



SETTLEMENT AND ISO 15022
STANDARDS:

SOUTH KOREA
MARKET PRACTICE

Approved by Korean market practice group.

January 2014

Korean Market Practice Templates for Settlement

1 Introduction

This document refers to equities and fixed income vanilla trades in a custody environment.

Changes to previous version			
n/a		n/a	

2 The Needed Elements

KR	
Business element name	Data Content Format
Sender's Message Reference	16x
Settlement Date	8!n
Trade Date	8!n
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
Type of Trade	4!c
Delivering or Receiving agent	BIC
Client of Delivering or Receiving agent	BIC
Seller or Buyer	BIC
Place of settlement	BIC
Settlement Amount (including currency)	3!a15d

2.1 Country specifics

(1). Place of settlement :

In South Korea, Korea Securities Depository is the place of settlement for equity, corporate bond and government bond.

(2). Name of security :

If ISIN is not available (for example, non-listed securities), name of security will be provided in Field 35B.

3 Illustration of the common elements used:

3.1 Plain Vanilla.

- Securities used: KR0123456789
- Parties and safekeeping accounts relationships as follows :

Institutional investor	FMXXCC22	fictional Business Identifier Code (BIC)
------------------------	----------	--

	ABCD	fictional account with its global custodian
Broker	BRYYCC22	fictional Business Identifier Code (BIC)
	99857	fictional account with its local agent
Global custodian	GCXXDD22	fictional Business Identifier Code (BIC)
	A1B2	fictional account with its subcustodian /local agent
Subcustodian/local agent of the global custodian (1)	SCXXKRSE	fictional Business Identifier Code (BIC)
	21354	fictional account with the central securities depository
Local agent of the broker (2)	SCYYKRSE	fictional Business Identifier Code (BIC)
	88888	fictional account with the central securities depository
Example of PSET	KSDCKRSE	

- Trade Date is: 03 March 2014
- Settlement Date is: 06 March 2014
- Quantity is: 15000
- Settlement amount is: KRW30000000,
- 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	TRADEDET	:16R:TRADEDET
Settlement Date	8!n	:98A::SETT//20140303
Trade Date	8!n	:98A::TRAD//20140306
Identification of the Financial Instruments	ISIN1!e12!c	:35B:ISIN KR0123456789
End of block	TRADEDET	:16S:TRADEDET
Start of block	FIAC	:16R:FIAC
Quantity of Financial Instrument	4!c/15d	:36B::SETT//xxxx/15000,
Safekeeping Account	35x	:97A::SAFE//xxxxxxxxxxx
End of block	FIAC	:16S:FIAC
Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	4!c	:22F::SETR//TRAD
IDENTIFICATION OF PARTIES OF ACCOUNTS	WILL VARY	ACCORDING TO THE SETTLEMENT CHAIN
Start of block	AMT	:16R:AMT
Settlement amount	3!c15d	:19A::SETT//KRW30000000,
End of block	AMT	:16S:AMT
End of block	SETDET	:16S:SETDET

3.2 Settlement Chain should at least contain:

Delivering or Receiving Agent	BIC
Client of Delivering or Receiving Agent	BIC
Seller or Buyer	BIC
Place of Settlement	BIC

Example :

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	BIC	:95P::DEAG//SCXXKRSE
Party (Receiving agent)	BIC	:95P::REAG//SCXXKRSE
End of block	SETPRTY	:16S:SETPRTY
Party (Deliverer's custodian)	BIC	:95P::DECU//GCXXDD22
Party (Receiver's custodian)	BIC	:95P::RECU//GCXXDD22
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//FMXXCC22
Party (Buyer)	BIC	:95P::BUYR//FMXXCC22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//KSDCKRSE
End of block	SETPRTY	:16S:SETPRTY

4 Extension to Settlement Confirmation and Free of Payment

The set of common elements can also be used for settlement confirmation and free of payment transaction with the following differences:

4.1 free of payments

Free of payment instruction contains the same elements as for the against payment transaction except for the elements pertaining to the settlement amounts. The settlement amount(s) is not required.

4.2 confirms

The Settlement confirmation – whether it is 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. This is done using the Linkage Block and the qualifier 20C::RELA//16x

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.