

8 Message Independent Market Practices

8.1 Official Corporate Action Event Reference (COAF)

8.1.1 Background

The Official Corporate Action Event Reference¹, COAF, was requested by the SMPG and implemented in SR2008. The definition of COAF is 'Official and unique reference assigned by the official central body entity within each market at the beginning of a corporate action event.'

The primary purpose of the COAF is to allow improved STP in the corporate actions instructions flow from investors to their account servicers and further in the chain of intermediaries, by removing the current requirement that each party in the chain instructs the next party with that party's CORP. Instead, all parties can use the COAF in their instructions rather than the (changing) CORP.

A secondary purpose is to facilitate the reconciliation of announcements received from different sources for the same event."

However, until the COAF has gained general acceptance and is widely implemented in corporate action processing, there will be an interim period during which both CORP and COAF references will have to coexist in the ISO 15022 and ISO 20022 CA messages. The following COAF principles are based and have to be understood in the context of this coexistence premise.

8.1.2 Principles

8.1.2.1 COAF Algorithm

The COAF should be composed of a two parts; a COAF organisation identifier and the actual reference. The organisation identifier specifies the official central body that assigned the COAF as per the issuer's request. It is a 2 character alphanumeric code and the SMPG verifies that it is unique per organisation. The reference is an alphanumeric code of up to 14 characters, and is unique per official central body.

A centralised list of COAF registration organisations and their identifiers is published by the SMPG and can be found on the SMPG website.

8.1.2.2 Use of COAF

As per the definition, the COAF reference should be unique and two events [are](#) not to be assigned the same COAF. [However, the two character prefix shall just be used by the appointed official central body on its conventional distribution chain.](#)

If an issuer announces the same event for two or more of its issued securities, for example a cash dividend with the exact same terms for both the ordinary share and the preferential share, each event must be given its own COAF reference. The COAF reference must be unique per combination of event code (CAEV) and security (e.g. ISIN).

8.1.2.3 Relationship between CORP and COAF

The Market Practice is to have a one-to-one relationship between CORP and COAF in the context of a bilateral relationship account servicer/account owner, provided all principles are adhered to. Account servicers should give a unique CORP to each event that has been given a unique COAF by the official body.

8.1.2.4 Assignment

a. The COAF should be assigned by the official source as soon as the event has been publicly announced by the issuer (or its agent). The public announcement and assignment of COAF should take place

¹ In ISO15022 the COAF is provided into the :20C::COAF// field located into sequence A of all CA messages.

according to the applicable market rules, but by latest before the event has reached the entitlement and/or instructions stage. When the COAF has been assigned, it must be relayed through the processing chain to all market participants who should include it in their communications regarding the event. [License fees for forwarding or storing a COAF in addition to potential service charges paid at the official central body shall not be charged. The usage of a COAF reference by any party that has received the COAF and has any interest in processing, storing or forwarding the COAF reference is free of license fees and other charges. That is, the COAF is available for royalty-free share and use.](#)

b. Not all events will receive COAFs, since not all events are officially announced eg. events well known in advance such as fixed interest payment..

c. Notifications may and can be sent before a COAF is assigned.

d. The assignment of a COAF to a previously notified event should trigger an updated notification.

e. The COAF must be carried throughout the entire lifecycle of the CA event and in all CA messages.

8.1.2.5 Withdrawal and cancellation

If the issuer withdraws an event, the COAF is also withdrawn. If the issuer replaces the withdrawn event with a new, a new COAF must be assigned to the new event.

If an account servicer, including the (I)CSD, cancels an event, the COAF is not cancelled. The account servicer's new event, replacing the old event, should include the original COAF.

8.1.2.6 Corporate actions instructions

When a client of an account servicer creates and send a corporate action instruction to that account servicer, the instruction must always contain the COAF if it has been assigned. The servicer provider's CORP value is not mandatory when COAF is present. In that case, it is acceptable to use "NONREF" as the CORP value.

8.1.2.7 Multi-stage events

The Market Practice is to have one COAF per event, and not to have the same COAF for all events that are linked together (or that the issuer considers as one event). Thus, for each separate processing stage/event, there should be one unique COAF.

Example:

An issuer announces a rights issue, according to applicable law. For processing purposes, the CSD (or exchange, as applicable) announces the event to its participants/members as two separate events; a distribution of interim securities (CAEV RHD1) followed by a rights exercise (CAEV EXRI). Each of the two events should be given its own unique COAF.

8.1.2.8 Multi-deposited securities

The Market Practice is to treat events for multi-deposited securities as separate events, one per place of depository. This does not apply to Place of Trading. [Regarding the European settlement platform Target2-Securities, the COAF will be assigned by the official central body, that is responsible for the market where the issuer CSD of the respective security is located. This can either be the issuer CSD itself any other market authority that is responsible for the issuance of the COAF reference. For securities that are not deposited with an in-T2S CSD but have been brought on the platform by one or more technical issuer CSDs, neither the issuer CSD nor the Securities Management Entity \(SME\) is to assign a new COAF but the COAF of the original market is to be used.](#)

Example:

An issuer announces a split in a security that is deposited on two different central securities depositories. The split will be treated as two separate events, one per Place of depository, and each of the two events should be given a unique COAF.

An issuer announces a split in a security that is listed on two different markets and can be held through two CSDs, but only one CSD is safekeeping the (global) certificate. The split will be treated as one event, and each of the two CSDs should use the same unique COAF.