



DTCC AGENT ANNOUNCEMENT INITIATIVE

SMPG Oslo April 19th, 2023

Patrick Barthel and Steve Sloan

SIFMA “US CA Standardization Position Paper” Details Problem

- Despite high volumes in US, there is no regulatory mandate for standardization and dissemination of Corporate Actions and its data elements.
- Investor information is available in event prospectus or offering documents which contain no structured data and lead to manual interpretation of complicated free text
- Can lead to conflicting or incorrect information from data providers which disadvantages investors
- Adds risk to financial service organizations related to delays, inhibition of downstream communication and increase of operational costs.
- Transition to T + 1 will add risk as financial services organizations will have less time to perform vital reconciliation, calculation and remediation activities

DTCC Three Layer Solution

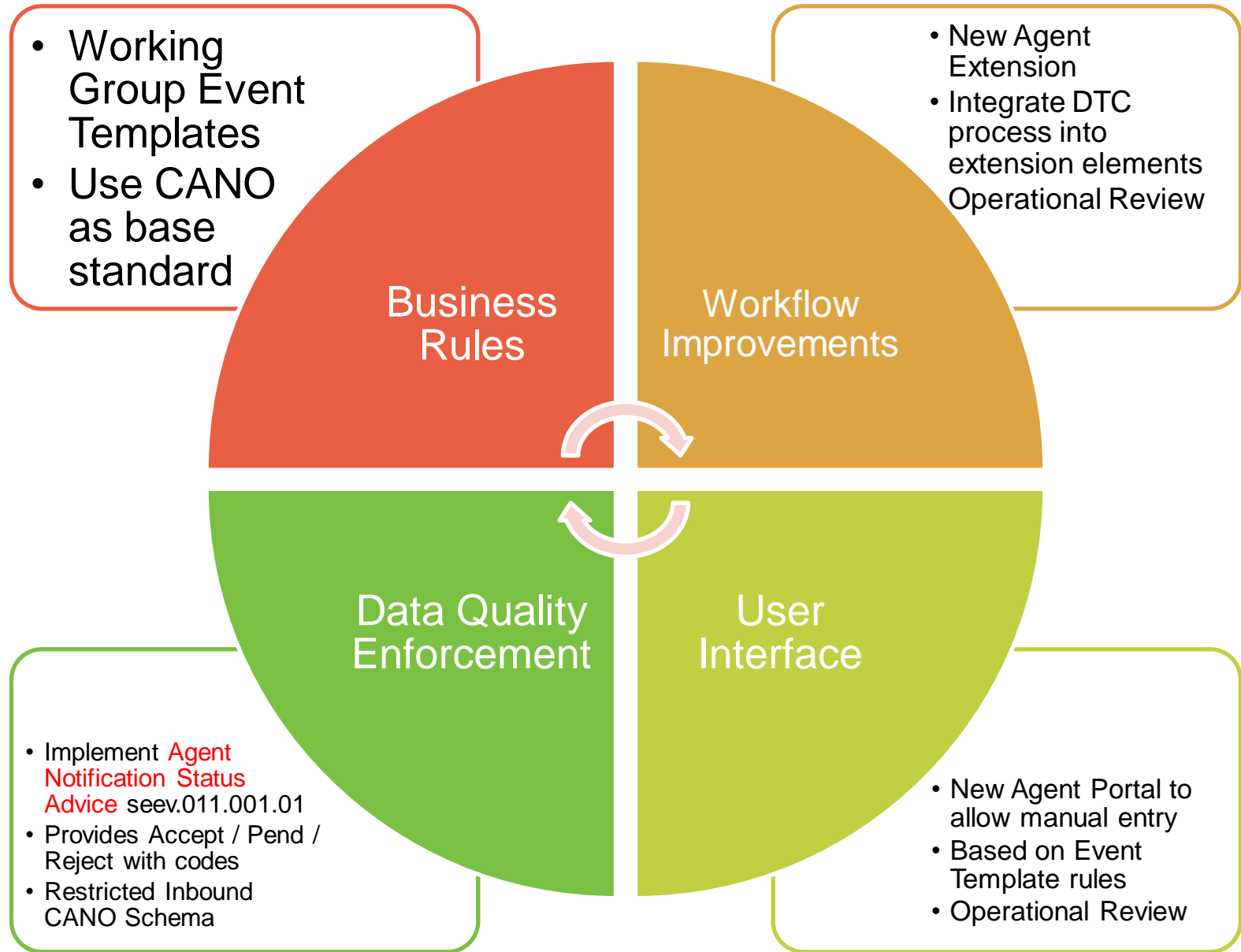
Bottom Layer– Use existing CANO announcement structure to map event info. No new base message required

Middle Layer – Implement Agent Status Notification Message to enforce rules and ensure data quality

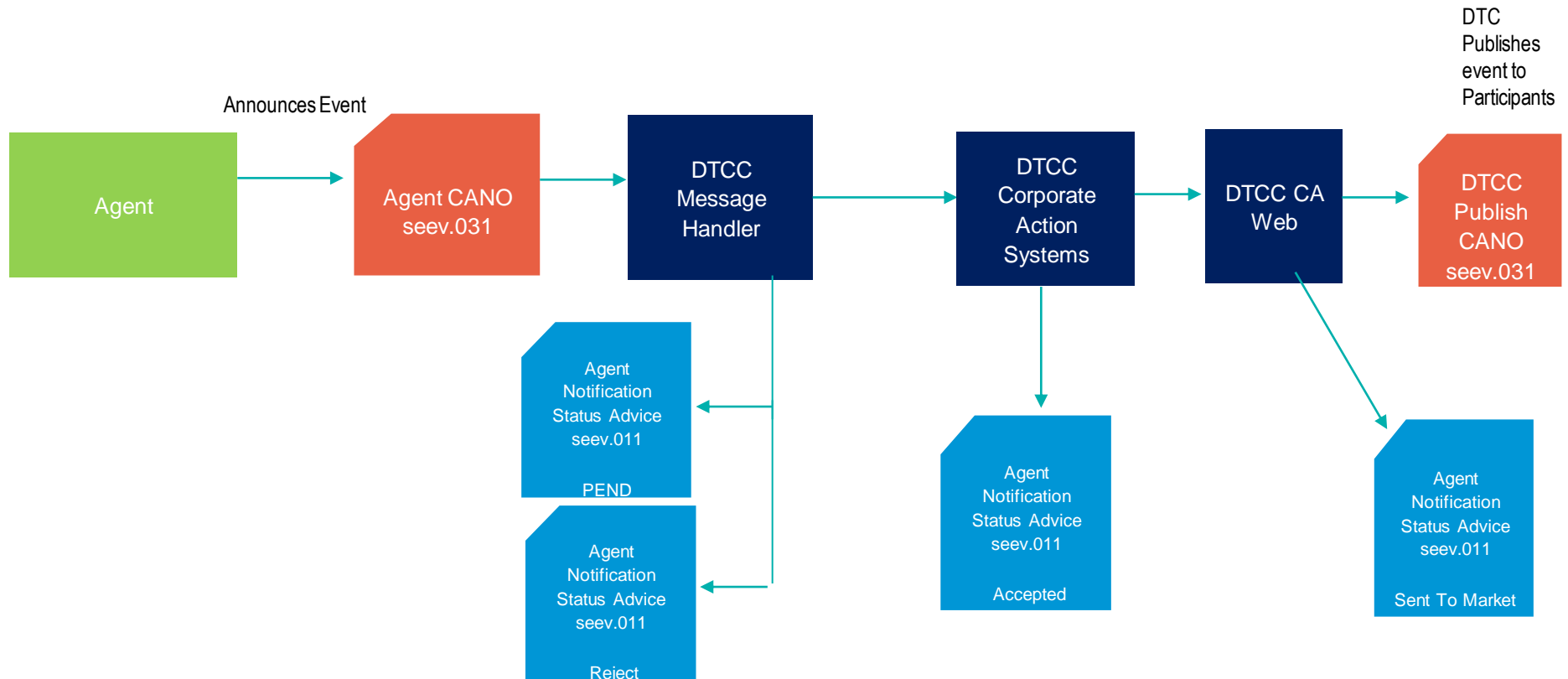
Top Layer – Create new Agent Extension build new capability to automate entire event setup process and minimize impact to CANO message.



Agent Announcement Initiative



Future Announcement Messaging Flow



Agent Announcement Principles

- Working Group will focus on Voluntary Reorg event scenarios to determine required fields for initial announcement and “golden copy”
- Rules will drive validation process to automate event creation in DTC legacy environment.
- New internal API to create Contra CUSIP real-time from Agent Announcement
- Agent Notification Status Advice Announcement Status message will provide confirmation similar to CAIN / CAIS message flow for Corporate Action Instructions
- Status to include (Received, Accepted with Warning, Pending Confirmation, Rejected, Sent to Market)
- Rejected announcements will have reject reason code(s) and will be based on “Golden Copy” template rules
- Pending Confirmation status will occur for usage of fields requiring DTC Operations review such as restrictions or conditions or complex event scenarios
- Agents will utilize Agent Corporate Action Event Identification. DTC will link Agent CAID to DTC COAF (Official Corporate Action Event ID) once DTC announces event

Why the ISO20022 Standard is so important

- CANO becomes unified standard throughout Announcement Lifecycle
- Schema validation ensures data quality
- Agent Extension flexibility can open the door to greater automation
- Agent Notification Status provides direct feedback and provides workflow capability
- Helps resolve data interpretation issues such as Event Type (CAEV Code) or Option Types
- Enhanced Testing capability with tools such as the Readiness Portal



Agent Announcements_AgentCANotificationStatusAdviceV01_seev.011.001.01

Agent Announcements (Technical version: 4 , Format: MX)

Intended Header: BusinessApplicationHeaderV02 Optional ?

Show

▼ Notification Advice Status	1	1
▼ Processed Status	1	1
▼ Status	1	1
▼ Code	1	1
<input type="radio"/> Accepted [PACK]		
<input type="radio"/> Accepted With Warning [WARN]		
<input type="radio"/> Received [RECE]		
<input type="radio"/> Sent To Market [SENT]		
▶ Proprietary	1	1
Additional Information	0	1
▼ Rejected Status	1	1
▼ Reason	1	*
▼ Code	1	1
<input type="radio"/> Effective Day After Payment Date [PDAY]		
<input type="radio"/> Failed Validation [FAIL]		
<input type="radio"/> Gross Amount Less Than Net Amount [GAMN]		
<input type="radio"/> Missing Certification [MCER]		
<input type="radio"/> Missing Default Option [DFLT]		
<input type="radio"/> Missing Exchange Rate [XRAT]		
<input type="radio"/> Missing Option [SECO]		
<input type="radio"/> Missing Period End Date [ENDP]		
<input type="radio"/> Missing Period Start Date [STAR]		
<input type="radio"/> Missing Resulting Amount [RESU]		
<input type="radio"/> No Access To Service [NOAC]		
<input type="radio"/> Non Active Party [NPAT]		