1. **To include the following text (shown in blue) as additional statement in p.9.10 or to add a new p.9.11.**

**As two possibilities exist I give two versions of this point (it’s up to SMPG to make choice between two):**

**9.11 Clarification on the usage of pull factor qualifiers PRFC/NWFC in INTR CA events.**

Guidelines to the usage of MT 564/MT 566 messages to announce/confirm the payment of Interest (INTR) on securities with partial redemption without reduction of Nominal Value.

The SMPG view is now that pull factor used to calculate the value of the outstanding principal of the financial instrument on which interest is payable (for factored securities) is to be considered:

* as pull factor applicable before the date of interest payment (as Previous factor) and qualifier PRFC is to be used in cases where there is a change of factors on the interest payment date (the redemption CA (PRED/ REDM) falls on the date of interest payment and interest payment date is simultaneously the factor date),
* as current pull factor applicable before the date of interest payment and qualifier NWFC is to be used in cases where there is no change of factors on the interest payment date (there is no redemption CA (PRED/ REDM) on the date of interest payment and the factor date does not falls on interest payment date).

The ISITC US Market Practice document in section on “subsequence B1 Financial Instrument Attributes” for more information on the usage of the previous factor (:92a::PRFC) and next factor (:92a::NWFC) is not applicable to the above mentioned case and is to be considered as local market practice.

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| FIA | 92a | PRFC, NWFC |  |  |  | CA278 |

**OR**

**9.11 Clarification on the usage of pull factor qualifiers PRFC/NWFC in INTR CA events.**

Guidelines to the usage of MT 564/MT 566 messages to announce/confirm the payment of Interest (INTR) on securities with partial redemption without reduction of Nominal Value.

The SMPG view is now that pull factor used to calculate the value of the outstanding principal of the financial instrument on which interest is payable (for factored securities) is to be considered as pull factor applicable before the date of interest payment (as Previous factor) and qualifier PRFC is to be used irrespectively of the presence of redemption CA (PRED/ REDM) on the date of interest payment.

The ISITC US Market Practice document in section on “subsequence B1 Financial Instrument Attributes” for more information on the usage of the previous factor (:92a::PRFC) and next factor (:92a::NWFC) is not applicable to the above mentioned case and is to be considered as local market practice.

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| FIA | 92a | PRFC, NWFC |  |  |  | CA278 |

1. In p.9.10 – to exclude the phrase (shown in red)

**9.10 Use of Previous and Next Factors**

Affirmed at the SR2007 maintenance meeting that no more than two factors are needed (i.e. Previous and New factor) for one corporate action event. The requirement [for a current factor] could be fulfilled by announcing the next event in another MT 564, using again Previous and New factor.

For example, relative to a specified redemption date, the previous factor applies before that date and the new factor applies on and after that date.

**Please refer to the ISITC US Market Practice document in section on “subsequence B1 Financial Instrument Attributes” for more information on the usage of the previous factor (:92a::PRFC) and next factor (:92a::NWFC).**

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| **Sequence** | **Tag** | **Qualifier** | **SMPG Decision Date** | **SMPG Implementation Date** | **Agenda Ref** |
| FIA | 92a | PRFC,  NWFC | October 2006 | N/A | SR2007 III.64 |

1. **It seems that it is better to change the order an put p.9.10 and 9.11 just after p.9.3 or to put all three in one point.**

For information I included this point (9.3) in the document.

**9 Market Practices on Particular Events**

**9.3 On Payment of and principal amount**2 **and PRII**

Guidelines to the usage of MT 564/MT 566 messages to announce/confirm the combined payment of Interest and Principal (Corporate bond at Maturity, Mortgage back Security).

Should a custodian announce/confirm each type of cash movement (Interest or Principal) in a separate MT 564/MT 566 or should they be combined within one message using different qualifiers for the amounts in field 19B (Amount) of subsequence D2 (Cash Movements) of the message?

Also for P&I announced via one MT 564, it is accepted to confirm a combined payment of Principal and interest via 2 separate MT 566?

The SMPG view is now that two events should be used. The use of CAEV//PRII does NOT indicate whether the principal repayment involves a reduction of nominal value or not, The SMPG group agreed that it should now be handled in two events (INTR; interest payment and PRED: partial Redemption Without Reduction of Nominal Value. Any use of CAEV//PRII is now specific national market practice and should be documented as such (eg in the AU and US markets).

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| **Sequence** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | Jun-2002/ Nov 2004 | May 2005 | May 2011 | CA 56/142 |