Inter-CSD settlement (issuer model) Market Practice 1.2

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I. Scope and definitions:

This document is proposed by ECSDA[1] to define a market practice for the CSD to CSD leg of a settlement link. It is therefore a regional market practice for the moment, but it is hoped that it may become a global market practice in time.

This document sets out the market practice for the exchange of data between two CSDs operating a link for a cross border delivery. It sets out the nature of a cross border link, the definitions of the issuer model for CSD to CSD links and the roles of the CSDs. It defines the business elements and components of the messages, and provides example process flows.

The paper covers the messages by which securities may be exchanged between CSDs, either against payment or free of payment. In the case of against payment exchanges, the settling CSD must allow some means for the instructing CSD to effect payment within its system. The various payment models are not explored within this document, nor are the necessary arrangements which would need to be made to allow one CSD to settle against payment in another CSD. Asset servicing support is also outside the scope of this document.

As explained below, in a link between two CSDs, one CSD must act as the 'issuer CSD' and one CSD must act as the 'investor CSD'. In the 'issuer model' of cross-border settlement, matching and settlement are defined as always taking place at the 'issuer CSD'. There is also a 'buyer model', where the receiving CSD acts as the settling CSD, but that model is not within the scope of this market practice.

II. Actors and Roles:

This paragraph describes the roles and actors involved in the process described in the market practice document.

A role is a functional role played by a business actor in a particular business process or business transaction.

Actors are the institution playing the role.

There are six relevant roles for discussion in this market practice document:

- **Issuer CSD**, the CSD defined in the link as issuing the security; note that the 'issuer CSD' does not, in fact, need to be the actual issuer of the securities; it is merely the CSD defined as such for the purposes of the link; its role is, in fact, to host the safekeeping account of the investor CSD
- **Investor CSD**, the CSD in the link which will hold securities issued by the issuer CSD in a safekeeping account at the issuer CSD; note that there is no similar requirement for the issuer CSD to set up an account at the investor CSD; note also that the investor CSD will be required to create 'interests' on its own books to represent securities placed by the issuer CSD in the safekeeping account of the investor CSD (see below).
- **Settling CSD**, the CSD in the instruction process which is settling the instruction; for the 'issuer model', this is always the 'Issuer CSD'.
- **Instructing CSD**, the CSD which is instructing settlement; for the 'issuer model', this is always the 'Investor CSD'.
- **Instructing CSD's participant**, the participant which instructs the 'instructing CSD'.
- **Instructing CSD's participant's counterparty**, the participant which will instruct the other leg of the transaction to the Instructing CSD's participant. For a simple issuer CSD – investor CSD link, this would always be the Settling CSD's participant. Where there are two investor CSDs, this will be a participant in the other investor CSD. For simplicity in the models in the rest of this document, a bilateral link is

[1] The European Central Securities Depositories Association

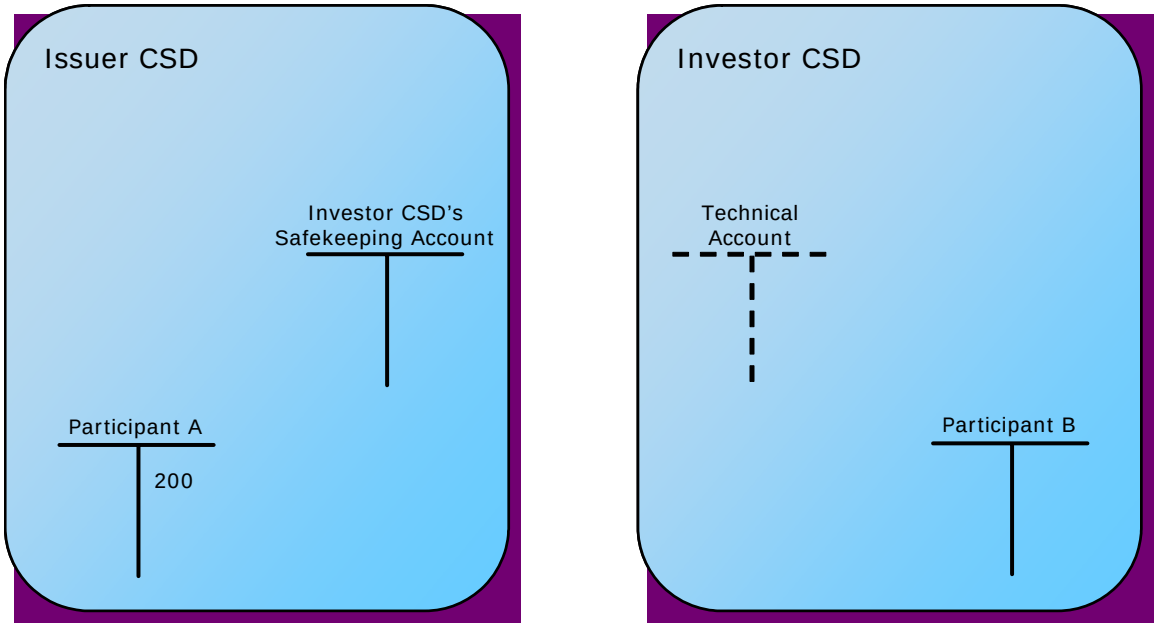
assumed, and the 'Instructing CSD's participant's counterparty' is also referred to as the 'Settling CSD's participant'.

Settling CSD	Instructing CSD	Instructing CSD's Participant's Counterparty	Instructing CSD's Participant
Issuer CSD	Investor CSD	CSD Participant	CSD Participant

1. Technical Accounts

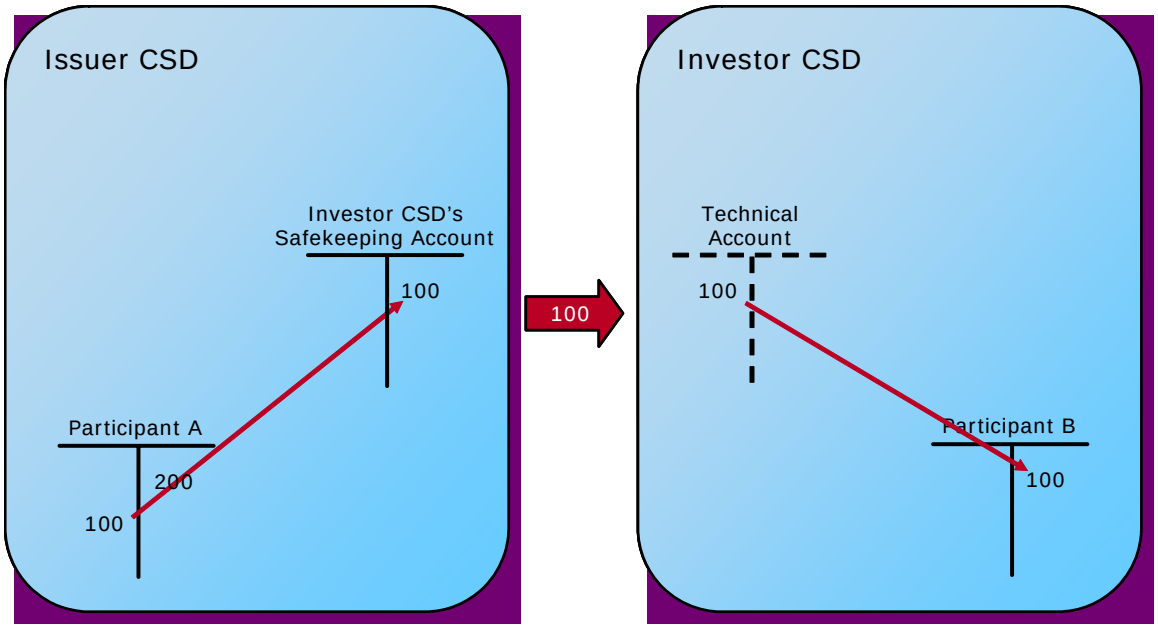
While not theoretically required for the technical operation of the link, the investor CSD may set up a technical account within its own system, in order to track the delivery and receipt of securities through the link. ECSDA WG6 considers the operation of such a technical account to be mandatory for an ECSDA-compliant link.

This situation is represented below:



When the participant in the issuer CSD (Participant A) wishes to deliver some securities to the participant of the investor CSD (Participant B), the securities are, in fact, delivered only to the nominee safekeeping account belonging to the investor CSD. Once it has been notified of the delivery, the investor CSD creates 'interests' in the security within its own system (and according to its own legal rules), and delivers these 'interests' to its own participant.

This is shown below:



Similarly, these 'interests' must be retrieved from the participant and destroyed when the securities are moved out of the Investor CSD's safekeeping account at the Issuer CSD.

For the issuer model, the investor CSD will always be the instructing CSD.

The Issuer CSD will be required to:

- Receive instructions as set out in this Market Practice and process them;
- Match an instruction received from an Investor CSD with an instruction received from its own participant;
- Match an instruction received from an Investor CSD with an instruction received from another Investor CSD;
- Provide feedback to the Investor CSD(s) in accordance with this Market Practice.

The investor CSD will be required to

- Create and operate a safekeeping account at the Issuer CSD;
- Create and operate a technical mirror account within its own system;
- Send instructions to the Issuer CSD as defined in this Market Practice;
- Receive and process feedback from the Issuer CSD as defined in this Market Practice;
- Create and deliver 'interests' to its participants when securities are received from the Issuer CSD; and
- Retrieve and destroy these interests when delivering securities back to the Issuer CSD.

In order to establish a link, the CSDs must decide between them which will be the issuer CSD, and which the investor CSD. The investor CSD must set up a membership at the issuer CSD, and create one or more safekeeping accounts. For each safekeeping account, the investor CSD shall create a technical mirror account within its own system.

For example, CSD x and CSD y might agree to set up two links:

- for securities from country A (CSD x as issuer) via a free of payment link; and
- for securities from country B (CSD y as issuer) via an against payment link.

There are three further complexities to explore:

- multiple safekeeping accounts for the investor CSD;
- multilateral links; and
- payment arrangements at the settling CSD.

2. Multiple Safekeeping Accounts

The investor CSD may set up more than one safekeeping account at the issuer CSD. This may be for tax reasons, or for other operational purposes. The issuer CSD must be able to identify which is the correct account to use in a transfer of securities.

The instructing CSD must therefore include the identity of the safekeeping account in its instruction to the issuer CSD.

The investor CSD will also need to be able to instruct re-organisations of securities between such multiple safekeeping accounts at the issuer CSD. A free of payment own account transfer mechanism (instructed by the investor CSD) is included as part of the definition of the link, and will be documented in a separate Market Practice Document.

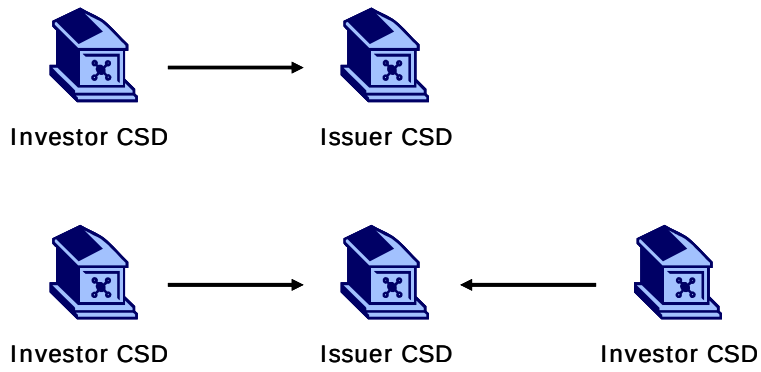
3. Multilateral Links

By setting up two bilateral links, an Issuer CSD may find itself involved in a transaction between participants in two different Investor CSDs. ECSDA WG6 assert that this market practice should continue to apply in such a scenario.

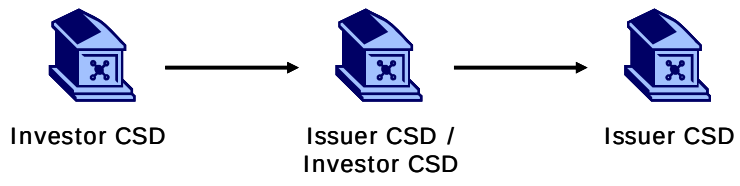
More extended links (i.e. where a CSD is an investor at a second CSD, which is in turn an investor at a third) are not, by definition, within the scope of this market practice, but could be defined according to its rules with the express agreement of all CSDs in the settlement chain.

Note that in the case of a multilateral link, both investor CSDs will instruct the issuer CSD. However, all examples in this document assume a simple bilateral link.

For clarity, the following types of link are within the scope of this market practice:



Whereas, the following is not:



4. Payment Arrangements

This document does not consider in detail how the investor CSD can set up cash payment arrangements in the issuer CSD. There are a number of ways this might be done, and each will have a different flow of information from the payment system to the investor CSD. An annexe to this Market Practice lists the different payment arrangements for different currencies for each ECSDA CSD; this annexe can be used as a starting point for setting up payment arrangements between CSDs.

III. Activity Diagrams:

The activity diagrams are intended to develop the high level flows created by WG3. They also cover a number of scenarios, such as T+0 settlement (where the matching and settlement instruction would be combined in one instruction) and T+n settlement, where the matching instruction would be sent initially, followed on settlement day by the settlement instruction.

A number of scenarios are presented, although there could be additional scenarios based on further combinations. The scenarios essentially represent the different options both participants and the instructing CSD have to use the hold/release mechanism, and the possibility for an instructing entity to receive an allegement before instructing the matching part of the transaction.

The activity diagrams are:

- Scenario 1 (Instructing CSD instructs matching followed by settlement): both market participants instruct matching and settlement together, but the instructing CSD instructs matching followed by instructing settlement;
- Scenario 2 (Instructing CSD instructs matching and settlement together): both market participants instruct matching and settlement together, and the instructing CSD instructs matching and settlement together;
- Scenario 3 (Settling CSD's participant instructs first): the settling CSD's participant instructs and the settling CSD must send an allegement to the instructing CSD;
- Scenario 4 (Instructing CSD's participant instructs first): the instructing CSD's participant instructs and the settling CSD must send an allegement to its participant;
- Scenario 5 (Instructing CSD's participant instructs matching and settlement separately);
- Scenario 6 (Both CSDs' participants instruct matching and settlement separately);
- Scenario 7 (Scenario 1, with resources held by instructing CSD's participant);
- Scenario 8 (Scenario 1, with instruction cancelled by both participants); and
- Scenario 9 (own account transfer at the issuer CSD).

Each scenario develops the complexity of the link a little further.

Scenario 1 is a simple case where the instructing CSD is not able to instruct settlement immediately. This could be because the settlement date is in the future, or because it requires a settlement cycle to be run in order to sequester the resources. However, in line with ECSDA and ESF standards, early matching is effected by the immediate matching instruction. The instructing CSD then sends the settlement instruction once conditions for settlement have been achieved.

For Scenario 2, no such preconditions are required for the instructing CSD. Matching and settlement may be instructed together (although the instructing CSD must, of course, sequester the required resources first).

Scenario 3 introduces the allegement process for the case where the settling CSD's participant instructs first.

In scenario 4, the settling CSD sends an allegement to its own participant, based on the instruction received from the instructing CSD.

In Scenario 5, we show that the participant may also decide to control the release of resources, for example to avoid drawing from the pool. In this case, the instructing CSD must respect its own participant's instructions, by only instructing matching until the participant has authorised settlement.

Scenario 6 indicates the flow when both participants wish to control resources in this way.

For scenario 7, we revisit scenario 1, but with the added complexity that the instructing CSD's participant then requests a hold. Note that optionally the instructing CSD could release sequestered resources once the transaction has been successfully held, but then it must re-sequester those resources before instructing the release of the transaction.

For scenario 8, the instruction is cancelled. In this example, the cancellation is bilateral, but cancellation could be bilateral or unilateral, based on market. These market differences will be noted in an annex on differences.

Scenario 9 covers the case where an investor CSD wishes to move securities between two accounts at the issuer CSD. This may be because of an internal transfer within the investor CSD, or for any other reason. A two message practice has been agreed, so that the investor CSD sends two instructions which must be matched at the issuer CSD.

The following activities are identified in the activity diagrams.

Instruct Matching and Settlement: This is an activity which may be performed by either participant and also by the instructing CSD. It indicates that the sender has authorised both matching and settlement processes in respect of the transaction. If sent by the instructing CSD to the settling CSD, the instructing CSD must ensure that all resources required for the successful settlement of the transaction have been sequestered specifically for the use of the transaction.

Instruct Matching: This is an activity which may be performed by either participant and also by the instructing CSD. It indicates that the sender has authorised the matching process in respect of the transaction.

Instruct Settlement: This is an activity which may be performed by either participant and also by the instructing CSD. It indicates that the sender has authorised the settlement process in respect of a transaction previously instructed for matching only. If sent by the instructing CSD to the settling CSD, the instructing CSD must ensure that all resources required for the successful settlement of the transaction have been sequestered specifically for the use of the transaction.

Allege: This is an activity which may be performed by either CSD to its own participant, or by the settling CSD to the instructing CSD. It indicates that the recipient has had a transaction alleged against them for matching.

Match: This activity is performed by the settling CSD, and consists of matching the instructions from the instructing CSD and the settling CSD's participant.

Monitor Status: This activity is performed by the instructing CSD, and consists of monitoring the status updates supplied by the settling CSD and informing its own participant accordingly.

Sequester resources: This activity is performed by the instructing CSD, and consists of ensuring that the instructing CSD's participant has sufficient resources to settle the transaction, and setting those resources aside.

Settle: This activity is performed by the settling CSD, and consists of settling the matched instructions.

Finalise Settlement: This activity is performed by the instructing CSD, and consists of delivering the sequestered resources to the settling CSD; the exact nature of this activity will vary depending on the model and direction of flow of securities and cash.

Request Hold: This activity is performed by the instructing CSD's participant, the settling CSD's participant or the instructing CSD. It requests that the instruction be held from settlement at the settling CSD.

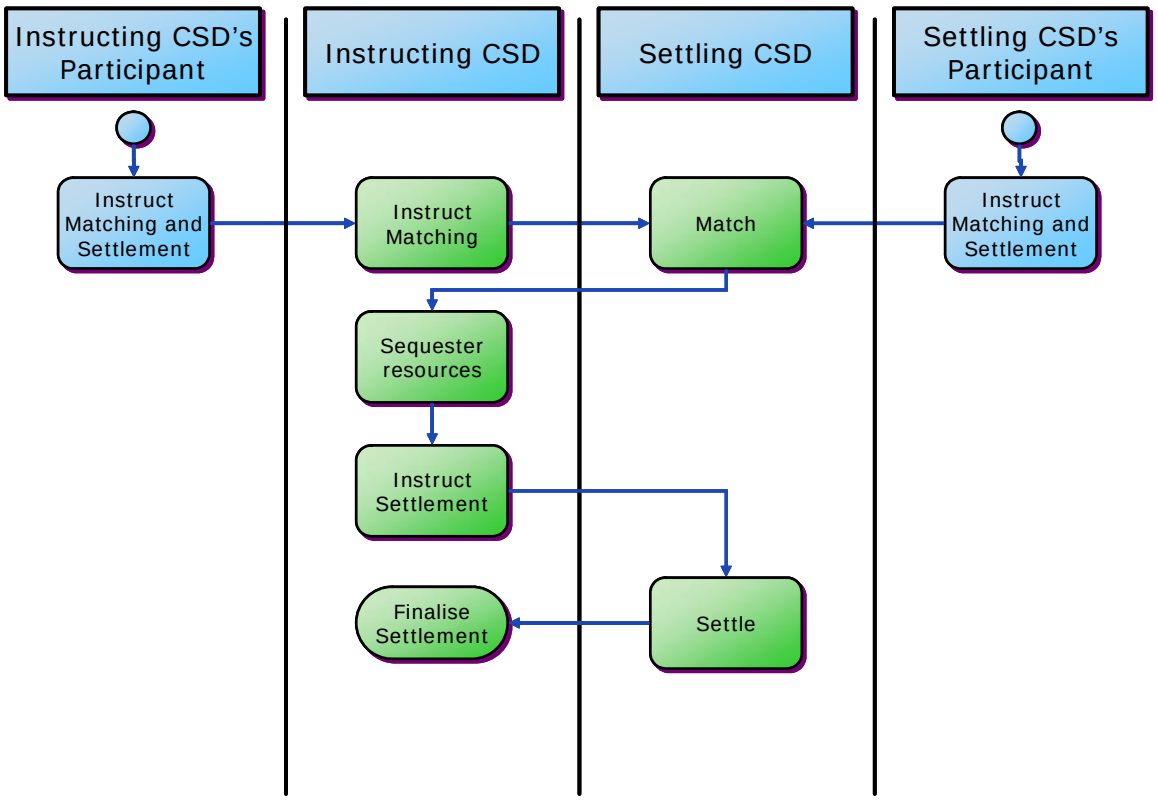
Request Release: This activity is performed by the instructing CSD's participant, the settling CSD's participant or the instructing CSD. It requests that a previously held instruction at the settling CSD be released.

Request Cancellation: This activity is performed by the instructing CSD's participant, the settling CSD's participant or the instructing CSD. It requests that an instruction at the settling CSD be cancelled.

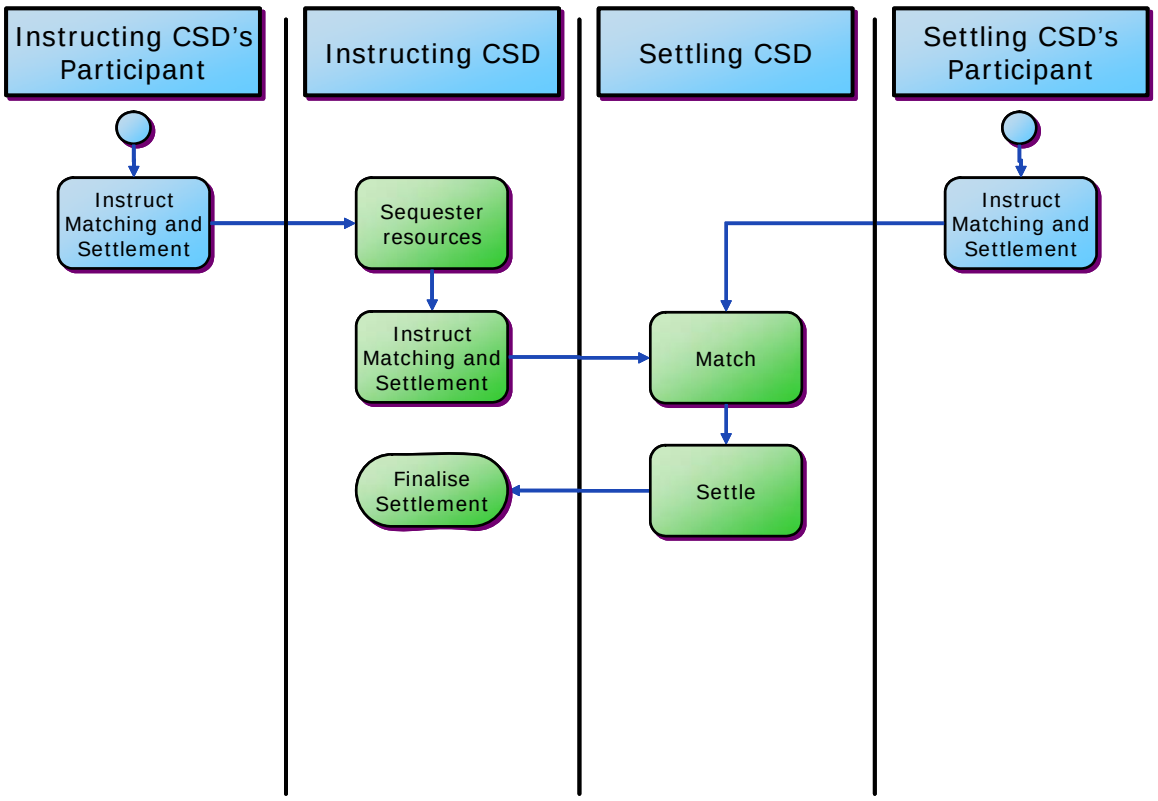
Cancel: This activity is performed by the settling CSD, and consists of cancelling an instruction.

Release Resources: This activity is performed by the instructing CSD, and consists of returning any resources which were set aside but are no longer required for the purposes of settling an instruction (because it has been cancelled).

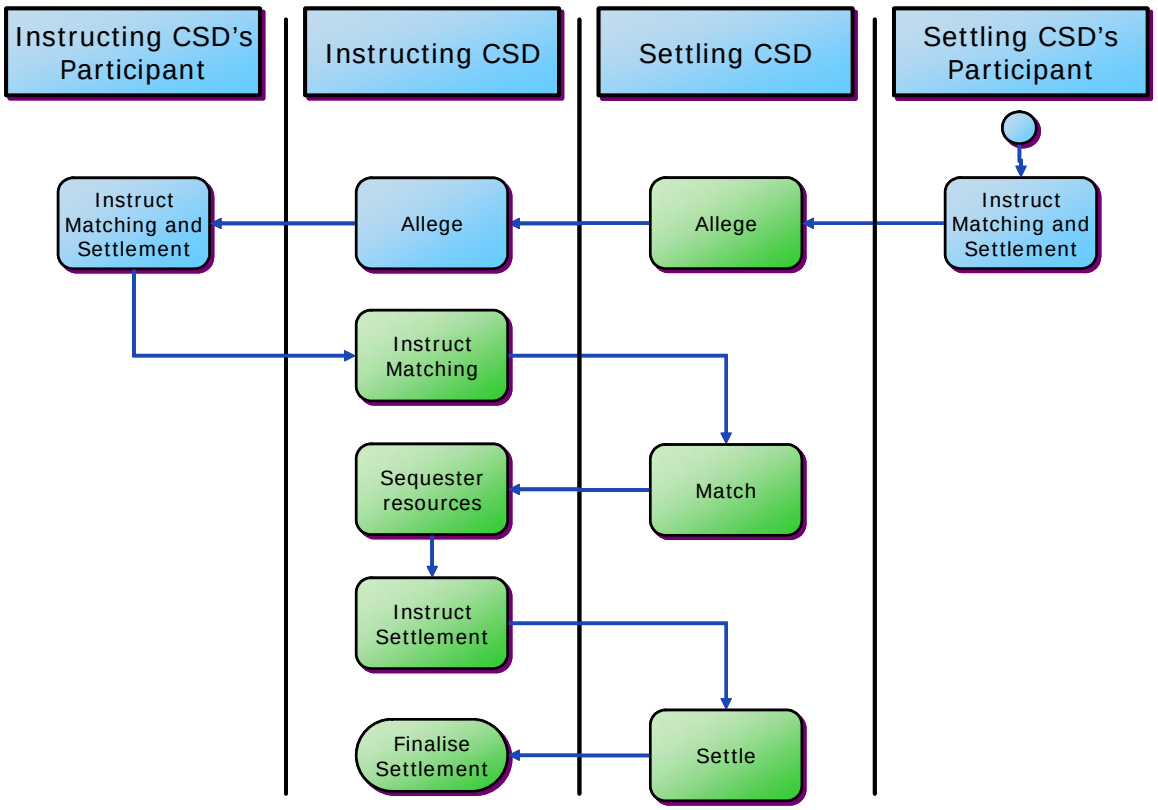
1. Scenario 1 (Instructing CSD instructs matching followed by settlement)



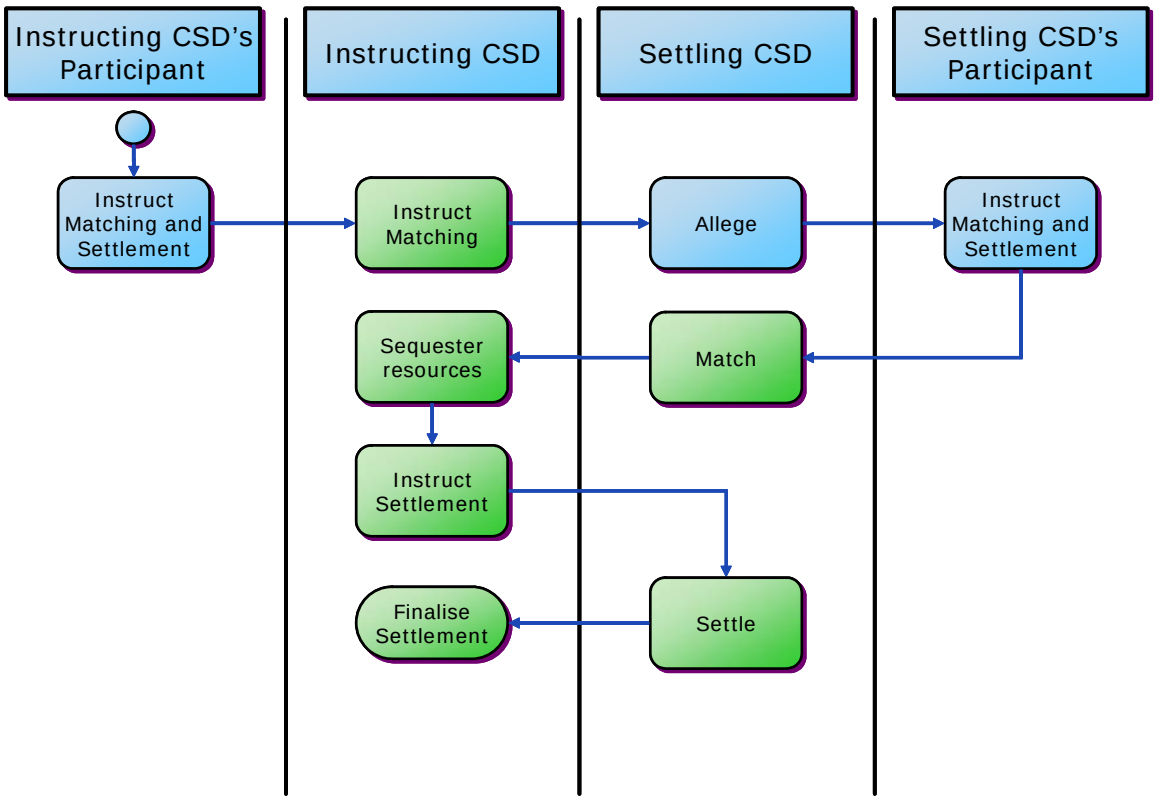
2. Scenario 2 (Instructing CSD instructs matching and settlement together)



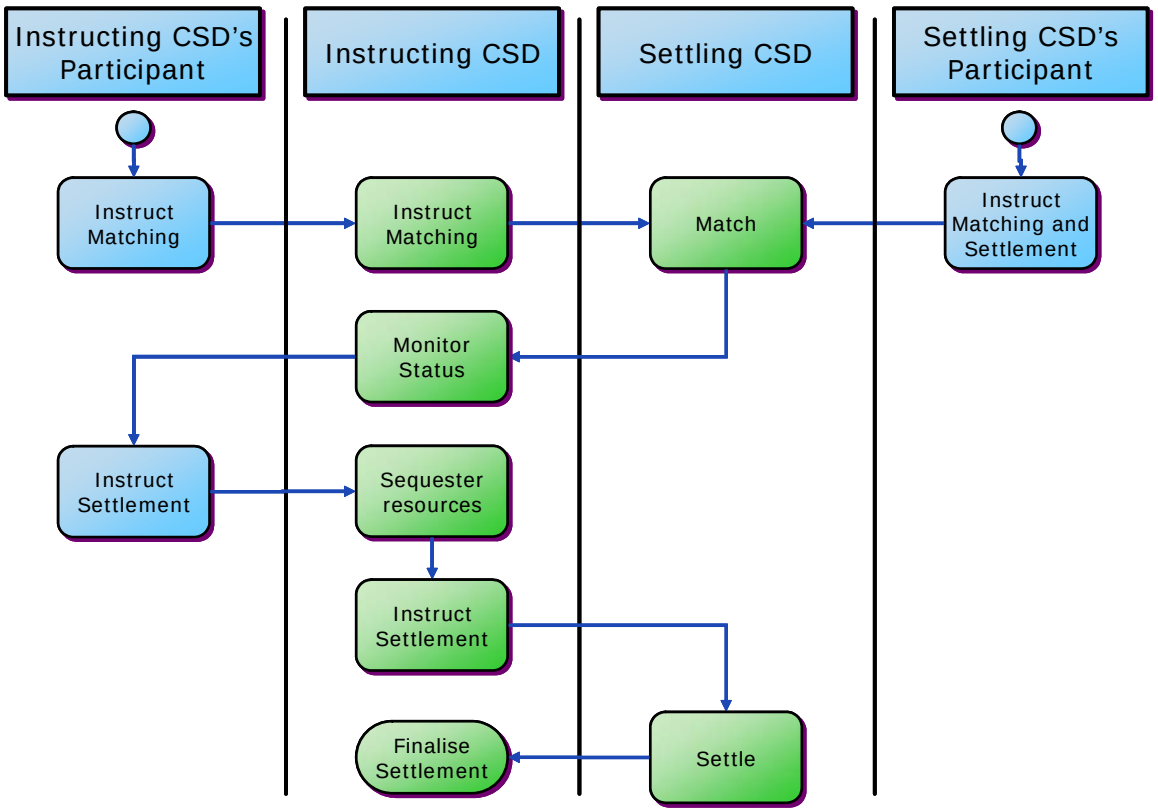
3. Scenario 3 (Settling CSD's participant instructs first)



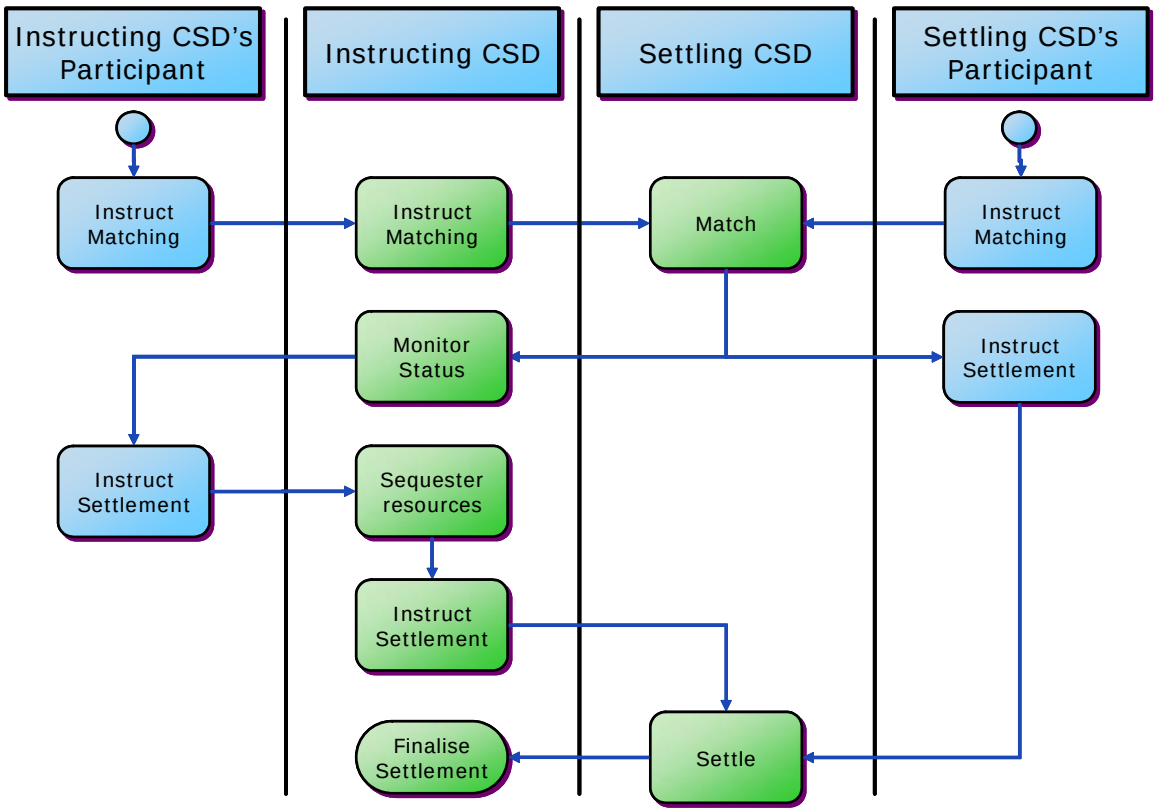
4. Scenario 4 (Instructing CSD's participant instructs first)



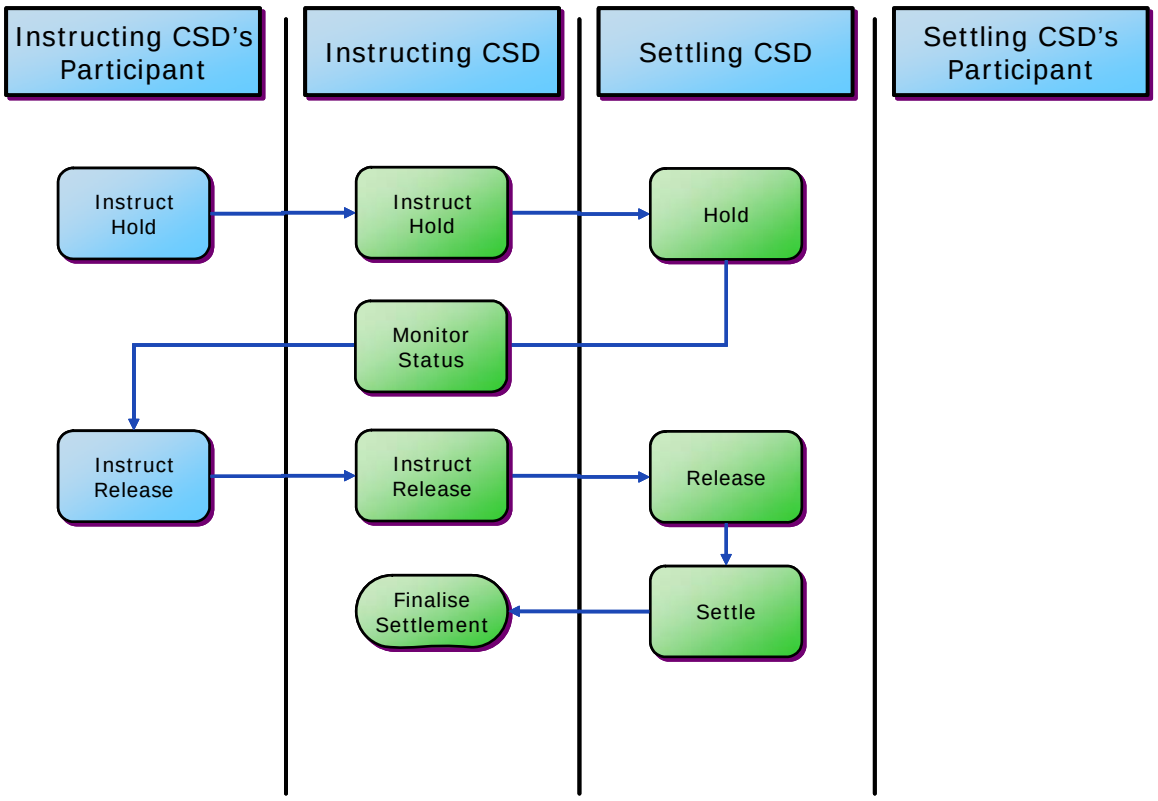
5. Scenario 5 (Instructing CSD's participant instructs matching and settlement separately)



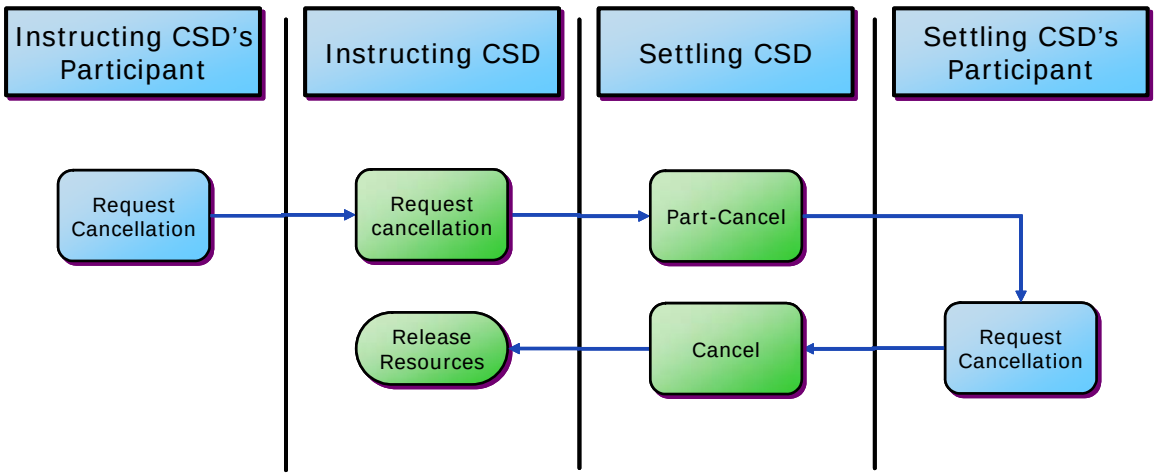
6. Scenario 6 (Both CSDs' participants instruct matching and settlement separately)



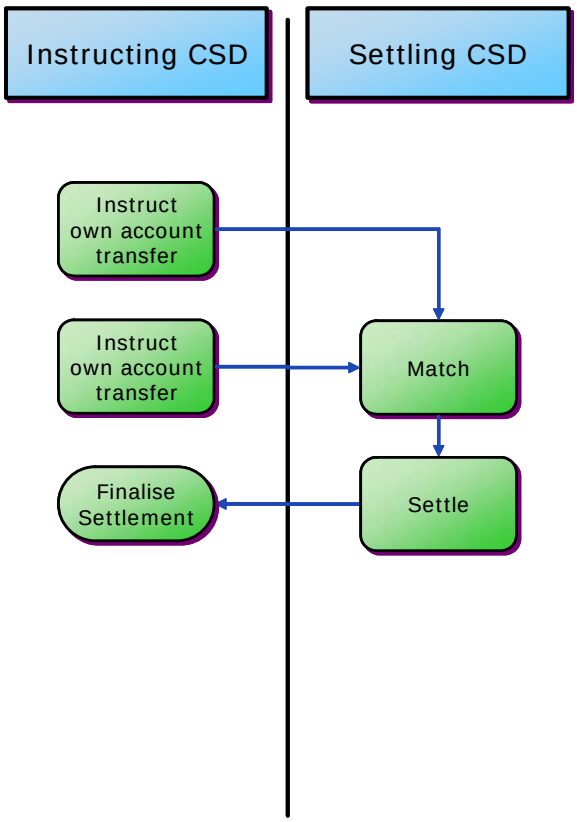
7. Scenario 7 (Scenario 1, with resources held by instructing CSD's participant)



8. Scenario 8 (Scenario 1, with instruction cancelled by both participants)



9. Scenario 9 (Own account transfer at the issuer CSD)



IV. Sequence Diagrams:

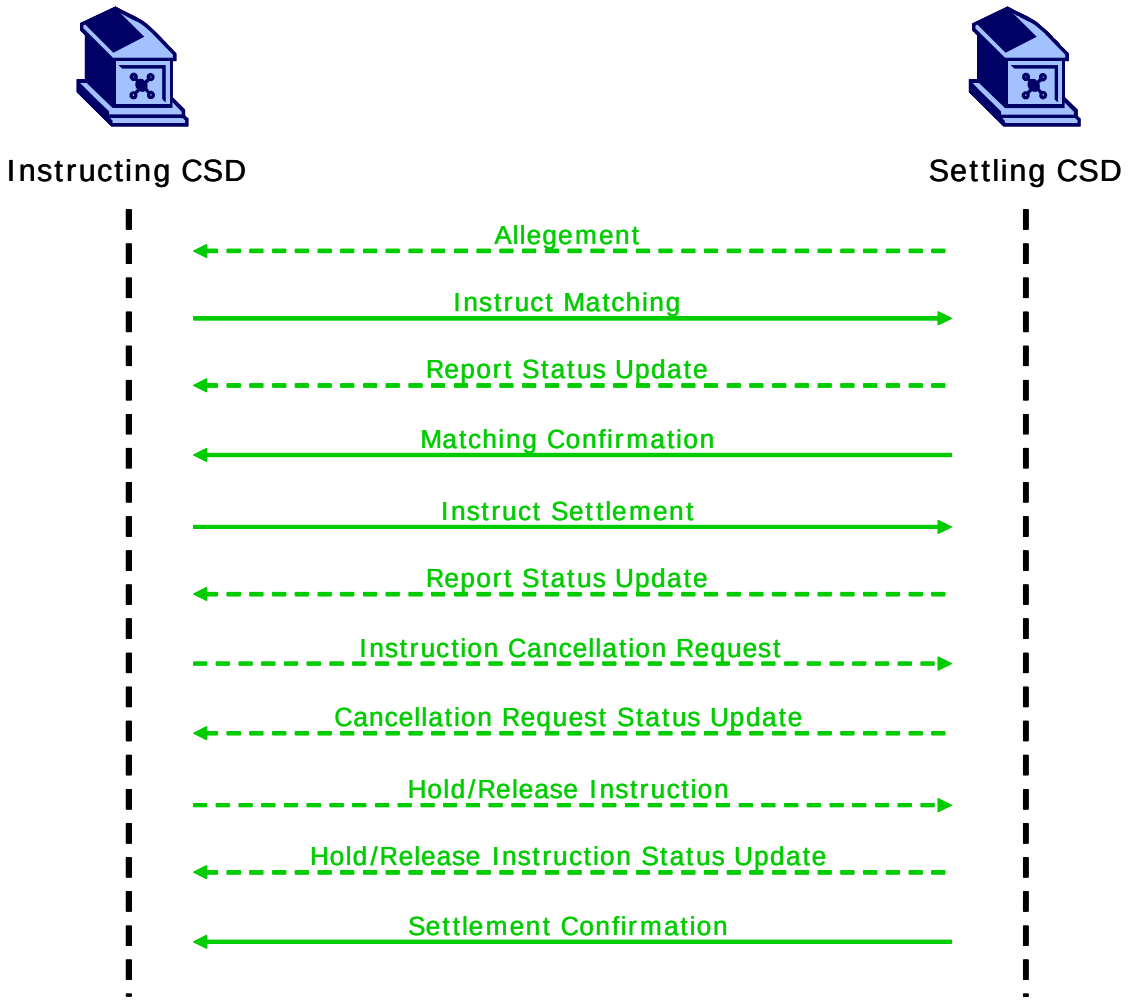
The sequence diagrams show messages exchanged between the instructing CSD and the settling CSD. They show the high level communication requirements for the interoperable link. Messages between each CSD and its participant are not shown here, and could be in the CSD's own proprietary message format, via screen or by ISO messages, in which case the settlement market practices relevant for the market apply.

In green, the main communication requirements for this process.

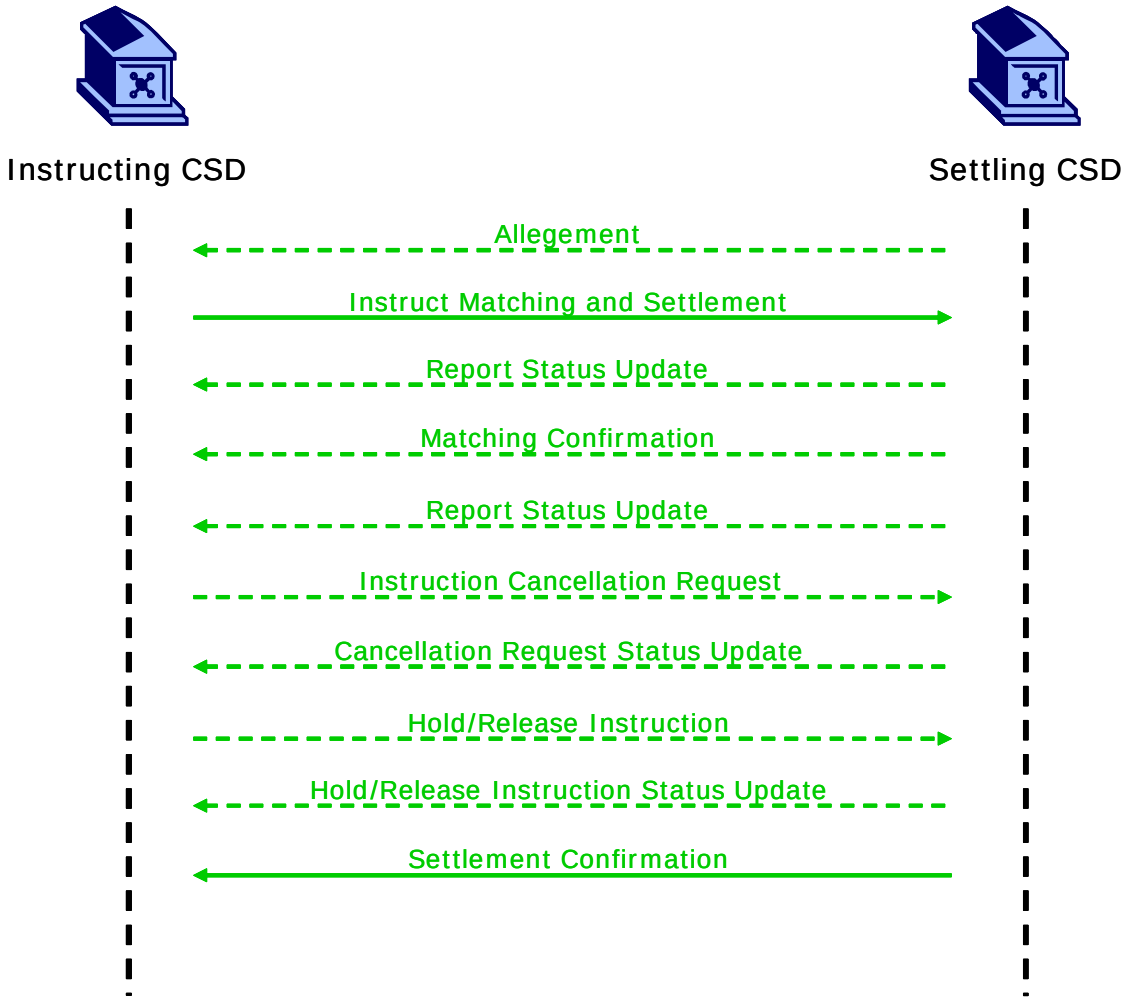
In black, the surrounding communication requirements.

In dotted line, the optional/potential surrounding communication requirements. Optional flows are further explained in the choreography (or allowed responses) in the explanation of each flow, below.

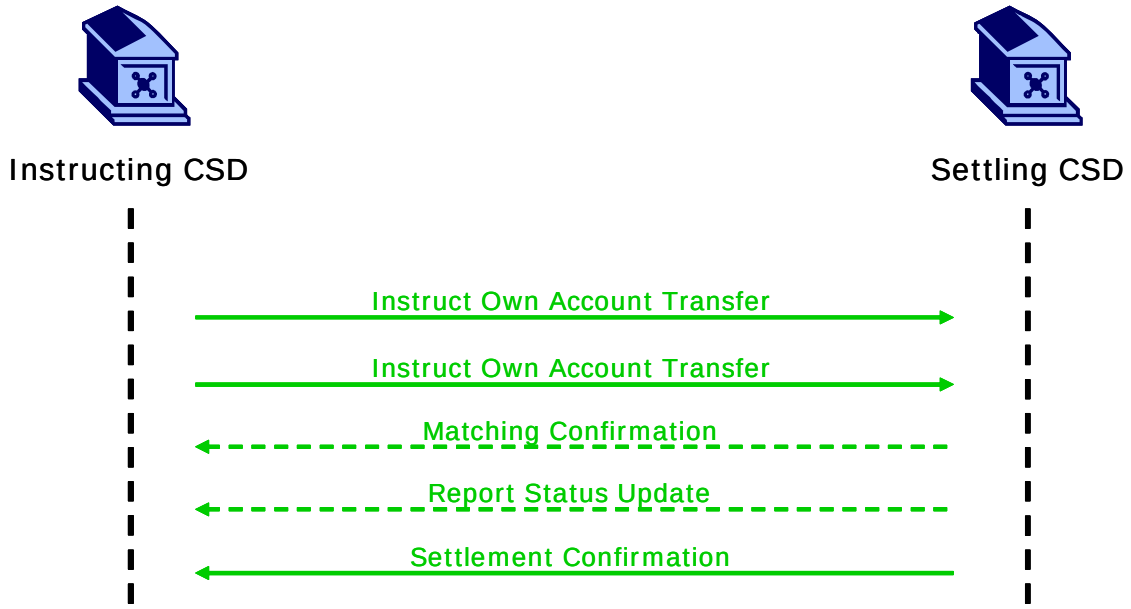
A. For Matching and Settlement instructed separately:



B. <u>For Matching and Settlement Instructed together:</u>



C. Own account transfer:



V. Business data requirements:

1. Allegement:

The allegement instruction contains details of the transaction and necessary parties. In line with ESF/ECSDA recommendations, the immediate settlement parties are mandatory; further parties in the settlement chain, such as buyer, seller and other intermediaries, are optional. Note that, as for any allegement, the settling CSD will not know details of the securities safekeeping account or the cash account to be used, so these will not be included in the flow.

An allegement may be sent by the settling CSD to the instructing CSD at any time before an instruction is received by the settling CSD from the instructing CSD.

Valid choreographies following an allegement are as follows:

- No response from the instructing CSD (a corresponding instruction to the allegement may never be received, or may even have already been sent due to the asynchronous nature of the communication);
- Instructing CSD sends an instruct matching to the settling CSD;
- Instructing CSD sends an instruct matching and settlement to the settling CSD;
- Settling CSD sends an allegement removal; and
- Settling CSD sends an allegement cancellation.

Data	Additional information

Data	Additional information
Allegement Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Trade Date	ISO 8601 Date/Time
Intended Settlement Date	ISO 8601 Date/Time
Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
Quantity of Financial Instrument	
Settlement Amount	Currency and amount
Investor CSD at Issuer CSD (party)	
Delivering Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant's counterparty
Client of Delivering Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Receiving Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant's counterparty. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant
Client of Receiving Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Place of Settlement	Place of Settlement of instructing CSD's participant's counterparty ISO 9362 Bank Identifier Codes [BIC] taken from the list of PSET's BIC published on www.smpg.info. See also Place of Settlement MP.

2. Allegement Removal:

The allegement sent by the settling CSD to the instructing CSD must be removed once the instructing CSD has sent a matching instruction (or matching and settlement instruction). [Note that WG6 will recommend that the SMPG look into the ways an allegement may be removed and whether it needs to be a separate message to the matching confirmation.]

WG6 believe that only a minimum data set is required to allow the recipient of the allegement removal message to identify the allegement being removed, and further data fields should not be required.

An allegement Removal may be sent by the settling CSD at the following times:

- After the instructing CSD has sent a matching instruction; and
- After the instructing CSD has sent a matching and settlement instruction.

The allegement removal does not require a reply.

Data	Additional information

Data	Additional information
Allegement Reference	
Identification of Settling CSD	
Identification of Instructing CSD	

3. Allegement Cancellation:

The allegement sent by the settling CSD to the instructing CSD may be subsequently cancelled by the settling CSD. WG6 believe that only a minimum data set is required to allow the recipient of the allegement cancellation message to identify the allegement being cancelled, and further data fields should not be required.

An allegement Cancellation may be sent by the settling CSD after it has sent an allegement. The allegement cancellation does not require a reply.

Data	Additional information
Allegement Reference	
Identification of Settling CSD	
Identification of Instructing CSD	

4. Matching Instruction:

The matching instruction contains details of the transaction and necessary parties. In line with ESF/ECSDA recommendations, the immediate settlement parties are mandatory; further parties in the settlement chain, such as buyer, seller and other intermediaries, are optional.

A matching instruction may be sent by the instructing CSD at any time, or as a response to an allegement message.

Valid choreographies following a matching instruction are as follows:

- Settling CSD sends a status update to reject the matching instruction;
- Settling CSD sends a status update to acknowledge the receipt of a valid matching instruction;
- Settling CSD sends a matching confirmation;
- Instructing CSD sends a settlement/release instruction to release the instruction for settlement [I believe we need to be very careful here; the network/transport layer will not necessarily guarantee the order of receipt of the messages; if we allow this combination, then there is a danger that the settling CSD will receive a 'release' for an unknown instruction. It is safer by far to require the instructing CSD to wait for one of the above three messages before allowing it to send a follow-up. Better (I believe) to require the settling CSD to acknowledge receipt of a valid instruction as quickly as possible, which removes the need to allow this dangerous scenario. To discuss. Further square brackets in the remainder of the choreography text below indicate where this issue has an impact.]; and
- Instructing CSD sends an instruction cancellation request [as above, do we really want to allow this? Settling CSD may then receive a cancellation without having yet received the related matching instruction].

Data	Additional information
Instructing CSD Instruction Reference	
Identification of Settling CSD	

Data	Additional information
Identification of Instructing CSD	
Trade Date	ISO 8601 Date/Time
Intended Settlement Date	ISO 8601 Date/Time
Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
Quantity of Financial Instrument	
Settlement Amount	Currency and amount
Investor CSD at Issuer CSD (party)	
Investor CSD at Issuer CSD (safekeeping account)	
Investor CSD at Issuer CSD (cash account)	For DvP only, if not a default account
Delivering Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant's counterparty
Client of Delivering Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Receiving Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant's counterparty. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant
Client of Receiving Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Place of Settlement	Place of Settlement of instructing CSD's participant's counterparty ISO 9362 Bank Identifier Codes [BIC] taken from the list of PSET's BIC published on www.smpg.info. See also Place of Settlement MP.

5. Settlement/Release Instruction:

The settlement instruction contains the reference of the transaction (as identified in the Matching Instruction) and an optional priority. All other details remain the same as for the matching instruction.

A settlement/release instruction may be sent by the instructing CSD at the following times:

- After the instructing CSD has sent a matching instruction [which has been accepted by the settling CSD]; and
- After the instructing CSD has sent a hold request [which has been accepted by the settling CSD].

Valid choreographies following a settlement/release instruction are as follows:

- Settling CSD sends a status update to reject the settlement/release instruction;
- Settling CSD sends a status update to acknowledge the receipt of a valid settlement/release instruction;
- Settling CSD sends a settlement confirmation; and
- Instructing CSD sends an instruction cancellation request [as above, but slightly different scenario, as the settling CSD may here receive a cancellation followed by a release which would have allowed the transaction to settle. Must the settling CSD look to see which was sent first? Again, far clearer for all

concerned to require quick responses and no further interation until a response to the previous interation has been received].

Data	Additional information
Settlement/Release Instruction Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	Optional
Priority	Optional

6. Matching and Settlement Instruction:

The matching and settlement instruction is an instruction to proceed with settlement as soon as matching has been achieved. Hence it contains the superset of matching and settlement instructions. It includes details of the transaction and necessary parties. In line with ESF/ECSDA recommendations, the immediate settlement parties are mandatory; further parties in the settlement chain, such as buyer, seller and other intermediaries, are optional.

A matching and settlement instruction may be sent by the instructing CSD at any time, or as a response to an allegement message.

Valid choreographies following a matching instruction are as follows:

- Settling CSD sends a status update to reject the matching and settlement instruction;
- Settling CSD sends a status update to acknowledge the receipt of a valid matching and settlement instruction;
- Settling CSD sends a matching confirmation;
- Settling CSD sends a settlement confirmation;
- Instructing CSD sends a hold request to hold the instruction from settlement [same issue as above; here, the settling CSD may receive a hold request for an unknown transaction which is still in the 'pipe']; and
- Instructing CSD sends an instruction cancellation request [as above, do we really want to allow this? Settling CSD may then receive a cancellation without having yet received the related matching and settlement instruction].

Data	Additional information
Instructing CSD Instruction Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Trade Date	ISO 8601 Date/Time
Intended Settlement Date	ISO 8601 Date/Time
Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
Quantity of Financial Instrument	
Settlement Amount	Currency and amount
Investor CSD at Issuer CSD (party)	
Investor CSD at Issuer CSD (safekeeping account)	
Investor CSD at Issuer CSD (cash account)	For DvP only, if not a default account
Delivering Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant.

Data	Additional information
	If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant's counterparty
Client of Delivering Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Receiving Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant's counterparty. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant
Client of Receiving Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Place of Settlement	Place of Settlement of instructing CSD's participant's counterparty ISO 9362 Bank Identifier Codes [BIC] taken from the list of PSET's BIC published on www.smpg.info. See also Place of Settlement MP.
Priority	Optional

7. Status Update:

A status update flow is only ever sent by the settling CSD and requires only those fields necessary for the instructing CSD to identify the instruction, plus an indication of the status.

A status update may be sent by the settling CSD at any time after the instructing CSD has sent a matching instruction or a matching and settlement instruction, and does not require a response from the instructing CSD. It may also be sent as a response to a settlement/release instruction, a hold instruction or an instruction cancellation request.

ECSDA WG6 have identified the following points in the various scenarios where a status update is required:

- Rejection of Matching Instruction
- Receipt of Matching Instruction (but not matched)
- Successful matching (covered by Matching Confirmation flow)
- Rejection of Settlement/Release Instruction
- Rejection of Matching and Settlement Instruction
- Rejection of Cancellation Instruction (covered by cancellation request status update)
- Cancellation requested by counterparty (bilateral only)
- Cancellation requested by you (bilateral only) [needed because transaction is still live]
- Successful cancellation request (covered by cancellation request status update)
- Settlement (covered by Settlement Confirmation flow)
- Rejection of hold/release instruction
- Successful hold/release (unless release allowed immediate settlement)
- Settlement statuses (such as fail due to lack of securities, cash, credit etc).

Data	Additional information
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Instruction Status	
Matching Status	
Settlement Status	

Instruction status:

- Rejected
- Cancelled by you (bilateral only)
- Cancelled by counterparty (bilateral only)
- Cancelled (central cancellation by settling CSD)
- Held by you
- Held by counterparty

Matching status:

- Unmatched (received but not matched)
- Unmatched (after unilateral cancellation)

Settlement status:

- Settlement failure – lack of securities
- Settlement failure – lack of cash
- Settlement failure – counterparty lack of securities
- Settlement failure – counterparty lack of cash
- Settlement failure – held by you
- Settlement failure – held by counterparty

8. Matching Confirmation:

In the opinion of the working group (sub group), the matching confirmation flow requires only those fields necessary for the instructing CSD to identify the instruction which has been matched, plus an indication if the matching was achieved with/without cash tolerance matching (if achieved with, then a new cash countervalue should be included). We see no need for the full details to be repeated in the flow.

A matching confirmation may be sent by the settling CSD at the following times:

- After the instructing CSD has sent a matching instruction, if the instruction matched immediately;
- After the instructing CSD has sent a matching and settlement instruction if the instruction matched immediately (but did not settle); and
- At any time subsequent to the receipt of either of the above two messages, once the instruction has been matched.

The matching confirmation does not require a reply.

Data	Additional information
Instructing CSD Instruction Reference	

Data	Additional information
Identification of Settling CSD	
Identification of Instructing CSD	
Settling CSD Instruction Reference	
Investor CSD at Issuer CSD (party)	
Investor CSD at Issuer CSD (safekeeping account)	
Investor CSD at Issuer CSD (cash account)	For DvP only, if not a default account
Matching Status	
Settlement Amount	Currency and amount

Matching status:

- Matched.

9. Settlement Confirmation:

Current market practice requires the full transaction details.

A settlement confirmation may be sent by the settling CSD at the following times:

- After the instructing CSD has sent a settlement/release instruction, if the instruction settled immediately;
- After the instructing CSD has sent a matching and settlement instruction if the instruction settled immediately; and
- At any time subsequent to the receipt of either of the above two messages, once the instruction has been settled.

The settlement confirmation does not require a reply, and completes all communication related to the transaction.

Data	Additional information
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Trade Date	ISO 8601 Date/Time
Actual Settlement Date	ISO 8601 Date/Time
Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
Quantity of Financial Instrument	
Settlement Amount	Currency and amount
Investor CSD at Issuer CSD (party)	
Investor CSD at Issuer CSD (safekeeping account)	
Investor CSD at Issuer CSD (cash account)	For DvP only, if not a default account
Delivering Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant's counterparty
Client of Delivering Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Receiving Agent	If the Instructing CSD is delivering securities, this will be the Instructing CSD's participant's

Data	Additional information
	counterparty. If the Instructing CSD is receiving securities, this will be the Instructing CSD's participant
Client of Receiving Agent	Optional ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code.
Place of Settlement	ISO 9362 Bank Identifier Codes [BIC] taken from the list of PSET's BIC published on www.smpg.info. See also Place of Settlement MP.

10. Instruction Cancellation Request:

The Cancellation Instruction allows the instructing CSD to request the cancellation of a previously instructed transaction.

Cancellation may either be bilateral (where both parties to a transaction must cancel in order for the instruction to be fully deleted) or unilateral (where only one party needs to cancel for the instruction to be fully deleted). This does not affect the data required for the flow, but affects the status of the transaction after the flow has been sent. These statuses are shown in the different activity diagrams. [Can we ask WG3 to go for one or the other…?]

In keeping with other flows, only the minimum requirements of the flow (to identify the instruction and cancel it) have been specified.

An instruction cancellation request may be sent by the instructing CSD at the following times:

- At any time after the instructing CSD has sent a matching instruction [which has been acknowledged by the settling CSD]; and
- At any time after the instructing CSD has sent a matching and settlement instruction [which has been acknowledged by the settling CSD].

Valid choreographies following an instruction cancellation request are as follows:

- Settling CSD sends a cancellation request status update to reject the instruction cancellation request; and
- Settling CSD sends a cancellation request status update to accept the instruction cancellation request.

Data	Additional information
Cancellation Request Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	Optional

11. Cancellation Request Status Update:

A cancellation status update flow is sent by the settling CSD to the instructing CSD to report on the status of a specific cancellation request. It requires only those fields necessary for the instructing CSD to identify the cancellation request (and the instruction?), plus an indication of the status of the request.

The cancellation request status update is only ever sent by the settling CSD in response to an instruction cancellation request. No reply is required.

Data	Additional information

Data	Additional information
Cancellation Request Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	
Cancellation Request Status	

Cancellation Request Status:

- Rejected
- Cancellation awaiting settling CSD's participant's cancellation
- Successfully cancelled.

12. Hold Request:

The Hold Request allows the instructing CSD to request that a transaction be held.

In the view of ECSDA WG6, the only requirement for the flow is to identify the transaction concerned and the required action. Other data fields are not required.

A hold request may be sent by the instructing CSD at the following times:

- After the instructing CSD has sent a matching and settlement instruction [which has been accepted by the settling CSD]; and
- After the instructing CSD has sent a settlement/release instruction [which has been accepted by the settling CSD].

Valid choreographies following a settlement/release instruction are as follows:

- Settling CSD sends a status update to reject the hold request;
- Settling CSD sends a status update to acknowledge the receipt of a hold request; and
- Instructing CSD sends an instruction cancellation request [for once, it probably doesn't matter in which order these two are received, but I am still uncomfortable with the instructing CSD sending two messages without acknowledgement of the first by the settling CSD].

Data	Additional information
Hold Request Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	

13. Hold Request Status Update:

A hold/release status update flow is sent by the settling CSD to the instructing CSD to report on the status of a specific hold/release instruction. It requires only those fields necessary for the instructing CSD to identify the hold/release instruction (and the instruction?), plus an indication of the status of the request.

The hold request status update is only ever sent by the settling CSD in response to a hold request. No reply is required.

Data	Additional information
Hold/Release Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	
Hold/Release Request Status	

Hold/Release Request Status:

- Hold/release rejected
- Hold/release successful

14. Own Account Transfer Instruction:

An own account transfer instruction allows the instructing CSD to move securities from one safekeeping account to another within the settling CSD. Both safekeeping accounts must belong to the instructing CSD.

An own account transfer instruction may be sent by the instructing CSD at any time.

Valid choreographies following an own account transfer instruction are as follows:

- Settling CSD sends a status update to reject the matching instruction;
- Settling CSD sends a status update to acknowledge the receipt of a valid matching instruction;
- Settling CSD sends a matching confirmation;
- Settling CSD sends an Own Account Transfer Confirmation.

Data	Additional information
Instructing CSD Instruction Reference	
Identification of Settling CSD	
Identification of Instructing CSD	
Receive/deliver indicator	
Intended Settlement Date	ISO 8601 Date/Time
Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
Quantity of Financial Instrument	
Investor CSD at Issuer CSD (party)	
Investor CSD at Issuer CSD (safekeeping account)	

15. Own Account Transfer Confirmation:

An own account transfer confirmation may be sent by the settling CSD at the following times:

- After the instructing CSD has sent two own account transfer instructions, which have matched.

The own account transfer confirmation does not require a reply, and completes all communication related to the transaction.

Data	Additional information
Instructing CSD Instruction Reference	
Settling CSD Instruction Reference	
Identification of Settling CSD	
Identification of Instructing CSD	

Data	Additional information
Actual Settlement Date	ISO 8601 Date/Time
Financial Instrument	ISO 6166 International Securities Identification Number [ISIN]
Quantity of Financial Instrument	
Investor CSD at Issuer CSD (party)	
Investor CSD at Issuer CSD (safekeeping account)	

16. Data Definitions:

In order to provide an agreed set of business meanings for the above business fields, a definition will be provided here. Eventually, this definition should be aligned with the ISO 20022 data dictionary.

Data	Definition
Instructing CSD Instruction Reference	Reference of the transaction at the instructing CSD
Settling CSD Instruction Reference	Reference of the transaction at the settling CSD
Cancellation Request Reference	
Hold/Release Reference	
Identification of Settling CSD	Globally unique identification of the settling CSD
Identification of Instructing CSD	Globally unique identification of the instructing CSD
Trade Date	Specification of the date the trade was executed
Intended Settlement Date	Specification of the expected date the financial instruments should be exchanged (against cash)
Actual Settlement Date	The date the financial instruments were exchanged (against cash)
Financial Instrument	Unique and unambiguous identification of a security
Quantity of Financial Instrument	Quantity of the financial instrument to be exchanged
Settlement Amount	Currency and amount of the cash (counter)value of a transaction
Investor CSD at Issuer CSD (party)	Unique and unambiguous identification of the instructing CSD at the settling CSD
Investor CSD at Issuer CSD (safekeeping account)	Unique and unambiguous identification of the securities safekeeping account belonging to the instructing CSD at the settling CSD
Investor CSD at Issuer CSD (cash account)	Unique and unambiguous identification for the cash account by which the settling CSD may make payments on behalf of the instructing CSD
Receiving/Delivering Agent	
Client of Receiving/Delivering Agent	
Place of Settlement	
Priority	
Hold/Release	
Instruction Status	
Matching Status	
Settlement Status	
Cancellation Request Status	
Hold/Release Request Status	

VI. Market Practice Rules:

For the purposes of this market practice, it is a requirement that the participants in each market do not need to know the nature of the link or any of the associated accounts at their counterparty's CSD. This further requires that the settling CSD matches the transaction at the level of the two CSD participants. In order for this matching to take place, the instructing CSD must include both the delivering agent and the receiving agent in the instruction. This requirement to match at the level of the instructing CSD's participant is the fundamental difference between inter-CSD settlement and domestic settlement, where matching always takes place at the level of the instructing entities.

Note that Place of Settlement is used to identify the CSD at which a participant settles. In the case of two direct links to the same issuer CSD, where a client of one investor CSD wishes to deliver to the client of another investor CSD, it must be possible for the instructing CSD to quote a Place of Settlement that is not the issuer CSD and, conversely, for the issuer CSD to identify that the counterparty is therefore not one of its own clients, but the client of another investor CSD.

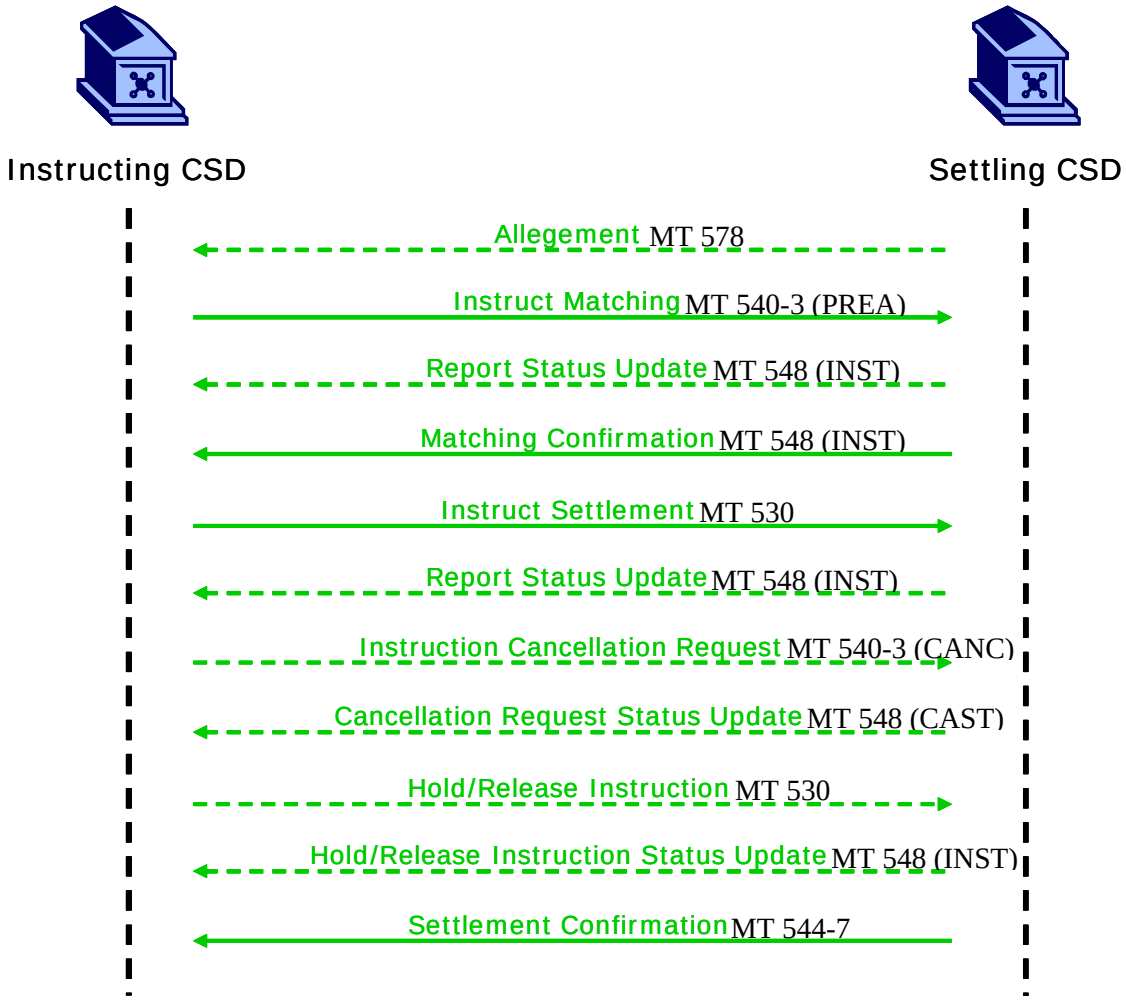
For more complex, relayed links, it would need to be possible for an Instructing CSD to be merely a position in the chain, and for both participants to have a Place of Settlement that is neither the Instructing CSD nor the Settling CSD. Place of Settlement would need to be present twice in the message, which is not possible in ISO 15022, currently.

Additional fields not specified in this MP document may be included in the messages, but will be processed only by bilateral agreement of the CSDs involved. For the purposes of this market practice, they will be ignored. The message will not be rejected but the additional fields will be ignored.

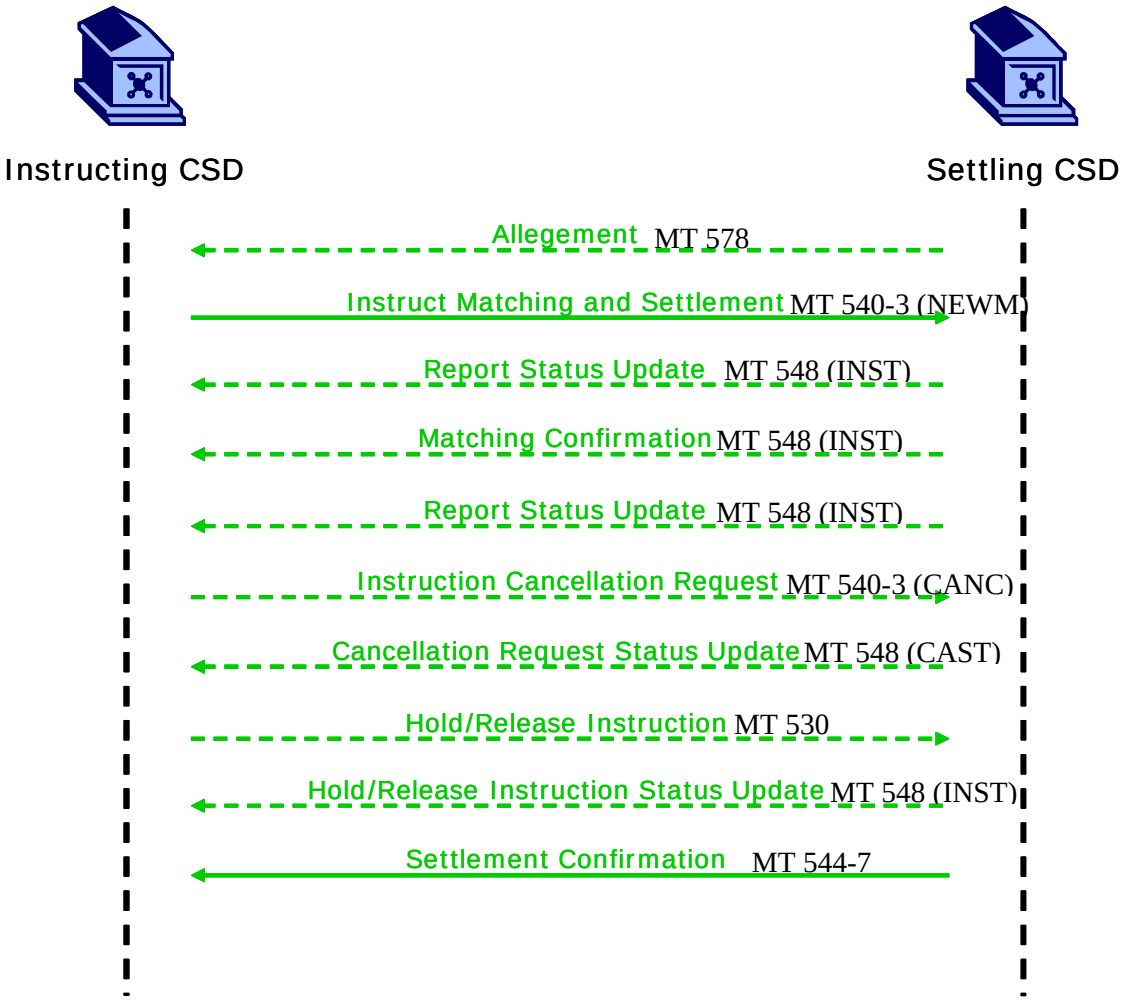
VII. ISO 15022 illustration:

The ISO 15022 illustrations shows how the MP will be implemented using ISO 15022 messages.

A. For Matching and Settlement instructed separately:



B. For Matching and Settlement Instructed together:



1. Allegement:

Data	MT 578 (NEWM)
Allegement Reference	:20C::SEME//16x in sequence A
Identification of Settling CSD	Sender of the allegement as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Identification of Instructing CSD	Receiver of the allegement as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F
Trade Date	:98A::TRAD//YYYYMMDD in sequence B
Intended Settlement Date	:98A::SETT//YYYYMMDD in sequence B
Financial Instrument	:35B:ISIN1!e12!c

Data	MT 578 (NEWM)
	[4*35x] in sequence B
Quantity of Financial Instrument	:36B::SETT//15d in sequence C
Settlement Amount	:19A::SETT//[N]3!a15d in sequence E3
Investor CSD at Issuer CSD (party)	:95P::ACOW//4!a2!a2!c in sequence C
Delivering Agent	:95P::DEAG//4!a2!a2!c or :95R::DEAG/8c/34x
Client of Delivering Agent	:95P::SELL//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Receiving Agent	:95P::REAG//4!a2!a2!c or :95R::REAG/8c/34x
Client of Receiving Agent	:95P::BUYR//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Place of Settlement	:95P::PSET//4!a2!a2!c in sequence E1

2. Allegement Removal:

Data	MT 578 (REMO)
Allegement Reference	:20C::PREV//16x in sequence A1
Identification of Settling CSD	Sender of the allegement as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Identification of Instructing CSD	Receiver of the allegement as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F

3. Allegement Cancellation:

Data	MT 578 (CANC)
Allegement Reference	:20C::PREV//16x in sequence A1
Identification of Settling CSD	Sender of the allegement as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Identification of Instructing CSD	Receiver of the allegement as per the sequence

Data	MT 578 (CANC)
	diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F

4. Matching Instruction:

Data	MT 540-3 (:23G::PREA)
Instructing CSD Instruction Reference	:20C::SEME//16x in sequence A
Identification of Settling CSD	Receiver of the instruction as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F
Identification of Instructing CSD	Sender of the instruction as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Trade Date	:98A::TRAD//YYYYMMDD in sequence B
Intended Settlement Date	:98A::SETT//YYYYMMDD in sequence B
Financial Instrument	:35B:ISIN1!e12!c [4*35x] in sequence B
Quantity of Financial Instrument	:36B::SETT//15d in sequence C
Settlement Amount	:19A::SETT//[N]3!a15d in sequence E3
Investor CSD at Issuer CSD (party)	:95P::ACOW//4!a2!a2!c in sequence C
Investor CSD at Issuer CSD (safekeeping account)	:97A::SAFE//35x or :97B::SAFE//[8c]/4!c/35x in sequence C
Investor CSD at Issuer CSD (cash account)	:97A::CASH//35x in sequence C
Delivering Agent	:95P::DEAG//4!a2!a2!c or :95R::DEAG/8c/34x
Client of Delivering Agent	:95P::SELL//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Receiving Agent	:95P::REAG//4!a2!a2!c or :95R::REAG/8c/34x
Client of Receiving Agent	:95P::BUYR//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Place of Settlement	:95P::PSET//4!a2!a2!c

Data	MT 540-3 (:23G::PREA)
	in sequence E1

5. Settlement/Release Instruction:

Data	MT 530 (:22F::SETT//YPRE)
Settlement/Release Instruction Reference	:20C::SEME//16x in sequence A
Identification of Settling CSD	Receiver of the instruction as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence C
Identification of Instructing CSD	Sender of the instruction as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence C
Instructing CSD Instruction Reference	:20C::PREV//16x in sequence B
Settling CSD Instruction Reference	:20C::RELA//16x in sequence B
Priority	:22F::PRIR//0001 – 9999 in sequence B

6. Matching and Settlement Instruction:

Data	MT 540-3 (:23G::NEWM)
Instructing CSD Instruction Reference	:20C::SEME//16x in sequence A
Identification of Settling CSD	Receiver of the instruction as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F
Identification of Instructing CSD	Sender of the instruction as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Trade Date	:98A::TRAD//YYYYMMDD in sequence B
Intended Settlement Date	:98A::SETT//YYYYMMDD in sequence B
Financial Instrument	:35B:ISIN1!e12!c [4*35x] in sequence B
Quantity of Financial Instrument	:36B::SETT//15d in sequence C
Settlement Amount	:19A::SETT//[N]3!a15d in sequence E3
Investor CSD at Issuer CSD (party)	:95P::ACOW//4!a2!a2!c in sequence C

Data	MT 540-3 (:23G::NEWM)
Investor CSD at Issuer CSD (safekeeping account)	:97A::SAFE//35x or :97B::SAFE//[8c]/4!c/35x in sequence C
Investor CSD at Issuer CSD (cash account)	:97A::CASH//35x in sequence C
Delivering Agent	:95P::DEAG//4!a2!a2!c or :95R::DEAG/8c/34x
Client of Delivering Agent	:95P::SELL//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Receiving Agent	:95P::REAG//4!a2!a2!c or :95R::REAG/8c/34x
Client of Receiving Agent	:95P::BUYR//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Place of Settlement	:95P::PSET//4!a2!a2!c in sequence E1
Priority	:22F::PRIR//0001 – 9999 in sequence B

CSD INVEAA01 (investor CSD) sends a free of payment matching and settlement delivery instruction to issuer CSD ISSUXX99. The investor CSD's participant is DEAGAA01; the issuer CSD's participant is REAGXX99.

INVEAA01 MT 542 to ISSUXX99	
:16R:GENL	
:20C::SEME//123456789	**Instructing CSD Instruction Reference**
:23G:NEWM	
:98A::PREP//20040305	Preparation date
:16S:GENL	
:16R:TRADDET	
:98A::TRAD//20040305	**Trade date**
:98A::SETT//20040308	**Intended Settlement Date**
:35B:ISIN XX0000294034	**Financial Instrument**
:16S:TRADDET	
:16R:FIAC	
:36B::SETT//UNIT/5000,	**Quantity of Financial Instrument**
:95P::ACOW//INVEXX01	**Investor CSD at Issuer CSD (Party)**
:97A::SAFE//111111111	**Investor CSD at Issuer CSD (Safekeeping Account)**
:16S:FIAC	
:16R:SETDET	
:22F::SETR//TRAD	Settlement transaction type
:16R:SETPRTY	
:95P::DEAG//DEAGAA01	**Delivering agent**
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//REAGXX99	**Receiving agent**

:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//ISSUXX99
:16S:SETPRTY
:16S:SETDET

Place of settlement

7. Status Update:

Data	MT 548 (:23G:INST)
Instructing CSD Instruction Reference	:20C::RELA//16x in sequence A1
Settling CSD Instruction Reference	:20C::PREV//16x in sequence A1
Identification of Settling CSD	Sender of the status as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence C
Identification of Instructing CSD	Receiver of the status as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence C
Instruction Status	:25D::IPRC// in sequence A2
Matching Status	:25D::MTCH// in sequence A2
Settlement Status	:25D::SETT// in sequence A2

Instruction status:

- Rejected (add reason codes…)

:25D::IPRC//REJT

:24B::REJT//xxxx

- Cancelled by you (bilateral only)

:25D::IPRC//CAND

:24B::CAND//CANI

- Cancelled by counterparty (bilateral only)

:25D::MTCH//NMAT

:24B::NMAT//CPCA

- Cancelled (central cancellation by settling CSD)

:25D::IPRC//CAND

:24B::CAND//CANS

- Held by you

:25D::SETT//PEND

:24B::PEND//PREA

:22F::SETR//PREA

- Held by counterparty

:25D::SETT//PEND
:24B::PEND//PRCY
:22F::SETR//TRAD

Matching status:

- Unmatched (received but not matched)

:25D::MTCH//NMAT

- Unmatched (after unilateral cancellation)

:25D::MTCH//NMAT
:24B::NMAT//CPCA

Settlement status (note: if settlement can still take place on instructed settlement date, PEND should be used. If not PENF):

- Settlement failure – lack of securities

:25D::SETT//PENF
:24B::PENF//LACK

- Settlement failure – lack of cash

:25D::SETT//PENF
:24B::PENF//MONY

- Settlement failure – counterparty lack of securities

:25D::SETT//PENF
:24B::PENF//CLAC

- Settlement failure – counterparty lack of cash

:25D::SETT//PENF
:24B::PENF//CMON

- Settlement failure – held by you

:25D::SETT//PENF
:24B::PENF//PREA
:22F::SETR//PREA

- Settlement failure – held by counterparty

:25D::SETT//PENF
:24B::PENF//PRCY
:22F::SETR//TRAD

8. Matching Confirmation:

Data	MT 548 (:23G:INST)
Instructing CSD Instruction Reference	:20C::RELA//16x in sequence A1
Identification of Settling CSD	Sender of the status as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence C
Identification of Instructing CSD	Receiver of the status as per the sequence diagram. If

Data	MT 548 (:23G:INST)
	there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence C
Settling CSD Instruction Reference	:20C::PREV//16x in sequence A1
Investor CSD at Issuer CSD (party)	:95P::ACOW//4!a2!a2!c in sequence B
Investor CSD at Issuer CSD (safekeeping account)	:97A::SAFE//35x or :97B::SAFE//[8c]/4!c/35x in sequence B
Investor CSD at Issuer CSD (cash account)	:97A::CASH//35x in sequence B
Matching Status	:25D::MTCH// in sequence A2
Settlement Amount	:19A::SETT//[N]3!a15d in sequence E3

Matching status:

- Matched, for future settlement

:25D::MTCH//MACH

- Matched with tolerance.

:25D::MTCH//MACH

:19A::SETT//[N]3!a15d

9. Settlement Confirmation:

Data	MT 544-7
Instructing CSD Instruction Reference	:20C::RELA//16x in sequence A1
Settling CSD Instruction Reference	:20C::PREV//16x in sequence A1
Identification of Settling CSD	Sender of the confirmation as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Identification of Instructing CSD	Receiver of the confirmation as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F
Trade Date	:98A::TRAD//YYYYMMDD in sequence B
Actual Settlement Date	:98A::ESET//YYYYMMDD in sequence B
Financial Instrument	:35B:ISIN1!e12!c [4*35x] in sequence B
Quantity of Financial Instrument	:36B::ESTT//15d in sequence C

Data	MT 544-7
Settlement Amount	:19A::ESTT//[N]3!a15d in sequence E3
Investor CSD at Issuer CSD (party)	:95P::ACOW//4!a2!a2!c in sequence C
Investor CSD at Issuer CSD (safekeeping account)	:97A::SAFE//35x or :97B::SAFE//[8c]/4!c/35x in sequence C
Investor CSD at Issuer CSD (cash account)	:97A::CASH//35x in sequence C
Delivering Agent	:95P::DEAG//4!a2!a2!c or :95R::DEAG/8c/34x
Client of Delivering Agent	:95P::SELL//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Receiving Agent	:95P::REAG//4!a2!a2!c or :95R::REAG/8c/34x
Client of Receiving Agent	:95P::BUYR//4!a2!a2!c * if more than two parties are provided, the client of the REAG/DEAG is the RECU/DECU. See Common Elements MP and Standards for clarification. in sequence E1
Place of Settlement	:95P::PSET//4!a2!a2!c in sequence E1

10. Instruction Cancellation Request:

Data	MT 540-3 (:23G:CANC)
Cancellation Request Reference	:20C::SEME//16x in sequence A.
Identification of Settling CSD	Receiver of the cancellation request as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence F
Identification of Instructing CSD	Sender of the cancellation request as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence F
Instructing CSD Instruction Reference	:20C::PREV//16x in sequence A1.
Settling CSD Instruction Reference	:20C::RELA//16x in sequence A1.

11. Cancellation Request Status Update:

Data	MT 548 (:23G:CAST)
Cancellation Request Reference	:20C::RELA//16x in sequence A1.
Identification of Settling CSD	Sender of the cancellation status as per the sequence

Data	MT 548 (:23G:CAST)
	diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence C
Identification of Instructing CSD	Receiver of the cancellation status as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence C
Instructing CSD Instruction Reference	:20C::PROC in a sequence B1 where the instructing CSD is identified, ie, REAG if Receive, DEAG if delivery.
Settling CSD Instruction Reference	:20C::PREV//16x in sequence A1.
Cancellation Request Status	:25D::CPRC// in sequence A2

Cancellation Request Status:

- Rejected

:25D::CPRC//REJT

- Cancellation awaiting settling CSD's participant's cancellation

:25D::CPRC//CANP
:24B::CANP//CONF

- Successfully cancelled.

:25D::CPRC//CAND

12. Hold Request:

Data	MT 530 (:22F::SETT//NPRE)
Hold Request Reference	:20C::SEME//16x in sequence A
Identification of Settling CSD	Receiver of the request as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence C
Identification of Instructing CSD	Sender of the request as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence C
Instructing CSD Instruction Reference	:20C::PREV//16x in sequence B
Settling CSD Instruction Reference	:20C::RELA//16x in sequence B

13. Hold Request Status Update:

Data	MT 548 (:23G:INST)
Hold/Release Reference	:20C::RELA//16x in sequence A1

Data	MT 548 (:23G:INST)
Identification of Settling CSD	Sender of the status as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MEOR//4!a2!a2!c in sequence C
Identification of Instructing CSD	Receiver of the status as per the sequence diagram. If there is a need to identify this party in the body of the message:: :95P::MERE//4!a2!a2!c in sequence C
Instructing CSD Instruction Reference	:20C::PROC in a sequence B1 where the instructing CSD is identified, ie, REAG if Receive, DEAG if delivery.
Settling CSD Instruction Reference	:20C::PREV//16x in sequence A1.
Hold/Release Request Status	:25D::IPRC// in sequence A2

Hold/Release Request Status:

- Hold/release rejected (add reason codes…)

:25D::IPRC//REJT
:24B::REJT//xxxx

- Hold/release successful

:25D::IPRC//PACK

VIII. Annex of Differences

This annexe lists specifics by CSD, such as payment arrangements, deviations from the market practice as defined in this document, additional fields required for legal or tax purposes.

A. Clearstream Banking Frankfurt (Germany)

CBF Germany has not yet implemented this market practice.

CBF Germany operates a central bank money payment arrangement for EUR. CSD participants are required to set up cash accounts with a central bank which is participating in Target2 either directly or indirectly via another participant who has an account in Target2. Until November 2008 there is still for the daytime settlement the old requirement to either have a direct account at Deutsche Bundesbank or access via another bank having an account with Deutsche Bundesbank.

For non-EUR payments the CSD platform CASCADE sends payment instructions to the (CBL) Creation platform which then settles the payment in commercial bank money. This requires that the customers also have an account in Creation, which needs to be funded separately.

The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

B. Clearstream Banking Luxemburg (ICSD)

CBL has not yet implemented this market practice.

CBL operates a commercial bank money payment arrangement for multiple currencies. ICSD participants are required to set up cash accounts directly within Clearstream Banking. The system uses reference data based on the safekeeping account involved in the transaction to determine which cash account to use. No identifier for the cash account is therefore required within the message.

C. CSDL (Lithuania)

CSDL has not yet implemented this market practice.

CSDL operates a central bank money payment arrangement for both LTL and EUR. CSD participants are required to set up cash accounts at the National Central Bank or at Target2. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message. For OTC transactions, the participant may specify an IBAN.

D. Euroclear UK & Ireland

Euroclear UK & Ireland has not yet implemented this market practice.

Euroclear UK & Ireland operates a central bank money payment arrangement for GBP and EUR, and an assured payment mechanism for USD. CSD participants are required to set up cash accounts with a payment bank which is able to operate the relevant currency. The system uses reference data for the participant and the currency of the transaction to determine which cash account to use. No identifier for the cash account is therefore required within the message.

Exceptions:

E. Euroclear Bank (ICSD)

Euroclear Bank has not yet implemented this market practice.

Euroclear Bank operates a commercial bank money payment arrangement for multiple currencies. ICSD participants are required to set up cash accounts directly within Euroclear Bank. The system uses reference data based on the safekeeping account involved in the transaction to determine which cash account to use. No identifier for the cash account is therefore required within the message.

F. Euroclear Belgium

Euroclear Belgium has not yet implemented this market practice.

Euroclear Belgium operates a central bank money payment arrangement for EUR. CSD participants are required to set up cash accounts at the Banque Nationale de Belgique or make arrangements with a cash correspondent. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

G. Euroclear France

Euroclear France has not yet implemented this market practice.

Euroclear France operates a central bank money payment arrangement for EUR. CSD participants are required to set up cash accounts either at the Banque de France or with another participant. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

H. Euroclear Nederland

Euroclear Nederland has not yet implemented this market practice.

Euroclear Nederland operates a central bank money payment arrangement for EUR via de Nederlandsche Bank. Non-Euro settlement is possible through agent banks. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message. Note that for OTC transactions, cash settlement is gross, whereas for exchange transactions cash settlement is net.

I. Iberclear (Spain)

Iberclear has not yet implemented this market practice.

Iberclear does not directly operate a cash payment system, but it is connected to a central bank money payment system in EUR at the Bank of Spain through Target 2 (since 18 Feb.2008). Participants are required to set up cash accounts either directly in Target2 or with another participant that acts as their cash agent. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

J. Interbolsa (Portugal)

Interbolsa has not yet implemented this market practice.

Interbolsa operates a central bank money payment arrangement for EUR, through Banco de Portugal (from 2009/03/02 Target2). CSD participants are required to set up cash accounts either at the Banco de Portugal or with another participant. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message. Settlement in non-Euro is also available through a commercial bank.

K. KDD (Slovenia)

KDD has not yet implemented this market practice, and is currently using proprietary XML messages.

For DVP, KDD does not directly operate a cash payment system, but it is connected to a central bank money payment system. Participants are required to set up cash accounts either directly or with another participant that acts as their cash agent. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

L. KDPW (Poland)

KDPW has not yet implemented this market practice.

KDPW operates a central bank money payment arrangement for EUR. CSD participants are required to set up cash accounts either at the Polish National Bank (NBP) or with another participant. The system uses reference

data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

M. Latvian Central Depository

Latvian Central Depository has not yet implemented this market practice.

Latvian Central Depository operates a central bank money payment arrangement for Latvian lats. CSD participants are required to set up cash accounts at Bank of Latvia. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

It is also possible to settle in USD (agent bank) and EUR (TARGET2) at Latvian Central Depository.

For OTC transactions cash settlement is carried out on a gross basis, whereas for exchange transactions cash settlement can be executed both on gross and net basis.

N. Monte Titoli (Italy)

Monte Titoli has not yet implemented this market practice.

Monte Titoli does not directly operate a cash payment system, but it is connected to a central bank money payment system in EUR operated by Banca d'Italia (in the near future: Target 2). Participants are required to set up cash accounts either directly at the Banca d'Italia or with another participant that acts as their cash agent. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

O. NCSD Finland

NCSD Finland has not yet implemented this market practice.

NCSD Finland does not directly operate a cash payment system, but it is connected to a central bank money payment system in EUR at the Bank of Finland through Target 2. Participants are required to set up cash accounts either directly in Target2 or with another participant that acts as their cash agent. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

P. NCSD Sweden

NCSD Sweden has not yet implemented this market practice.

NCSD Sweden operates a central bank money payment arrangement for SEK. CSD participants are required to set up cash accounts either at Riksbanken or with another participant with Riksbanken for SEK. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message.

Q. OeKB (Austria)

OeKB has not yet implemented this market practice.

OeKB operates central bank money (Home Accounting Module Austria of the Austrian National Bank) as well as commercial bank money payment arrangements for EUR.

For commercial bank money payment arrangement participants set up cash accounts directly within OeKB.

The system uses by default reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message but the participant has the ability to include in the settlement message whether central bank or commercial bank money arrangements should be used (only necessary if this is a deviation from the default set-up) .

R. SIS (Switzerland)

SIS has not yet implemented this market practice.

SIS operates central bank money for CHF. CSD participants are required to set up cash accounts with the central bank. The System uses reference data to assign the correct account. Other currencies are available in commercial bank money. Clients must set up accounts at SIS.

S. VP (Denmark)

VP has not yet implemented this market practice.

VP operates a central bank money payment arrangement for Kroner and EUR. CSD participants are required to set up cash accounts either directly or with another participant. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message. However, lines of credit can be taken from more than one participant; instructions must therefore be explicit when using one of these additional lines of credit. To have a Euro account, a clinet must also have a Kroner account. Night-time settlement is in Kroner, with a conversion to Euro in the morning by VP. Daytime Euro settlement is through Target 2.

T. VPS (Norway)

VPS has not yet implemented this market practice.

VPS operates a central bank money payment arrangement for Kroner. CSD participants are required to set up cash accounts directly at the national central bank. The system uses reference data for the participant to determine which cash account to use. No identifier for the cash account is therefore required within the message. There are two cycles of settlement with netted cash settlement at the end of each cycle. It is also possible to settle against USD and EUR, through agent banks. This cash settlement is also netted.