DTCC as part of its service offering allows for the submission of instructions with a "Notice of Guaranteed Delivery". The notice allows holders who do not have their securities readily available to accept a voluntary offer such as Rights or Tenders by the expiration date and deliver the securities within the period prescribed by the offer. DTC participants wishing to participate in the guaranteed delivery program would submit a "Protect" instruction which the Agent would accept or reject the "protect" instruction. Specific dates are available in the CANO announcement stipulating the DTC Protect Date and the Actual (Agent / Issuer) protect date which would stipulate the last date protect instructions can be received. Likewise, the announcement would also stipulate the DTC Cover Protect and the Actual (Agent / Issuer) Cover protect date which is the last date that covering transactions can be received.

Within the service offering, DTC also allows participants to Cover on Behalf of another (participant). This service allows a participant to cover a protect instruction on behalf of another participant who submitted the protect instruction.

Please note, this change request is seeking to align the DTC conventions with the global conventions by referring to “buyer” protect in its terminology so that the process can be aligned across markets.

During 2017, DTCC processed the following number of cover and protect instructions.

Tenders:

Total Protects 4958

Total Covers:                                   3725

Total Covers on Behalf of Another:      12

Rights Exercise:

Total Protects:                                    260

Total Covers:                                      265

Total Covers on Behalf of Another:       35

**Proposed Change**

DTCC as part of its Corporate Action Transformation program wishes to utilize the ISO instruction workflow to facilitate this process so that clients can automate the Buyer Protect and Cover Protect instructions by utilizing the ISO20022 workflow. The following messages would be utilized in ISO20022:

CAIN (Corporate Action Instruction

CAIS (Corporate Action Instruction Status)

CAIC (Corporate Action Instruction Cancellation)

CACS (Corporate Action Cancellation Status)

**CAIN Message Enhancements**

The CAIN instruction message would be expanded to contain a new optional *Protect Instruction* sectionwhich would allow the sender to specify whether the instruction is to “Protect” or to “Cover*”. The Buyer Protect Indicator would be a mandatory element within the block.*

Certain fields from a DTCC perspective would only be used when the Buyer Protect Indicator is COVR or COVB. The *Buyer Protect Transaction ID* and *Buyer* *Protect Date* would be necessary to match to the original buyer protect transaction and would have been received from the CAIS message from the original buyer protect instruction. (please see workflow powerpoint). Likewise for a COVB instruction, the *Protect Safekeeping account* would be required to indicate which account initiated the buyer protect instruction.

Lastly, DTCC is requesting that the Party information in the Additional Information section be expanded to include *Party Contact Name* *and Party Contact Phone number* as this is required from a DTCC perspective for inbound Cover or Protect Transactions.

The attached powerpoint shows the flow of the Buyer Protect / Cover Protect process



DTCC is proposing several new fields to be used in this process:

CorporateActionInstruction

***ProtectInstruction* (0..1)** – relates to protects or cover protect instructions only

***Buyer Protect Indicator (1..1)*:** Specifies type of cover or protect instruction to be sent.

PROT – Buyer Protect Instruction

COVR –Cover Protect Instruction

COVB - Cover instruction on behalf of another participant

CorpActnInstr/ProtectInstruction/BuyerProtectIndicator

***Buyer Protect Transaction Identification (0..1)*** – unique identifier of the protect transaction. Used for cover protect validation.

CorpActnInstr/ProtectInstruction/ProtectTransactionID

***Buyer Protect Safekeeping Account (0..1)*** – For cover protect instructions whereby one safekeeping account is covering on behalf of another safekeeping account. The protect safekeeping account will be the account which submitted the original protect instruction

CorpActnInstr/ProtectInstruction/BuyerProtectSafekeepingAccount

***Buyer Protect Date (0..1)***  – date of the protect transaction. (Used for Cover protect validation).

CorpActnInstr/ProtectInstruction/BuyerProtectDate

***Party Contact Name (0..1) –*** contact name for the instruction

*AddInf/PartyContactName*

***Party Contact Phone Number*** (0..1) – contact phone number for the instruction

*AddInf/PartyPhoneNumber*

CAIS – Corporate Action Instruction Status Message

For the instruction status message, The *Buyer Protect Indicator* would be mandatory similar to the CAIN message. The *Buyer Protect Status code* would indicate whether the Protect is Open, Fully Covered or Expired. The Buyer *Protect Transaction ID* and Buyer *Protect Date* would be sent for both Protect and Cover instructions to provide identification for the Protect instruction or to cross reference the origination Protect ID if it is a Cover instruction confirmation. For Cover instruction confirmations, the *Uncovered Protect quantity* would be utilized to confirm the remaining uncovered position if the original buyer protect instruction has not been fully covered.

***ProtectInstruction* (0..1)** – relates to protects or cover protect instructions only

***Buyer Protect Indicator (1..1)* -**  Specifies type of cover or protect instruction to be sent.

PROT – Buyer Protect Instruction

COVR – Cover Protect Instruction

COVB - Cover instruction on behalf of another participant

***Buyer Protect Status Code (1..1)*** – Status of the Protect or Cover Transaction

CorporateActionInstruction/ProtectInstruction//BuyerProtectStatusCode

OPEN – Protect instruction partially covered and not fully covered

FULL – Protect instruction fully covered

EXPI – Protect instruction expired

***Buyer Protect Transaction Identification (0..1)*** – unique identifier of the protect transaction. Used for cover protect validation.

CorpActnInstr/ProtectInstruction/BuyerProtectTransactionID

**Buyer Protect Date (0..1)** – date of the protect transaction. (Used for Cover protect validation).

CorpActnInstr/ProtectInstruction/BuyerProtectDate

**Uncovered Protect Quantity (0..1) –** Remaining quantity of buyer protect instruction which has not been covered

CorpActnInstr/ProtectInstruction/UncoveredProtectQuantity

***Buyer Protect Safekeeping Account (0..1)*** – For cover protect instructions whereby one safekeeping account is covering on behalf of another safekeeping account. The buyer protect safekeeping account will be the account which submitted the original buyer protect instruction

CorpActnInstr/ProtectInstruction/BuyerProtectSafekeepingAccount

Additional Information

***Party Contact Name (0..1) –*** contact name for the instruction

*AddInf/PartyContactName*

***Party Contact Phone Number*** (0..1) – contact phone number for the instruction

*AddInf/PartyPhoneNumber*

CAIC – Corporate Action Instruction Cancellation Message

A buyer protect instruction may be cancelled and would require the *Buyer Protect Indicator*, the *Buyer Protect Transaction Identification* and the *Buyer Protect Date*.

***ProtectInstruction* (0..1)** – relates to buyer protect instructions only

***Buyer Protect Indicator (0..1)* -** Specifies type of cover or protect instruction to be sent.

PROT – Buyer Protect Instruction

***Buyer Protect Transaction Identification (0..1)*** – unique identifier of the buyer protect transaction. Used for cover protect validation.

/ProtectInstruction/BuyerProtectTransactionID

***Buyer Protect Date (0..1)*** – date of the protect transaction. (Used for Cover protect validation).

CorpActnInstr/ProtectInstruction/ProtectDate

Additional Information

***Party Contact Name (0..1) –*** contact name for the instruction

*AddInf/PartyContactName*

***Party Contact Phone Number*** (0..1) – contact phone number for the instruction

*AddInf/PartyPhoneNumber*

CACS – Corporate Action Cancellation Request Status Advice

The CACS cancel confirmation message would request the same fields added to the CAIC message to confirm details of the cancel instruction.

***ProtectInstruction* (0..1)** – relates to buyer protects or cover protect instructions only

***Buyer Protect Indicator (0..1)*:** Specifies type of cover or protect instruction to be sent.

PROT - Protect Instruction

***Buyer Protect Transaction Identification (0..1)*** – unique identifier of the buyer protect instruction. Used for cover protect validation.

/ProtectInstruction/BuyerProtectTransactionID

***Buyer Protect Date (0..1)*** – date of the protect transaction. (Used for Cover protect validation).

CorpActnInstr/ProtectInstruction/BuyerProtectDate

**Uncovered Protect Quantity (0..1) –** Remaining quantity of protect instructions which have not been covered (CAIS, CAST)

CorpActnInstr/ProtectInstruction/UncoveredProtectQuantity

***Buyer Protect Status Code (1..1)*** – Status of the Protect cancellation.

CorpActnInstr /ProtectInstruction/BuyerProtectStatusCode

OPEN – Buyer Protect cancel instruction only partially cancels the buyer protect and a remaining portion of the buyer protect instruction is still in open status.