

**SMPG Corporate Actions**

**Global Market Practice - Part 1**

***Disclaimer***

*The Securities Market Practice Group is a group of experts who devote their time on a voluntary basis to define global and local market practices for the benefit of the securities industry. The market practice documentation and recommendations produced by this organization are intended to solve common problems across the securities industry, from which financial institutions can derive clear benefits, to harmonize business processes and to facilitate the usage of message protocols ISO 15022 and ISO 20022. While the Securities Market Practice Group encourages the implementation of the market practices it develops, it is up to the financial institutions within each market to implement the market practices according to their needs and agreements with their business counterparts to support their businesses as efficient as possible.*

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# Introduction

SMPG Market Practice Documents Overview

The SMPG Global Market Practices for Corporate Action are defined in three main documents outlined here below:

* **SMPG CA Global Market Practice Part 1:** The present document. It covers the following topics:
  + Main corporate action message flows per category of events;
  + Market practices defined per message types;
  + Message independent market practices;
  + Market practices on particular CA events;
  + Market practices on market claims and interest compensation;
  + Market practice on Proxy Voting in ISO15022
* **SMPG CA Global Market Practice Part 2**: This document covers the following information (provided in the form of a Excel sheet file):
  + **Event Interpretation Grid (EIG+)**: the EIG defines the allowed combinations of event types and Mandatory/Voluntary indicators and for each combination, the allowed options and DPRP (Date, Period, rate, Price) data elements that may apply globally and for local markets.
  + **Date elements Placement Guidelines**: Illustrates the allowed position(s) of the Date, Period, Rate, Price and other qualifiers as defined in the ISO 15022 MT564 and MT 566 messages for the SR2010.
  + **Complex Events Grid:** This table is used to ease the selection of the appropriate CAEV code for complex events.
  + **Redemption Matrix:** This table is used to ease the selection of the appropriate redemption event type by providing the key differences between the various redemptions events.
  + **Return of Capital Matrix:** This table is used to ease the selection of the appropriate return of capital event type by providing the key differences between the various return of capital events.
  + **Distribution with Option table:** This table gives the market practice for a rights event: either in one event using CAEV//RHTS or in two or more events using CAEV//RHDI and a second event CAEV//EXRI.
* **SMPG CA Global Market Practice Part 3**:This document covers the following information (provided in the form of a Excel sheet file):
  + **MT 567 Status and Reason Codes for instruction and Event processing status and** : Specifies the valid combinations of Status codes and Reason codes for the MT 567.
  + **CA SMPG MT 567 Decision Table:** Specifies the status and reason codes to be used according to the result of the instruction and instruction cancellation processing.

The following important SMPG documents are complementary to the above global market practice documents:

* **SMPG CA Event Templates (SR2010 version)**: This document provides examples of ISO 15022 MT messages for more than 30 corporate events. Its purpose is to demonstrate with concrete examples the application of various SMPG market practices (like the EIG+).
* **Proxy Voting Scenario**: Illustrates how CAN MT’s can be used to support proxy voting business flows and scernario.

The above documents are all freely available for download from the SMPG web site ( [www.smpg.info](http://www.smpg.info)).

Scope of this document

This document records market practices, which is much wider than just SWIFT messages and fields. The agreed principles are applicable regardless of the syntax or the carrier chosen. ISO 15022 examples and syntax of the decisions are given for information. A table is given to precise implementation details in ISO 15022 when relevant.

***Note on the extension to ISO 20022 messages***

*The next version of the CA SMPG market practice documents should start extending the market practice definitions, illustrations and examples to the ISO 20022 corporate action messages suite as it has recently been decided by the SMPG CA group members.*

This present document is structured in several parts as follows:

* Section 2 describes the agreed Corporate Actions flows per events category;
* Section 3 defines market practices on the announcement message (MT 564);
* Section 4 defines market practices on the instruction message (MT 565);
* Section 5 defines market practices on the confirmation message (MT 566);
* Section 6 defines market practices on the status and process advice message (MT 567);
* Section 7 defines market practices that are applicable to all flows;
* Section 8 defines market practices on specific corporate action events;
* Section 9 defines market practices on market claims and interest compensation.
* Section 10 defines market practices for the usage of the MT 56X messages for supporting the proxy voting process;
* Section 11 defines preliminary coexistence rules between the corporate action ISO 15022 – ISO 20022 Standards.

For each part, generic guidelines as well as SMPG decision are given. A reference to the meeting where the decision was taken is made. However, the intention of this document is not to record the history of the discussions but only to give the agreed results of the debates.

This documents contains market practices that have been defined or updated at any of the following conference calls and meetings:

* SMPG CA Telcos held on:
* In 2007: 12th February, 24th May; 21st June; 6th September, 6th December;
* In 2008: 10th January; 23rd January; 6th March; 19th March; 20th May; 26th June; 30th July; 13th November;
* In 2009: 15th January; 18th March; 9th April; 14th May; 29th May; 18th June 2009; 24th September; 5th October 2009; 10th December 2009
* In 2010: 25th Feb., 25th Mar., 6th July, 4th Aug, 15th Sep., 13th Oct., 13th Dec..
* In 2011: 2nd Feb., 14th Mar., 6th May.
* SMPG Global Meeting in Boston, 5th – 6th October 2007;
* SMPG Global Meeting in Paris, 23rd – 25th April 2008;
* SMPG Global Meeting in Vienna, 19th – 20th September 2008;
* SMPG Global Meeting in Moscow, 5th – 7th May 2009;
* SMPG Global Meeting in Frankfurt, 2nd – 3rd November 2009.
* SMPG CA Meeting in Luxembourg, 27th – 29th April 2010
* SMPG Global Meeting in Amsterdam 29th – 30th Oct. 2010
* SMPG Global Meeting in Rio de Janeiro 5th – 7th April 2011

Yearly Release Schedule

The SMPG CA Global Market Practice documents have two official releases per year. The objective of these releases is to allow users and implementers to synchronise the implementation of the Global Market Practice documents with the yearly SWIFT Standard Releases[[1]](#footnote-1).

A draft (v0.1) of the Global Market Practice documents is first published in November of the year preceding the year of the SWIFTSTandards release for which the market practices should apply.

A final version (v1.0) of the Global Market Practice documents is then published in February[[2]](#footnote-2) of the same year of the Standards release for which the market practices should apply.

This is illustrated in the following graphical time line:

**Annual**

**Standards**

**Release**

**Year «Y+1»**

**Annual**

**Standards**

**Release**

**Year «Y»**

**Feb.**

**Feb.**

**Nov.**

**Nov.**

Implementation of **GMP Part X**

**SR200Y+1\_V1.0**

and

publication of

**GMP Part X**

**SR200Y+2\_V0.1**

Publication of

**GMP Part X**

**SR200Y+1\_V1.0**

Final version for

implementation at next annual standards release

Implementation of **GMP Part X**

**SR200Y\_V1.0**

and

publication of

**GMP Part X**

**SR200Y+1\_V0.1**

Publication of

**GMP Part X**

**SR200Y\_V1.0**

Final version for

implementation at next annual standards release

Example:

The version of the Global Market Practice documents published in November 2011 will be “v0.1”. This version includes the updates to the market practices (or draft and new MPs) to be applied with the SWIFT Standards release of November 2012.

This version v0.1 will evolve until February 2012, when it will become “v1.0”, the final version with market practice updates to be applied in November 2012.

In November 2012, a new version will be released named “v0.1”, etc...

Interim versions:

Of course there could be interim versions of the Global Market Practice documents. These would be versioned v0.2, v0.3.etc... However, this should remain exceptional. The objective of this release schedule is to keep the number of versions in circulation to a minimum.

Documents Maintenance

Important changes to previous version of the Global Market Practice document part 1 are either indicated with track changes or highlighted in yellow (excluding typos and similar cosmetic changes). In this case, when the change applies to the whole section, only the title is in yellow.

# Category of Events and Flows[[3]](#footnote-3)

As the event category (not to be confused with the event type) influences the CA flows, a broad categorisation of events has been established. Based on this broad categorisation, generic communication flows are defined.

Categories of events

The SMPG agreed on the existence of 3 categories of events.

**Mandatory** **events** - Mandatory events are those defined as events where, the shareholder has no option or ability to take action or influence the timing of the event. In short, the event will happen and there is no choice for the holders.

E.g.: a stock split.

**Mandatory events with Options** - A mandatory event with options is defined as an event where, if the shareholder does nothing, something will occur to change the shareholders holdings in terms of securities or cash. However, the shareholder has a choice in which way he would like his holdings to be affected. In short, the event will happen and the holder has a choice.

E.g.: Dividend Options

**Voluntary** **events** - Voluntary events are those defined as events where, the shareholder has option to have his holdings affected. In short, the event may or may not happen and/or the holder can elect to take part or not.

E.g.: Tender Offer.

See the Event Interpretation Grid (EIG) in the GMP Part 2 for the allowed combinations of corporate action events (:22F::CAEV) and categories of events (:22F::CAMV).

Communication flows

It was agreed there were at least 3 steps - Notification, Entitlement and Payment/confirmation for all categories of event. Additional steps are required when options come into play. Flows were defined for all broad categories.

### Mandatory Events Flows

Legend of colored boxes:

CA Notification (MT 564 NEWM or REPL)

CA Notification MT564 REPE (with « EligibleBalanceIndicator » set\*)

CA Movement Preliminary Advice (MT 564 NEWM or REPE + 22F ::ADDB//CAPA) (with optionally « EligibilityIndicator » set\*)

CA Confirmation (MT 566)

\* *Available only in ISO20022 Notification or Movement Preliminary Advice message*

Announcement

Notification

(

CANO

-

NEWM

)

Full Announcement

Notification

(

CANO

-

REPL

)

Final

Entitlement

(

CAPA

)

Confirmation

(

CACO

)

Entitlement

Date

Payment

Date

Final

Entitlement

(

CAPA

)

Eligibility

(

CANO

-

REPL

)

+

A

B

or

time

Examples of such events are stock dividend (DVSE) or cash dividend (DVCA) events. In this case, the eligibility process could potentially be skipped as shown up in path B.

**Preliminary announcement:**

* Could include options.
* The preliminary announcement is sent as full details are known until the entitlement date is reached.

**Full announcement:**

* Including options.
* The full announcement is usually sent before the entitlement (see further chapter on announcement).
* Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

**Eligibility:**

* **EligibleBalanceIndicator[[4]](#footnote-4)**: Indicates whether the eligible balance is final except for a voluntary corporate action event where it can represent the current eligible balance when communicated before expiration date of that event.

**Final entitlement:**

* If there is an "entitlement date" which might not be the case for events like take-over bid
* The entitlement message confirms (at the best of the servicer knowledge) the holdings of the account owner at the “entitlement date” (e.g. ex date, record date, effective date…). Any “movements” (cash or securities movements) in the entitlement message are theoretical movements, pending instructions.
* **EligibilityIndicator[[5]](#footnote-5):** Indicates whether the movement preliminary advice is sent after entitlement date.
* Value is Yes (true) if sent after entitlement date and No (false) if sent before entitlement date.

**Confirmation**

* At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

### Mandatory Events Flows With Entitlement Date Close to Payment Date



Examples of such events are Interest payment on ICSD (INTR) events.

1 For these events, the announcement notification messages are optional (for example, in the case of predictable events like monthly interest payments).

**Preliminary announcement:**

* Could include options.
* The preliminary announcement is sent as full details are known until the entitlement date is reached.

**Full announcement:**

* Including options.
* The full announcement is usually sent before the entitlement (see further chapter on announcement).
* Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

**Final entitlement:**

* If there is an "entitlement date" which might not be the case for events like take-over bid
* The entitlement message confirms (at the best of the servicer knowledge) the holdings of the account owner at the “entitlement date” (e.g. ex date, record date, effective date…). Any “movements” (cash or securities movements) in the entitlement message are theoretical movements, pending instructions.
* **EligibilityIndicator[[6]](#footnote-6):** Indicates whether the movement preliminary advice is sent after entitlement date.
* Value is Yes (true) if sent after entitlement date and No (false) if sent before entitlement date.

**Confirmation**

* At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

### Mandatory with Options Events Flows



Examples of such events are optional dividend (DVOP) or rights issue (EXRI) events. Income events as currency options are also part of this case.

**Preliminary announcement:**

* Could include options.
* The preliminary announcement is sent as full details are known until the entitlement date is reached.

**Announcement:**

* Including options.
* The full announcement is usually sent before the entitlement (see further chapter on announcement).
* Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

**Eligibility:**

* If there is an "entitlement date" which might not be the case for events like take-over bid
* The entitlement message confirms (at the best of the servicer knowledge) the holdings of the account owner at the “entitlement date” (e.g. ex date, record date, effective date…). Any “movements” (cash or securities movements) in the entitlement message are theoretical movements, pending instructions.
* **EligibleBalanceIndicator[[7]](#footnote-7)**: Indicates whether the eligible balance is final except for a voluntary corporate action event where it can represent the current eligible balance when communicated before expiration date of that event.

**Final entitlement:**

* It is not to be confused with the entitlement message.
* This step is optional and based on SLA/Market Practice requirements. It confirms the outturn benefits based on the election made by the account owner. The uninstructed balance may be advised.
* The final entitlement message **must** include holding/positions.

**Confirmation**

* At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

### Voluntary Events Flows



Examples of such events are put Redemption option (BPUT) events.

**Preliminary announcement:**

* Could include options.
* The preliminary announcement is sent as full details are known until the entitlement date is reached.

**Announcement:**

* Including options.
* The full announcement is usually sent before the entitlement (see further chapter on announcement).
* Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

**Final entitlement:**

* It is not to be confused with the entitlement message.
* This step is optional and based on SLA/Market Practice requirements. It confirms the outturn benefits based on the election made by the account owner. The uninstructed balance may be advised.
* The final entitlement message **must** include holding/positions.

**Confirmation**

* At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

### Voluntary Rolling Events Flows



**Voluntary Rolling Events:**

Examples of such events are conversion (CONV) events In this case, the instruction can come any time during life of the security.

### Instruction Phase Flows

**Reminder:**

* Messages to customers that have not responded to the corporate action event by the deadline.
* This is strictly between the account servicer and account owner and would occur close to the deadline. This message would only be sent in the event no election response was received or if a partial election response was received.
* Reminder (if any) is strictly driven by SLA. Its details, e.g. whether a default option is indicated or when the reminder is initiated, is also left entirely to parties based on SLA.

**Processability:**

* The processability message sent from the account servicer to the account owner is optional[[8]](#footnote-8). It confirms the reception of the instruction by the account owner and its "processability".
* Processability criteria are defined based on SLA between the 2 parties but are likely to involve a check on the account, the quantity and the option. The scope of the processability is just to ensure that basics details of the instructions are recognised by the account servicer.
* When no instruction has been received by the account owner, the account servicer may wish to notify to the account owner that no instruction was received and that the default action was taken. This feature falls either under the extension of the processability flow (not to confirm that the instruction was received but that no instruction was received). Additionally the results of the default will appear in the (optional) final entitlement notice when it is sent.

ISO 15022 messages

These flows map to the following ISO 15022 message types.

* Preliminary and announcement: MT 564 with :23G::NEWM or REPL
* Entitlement: MT 564, with function of the message :23G:REPE
* Final Entitlement: MT 564 with function of the message 23G: REPE + 22F::ADDB//CAPA
* Reminder: MT 564, function of the message :23G:RMDR
* Instruction: MT 565
* Processability of the instruction / Status (including default action notification): MT 567
* Confirmation: MT 566

### MT 564 Message Sending Sequence

The first announcement is, 23G:NEWM

Subsequent changes before eligibility require, 23G:REPL to be used.

At ***eligibility*** a further MT 564 to be sent, 23G:REPE.

Any subsequent eligibility and/or event details changes require, 23G:REPE

All messages after the first announcement contain a linkage block to the previous MT 564.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | April 2006 | Nov. 2006 |  | CA 80 |

# Notification Message (MT 564)

Generic Elements of a notification

An announcement message will include the following elements:

1. Announcement Type (mandatory)
2. Announcement Status (mandatory)
3. Event Category (mandatory)
4. Event Type (mandatory)
5. Reference: Senders Reference (mandatory) - Unique corporate action reference (Mandatory)
6. Identification of the underlying securities via an ISIN (and description)
7. Account (single account, all accounts- not identified individually)
8. Balance (Optional)
9. Event details

* Certificate Number (necessary in certain countries still dealing with physicals but optional element) is not dealt with in this document but may be required in certain circumstances.
* The more technical elements (such as sender or receiver) have not been included in the above list.
* In the case where holdings are held in different places of safekeeping and the terms of the event differs, the account servicer will either align the terms whenever it is possible or create two separate events (see also section 3.13).
* The SMPG felt that market practice could only be established on the "complete" notification rather than preliminary or interim. In fact, preliminary or interim notifications are subsets of a "complete" notification and information on the events are published in so many ways across the countries that attempting to include "incomplete" notification in the Market Practice would not be realistic.
* It may also be that the full announcement is not sent, as full details are not known until the entitlement date is reached, this is mainly the case for mandatory events. In this case, the entitlement notice will contain the full announcement details as well as the entitlement specific details (e.g. Mortgage-Backed instrument).
* Date prepared is not a common element; the time stamp in the message header can supply this information should it be required[[9]](#footnote-9).

Let's look at these various elements and how they can be mapped into ISO 15022 messages.

Function of the message.

The announcement type is translated in an MT 564 by the function of the message.

There are different levels of notification such as early notification, confirmed notification, updated notification and so on.

The function of the message (MT 564) indicates whether the announcement/notification is a new notification, a replacement or a replacement with entitlements (other special functions exist: reminder, cancel or withdrawal)

### NEWM

A new message (:23G:NEWM) is always used as the first notification for a given event. After a NEWM is sent, any subsequent notification will be a REPL (Replacement) or Eligible balance notification (REPE).

For late announcement and well known events recommendations, refer to 3.2.4.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | Nov. 2000/Nov.2004 | Nov.2002/May 2005 |  |  |

### REPE

An entitlement message would contain all the same data elements as the notification but would include the eligible balance (if not already previously reported).

When the record date and the payment date are consecutive, it was agreed that the Entitlement message may be omitted and the Confirmation message will be sent when the benefit has been distributed. For individual institutions, this depends on whether any delay is experienced whilst waiting for the benefit to be received. Typically a domestic benefit is distributed on payment date and a cross-border benefit distributed when it is received.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G | REPE | NOV-2000 | NOV-2002 |  |  |

If a final entitlement MT 564 is sent (i.e. after the response deadline of elections) then it should include details of the actual stock and cash benefits[[10]](#footnote-10).

### ADDB

ADDB can be mentioned to notifiy an additional business process to a corporate action, for example :22F::ADDB//CAPA, which indicates that the message is preliminary advice of payment.

### Cancel versus Withdrawal.

WITH (withdrawal) should be used to void a previously sent message or in case the issuer has cancelled the event. This implies that the corporate event number (CORP) will not be re-used.

CANC (cancel) is to be used when the sender wishes to cancel a corporate event previously announced by the account servicer or a previously sent Preliminary Advice of Payment message (:22F::ADDB//CAPA in sequence D).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | Nov. 2000 | Nov.2002 |  |  |

### Should a CANC be used or a REPL?

Replace messages should be sent in all circumstances.

If a REPE message has been sent, then the replacing message containing the new details is also a REPE (not a REPL).

When REPE is used, it is understood that the REPE message contain the entire set of information, not just the elements replaced or added.

In case of a withdrawal, the specific withdrawal code should be used.

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| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | Nov. 2000 | Nov.2002 |  |  |

The CAEV, CAMV and Financial Instrument identification are crucial to the processing of an event; if one or more of them changes the old event is to be cancelled by the account servicer and a new one started.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2010 |  | CA 155 |

### On Late announcement and well known events

**Late announcements**

1) When a mandatory event is notified late and the entitlements are known, the rule “first notification message = MT 564 NEWM” should be followed.

This NEWM (sent after record date) may include eligibility and entitlement details. If not, a REPE will need to follow.

2) When a mandatory event is notified late, the entitlements are known and the payment date is in the past, for consistency and easy automation purposes, it is recommended to issue a notification (MT 564 NEWM) before sending the confirmation (MT 566).

From SR2006 a status code of ENTL may be used with the processing status qualifier of PROC, 25D::PROC//ENTL. This indicates that the message contains entitlements. In addition its use is restricted to function of message NEWM, and requires the presence of one or more of movement sequences E1 and E2.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 25D |  | April 2006 | November 2006 |  | CA 66 |

**Well known events**

For well known events, the rule remains that a NEWM should be used as first notification message. This NEWM message may include eligibility and entitlement details. If not, a REPE will need to follow.

Well known events are typically fixed income events.

|  |  |  |  |
| --- | --- | --- | --- |
| Event --🡪 | Well Known | One off and message sent **after** entitlements known and **before** payment date | One off and message sent **after** entitlements known and **after** payment date |
| 564 Notification NEWM | Mandatory | Mandatory | Mandatory |
| 564 Notification REPE | Optional | Optional | Optional |
| 566 Confirmation | Mandatory | Mandatory | Mandatory |

Note that the confirmation message is **always** sent when the event results in outturns of cash and/or stock.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | NOV-2000/NOV 2004 | NOV-2002/NOV 2006 |  |  |







Announcement status

An announcement status can be confirmed or unconfirmed and complete or incomplete. The announcement status is given in an MT 564 in the field :25D::PROC//

### On COMP

The complete notification being defined as the notification containing all the needed elements for an event.. It is obvious that at an early stage of the event, not all elements could be available. It was agreed that in such cases, only the available data should be indicated rather than listing all the needed elements with a "to be announced" or "unknown" value. The SMPG decided that a Notification message may be considered complete when there are sufficient details for the client to make a decision[[11]](#footnote-11). The needed elements required to consider an announcement as complete should be determined on a Corporate Action (CA) by CA basis by National Market Practice Groups (NMPGs) and documented as Mandatory elements in the EIG+

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 25D | PROC | NOV-2000 | NOV-2002 |  |  |

A Preliminary Notification message may be sent, this is dependent on service level agreement.

A reminder Notification message may be sent to the client, again this is dependent on client agreement (and thus falls out of the scope of global market practice)[[12]](#footnote-12).

### On ENTL

From SR2006 a status code of ENTL may be used with the processing status qualifier of PROC, 25D::PROC//ENTL. This indicates that the message contains entitlements. In addition its use is restricted to function of message NEWM, and requires the presence of one or more of movement sequences E1 and E2.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 25D |  | APR 2006 | NOV 2006 |  | CA66 |

### On INFO

From SR2006 a status code of INFO may be used with the processing status qualifier of PROC, 25D::PROC//INFO. This indicates that the message is for information only, for example as a notification of an opportunity to exercise a warrant or convert a security. Note that there will have been no announcement by the market as this is a service provision.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 25D |  | APR 2006 | NOV 2006 |  | CA68 |

Event Category

There are 3 categories of events (mandatory, mandatory with options and voluntary). Please refer to section 2.1 for definitions. This is indicated in an MT 564 using the appropriate code (MAND, CHOS, VOLU) in the field :22F::CAMV//

See the EIG+ (reference source in the introduction) for further details.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 22F | CAMV | Nov. 2000 | Nov. 2002 |  |  |

Event type

Event type is to be given in the announcement. The structured manner of identifying the event is through an appropriate code (see SWIFT documentation) in the field :22F::CAEV//

See the EIG+ (reference source in the introduction) for further details.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 22F | CAEV | Nov. 2000 | Nov. 2002 |  |  |

References

Any notification should contain at least 2 key references:

- the senders reference;

- the corporate action event number.

### Senders Reference

The **senders message reference** is a reference used to identify uniquely each message sent.

Therefore each message sent - regardless of its function or event status - should bear a new and unique senders message reference.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 20C | SEME | Nov. 2000 | Nov. 2002 |  |  |

### Corporate Action Reference

The **corporate action event reference** - as opposed to the sender’s message reference - is a reference to the event.

This means that all messages pertaining to the same event should contain the same corporate action event reference.

This reference should also be unique in the sense that for clarity two events should not bear the same corporate action event reference.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 20C | CORP | Nov. 2000 | Nov. 2002 |  |  |

### Official Corporate Action Event Reference

Refer to section 7.1 for the COAF market practice.



Linkages

Linkage is a mechanism to link different pieces of information.

SMPG has looked into rules on how to achieve a constant reliable way to reconcile and link the flow of information.

In ISO 15022 this would be achieved by specific rules on how and when to use the linkage block (A1).

### Linkage of different message types

In addition to the Corporate action reference (CORP), the market practice requires a link *only* to the preceding notification message (:20C::PREV).

There is no market practice requirement to link the MT 564 REPE to the MT 565 election (:20C::RELA). Therefore a single MT 564 REPE may be sent at the end of the response period, when the entitlements may be calculated, to indicate the entitlements for each of the options instructed.

In addition there is no market practice requirement to reference the MT 565 instruction(s) in the MT566 confirmation, an instruction should be acknowledged with an MT 567 status.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A1 | 20C | PREV & RELA | APRIL-2005 | NOV-2006 |  |  |

### Linkage of MT564

When an update message is sent, it should always bear the unique reference to the corporate event number in the sequence A of the message. The linkage block will contain the reference to the last previous sent message using in the linkage subsequence the field :20C::PREV//

One will only expect a referencing to the last message sent, NOT to the whole chain of previous messages.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A1 | 20C | PREV | NOV-2000 | NOV-2002 |  |  |

### Linking MT 564 and MT 568[[13]](#footnote-13)

It was agreed that the MT 564 should include a reference to a subsequent MT 568 - if a subsequence MT 568 is used.

It is strongly recommended NOT to use the MT 568 whenever possible as this narrative message hinders STP (see later on rules for handling message above the limit of an MT 564).

The MT 564 link is only to be used when MT 568 follows immediately (same day); the MT 564 should not be hold up because an MT 568 is following only a couple of weeks later. Otherwise a separate MT 568 can always be sent later on, linking it back to the MT 564[[14]](#footnote-14).

Example of forward linking

MT 564

:20C::SEME//1234

[use sub-sequence A1,

13A::LINK//568

:20C::CORP//16x (the CA Reference)

]

And the MT 568 should cross-reference to the MT 564 -

[use sub-sequence A1,

13A::LINK//564

:20C::PREV//1234 (the SEME of the MT 564)

Full forward linking, i.e. indicating in the MT 564 the reference of the MT 568 to come is difficult to do from an IT point of view from a sender's perspective as it implies knowing the senders reference of the MT 568 before having generating it.

Therefore the SMPG recommendation is to indicate in the MT 564 that an MT 568 will be sent without indicating the reference of the MT 568 if available.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A1 | 20C | PREV | Mar-2001 | Nov-2002 |  |  |

Affirmed that an MT 568 should NOT be sent independently. The MT 568 should be linked with the MT 564 as per the existing Standards usage rules reading that “Usage rule of MT 568: This message should not be used in lieu of a structured message, i.e., the MTs 564, 565, 566, or 567."

The Function of Message (field 23G) should be the same in the MT 564 and its associated MT 568. And, before an MT 568 is sent, the relevant narrative fields of the MT 564 should be used.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | March 2007 | N/A |  | CA 109 |

In case multiple MT 568s needs to be sent, the sequence of these linked MT 568s may be indicated by page number in the narrative field.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | NOV 2004 | NOV 2006 |  |  |

### MT 564/568 Narrative Updates

Whenever a narrative text needs to be updated/amended in a MT 564, a replacement MT 564 shall be resent with the whole updated/amended narrative text included i.e. the narrative text may not only contain the amended or updated part of the narrative text.

In case multiple linked MT 568s have been sent, and one of the MT 568s needs to be replaced, the whole sequence of linked MT 568 messages needs to be replaced.

If an MT 564 is to be replaced but the narrative content of any linked MT 568 does not need any changes,the whole chain of linked 568 messages must be resent even if only the MT 564 is changing.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | NOV 2004 | NOV 2006 |  |  |

### Linking multi-parts MT564 Announcements (when msg size limit is reached)

Corporate actions announcement messages can eventually be long. This could occur for instance if there are 10s or 100s of different options to choose from within a given event or if a long list of 100s or 1000s of account and account owners must be provided or if very long narrative text must be provided.

In this case, accounts or options or long narrative information could eventually be split amongst several linked MT564 messages.

In this case, the SMPG recommends to refer to the market practice defined by ISITC in their local market practice document. Please refer to [www.isitc.org](http://www.isitc.org) for more information on this.

### Linking 2 events

When two events are intertwined, it is possible to link two events together.

This can be achieved in ISO 15022 using the linkage subsequence and the qualifier CORP in the field :20C::

The reference given in that field is the corporate action event number to the linked event, not the senders message reference of the other event It is of course possible to link more than 2 events together by repeating the linkage subsequence.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A1 | 20C | CORP | NOV-2000 | NOV-2002 |  |  |

Identification of securities[[15]](#footnote-16).

### How to describe a security?

The ISIN should be used as a minimum, following the recommendation from G30.

If another number scheme is used then it must have description.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B | 35B |  | NOV-2000 | NOV-2002 |  |  |

### On multiple deposited securities

If a security is listed on more than one exchange, and the terms of the event differ depending on the exchange (such as the ex date, for instance), then it is recommended to send two separate corporate action notifications. It is to be noted that a formatted place of listing field is available in ISO 15022 messages. This avoids the account servicer having to identify the concerned place of listing in a narrative way.

This field :94B::PLIS is available in the Financial Instrument Sequence B1 following the identification of the financial instrument (:35B:) for which the place of listing is needed.

Example:

### :94B::PLIS//EXCH/XLONOn Place of Safekeeping

1. If different places of safekeeping but same details, 1 message is allowed.
2. If different details (due to different places of safekeeping), 1 message per place of safekeeping.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B2 |  |  | MAR 2001 | NOV-2002 |  |  |

Place of safekeeping will be identified using the specific place of safekeeping field.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B2 | 94a | SAFE | MAR 2001 | NOV-2003 |  |  |

Account (single account, all accounts- not identified individually)[[16]](#footnote-17)

A single Notification message may be sent when a client owns more than one account using the 97C::SAFE//GENR syntax. Entitlement quantities &/or amounts must not be supplied when using this syntax. The usage of this ISO 15022 feature is used is dependant on the account servicer.

An entitlement message is sent for each individual account owned by the client (note that the entitlement must be calculated individually for confirmation).

A confirmation message must be sent for each individual account (this is a mandatory message rule).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B2 | 97C | SAFE//GENR | October 2006 | N/A |  | SR2007 III.37 |



Balances

There was no definitive agreement in terms of whether or not all notifications should contain holding/positions.

Based on local practices and/or SLA, holdings may only be given at the time of entitlement.

Some countries also have a practice of sending a final entitlement notification after the instruction/elections are received but following the period when elections are closed.

### Eligible Balance

The SMPG established that the eligible balance is calculated, discussed *how* it is calculated and concluded there is no standard method.

Eligible Balance used in the MT 564 entitlement message =

Actual (booked) balance (at best of knowledge at the time **the entitlement is calculated**)

+/- any transactions (of all types) that will affect the client’s final entitlement.[[17]](#footnote-18)

The “at best of knowledge” phrasing of the definition allows for variations in national market practices and SLAs; for instance, whether unmatched transactions are included.

Each NMPG should document the composition of the eligible balance based on their country specifics. If different from the above definitions and recommendations, it should be stated in the country specific CA MP document.

Other balances can be provided in addition to the eligible (ELIG) balance. For all those additional balances, it is possible to further specify a balance using the balance type code “eligible” or “non-eligible”. If the balance type code is not specified, it is understood as being “eligible”.

Event details

The notification will contain the event details such as dates, rates, ratio and amounts. The presence of specific date, period, price or rate, as optional or mandatory elements, has been documented in the SMPG Global Market Practice part 2 (EIG+).

The SMPG has worked on clarifying the definition and usage of some details:

### Date Prepared

Date prepared is not a common element; the time stamp in the message header can supply this information should it be required.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 98a | PREP | JUN-2001/JAN 2002 | NOV-2002 |  |  |

### Record Date

Record date is at the close of the day .

This translates in ISO 15022 into a field 98a with a specific qualifier.

In markets where the eligible balance is struck on record date, it is done at the close of the record date.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D | 98a | RDTE | MAR 2001 | NOV-2002 |  |  |

### Ex Date

**Ex-date** is beginning of the day[[18]](#footnote-23)

This translates in ISO 15022 into a field 98a with a specific qualifier.

In markets where the eligible balance is struck on ex-date, it is done at the start of the ex-date.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D | 98a | XDTE | MAR 2001 | NOV-2002 |  |  |

### Payment Date – Earliest Payment Date – Value Date

Payment date (PAYD) is a common element and it is the date supplied by the issuer of the CA.  Note that redemption date is agreed to be equal to the payment date.

When in an announcement (MT 564), the payment date (PAYD) is a non-banking date, the earliest payment date (EARL) may be used to indicate the actual payable date, i.e. the date when the payment will be processed in the system. It is however optional.

Value Date (VALU) is used to indicate the date at which cash starts to earn interests in a credit entry or ceases to earn interests in a debit entry.

Note: on non-banking date: Posting date in the MT 566 and Value date in both the MT 564 and the MT 566 must be a banking date.

This translates in ISO 15022 into a field 98a with a specific qualifier.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E/E1/E2 | 98a | PAYD/EARL/VALU | NOV 2000 | NOV-2002 |  |  |

### Response Deadline

The group agreed that this should be the local time zone of the account servicer. The time zone of the account servicer is always known (SLA). This information should be stored in the system, it should not be in the message. This is the case for corporate actions as well as for settlement. The response deadline date should be formatted using the RDDT date qualifier.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 98a | RDDT | JUN-2001/JAN 2002 | NOV-2002 |  |  |

If :98E:: date format with UTC time is used for Response Deadline or Early Response Deadline, then UTC time without any offset specifies means GMT time.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 98a | RDDT | September 2010 | NOV-2010 |  |  |

### Announcement Date

The Group affirmed that the announcement date is as defined by the issuer. No change in MT as new info arises[[19]](#footnote-24).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 98a | ANOU | JUN-2001/JAN 2002 | NOV-2002 |  |  |

### Restrictions

Restrictions are common.

If they are restrictions, they should be indicated in the announcement or as soon as known.

This translated in ISO 15022 by the following two narrative fields in the CA messages, i.e., conditions for the offer (INCO) and conditions to be complied with (COMP).

The group agreed that there is no need to have extra keywords after the existing qualifiers as a narrative will follow anyway. This however does not prevent some countries to investigate the use of such codes at country level[[20]](#footnote-25).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 70a | INCO/COMP | Jan. 2002 | Nov. 2002 |  |  |

### General on Options[[21]](#footnote-26)

The event might contain options.

The options are identified in ISO 15022 by an option code and an option number. (22F::CAOP - 13A::CAON). Each option is contained in an occurrence of the sequence E of the MT 564.

See the Event Interpretation Grid (EIG) for matching between corporate action events (:22F::CAEV) and corporate action option codes (:22F::CAOP).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A &E | 22F | CAEV & CAOP | NOV 2005,  Affirmed APR 2006 | NOV 2006 |  | CA06 |

The option code and option number are mandatory in the MT 564 (and MT 566). Any options added by the account servicer should be added after the issuer's options in numerical terms.

It is recommended that in the MT 564, the options numbering follow these rules:

1. The option numbers should start from 001.
2. Incremental by 1 should be the rule (do not "jump" numbers).
3. Only numeric characters should be used (no alpha characters).
4. The option number order should be kept throughout the life of the event (between account servicer and account owner).
5. Announcement can always be updated (replaced) except if CAEV and/or CAMV and/or underlying security change
6. When an option is cancelled/inactivated, it will remain in the notification, with the same option number, and option status (OSTA) inactive (INTV) or CANCelled. Added options are given a new number (Option numbers are not recycled). If an option detail is changed in the market, it is up to the account servicer to assess if the change can lead to confusion. If it may lead to confusion, the SMPG recommendation is to list the original option as status cancelled and include a new option. If the change will not lead to confusion, the account servicer should update the original option.

.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 13A | CAON | JUN 2003 | MAY 2005 |  |  |

Identification of an option selected on an Election[[22]](#footnote-28).

See chapter 4 on Instruction message (MT 565).

Default Option and Standing Instruction

##### Default option

The default option identified is the default decided by the sender of the message, i.e. the account servicer. It may or may not be the default option of the issuer. Whether default options will be provided by account servicer should be specified by SLA.

Technically, the default action flag of each sequence E could be set to N. There is no obligation to have a flag set to Y.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 17B | DFLT | JUN 2001 | NOV 2002 |  |  |

The account servicer may or may not send an unsolicited MT 567 to provide a status on the action taken for any uninstructed balance based on the default action. This is to be agreed in the SLA.

##### Standing instructions

Standing instructions may or may not be offered by the account servicer. It must be agreed at SLA level.

A standing instruction always overrides an MT 564 notified default option if they are different.

The order of prevalence is:

1. specific instruction MT 565
2. standing instruction (when SI are lodged at the account servicer as per SLA)
3. default action.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 17B | STIN | JUN 2003 | MAY 2005 |  |  |

The account servicer may or may not send an unsolicited MT 567 to provide a status on the action taken for any uninstructed balance based on a standing instruction. This is to be agreed in the SLA.

Standard for 35B when ID of Outturn Security Not Known.

The SMPG preference is for ‘UKWN’ as it is an existing code used with other qualifiers.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E / E1 | 35B |  | APRIL-2005 | NOV-2006 |  |  |

Over Election/Subscription – Option Code and Option Feature

Agreed that option feature 22F::OPTF//QOVE (*Feature whereby the holder can elect a quantity to receive over and above normal ensured entitlement*) is a duplication of option code 22F::CAOP//OVER (*Subscribe to more new shares than underlying securities position allows, when terms and rights issue allows it*) and recommended NOT to be used together.

Conclusion was that the option feature 22F::OPTF//QOVE may be used with an option code of 22F::CAOP//SECU, CASE or EXER (not OVER) to inform that for the specific option, there is the possibility to over elect.

The MT 565 following would be expected, in case of the client decided to profit from the over election feature, to contain :36B::QINS or QREC (depending on the event) + :36B::QOVE.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 22F | CAOP & OPTF | Telco September 2006 | NOV 2007 |  |  |

Question: what is mentioned in the field QREC when both QREC and QOVE are present in the MT565?

### On Event Options Details and tax rates*[[23]](#footnote-29)*

What happens in case of omnibus account for income? In that case, multiple accounts per one notification does not work for income because of the different tax rates.

1. one client

Account A: 30%

Account B: 15%

Account C: 15%

Question: one MT 564 per account should be sent, however, should the details of the announcement be changed in the three messages? It was said that if only general information is in the message, then the information doesn’t need to change. However, if rates are included then the contents must be changed.

It was agreed that if income is involved, there will be one announcement per account.

1. omnibus account (30% and 15% rates are mixed)

There will be a default rate on the account unless you tell the local custodian the breakdown. The French proposal is to have one MT 564 with multiple options for the different tax rates (option 1 is 30%, option 2 is 15%). In the MT 565, then the Account owner selects one option and provides in a narrative or by mail the tax breakdown. Then the MT 566 and 567 can follow as they normally do.

Position 1000 – 30%

Position 1000 – 15%

564  
---------------->

option 1 30%

option 2 15%

565  
<---------------

option 1 for 1000

565  
<---------------

option 2 for 1000

It was discussed whether the custodian needs to send the information that he received from the local custodian to the Account Owner. It was indicated that MT 564 need to be sent further on because, they need to give a reply, i.e., the tax breakdown, otherwise the STP process is broken. Some members indicated that you need to do this in order to give the response deadline for the tax breakdown.







Reminder

The following are some guidelines on the ability to send reminder messages to customers who have not instructed fully on their eligible balance for the corporate action event before the deadline.

This flow is strictly between the account servicer and account owner who has not responded and would occur just prior to the close of an offer. This flow would only be sent in the event no election response was received or if a partial election response was received. This flow is optional and usage/timing is left to SLA.

If sent, it must be an MT 564 bearing the RMDR function.

Uninstructed balance will inform the account owner on the quantities for which no instruction was received.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| UNBA | | Uninstructed Balance | | | Balance of uninstructed position. | | | |
| INBA | | Instructed Balance | | | Balance of instructed position. | | | |
| **Seq.** | **Tag** | | **Qualifier** | **Decision Date** | | **Implement. Date** | **Update Date** | **Open Item Ref.** | |
| B2 | 93 | | UNBA-INBA | JAN 2002 | | NOV-2002 |  |  | |

Interest payments

* + 1. On Intermediate Payments***[[24]](#footnote-31)***

How should the rate intermediate payments be handled for both fixed income securities and equities?

The SMPG decided that the interest period and the rate on which the interest payment is based on, or the current rate (for a floating rate note) should be supplied.

The interest rate for the interest period is indicated using the INTP rate qualifier. The method of interest calculation *may* be supplied.

It is also recommended for Floating Rate Note that, as soon as the rate is known, a notification be sent and a confirmation when the payment is made. It is NOT recommended to announce both the current and the next rate in the same event.

Payment frequency: If there is a period and calculation method in the message, the payment frequency is deemed as not being necessary.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2003 | MAY-2005 |  |  |

### On Rates Declared for more than One Share*[[25]](#footnote-32)*

Some securities, eg in Brazil, publish payment rates at greater than a single share, e.g. per 100 or per 1000 held, this is the tradable unit. In order to remove any ambiguity the definition of rates in ISO 15022 should be amended to quote the rate ‘per tradable unit’.

The format for these payments would be:

For a CAEV of INTR,

93B::ELIG//UNIT/number of equity securities

92F::INTR//amount to be paid [published rate]

22F::DIVI//SPEC

with 'Rate announced per 100 shares' or 'Rate announced per 1000 shares' in the narrative.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2002 | MAY-2005 |  |  |

### On The Usage Of Tax Free Information:

With the implementation of SR 2005, the GRSS rates have become repetitive, so that it is possible to use :92J::GRSS//TXBL and :92J::GRSS//TXFR.

Examples for dividends processing/mapping

The dividend is announced at 10 EUR per share

a) Fully taxable event (20% basis rate)

a1) Customer is taxed

:92J::GRSS//TXBL/EUR10, or :92F::GRSS//EUR10,

:92A::TAXR//20,

:92F::NETT//EUR8,

a2) Customer is not taxed (based on tax status)

:92J::GRSS//TXBL/EUR10, or :92F::GRSS//EUR10,

:92A::TAXR//0,

:92F::NETT//EUR10,

b) Partially taxable event (8 taxable, 2 non-taxable)

b1) Customer is taxed

:92J::GRSS//TXBL/EUR8,

:92J::GRSS//TXFR/EUR2,

:92A::TAXR//20,

:92F::NETT//EUR8,4

b1) Customer is not taxed (based on tax status) + 10% fees

:92J::GRSS//TXBL/EUR8,

:92J::GRSS//TXFR/EUR2,

:92A::TAXR//0,

:92A::CHAR//10,

:92F::NETT//EUR9,

Usage Guidelines for Narratives in the MT 564 & MT 568

Field 70a (narrative) may be considered as a barrier to automation.

However, the narrative field itself is not unstructured. The field 70a is qualified (using a qualifier) and this gives some structure to the narrative and the corporate actions announcement message itself.

Based on the type of narrative (defined by the qualifier), one can define whether the field can be ignored the information, map it somewhere else, read by a human being as its content is critical.

Therefore, the MT 564 with field 70 is not be a barrier to STP provided that everyone understands *how* the qualifiers are used in this context and use it the same way.

The usage of the various types of narratives fields should follow the following guidelines:

### Additional Text (ADTX)

This qualifier should be used when some details on the Corporate Action event can not be included within the structured fields of this message. The information is to be read by the receiver as it is information is not somewhere else in the message.

It should be made clear to everybody that if there is a way to provide this information in a structured field, it MUST be provided in a structured field and NOT be given in the additional text narrative.

Although this field is repetitive in certain cases, it must not be over-used. Should there be a lot of narrative information required in addition to the structured ones, the MT 568 is to be used.

### Narrative Version (TXNR)

This qualifier should be used to reiterate some information that has already been included within structured fields of this message.

In no circumstances, must this field be used to communicate additional information.

It should be made clear that only information present in a *structured* field should be present after TXNR, not ADTX type of information. A receiver must be confident that they can completely ignore this type of narrative without impacting on the legality or completeness of the Corporate Action event.

If this rule is followed, an institution that has captured automatically all the structured information of the message may ignore completely this field.

### Information Conditions (INCO)

Information *conditional* to the whole Corporate Action, for example, an offer is subject to 50% acceptance.

Due to the very nature of conditions, it may require some narrative to unambiguously detail the conditions.

This information is important and *needs* to be read by the receiver.

### Information to be complied with (COMP)

Information conditional to the account owner and which must be complied with. For example, not open to US residents, QIB or SIL to be provided.

Due to the very nature of conditions, it may require some narrative to unambiguously detail the conditions.

This information is important and *needs* to be read by the receiver.

### Offeror (OFFO)

The Offeror/Acquiring Company is the entity making the offer and is different from the issuing company. This should provide details of the offeror’s offer.

In many circumstances, there is no standards identification of the offeror. Therefore, this narrative allows to properly cater for that information without mixing it with other type of narrative.

The fact that there is no standards identification of the offeror does not prevent the receiver to map that information internally for further processing.

### Security Restriction (NSER)

Restriction on a new security.

When a new security is issued due to a corporate actions event, some restrictions may be attached to it (e.g. can not be sold for a given period of time).

The security identifier may not be sufficient to derive that information. Therefore, this narrative allows to properly cater for that information without mixing it with other type of narrative.

### Declaration Details (DECL)

Details concerning the beneficial owner not included within structured fields of this message

In some circumstances, there is no standards identification of the beneficial owner. Therefore, this narrative allows to properly cater for that information without mixing it with other type of narrative.

The fact that there is no standards identification of the offeror does not prevent the receiver to map that information internally for further processing.

### Party Contact Narrative (PACO)

This field must contain the contact details of some party. A typical example is the contact details of the person who wrote/generated the message and from whom more info is available. This information is typically unstructured.

The received may or may not read systematically this information if received based on its own process and requirements.

### Registration Details (REGI)

Details concerning the registration of the securities that not included within structured fields of this message

When the identification of the financial instrument and/or the account is not sufficient to define this information, it may be given using this field.

### Registration Details (WEBB)

The web address where additional information on the event can be found. It is not the general web site address of the company involved in the event.

### Taxation Conditions (TAXE)

Details on taxation conditions that cannot be included within the structured fields of this message.

### Disclaimer (DISC)

Disclaimer relative to the information provided in the message. It may be ignored for automated processing.

### Name (NAME)

Provides the new name of a company following a name change.

### Basket or Index Information (BAIN)

Provides additional information on the basket or index underlying a security, for example a warrant..

### Additional narrative remarks

Each narrative field has its own use and any information must go in the relevant narrative should there be a need to use a narrative. As a general rule, the same information should not be found in more than one narrative type field.

So, to what extent should field 70 in the MT 564 be used?

This field :70E:: is limited to 10 lines of 35x (it is repetitive in some Corporate Action and is not in others). SWIFTStandards’ position is that for any specific type of narrative, if it exceeds those 10 lines of 35x, the sender should use an MT 568. This message is intended for big narrative, complicated Corporate Action events or for Proxy Voting information such as the Agenda of a meeting. SWIFT states that if the intention is just to repeat with words what is in the MT 564, an MT 568 is really the message for that.

# Instruction Message (MT 565)

The MT 565 contains the sequence D - which is not repetitive as the rule is one instruction per option. However, the sequence B - account - is repetitive.

Given the structure of the message itself, it is possible to include multiple safekeeping accounts and elected balances within the same MT565 message for a given option, as the safekeeping account and balance section of the message is repetitive. To insure clear and unambiguous messages, however, market practice requires that an MT565 message should contain reference to only one safekeeping account and elected balance for that same account.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B2 | 97a | SAFE | JUN-2001 | NOV-2002 |  |  |

Usually, linking MT 565 together should not been done, unless it makes sense for special event/options (e.g. linking the MT 565 with BUYA and the MT 565 with SECU that includes the extra securities bought for the exercise).

It is to be noted that it is against market practice and ISO 15022 standards to use an MT 568 alone to instruct a corporate action. MT 568 should only be used in the instruction process to provide additional complex information to what has been instructed in an MT 565.[[26]](#footnote-33)

Identification of option selected on an Election[[27]](#footnote-34).

If the MT 565 is a response to an MT 564, the option number and option code should be one of those announced in the related MT 564. If a mismatch occurs between the MT 565 and the MT 564, the MT 565 should be rejected.

When the MT 565 is unsolicited, i.e., the instruction has not been preceded by an MT 564 Corporate Action Notification, then the corporate action option number must be UNS, i.e., :13A::CAON//UNS.

In the MT 565 replying to the notification MT 564, the minimum details to be provided are the mandatory MT 565 fields:

* Corporate action event reference number. As with all messages in the corporate action it is important for reconciliation purposed to include the correct corporate action number.
* A message reference number for the instruction.
* Function of message. An indication that this is an election.
* Corporate action event indicator.
* Links to the announcement or entitlement message
* The corporate action underlying instrument identified by its ISIN.
* Account Information. This could be for a single account or all accounts.
* Eligible Balance. The total amount of client stock that could be elected upon, regardless of whether any elections have already taken place. This is not the number of shares the election is made for.
* The option number relating to the required option.
* The option code (e.g. cash and / or stock).
* Quantity of election. This is the number of eligible securities to be elected upon or, if applicable, the number of securities to be received.

Use of other details is dependent on SLA.

Usage of option code BUYA

* + 1. When to use BUYA?

BUYA should be used when additional securities have to be bought. This option only pertains to this action, not to the exercise of the additional securities bought. This means that an SECU (exercise) instruction should follow to exercise.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 22F | CAOP//BUYA | JUN-2001 | NOV-2002 |  |  |

### One or two SECU in case BUYA is used?

Let's imagine an option with a ratio of 10 old for 1 new. If the holding is 7 and 3 needs to be bought, then the following should be sent:

BUYA 3

SECU 10

Open question: should it be in one or two MT 565 and should the MT 565 of SECU be conditional upon the acceptance and execution of the BUYA and if so, how to indicate and acknowledge this when it goes OK and when no BUYA can be done after a while ?

Two Instructions. The Group agreed that it is not market practice to make the exercise instruction conditional on another instruction (buy additional rights). A separate code was also requested if the round-up privilege is guaranteed.

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| E |  |  | JAN-2002 | NOV-2002 |  |  |

Clarification: QINS

In MT 565, is QINS referring to underlying for one event rights issue and to the rights for a two events rights issues?

Agreement[[28]](#footnote-35) that:

* for one event rights issues QINS refers to the ***interim*** security;
* for two events rights issues QINS refers to the **underlying** security of the **second** event.

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|  |  |  | JAN-2002 | NOV-2002 |  |  |

Instruction Cancellation

It is not always possible to cancel a CA instruction. When it is possible, it is then indicated in the MT 564 (Sequence E - Field :17B::WITH (Withdrawal Allowed Flag) or CHAN (Change Allowed flag) + usage rule: If qualifiers CHAN or WTHD are used, then field :69a::REVO must be used in sequence E to indicate the period during which the change or withdrawal of instruction is allowed).

* If qualifier is WITH – client can only cancel his previously sent instruction  (23G: CANC) and cannot reinstruct.
* If qualifier is CHAN – the client can cancel and send a new instruction.

Note also that in case of an election deadline extension, the account servicer may indicate in a replacement MT 564 that all previously sent instructions are considered as invalid by using the “Previous Instructions Invalidity Flag” in 22F::OPTF in the sequence E.

In the same case, the acccount servicer may also indicate in the Status message MT 567 by using the code CSUB in 24B::CAND in sequence A2a that an Instruction has been cancelled by the agent due to an event deadline extension.

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|  |  |  |  | Nov. 2011 |  |  |

Linking MT 565 and MT 568

The SMPG recommends not to link an MT565 to an MT568[[29]](#footnote-36), except in some cases like linking MT 565 and MT 568 for disclosure of beneficial owner details.

# Confirmation Message (MT 566)

On the use of the message

MT 566 confirmation is mandatory for confirming events in which securities/cash movements occur.

MT 566 confirmation is not required when there are no outturn benefits (for example a name change with no change of security identifier).

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|  |  |  | JUN-2002 | MAY 2005 |  |  |

Linkage to Previous and Related Messages

References to any preceding MT 564 or MT 565 are **optional** in the MT 566.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A1 | 22F | PREV / RELA | APR 2006 | NOV 2007 |  | CA53 |

On the use of value date

Value date is recommended in MT 566 (even if the same as the payment date) for cash move.

Gross Amount

When the gross amount (GRSS) is equal to the posting amount (PSTA), then the gross amount may be optional.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D2 | 19B | GRSS | Nov 2005,  Affirmed Apr. 2006 | NOV 2006 |  | CA38 |

What if benefits are not distributed all at the same time?

Separate Confirmation messages may be sent if benefit is distributed for different components of the eligible balance at different times, within the same day. If the distribution is made within different days, then separate confirmation messages must be sent.

Each message should identify the type of balance for which the benefit is distributed (e.g lent balance…).

Some markets would like to breakdown the eligible balance on the Preliminary Notification message, this is dependent on client agreement (and thus falls out of the scope of global market practice). – to be moved to the MT564 section

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B | 93a | ELIG | Jun. 2001/Jan. 2002 | NOV-2002 |  |  |

Eligible balance is optional in the MT 566, and a Confirmed balance type has been introduced to give the balance on which the confirmation postings related to

e.g. Eligible balance on ex date: 500 ; Cash on 300 and Stock on 200.

Leading to one MT 566 confirming the credit based on the election of 300 (=confirmed balance) and one MT 566 confirming the securities posting based on the election of 200 shares. (=confirmed balance).

This "confirmed balance" is now mandatory in the MT566.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B | 93a | CONB | JUN 2001 | JUN 2002 |  |  |

On usage of reversal in MT 566

In an MT 566, the usage of the reversal is as follows:

- the MT 566 with the function "reversal" should be exactly the same as the message it reverses.

For example an original MT 566 reported a credit of USD 100.00 with function NEWM. If this needs to be reversed, the new MT 566 would have REVR as function of the message and still report a credit of USD 100.00. By virtue of the function of the message being a reversal it is known that the opposite is occurring.

The only difference vis-à-vis the original message could be the posting and the value date as well as the preparation date. All other details should remain the same.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G | REVR | Jun. 2001 / Jun. 2002 | Nov. 2002 |  |  |

* The reversal of an MT 566 should always be the same as the original as explained above. The confirmation following the reversal will include the correct FX information (if it was the reason of the reversal).

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G | REVR | JUN 2003 | MAY 2005 |  |  |

* The same logic applies if the confirmation contains both multiple security and cash movements, only one of which is the cause of the reversal. The reversal will be the same as the original and the following confirmation will include the adjusted movements.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G | REVR | JUN 2003 | Jun.2003/May2005 |  |  |

Following an MT 565 Formatted with ‘UNS’ as Option Number

If an MT 565 is sent with the CA Option Number (CAON) as ‘UNS’, should the resulting MT 566 use a number or ‘UNS’ in the CA Option Number field?

Both options are allowed under market practice:

* The MT 566 CA option number may contain ‘UNS’, or
* The MT 566 CA option number may contain a number generated by account servicer upon receipt of the MT 565 instruction.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D | 13A | CAON | APRIL-2005 | NOV-2006 |  |  |

Confirmation of sale of rights

It is to be noted that sale of rights may be instructed in several ways:

* The account owner may instruct the account servicer to execute the sale using an MT 565, then an MT 566 will be used to confirm the settlement of the sale.
* The account owner may take care himself of the sale (initiating 502 to a third party). Settlement instruction could then be sent to the account servicer (as for a normal trade) and therefore, the confirm of the settlement will be done using a settlement confirmation.

Open issue to discuss with SMPG: recommendation would be to send MT566, when rights sold in the context of a CA event.

Option Number for Credit of Rights

The option number to be used for the credit of the rights in the confirmation message (with SECU option code) is 999.[[30]](#footnote-37)

# Status Message (MT 567)[[31]](#footnote-38)

|  |  |  |  |  |  |  |
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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | SEPT 2003 | MAY 2005 |  |  |

* The detailed recommendation on how to use the combination of status and reason codes can be found within the final documents on [www.smpg.info](http://www.smpg.info) (SMPG CA Global Market Practice – Part 3 -MT 567 Decision Table, see introduction)
* A flow has also been drawn to highlight the MT567 lifecycle. It can also be found on the web (CA SMPG MT567 Decision Table Vn.n.pdf) – propose to include the flow here, instead of separate document.

General

The security identifier in the MT 567 status message is the UNDERLYING security.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B | 35B |  | APRIL-2005 | NOV-2006 |  |  |

Event Status

* No reason code is required for Status:25D::EPRC//COMP and :25D::EPRC//RECD
* The following codes are to be used with the event status:25D::EPRC//PEND:
* :24B::PEND//NPAY Payment Not Made - Payment has not been made by issuer.
* :24B::PEND//NSEC Securities Not Delivered - Securities have not been delivered by issuer
* :24B::PEND//NARR Narrative Reason.
* :24B::PEND//AUTH Sent to tax authorities, only with a tax reclaim event.
* :24B::PEND//VLDA Valid for tax authorities, only with a tax reclaim event.

[AUTH - Sent to Tax Authorities -- For tax reclaim, the event is pending because the reclaim is sent to the tax authorities.]

[VLDA - Valid for Tax Authorities - For tax reclaim, the event is pending, the tax reclaim is valid for the tax authorities.]

### On reporting of a delayed payment[[32]](#footnote-39) in the MT 567 section?

When an announced payment does not happen on the specified date, an MT 567 should be sent (not an MT 566) with an appropriate status code such as NPAY (Payment Not Made - Payment has not been made by issuer), or NSEC (Securities Not Delivered - Financial instruments have not been delivered by the issuer.).

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A2a | 24B | PEND//NPAY | JUN-2003 | MAY 2005 |  |  |

Instruction and Cancellation Status

* Agreed that Function of Message INST (Instruction Status) can apply to both actual and default instructions;
* Status IPRC//STIN and IPRC//DFLA do not require reason codes;
* Status IPRC//PACK used only if an instruction has been sent;

### Reporting on Standing instructions and default actions

The account servicer may or may not send an unsolicited MT 567 to provide a status on the action taken for any uninstructed balance based on the default action or a standing instruction. This is to be agreed in the SLA (section 3.11.8.2).

Agreed Process Flow for IPRC (Instruction Processing Status)

At **message level**, either accept the instruction for further processing - IPRC//PACK (no reason required); or the instruction is rejected by the network – no reject sent by user at message level.

At **process level**, either reject IPRC//REJT (as the instruction of the client is invalid), with a reason code;  
or, depending on the service level agreement, indicate the instruction is pending IPRC//PACK or IPRC//PEND, with a reason code, (instruction of the client is valid, however, the positions etc. have not yet been checked).

At **process level and pending**, eventually either reject IPRC//REJT (as the instruction of the client is invalid), with a reason code;

# Message Independent Market Practices

Official Corporate Action Event Reference (COAF)

Background

The Official Corporate Action Event Reference[[33]](#footnote-40), 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, untill 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.

Principles

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.

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.

Assignment

1. 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 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.
2. Not all events will receive COAFs, since not all events are officially announced eg. events well known in advance such as fixed interest payment..
3. Notifications may and can be sent before a COAF is assigned.
4. The assignment of a COAF to a previously notified event should trigger an updated notification.
5. The COAF must be carried throughout the entire lifecycle of the CA event and in all CA messages.

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.

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.

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 RHDI) followed by a rights exercise (CAEV EXRI). Each of the two events should be given its own unique COAF.

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.

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.

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| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 20C | COAF | April 2011 | Nov. 2011 |  | CA78.2 |

Placement Of Date, Period, Rates & Prices (DPRP) data elements

Formerly named “Sequence D versus E Guidelines”:

The general placement guidelines for the date, period, rates and price (DPRP) data elements available in the D, E, E1, E1a and E2 sequences of the MT 564 and in the C, D, D1, D1a and D2 sequences of the MT 566 have all been implemented into the SR 2010 version of the ISO15022 standards.

Please refer to the Global Market Practice – Part 2 document published on the SMPG website, [www.smpg.info](http://www.smpg.info) into the “Data Element Placement” section for a summary of the DPRP data elements placement as implemented into the ISO 15022 Standards or to the ISO 15022 SWIFT SR2010 UHB itself.

All rates and prices should be included in the relevant SECMOVE / CASHMOVE sequences and not at option level. The only exception to this rule is when there will be no corresponding movement for the rate/price, at any time in the event. In this case, the rate/price can be included in E. If the rate/price cannot be included in E due to standards reasons, it must be included in narrative.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E/E1/E2 | 92a  90a |  | April 2011 | Nov. 2011 |  |  |

### Presence of DPRP Elements per CAEV/CAMV Combination

The guidelines on the presence of specific date, period, rates and price (DPRP) data elements per type of corporate action events (22F::CAEV) and Mandatory/Voluntary indicator (22F::CAMV) combinations are provided into the Global Market Practice - Part 2 document published on the SMPG website, [www.smpg.info](http://www.smpg.info) into the EIG+ (Event Interpretation Grid) section within the dedicated DPRP columns of that table.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D, E, E1&E2 | 98a, 69a, 92a, 90a |  | JUNE 2010 | NOV-2010 |  | CA06.7 / CA158 |

Placement of non-DPRP data elements

Please refer to the Global Market Practice – Part 2 document published on the SMPG website, [www.smpg.info](http://www.smpg.info) into the “Data Element Placement” section for a summary of the non-DPRP data elements placement recommendations.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | April 2011 | Nov. 2011 |  | CA 206 |

### Usage Of “UKWN” and “OPEN” for DPRP Elements

Whenever DPRP elements are indicated as mandatory for a specific event in the EIG+ table, those elements must be present in the announcement message either with an actual value or with an “Unknown” (UKWN) code if a value is not yet in possession of the service provider.

When DPRP elements are indicated as optional for a specific event in the EIG+ table, then the service provider is free to include those elements in the message with a “Unknown” (UKWN) code if still not in possession of the information or alternatively not to include them.

**Note**: If an optional DPRP element is applicable to a particular event, it is recognized however that the above principles will not always be easily applicable for the market data providers.

The SMPG recommends to no longer use the code value “OPEN” (Open-date) for the DPRP elements as it is deemed fully redundant with the “UKWN” code and will be removed with SR2011.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D, E, E1&E2 | 98a, 69a, 92a, 90a |  | AUGUST 2010 | NOV-2010 |  | CA127 &CA 127.1 |

Events with multiple proceeds

Remark: there is no order imposed by the table below for credit and debit elements. They can appear in any order.

In this case, MT 564 subsequence E1/E2 should be repeated to indicate the ISIN (for E1) and the resulting entitlement.

|  |  |
| --- | --- |
| **Scenario** |  |
| Receive 1 new Security | * E to report the option only. * E1 to report the ISIN (credit), terms and resulting entitlement.   **Here E1 is used to report the terms as well as the resulting entitlement.** |
| Receive 2 new Securities | * E to report option only. * E1 to report the 1st ISIN (credit), terms and resulting entitlement (if provided) * E1 to report 2nd ISIN (credit), terms and resulting entitlement (if provided)   **Here E1 is used to report the terms as well as the resulting entitlement.** |
| Receive 1 new Security and debit of old shs or rights. | * E to report option only. * E1 to report ISIN (credit), terms and resulting entitlement (if provided) * E1 to report debit of old or rights (if provided)   **Here E1 is used to report the terms as well as the resulting entitlement.** |
| Receive 2 new securities and debit of old shs or rights. | * E to report option only. * E1 to report the 1st ISIN (credit), terms and resulting entitlement (if provided) * E1 to report 2nd ISIN (credit), terms and resulting entitlement (if provided) * E1 to report debit of old or rights (if provided)   **Here E1 is used to report the terms as well as the resulting entitlement.** |
| Receive Cash Only | * E to report the option and rate/price. * E2 to report the cash movement (credit) and resulting entitlement (if provided)   **E2 used to report part of the terms as well as the resulting entitlement.** |
| Receive Cash and debit existing security. | 1. E to report the option and price. 2. E1 to report the debit of the old shares and resulting entitlement (if provided) 3. E2 to report the cash movement (credit) and resulting entitlement (if provided)   **E2 used to report part of the terms as well as the resulting entitlement.** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E |  |  | JUN-2001 | NOV-2002 | NOV-2010 | CA127 &CA 127.1 |

Event on more than one underlying securities

The situation is that an event has more than one underlying security, eg you must hold both security A and security B in order to take part. However, holders of the individual securities (either A or B) must be informed of the event in order to have the opportunity to purchase the other security.

Agreed market practice is that a notification is sent for each underlying security, using the same CORP reference and linked by the WITH cross-reference. Note that the benefits may differ by underlying security.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A  A1 | 20C  22F | CORP  WITH | March 2007 | N/A |  | CA82 |

The events should make it clear that each event is conditional on the other.

This would require some narrative as it might be difficult to link the two events together from a technical perspective and as the holder of only one underlying securities needs to be aware of the conditions of the event.

Field 70 with qualifier COMP in sequence F of the MT 564 could be a viable solution for the narrative.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A1 | 20C | CORP | JUN-2001 – SEP 2002 | NOV-2002 | NOV-2010 |  |

Expression of a rate

15 Pct should be expressed as :*92A::TAXR//15,* and not :*92A::TAXR//0,15*

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | Simply the standards | NOV-2002 |  |  |

Multiple currencies with a non-convertible currency[[34]](#footnote-41)

Background:

This is the case where a CA is declared in a specific currency (let's say MYR or KRW). However this currency is not accepted by an entity or is not convertible. So, the local agent or depository automatically does an FX into a pre-defined acceptable currency (e.g. USD). But the end customer does have a base currency account or a standing instruction to repatriate funds into another currency (e.g. EUR).

How to report this case ?

SMPG recommendation: using multiple occurrence of the sequence Cash Movements:

* CR in KRW - PSTA in USD, RESU in USD, NETT in KRW and EXCH rate KRW/USD
* DR in USD
* CR in EUR - PSTA in EUR - RESU in EUR, EXCH rate in USD/EUR

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D2 |  |  | JUN-2001 | NOV-2002 |  |  |

Notification and confirmation linkage

Is link mandatory between confirmation and notification messages?

SMPG agreed that link is not mandated for market practice.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2001 | NOV-2002 |  |  |

Resulting Amount

RESU amount is always in the same currency as PSTA amount

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 19B | RESU | JUN-2001 | NOV-2002 |  |  |

How to indicate that securities are blocked whenever instruction is received?

Proposed alternatives:

1. MT 566?
2. MT 567 with narrative?
3. Intrapositioning?

Decision: The Group agreed that this is an SLA rather than a global market practice issue, however, a process flow should be agreed. The preferred solution is that whichever message is used, it should be linked to the instruction (MT 565). Blocking of securities may be shown (in the SWIFT world) by use of the MT 508 Intra-Position Advice. MT566 is to be used only for confirmation of movements.

Mechanism required to link the intra-positioning advice to the CA instruction.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2001 | NOV-2002 |  |  |

On usage of N amount[[35]](#footnote-42)

Numerous discussions led to the below conclusions:

* The negative sign [N] should not be used at all in corporate action movement sequences.
* For the posting amount (PSTA), the credit-debit indicator provides the information of the direction of the movement.
* The credit/debit indicator applies only to the posting amount (PSTA)
* The resulting amount has the same (implied) credit/debit indicator as the posting amount (PSTA).
* As for the other amount types, their meanings automatically tell whether they are debits or credits (ex: withholding = debit).

A list of the default -/+ indicator of each amount qualifier is being reviewed. Once approved, this list will be published in a next version of this document.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E2 | 19B | PSTA, etc. | OCT 2003 | MAY 2005 |  |  |

On the use of narrative field[[36]](#footnote-43)

Narrative fields should only include information that is not formatted elsewhere in the message. If used, it should be with an existing dedicated field and following ISO 15022 Standards guide lines on the subject (available in APPENDIX 2, see end of the document).

It is to be noted that tax specific disclaimers should be handled by SLA.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 70a: | all | JUN 2003 | MAY 2005 |  |  |

Fractions paid[[37]](#footnote-44)

Agreement that following business data required when fractions are involved:

* Price at which cash given for fractions;
* Quantity of fractions exchanged for cash;
* Cash amount given for fractions.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2002 | NOV-2002 |  |  |

Price per Product[[38]](#footnote-45)

The market required clarification of the price per product definitions used for example for events for which the holder must pay an amount of cash to receive an amount of cash (in another currency), e.g. (exercise of warrants).

That is, underlying security A + cash leads to benefit of outturn security B + cash.

The definitions were refined for the price/offer qualifiers used in the corporate action details sequence.

The definitions are:

* PRPP - Generic cash price paid per product by the underlying security holder either as a percentage or an amount, for example, reinvestment price.
* OFFR - Generic cash price received per product by the underlying security holder either as a percentage or an amount, for example, redemption price.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 90a | PRPP - OFFR | JUN-2003 | MAY 2005 |  |  |

Rejection of pre-advice request for confirmation message[[39]](#footnote-46)

The group were reminded and affirmed the decision to reject the request for a pre-advice indicator in the confirmation message (MT 566). It was reminded that this functionality should be catered for in an MT 564. The usage of REPE or CAPA function in MT 564 covers this requirement.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  | 23G | REPE | JUN-2002 | NOV-2002 | NOV-2010 |  |

On negative and zero balances

If an eligible balance is negative, it may be reported as such in the MT 564. Zero balance should not be provided as no entitlement exists. Offer Types

It is possible for offer types to change during the course of an event. There is no change of event type (CAEV). For example, dissenters rights (22F::OFFE//DISS) may be available in the early stages of a merger, and removed later in the event.

Pool factors[[40]](#footnote-47)

New factor (NWFC) identifies the factor for the current event and previous factor (PRFC), the factor that applied before.

Thus the previous factor applies before the redemption date of the event and the new factor applies after the redemption date of the event. The difference between the two factors is used to calculate the payment.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| B1 | 92a | NWFC  PRFC | N/A | N/A |  | **SR2007** |

Usage of :92a: Rate Format Option M

The rate Format Option M (:92M:) in the sequences E and E1 of the MT564 defined to express a rate as an amount per quantity should not be used as usually this results from an erroneous usage of the Standards when an amount is provided for a quantity of financial instrument.

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In those cases, the SMPG recommends instead the usage of the :36B:MILT in E or E1a to express the quantity in combination with a price.

If we take the example of a takeover / tender offer, where company A wants to provide an offer price of $1000 for 3 shares of company B, then OFFR should be used to provide the offer price per share and 36B:MILT to mention the quantity (minimum exercisable quantity)

:90B::OFFR//ACTU/USD1000,00

:36B::MILT//UNIT/3,

MILT must be used to describe the number of units applicable to the amount of cash.

If for 1 share, then use simply:

:90B::OFFR//ACTU/USD1000,00

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E,E1 | 92M |  | APRIL 2010 | NOVEMBER 2011 |  | CA168 |

Usage of UTC Offset Time For Dates

A new Format Option :98E has been created in the Standards for the Date fields in sequences D, E E1 and E2 of the MT564 and C, D, D1, D2 of the MT 566.

This new format option allows to provide a UTC offset time for some dates. The use of this format option should be handled by SLA and is not required by market practice.

The usage of the UTC offset should be limited to the Account Servicers with across-time zones clients (Global Custodians) and used only for the following 4 deadline dates in the MT564 sequence E.

* Market Deadline (MKDT),
* Response Deadline (RDDT),
* Lead Plaintiff Deadline (PLDT)
* Early Response Deadline (EARD)

The UTC offset should not be used otherwise.

If UTC Indicator is not present in format option E when this format is used, then one shall assume that the time provided is the GMT time.

Example:

Field 98a: Date/Time Option E :4!c//8!n6!n[,3n][/[N]2!n[2!n]] (Qualifier)(Date)(Time)(Decimals)(UTC Indicator)

The format to indicate the time 15:23:45 on 16 June 2010, and to specify that this time is local to New York is:  
:98E::MET2//20100616152345/N05

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 98E | MKDT, RDDT, EARD, PLDT | APRIL 2010 | NOVEMBER 2011 |  | CA183 |

Usage of CA Option Code for Compensation of Rights Not Distributed

The market practice is as follows:

- If the issuer will compensate rights which cannot be distributed and/or used by beneficiaries due to restrictions (eg. domicile restrictions), the option code should be CASH.

- If the account servicer offers to sell rights that cannot (or will not) be exercised, the option code should be SLLE.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 22F | CAOP | JULY 2010 | NOVEMBER 2011 |  | CA185 |

Different Servicer Options for Different Deadlines

For elective events, when there are different election deadlines set for an event i.e. for instance one early deadline with an early bonus fee and a normal deadline, different servicer options with a different deadline for each should be created so as to ease the instructions processing.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E | 13A | CAON | December 2010 | NOVEMBER 2011 |  | CA191 |

# Market Practices on Particular Events

Rights Issues

One or two event types?

At its Madrid meeting in October 2005, the SMPG agreed that the general way forward is to migrate to process rights as two events. [[41]](#footnote-48)

See the EIG for the status of migration per market.

### One event

If a Right Issue is handled as one event, the Corporate Action Event indicator should be Rights Issues and the Sequence C is to be used to give the details on the rights.

This event is a Mandatory with options CA event and an instruction is required[[42]](#footnote-49)(:22F::CAMV//CHOS).

More than one MT 566 conformation message must be sent, i.e. not mandatory to confirm all the benefits in a single message.

It is to be noted that if the ISIN of the rights is not known, UKWN is to be used as a code word.

### Two events

If a Right Issue is handled as two event, the Corporate Action Event indicator if the first event should be Rights Distribution (RHDI) and the Sequence C is NOT to be used to give the details on the rights but sequence E instead. This first event is considered as a free distribution of the rights or nil paid stock.

Note that in the second event CAMV should be CHOS and not MAND.

The two events do not need to be linked.

Please refer to the SMPG CA samples document for an illustration of the two events scenario.

There may be an issue with the length of the period from the issue of the rights to the exercise or follow-up event which give details of the rates and prices associated with the rights themselves. If the rights are received late it is difficult to distribute the information before the rights position is set up.

Agreed that this is a servicing issue, not a market practice issue.

### Illustration: One Event

Sequence A

22F::CAEV//RHTS

22F::CAMV//CHOS

Sequence C is present

Sequence E contains the different options as per SLA

22F::CAOP//SECU

22F::CAOP//SLLE

22F::CAOP//BUYA

22F::CAOP//LAPS

### Illustration: Two Events

1. **First event**

Sequence A

22F::CAEV//RHDI

22F::CAMV//MAND

Sequence C is NOT present

Sequence E contains the different options as per SLA

:22F::CAOP//SECU

:22F::RHDI//EXRI

1. **Second Event**

Sequence A

:22F::CAEV//EXRI

:22F::CAMV//CHOS

:20C::CORP// -> this should be another event number than event One

:16R:LINK

:20C::CORP// -> this is to link this second event to the first event if applicable

:16S:LINK

Sequence C is NOT present

Sequence E may contain the following options from the issuer:

:22F::CAOP//EXER

:22F::CAOP//LAPS

:22F::CAOP//OVER

:22F::CAOP//NOAC

Sequence E may contain the following options from the account servicer:

:22F::CAOP//SLLE

:22F::CAOP//BUYA

The following enhancements support the 2 events method in the MT564 message:

* Addition of the existing qualifier (TRDP) for “Rights Trading Period” in the existing period field 69a in sequence E1 in MT 564.
* Addition of qualifier ADEX to sequence E1

**Additional decisions:**

1. The ISIN of the rights and the Rights trading period should be defined either in sequence C or in sequence E but not in both.
2. If the corporate action event is a rights distribution, it is not allowed to use sequence C.
3. In a Rights distribution event (RHDI) , do not repeat all the options that have to appear only in the Rights Exercise event (EXRI).
4. Agreed that LAPS should be used as potentially a different tax treatment from NOAC.
5. Buy and Sell options are dependent on the SLA as strictly they are added by service providers rather than being part of the event.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JAN-2001 | NOV-2002 |  |  |

### Confirmation of rights distribution

Regardless of the method used to inform on rights issues, the rights credit confirmation should be done via an MT 566 bearing the reference of either the rights issue event (case of one event) or the rights distribution event (case of two events).

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|  |  |  | JUN-2001 | NOV-2002 |  |  |

When processing rights as one event, the posting of the rights can be done with mention of option code :22F::CAOP//SECU, even though this SECU option was not provided on the MT 564 notification.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D | 22a | CAOP//SECU | NOV-2004 | MAY-2005 |  |  |

### Sale of Rights

The Sale of rights is not always an offered option.

However, when it is offered, and an Corporate action instruction (MT 565) is received to execute the sale of rights, the sale confirmation should be done via an MT 566 and not via a trade confirm message (MT 515).

The trade confirm message will be used if the sale of rights has been instructed directly to the sales desk vian MT 502 or other means and never when the rights sale has been instructed indirectly via the Corporate action area.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2001 | NOV-2002 |  |  |

### Rights Expiration Notification

Account servicers wishing to explicitly advise their account owners of the expiration of their rights may do so by sending an MT 566 to confirm the debit of the rights. The MT 566 will include the expiry date and exercise period.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | NOV-2004 | MAY-2005 |  |  |

Offer

* which MT to confirm an offer results ?
* which MT to confirm an offer rejection ?

The Group agreed that the existing codes, withdrawal etc. are sufficient. MT 564 to be used for withdrawal.[[43]](#footnote-51)

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 23G |  | JAN-2002 | NOV-2002 |  |  |

On Payment of and principal amount[[44]](#footnote-53) 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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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2002/NOV 2004 | MAY 2005 | May 2011 | CA 56/142 |

Advising distribution rates for dividend with options involving a compulsory cash rate

Should field 92a appear in one option in Block E?

For example:

New World Development Final dividend HKD 0.84

HKD 0.84 per share

HKD 0.01 Compulsory cash rate

HKD 0.83 in the form of cash with scrip option.

How should Block E be formatted for the above example?

The SMPG recommendation is that this type of process should be treated as two events[[45]](#footnote-54):

* One for the compulsory cash
* the other for the cash or stock options.

Booking out of valueless securities

In order to confirm that valueless subscription rights have been booked out, the qualifier RHTS is used – as this relates to the original event. In order to confirm that valueless warrants have been booked out, the qualifier EXWA is used – as this relates to the original event. How can we confirm that valueless securities - derived from liquidation or a bankruptcy that started years ago – are booked out?

The SMPG recommendation[[46]](#footnote-55) is that the Worthless event (WRTH) ‘booking out of valueless securities’ is most appropriate if this is part of a Corporate Actions.

However, if a client has asked to have them “booked off” without waiting the end of the legal process for example, then it is a deliver free settlement event.

Redemption of short term note

Short term note with:

* a redemption option,
* at the same time rolled over to a new note upon maturity if redemption is not exercised.

The SMPG recommendation[[47]](#footnote-56) is that it should be handled as a single redemption event with two options.

Clarification of CAEV//DVOP (Dividend Option) and Currency Options

:22F::CAEV//DVCA must be used with :22F::CAMV//CHOS if there is a choice of currencies in which the cash may be distributed. If any option involves a security in place or in addition to cash then CAEV//DVOP must be used.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 22F | CAEV | APRIL-2005 | NOV-2006 |  |  |

Adjustment of Interest Rate

When :22F::CAEV//CPNR was deleted in SR2006 the ICSDs’ proposal on how to indicate that a notification carries rate fixing information was agreed.

MT564 CAEV//INTR with

23G:NEWM

25D::PROC//ENTL

or

23G:REPE

is a pre-advice message.

Any other combination of 23G and/or 25D is a rate fixing message.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | APRIL-2006 | NOV-2006 |  | **CA 65** |

CAEV//DRAW – What to use in place of REDM Qualifier (deleted in SR2006)

SR2006 removed the REDM qualifier

:92A::REDM//25,

:90A::REDM//PRCT/100,

Agreed syntax:

:92A::RATE//25,

:90A::OFFR//PRCT/100,

|  |  |  |  |  |  |  |
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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D | 90a  92a | OFFR  RATE | October 2006 | NOV-2007 |  | CA88 |

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 |



The OTHER Event

SMPG recommends that this event is not used - no recommendation for options

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|  |  |  | Telco October 2005 | N/A |  |  |

In addition unconfirmed and rumoured events must not be notified using CAEV//OTHR, the appropriate CAEV code must be used.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | March 2007 | N/A |  | CA108 |

Placement of Cash Rates / Prices at Cash Movement Sequence

Until rates are available at the cash movement level, market practice is to report one rate at option level and the other rate in the narrative.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2010 | C | CA170 |

Tax rate and taxable quantity for Stock Dividend events

For markets/events where the tax authority requires a tax to be paid in securities, rather than cash, the SMPG recommendation is to use two SECMOVE sequences, one with credit and one with debit, and the tax details in narrative.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2010 |  | CA164 |

Use of Unknown code with Fraction Dispositions (DISF)

Fraction disposition is not critical information, and hence there is no requirement to report DISF with the value UKWN. However, if there is a market rule for DISF, or if the issuer has announced the disposition, it should be reported.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2010 |  | CA131 |

Class Action in the US (MAND or VOLU)

The key principles are:

* CLSA is not considered as a VOLU at the time it is filed but as a GENL.
* Once the court has approved it (sometimes several years later), then a CHOS CLSA is created with the possibility for the Account Servicer to indicate what options are supported if any.

There is no requirement to keep the same CORP as it is perceived as difficult to manage when the CAMV changes for the same event.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2010 |  | CA138 |

Removal of TDMT (taxable income per dividend/share)

The SMPG recognises the business need to inform of non-taxable income, but this should be expressed as a rate (as all other income information) and recommends that the price qualifier is removed from both D and E and replaced with rate (qualifier or code) information in E.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2011 |  | CA165 |

Use of Effective Date

Effective Date is to be used in events where there is no concept of entitlement, for instance Name Change (CHAN) or Place of Incorporation (PLAC), and

* Effective Date is to be used in events where there is a sense of eligibility but with a legal obligation, for instance Merger (MRGR).

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| D | 98a |  | May 2009 | November 2010 |  | CA127 , 127.1 |

Redemption after PCAL/PRED Partial Redemption

The last redemption of a bond that has been partially redeemed before via PCAL or PRED must be done via a REDM event if done at final maturity according to the terms of the event or via MCAL in case of an early final maturity.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| A | 22F | CAEV | Amsterdam Octobre 2010 | November 2011 |  | CA 06.13 |

# Market Claims and Interest Compensation

This section provides market practice guidelines about the notification from an account servicer to an account owner that a claim has been made against the account owner’s account.

Business Data Required and Message Flow

The message to be used is the MT 566 corporate action confirmation.

The business data required specifically for the confirmation of a market claim are:

* An indication that the confirmation message confirms an account movement because of a market claim;
* The reference of the related corporate action (using the CORP qualifier) should be provided and not a dummy reference such as NONREF;
* A cross reference to the originating trade by either or both of the references of the originating settlement instruction (MT 540-3) and the originating settlement confirmation (MT 544-547);
* The balance of securities generating the claim – the quantity of securities of the originating settlement instruction/confirmation;
* The amount of the claim.

### Indication that Confirmation is for a Claim

As from Standards Release 2005, new qualifier ‘additional business process’ :22F::ADDB// should be used. The indicator has two codes, the first of which is relevant for claim / income compensation:

1) CLAI: Claim or compensation – the posting is related to a claim on the associated corporate action event.

2) TAXR: Tax refund – The posting relates to a tax refund from the authorities on the associated corporate action event.

### Originating Settlement Transaction

The originating settlement instruction as a related reference (qualifier RELA in the A1 Linkage sequence), with linked transaction number 540, 541 or 542, 543 typically depending on whether is a corresponding credit or a debit. This reference, if applicable, is preferred as it makes more sense to the customer. The RELA could also be used to link to trade instructions reference or a stock exchange reference and should always be the qualifier to be used except in the case herebelow where PREV is relevant.

And/Or

The originating settlement confirmation as a related reference (qualifier PREV in the A1 Linkage sequence), with linked transaction number 544, 545 or 546 547 typically depending on whether is a corresponding credit or a debit.

Note 1: the corporate action reference is mandatory in the message also.

Note 2: In certain markets, a single claim may arise from more than one transaction.

### Balance of Settlement Transaction

The balance of securities generating the claim – the quantity of securities of the originating settlement instruction/confirmation, carried as the confirmed balance in the MT 566 (93B::CONB), the recommended format is option B as the balance type codes required in option C are not relevant.

### Amount of Claim

Carried in the amount field 19B using the MKTC qualifier.

MKTC should be equal to PSTA

If the market claim is paid in a different currency the PSTA amount will use the currency of the resulting amount (RESU).

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
| E2 | 19B | MKTC and PSTA | March 2007 | N/A |  | CA90 |

Other Observations

Notification of A Forthcoming Debit/Credit Claim

For clients who require notification of a forthcoming debit claim, the MT 564 corporate action notification message is used with the business data identified above.

The balance qualifier to be used is SETT recommended with the B format or the C format with the NELG (not eligible) balance code.

MT 566 should not be used to announce a forthcoming debit/credit as it should only be used as a confirmation.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | SEPT 2004 | MAY 2005 |  | CA90 |

### Value Date on Debit Entries

The supply of Value Date is determined by SLA, it is optional. Payment Date in the MT 564 Notification indicates when the payment will be made.

### Security Claims

These guidelines also apply to security claims.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | APR 2006 | NOV 2007 |  | CA51 |

# Proxy Voting Activities in ISO15022[[48]](#footnote-57)

Discussion on Proxy activities has been initiated at the SMPG level and is still ongoing.

It was pointed out that the ISO 15022 messages should offer a good solution since proxy voting is done more and more via electronic networks. However, there are so many variations on proxy in different countries that the SMPG should start with some basic functionality in order to allow the custodian to collect voting instructions from its clients.

There are a couple of options:

1. fit it into the CA messages.
2. start identifying the required elements for proxy, not taking into account these messages.

Thereafter, it should be decided whether new proxy messages should be created or whether the CA messages can be used.

Action:

a) NMPGs should identify the business flows and data elements required for proxy.

b) They should also consider the proposal from SWIFT, i.e., how to use the ISO 15022 CA messages for proxy.

The group reviewed the proxy voting proposal from SWIFT:

The group considered the flows and elements required for a long-term solution.

There are 3 business functions to be covered:

* Announcement of the meeting
* Instruction to vote
* Results of the meeting.

These functions were covered in ISO 7775 by

* MT 560 - for the announcement.
* MT 561 - for the instruction to vote.
* The Results of the meeting were often communicated using MT 599 or equivalent.

The Securities Maintenance Working Group from April 2000 decided to use the ISO 15022 to cater the proxy activities. The following flow was agreed:

* MT 564 (linked to MT 568 if needed) for the announcement.
* MT 565 for the instruction to vote.
* MT 568 for the results of the meeting.

Announcement

MT 564 with the following characteristics:

* Event Type = MEET, XMET, OMET or CMET
* Mandatory/Voluntary Indicator: TBD
* Linkage to MT 568 if necessary

Details of the meeting:

* 98a::MEET - meeting date
* 98a::RDDT - Response Deadline (either in sequence D or in sequence E if options are given).

Options available:

(options could be given or not based on SLA, the option given are dependent on country practices).

22F::CAOP//4!c where 4!c =

* CONY Consent Granted Event or proposal approved. This applies to all resolutions.
* CONN Consent Denied Event or proposal not approved. This applies to all resolutions.
* ABST: Abstain Vote expressed as abstain. In this case, the issuing company will add the number of shares to the quorum of the meeting. If the voting right is not executed, it will not be added to the quorum. In this case, code NOAC should be used.
* SPLI: Split Instruction Option to give a split instruction, e.g., a split voting instruction on a Meeting for example Yes on resolution 1, No on resolution 3 and 4, Abstain on resolution 2.
* PROX: Proxy Card Issue a proxy card in case of voting.

The CA Narrative field in the MT 564 will be used to give the details of the meeting and a subsequent MT 568 used if the available space in the narrative is not sufficient.

Some details of the meeting do not have a formatted field:

* Meeting Place
* Registered Name and Place of the company

The Linked MT 568 would contain:

* the same CA Reference (:20C::CORP) in the linkage block
* the event type is MEET, XMET, OMET or CMET.
* a link to the MT 564 (linkage :20C::PREV)
* the details of the agenda in sequence C.

Instruction (MT 565)

The MT 565 will have the following characteristics:

* CAEV: MEET, XMET, OMET or CMET
* CORP referencing to the MT 564 CORP
* CAOP: One of the CAOP listed in the MT 564.

The vote is often expressed as a bulk vote, i.e. vote in favour for all resolutions, or against for all.

However, there is the possibility to indicate a split vote instruction using CAOP=SPLT.

However, if CAOP= SPLT is used then a (mandatory) narrative is to be given to explain the vote.

Results (MT 568)

CAEV:: MEET, XMET, OMET or CMET

This MT 568 should reference to the original CORP.

It is not necessary to reference it to the instruction sent as some holders do not wish to vote but want to be kept posted of the results.

Status (MT 567)

The MT 567 will be used as per the normal way to acknowledge the instruction or reject it.

Some specific reason code might need to be defined for example when a split vote instruction is received and it is not allowed in that country.

Please not that the proxy event is a particular events and some of the Market Practice rules defined for other events will not applied.

For an illustration, see Proxy\_scenario\_v5\_6.pdf available on www.smpg.info.

Note: Some specific Proxy Voting messages have beeen developed by SWIFT on behalf of ISO and will be available in 2H2007 following a pilot.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2001 | NOV-2002 |  |  |

Proxy - Specification of Beneficiary/Intermediary Details in the Instruction[[49]](#footnote-58)

In some cases the details required may be those of an intermediary rather than the beneficiary.

It is recommended to put all beneficiary details in the dedicated sequence of the instruction message (sequence BENODET of the MT 565), including the use of the narrative.

Any intermediary details should be populated in the registration details narrative of the additional details sequence (:70E::REGI of ADDINFO of MT 565).

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN 2003 | MAY 2005 |  |  |

Proxy - Split Voting[[50]](#footnote-59)

The group were reminded that split voting requires narrative and/or additional instruction messages.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | JUN-2002 | NOV-2002 |  |  |

# ISO 15022 - 20022 Coexistence Rules

In December 2009, a new set of fourteen ISO 20022 corporate action messages have been published by ISO. Twelve of those ISO 20022 messages were directly reversed engineered from the 5 ISO 15022 corporate action messages. However, in ISO 20022, a few of the basic data types reused in the messages design are not fully aligned with those of ISO 15022.

Therefore, as both message standards will coexist for a certain number of years, until this coexistence period ends, the usage of certain ISO 20022 data types must be restricted to ensure interoperability between ISO 15022 and 20022 users. This has been done in the ISO 20022 CA standards by adding specific coexistence restrictions at some places in the messages.

In the ISO 20022 Message Definition Report document for Corporate Action, the coexistence restrictions are described in Textual Rules linked to the Message Items they concern; these coexistence textual rules are named by convention “**Coexistence[**Xxxx]**Rule**” name where [Xxx] is the type of element on which the rule applies.

Adherence to these coexistence rules is mandatory when using the ISO 20022 corporate action messages in a coexistence environment.

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| **Seq.** | **Tag** | **Qualifier** | **Decision Date** | **Implement. Date** | **Update Date** | **Open Item Ref.** |
|  |  |  | November 2009 | November 2010 |  | CA145 |

**Sample of coexistence rules found in the ISO 20022 CA MDR document**

|  |  |
| --- | --- |
| **Coexistence Rule Name** | **Rule Description** |
| CoexistenceIdentificationRule | During ISO 15022 – 20022 coexistence, all transaction and document identifications or references must be 16 characters or less. The field must not start or end with a slash ‘/’ or contain two consecutive slashes ‘//’. |
| CoexistenceAmountRule | During ISO 15022 – 20022 coexistence, Amount length must not be greater than 15, including the decimal point. |
| CoexistenceQuantityRule | During ISO 15022 – 20022 coexistence, Quantity length must not be greater than 15, including the decimal point. |
| Coexistence35to30TextFieldRule | During ISO 15022 – 20022 coexistence, MarketIdentification/Description must be 30 characters or less. The field must not start or end with a slash ‘/’ or contain two consecutive slashes ‘//’. |
| CoexistenceCharacterSetXRule | During ISO 15022 – 20022 coexistence, characters used in all text fields (except AdditionalInformation/AdditionalInformation) must correspond to ISO 15022 character set X, that is, a-z A-Z / - ? : ( ) . , ‘ + { } CR LF. |
| CoexistenceCharacterSetZRule | During ISO 15022 – 20022 coexistence, characters used in AdditionalInformation must correspond to character set Z, that is, a-z A-Z / - ? : ( ) . , ‘ += ! “ % & \* < > ; @ # { CR LF. |
| CoexistenceIssuerSchemeNameRule | During ISO 15022-20022 coexistence, Issuer length must be 4 characters and SchemeName length must be 4 characters or less. Issuer and Scheme Name must be an ISO registered Issuer and SchemeName. |
| CoexistenceNameAndAdressRule | During ISO 15022 – 20022 coexistence, the total of characters used in NameAndAddress must not be greater than 140. |
| CoexistencePartyProprietaryIdentificationRule | During ISO 15022 – 20022 coexistence, Party ProprietaryIdentification must be 34 characters or less. The field must not start or end with a slash ‘/’ or contain two consecutive slashes ‘//’. |
| CoexistenceIdentificationRule | During ISO 15022 – 20022 coexistence, all transaction and document identifications or references must be 16 characters or less. The field must not start or end with a slash ‘/’ or contain two consecutive slashes ‘//’. |

**END OF DOCUMENT**

1. SWIFT Standards releases are always live on the SWIFTNet FIN network in November each year. [↑](#footnote-ref-1)
2. This new schedule with a publication in February (instead of May) shall apply only as of 2012. [↑](#footnote-ref-2)
3. SMPG meeting July 2000. [↑](#footnote-ref-3)
4. Available in ISO20022 Notification message only [↑](#footnote-ref-4)
5. Available in ISO20022 Movement Preliminary Advice message only [↑](#footnote-ref-5)
6. Available in ISO20022 Movement Preliminary Advice message only [↑](#footnote-ref-6)
7. Available in ISO20022 Notification message only [↑](#footnote-ref-7)
8. Madrid meeting November 2000. [↑](#footnote-ref-8)
9. Madrid meeting November 2000. [↑](#footnote-ref-9)
10. Geneva meeting September 2002. [↑](#footnote-ref-10)
11. Madrid meeting November 2000. [↑](#footnote-ref-11)
12. Madrid meeting November 2000. [↑](#footnote-ref-12)
13. Madrid meeting November 2000. [↑](#footnote-ref-13)
14. Boston meeting March 2001. [↑](#footnote-ref-14)
15. Madrid meeting November 2000. [↑](#footnote-ref-16)
16. Madrid meeting November 2000. [↑](#footnote-ref-17)
17. Brussels meeting June 2001. [↑](#footnote-ref-18)
18. Boston meeting March 2001. [↑](#footnote-ref-23)
19. London meeting January 2002. [↑](#footnote-ref-24)
20. Boston meeting March 2001. [↑](#footnote-ref-25)
21. Boston meeting March 2001. [↑](#footnote-ref-26)
22. Geneva meeting September 2002 and Brussels meeting June 2003. [↑](#footnote-ref-28)
23. Boston meeting March 2001. [↑](#footnote-ref-29)
24. Brussels meeting June 2003. [↑](#footnote-ref-31)
25. Geneva meeting September 2002. [↑](#footnote-ref-32)
26. Brussels meeting June 2003. [↑](#footnote-ref-33)
27. Geneva meeting September 2002 and Brussels meeting June 2003. [↑](#footnote-ref-34)
28. Toronto Meeting June 2002. [↑](#footnote-ref-35)
29. [↑](#footnote-ref-36)
30. Conf call December 2005 [↑](#footnote-ref-37)
31. Geneva meeting September 2002, Luxembourg/Singapore meeting September/October 2003,Boston meeting March 2004 [↑](#footnote-ref-38)
32. Brussels meeting June 2003. [↑](#footnote-ref-39)
33. In ISO15022 the COAF is provided into the :20C::COAF// field located into sequence A of all CA messages. [↑](#footnote-ref-40)
34. Boston meeting March 2001. [↑](#footnote-ref-41)
35. Geneva, Brussels, Luxembourg and Singapore meeting 2002-2003. [↑](#footnote-ref-42)
36. Geneva, Brussels, Luxembourg and Singapore meeting 2002-2003. [↑](#footnote-ref-43)
37. Toronto Meeting June 2002. [↑](#footnote-ref-44)
38. Toronto meeting June 2002. [↑](#footnote-ref-45)
39. Toronto meeting June 2002. [↑](#footnote-ref-46)
40. Frankfurt meeting April 2005. [↑](#footnote-ref-47)
41. Madrid meeting October 2005 [↑](#footnote-ref-48)
42. Correction of an issue identified in Geneva meeting September 2002. [↑](#footnote-ref-49)
43. London meeting January 2002. [↑](#footnote-ref-51)
44. Brussels meeting June 2003. [↑](#footnote-ref-53)
45. Brussels meeting June 2003. [↑](#footnote-ref-54)
46. Brussels meeting June 2003. [↑](#footnote-ref-55)
47. Brussels meeting June 2003. [↑](#footnote-ref-56)
48. Brussels meeting June 2001. [↑](#footnote-ref-57)
49. Brussels meeting June 2003 [↑](#footnote-ref-58)
50. Toronto meeting June 2002 [↑](#footnote-ref-59)