**CA536 - CA - Mandatory Cancelation of a accepted instruction which is no longer valid**

Review of GMP1 section 5.6.1.

Proposal to make MT567 CAND messages a mandatory requirement when a previously accepted instruction is no longer valid and needs to be reinstructed with the custodian.

Where an MT565 is sent and an MT567 PACK is received back, but then the terms of the offer are changed/event deadline is extended, and the custodian is requesting a new instruction from the previously accepted instruction. We would like to see SMPG make it a mandatory requirement for an MT567 CAND message to be sent, cancelling the previously accepted instruction where the custodian is requesting a new instruction.

The current SMPG guidelines make the requirement to send an MT567 CAND optional per below:



Other Asset Managers we have spoken with have also experienced these same issues, where trying to capture that a previously accepted instruction is no longer valid through free format narrative within an MT564 is very challenging.  With the systematic automation that comes as a result of swift messaging it does not make sense to have to rely on free format narrative to manage risk, but instead make the swift tags currently available, that can systematically mitigate risk a mandatory requirement.

I have attached two examples from two different custodians for the same event.  The first example is where no MT567 CAND message was sent, but free format narrative in an MT564 highlighted the need to re-instruct, as the previously accepted MT565 was no longer valid.  The second example is what we would expect to see with a MT567 CAND received, following a MT567 PACK.  I have removed/adjusted sensitive data within the swifts.

**Example of what we are proposing to eliminate**

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| **MT565** | **MT567 – PACK - Acceptance** | **MT564 – Withdrawing Event** | **MT564 – New Event** |
| :16R:GENL:20C::CORP//1303499:20C::SEME//0000000000937825:20C::COAF//US130758541:23G:NEWM:22F::CAEV//TEND:98C::PREP//20220224132409:16R:LINK:22F::LINK//AFTE:13A::LINK//564:20C::RELA//1303499-02180050:16S:LINK:16S:GENL:16R:USECU:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS 4.5 10AUG33:16R:FIA:12C::CLAS//DXXXXX:11A::DENO//USD:98A::MATU//20330810:98A::ISSU//20170810:98A::DDTE//20170810:16S:FIA:16R:ACCTINFO:97A::SAFE//ABCD:93B::ELIG//FAMT/10000,:16S:ACCTINFO:16S:USECU:16R:CAINST:13A::CAON//001:22F::CAOP//CASH:11A::OPTN//USD:36B::QINS//FAMT/10000,:16S:CAINST-} | :16R:GENL:20C::CORP//1303499:20C::SEME//1303499-02240032:20C::COAF//US130758541:23G:INST:22F::CAEV//TEND:16R:LINK:13A::LINK//565:20C::RELA//0000000000937825:16S:LINK:16R:STAT:25D::IPRC//PACK:16S:STAT:16S:GENL:16R:CADETL:13A::CAON//001:22H::CAOP//CASH:97A::SAFE//ABCD:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS INC 4.5:36B::STAQ//UNIT/10000,000:16S:CADETL:16R:ADDINFO:70E::ADTX//Cumulative Decision for thisoption is 10000.000.:16S:ADDINFO-} | :16R:GENL:20C::CORP//1303499:20C::SEME//1303499-02250194:20C::COAF//US130758541:23G:WITH:22F::CAEV//TEND:22F::CAMV//VOLU:25D::PROC//COMP:16R:LINK:13A::LINK//564:20C::PREV//1303499-02180050:16S:LINK:16R:LINK:22F::LINK//WITH:13A::LINK//568:20C::CORP//1303499:16S:LINK:16S:GENL:16R:USECU:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS INC 4.5:16R:ACCTINFO:97A::SAFE//ABCD:93B::ELIG//UNIT/10000,000:16S:ACCTINFO:16S:USECU:16R:CAOPTN:13A::CAON//001:22F::CAOP//CASH:11A::OPTN//USD:17B::DFLT//N:98A::MKDT//20220302:98C::RDDT//20220302070000:16R:CASHMOVE:22H::CRDB//CRED:98B::PAYD//UKWN:90E::OFFR//UKWN:16S:CASHMOVE:70E::ADTX//TENDER PRIOR EARLY DATE Please seedetails narrative.:16S:CAOPTN:16R:CAOPTN:13A::CAON//002:22F::CAOP//CASH:11A::OPTN//USD:17B::DFLT//N:98A::MKDT//20220302:98C::RDDT//20220302070000:16R:CASHMOVE:22H::CRDB//CRED:98B::PAYD//UKWN:90E::OFFR//UKWN:16S:CASHMOVE:70E::ADTX//TENDER AFTER EARLY DATE Please seedetails narrative.:16S:CAOPTN:16R:CAOPTN:13A::CAON//003:22F::CAOP//NOAC:11A::OPTN//USD:17B::DFLT//Y:98A::MKDT//20220302:98C::RDDT//20220302070000:16S:CAOPTN:16R:ADDINFO:70E::ADTX//:70E::TXNR//OFFER HAS BEEN CANCELED TNT:16S:ADDINFO-} | :16R:GENL:20C::CORP//1304345:20C::SEME//1304345-02250049:20C::COAF//US130758541:23G:NEWM:22F::CAEV//TEND:22F::CAMV//VOLU:25D::PROC//PREC:16R:LINK:22F::LINK//WITH:13A::LINK//568:20C::CORP//1304345:16S:LINK:16S:GENL:16R:USECU:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS INC 4.5:16R:ACCTINFO:97A::SAFE//ABCD:93B::ELIG//UNIT/10000,000:16S:ACCTINFO:16S:USECU:16R:CAOPTN:13A::CAON//001:22F::CAOP//CASH:11A::OPTN//USD:17B::DFLT//N:98A::MKDT//20220304:98C::RDDT//20220304070000:16R:CASHMOVE:22H::CRDB//CRED:98B::PAYD//UKWN:90E::OFFR//UKWN:16S:CASHMOVE:70E::ADTX//TENDER PRIOR EARLY DATE Please seedetails narrative.:16S:CAOPTN:16R:CAOPTN:13A::CAON//002:22F::CAOP//CASH:11A::OPTN//USD:17B::DFLT//N:98A::MKDT//20220304:98C::RDDT//20220304070000:16R:CASHMOVE:22H::CRDB//CRED:98B::PAYD//UKWN:90E::OFFR//UKWN:16S:CASHMOVE:70E::ADTX//TENDER AFTER EARLY DATE Please seedetails narrative.:16S:CAOPTN:16R:CAOPTN:13A::CAON//003:22F::CAOP//NOAC:11A::OPTN//USD:17B::DFLT//Y:98A::MKDT//20220304:98C::RDDT//20220304070000:16S:CAOPTN:16R:ADDINFO:70E::ADTX//The offer has been extended andamended. The early tender andwithdrawal privileges will expireon March 4, 2022. The NorthernTrust deadline is March 2, 2022.This offer has been amended. Allprevious decisions are null andvoid. New decisions are required. |

**Expected process following a custodian cancelling a previously accepted MT565 instruction**

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| **MT565** | **MT567 – PACK – Acceptance**  | **MT567 – CAND - Cancelation** |
| :16R:GENL:20C::CORP//22RRB509349:20C::SEME//0000000000937831:20C::COAF//US130758541:23G:NEWM:22F::CAEV//BIDS:98C::PREP//20220224132457:16R:LINK:22F::LINK//AFTE:13A::LINK//564:20C::RELA//2022021833696000:16S:LINK:16S:GENL:16R:USECU:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS 4.5 10AUG33:16R:FIA:12C::CLAS//DXXXXX:11A::DENO//USD:98A::MATU//20330810:98A::ISSU//20170810:98A::DDTE//20170810:16S:FIA:16R:ACCTINFO:97A::SAFE//ABCD:93B::ELIG//FAMT/10000,:16S:ACCTINFO:16S:USECU:16R:CAINST:13A::CAON//001:22F::CAOP//CASH:11A::OPTN//USD:36B::QINS//FAMT/10000,:16S:CAINST-} | :16R:GENL:20C::CORP//22RRB509349:20C::SEME//2022022503804476:23G:INST:22F::CAEV//BIDS:98C::PREP//20220225012815:16R:LINK:13A::LINK//565:20C::RELA//0000000000937831:16S:LINK:16R:STAT:25D::IPRC//PACK:16S:STAT:16S:GENL:16R:CADETL:13A::CAON//001:22F::CAOP//CASH:97A::SAFE//ABCD:94F::SAFE//1234/DTCYUS33:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS SR UNSECURED08/33 4.5:36B::STAQ//FAMT/10000,:16S:CADETL:16R:ADDINFO:70E::ADTX//IN :16S:ADDINFO | :16R:GENL:20C::CORP//22RRB509349:20C::SEME//2022022603808228:23G:INST:22F::CAEV//BIDS:98C::PREP//20220226024527:16R:LINK:13A::LINK//565:20C::RELA//0000000000937831:16S:LINK:16R:STAT:25D::IPRC//CAND:16R:REAS:24B::CAND//CANS:16S:REAS:16S:STAT:16S:GENL:16R:CADETL:13A::CAON//001:22F::CAOP//CASH:97A::SAFE//ABCD:94F::SAFE//1234/DTCYUS33:35B:ISIN US92343VEA89VERIZON COMMUNICATIONS SR UNSECURED08/33 4.5:36B::STAQ//FAMT/10000,:16S:CADETL:16R:ADDINFO:70E::ADTX//IN :16S:ADDINFO |