



SETTLEMENT AND ISO 15022
STANDARDS:

HUNGARY
MARKET PRACTICE

Issued on behalf of the Hungarian Market Practice Group

valid from 1st of April 2010

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Hungarian Market Practice Templates for Settlement

1 Introduction

This document refers to the settlement of Hungarian securities (equities and fixed income, Free of Payment and Against Payment trades) in a custody environment – OTC, off exchange - through KELER Ltd, the Hungarian CSD.

Changes to previous version in dark blue
No previous version released.

2 Elements used in Against Payment settlement instructions

HU Business element name	Data Content Format
Sender's Message Reference	16x
Trade Date	8!n
Settlement Date	8!n ⁽¹⁾
Identification of Financial Instrument	ISIN1!e12!c
Quantity of Financial Instrument to be settled	4!c/15d with 4!c = UNIT for equities 4!c = FAMT for fixed income
Safekeeping account to be credited or debited	35x
Delivering or Receiving agent	/KELR/4!n (KELER A/C) ⁽²⁾
Client of Delivering or Receiving agent	BIC ⁽³⁾
Place of settlement	BIC ⁽⁴⁾
Settlement Amount (including currency)	3!a15d

2.1 Specifics

To settle equities or fixed income securities in the HU market the Common List of Data Elements (Data Content Format) need to be used, in line with the following rules:

1. Settlement date can be any date that is agreed between the parties. It can be different to the general on exchange settlement cycle. Compared to the sending

date/receiving date it can be a business date in the past, it can be any business date in the future. However, CSD accepts instructions from custodians with settlement date maximum 7 days more in the future

2. The Delivering or Receiving agent (DEAG/REAG) shall be identified by its local CSD account number. The data source scheme to use shall be /KELR/ and the code format scheme shall be 4!n such as the 4 digit KELER main account number (example::95R:DEAG/KELR/0001).
3. The Client of the Delivering or Receiving agent (SELL/BUYR) shall be identified by BIC however such field is not matching criteria at the CSD.. This information is used for prematching purposes, that is why its usage is highly recommended, especially for internal and interagent trades. The non-provision of this information will not stop the settlement of an Against Payment instruction, because the data given in DEAG/REAG field is sufficient for settlement..
4. Place of settlement shall be KELRHUHB, for KELER Ltd. is the Hungarian CSD.
5. Failed instruction is kept in the CSD system for 5 business days after the contractual settlement date or from the date of receipt of the instruction for further processing, after which the CSD cancels the unsettled instruction from its own system. If the instruction is still valid, then it must be re-sent to the CSD..
6. Cancellation of a matched trade is possible unilaterally and after such cancellation the instruction that is left in the CSD system goes back to unmatched status. However cancellation in the CSD doesn't mean necessarily that the custodian will also cancel the trade. This is a unique business practice / decision of the account servicer institution how they handle trades which have been cancelled by KELER.

3. Illustration of the common elements used in Against Payment settlement instructions:

- Securities used: HU0000012345
- Parties and safekeeping accounts relationships as follows:

Broker	EFGLUS33	fictional Bank Identifier Code (BIC), local code or text information
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	12345	fictional account with its local agent
Global custodian	ABCDGB2L	fictional Bank Identifier Code (BIC), local code or text information
	67891	fictional account with its subcustodian/local agent
Subcustodian/local agent of the global custodian	4444	fictional account with the central securities depository (=KELER)
Local agent of the broker	8888	fictional account with the central securities depository (=KELER)
Place of settlement	KELRHUHB	Central Clearing House and Depository (KELER) Ltd.

- Trade Date is: 01 September 2009
- Settlement Date is: 04 September 2009
- Quantity: 10'000
- Settlement amount is: HUF300000,
- Sender's Reference is: 21324

Detailed Field Name	Data Field Content	Example
Start of block	GENL	:16R:GENL
Sender's Reference	16x	:20C::SEME//21324
Function of the message	4!c	:23G:NEWM
End of block	GENL	:16S:GENL
Start of block	TRADDET	:16R:TRADDET
Settlement Date	8!n	:98A::SETT//20090904
Trade Date	8!n	:98A::TRAD//20090901
Identification of the Financial Instruments	ISIN1!e12!c	:35B:ISIN HU0000012345
End of block	TRADDET	:16S:TRADDET
Start of block	FIAC	:16R:FIAC

Quantity of Financial Instrument	4!c/15d	:36B::SETT//xxxx/10000,
Safekeeping Account	35x	:97A::SAFE//xxxxxxxxxx
End of block	FIAC	:16S:FIAC
Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	1!a	:22F::SETR//TRAD
IDENTIFICATION OF PARTIES WILL VARY ACCORDING TO THE SETTLEMENT CHAIN OF ACCOUNTS		
Start of block	AMT	:16R:AMT
Settlement amount	3!c15d	:19A::SETT//HUF300000,
End of block	AMT	:16S:AMT
End of block	SETDET	:16S:SETDET

Elements in the settlement chain

Delivering or Receiving agent	local CSD code
Client of Delivering or Receiving agent	BIC, and account number*
Place of settlement	BIC

* It is not mandatory for the settlement but highly recommended for prematching purposes.

Example:

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	LOCAL CODE	:95R::DEAG/KELR/4444
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//ABCDGB2L
		:97A::SAFE//67891
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//KELRHUHB
End of block	SETPRTY	:16S:SETPRTY

4 Extension to elements detailed in point 2 and 3 in relation to Free of Payment instruction, Cancellation and Confirmation

The set of common elements (Data Content Format) can be used for settlement confirmation and Free of Payment instruction with the following differences.

4.1 Free of Payment instruction

A Free of Payment instruction contains the same elements as Against Payment transaction with two exceptions:

- elements pertaining to the settlement amounts are not required,
- the indication of the BIC of the Client of Delivering or Receiving agent (SELL/BUYR level) is mandatory. In addition the indication of the Client's account number at the Delivering or Receiving agent is not mandatory for the settlement but highly recommended for prematching purposes, especially for internal and interagent trades

4.2 Cancellation of an instruction

Cancellation should contain the same elements as the original instruction to be cancelled. It is mandatory to include the reference to the settlement instruction to be cancelled. For this the Linkage Block and the qualifier 20C::PREV//16x shall be used.

Because of the local cancellation mechanism at the CSD - such as the possibility to cancel unilaterally - a matched trade can get unmatched status if the counterparties cancelled the trade unilaterally.

4.3 Confirmation of an instruction

The Settlement confirmation – either a Free of Payment or an Against Payment transaction – should contain the same elements as the original instruction,

PLUS:

- The reference to the original settlement instruction that was received. For this the Linkage Block and the qualifier 20C::RELA//16x shall be used.

EXCEPT:

- The settlement date given in the confirmation is the effective settlement date (which might differ from the instructed settlement date as stated in the instruction). This translates in ISO 15022 messages by using the qualifier ESET rather than SETT as qualifier for the date field 98a.

- The quantity of financial instrument in the confirmation is the effective settled quantity. This translates in ISO 15022 messages by using the qualifier ESTT rather than SETT as qualifier for the quantity of financial instrument field 36B.
- The settlement amount given in the confirmation is the effective settlement amount. This translates in ISO 15022 messages by using the qualifier ESTT rather than SETT as qualifier for the amount field 19A.