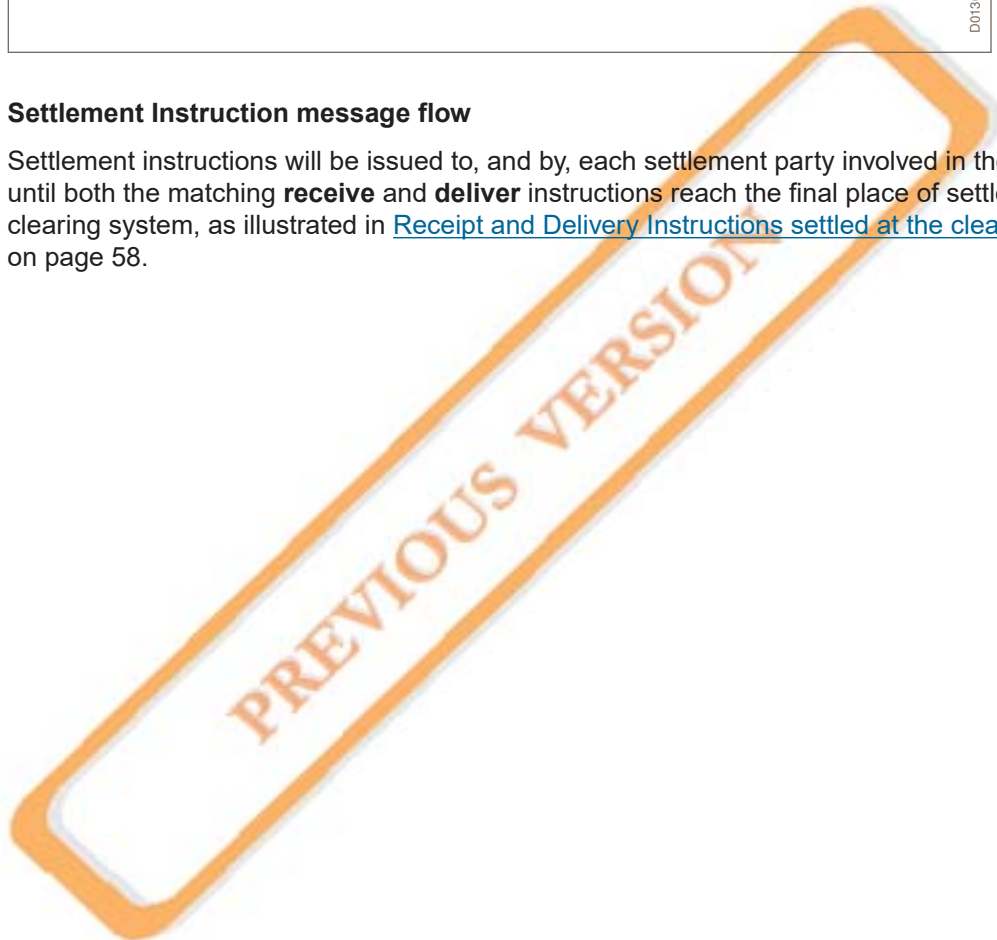
The Account Servicer may also send an MT 537 Statement of Pending Transactions to the Account Owner, advising on the current status of all outstanding settlement transactions. This statement message may also be used to report on pending credits or debits not resulting from ordinary settlement instructions,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

Instruction and Status Feedback

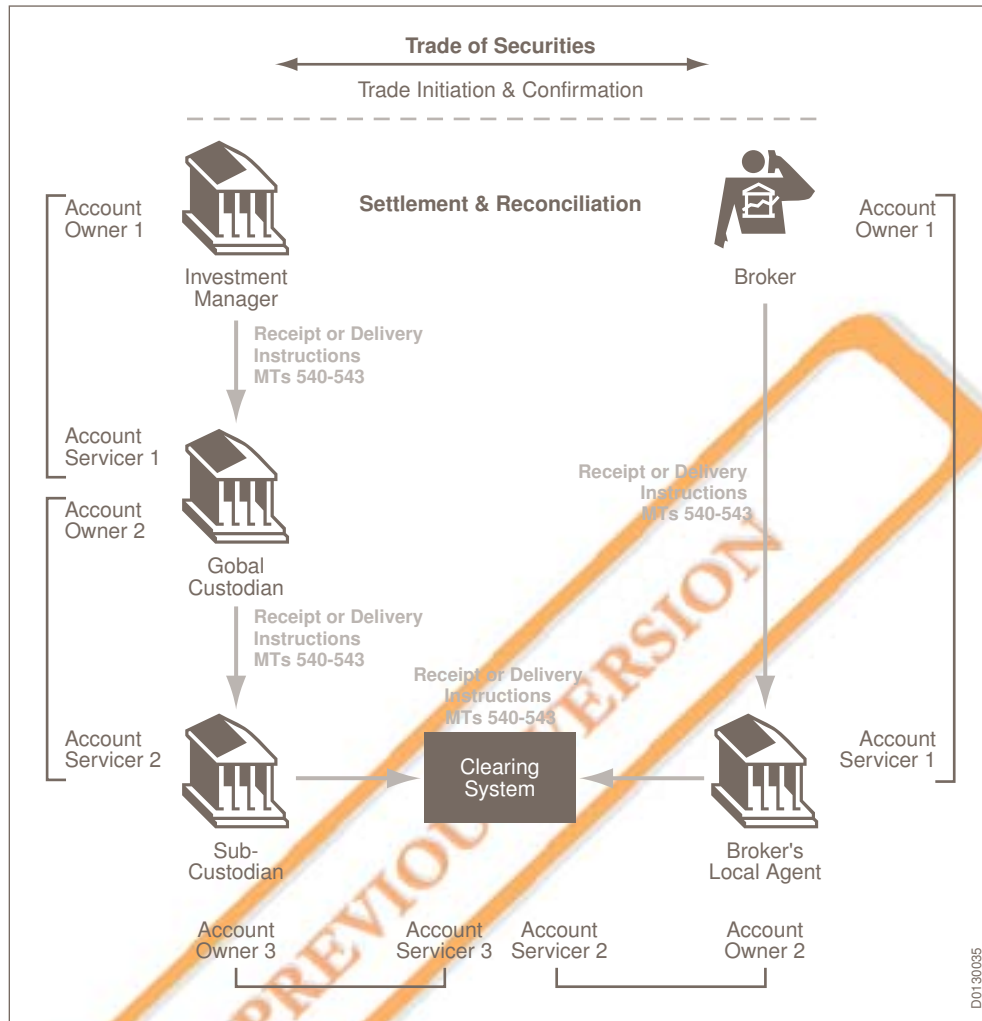


Settlement Instruction message flow

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 58.



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 [Settlement Confirmation message types](#) on page 58 shows the corresponding instructions and confirmations.

Settlement Confirmation message types

Original instruction	Corresponding confirmation
MT 540 Receive Free	MT 544 Receive Free Confirmation

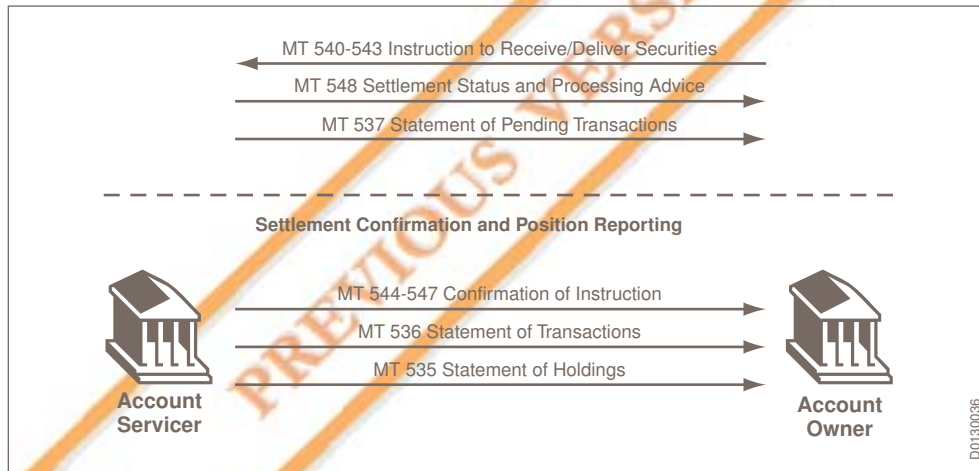
Original instruction	Corresponding confirmation
MT 541 Receive Against Payment	MT 545 Receive Against Payment Confirmation
MT 542 Deliver Free	MT 546 Deliver Free Confirmation
MT 543 Deliver Against Payment	MT 547 Deliver Against Payment Confirmation

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

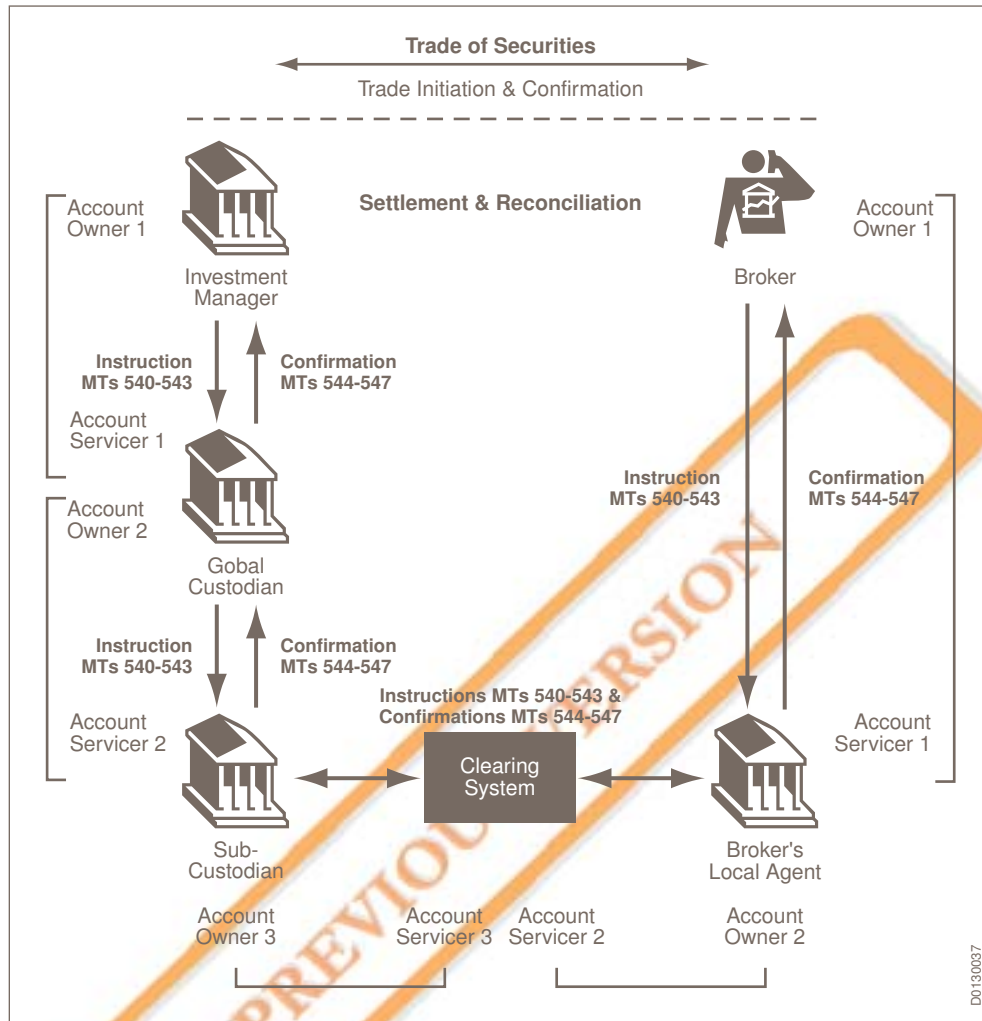
Settlement Confirmation and Position Reporting



Instruction and Confirmation settlement flow

Figure [Instruction and Confirmation settlement flow](#) on page 60 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 56 and [Settlement Confirmation and Position Reporting](#) on page 58 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

Figure [Settlement Allegement flow](#) on page 62 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 Figure [Settlement Allegement flow](#) on page 62 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.

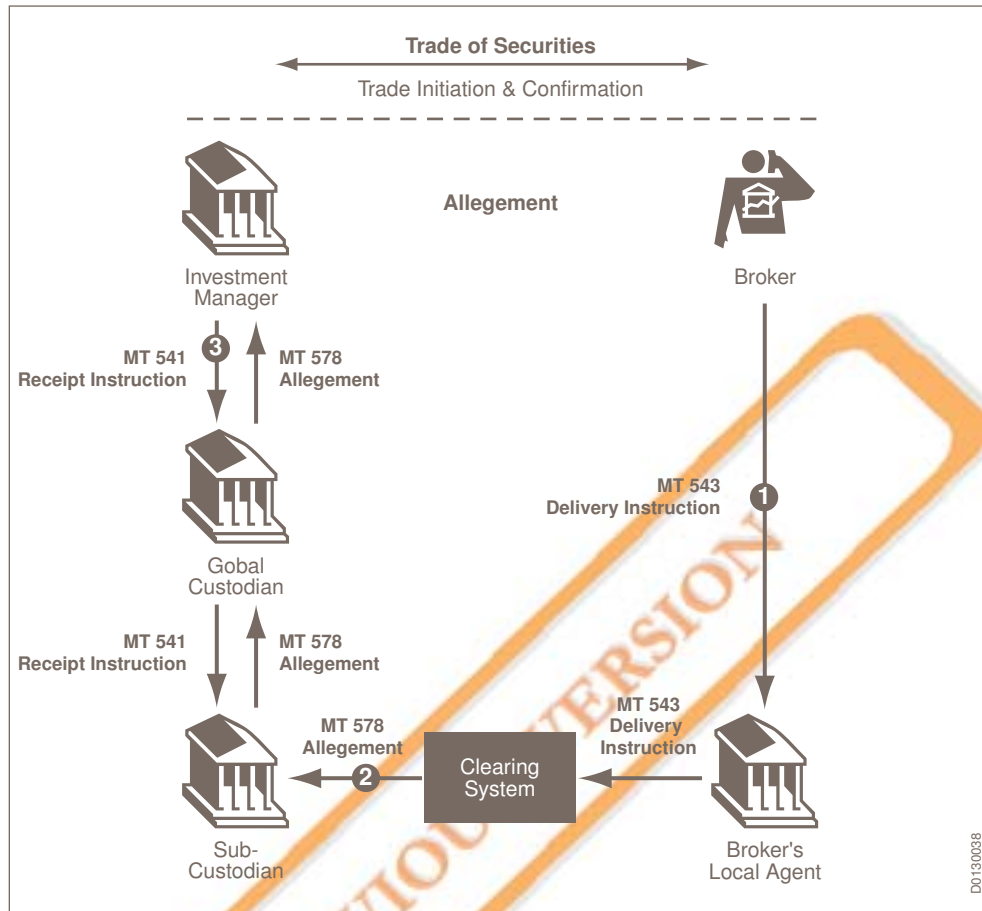
Number 3 in Figure [Settlement Allegement flow](#) on page 62 shows the Account Owner responding to the MT 578 with the required corresponding instruction.

- 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 Allegation flow



5.6 Intra-Position Settlement

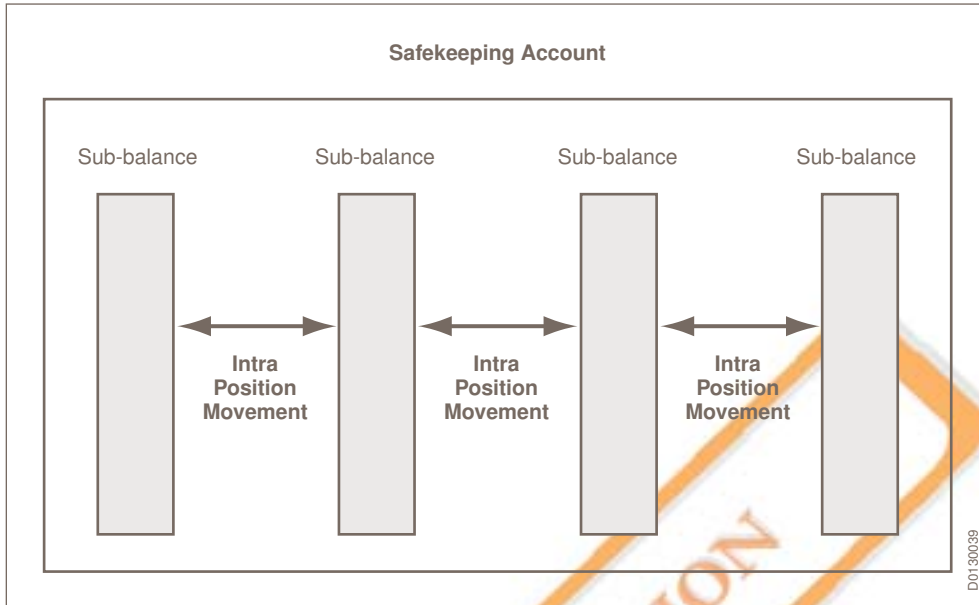
Purpose

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



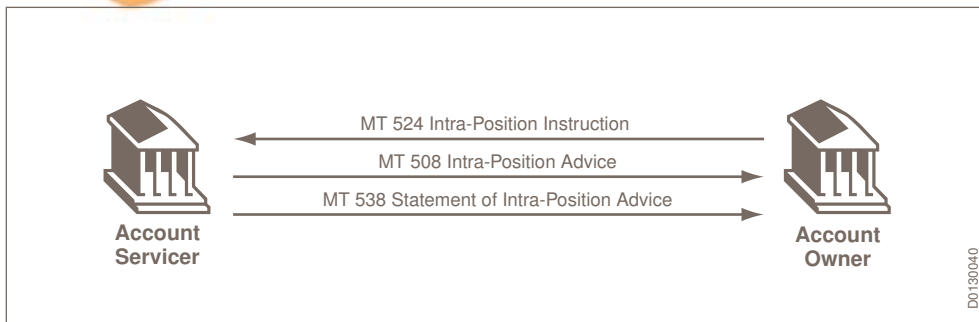
In the event that the Account Owner wishes to move securities from one sub-balance to another (which will effect the status and availability of the securities), it will send an MT 524 Intra-Position Instruction to the Account Servicer stating the requirements. For example, the Account Owner may want 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, MT 577, 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 Statement of Combined Activity

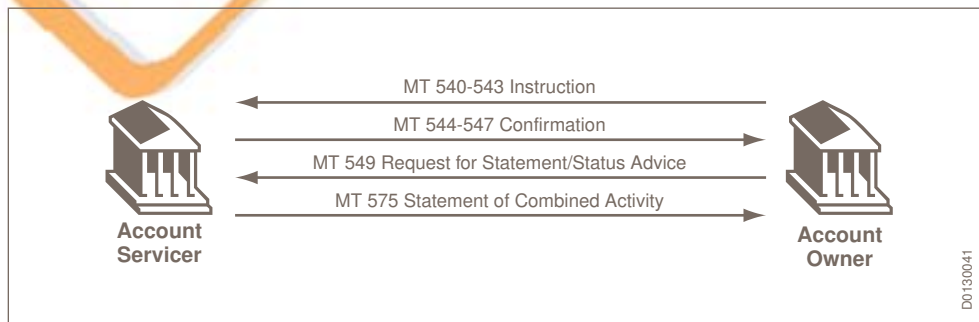
In the event that the Account Owner requires a total overall statement showing all aspects of cash and securities activity, it can request the MT 575 Report of Combined Activity. This message contains sequences for both cash and securities movements, which may have occurred either as a direct trade, 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 64 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 54 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:

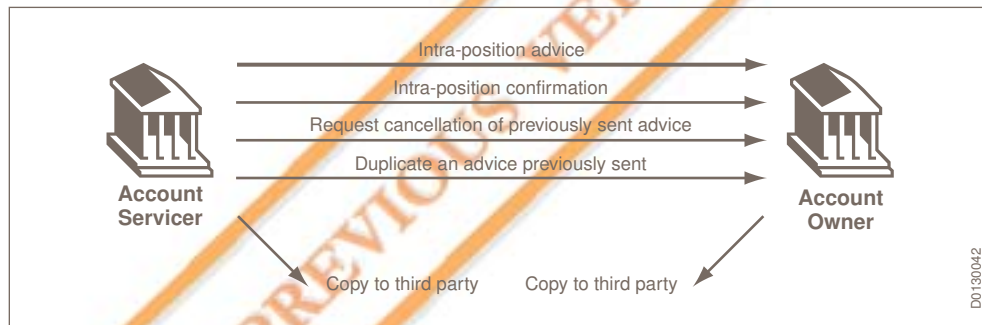
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 508 may also be used to:

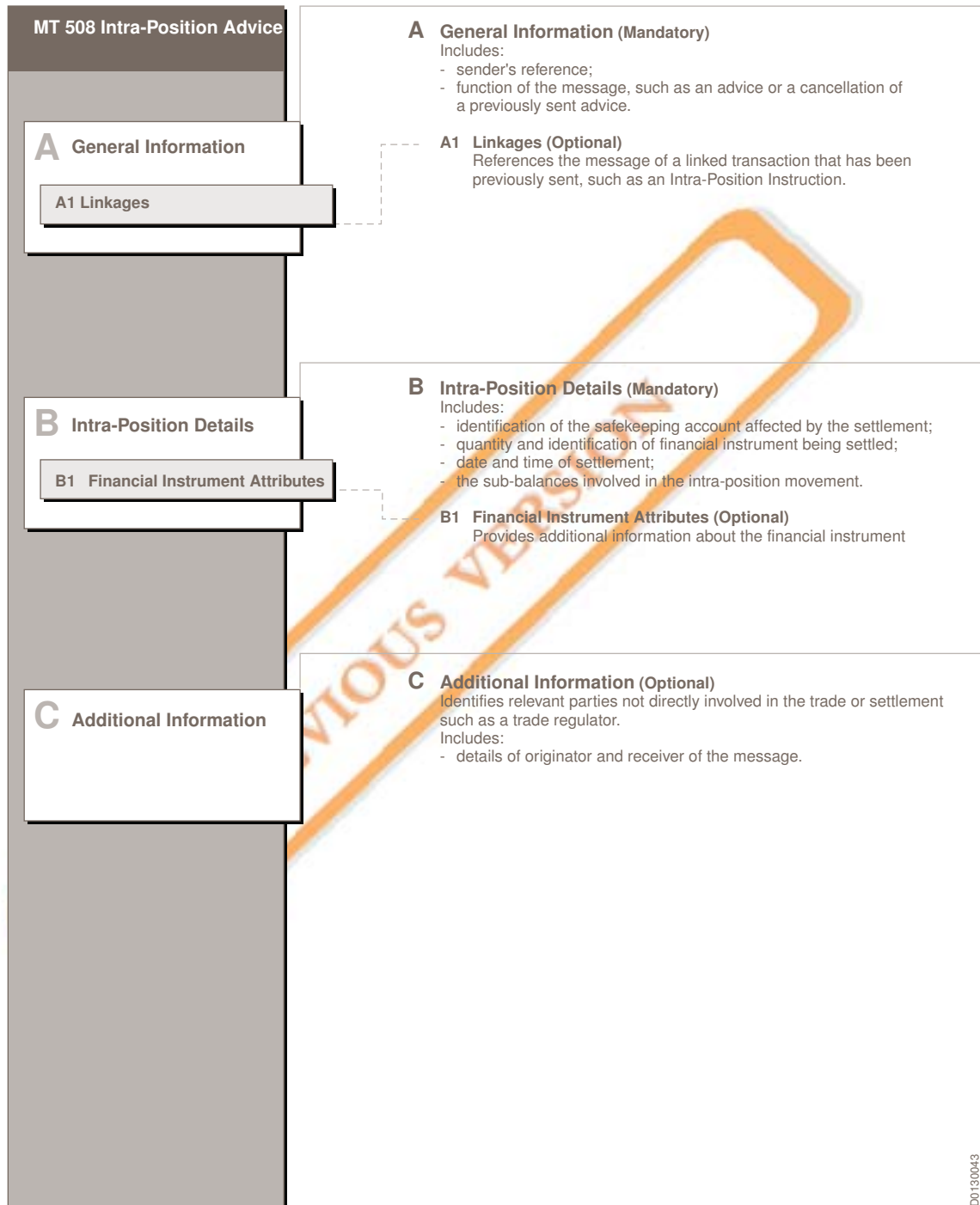
- Request the cancellation of a previously sent advice.
- Duplicate an advice previously sent.
- Provide a third party with a copy of the advice.

MT 508 Intra-Position Advice



Graphical representation of MT 508

MT 508



D0130043

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:

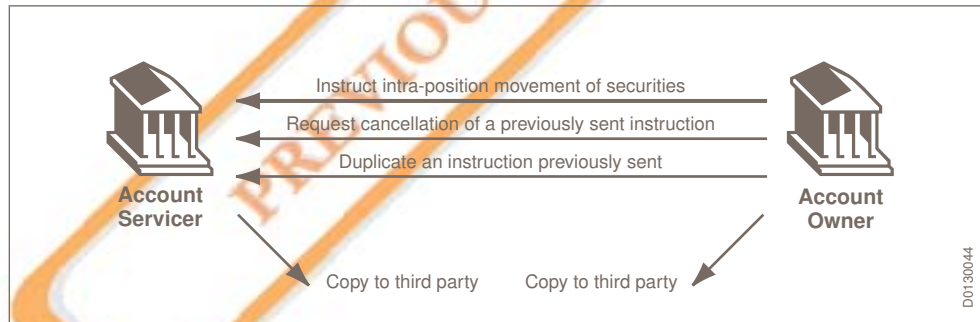
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 524 may also be used to:

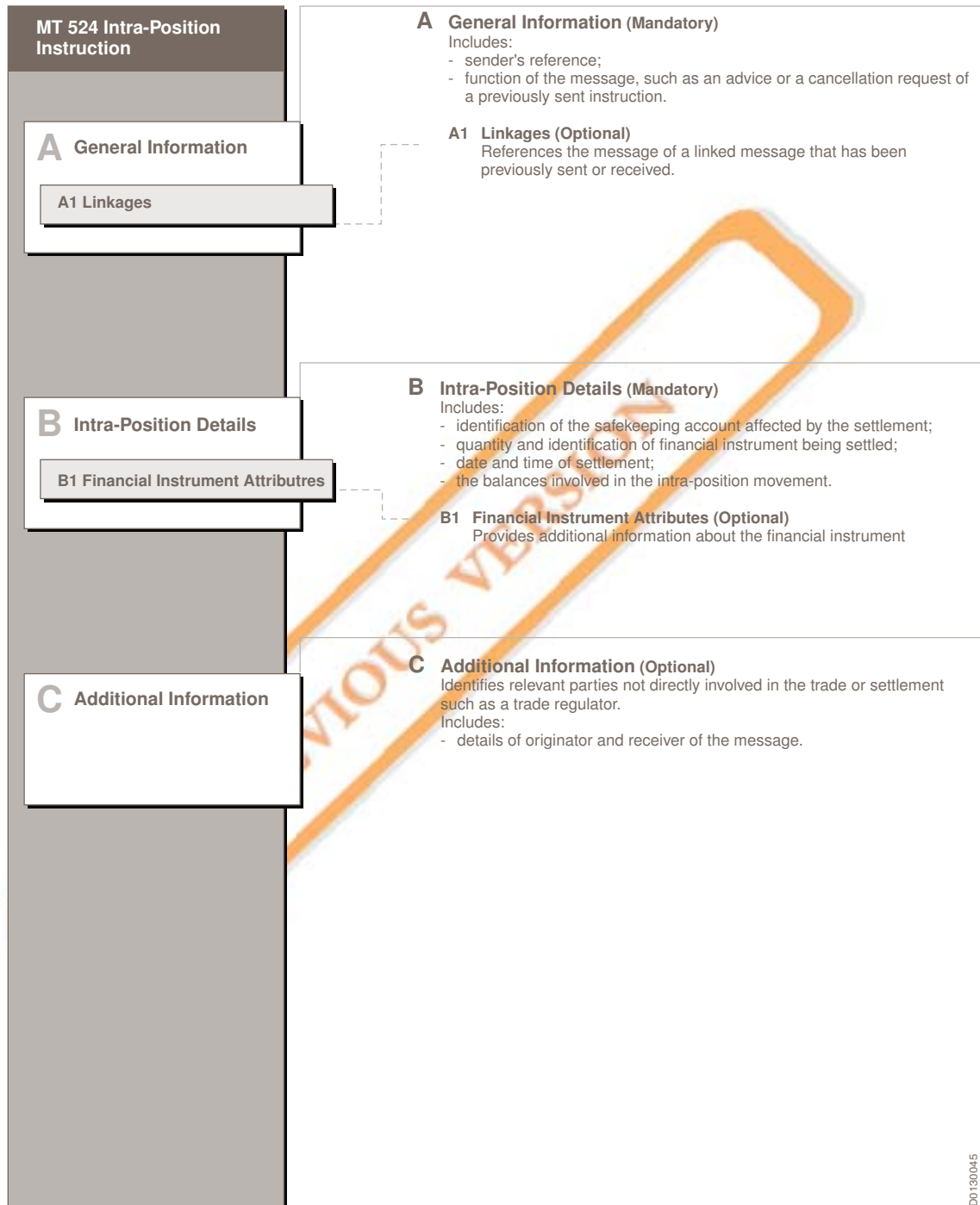
- Cancel a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide a third party with a copy of the instruction being sent.

MT 524 Intra-Position Instruction



Graphical representation of MT 524

MT 524



D0130045

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:

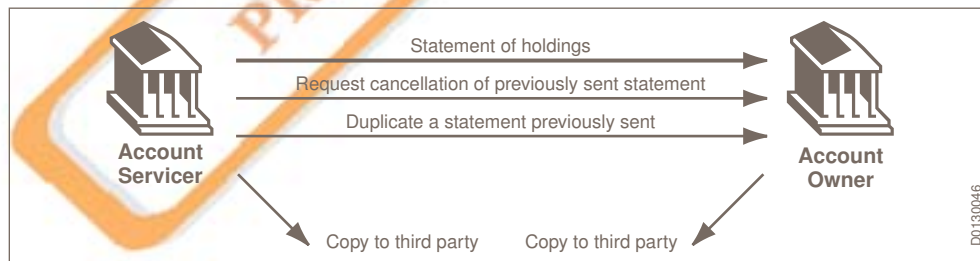
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 535 may also be used to:

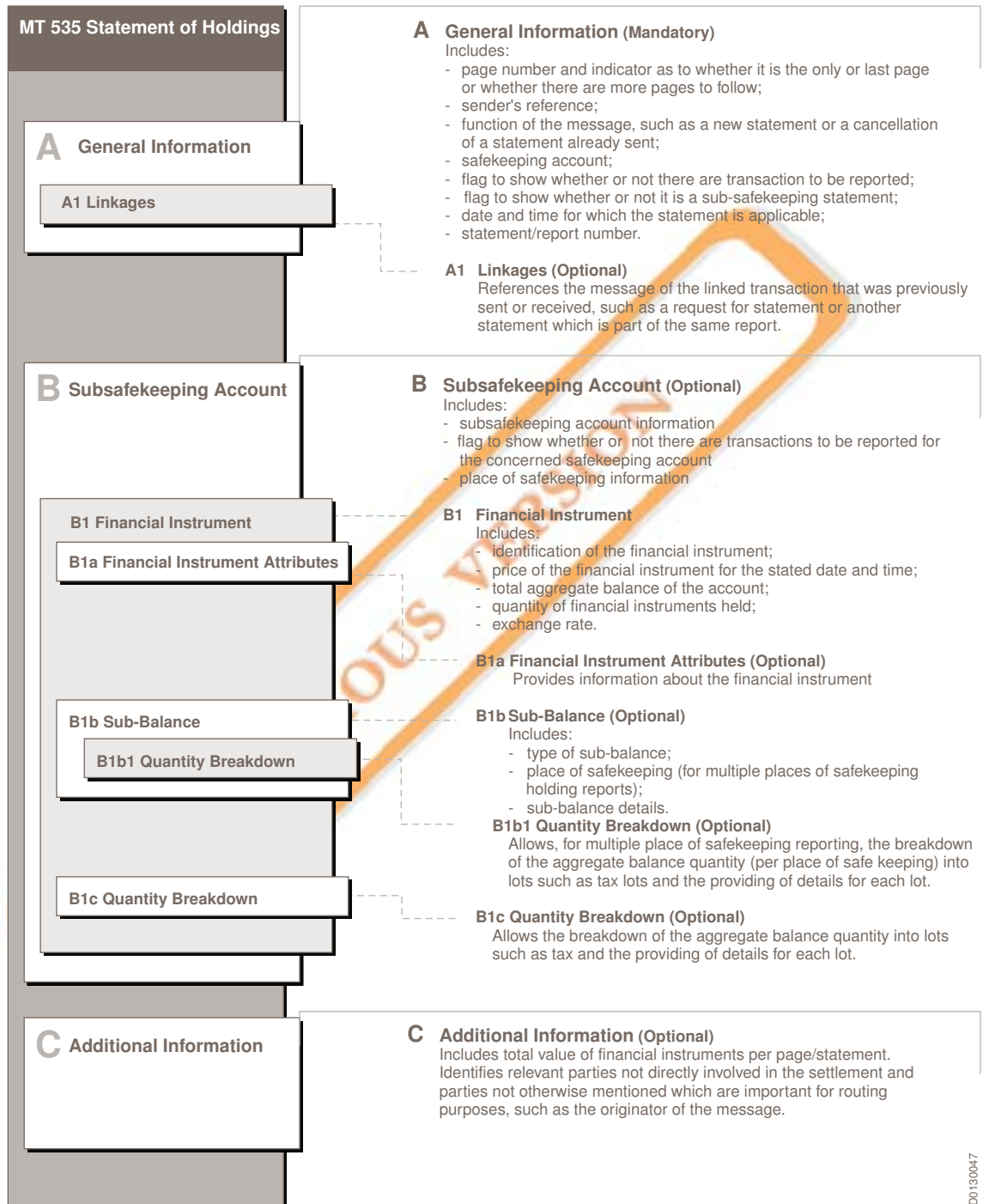
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

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:

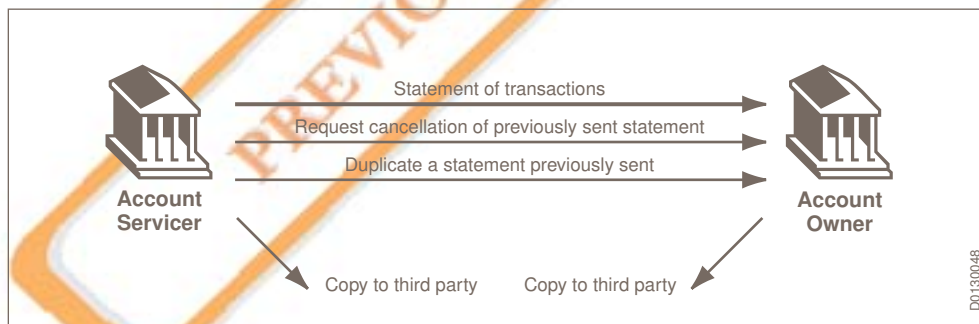
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 536 may also be used to:

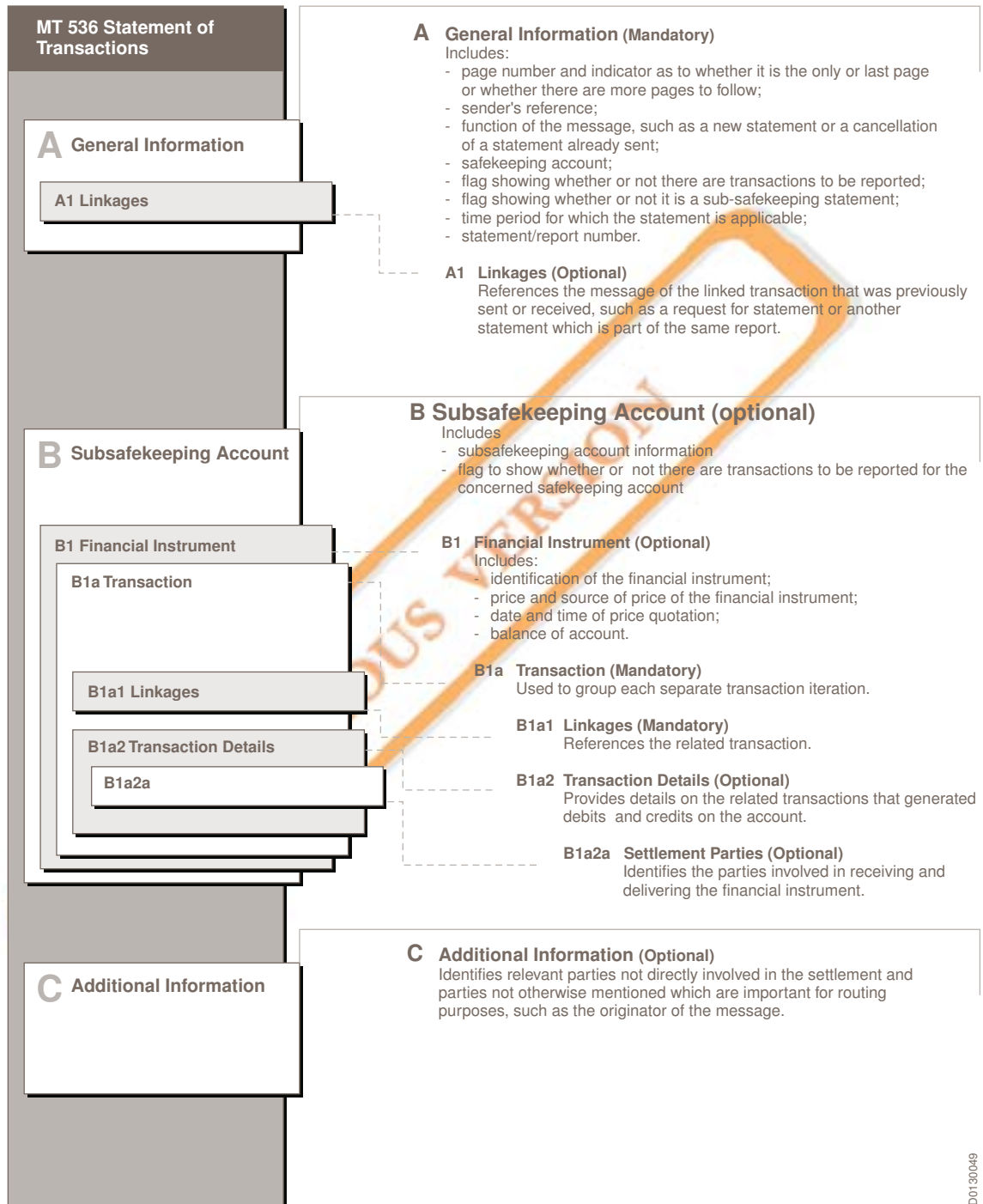
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 536 Statement of Transactions



Graphical representation of MT 536

MT 536



D0130049

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:

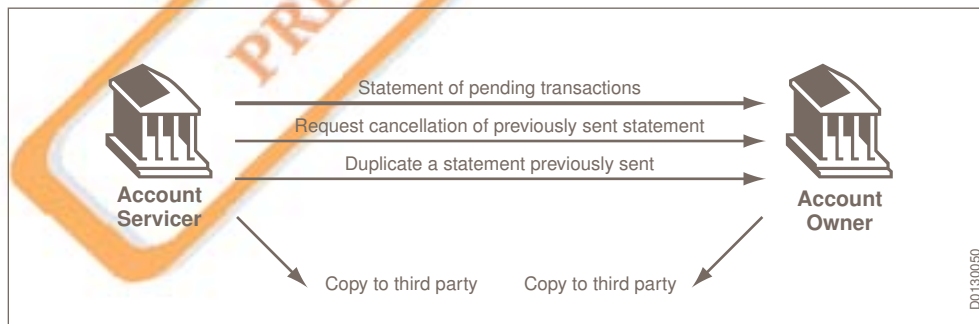
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 537 may also be used to:

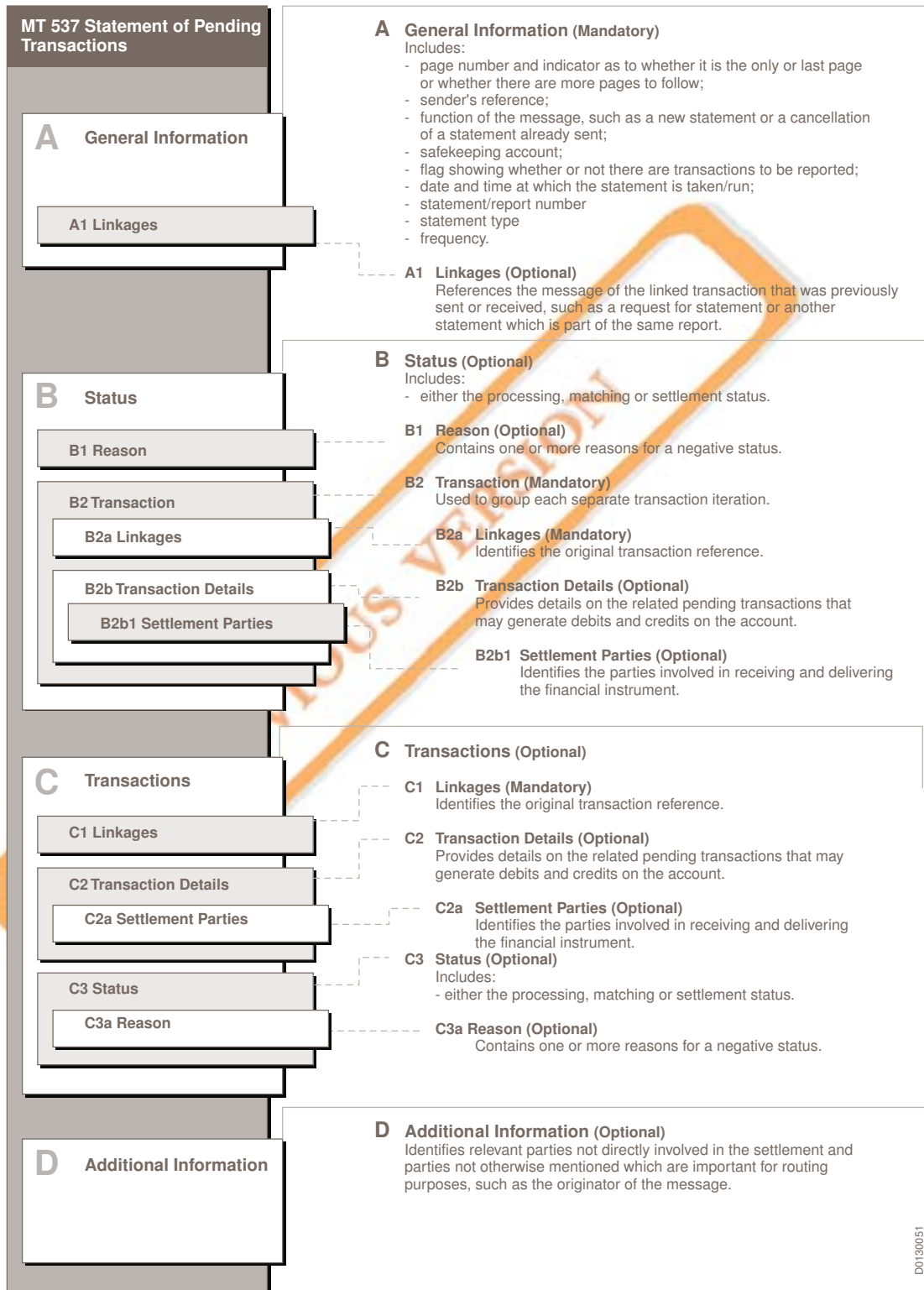
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

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:

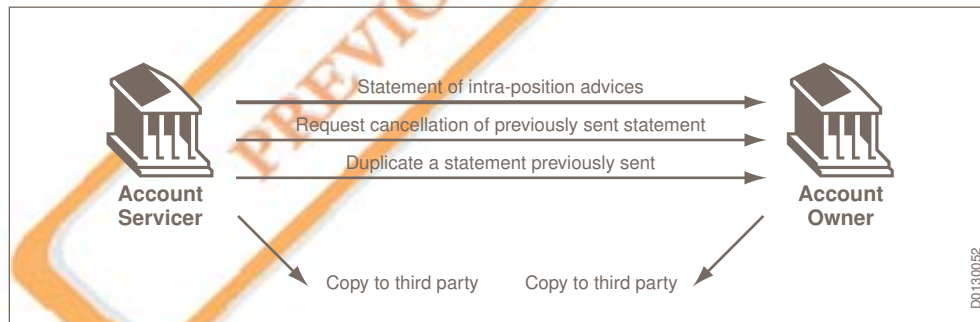
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 538 may also be used to:

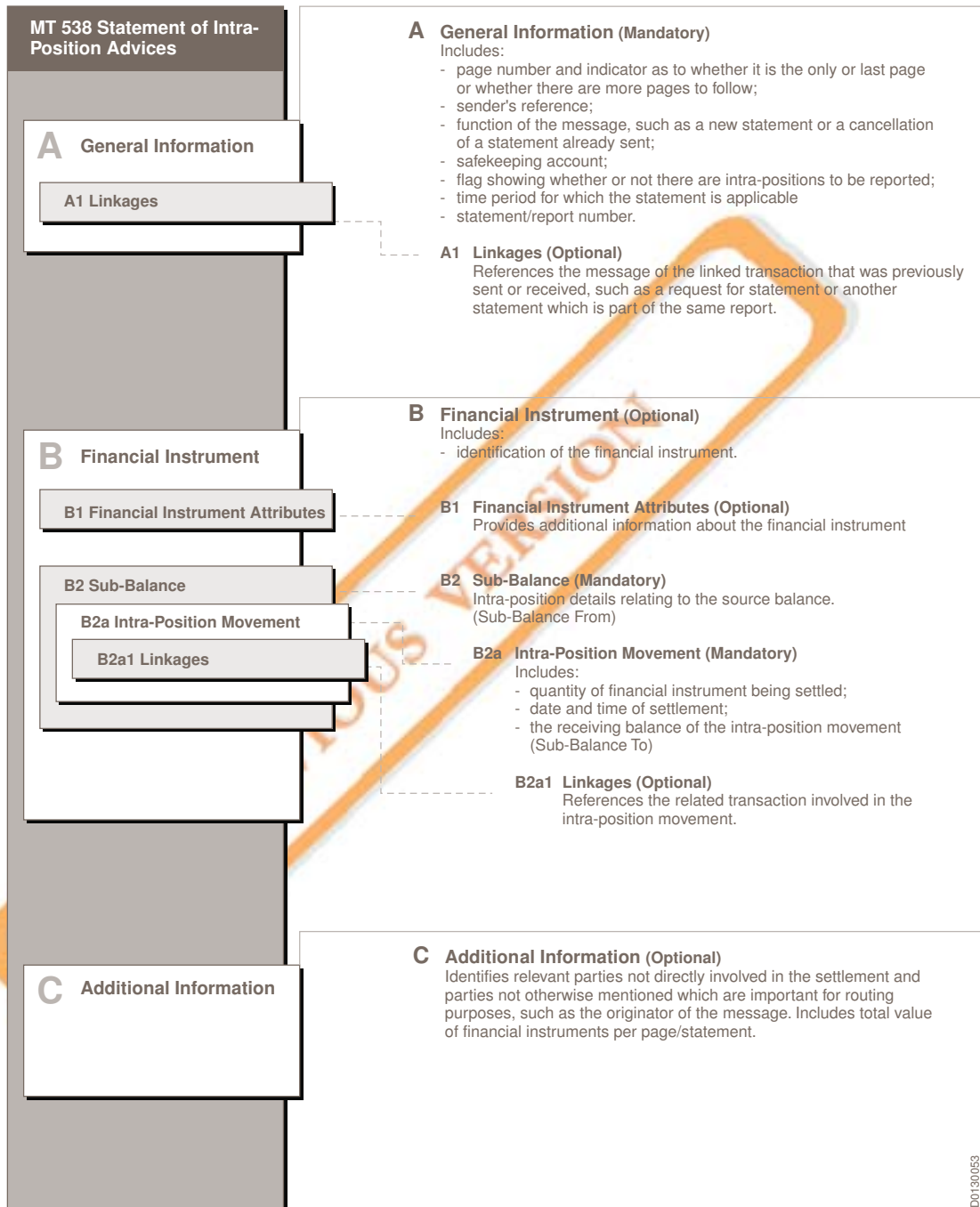
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 538 Statement of Intra-Position Advices



Graphical representation of MT 538

MT 538



D0130063

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:

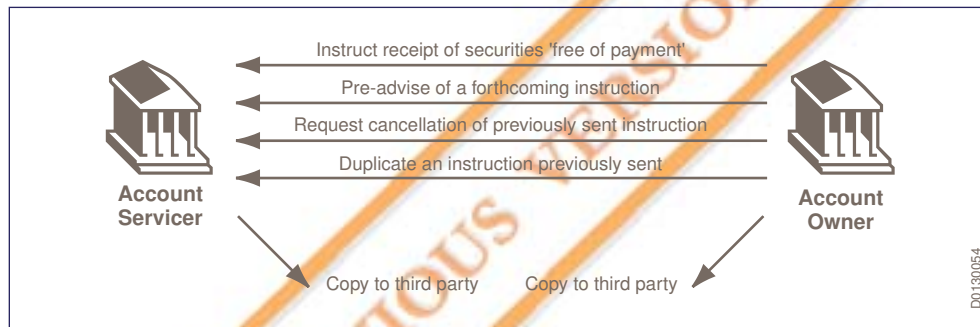
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 540 may also be used to:

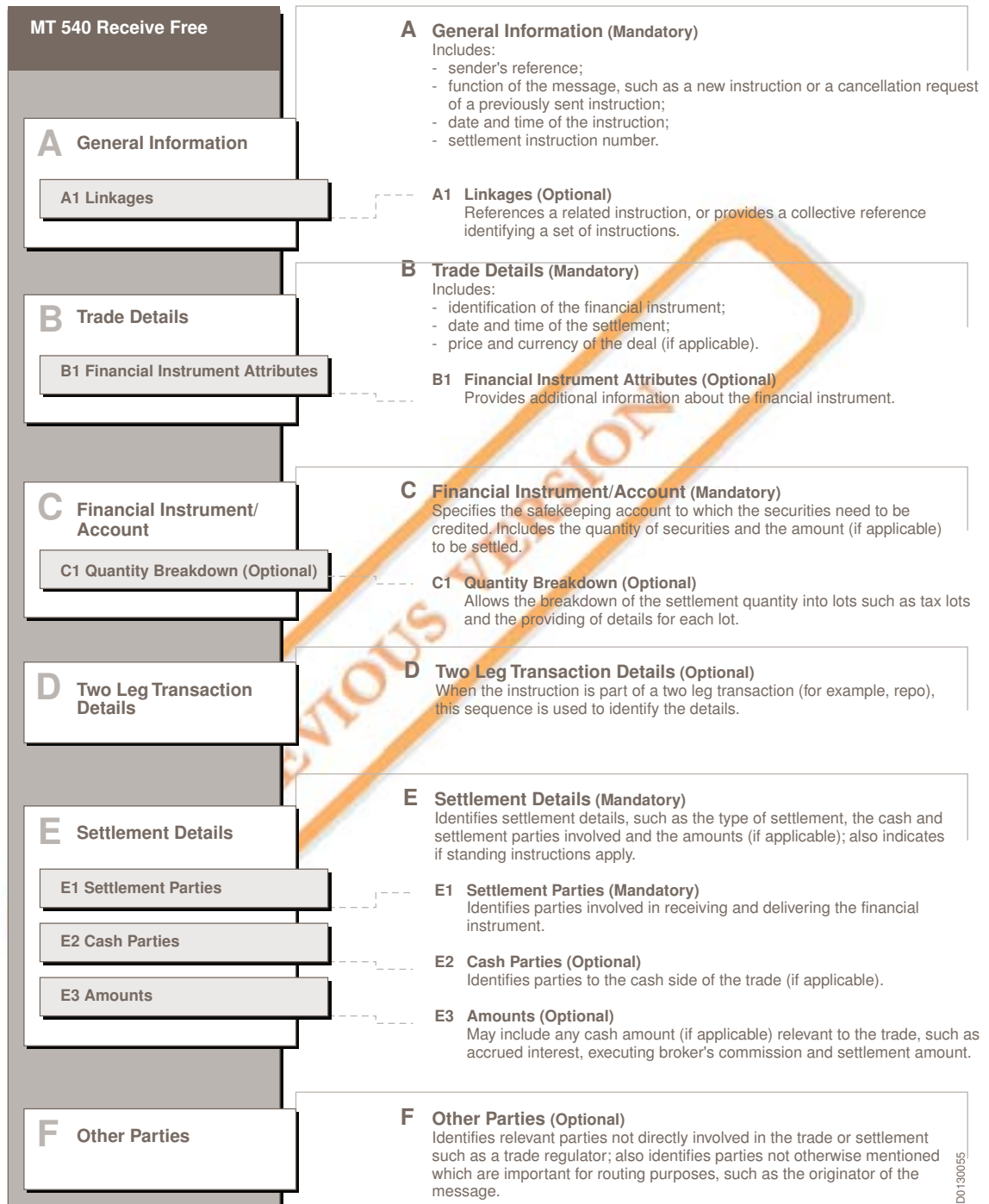
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

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:

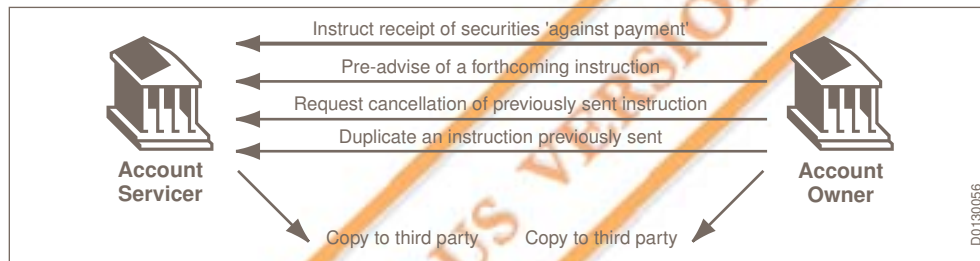
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 541 may also be used to:

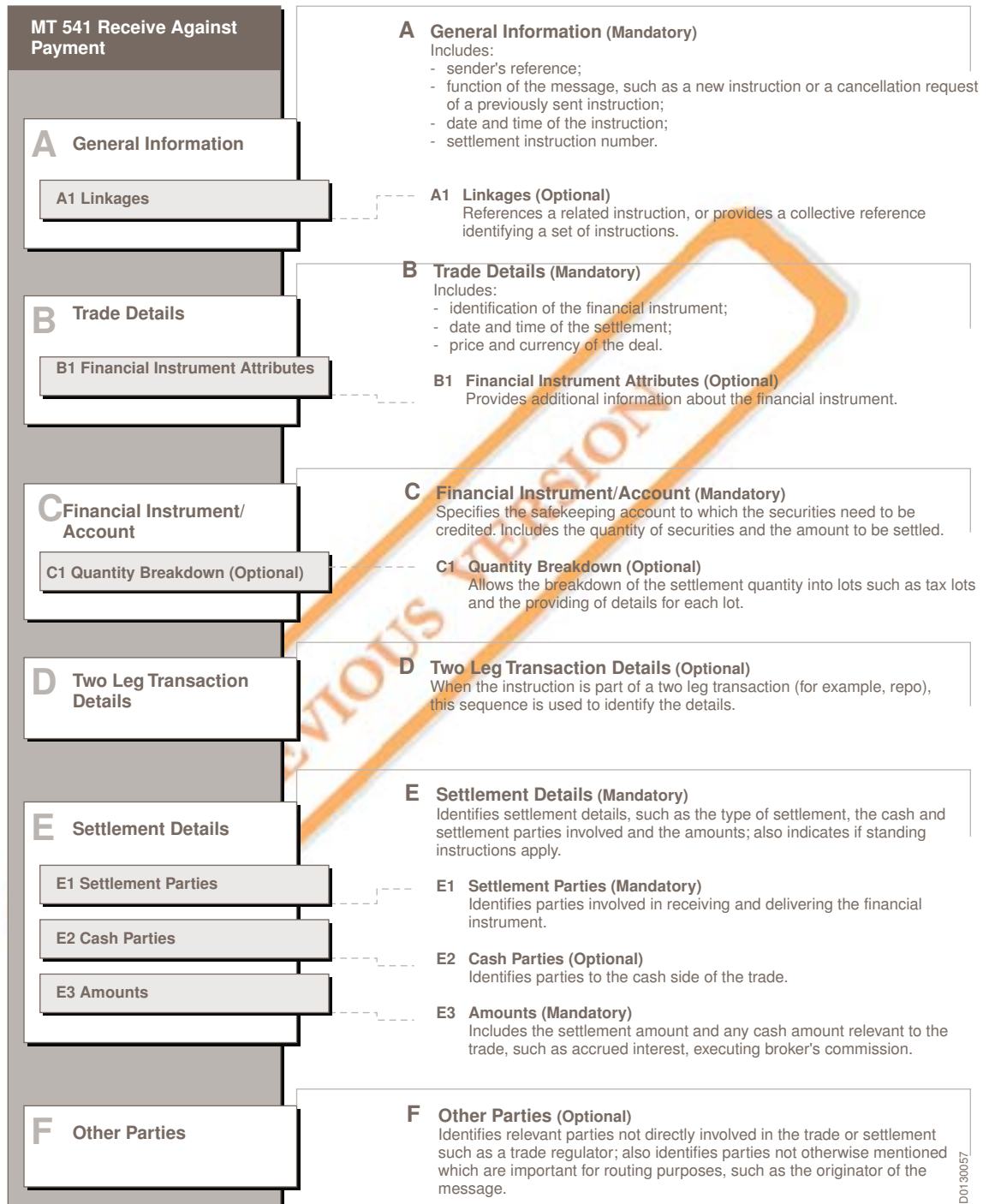
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

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:

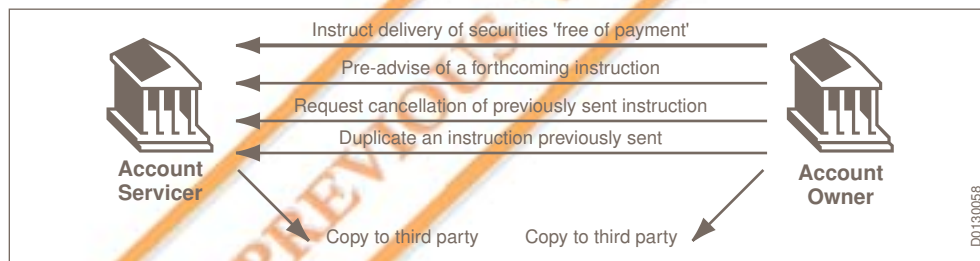
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 542 may also be used to:

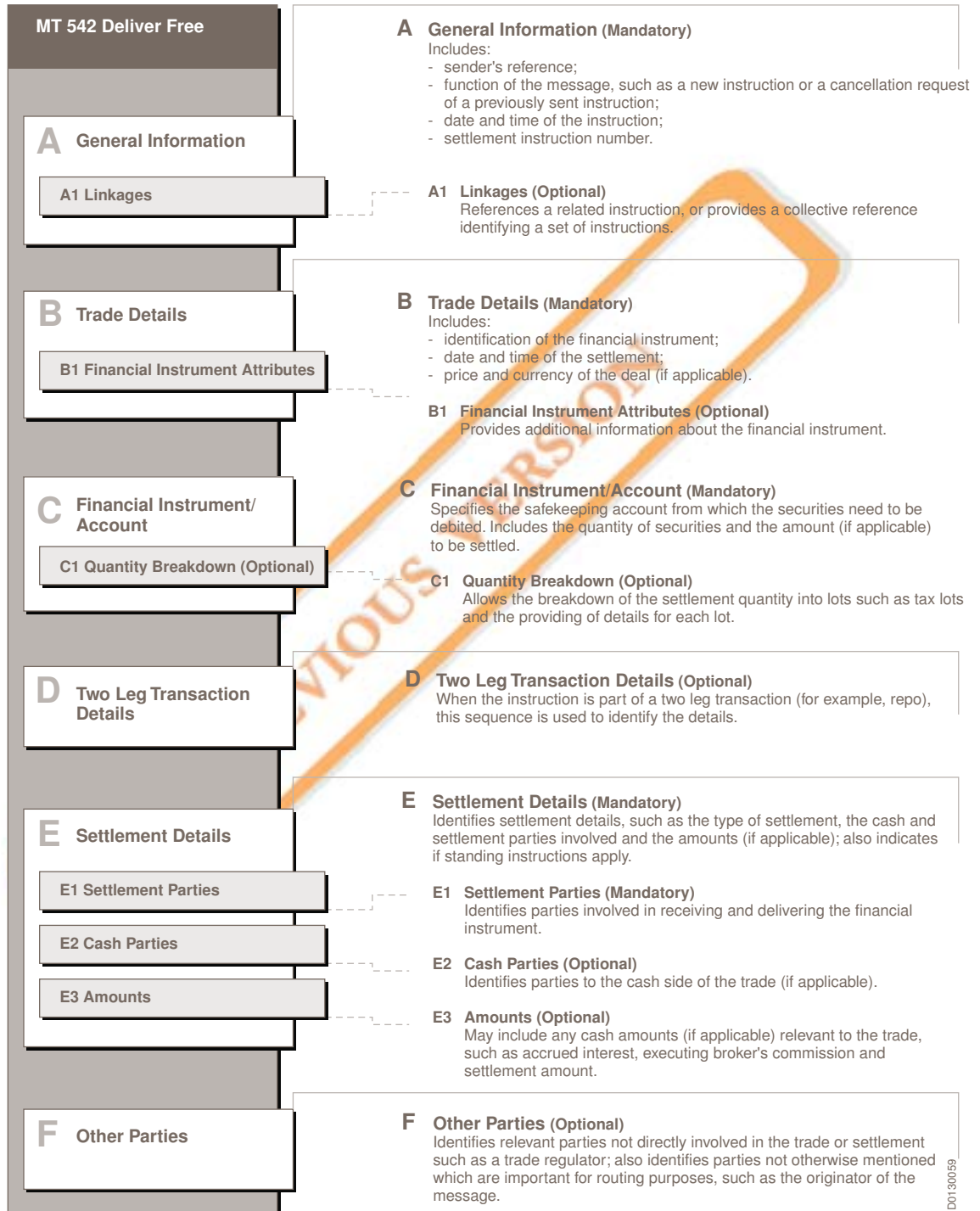
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

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:

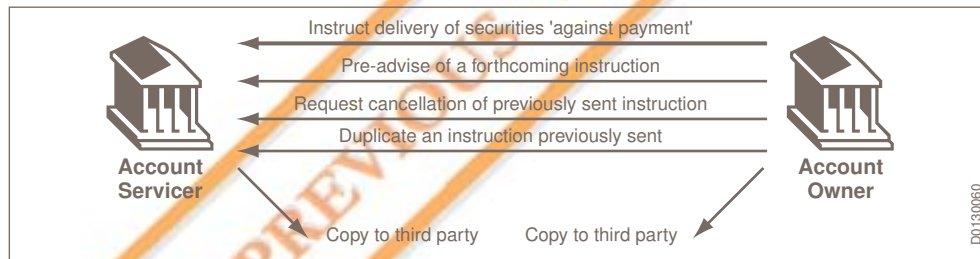
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 543 may also be used to:

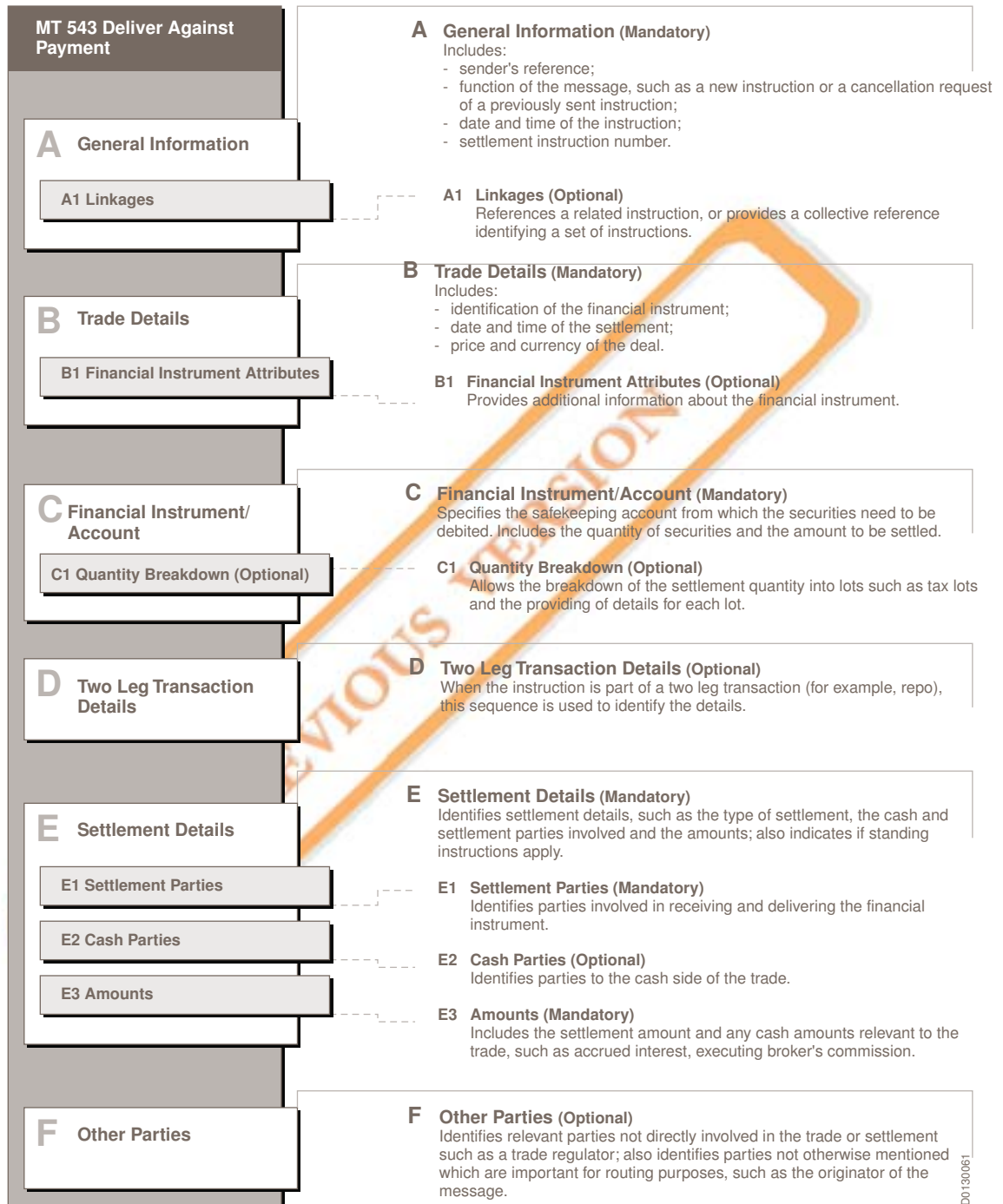
- Request the cancellation of a previously sent instruction.
- Duplicate an instruction previously sent.
- Provide pre-advice of a forthcoming instruction.
- Provide a third party with a copy of the instruction.

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:

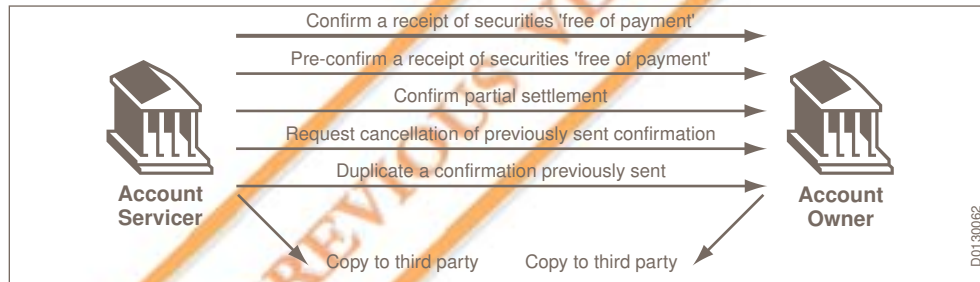
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 544 may also be used to:

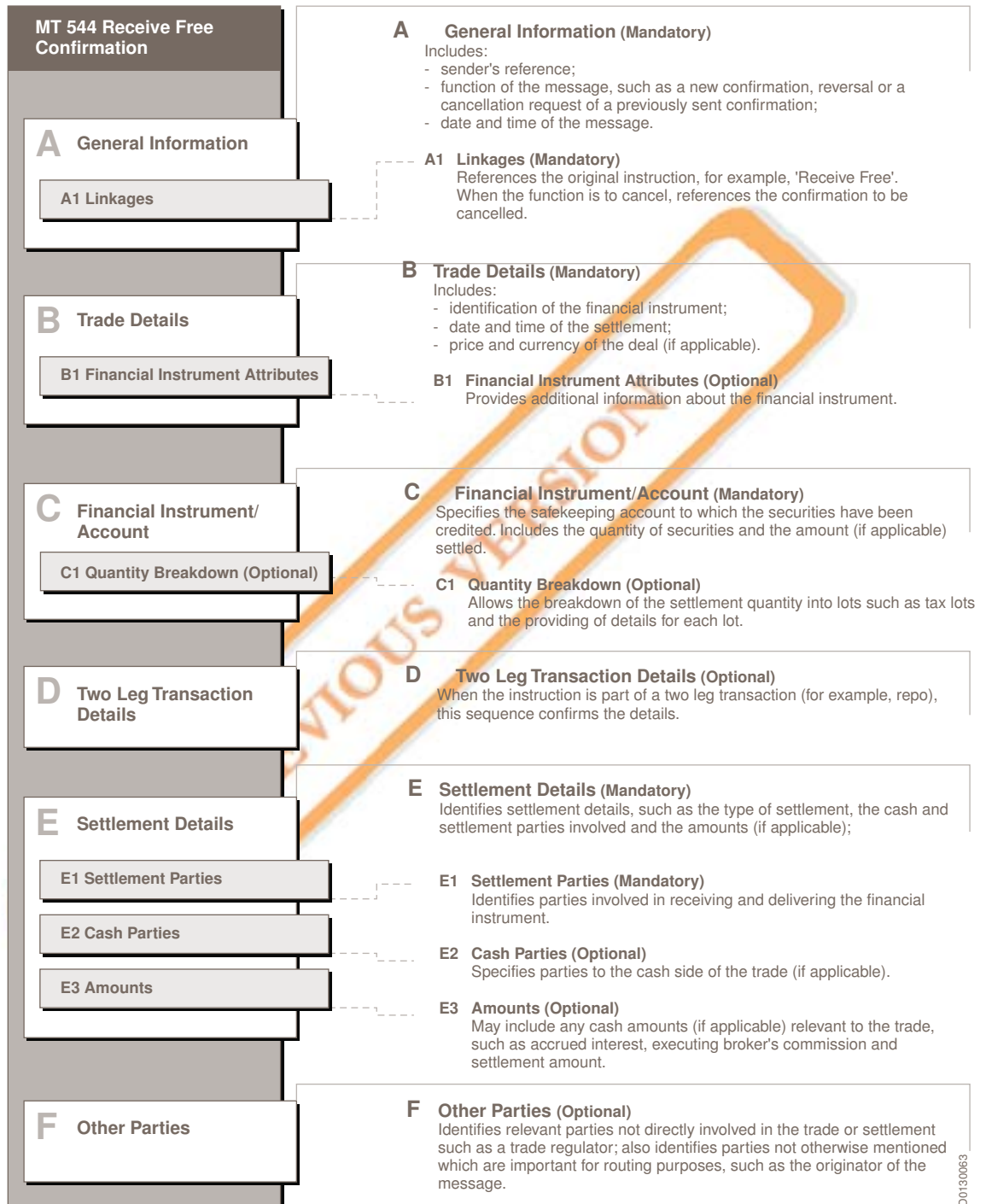
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 544 Receive Free Confirmation



Graphical representation of MT 544

MT 544



D013063

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:

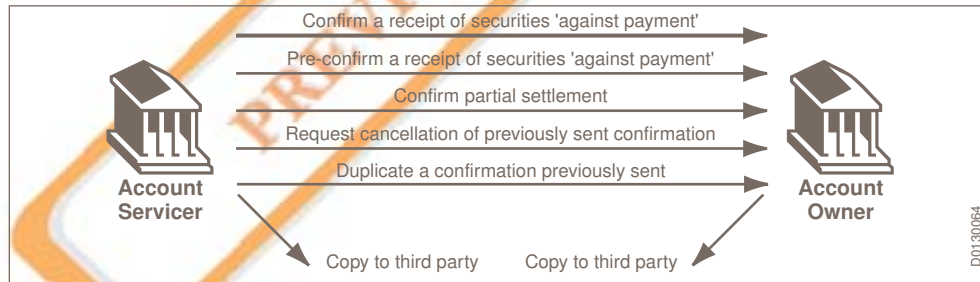
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 545 may also be used to:

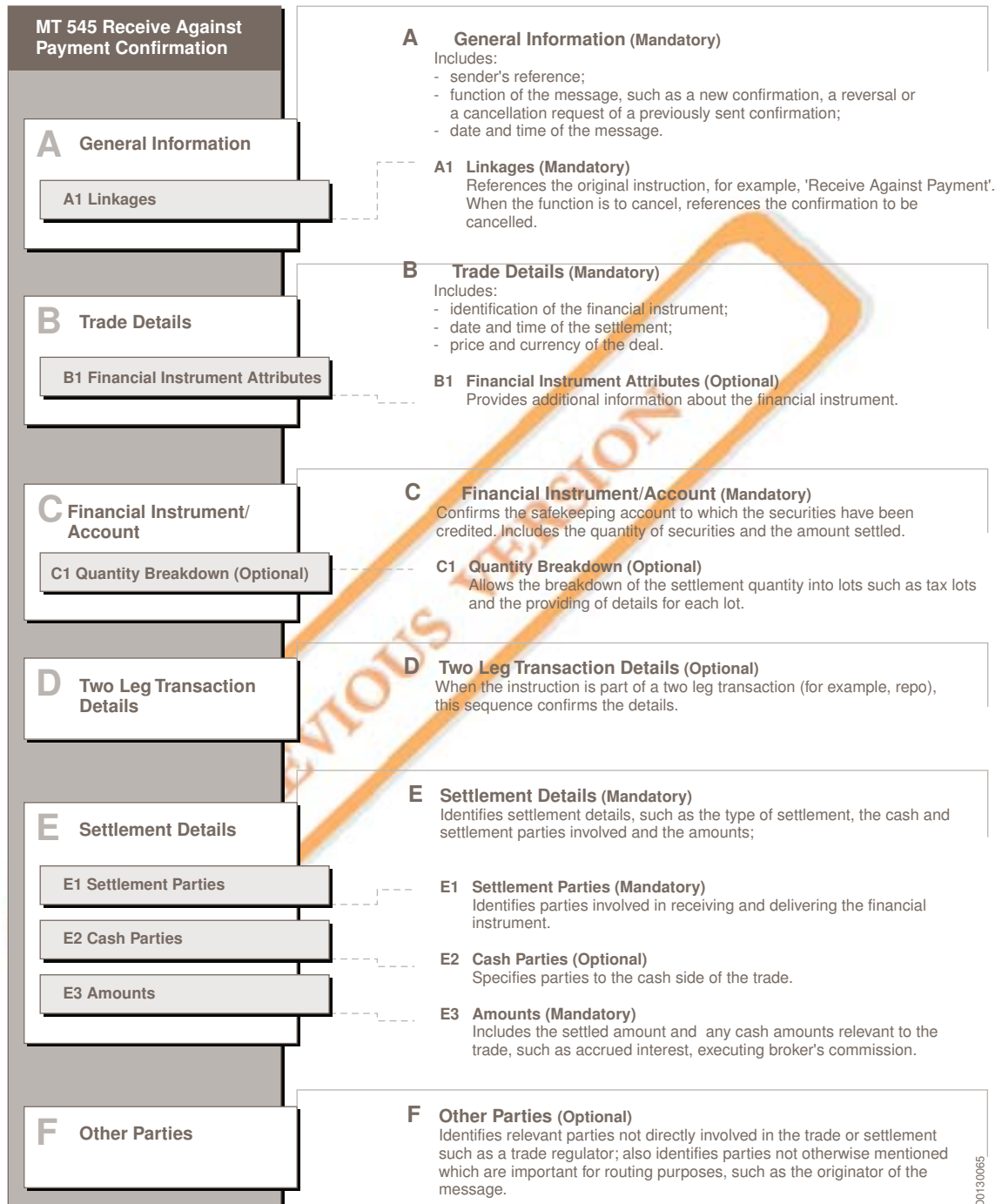
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 545 Receive Against Payment Confirmation



Graphical representation of MT 545

MT 545



D0130065

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:

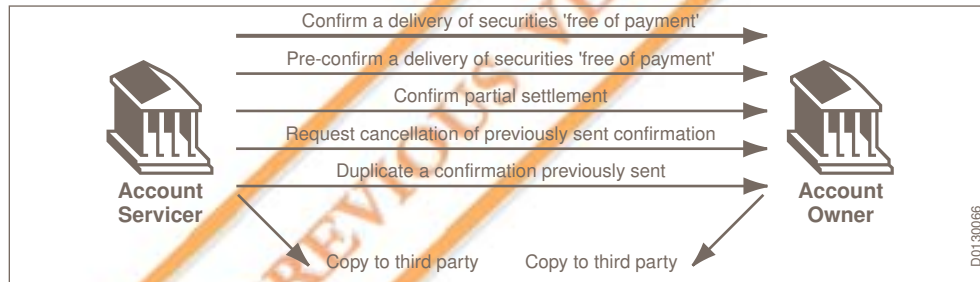
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 546 may also be used to:

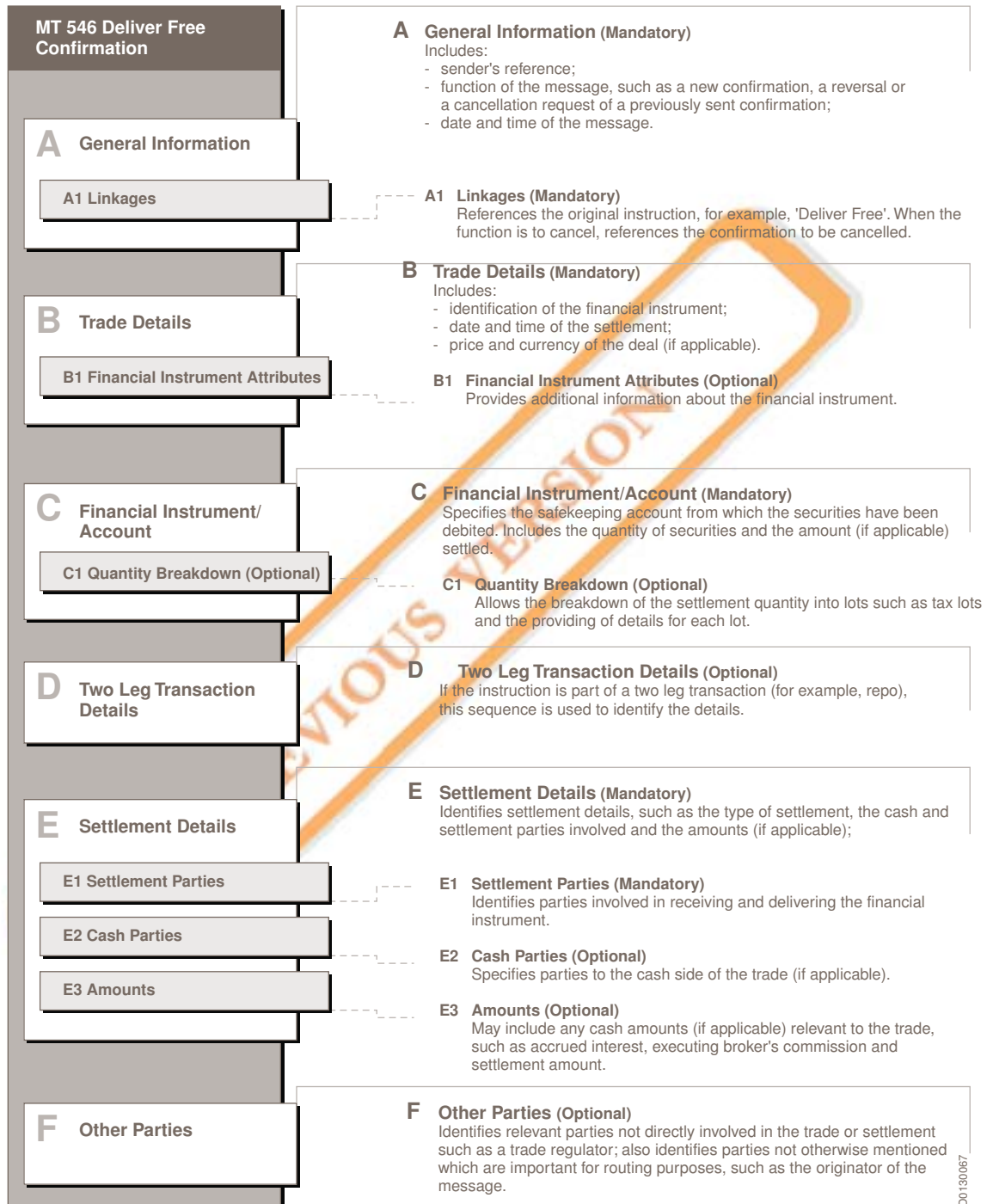
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 546 Deliver Free Confirmation



Graphical representation of MT 546

MT 546



D0130067

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:

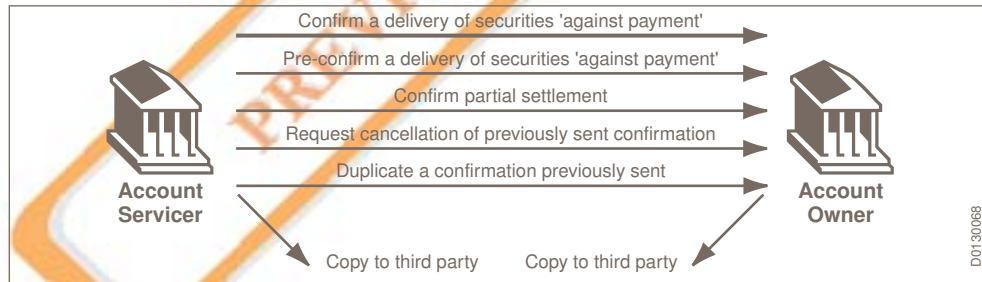
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 547 may also be used to:

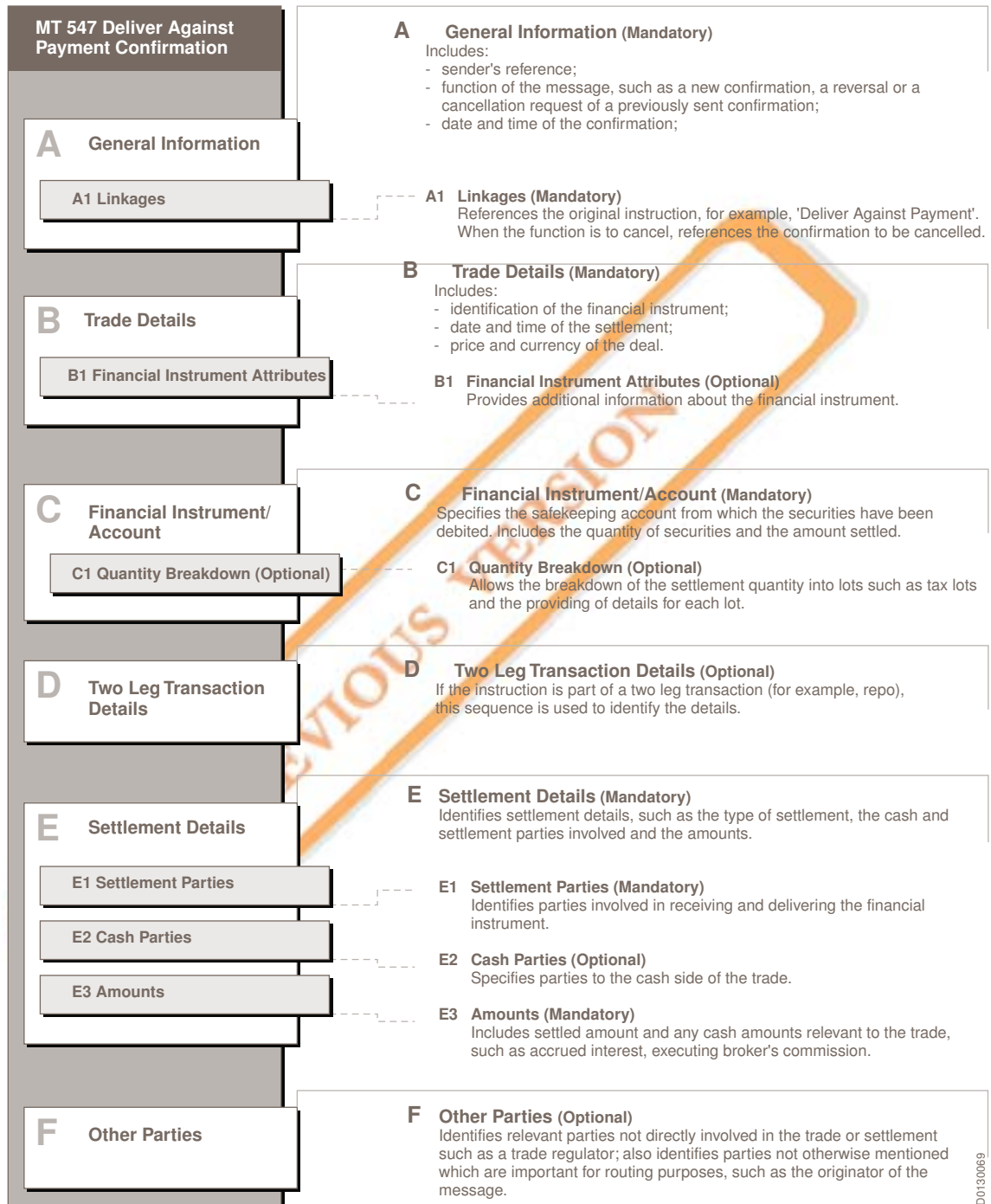
- Request the cancellation of a previously sent confirmation.
- Request the reversal of a previously sent confirmation.
- Provide pre-confirmation or partial settlement confirmation of an instruction.
- Duplicate a confirmation previously sent.
- Provide a third party with a copy of the confirmation.

MT 547 Deliver Against Payment Confirmation



Graphical representation of MT 547

MT 547



DOI130069

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:

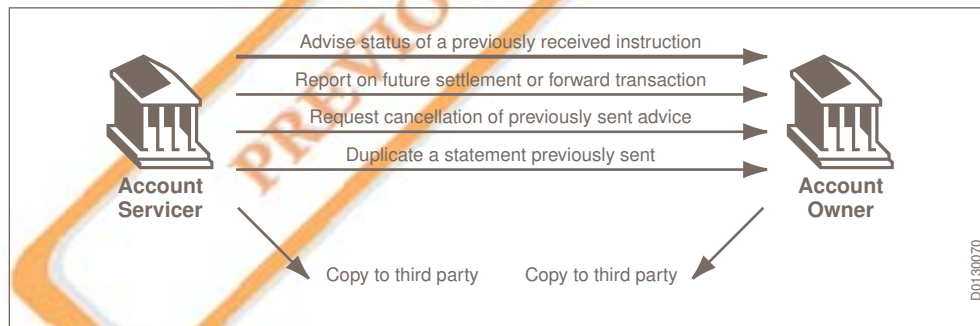
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 548 may also be used to:

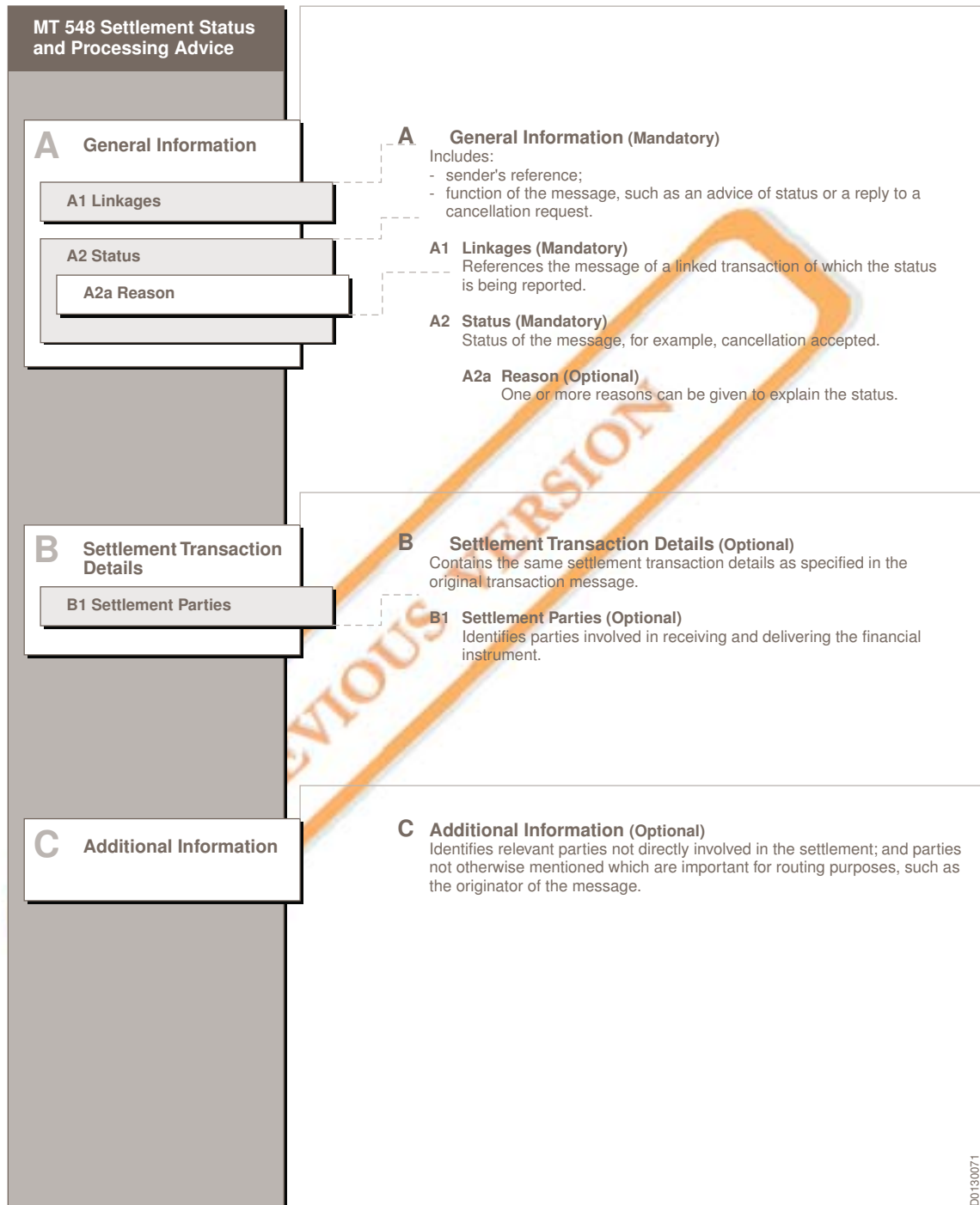
- Report on future settlement, or forward transactions, for example, free receipts for which no instruction is required, which have become binding to the Account Owner. The underlying instruction must be either a *Deliver* or *Receive* and either *Free* or *Against Payment*.
- To reply to a cancellation 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 577 Statement of Numbers
- 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:

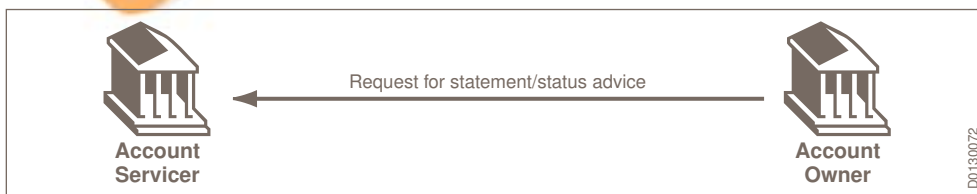
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

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

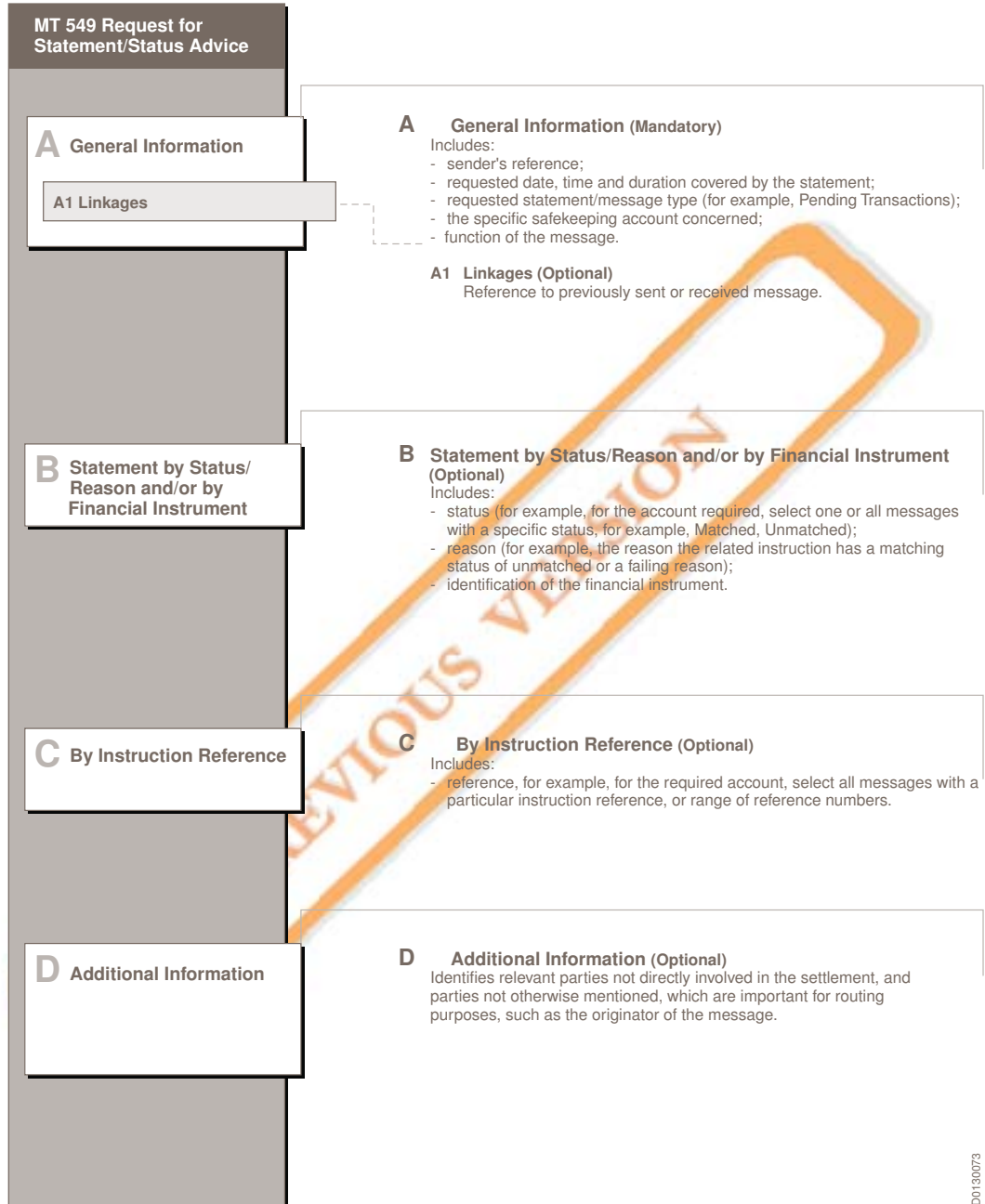
- MT 510 Registration Status and Processing Advice
- MT 548 Settlement Status and Processing Advice
- MT 567 Corporate Action Status and Processing Advice

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:

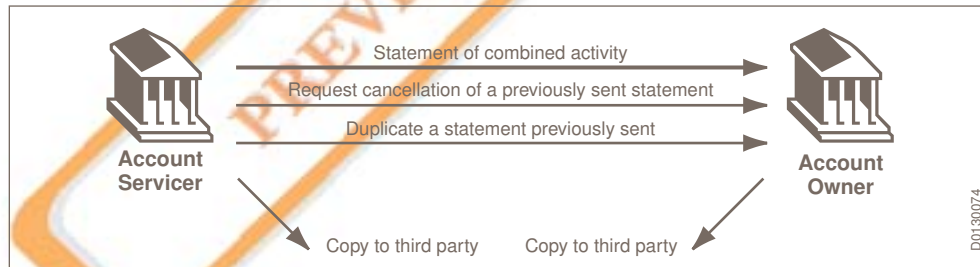
- A local agent acting on behalf of its global custodian.
- A sub-custodian acting on behalf of its global custodian.
- A custodian acting on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 575 is also used to:

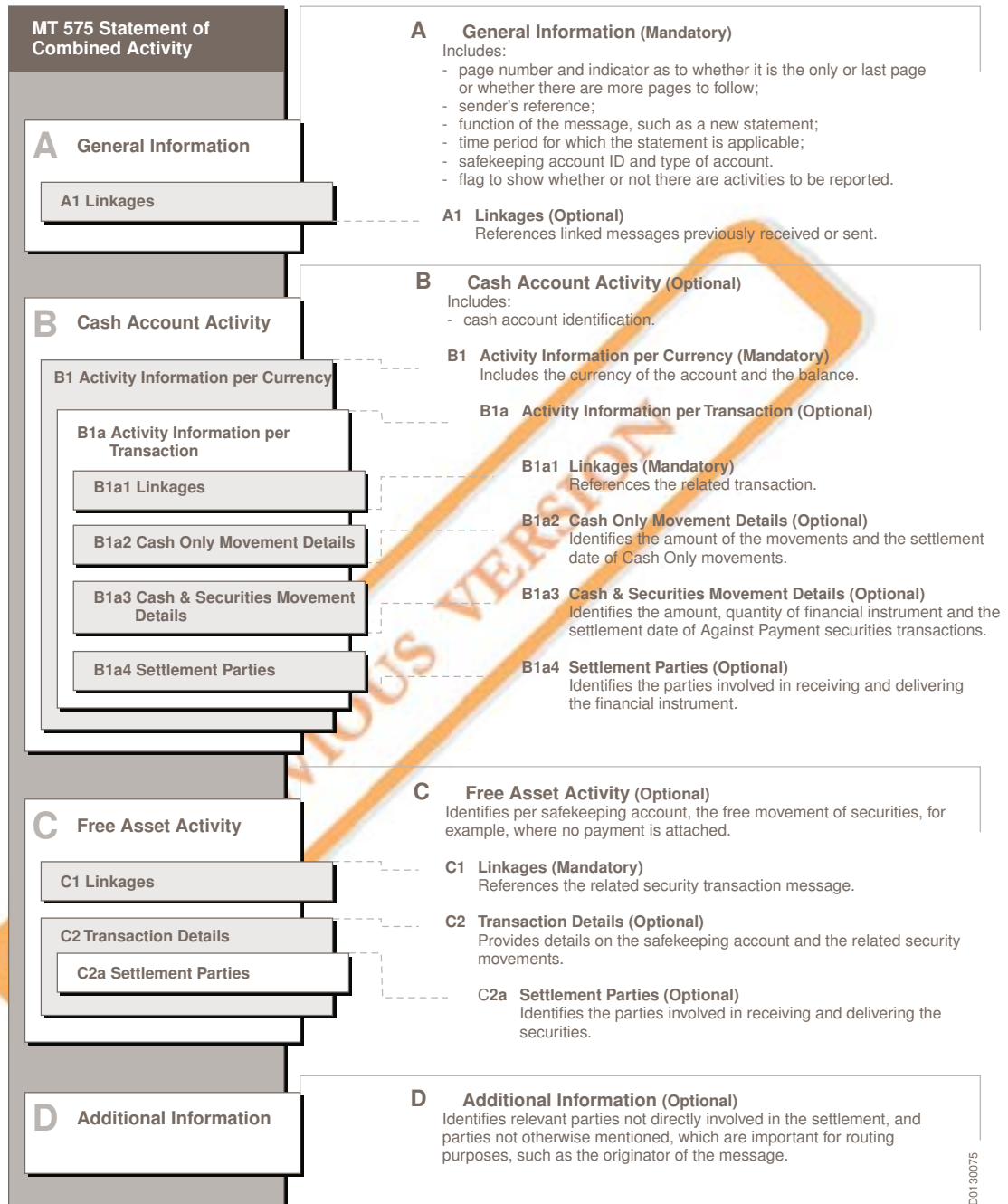
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

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 allegation, 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 allegation to be incorrect, for example, the counterparty has made an error, the settlement allegation 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:

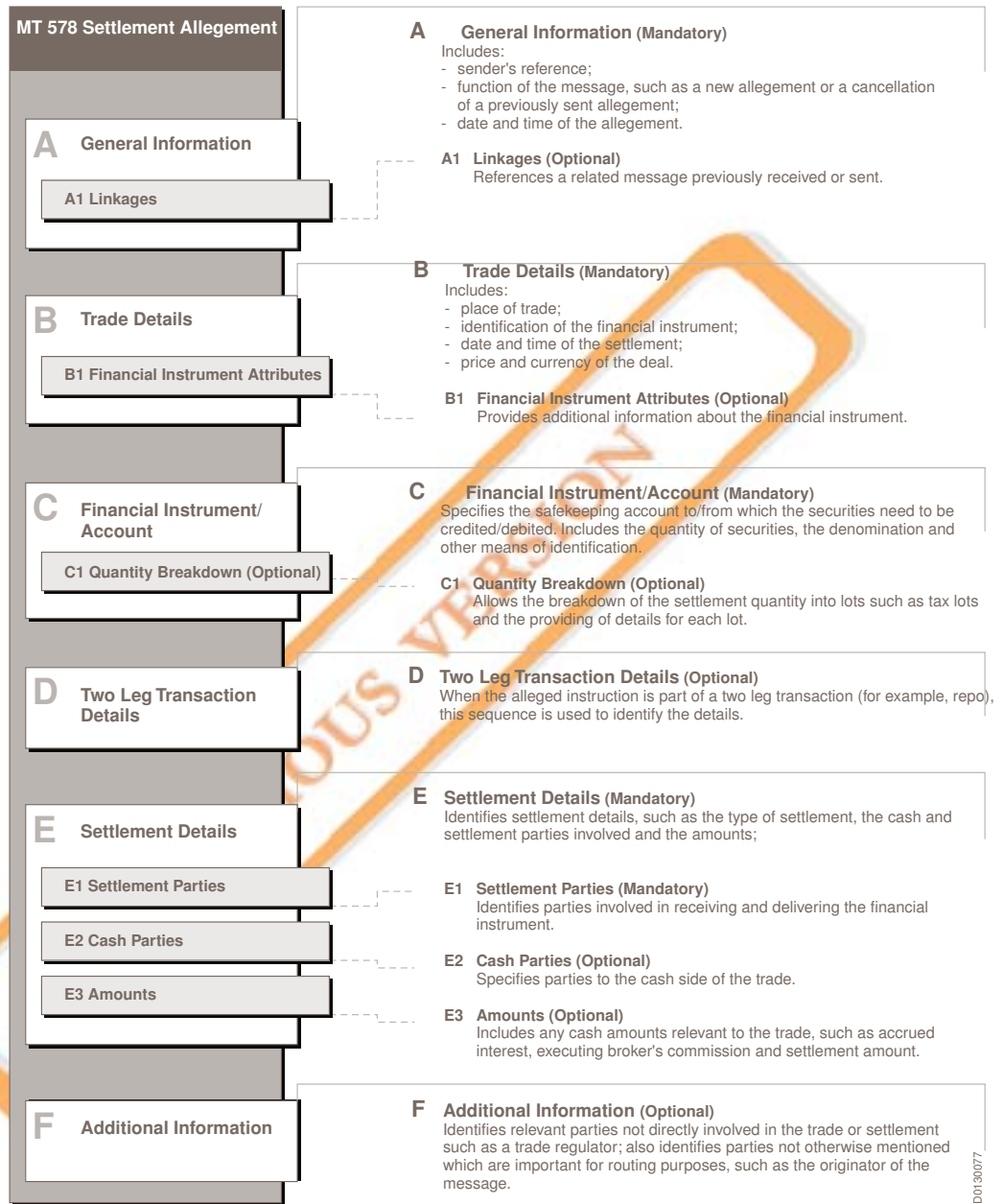
- Request the cancellation or removal of a previously sent settlement allegation.
- Duplicate a settlement allegation previously sent.
- Provide a third party with a copy of the settlement allegation.

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 allegations, 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:

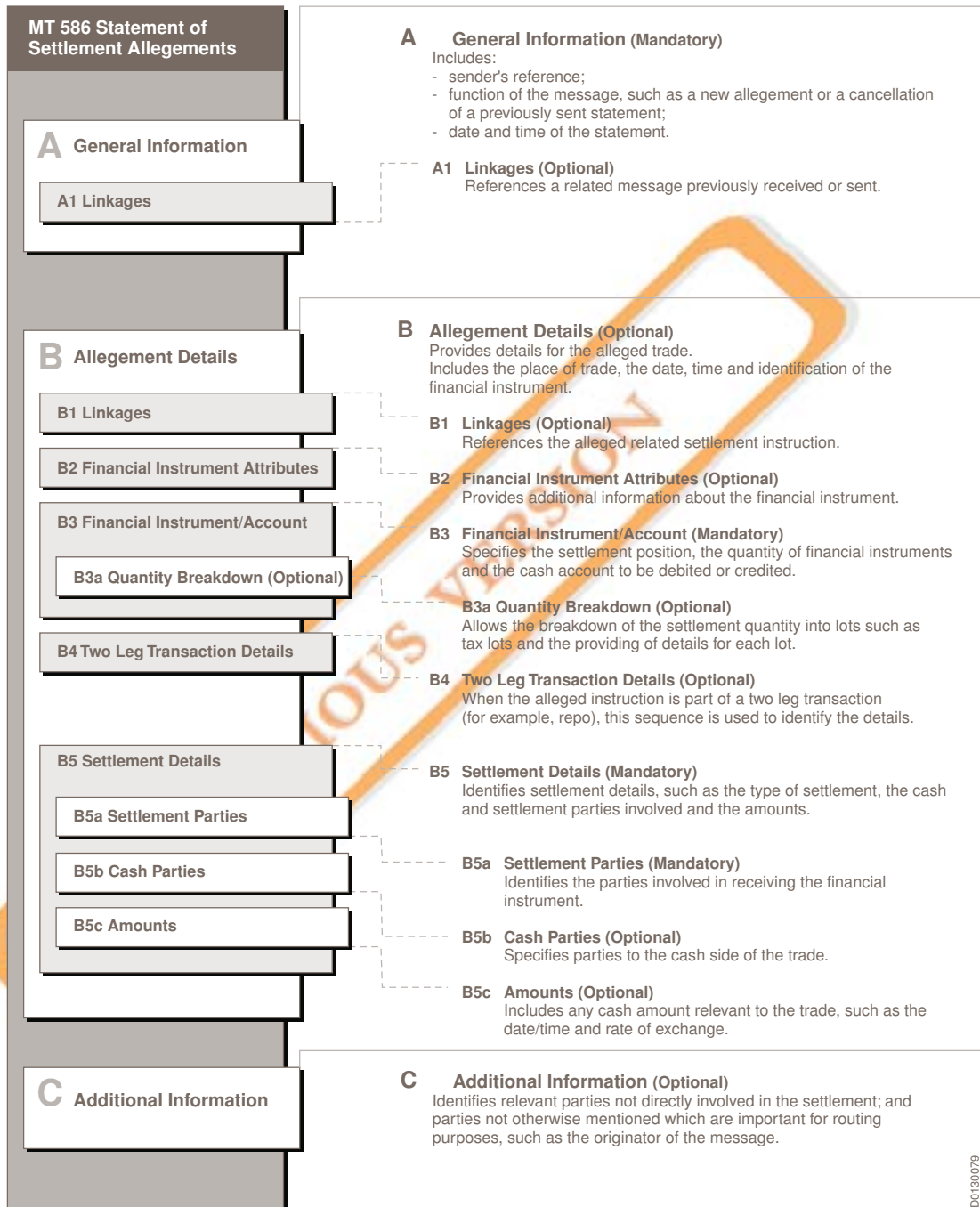
- Respond to the MT 549, a request for statement/status advice.
- Request the cancellation of a previously sent statement.
- Duplicate a statement previously sent.
- Provide a third party with a copy of the statement.

MT 586 Statement of Settlement Allegements



Graphical representation of MT 586

MT 586



D0130079

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 Category volumes](#) 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 105) 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

EXAMPLE SCENARIO OUTLINE		23 May 2005	24 May 2005	25 May 2005	26 May 2005
Settlement Status	Delivery Against Payment Matched	Receive Against Payment Settled Delivery Against Payment Settled Receive Free Unsettled Deliver Free Unmatched Alignment (Receive Free)	Receive Free Settled Deliver Free Unsettled Alignment (Receive Free)	Deliver Free Settled Alignment (Receive Free)	
Instructions from Account Owner	4 Instructions MT 540 Receive Free GB0000987654 FAMT 6000000 MT 541 Receive Against Payment GB0987654321 FAMT 4000000 MT 542 Deliver Free GB0000000123 UNIT 2000 MT 543 Deliver Against Payment GB0123456789 FAMT 5000000	Instruction: MT 549 Request for Status Advice (on Delivery Against Payment)	MT 524 Intra-Position Instruction	MT 544 Receive Free Confirmation MT 535 Statement of Holdings MT 536 Statement of Transactions MT 537 Statement of Pending Transactions	MT 546 Deliver Free confirmation MT 508 Intra-Position Advice MT 538 Statement of Intra-Position Advances MT 539 Statement of Combined Activity MT 538 Statement of Settlement Arrangements
Messages from Account Servicer	MT 546 Settlement Status (on Delivery Against Payment)	MT 545 Receive Against Payment Confirmation MT 547 Deliver Against Payment Confirmation MT 578 Settlement Alignment			
Holdings end of the day	19 May 2005 Holdings GB00000123456 UNIT 70000 GB0000000123 UNIT 2000 GB0123456789 FAMT 5000000	23 May 2005 Holdings GB00000123456 UNIT 70000 GB0000000123 UNIT 2000 GB0123456789 FAMT 5000000	24 May 2005 Holdings GB00000123456 UNIT 70000 GB0000000123 UNIT 2000 GB0123456789 FAMT 5000000 GB0987654321 FAMT 4000000	25 May 2005 Holdings GB00000123456 UNIT 70000 GB0000000123 UNIT 2000 GB0123456789 FAMT 5000000 GB0987654321 FAMT 4000000 GB0000987654 FAMT 6000000	26 May 2005 Holdings GB00000123456 UNIT 70000 GB0000000123 UNIT 2000 GB0123456789 FAMT 5000000 GB0987654321 FAMT 4000000 GB0000987654 FAMT 6000000

Additional Information

Fund Manager (IMI) JP Morgan Investment GmbH, Frankfurt	MGTOE55 111S	Business Identifier Code Safekeeping Account with its Global Custodian
Global Custodian Dresdner Bank, Frankfurt	DRESEDEF 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

6910100

Note For educational purposes, we represented all the parties involved on both sides of the settlement chain. 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 the 19 May 2005, Dresdner Bank Frankfurt (DRESDEFF) instructs their sub-custodian Dresdner Bank London (DRESGB2L) to receive free securities in favour of their customer JP Morgan Investment GMBH Frankfurt (MGTCDE55).

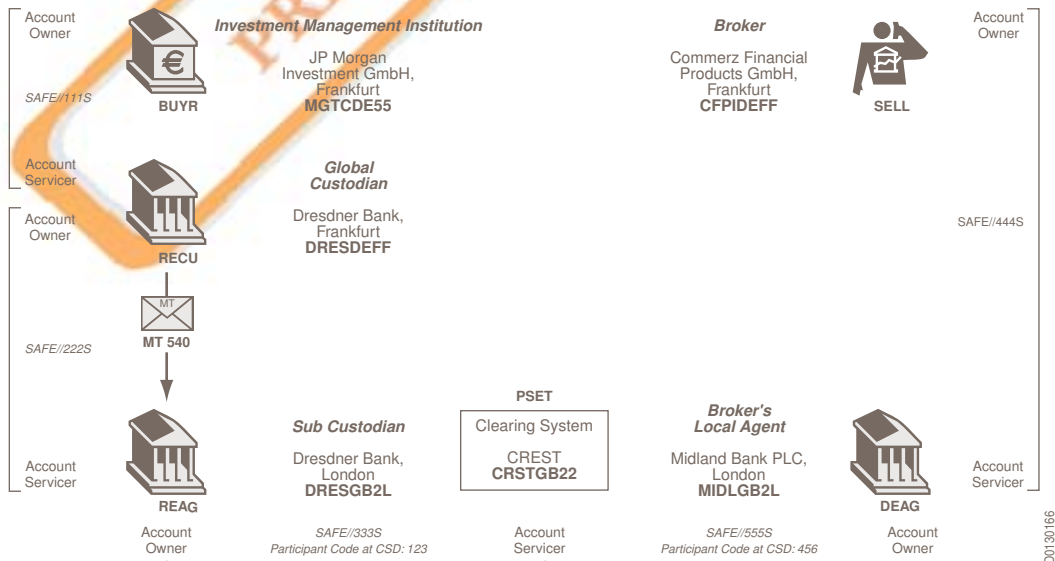
The securities are to be delivered by Midland Bank PLC London (MIDLGB2L) on behalf of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 540 instruction

Instructions from Account Owner	4 Instructions MT 540 Receive Free GB0000987654 FAMT 6000000 MT 541 Receive Against Payment GB0987654321 FAMT 4000000 MT 542 Deliver Free GB 0000000123 UNIT 2000 MT 543 Deliver Against Payment GB0123456789 FAMT 5000000	Instruction: MT 549 Request for (on Delivery Against)
Messages from Account Servicer		MT 548 Settlement (on Delivery Against)
	19 May 2005	23 May 2005

Message flow

Diagram of the MT 540 instruction flow



Message example

MT 540

	Field content	Notes
MT 540 Receive Free		
	DRESDEFF	Sender
	540	Message Type
	DRESGB2L	Receiver
A General Information	:16R:GENL	Start of Block
	:20C::SEME//FRTJ123REC1	Sender's Reference
	:23G:NEWM	Message Function: New message
	:16S:GENL	End of Block
B Trade Details	:16R:TRADETT	Start of Block
	:98A::TRAD//20050519	Trade Date (YYYYMMDD)
	:98A::SETT//20050524	Settlement Date (YYYYMMDD)
	:35B:ISIN GB0000987654	Identification of Security
	:16S:TRADETT	End of Block
C Financial Instrument Account	: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
E Settlement Details	:16R:SETDET	Start of Block
	:22F::SETR//TRAD	Indicator: Type of Settlement Transaction
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::SELL//CPFIDEFF	Party Identification: Seller
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/456	Party Identification: Delivering Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/123	Party Identification: Receiving Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::BUYR//MGTCDE55	Party Identification: Buyer
	:97A::SAFE//111S	Safekeeping Account of the Buyer
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
	:16S:SETPRTY	End of Block
	:16S:SETDET	End of Block

DOI30165

7.3 Example using the MT 541 Receive Against Payment

Scenario

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

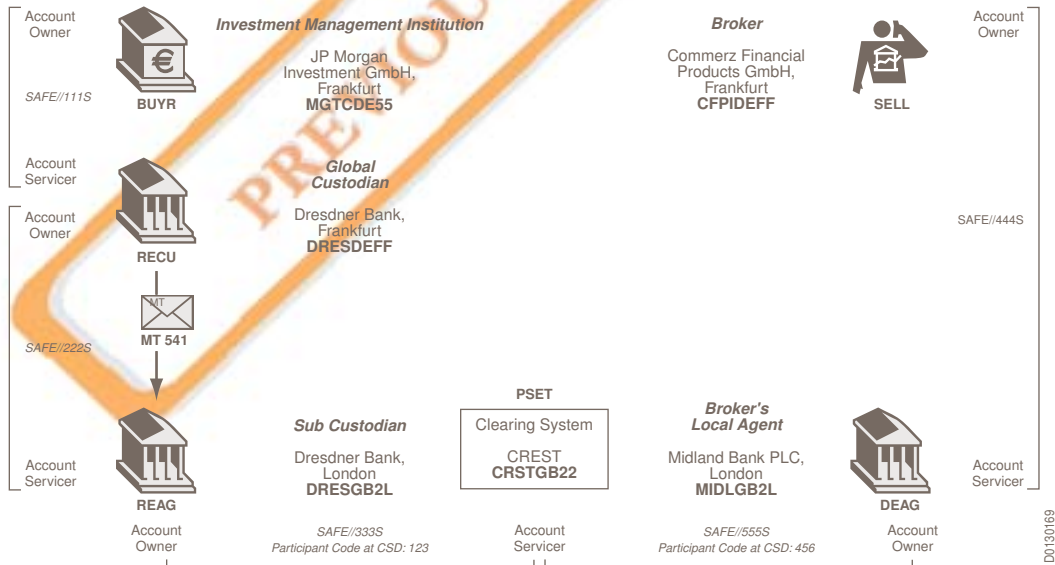
The securities are to be delivered by Midland Bank PLC London (MIDLGB2L) on behalf of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 541 instruction

Instructions from Account Owner	4 Instructions MT 540 Receive Free GB0000987654 FAMT 6000000 MT 541 Receive Against Payment GB0987654321 FAMT 4000000 MT 542 Deliver Free GB0000000123 UNIT 2000 MT 543 Deliver Against Payment GB0123456789 FAMT 5000000	Instruction: MT 549 Request for (on Delivery Against
Messages from Account Servicer		MT 548 Settlement (on Delivery Against
	19 May 2005	23 May 2005

Message flow

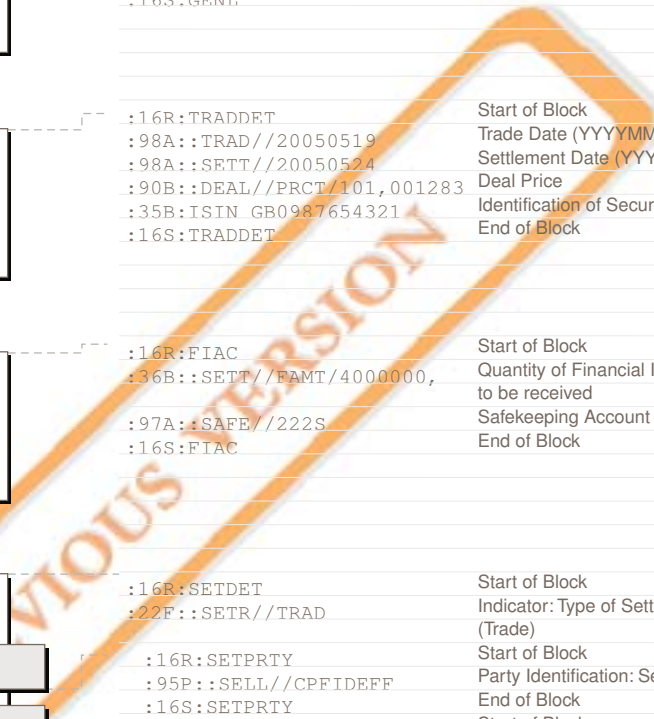
Diagram of the MT 541 instruction flow



Message example

MT 541

Field content	Notes
MT 541 Receive Against Payment	
DRESDEFF	Sender
541	Message Type
DRESGB2L	Receiver
A General Information	
:16R:GENL	Start of Block
:20C::SEME//FRTJ123REC2	Sender's Reference
:23G:NEWM	Message Function: New message
:16S:GENL	End of Block
B Trade Details	
:16R:TRADEDET	Start of Block
:98A::TRAD//20050519	Trade Date (YYYYMMDD)
:98A::SETT//20050524	Settlement Date (YYYYMMDD)
:90B::DEAL//PRCT/101,001283	Deal Price
:35B:ISIN_GB0987654321	Identification of Security
:16S:TRADEDET	End of Block
C Financial Instrument Account	
:16R:FIAC	Start of Block
:36B::SETT//FAMT/4000000,	Quantity of Financial Instrument to be received
:97A::SAFE//222S	Safekeeping Account to be credited
:16S:FIAC	End of Block
E Settlement Details	
:16R:SETDET	Start of Block
:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
E1 Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::SELL//CPFIDEFF	Party Identification: Seller
:16S:SETPRTY	End of Block
E1 Settlement Parties	
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/456	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
E1 Settlement Parties	
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/123	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
E1 Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
:16S:SETPRTY	End of Block
E1 Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::BUYR//MGTCDE55	Party Identification: Buyer
:97A::SAFE//111S	Safekeeping Account of the Buyer
:16S:SETPRTY	End of Block
E3 Amounts	
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
E1 Settlement Parties	
:16R:AMT	Start of Block
:19A::SETT//GBP4047151,3	Settlement Account
:16S:AMT	End of Block
:16S:SETDET	End of Block



D0130168

7.4 Example using the MT 542 Deliver Free

Scenario

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

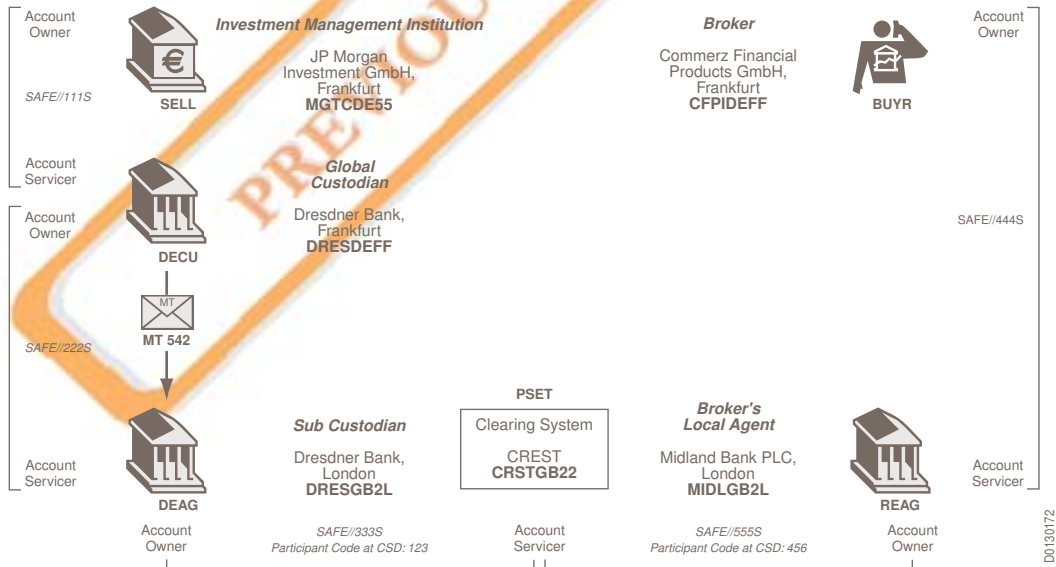
The securities are to be received by Midland Bank PLC London (MIDLGB2L) in favour of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 542 instruction

Instructions from Account Owner	4 Instructions MT 540 Receive Free GB0000987654 FAMT 6000000 MT 541 Receive Against Payment GB0987654321 FAMT 4000000 MT 542 Deliver Free GB0000000123 UNIT 2000 MT 543 Deliver Against Payment GB0123456789 FAMT 5000000	Instruction: MT 549 Request for (on Delivery Against
Messages from Account Servicer		MT 548 Settlement (on Delivery Against
	19 May 2005	23 May 2005

Message flow

Diagram of the MT 542 instruction flow



Message example

MT 542

	Field content	Notes
MT 542 Deliver Free		
	DRESDEFF	Sender
	542	Message Type
	DRESGB2L	Receiver
A General Information	:16R:GENL	Start of Block
	:20C::SEME//FRTJ123DEL1	Sender's Reference
	:23G:NEWM	Message Function: New message
	:16S:GENL	End of Block
B Trade Details	:16R:TRADEDET	Start of Block
	:98A::TRAD//20050519	Trade Date (YYYYMMDD)
	:98A::SETT//20050524	Settlement Date (YYYYMMDD)
	:35B:ISIN GB0000000123	Identification of Security
	:16S:TRADEDET	End of Block
C Financial Instrument Account	: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
E Settlement Details	:16R:SETDET	Start of Block
	:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::SELL//MGTCDE55	Party Identification: Seller
	:97A::SAFE//111S	Safekeeping Account of the Seller
E1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95P::DECU/DRESDEFF	Party Identification: Delivering Custodian
E1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/123	Party Identification: Delivering Agent
E1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/456	Party Identification: Receiving Agent
E1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95P::BUYR//CFPIDEFF	Party Identification: Buyer
E1 Settlement Parties	: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

DOI30171

7.5 Example using the MT 543 Deliver Against Payment

Scenario

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

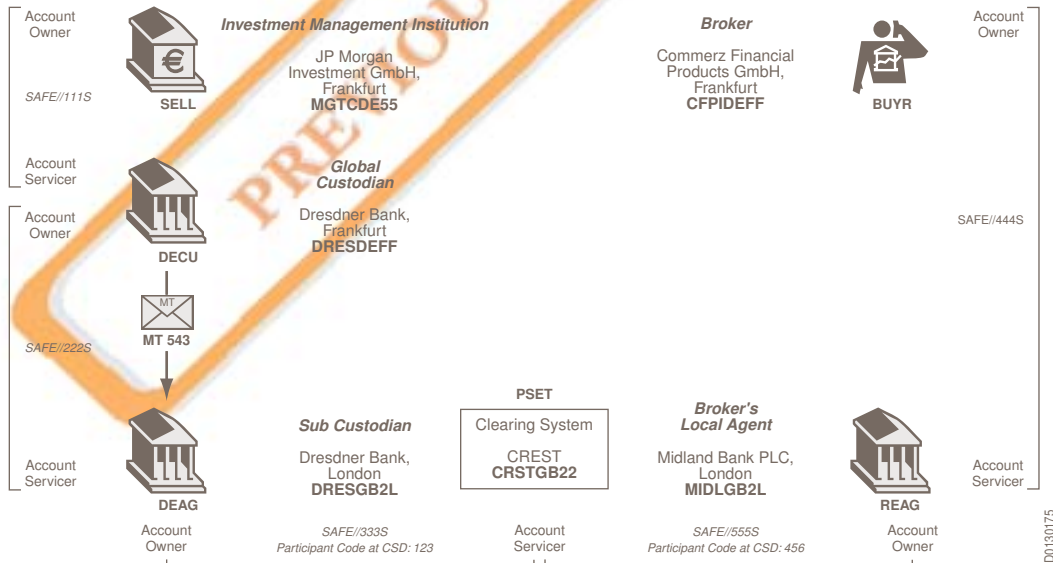
The securities are to be received by Midland Bank PLC London (MIDLGB2L) in favour of Commerz Financial Products GMBH Frankfurt (CFPIDEFF).

Scenario section highlighting the MT 543 instruction

Instructions from Account Owner	4 Instructions MT 540 Receive Free GB0000987654 FAMT 6000000 MT 541 Receive Against Payment GB0987654321 FAMT 4000000 MT 542 Deliver Free GB00000000123 UNIT 2000 MT 543 Deliver Against Payment GB0123456789 FAMT 5000000	Instruction: MT 549 Request for (on Delivery Against)
Messages from Account Servicer		MT 548 Settlement (on Delivery Against)
	19 May 2005	23 May 2005

Message flow

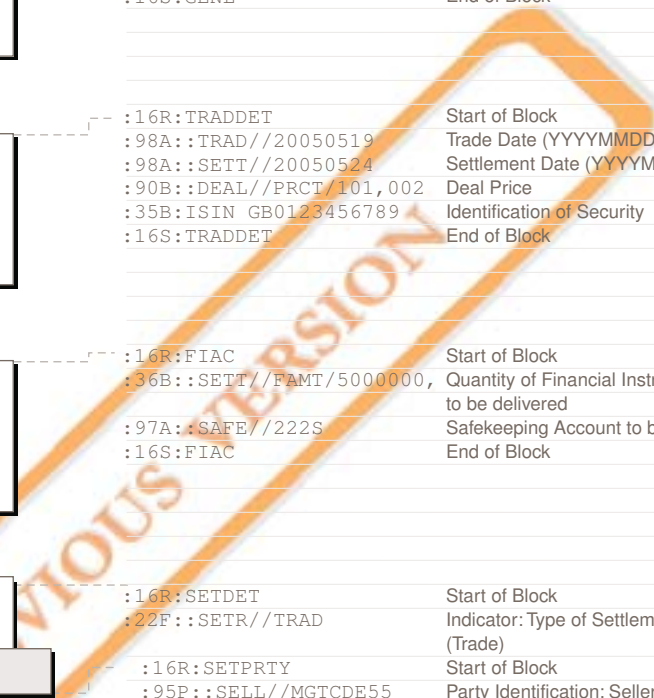
Diagram of the MT 543 instruction flow



Message example

MT 543

MT 543 Deliver Against Payment		Field content	Notes
		DRESDEFF	Sender
		543	Message Type
		DRESGB2L	Receiver
A	General Information	:16R:GENL	Start of Block
		:20C::SEME//FRTJ123DEL2	Sender's Reference
		:23G:NEWM	Message function: New message
		:16S:GENL	End of Block
B	Trade Details	:16R:TRADDET	Start of Block
		:98A::TRAD//20050519	Trade Date (YYYYMMDD)
		:98A::SETT//20050524	Settlement Date (YYYYMMDD)
		:90B::DEAL//PRCT/101,002	Deal Price
		:35B:ISIN GB0123456789	Identification of Security
		:16S:TRADDET	End of Block
C	Financial Instrument Account	:16R:FIAC	Start of Block
		:36B::SETT//FAMT/5000000,	Quantity of Financial Instrument to be delivered
		:97A::SAFE//222S	Safekeeping Account to be debited
		:16S:FIAC	End of Block
E	Settlement Details	:16R:SETDET	Start of Block
		:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::SELL//MGTCDE55	Party Identification: Seller
		:97A::SAFE//111S	Safekeeping Account of the Seller
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::DECU//DRESDEFF	Party Identification: Delivering Custodian
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95R::DEAG/CRST/123	Party Identification: Delivering Agent
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95R::REAG/CRST/456	Party Identification: Receiving Agent
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::BUYR//CFPIDEFF	Party Identification: Buyer
		:16S:SETPRTY	End of Block
	E3 Amounts	:16R:SETPRTY	Start of Block
		:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
		:16S:SETPRTY	End of Block
		:16R:AMT	Start of Block
		:19A::SETT//GBP5057200,	Settlement Amount
		:16S:AMT	End of Block
		:16S:SETDET	End of Block



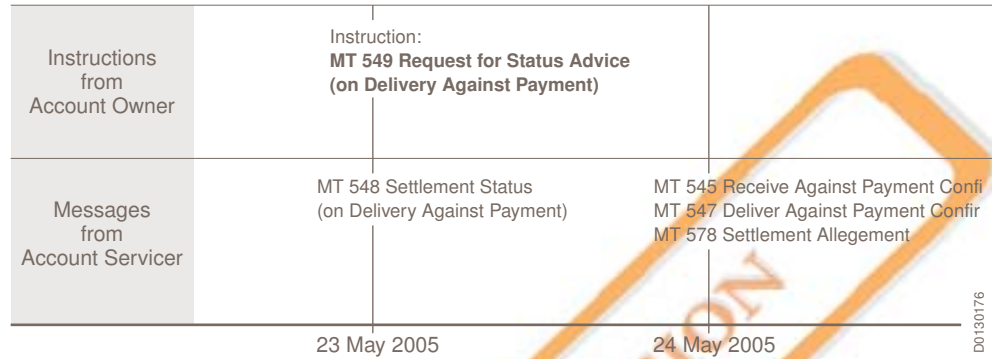
D0130174

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

Scenario

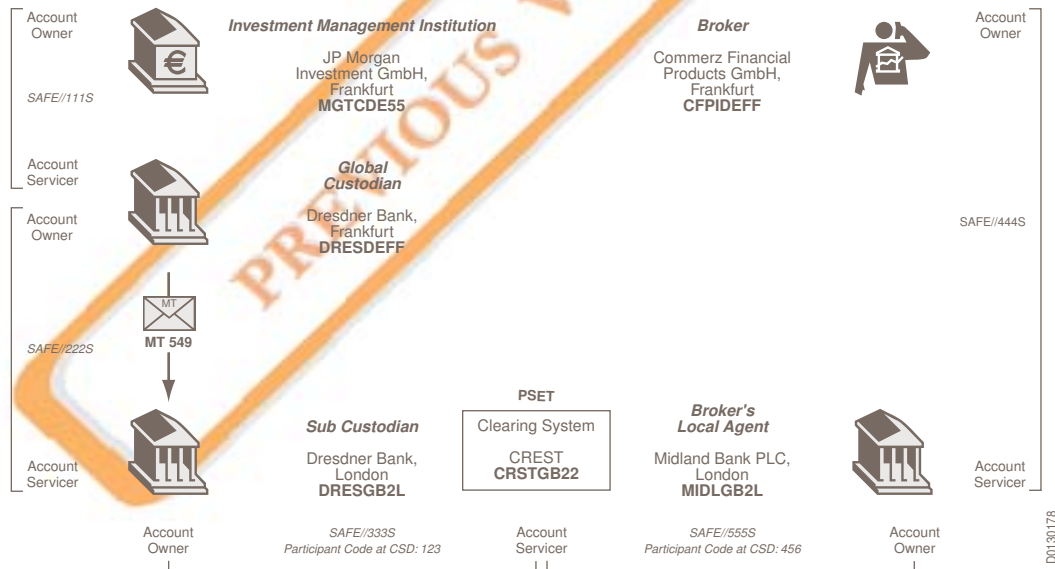
On the 23 May 2005, Dresdner Bank Frankfurt (DRESDEFF) requests from its sub-custodian Dresdner Bank London (DRESGB2L) the status of the previously sent Deliver Against Payment instruction.

Scenario section highlighting the MT 549 instruction



Message flow

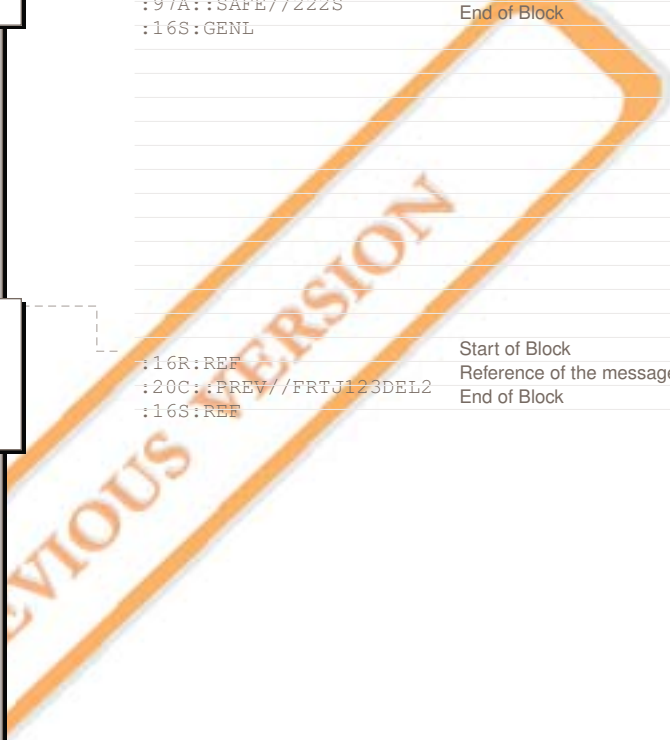
Diagram of the MT 549 instruction flow



Message example

MT 549

MT 549 Request for Statement/ Status Advice	Field content	Notes
A General Information	DRESDEFF	Sender
	549	Message Type
	DRESGB2L	Receiver
	:16R:GENL	Start of Block
	:20C::SEME//FRTJ456DEL2	Sender's Reference
C Instruction Reference	:13A::REQU//548	Requested Message Type
	:97A::SAFE//222S	Safekeeping Account
	:16S:GENL	End of Block
:16R:REF	Start of Block	
:20C::PREV//FRTJ123DEL2	Reference of the message previously sent	
:16S:REF	End of Block	



D0130177

7.7 Example using the MT 548 Settlement Status and Processing Advice

Scenario

On the 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.

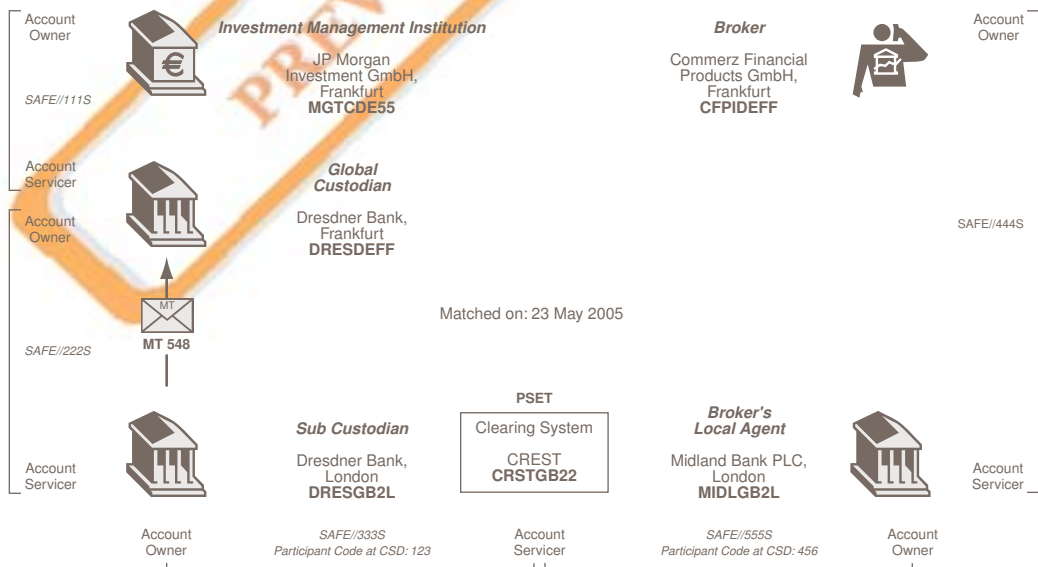
Scenario section highlighting the MT 548

Instructions from Account Owner	Instruction: MT 549 Request for Status Advice (on Delivery Against Payment)	
Messages from Account Servicer	MT 548 Settlement Status (on Delivery Against Payment)	MT 545 Receive Against Payment Confi MT 547 Deliver Against Payment Confir MT 578 Settlement Allegement
	23 May 2005	24 May 2005

D0130179

Message flow

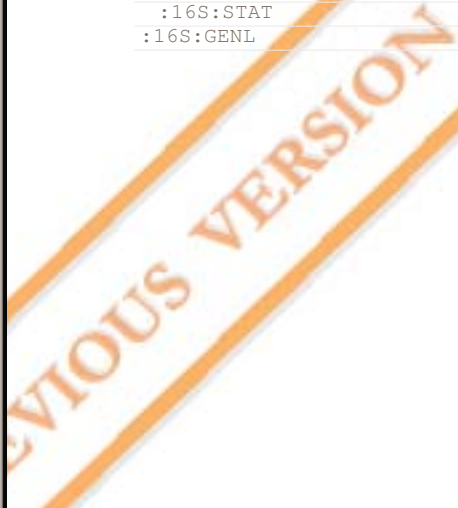
Diagram of the MT 548 message flow



Message example

MT 548

MT 548 Settlement Status and Processing Advice	Field content	Notes	
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> A General Information </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px; background-color: #eee;"> A1 Linkages </div> <div style="border: 1px solid black; padding: 5px; background-color: #eee;"> A2 Status </div>	DRESGB2L	Sender	
	548	Message Type	
	DRESDEFF	Receiver	
		:16R:GENL	Start of Block
		:20C::SEME//D9876XYZD2SST2	Sender's Reference
		:23G:INST	Message Function: Trans 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

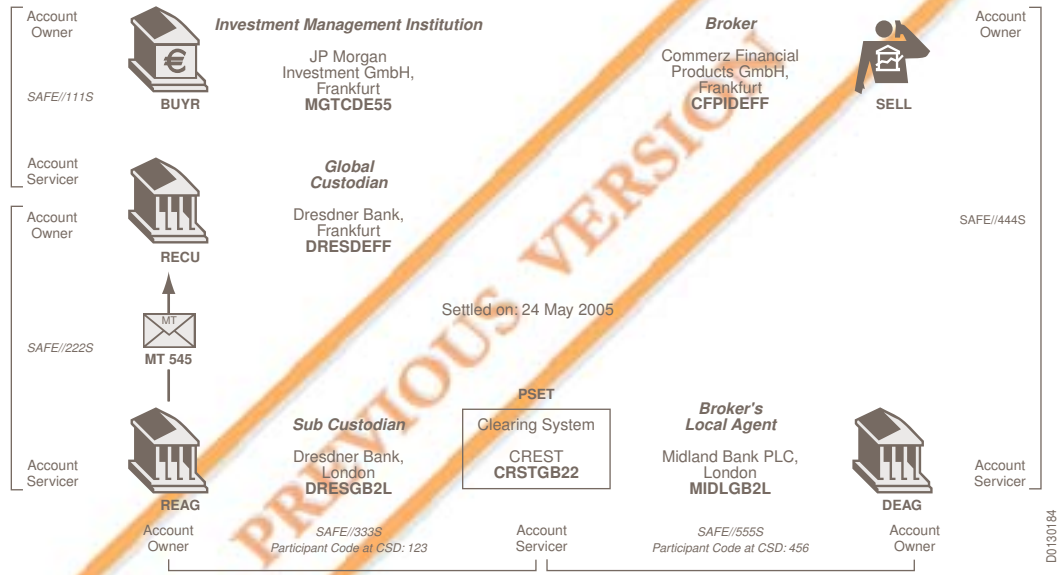
On the 24 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Receive Against Payment settled on the 24 May 2005.

Scenario section highlighting the MT 545

Instructions from Account Owner			MT 524 Intra-Position In
Messages from Account Servicer		MT 545 Receive Against Payment Confirmation MT 547 Deliver Against Payment Confirmation MT 578 Settlement Allegement	MT 544 Receive Free C MT 535 Statement of H MT 536 Statement of Tr MT 537 Statement of Pe
	24 May 2005		25 May 2005

Message flow

Diagram of the MT 545 message flow



Message example

MT 545

	Field content	Notes
MT 545 Receive Against Payment Confirmation		
	DRESGB2L	Sender
	545	Message Type
	DRESDEFF	Receiver
A General Information	:16R:GENL	Start of Block
	:20C::SEME//C9876XYZC2	Sender's Reference
	:23G:NEWM	Message function: New message
A1 Linkages	: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
B Trade Details	: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
C Financial Instrument Account	: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
E Settlement Details	:16R:SETDET	Start of Block
	:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::SELL//CPFIDEFF	Party Identification: Seller
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/456	Party Identification: Delivering Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/123	Party Identification: Receiving Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::BUYR//MGTCDE55	Party Identification: Buyer
	:97A::SAFE//111S	Safekeeping Account of the Buyer
	:16S:SETPRTY	End of Block
E3 Amounts	: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 the 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 the 24 May 2005.

Scenario section highlighting the MT 547

Instructions from Account Owner			MT 524 Intra-Position In
Messages from Account Servicer	MT 545 Receive Against Payment Confirmation MT 547 Deliver Against Payment Confirmation MT 578 Settlement Allegement		MT 544 Receive Free C MT 535 Statement of H MT 536 Statement of Tr MT 537 Statement of Pe
	24 May 2005		25 May 2005

Message flow

Diagram of the MT 547 message flow



Message example

MT 547

	Field content	Notes
MT 547 Deliver Against Payment Confirmation		
	DRESGB2L	Sender
	547	Message Type
	DRESDEFF	Receiver
A General Information	:16R:GENL	Start of Block
	:20C::SEME//D9876XYZD2	Sender's Reference
A1 Linkages	: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
B Trade Details	:16R:TRADEDET	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:TRADEDET	End of Block
C Financial Instrument Account	: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
E Settlement Details	:16R:SETDET	Start of Block
	:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::SELL//MGTCDE55	Party Identification: Seller
	:97A::SAFE//111S	Safekeeping Account of the Seller
E1 Settlement Parties	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::DECU/DRESDEFF	Party Identification: Delivering Custodian
E1 Settlement Parties	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/123	Party Identification: Delivering Agent
E1 Settlement Parties	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/456	Party Identification: Receiving Agent
E1 Settlement Parties	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::BUYR//CFPIDEFF	Party Identification: Buyer
E1 Settlement Parties	:16S:SETPRTY	End of Block
E3 Amounts	: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

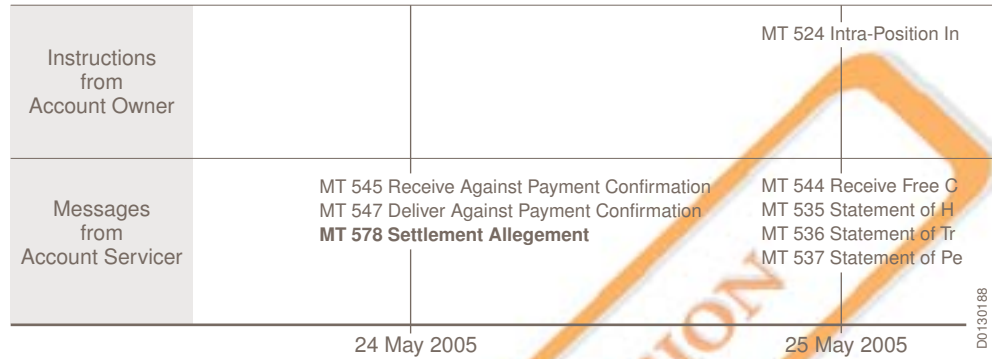
D0130186

7.10 Example using the MT 578 Settlement Allegement

Scenario

On the 24 May 2005, Dresdner Bank London (DRESGB2L) advises its customer Dresdner Bank Frankfurt (DRESDEFF) that a counterparty has alleged a settlement instruction, and that they 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

MT 578 Settlement Allegement		Field content	Notes
		DRESGB2L	Sender
		578	Message Type
		DRESDEFF	Receiver
A	General Information	:16R:GENL	Start of Block
		:20C::SEME//A4321BCD1SA1	Sender's Reference
		:23G:NEWM	Message Function: New message
		:16S:GENL	End of Block
B	Trade Details	:16R:TRADEDET	Start of Block
		:98A::TRAD//20050523	Trade Date (YYYYMMDD)
		:98A::SETT//20050529	Settlement Date (YYYYMMDD)
		:35B:ISIN GB0000054321	Identification of Security
		:22H::PAYM//FREE	Payment Indicator: Free of Payment
		:22H::REDE/DELI	Receive/Deliver Indicator: Deliver
		:16S:TRADEDET	End of Block
C	Financial Instrument Account	:16R:FIAC	Start of Block
		:36B::SETT//UNIT/10000,	Quantity of Financial Instrument to be settled
		:97A::SAFE//222S	Safekeeping Account
		:16S:FIAC	End of Block
E	Settlement Details	:16R:SETDET	Start of Block
		:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::SELL//CPFIDEFF	Party Identification: Seller
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95R::DEAG/CRST/456	Party Identification: Delivering Agent
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95R::REAG/CRST/123	Party Identification: Receiving Agent
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::BUYR//MGTCDE55	Party Identification: Buyer
		:97A::SAFE//111S	Safekeeping Account of the Buyer
		:16S:SETPRTY	End of Block
	E1 Settlement Parties	:16R:SETPRTY	Start of Block
		:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
		:16S:SETPRTY	End of Block
		:16S:SETDET	End of Block

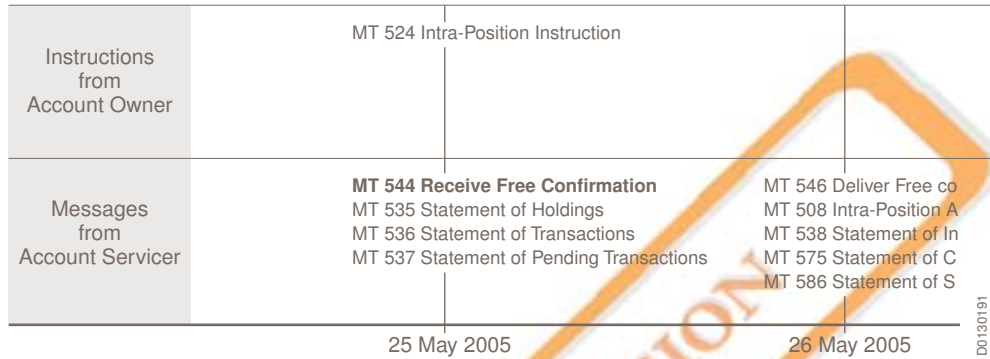
D0130189

7.11 Example using the MT 544 Receive Free Confirmation

Scenario

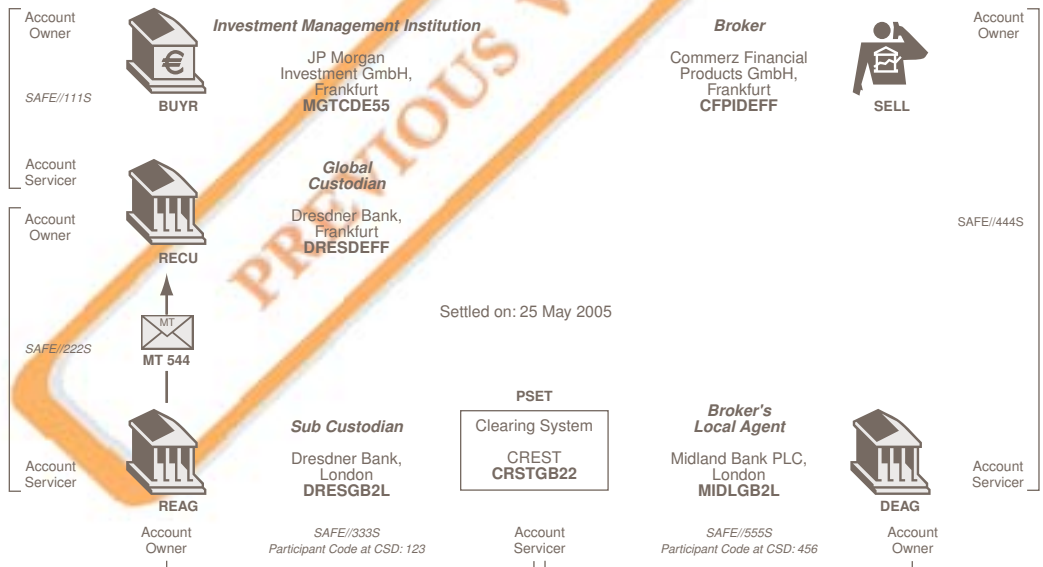
On the 25 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Receive Free settled on the 25 May 2005.

Scenario section highlighting the MT 544



Message flow

Diagram of the MT 544 message flow



Message example

MT 544

	Field content	Notes
MT 544 Receive Free Confirmation		
	DRESGB2L	Sender
	544	Message Type
	DRESDEFF	Receiver
A General Information	:16R:GENL	Start of Block
	:20C::SEME//C9876XYZC1	Sender's Reference
A1 Linkages	: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
B Trade Details	:16R:TRADEDET	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:TRADEDET	End of Block
C Financial Instrument Account	:16R:FIAC	Start of Block
	:36B::ESET//FAMT/6000000,	Quantity of Financial Instrument settled
	:97A::SAFE//222S	Safekeeping Account credited
	:16S:FIAC	End of Block
E Settlement Details	:16R:SETDET	Start of Block
	:22F::SETR//TRAD	Indicator: Type of Settlement Transaction (Trade)
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::SELL//CPFIDEFF	Party Identification: Seller
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/456	Party Identification: Delivering Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/123	Party Identification: Receiving Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::RECU//DRESDEFF	Party Identification: Receiving Custodian
	:16S:SETPRTY	End of Block
E1 Settlement Parties	: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

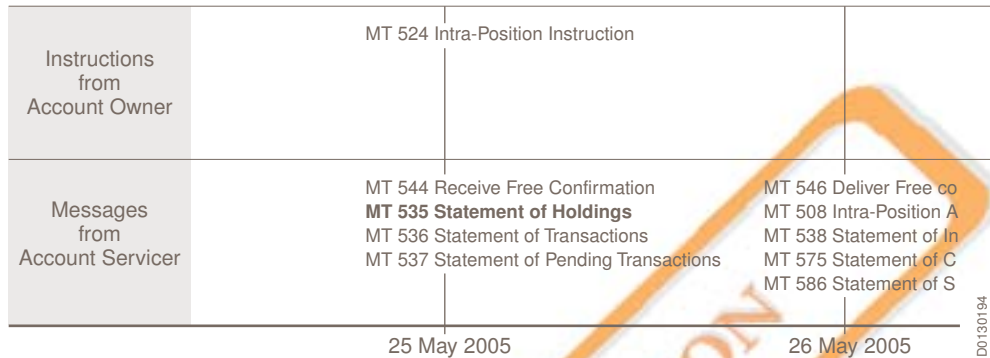
D0130192

7.12 Example using the MT 535 Statement of Holdings

Scenario

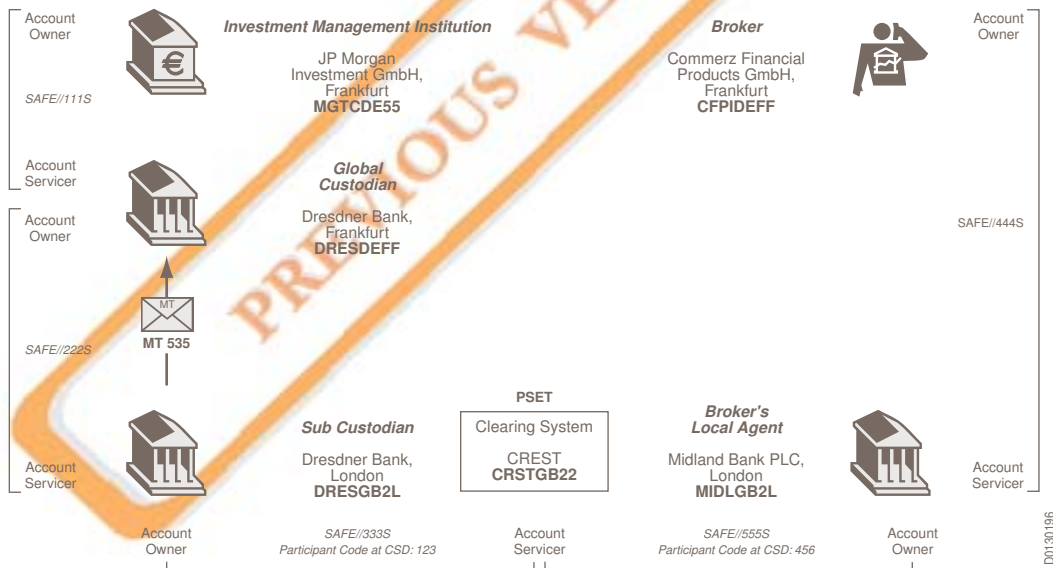
On the 25 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of Holdings.

Scenario section highlighting the MT 535



Message flow

Diagram of the MT 535 message flow



Message example

MT 535

MT 535 Statement of Holdings	Field content	Notes
	DRESGB2L	Sender
	535	Message Type
	DRESDEFF	Receiver
A General Information	:16R:GENL	Start of Block
	:28E:0001/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::ACTL//Y	There are positions to be reported
	:17B::CONS//N	The statement is not a sub-safekeeping one
	:16S:GENL	End of Block
B Sub-Safekeeping Account	:16R:SUBSAFE	Start of Block
B1 Financial Instrument	: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
B1 Financial Instrument	: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
B1 Financial Instrument	: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
B1 Financial Instrument	:16R:FIN	Start of Block
B1b Balance	: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

D01/01/05

7.13 Example using the MT 536 Statement of Transactions

Scenario

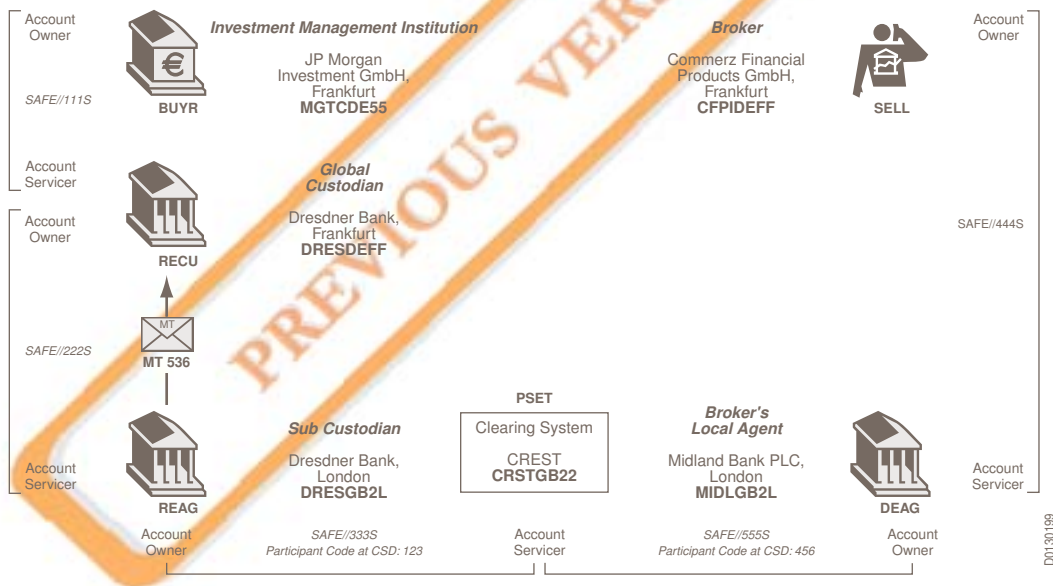
On the 25 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of Transactions.

Scenario section highlighting the MT 536

Instructions from Account Owner	MT 524 Intra-Position Instruction	
Messages from Account Servicer	MT 544 Receive Free Confirmation MT 535 Statement of Holdings MT 536 Statement of Transactions MT 537 Statement of Pending Transactions	MT 546 Deliver Free co MT 508 Intra-Position A MT 538 Statement of In MT 575 Statement of C MT 586 Statement of S
	25 May 2005	26 May 2005

Message flow

Diagram of the MT 536 message flow



Message example

MT 536

Field content	Notes
DRESGB2L	Sender
536	Message Type
DRESDEFF	Receiver
A General Information	
:16R:GENL	Start of Block
:28E:00001/ONLY	There is only one page
:13A::STAT//124	Statement number 124
:20C::SEME//D9876XYZD2STR2	Sender's Reference
:23G:NEWM	Message Function: New message
:69A::STAT//20050524//20050525	The statement date is 25 May 2005
:22F::SFRE//DAIL	The statement is sent daily
:22F::CODE//COMP	The statement gives complete info
:22F::STBA//SETT	The statement is based on actual settlement date positions
:97A::SAFE//222S	Safekeeping Account
:17B::ACTI//Y	There are transactions to be reported
:17B::CONS//N	The statement is not a sub-safekeeping one
:16S:GENL	End of Block
B Sub-safekeeping Account	
:16R:SUBSAFE	Start of Block
:16R:FIN	Start of Block
:35B:ISIN GB0000987654	Identification of Financial Instrument
:16R:TRAN	Start of Block
B1 Financial Instrument	
:16R:LINK	Start of Block
:13A::LINK//540	Type of transaction linked to this transaction
B1a Transaction	
B1a1 Linkages	
:20C::RELA//FRTJ123REC1	Reference of the linked message previously received
:16S:LINK	End of Block
B1a2 Transaction Details	
:16R:TRANSDDET	Start of Block
:36b::PSTA//FAMT/6000000,	Posting quantity of Financial Instrument
:22F::TRAN//SETT	Transactor Indicator: Settlement & Clearing Activity
:22H::REDE//RECE	Receive Indicator
:22H::PAYM//FREE	Payment Indicator: Free of Payment
:22F::SETR//TRAD	Type of Settlement Transaction: Trade
:98A::ESET//20050525	Effective Settlement Date: 25 May 2005
B1a2a Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::SELL//CPFIDEFF	Party Identification: Seller
:16S:SETPRTY	End of Block
B1a2a Settlement Parties	
:16R:SETPRTY	Start of Block
:95R::DEAG/CRST/456	Party Identification: Delivering Agent
:16S:SETPRTY	End of Block
B1a2a Settlement Parties	
:16R:SETPRTY	Start of Block
:95R::REAG/CRST/123	Party Identification: Receiving Agent
:16S:SETPRTY	End of Block
B1a2a Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::RECU//DRESDEFF	Party Identification: Receiving Custdn
:16S:SETPRTY	End of Block
B1a2a Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::BUYR//MGTCDE55	Party Identification: Buyer
:97A::SAFE//111S	Safekeeping Account of the Buyer
:16S:SETPRTY	End of Block
B1a2a Settlement Parties	
:16R:SETPRTY	Start of Block
:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
:16S:SETPRTY	End of Block
:16S:TRANSDDET	End of Block
:16S:TRAN	End of Block
:16S:FIN	End of Block
:16S:SUBSAFE	End of Block

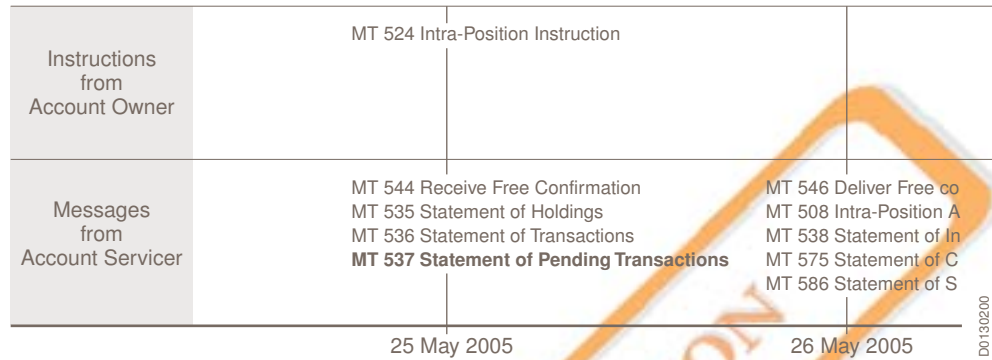
DOI 30/198

7.14 Example using the MT 537 Statement of Pending Transactions

Scenario

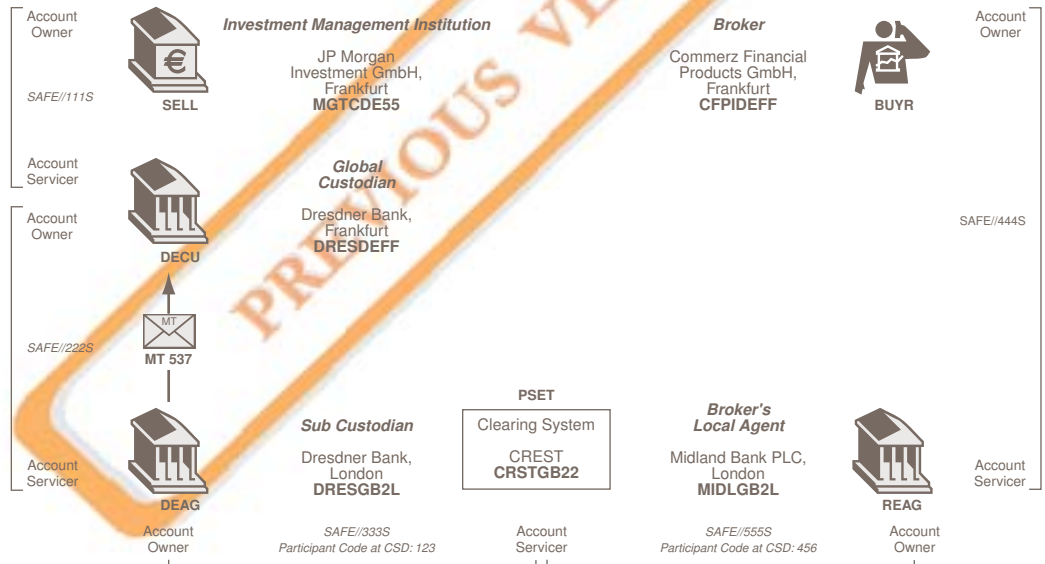
On the 25 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a statement per status of its pending transactions.

Scenario section highlighting the MT 537



Message flow

Diagram of the MT 537 message flow



Message example

MT 537

	Field content	Notes
MT 537 Statement of Pending Transactions		
	DRESGB2L	Sender
	537	Message Type
	DRESDEFF	Receiver
A General Information	:16R:GENL	Start of Block
	:28E:00001/ONLY	There is only one page
	:13A::STAT//124	Statement number 124
	:20C::SEME//D9876XYZD2SPT2	Sender's Reference
	:23G:NEWM	Message Function: New message
	:98A::STAT//20050525	The statement date is 25 May 2005
	:22H::STST//STAT	The statement is per status
	:22F::SFRE//DAIL	The statement is sent daily
	:22F::CODE//COMP	The statement gives complete info
	:97A::SAFE//222S	Safekeeping Account
	:17B::ACTI//Y	There are pending transactions to be reported
	:16S:GENL	End of Block
B Status	:16R:STAT	Start of Block
B1 Reason	:25D::MTCH//NMAT	Matching Status: Unmatched
	:16R:REAS	Start of Block
B2 Transaction	:24B::NMAT//DQUA	Unmatched reason: Disagreement
	:16S:REAS	End of Block
B2a Linkages	:16R:TRAN	Start of Block
	:16R:LINK	Start of Block
	:13A::LINK//542	Type of transaction linked to this transaction
	:20C::RELA//FRTJ123DEL1	Reference of the message previously received
	:16S:LINK	End of Block
B2b Transaction Details	:16R:TRANSDET	Start of Block
	:35B:ISIN GB0000000123	Identification of the Financial Instrument
	:36B::PSTA/UNIT/2000,	Posting quantity
	:22F::TRAN//SETT	Transaction Indicator: Settlement & Clearing Activity
	:22H::REDE//DELI	Delivery Indicator
	:22H::PAYM//FREE	Payment Indicator: Free of Payment
	:22F::SETR//TRAD	Type of Settlement Transaction: Trade
	:98A::SETT//20050525	Settlement Date
	:98A::EXSE//20050526	Expected Settlement Date
B2b1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::SELL/MGTCDE55	Party Identification: Seller
B2b1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95P::DECU//DRESDEFF	Party Identification: Delivering Custodian
B2b1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/123	Party Identification: Delivering Agent
B2b1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/456	Party Identification: Receiving Agent
B2b1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95P::BUYR//CFPIDEFF	Party Identification: Buyer
B2b1 Settlement Parties	:16S:SETPRTY	End of Block
	:16R:SETPRTY	Start of Block
	:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
	:16S:SETPRTY	End of Block
	:16S:TRANSDET	End of Block
	:16S:TRAN	End of Block
	:16S:STAT	End of Block

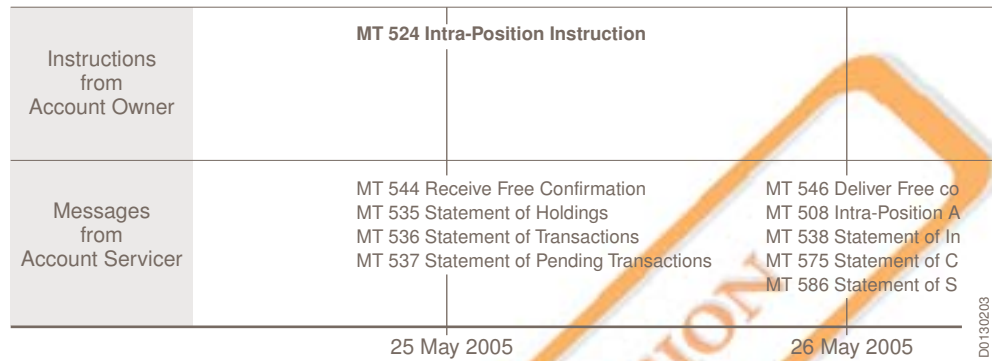
D0130201

7.15 Example using the MT 524 Intra-Position Instruction

Scenario

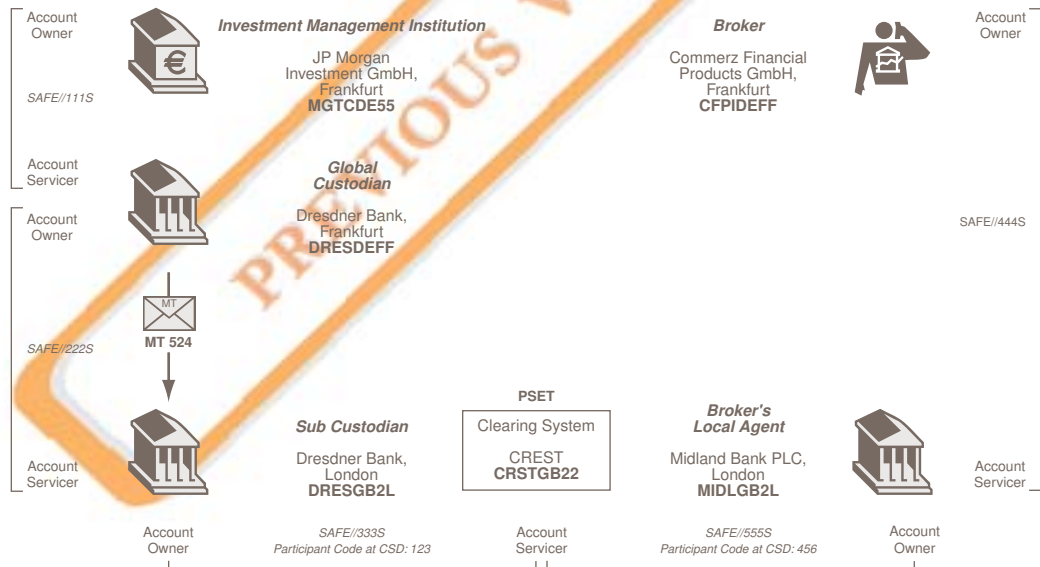
On the 25 May 2005, Dresdner Bank Frankfurt (DRESDEFF) requests its sub-custodian Dresdner Bank London (DRESGB2L) to move securities from the Available to the Restricted sub-balance.

Scenario section highlighting the MT 524 instruction



Message flow

Diagram of the MT 524 message flow



Message example

MT 524

MT 524 Intra-Position Instruction	Field content	Notes
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> A General Information </div> <div style="border: 1px solid black; padding: 5px;"> B Intra-Position Details </div>	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:INPODET	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:INPODET	End of Block	

D0130204

7.16 Example using the MT 508 Intra-Position Advice

Scenario

On the 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.

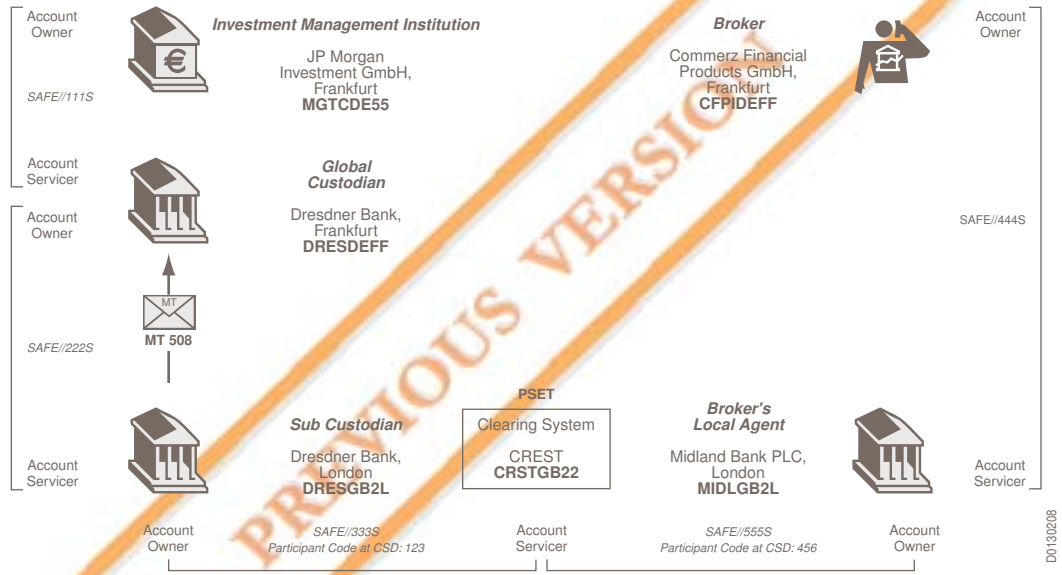
Scenario section highlighting the MT 508

Instructions from Account Owner	Intra-Position Instruction	
Messages from Account Servicer	Receive Free Confirmation Statement of Holdings Statement of Transactions Statement of Pending Transactions	MT 546 Deliver Free confirmation MT 508 Intra-Position Advice MT 538 Statement of Intra-Position Advices MT 575 Statement of Combined Activity MT 586 Statement of Settlement Allegements

26 May 2005

Message flow

Diagram of the MT 508 message flow



Message example

MT 508

MT 508 Intra-Position Advice	Field content	Notes
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> A General Information </div> <div style="border: 1px solid black; padding: 5px;"> B Intra-Position Details </div>	DRESGB2L	Sender
	508	Message type
	DRESDEFF	Receiver
	:16R:GENL	Start of Block
	:20C::SEME//D9876XYZD2REG11	Sender's Reference
	:23G:NEWM	Message Function: New message
	: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
	:16S:GENL	End of Block
	:16R:INPOSDET	Start of Block
	:97A::SAFE//222S	Safekeeping Account that holds the securities
:36B::ESTT//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 have moved	
:93A::FROM//AVAI	Type of balance from which the securities have been moved	
:93A::TOBA//RSTR	Type of balance to which the securities have moved	
:16S:INPOSDET	End of Block	

PREVIOUS VERSION

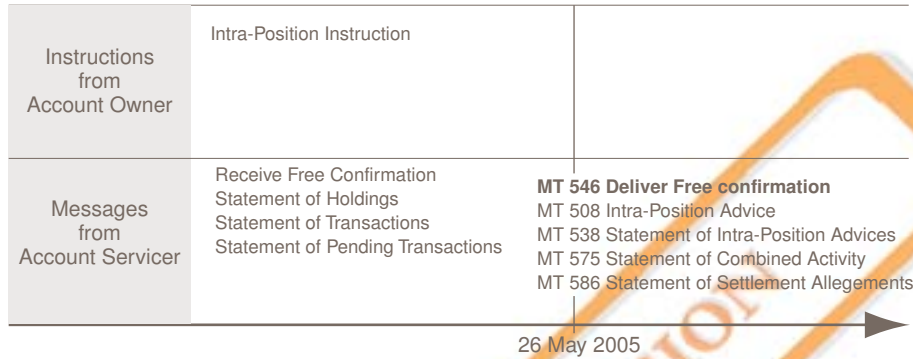
D0130207

7.17 Example using the MT 546 Deliver Free Confirmation

Scenario

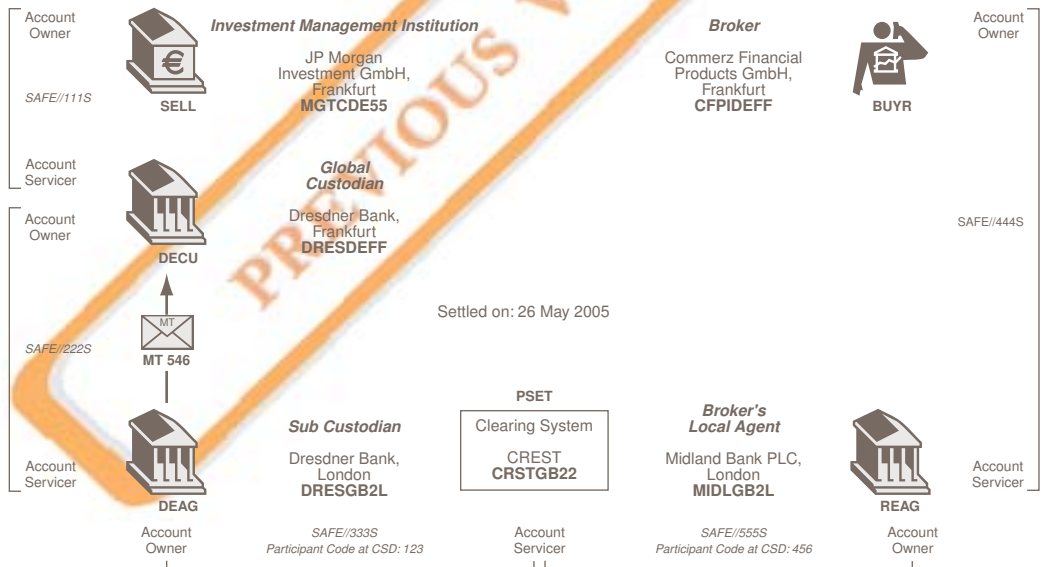
On the 26 May 2005, Dresdner Bank London (DRESGB2L) confirms the previously instructed movement of securities to its customer, Dresdner Bank Frankfurt (DRESDEFF). The instruction to Deliver Free settled on the 26 May 2005.

Scenario section highlighting the MT 546



Message flow

Diagram of the MT 546 message flow



Message example

MT 546

	Field content	Notes
MT 546 Deliver Free Confirmation		
	DRESGB2L	Sender
	546	Message Type
	DRESDEFF	Receiver
A General Information	:16R:GENL	Start of Block
	:20C::SEME//D9876XYZD1	Sender's Reference
A1 Linkages	: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
B Trade Details	:16R:TRADEDET	Start of Block
	:98A::TRAD//20050519	Trade Date (YYYYMMDD)
	:98A::SETT//20050524	Settlement Date (YYYYMMDD)
	:98A::ESET//20050526	Effective Settlement Date (YYYYMMDD)
	:35B:ISIN GB00000000123	Identification of Security
	:16S:TRADEDET	End of Block
C Financial Instrument Account	: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
E Settlement Details	:16R:SETDET	Start of Block
E1 Settlement Parties	: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
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::DECU//DRESDEFF	Party Identification: Delivering Custodian
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::DEAG/CRST/123	Party Identification: Delivering Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95R::REAG/CRST/456	Party Identification: Receiving Agent
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::BUYR//CFPIDEFF	Party Identification: Buyer
	:16S:SETPRTY	End of Block
E1 Settlement Parties	:16R:SETPRTY	Start of Block
	:95P::PSET//CRSTGB22	Party Identification: Place of Settlement
	:16S:SETPRTY	End of Block
	:16S:SETDET	End of Block

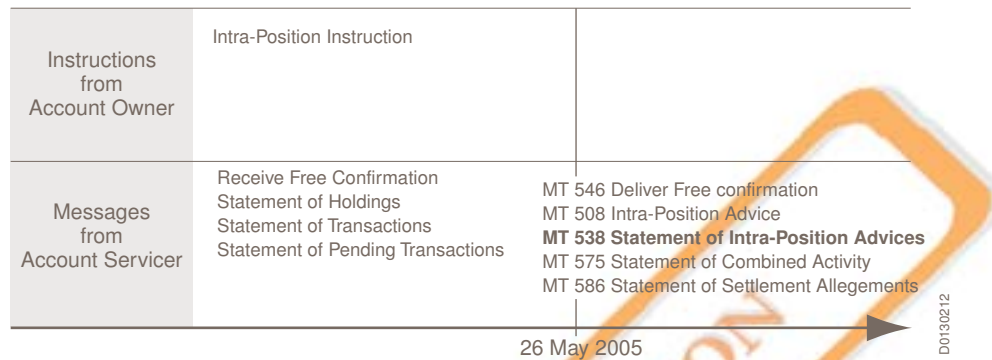
DOI130210

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

Scenario

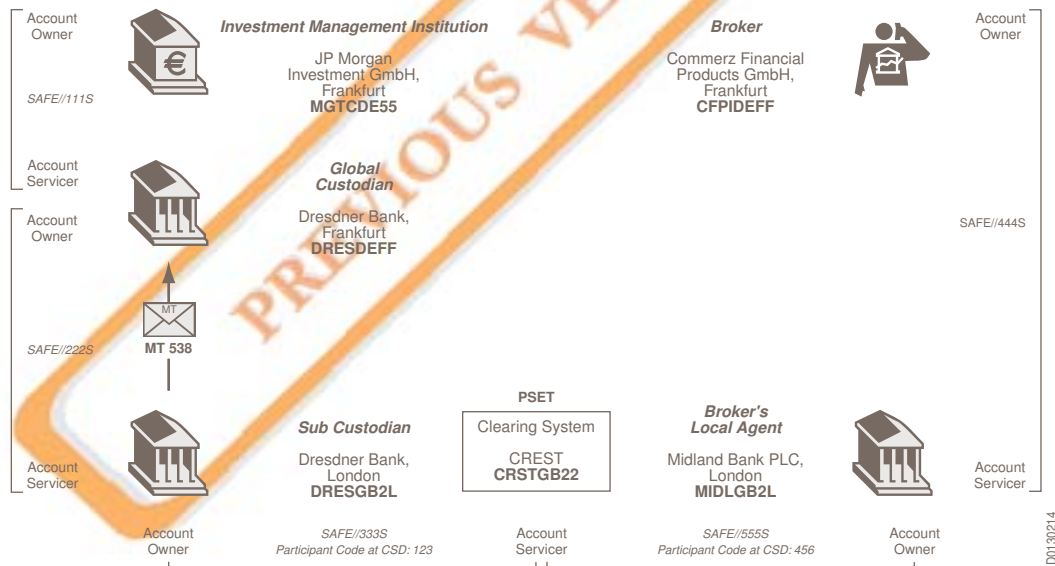
On the 26 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Statement of the Intra-Position Advices.

Scenario section highlighting the MT 538



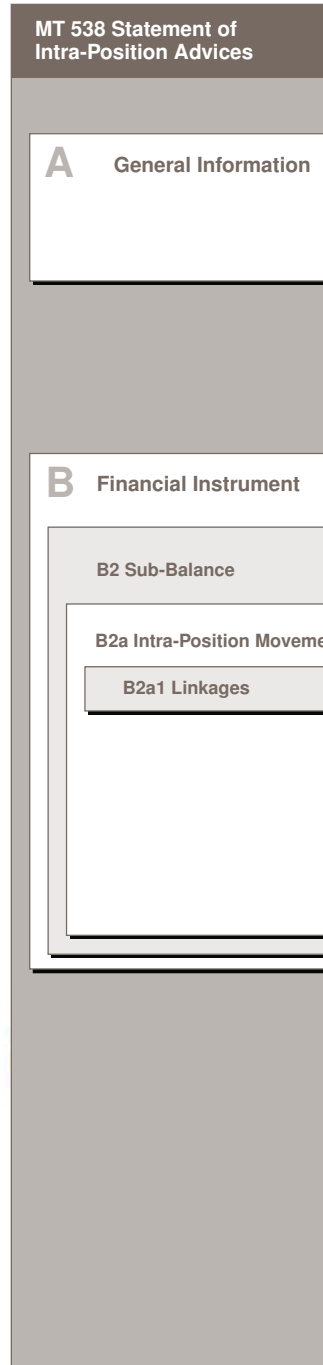
Message flow

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
:16S:GENL	End of Block
: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

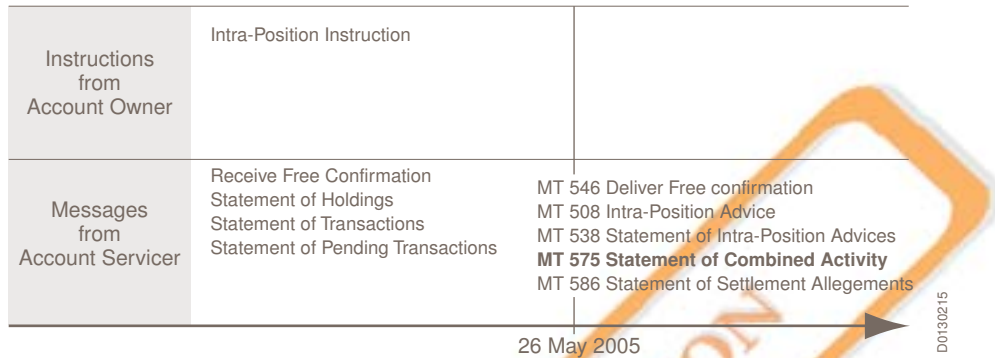
DD130213

7.19 Example using the MT 575 Report of Combined Activity

Scenario

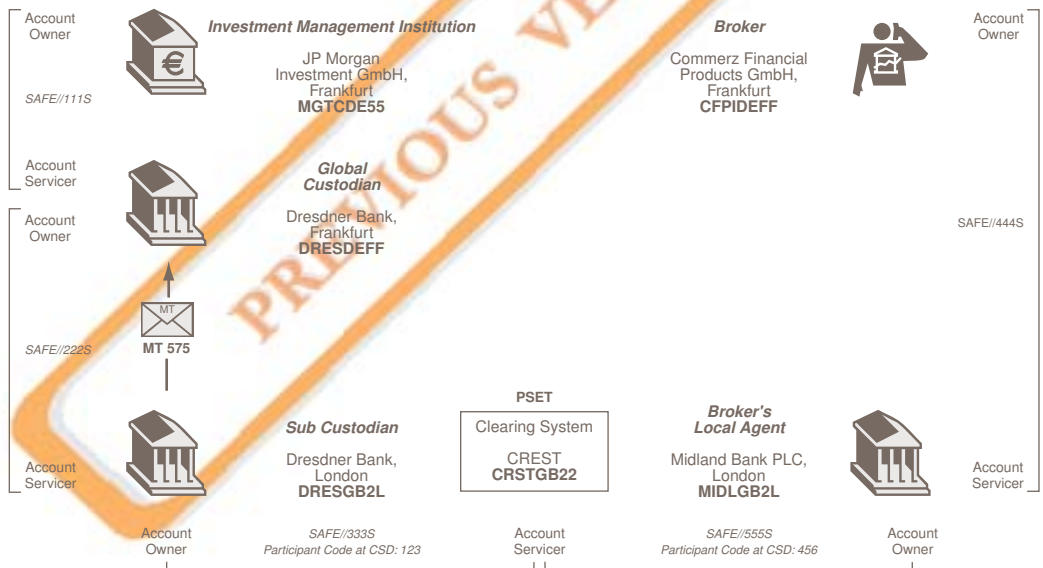
On the 26 May 2005, Dresdner Bank London (DRESGB2L) sends to its customer Dresdner Bank Frankfurt (DRESDEFF) a Report of Combined Activity.

Scenario section highlighting the MT 575



Message flow

Diagram of the MT 575 message flow



Message example

MT 575

MT 575 Statement of Combined Activity

A General Information

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



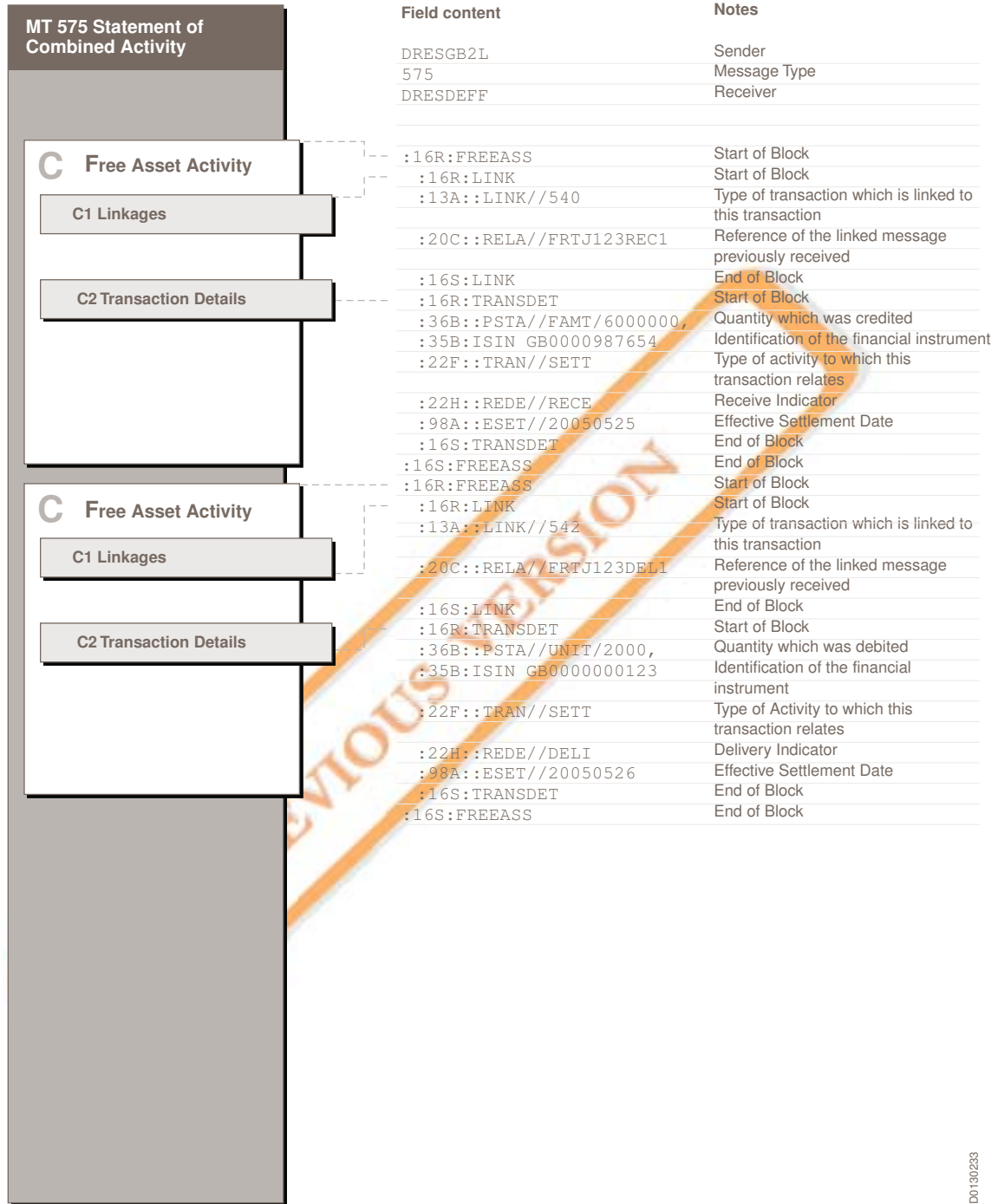
D0130216

MT 575 (cont.)

MT 575 Statement of Combined Activity	Field content	Notes
	DRESGB2L	Sender
	575	Message Type
	DRESDEFF	Receiver
B Cash Account Activity	: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
B1 Activity Info per Currency	:17B::ACTI/Y	Activity Flag
	:93D::FIOP//0,	First Opening Balance
B1a Activity Info per Transaction	:93D::FICL//1010048,7	Final Closing Balance
B1a1 Linkages	:16R:ACTINFO	Start of Block
	:16R:LINK	Start of Block
	:13A::LINK//541	Type of transaction which is linked to this transaction
B1a3 Cash & Securities Movement Details	:20C::RELA//FRTJ123REC2	Reference of the linked message previously received
	:16S:LINK	End of Block
	:16R:CASHSECDDET	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:CASHSECDDET	End of Block
	:16S:ACTINFO	End of Block
B1a Activity Info per Transaction	:16R:ACTINFO	Start of Block
B1a1 Linkages	:16R:LINK	Start of Block
	:13A::LINK//543	Type of transaction which is linked to this transaction
B1a3 Cash & Securities Movement Details	:20C::RELA//FRTJ123DEL2	Reference of the linked message previously received
	:16S:LINK	End of Block
	:16R:CASHSECDDET	Start of Block
	:19A::PSTA//5057200	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:CASHSECDDET	End of Block
	:16S:ACTINFO	End of Block
	:16S:ACTCURR	End of Block
	:16S:CASHACCT	End of Block

DD130232

MT 575 (cont.)



D013023

7.20 Example using the MT 586 Statement of Settlement Allegements

Scenario

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

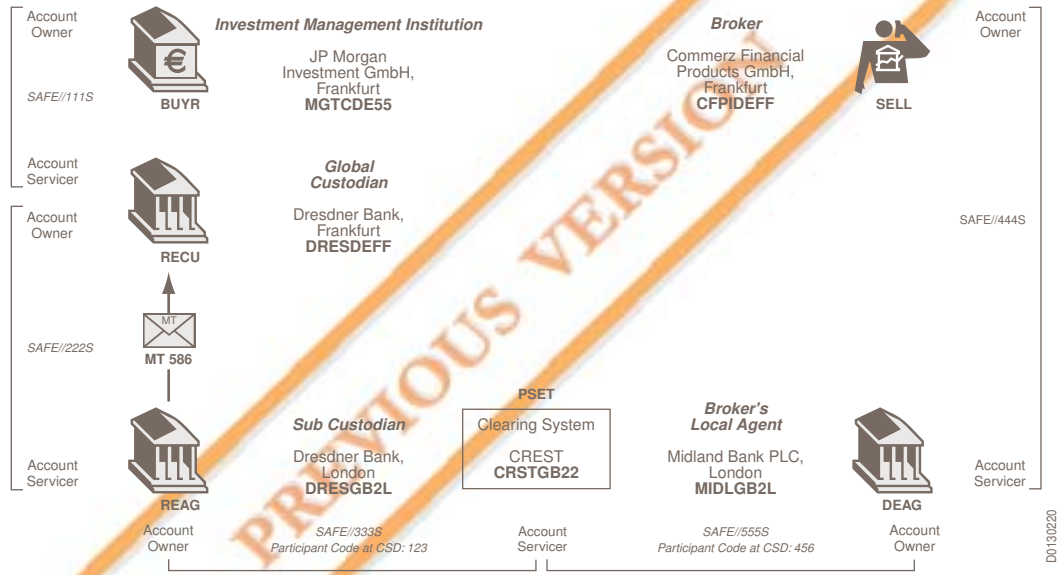
Scenario section highlighting the MT 586

Instructions from Account Owner	Intra-Position Instruction	
Messages from Account Servicer	Receive Free Confirmation Statement of Holdings Statement of Transactions Statement of Pending Transactions	MT 546 Deliver Free confirmation MT 508 Intra-Position Advice MT 538 Statement of Intra-Position Advices MT 575 Statement of Combined Activity MT 586 Statement of Settlement Allegements

26 May 2005

Message flow

Diagram of the MT 586 message flow



Message example

MT 586

Field content	Notes
DRESGB2L	Sender
586	Message Type
DRESDEFF	Receiver
MT 586 Statement of Settlement Allegements	
A General Information	
:16R:GENL	Start of Block
:28E:00001/ONLY	There is only one page in the statement
:13A::STAT//021	Statement number 21
:20C::SEME//A4321BCD2SA2	Sender's Reference
:23G:NEWM	Message Function: New message
:98A::STAT//20050526	The Statement Date is 26 May 2005
:22F::SFRE//WEEK	Frequency of the report: weekly
:97A::SAFE//222S	Safekeeping Account
:17B::ACTI//Y	Activity Flag
:16S:GENL	End of Block
B Allegement Details	
:16R:ALLDET	Start of Block
:98A::TRAD//20050524	Trade Date (YYMMDD)
:98A::SETT//20050529	Settlement Date (YYYYMMDD)
:35E:ISIN GB0000054321	Identification of Security
:22H::PAYM//FREE	Payment Indicator: Free of Payment
:22H::REDE//DELI	Receive/Deliver Indicator: Deliver
:16R:FIAC	Start of Block
:36B::SETT//UNIT/10000,	Quantity of Financial Instrument settled
: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
:95R::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
:16S:ALLDET	End of Block
B3 Financial Instrument Account	
B5 Settlement Details	
B5a Settlement Parties	
B5a Settlement Parties	
B5a Settlement Parties	
B5a Settlement Parties	
B5a Settlement Parties	
B5a Settlement Parties	
B5a Settlement Parties	

D0130219

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.

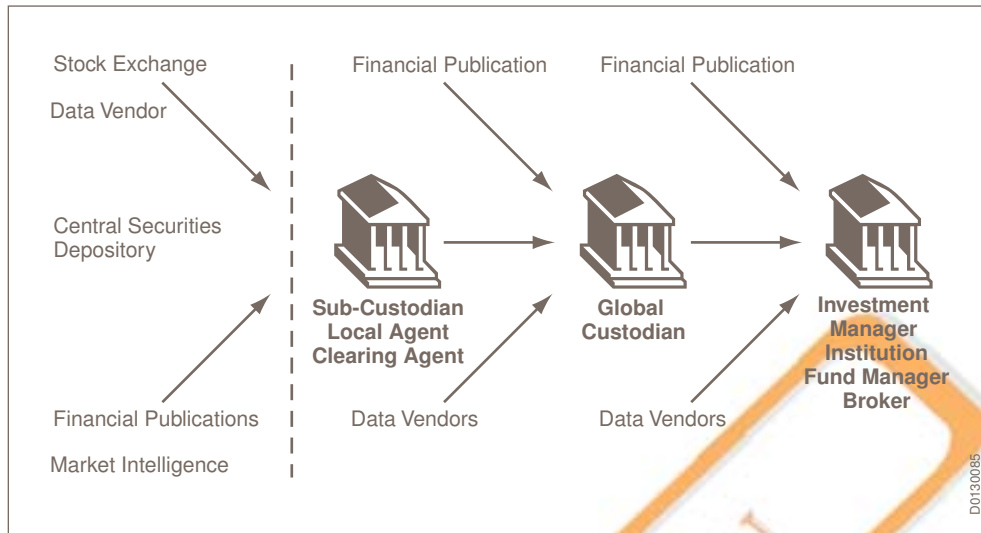
In the world of corporate actions, and for the purposes of this chapter, the transaction flows are initiated by market information gathered and distributed by local agents and data vendors.

Note *A basic definition of terms used by SWIFT can be found in [Introduction](#) on page 9.*

Corporate Actions information flow

As illustrated in the figure [Corporate Actions information flow](#) on page 147, 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

Division of messages

The general division of messages is shown in this table ([Division of messages](#) on page 147):

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).

Transaction flow	Message type
Narrative	Communicate to the Account Owner information pertaining to shareholders or provide complex instructions relating to a CA event (MT 568).
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

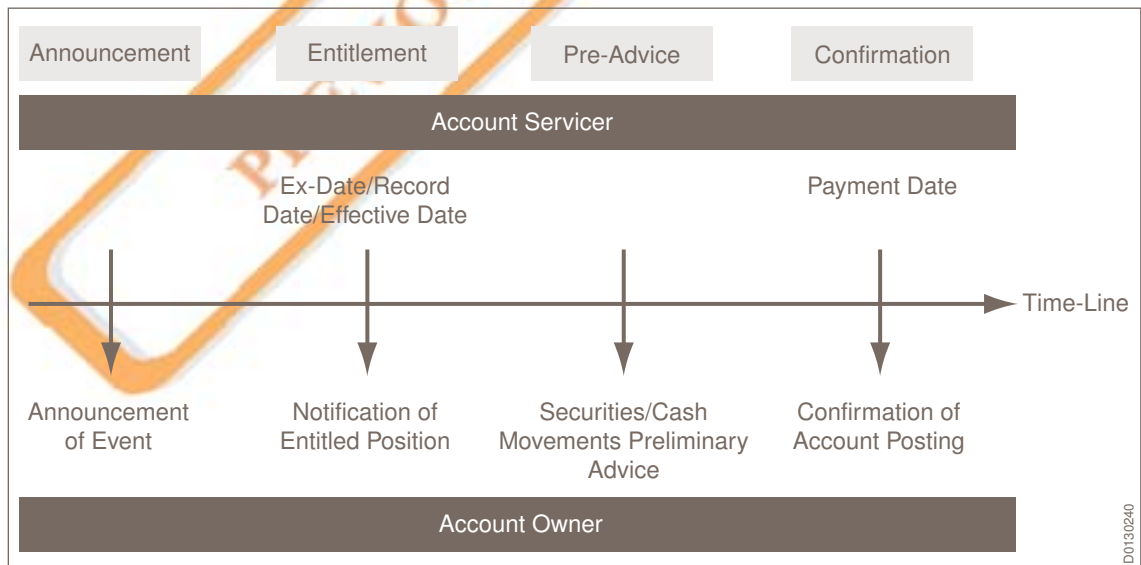
Introduction

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.

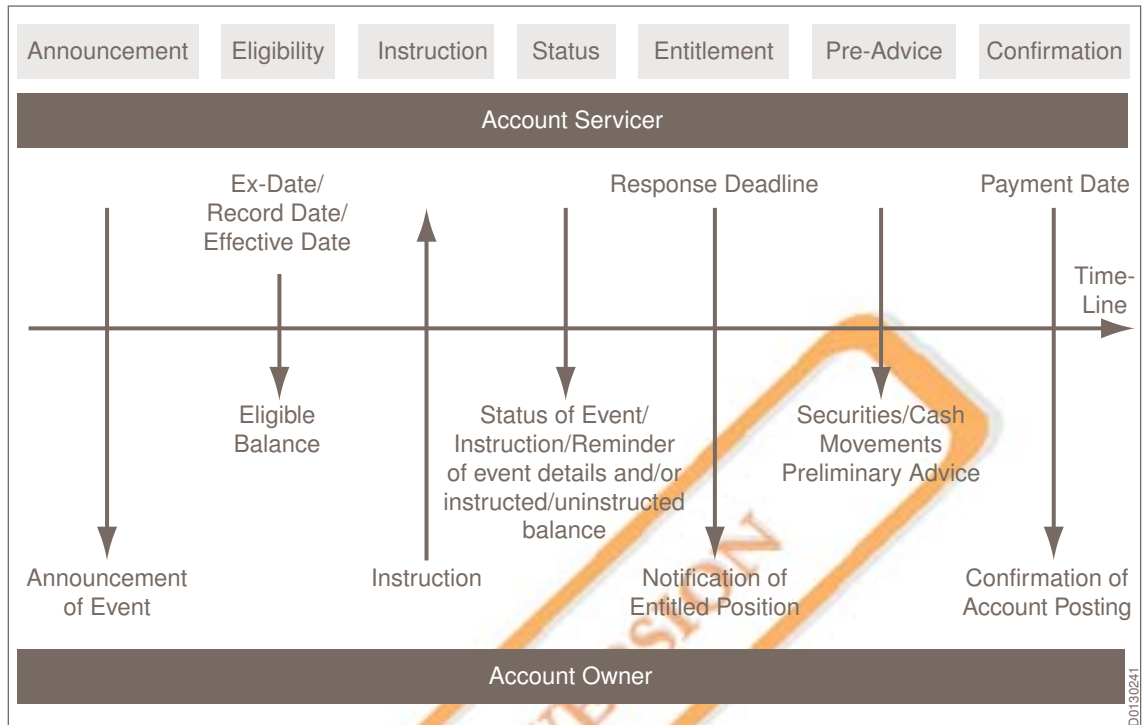
Corporate Actions timeline

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 149, to [MT 568 Corporate Action Narrative](#) on page 158.

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 word UKWN to indicate critical dates are unknown at the time a message is sent. The second code word 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 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 linkage sequence 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 master corporate action reference that remains unique 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

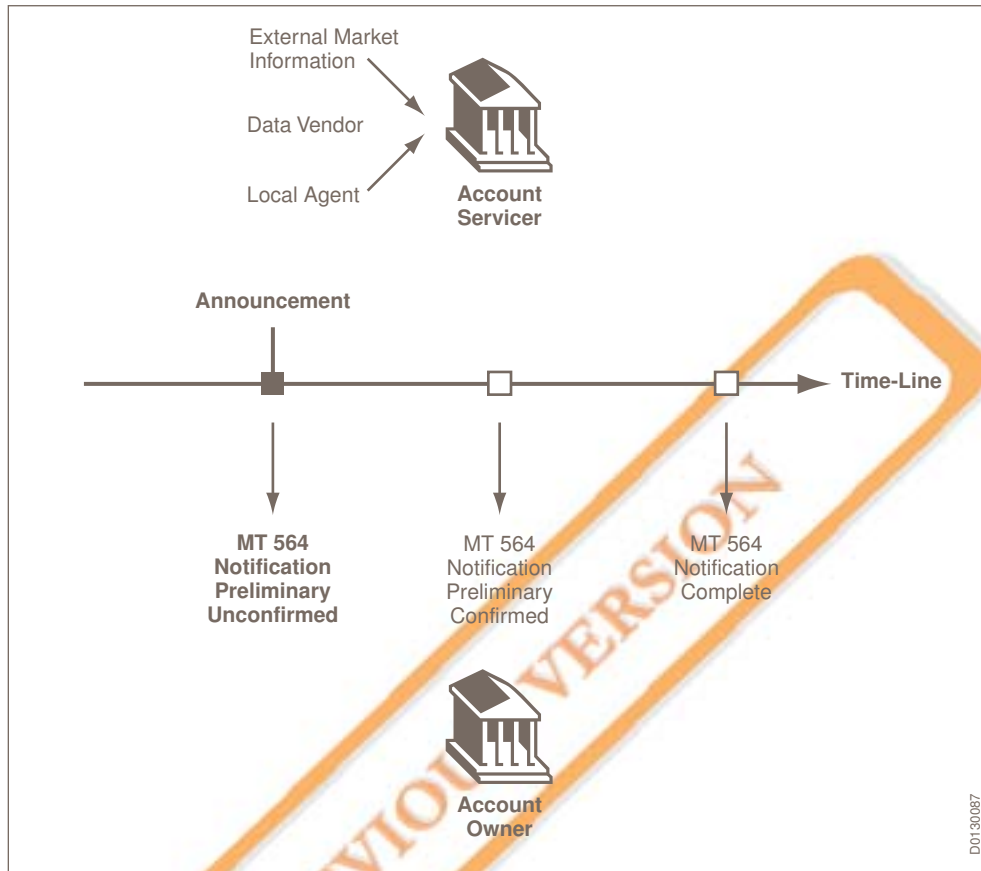
1. Once it has been provided with information regarding a forthcoming event, the Account Servicer may choose to provide the Account Owner with only the INITIAL details of the corporate action.
2. Initial notification is carried out via the MT 564 Corporate Action Notification. The function of the message 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 159, for the Linkages Sequence A.*

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 153), 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:

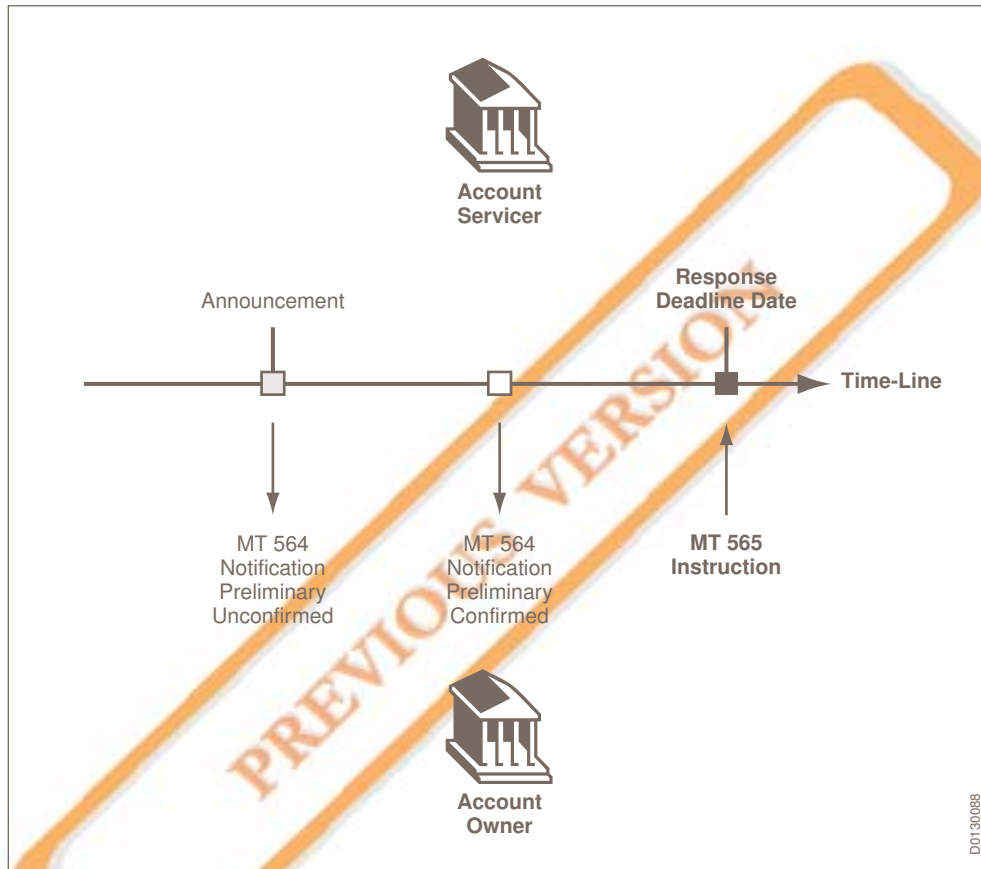
- In a mandatory event, if no instruction is received by the Account Servicer, it may default the Account Owner to a specific option. For example, in the case of a dividend option, if an Account Owner does not respond by the deadline date, the Account Servicer may award cash as a default option.
- In 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

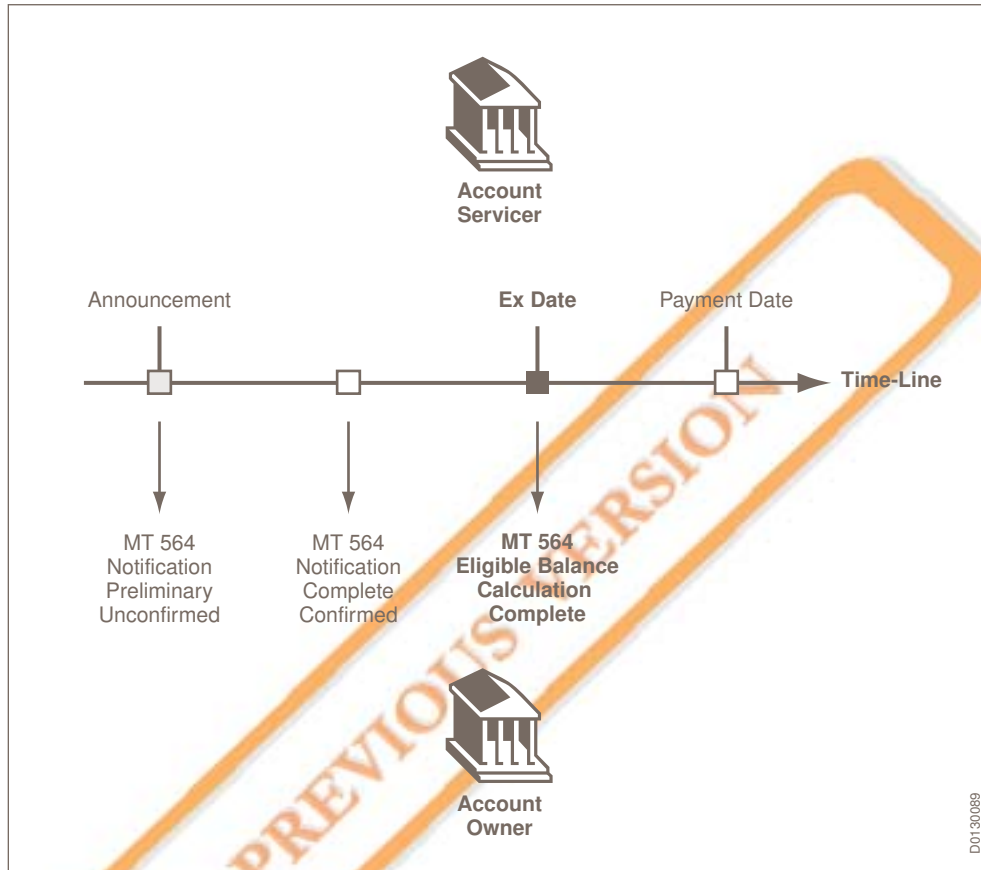
On the cut-off date to determine whether securities purchased will be eligible for an event (the Ex Date), the Account Servicer will send an MT 564 Corporate Action Eligible Balance Notification to the Account Owner.

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

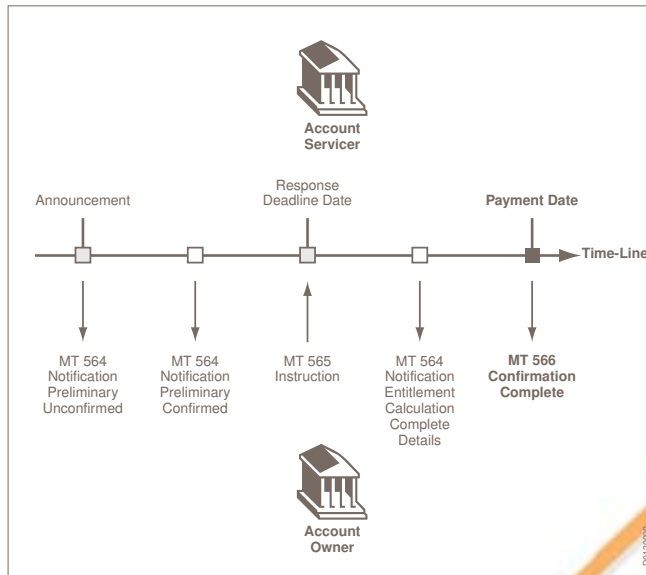


8.8 MT 566 Corporate Action Confirmation

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

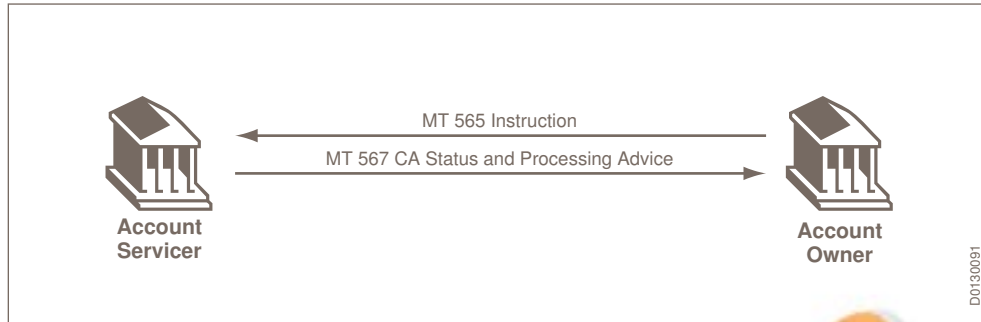
For example, once an MT 565 Corporate Action Instruction has been sent from an Account Owner to an Account Servicer stating a requirement to participate in an event, this instruction will be carried out. It is unlikely that structured status codes could be used effectively prior to completion.

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:

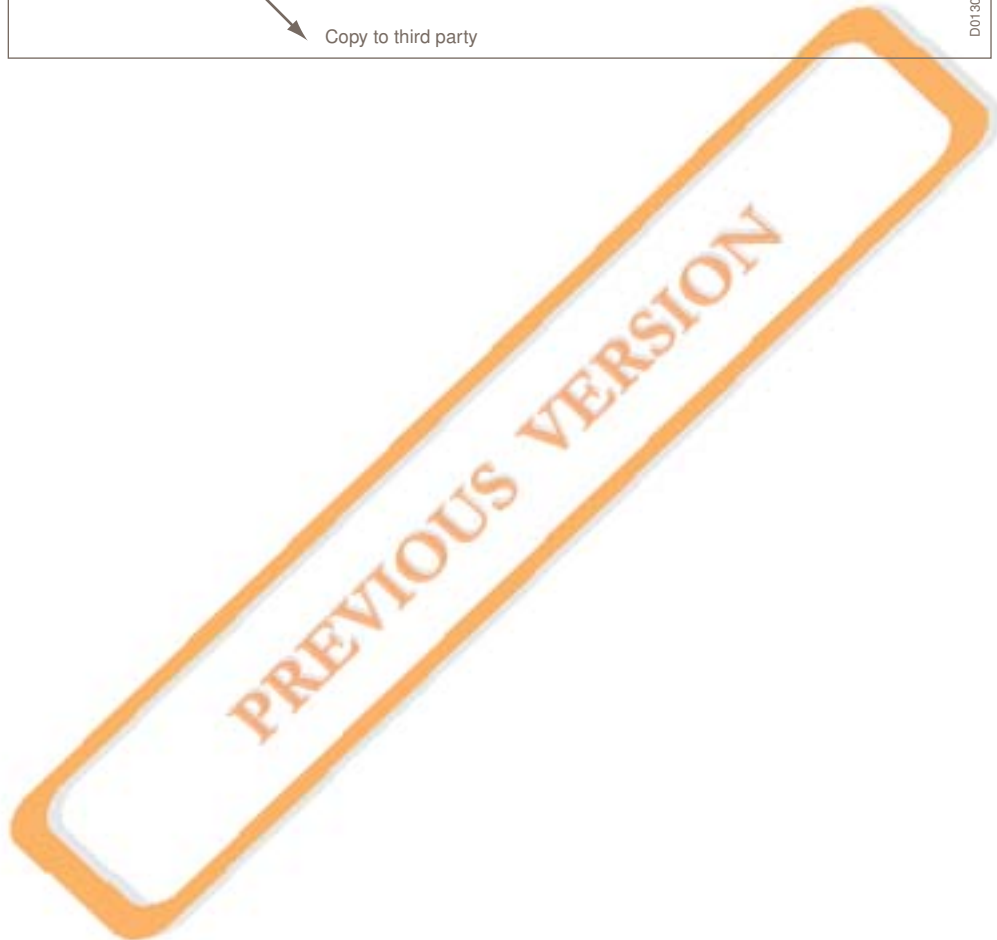
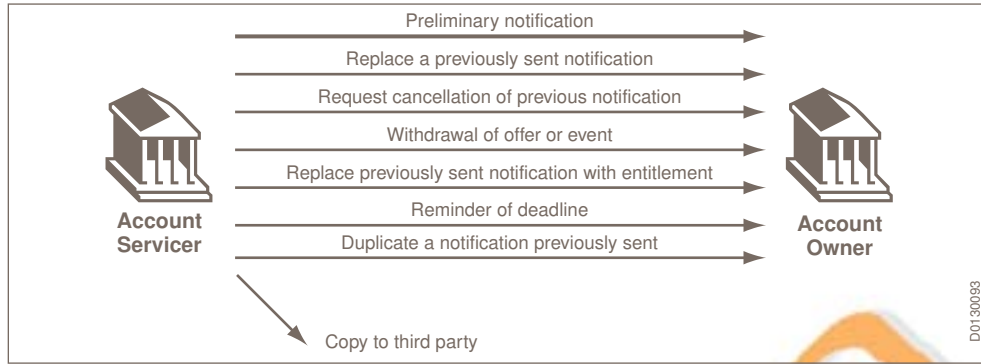
- A local agent servicing an account on behalf of a global custodian customer.
- A sub-custodian servicing an account on behalf of its global custodian.
- A custodian servicing an account on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 564 may also be used to:

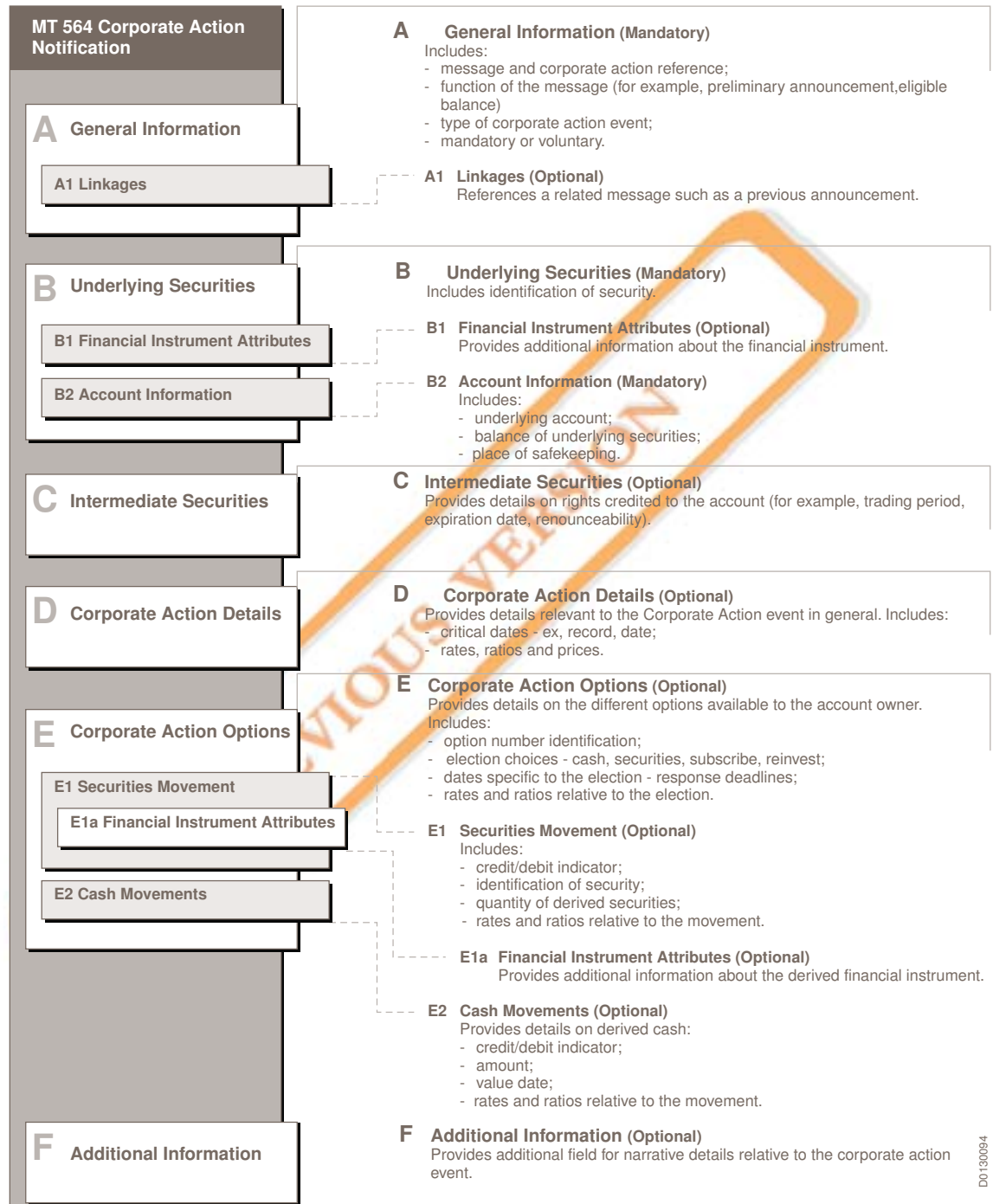
- Request the cancellation or the withdrawal of a previously sent corporate action notification.
- Re-send a corporate action notification previously sent.
- Provide a third party with a copy of the message.

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 on 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:

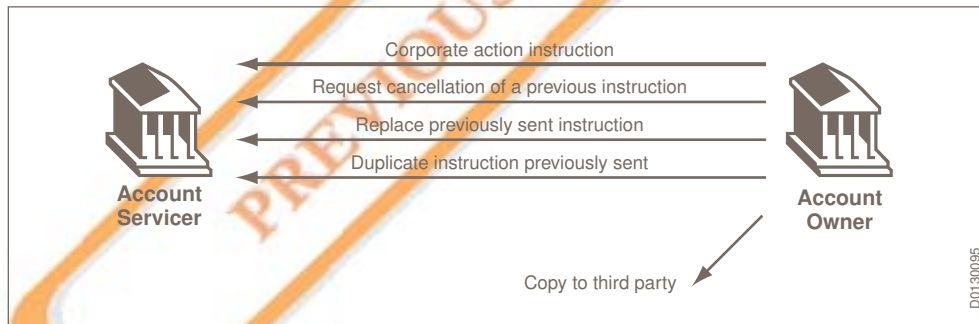
- A global custodian which has an account with a local agent or sub-custodian.
- An investment management institution which has an account with a custodian.
- A broker or dealer who has an account with a custodian.

Other functions

The MT 565 may also be used to:

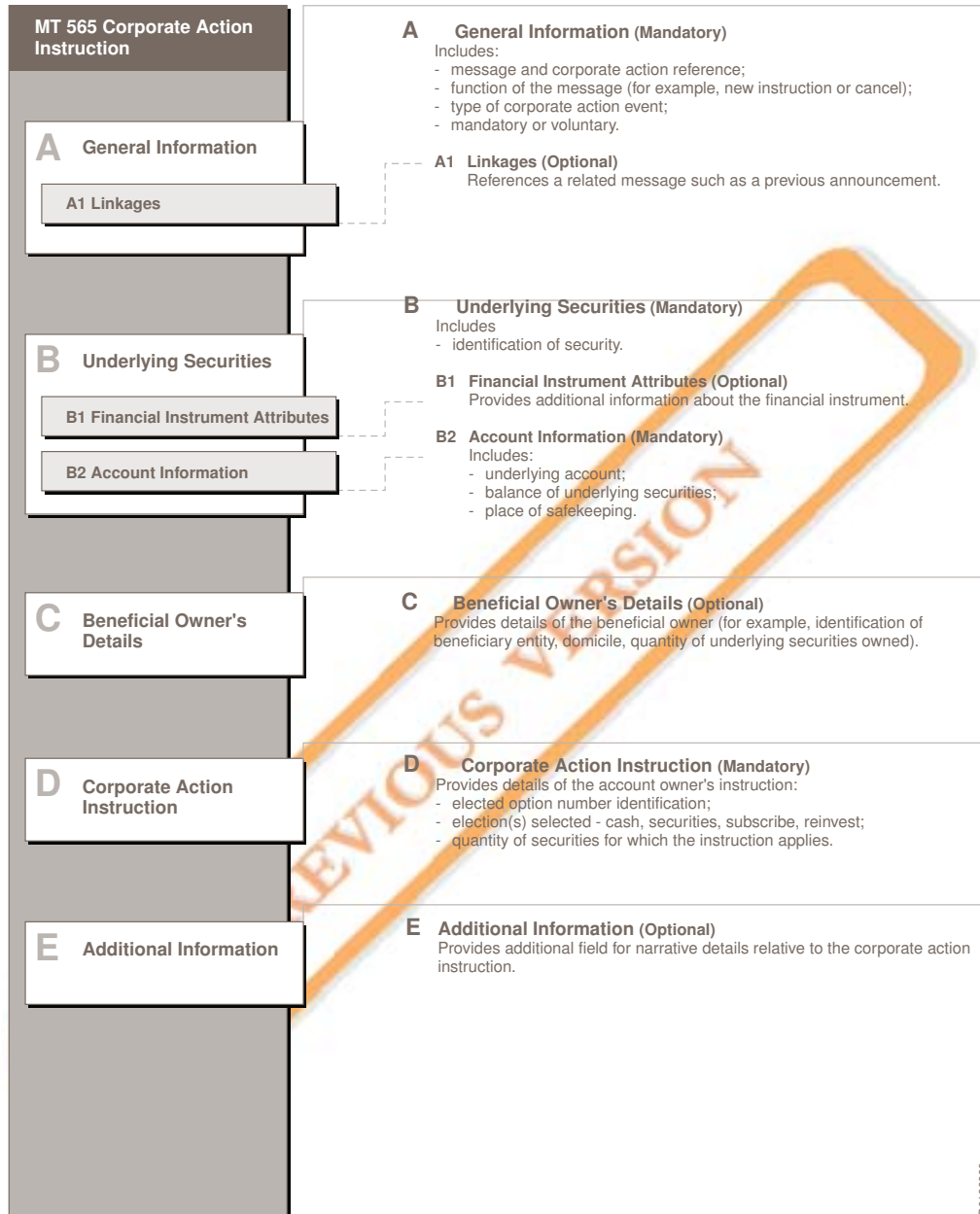
- Request the cancellation of a previously sent corporate action instruction.
- Re-send a corporate action instruction previously sent.
- Provide a third party with a copy of the message.

MT 565 Corporate Action Instruction



Graphical representation of MT 565

MT 565



D0130096

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:

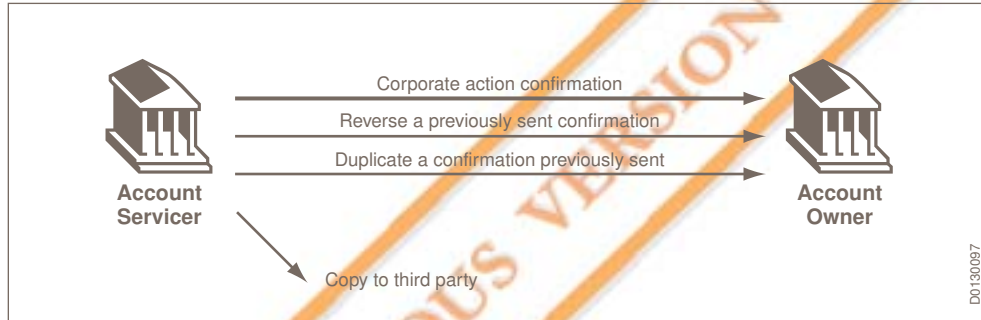
- A local agent servicing an account on behalf of a global custodian customer.
- A sub-custodian servicing an account on behalf of its global custodian.
- A custodian servicing an account on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 566 may also be used to:

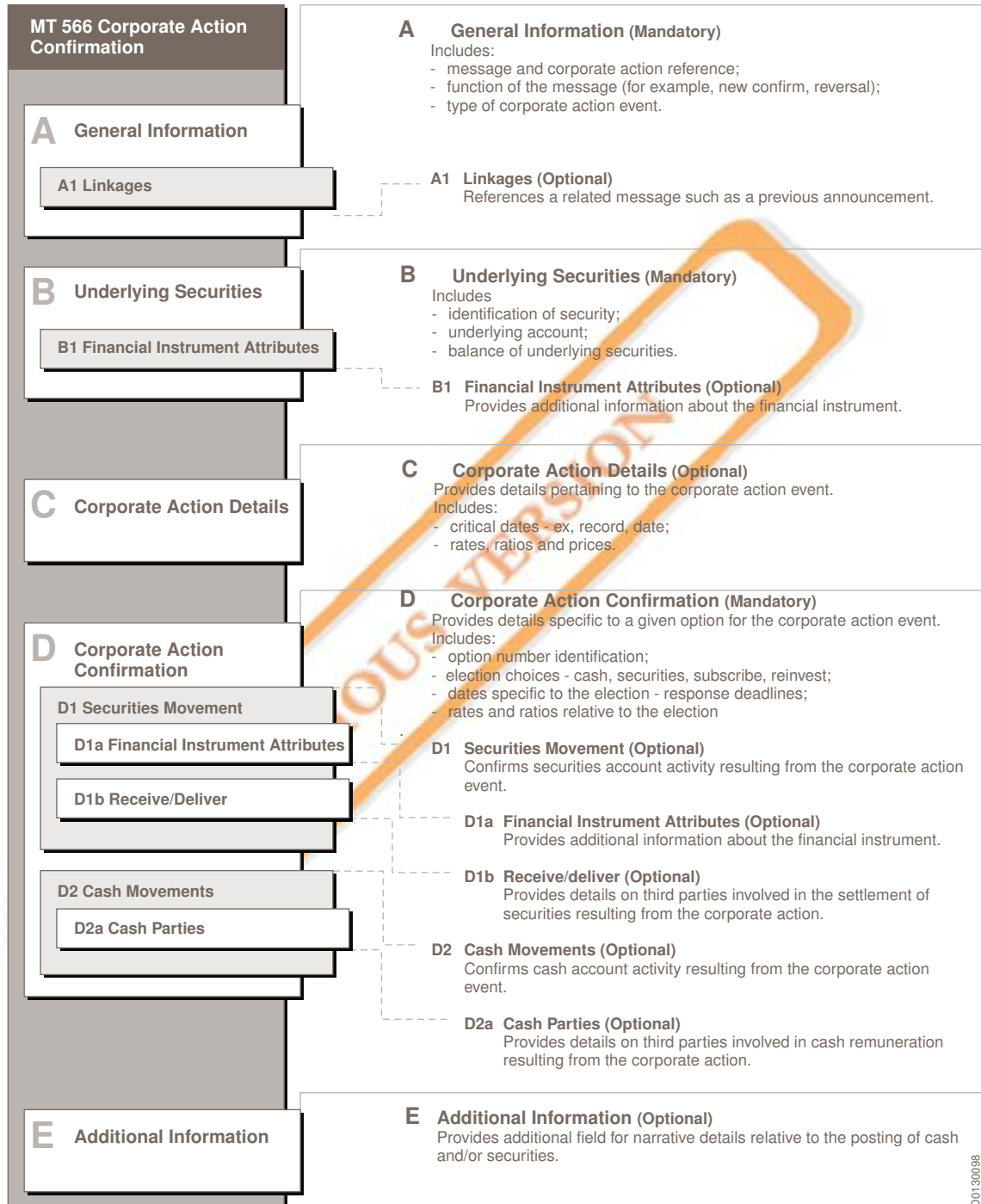
- Reverse a previously sent corporate action confirmation.
- Re-send a corporate action confirmation previously sent.
- Provide a third party with a copy of the message.

MT 566 Corporate Action Confirmation



Graphical representation of MT 566

MT 566



D0130098

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:

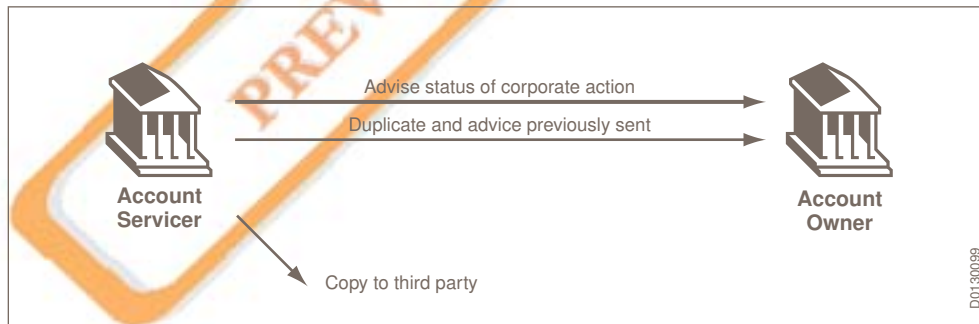
- A local agent servicing an account on behalf of a global custodian customer.
- A sub-custodian servicing an account on behalf of its global custodian.
- A custodian servicing an account on behalf of:
 - An investment management institution.
 - A broker or dealer.

Other functions

The MT 567 may also be used to:

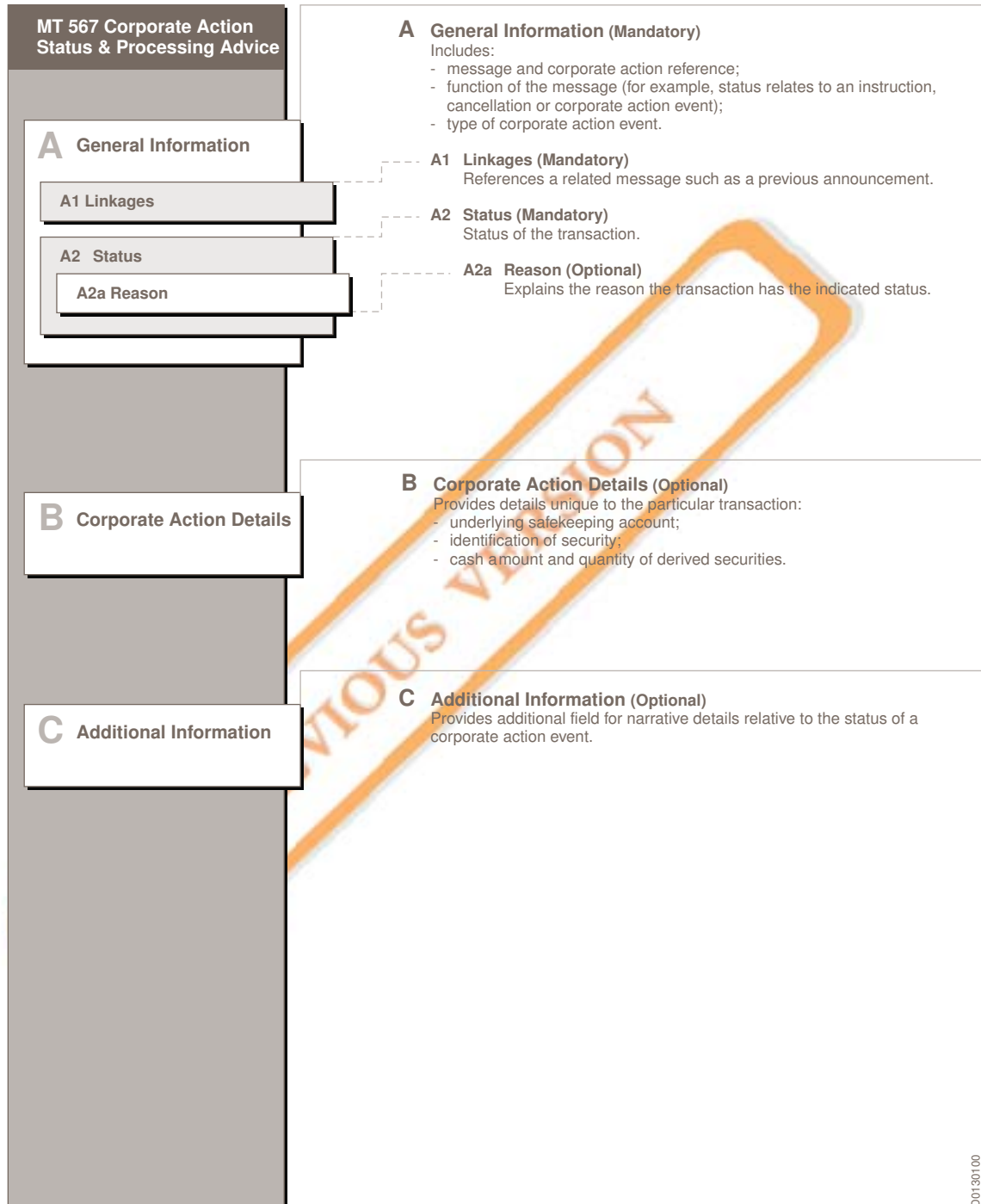
- Re-send a corporate action status previously sent.
- Provide a third party with a copy of the message.

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:

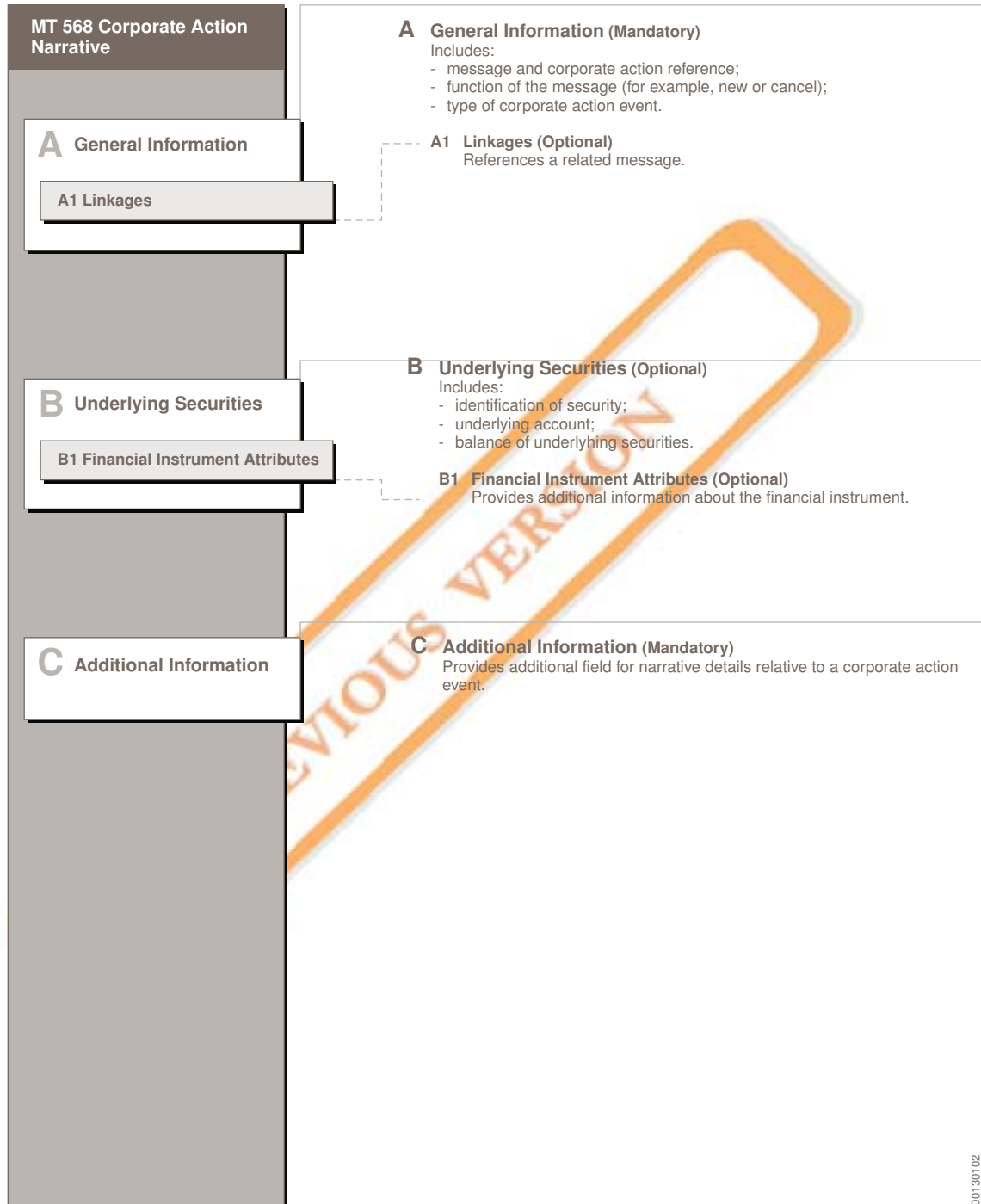
- Cancel a previously sent corporate action narrative.
- Re-send a corporate action narrative previously sent.
- Provide a third party with a copy of the message.

MT 568 Corporate Action Narrative



Graphical representation of MT 568

MT 568



D0130102

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 MT 564, 565, 566, 567, and 568 messages. 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 Category volumes](#) for the complete field and format structures. The actual usage and content will be determined in accordance with market best practice.**

PREVIOUS VERSION