Standards

Standards Release 2012

Maintenance Change Requests – Maintenance Working Group Final Minutes

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| **Corporate Actions** |

MWG Meeting: August 23 – 25, 2011

Distribution: Corporate Action Maintenance Working Group / ISO 20022 Securities CA SEG evaluation team / ISO Securities SEG

Author: Jacques Littré

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# Introduction

ISO 15022 – 20022 Maintenance Process

As from this year, a joint maintenance process has been put in place for ISO 20022 and 15022 and Corporate Action messages with the support of the ISO 20022 RMG and of the SWIFT Board.

This joint maintenance will ensure interoperability between the two standards and a more efficient maintenance process.

The title of each CR indicates whether the requested change(s) may impact ISO 20022 (MX), ISO 15022 (MT) or both (MX/MT) messages.

Standards Illustrations in thisDocument

Standards illustrations are provided by SWIFT Standards. They are not part of the original request.

Any standard illustrations (rules, codes, qualifiers, wordings) are **only for illustration purposes**. It does not mean SWIFT Standards is in agreement with the maintenance request or that the final standards solutions (for accepted maintenance requests) will be as shown in this document.

The MT Standards Release Guide (+ potential erratum) and the ISO 20022 Message Definition Reports are the ONLY source of reliable information based on which implementation of changes should be made. Any other documentation (including this one) is subject to change.

SR 2012 change requests.

This document contains all the CRs investigated this year for implementation in SR 2012.

The requests originator is indicated as follows:

* + Requesting Country; Country code of requesting NMPG or UG; eg. BE
  + Requesting Group: a SWIFT User Group or a National (Securities) Market Practice Group with the acknowledgement of the UGC or Recognized industry group eg. SMPG (the global Securities Market Practice Group)

CR Title Colour notation

In GREEN are items that are accepted

In RED are items that are rejected, postponed, withdrawn or linked to agreed items

Contact persons regarding this document:

Jacques Littré – SWIFT Standards, [jacques.littre@swift.com](mailto:jacques.littre@swift.com)

MWG Meeting Attendees:

The following people were present at the CA MWG Meeting of August 23 to 25 August 2011.

* Paul Bodart – T2S Shareholders Transparency TF (only for CR000193)
* Mariangela Fumagalli – UK
* Delphine Haillez - XS
* Chandrasekhar Indrakanti - CH
* Bernard Lenelle - LU
* LA Orloff – ISO 20022 CA Standards Evaluation Group
* Véronique Peeters - BE
* Kimchi Phungtran - FR (by phone only for CR000331)
* Andreana Pileri - DE
* Sonda Pimental - US/ISITC
* Christine Strandberg - ISO 20022 CA Standards Evaluation Group
* Ben van Der Velpen - NL
* Ichiro Yamamoto – JP
* Jacques Littré – SWIFT
* Anne-Catherine Corbu - SWIFT

# Overview of User Change requests

## CR 000195: MX/MT 56X - Update Shares Premium Dividend (SHPR) Event Definition

|  |  |
| --- | --- |
| **Origin of request** | |
| Requesting Country: | ZA South Africa |
| Requesting Group: | National Market Practice Group (NMPG) – South Africa |
| **Urgency of this request:** | |
| Low | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted  Business applications impact: HIGH - High Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: 47 events  Number of users impacted: All  Country, community or group committed to implement this change:South Africa  Year they will implement this change: SR2012 | |
| **Nature of Change** | |
| Change SHPR event definition:  Current definition: *This corporate event pays shareholders an amount in cash issued from the shares premium reserve. It is similar to a dividend but with different tax implications.*  New proposed definition is as follows:  *This corporate event pays shareholders an amount in cash issued from the shares premium reserve. It is similar to a dividend but with different tax implications. The shareholder may be given the option to receive the distribution in the form of securities.*  Also we propose that the qualifier definition for Shares Premium Dividend (SHPR) be changed so as to allow flexibility to process the event as a choice event (CHOS) i.e. usage of the code will be extended from mandatory to choice (CHOS). Therefore, business applications will have to cater for choice processing in addition to mandatory. | |
| **Business context** | |
| Companies that maintain a Share Premium Account would normally issue shares of par value. The Share Premium Account is credited with the amount of the issue price in excess of the par value.  Example – A company has shares with a par value of ZAR5.00 and issues 100 shares at ZAR12.00 per share. The total capital raised is ZAR1,200.00. The capital will be disclosed in the company’s books as follows  Share Capital Account credited with ZAR500.00 (100 multiplied by the par value, ZAR5.00)  Share Premium Account credited with ZAR700.00 ( [ZAR12.00 – ZAR5] multiplied by 100)  There is a remote possibility that when a company effects a cash distribution from Share Premium that they may provide the shareholder with the opportunity to take the distribution in shares. We think that it may be prudent to cater for this possibility. Where a shareholder takes the cash distribution in cash monies will be transferred from the Share Premium to the Share Capital Account.  *Requested volume information and note provided in August to complement the CR:*  *“ZA recorded 47 of those events in the last 12 months.* *It should be noted that the SHPR events were mandatory – cash distributions. The CR submitted is to be proactive to cater for the instance that an Issuer provides the shareholder with the option to take the distribution in the form of securities. They could argue that the Share Premium account is seen to be a capital account and the Issuer is returning excess capital to shareholders and therefore would not provide a security option.”* | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 567, MT 568 | |
| **Examples** | |
| |  | | --- | | Message formats, if CHOS, will follow DVOP formats but with different tax implications. However where the event is MAND message format will remain unchanged.  :16R:GENL  :20C::SEME//  :20C::CORP//  :23G:NEWM  :22F::CAEV//SHPR  :22F::CAMV//CHOS  :98C::PREP//  :25D::PROC//PREC  :16S:GENL | | |
| **Standards Illustration** | |
| **NA** | |

**SWIFT Comment**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| This request suggests also to extend the current CA SMPG market practice for SHPR so that the event would also allow a choice of options between CASH and SECU.  Current CA SMPG market practice for SHPR in the EIG+ table in SR2011 is:   |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | CAEV | CAMV | CAMV | CAOP | Date | Period | Rate | Price | | SHPR | MAND | MAND | CASH | XDTE [M] EARL [O] VALU [O] PAYD [M] RDTE [M] GUPA [O] |  | GRSS [M] NETT [O] |  | |

**Working Group Meeting**

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| **Discussion** |
| The volume of 47 share premium events provided is all on mandatory events and there has not been any CHOS events so far in the ZA marketplace. The MWG thinks that we should not try to account for future prospective and very local scenario when there is no cases of SHPR CHOS today.  The MWG recommends to keep the definition as is and would recommend instead ZA to consider the use of DVOP or DRIP or simply to introduce a specific local ZA market practice in the SMPG GMP Part 2 EIG+ table for a SHPR CHOS. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000197: MX/MT56X - Update Capital Distribution (CAPD) Event Definition

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | ZA South Africa |
| Requesting Group: | National Market Practice Group (NMPG) – South Africa |
| **Urgency of this request:** | |
| Low | |
| **Business Impact of this request** | |
| Business impact: no impact as the change is only to the definition and not messaging or processing  Business applications impact: There will be no impact as the change is only to the definition and not messaging or processing. | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not Provided  Number of users impacted:All  Country, community or group committed to implement this change:South Africa  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Change CAPD (Capital Distribution) event definition:  Current definition: *The Corporate event pays shareholders an amount in cash issued from the Capital account. There is no reduction to the face value of a single share. The number of circulating shares remains unchanged.*  New proposed definition:  *The Corporate event pays shareholders an amount in cash issued from the Capital account. The number of circulating shares remains unchanged.* | |
| **Business context** | |
| Companies that issue shares of no par value would maintain a Stated Capital Account. Therefore all monies raised from the issue of shares will be credited to the Stated Capital Account.  A company that has shares of par value would maintain a Share Capital and Share Premium Account. The Share Premium Account is credited with the amount of the issue price in excess of the par value. When a company makes a cash distribution from the Share Premium Account the CAEV code SHPR will be utilised to communicate the event.  Where a company makes a distribution out of a capital account and does not have a Share Capital/Share Premium structure the shares would most likely be share of no par value. Therefore the statement “There is no reduction to the face value of a single share” does not seem appropriate and we therefore suggest that it be deleted.  The deletion would also further guide a SWIFT user as to when the SHPR code should be used and when to use CAPD. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 567, MT 568 | |
| **Examples** | |
| None | |
| **Standards Illustration** | |
| * Apply the change illustrated below on :22F::CAEV in all 5 MT 56X messages   **MT 564 Field Specifications**  4. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in mandatory sequence A  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | CAEP | N |  | F | Corporate Action Event Processing | | 2 | M | CAEV | N | C4, C7, C11, C12 | F | Corporate Action Event Indicator | | 3 | M | CAMV | N |  | F | Mandatory/Voluntary Indicator |   CODES  If Qualifier is CAEV and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | CAPD | Capital Distribution | The Corporate event pays shareholders an amount in cash issued from the Capital account. There is no reduction to the face value of a single share (or the share has no par value). The number of circulating shares remains unchanged. | | |
| **ISO 20022 Messages Impacted** | |
| seev.031.001.02 (Corporate Action Notification)  seev.032.001.02 (Corporate Action Event Processing Status Advice)  seev.033.001.02 (Corporate Action Instruction)  seev.034.001.02 (Corporate Action Instruction Status Advice)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation)  seev.037.001.02 (Corporate Action Movement Reversal Advice)  ~~seev.038.001.02 (Corporate Action Narrative)~~  seev.039.001.02 (Corporate Action Cancellation Advice)  seev.040.001.02 (Corporate Action Instruction Cancellation Request)  seev.041.001.02 (Corporate Action Instruction Cancellation Request Status Advice)  seev.042.001.02 (Corporate Action Instruction Statement Report)  seev.044.001.02 (Corporate Action MovementPreliminaryAdviceCancellationAdvice) | |
| **ISO 20022 Messages Design Impact** | |
| Update the definition of “CapitalDistribution” code as illustrated in ISO15022 above in the DT’s *CorporateActionEventType6Code* and *CorporateActionEventType7Code*.  No change to the structure of the messages. | |

**SWIFT Comment**

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| Deleting the sentence “*There is no reduction to the face value of a single share”* would then suggest than there could be a reduction of the face value of a share and therefore this event confused with a DECR. One might envisage rather to add to the CAPD event definition the following sentence “(or the share has no par value)” right after the sentence “*There is no reduction to the face value of a single share”:* |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case but fears that the definition change proposal by ZA would then make the SMPG Return of Capital Matrix in the GMP Part 2 document confusing as explained within the SWIFT comment. The MWG agree with the alternate definition proposal by SWIFT. |
| **Decision** |
| **Accept with alternate solution as proposed in SWIFT comment section above.** |

**Final Decision of the ISO 20022 Securities SEG**

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| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000198: MX/MT 56X - Update Dividend Option (DVOP) Event Definition

|  |  |
| --- | --- |
| **Origin of request** | |
| Requesting Country: | ZA South Africa |
| Requesting Group: | National Market Practice Group (NMPG) – South Africa |
| **Urgency of this request:** | |
| High | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted. The usage of DVOP will not be confined to cash dividend only. It will be appropriate for any income distribution.  Business applications impact: MEDIUM - Medium Impact on business applications. The usage of the code will remain the same however will be appropriate for any income distribution with choice and not only cash dividend. | |
| **Commitment to implement the change** | |
| Expected traffic per year: 17 events  Number of users impacted:All  Country, community or group committed to implement this change:South Africa  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Currently a Cash Stock Option event is processed as a Dividend Option (DVOP) and the definition thereof is specific to a dividend distribution. The proposal is to restate the definition of the event type DVOP in such a manner so as to encapsulate an interest payment/income distribution.  DVOP Dividend Option- Current definition:  *Distribution of a dividend to shareholders with a choice of benefit to receive. Shareholders may choose to receive shares or cash. To be distinguished from DRIP as the company creates new share capital in exchange for the dividend rather than investing the dividend in the market.*  New proposed definition:  *Distribution of a dividend and/or interest to shareholders with a choice of benefit to receive. Shareholders may choose to receive shares or cash. To be distinguished from DRIP as the company creates new share capital in exchange for the dividend rather than investing the dividend in the market.* | |
| **Business context** | |
| Issuers would normally disburse cash benefits to shareholders by way of a cash dividend (income) or interest (interest distribution on debentures, property loan stock units, property unit trusts). Shareholders could further be given the option to receive entitlements in the form of cash or securities or a combination of cash and securities. The security entitlements can be capitalized in accordance with the nature of the cash distribution.  The capital structure of a Company may also affect the nature of the cash payout.   * if the capital structure comprises of loan stock/debentures, any cash payout will be in the form of interest * if the capital structure comprises of linked units (an equity which is indivisibly linked to a debenture), any cash payout will be in the form of a distribution i.e. part dividend (on the equity portion) and part interest (on the debenture portion)   *Requested volume information and note provided in August to complement the CR:*  *“ZA recorded 17 of those events the last 12 months. DVOP event we have Issuers (debentures issued) that affords holders to take the interest distribution in the form of securities or cash. This CR has been raised as this event processing is more frequent”* | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 567, MT 568 | |
| **Examples** | |
|  | |
| **Standards Illustration** | |
| **NA** | |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG thinks that this business case is very local and relatively rare as it has never been seen anywhere by any of the MWG members. Also the impact on the global community of changing the scope of the DVOP event (to combine dividends with interest) is deemed to important by the MWG.  The MWG recommends to ZA to use an INTR event with CHOS SECU & CASH as a local ZA market practice to the CA SMPG GMP Part 2 EIG+ table the same way Belgium supports such a local market practice on INTR CHOS in the EIG+ today. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

|  |  |
| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000213: MX/MT 56X – Update WTRC Event definition

|  |  |
| --- | --- |
| **Origin of request** | |
| Requesting Country: | LU Luxembourg |
| Requesting Group: | LU NMPG |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Around 90 000 in LU per year  Number of users impacted:All  Country, community or group committed to implement this change:LU  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Update the definition of the Event Type code WTRC (Withholding Tax Relief Certification) to allow a larger usage of it and extend it to notifications to advise acknowledgement or expiry of tax certificates.  After having requested certification from a customer, when we receive the Tax certificate, we currently send an MT568 with qualifier OTHR to confirm that his certificate has been received, is valid and is recorded under a specific number or will expire soon. Reason is that the definition of WTRC is only about request.  Therefore we would like to amend the current definition of the existing qualifier WTRC as follows :  From: “Certification request for withholding tax reduction or exemption based on the tax status of the holder “  To: “Certification request process for withholding tax reduction or exemption based on the tax status of the holder “ | |
| **Business context** | |
| Taking into consideration the number of certificates we have per year, some customers are overloaded with CAEV//OTHR and have to manually treat each of them as no automatic routing is possible. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 567, MT 568 | |
| **Examples** | |
| |  | | --- | | **Example sent for acknowledgement**  **568 Corporate Action Narrative**  BASIC HDR. F 01 CEDELULLDXXX 3500 324298  APPL. HDR. I 568 N  USER HDR. 108:IMP6033020  TEXT BLOCK:  *:16R:GENL*  *:20C::CORP//NONREF*  *:20C::SEME//XXXXXXX*  *:23G:NEWM*  *:22F::CAEV//OTHR*  *:98C::PREP//20110420140723*  *:16S:GENL*  *:16R:ADDINFO*  *:70F::ADTX//TAX -XXXXXXX-PT*  *From: Clearstream Banking.*  *Attn: XXXXX*  *Our ref: CERT - XXXXX*  *Your ref: N/A*  *Withhldg Tax Cert. Acknowledgment*  *Your Clearstream account: XXXXX*  *Category: STATEMENT FOR EXEMPTION P*  *ORTUGUESE LAW 193/2005*  *Type: Standing*  *Country: PORTUGAL*  *This certificate is VALID*  *From 13-04-2011 to 31-12-2011*  *B.O.: N/A*  *TIN: N/A*  *Would you need more information,*  *Please contact our tax helpdesk*. | | |
| **Standards Illustration** | |
| * Apply the change illustrated below on :22F::CAEV in all 5 MT 56X messages   **MT 564 Field Specifications**  4. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in mandatory sequence A  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | CAEP | N |  | F | Corporate Action Event Processing | | 2 | M | CAEV | N | C4, C7, C11, C12 | F | Corporate Action Event Indicator | | 3 | M | CAMV | N |  | F | Mandatory/Voluntary Indicator |   CODES  If Qualifier is CAEV and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | WTRC | Withholding Tax Relief Certification | Certification ~~request~~ process for withholding tax reduction or exemption based on the tax status of the holder. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.032.001.02 (Corporate Action Event Processing Status Advice)  seev.033.001.02 (Corporate Action Instruction)  seev.034.001.02 (Corporate Action Instruction Status Advice)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation)  seev.037.001.02 (Corporate Action Movement Reversal Advice)  seev.038.001.02 (Corporate Action Narrative)  seev.039.001.02 (Corporate Action Cancellation Advice)  seev.040.001.02 (Corporate Action Instruction Cancellation Request)  seev.041.001.02 (Corporate Action Instruction Cancellation Request Status Advice)  seev.042.001.02 (Corporate Action Instruction Statement Report)  seev.044.001.02 (Corporate Action MovementPreliminaryAdviceCancellationAdvice) |
| **ISO 20022 Messages Design Impact** |
| Update definition of “*WithholdingTaxReliefCertification*” as illustrated in ISO15022 above in the *CorporateActionNarrative1Code*, *CorporateActionEventType6Code* and *CorporateActionEventType7Code* DT’s. No change to the structure of the messages. |

**SWIFT Comment**

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| If this change is accepted or as a condition to accept this change, it would be useful that more information (might be in the form of market practices) be provided on how this would impact the WTRC current process and MT568 usage i.e. how would the acknowledgement advice or expiry of tax certificates be notified after this. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and the change of the definition with the following rewording: add "process" in place of "request."  The MWG recommends that the SMPG Tax Sub Group works on the definition of the whole tax certification process (where mainly the MT 564 and MT 568 should play a role) and on the related market practices. |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

|  |  |
| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000212: MX/MT56X – New Event Type for Cash Distribution from Sale of Non-Eligible Securities

|  |  |
| --- | --- |
| **Origin of request** | |
| Requesting Country: | LU Luxembourg |
| Requesting Group: | LU NMPG |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:150  Number of users impacted:DR holders  Country, community or group committed to implement this change:LU  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Create a new CAEV with the rest of the frame as a DVCA in order to be able to distribute cash resulting from the sale of non-eligible securities in the market. | |
| **Business context** | |
| In the framework of a DR (Depositary Receipt) program, it may happen that the underlying securities produce a distribution of other securities. These may be rights (in case of a rights distribution in the home market), shares (in case of e.g. a spin-off), warrants (in case of e.g. a bonus). These resulting securities may not be eligible with the depository of the DRs (e.g. ADRs receiving new stocks in the context of a bonus that are not eligible in DTCC).  In case of non-eligibility, the administrator of the DR program has no other choice than selling those securities (if they are tradable) and distribute the sale proceeds to the DR holders. None of the CAEV existing in ISO are applicable to represent this cash distribution. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 567, MT 568 | |
| **Examples** | |
| |  | | --- | | US20440T2015 – PAYD 12MAY11 – Sale of rights  US11777V2088 – PAYD 05MAY11 – Sale of rights  US7757812067 – PAYD 15JUL11 – Sale of assets | | |
| **Standards Illustration** | |
| * Apply the change illustrated below on :22F::CAEV in all 5 MT 56X messages   **MT 564 Field Specifications**  4. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in mandatory sequence A  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | CAEP | N |  | F | Corporate Action Event Processing | | 2 | M | CAEV | N | C4, C7, C11, C12 | F | Corporate Action Event Indicator | | 3 | M | CAMV | N |  | F | Mandatory/Voluntary Indicator |   CODES  If Qualifier is CAEV and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | DRCA | Cash Distribution From Non-Eligible Securities Sales | Distribution to shareholders of cash resulting from the selling of non-eligible securities, for example, in the frame of a depositary receipt program. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.032.001.02 (Corporate Action Event Processing Status Advice)  seev.033.001.02 (Corporate Action Instruction)  seev.034.001.02 (Corporate Action Instruction Status Advice)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation)  seev.037.001.02 (Corporate Action Movement Reversal Advice)  ~~seev.038.001.02 (Corporate Action Narrative)~~  seev.039.001.02 (Corporate Action Cancellation Advice)  seev.040.001.02 (Corporate Action Instruction Cancellation Request)  seev.041.001.02 (Corporate Action Instruction Cancellation Request Status Advice)  seev.042.001.02 (Corporate Action Instruction Statement Report)  seev.044.001.02 (Corporate Action MovementPreliminaryAdviceCancellationAdvice) |
| **ISO 20022 Messages Design Impact** |
| Add new event code “*CashDistributionFromNonEligibleSecuritiesSales*” as illustrated in ISO15022 above in the DT’s *CorporateActionEventType6Code* and *CorporateActionEventType7Code*. No change to the structure of the messages. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with business case to support the creation of a new mandatory event for distribution of cash type and with the proposed definition as long as the term “tradeable” is removed in it.  The MWG recommends the SMPG and ISITC to define a market practice for this new event and also to consider the need for linking this event to the original event that generated the distribution of other securities non-eligible in the frame of a DR program and that had to be sold as a consequence (eg: .creation of a 22F::DRCA indicator in the MT 564 seq. D with event codes like for instance EXRI, SOFF, EXRI, MRGR, BONU,..). |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000210: MX/MT56X - New Event Type for Partial Redemption in Pro-Rata

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| **Origin of request** | |
| Requesting Country: | LU Luxembourg |
| Requesting Group: | MI Euroclear/Clearstream |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:20 per year for Eurobond but growing at the moment; 900/y in Denmark, 20 in Norway and some volume in France  Number of users impacted: Bondholders of such securities  Country, community or group committed to implement this change: LU, XS  Year they will implement this change: Not provided | |
| **Nature of Change** | |
| Create new event type (CAEV) code.  New partial redemption type not yet taken in to account by SWIFT. Even though the volumes are not huge yet, we see more and more this kind of redemption method used by the Market and the risk of misinterpretation is big due to the lack of a specific qualifier. | |
| **Business context** | |
| The most popular methods of partially redeeming a Bond are 1) by Pool factor (PRED), 2) by Lottery (DRAW) and 3) by Reduction of the Nominal Value of the Denomination (PCAL).  There is a new way which is a Partial reduction in prorata. It is processed with an actual nominal reduction but without touching the denomination size.  Currently the market informs this event with a PCAL qualifier as for Reduction of the Nominal Value of the Denomination while it is not at all the same. Therefore we would need a new qualifier for this kind of event.  This CR is supported by DK. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 567, MT 568 | |
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| **Examples** | |

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| |  | | --- | | Example of a redemption by pro-rata:  Issue size is 1,000,000 and denominations are of 1,000. Issuer intends to redeem 100,000 in a prorate basis but without reducing the denomination size, neither using a pool factor. Therefore we need to select 100 denominations in PRORATA among all the customers.  If one customer holds 1,000,000 then he will get redeemed 100 denominations of 1,000 so 100,000. If another customer holds 500,000 then he will get redeemed 50 denominations of 1,000 so 50,000. In summary here is a table representing the different ways of performing partial redemptions on the market today: | |

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| **Standards Illustration** |
| NA |

**SWIFT Comment**

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| If this event is accepted, the CA SMPG Part 2 MP on Redemption events (Redemption Matrix) will have to be updated accordingly to reflect the new redemption event. |

**Working Group Meeting**

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| **Discussion** |
| The MWG recognises that there is a valid business case for redemption in pro-rata but estimates the creation of a new event for this is not the adequate solution when compared to the other existing redemption event types.  The MWG recommends that the business case be further analysed in details at the SMPG level with the other types of redemption events so as to potentially come back next year with a more robust proposal (for instance by using an incator on the PCAL event). |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000196: MX/MT564/568 – New Event Type INFO & new INFO Indicator

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | ZA South Africa |
| Requesting Group: | National Market Practice Group (NMPG) – South Africa |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted. A new CAEV codes is being added and will affect the communication and processing of events purely for information  Business applications impact: HIGH - High Impact on business applications. A new CAEV code will be added and business applications will have to be upgraded accordingly | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:All  Country, community or group committed to implement this change:South Africa  Year they will implement this change: 2012 | |
| **Nature of Change** | |
| The addition of the qualifier INFO in field 22F of Sequence A will allow for the communication of an event as 22F::CAEV//INFO.  The INFO code can be further expanded in Sequence D field 22F, e.g. INFO//NAME. Any other pertinent details of the change/restructure can be communicated in fields 70E::ADTX and 70E::COMP of Sequence F.  Proposed Qualifier and Definition: CAEV INFO: Information event  Proposed definition: *The notification is sent for information purposes only and serves to notify of an event where no further processing is warranted. There will not be a movement of securities or cash.* | |
| **Business context** | |
| High Priority - The change is urgent as Issuers are embarking on restructurings that result in no cash or security movements, e.g. name change where the ISIN will not change. The INFO event will allow for processing of events for information that will result in no movement of cash or securities (no benefit).  Issuers of securities from time to time embark on restructurings which do not necessitate the processing of a corporate event as the restructure does not result in a benefit or movement of securities/cash, i.e. the shareholder’s position remains the same. An example of such a restructuring initiative is a change of name where the ISIN number remains the same. In these instances SWIFT Standards does not guide nor does the Association of National Numbering Agents (ANNA) that a change in ISIN is required. We have noted that this seems to be the trend or market practice adopted in some countries.  We are therefore of the opinion that it would be prudent to cater for the processing of a purely information type event. The event can be communicated on announcement date and then again on the record date that the change or restructure becomes effective. The communication on record date will entail execution as no further processing is required, i.e. the change/restructure becomes effective beginning of day on the business day after record date (record date + 1).  The INFO code can be further expanded in Sequence D field 22F, e.g. INFO//NAME or other appropriate codes. Any other pertinent details of the change/restructure can be communicated in fields 70E::ADTX and 70E::COMP of Sequence F. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 568 | |
| **Examples** | |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Issuer name Liberty International Plc Ordinary shares ISIN GB0006834344  Terms The name of the Company is to change to Capital & Counties Properties Plc. There is no change in ISIN  Record Date Friday, 01 October 201X  Effective Date Monday, 04 October 201X  **MT 564 Corporate Action Notifications**  Sequence A   |  |  | | --- | --- | | :16R:GENL | | | :20C::CORP// | Corporate action reference | | :20C::SEME// | Senders reference | | :20C::COAF// | Official Corporate Action Event Reference | | :23G:NEWM  REPE | Function of the message | | :22F::CAEV//INFO | Information event | | :22F::CAMV//MAND | Mandatory indicator | | :25D::PROC//COMP | Details are complete | | :16S:GENL | | |  | |   Sequence B   |  |  | | --- | --- | | :16R:USECU | | | :35B:ISIN GB0006834344  LIBERTY INTERNATIONAL PLC  ORDINARY SHARES | Underlying securities | | :16R:ACCTINFO | | | :97A::SAFE//123456 | Safekeeping account | | :93B::ELIG//UNIT/100000, | Eligible balance | | :16S:ACCTINFO | | | 16S:USECU | |   Sequence D   |  |  | | --- | --- | | :16R:CADETL | | | :98A::RDTE//201X1001 | Record date | | :98A::EFFD//201X1004 | Effective date | | :22F::INFO//NAME | | | :16S:CADETL | | |  | |   Sequence F   |  | | --- | | :16R: ADDINFO | | :70E::ADTX | | :70E::COMP | | :16S: ADDINFO |   The CAEV//INFO code will also allow for the processing of other events types that result in no movement of cash or securities and as a result the INFO code in Sequence D can be expanded. | | |
| **Standards Illustration** | |
| NA | |
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**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG recognises the need to identify events that are considered as pure “company information” like for instance announcing “conference calls”. However the MWG points to the difficulty defining the exact scope of such a new INFO event as it may not overlap with the scope of the existing CHAN event (name changes, …) and must be distuinguishable from the OTHR event.  Therefore the MWG recommends that the SMPG further analyses what precise scope this event should cover and how it should be defined and potentially come back with a more detailed CR proposal next year. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000192: MX/MT564: New Event Code for Accumulating Funds and new Rate Qualifier

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| **Origin of request** | |
| Requesting Country: | DE Germany |
| Requesting Group: | NMPG Germany |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: Not provided  Business applications impact: Not provided | |
| **Commitment to implement the change** | |
| Expected traffic per year: Not provided  Number of users impacted:  Country, community or group committed to implement this change:The German community represented by the DE NMPG and the DESSUG (German SWIFT Security User Group) have committed to this change.  Year they will implement this change:2012 | |
| **Nature of Change** | |
| 1. Add WITF in seq E(D) in MT564 (MT566):  Addition of rate qualifier WITF in tag 92a in sequence CAOPTN in MT564: With SR 2011 there are some qualifiers deleted in seq E and moved to seq E2. Only some qualifiers dedicated to the DE event for accumulating funds were copied to E2 (e.g. TAXR, GRSS). However, by accident the qualifier WITF was moved instead of copied. Almost all events of accumulating funds need to display the tax with the qualifier WITF. This causes now that the respective information needs to be displayed in the narrative field. Without this change, there is no possibility to report this event without narrative.  2. Event Code  According to the SMPG the events codes INCR and DECR are not appropriate for the announcement of the income for accumulating funds in DE. However, due to tax reasons it is absolutely necessary to inform clients about the income (positive or negative) during the business year. | |
| **Business context** | |
| **Accumulating Funds – 'Thesaurierende Fonds' in German**  The definition of 'reinvestment'  The term 'reinvestment' does not really exist in the context of accumulating funds in DE. However, the DE NMPG has defined the term 'reinvestment' as 'accrued income which, as a general rule, increases the assets of a fund whereat the income is not necessarily disbursed and can be negative (= loss).' Given this definition, the term 'reinvestment' can also be used in DE to mean 'accumulating funds reinvest their accrued income on a daily basis within the price fixing.'  The MT 564 Corporate Actions Notification for accumulating funds is an advice of the fiscal declaration of the income for the current fiscal year; it is the information shown on the annual financial statement. In the German understanding, there is neither a movement of cash or securities nor any change of the value of the existing units due to the dispatch of the MT 564. The daily income is shown within the daily price fixing.  As the MT 564 for accumulating funds is an income notification (either positive as a gain or negative as a loss), a corresponding CAEV event code is missing in the current SWIFT UHB. At present, DE uses the CAEV event code INCR for gains and 'no income' (=0) and DECR for losses. To change the DE NMP, a new CAEV event code is needed, as the display of a loss can just be performed within the event code. The message does not provide a negative value within the fields applicable (e.g. :92F::GRSS).  The DE NMPG decided that the CAEV event codes DVCA and DVSE would not be accepted as a solution.  The DE NMPG recognised that the definition of the CAEV event codes DECR and INCR were just changes in accordance with accumulating funds.  The MT 564 Corporate Actions Notification does not contain an ex-date (XDTE) or a record date (RDTE), but rather an effective date (EFFD).  Generally, only an MT 564 is sent for the 'Income of Accumulating Funds' event. An MT 566 Corporate Actions Confirmation is only necessary if there is a tax refund; in the case of income on interests from which withholding tax was automatically deducted, non-German investors living outside Germany would receive the tax refund.  For fiscal reasons, it is not possible in DE to retrieve personal tax information at the time of dispatch of the MT 564 that is applicable to the payment date on which an MT 566 should be sent. For this, the personal tax pool of the client is retrieved on the effective date. The DE NMPG thus indicated the CAOP option code CASH as sufficient usage.  According to the German Market Practise the tax refund for non-German investors is reported with rate qualifier WITF – Withholding of Foreign Tax - in the cash option. This qualifier has been deleted in SR 2011 and now has to be reintroduced in SR 2012. Therefore we request WITF to be added as a qualifier to tag: :92a: Rate in sequence CAOPTN in MT564. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566, for WITF | |
| **Examples** | |
| The following specification is part of the DE Market Practice:  (see column K) | |
| **Standards Illustration** | |
| **WITF (for MT564/566)**   * Apply also the change illustrated below on :92a:: rate field in sequence D of the MT566 but with format A and F only.   **MT 564 Field Specifications**  63. Field 92a: Rate  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//[N]15d | (Qualifier)(Sign)(Rate) | | Option F | :4!c//3!a15d | (Qualifier)(Currency Code)(Amount) | | Option J | :4!c/[8c]/4!c/3!a15d[/4!c] | (Qualifier)(Data Source Scheme)(Rate Type Code)(Currency Code)(Amount)(Rate Status) | | Option K | :4!c//4!c | (Qualifier)(Rate Type Code) |   PRESENCE  Optional in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | GRSS | R | C6, C8, C9 | F, J, or K | Gross Dividend Rate | | 2 | O | TAXE | R | C9 | J | Tax Related Rate | | 3 | O | TAXR | N |  | A or K | Withholding Tax Rate | | 4 | O | WITF | N |  | A,F or K | Withholding of Foreign Tax | | 5 | O | ATAX | N |  | A, F, or K | Additional Tax | | 6 | O | INDX | N |  | A, F, or K | Index Factor | | 7 | O | OVEP | N |  | A or K | Maximum Allowed Oversubscription Rate | | 8 | O | PROR | N |  | A or K | Pro-Ration Rate | | 9 | O | INTP | R |  | A, F, J, or K | Interest Rate Used for Payment | | 10 | O | TDMT | R |  | J | Taxable Income Per Dividend / Share |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | WITF | Withholding of Foreign Tax | Rate at which the income will be withheld by the jurisdiction to which the income was originally paid, for which relief at source and/or reclaim may be possible. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation) |
| **ISO 20022 Messages Design Impact** |
| + Add a new optional element *WithholdingOfForeignTax* defined as illustrated in ISO15022 above and typed by the *RateAndAmountFormat14Choice* MC in the *CorporateActionRate15* (Notification and Preliminary Advice messages) and  + Add the same new optional element *WithholdingOfForeignTax* typed by *RateAndAmountFormat5Choice in the CorporateActionRate20* MCs (Confirmation message).  Figure - Adding WithholdingOfForeignTax element in notification and preliminary advice messages |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| This CR contains 2 different change requests:  1) Adding WITF rate to E in 564 (and in D in 566): The MWG agrees with the change request.  2) New event type for accumulating funds: The MWG does not agree with the proposed solution for a new event and recommends DE to continue using the current local market practice of DECR or INCR for accumulating funds. UK mentions that they may submit a CR on this topic for SR2013. |
| **Decision** |
| **Accept WITF Rate in seq. E**  **Reject new event creation** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000189: MX/MT564 – MQSO, QTSO quantities & QALL quantity code Definitions Update

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | MI Euroclear/Clearstream |
| **Urgency of this request:** | |
| Low | |
| **Business Impact of this request** | |
| Business impact: Definition change  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Refer to SR2010 (ref. III.22. MT 564 – Add Minimum Quantity Sought in sequence D)  Number of users impacted:All  Country, community or group committed to implement this change:XS  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Update of the definitions for MQSO + QTSO and QALL code  **MQSO = Maximum quantity of Securities (MT564 only – new from SR2010)**  *Current definition = The maximum number of securities the offeror is requesting to complete the event.*  *Proposed definition = The maximum number of securities the offeror/issuer is ready to purchase or redeem. This can be a number or the term "any and all".*  **QTSO = Minimum quantity Sought (MT564 & MT566)**  *Current definition = The minimum Quantity of securities the offeror/issuer will purchase or redeem under the terms of the event. This can be a number or the term "any and all".*  *Proposed definition = The minimum quantity of securities the offeror/issuer is ready to purchase or redeem. This can be a number or the term "any and all".*  **QALL = All securities**  *Current definition = Instruction applies to the entire eligible balance of underlying securities.*  *Proposed definition =Any and all securities*  **A market practice is also needed:**  1) If there is no minimum nor maximum specified by the offeror/issuer then MQSO and QTSO must not be reported  2) If one of them is an actual number then the other one must be present, either with a number or with QALL | |
| **Business context** | |
| With the Swift Release 2010, it has been decided to update the field QTSO (= quantity sought).  The field QTSO has been renamed to Minimum Quantity Sought and a new swift field has been created to refer to Maximum Quantity Sought (MQSO). Unfortunately the definitions that have been given to both fields are not appropriate.  If the definitions do not match with the field names, then it makes the fields difficult to use.  Please refer to SR2010: III.22. MT 564 – Add Minimum Quantity Sought in sequence D. | |
| **Message Type(s) Impacted** | |
| MT 564, ~~MT 566~~ | |
| **Examples** | |
|  | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  47. Field 36a: Quantity of Financial Instrument  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//4!c/15d | (Qualifier)(Quantity Type Code)(Quantity) | | Option C | :4!c//4!c | (Qualifier)(Quantity Code) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | MIEX | N |  | B | Minimum Exercisable Quantity | | 2 | O | MILT | N |  | B | Minimum Exercisable Multiple Quantity | | 3 | O | MQSO | N |  | B or C | Maximum Quantity of Securities | | 4 | O | QTSO | N |  | B or C | Minimum Quantity Sought | | 5 | O | NBLT | N |  | B | New Board Lot Quantity | | 6 | O | NEWD | N |  | B | New Denomination Quantity | | 7 | O | BASE | N |  | B | Base Denomination | | 8 | O | INCR | N |  | B | Incremental Denomination |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | MQSO | Maximum Quantity of Securities | The maximum number of securities the offeror/issuer is ~~requesting~~ ready to ~~complete the event~~ purchase or redeem. This can be a number or the term "any and all". | |  |  |  | | QTSO | Minimum Quantity Sought | The minimum quantity of securities the offeror/issuer ~~will~~ is ready to purchase or redeem under the terms of the event. This can be a number or the term "any and all". |   CODES  In option C, Quantity Code must contain the following codes (Error code(s): K36):   |  |  |  | | --- | --- | --- | | ~~QALL~~ | ~~All Securities~~ | ~~Instruction applies to the entire eligible balance of underlying securities.~~ | | ANYA | Any and all. |  | | UKWN | Unknown Quantity | Quantity is unknown by the sender or has not been established |   USAGE RULES  When either MQSO or QTSO is used with option C (an actual quantity number), then the other quantity (amongst MQSO, QTSO) must be present with the value ANYA (Any and All). | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification) |
| **ISO 20022 Messages Design Impact** |
| + Update definitions of the elements *MaximumQuantity* and *MinimumQuantitySought* in the *CorporateActionQuantity3* MC.  + In *FinancialInstrumentQuantity16Choice* MC in Quantity3Code, delete the code value *AllSecurities* and add the value *AnyAndAll* (ANYA) besides *UnknownQuantity* (UKWN).  + Add new usage rule as illustrated above in ISO15022 in the *CorporateActionQuantity3* MC. |

**SWIFT Comment**

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| It is proposed to redefine QALL as “Any and all securities”, however, this definition applies already to the Rate Type Code “ANYA”. If this definition is confirmed as the one to be used, then the Quantity code applying to MQSO, QTSO should also be changed into “ANYA” instead of QALL to be consistent with the usage of this code across the CA messages as ANYA is used for 92a::PTSC (Percentage Sought) in sequence D/C of the MT564/566.  The market practice suggested above in the “Nature of Change” section on the fact that If there is no minimum nor maximum specified by the offeror/issuer then MQSO and QTSO must not be reported and that If one of them is an actual number then the other one must be present, either with a number or with QALL would imply that the value “UKWN” (Unknown) is never used. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and with the following changes in the MT564 only (no impact on MT566):  1) Agree to change the MQSO and QTSO definitions as proposed in the CR.  2) Agree with first paragraph of SWIFT comment to use ANYA instead of QALL. Therefore Quantity Code QALL will be deleted but Unknown (UKWN) must remain.  3) Agree to a new usage rule for MQSO, QTSO specifying that when one of them is provided as an actual number (Option B), the other one must be present with ANYA (Option C). |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000191: MX/MT 564/566 – Add MRGR Code for :22F::RHDI

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | DE Germany |
| Requesting Group: | NMPG Germany |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: In order to fulfil the requirements for the reporting of two events for rights distribution as stated in the Global Market Practise the additional code is necessary for a clear and distinct indication of merger.  Business applications impact: Not provided | |
| **Commitment to implement the change** | |
| Expected traffic per year: Not provided  Number of users impacted: Not provided  Country, community or group committed to implement this change:The German community represented by the DE NMPG and the DESSUG (German SWIFT Security User Group) have committed to this change.  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Addition of a code for the event merger (MRGR) to field 22F with the qualifier RHDI in sequence D in the MT564 and sequence C in the MT566.  High urgency - Due to the implementation of the new DE National Market Practice for Corporate Actions which includes the EU requirement to report on process basis, i.e. events with intermediate securities in two events instead of one event, the additional code is absolutely necessary for SR 2012. | |
| **Business context** | |
| The DE NMPG has decided to change the current market practice in terms of Rights Issues from a one event scenario into a two event scenario. This change also affects the following event Merger with Intermediate Securities.  Today mergers are processed as two mandatory events in Germany. The first event displays the distribution of fractions with the rate qualifier NEWO at the rate of n to 1 (CHOS). The second event books the security resulting from the fractions at a rate of 1 to 1 (MAND).  Currently the list of valid codes for the Intermediate Securities Distribution Type Indicator (:22F::RHDI) in sequence CADETL does not include the code MRGR. Therefore we request MRGR be added as a code for field: 22F::RHDI. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566 | |
| **Examples** | |
| The following specification is part of the DE Market Practice:  (see column P and AG) | |
| **Standards Illustration** | |
| * Apply also the change illustrated below on :22F::RHDI in sequence C of the MT 566 message   **MT 564 Field Specifications**  50. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | DIVI | N |  | F | Dividend Type Indicator | | 2 | O | CONV | N |  | F | Conversion Type Indicator | | 3 | O | DITY | N |  | F | Distribution Type Indicator | | 4 | O | OFFE | R |  | F | Offer Type Indicator | | 5 | O | SELL | N |  | F | Renounceable Status of Entitlement Indicator | | 6 | O | ESTA | R |  | F | Corporate Action Event Stage | | 7 | O | ADDB | R | C15, C16, C18 | F | Additional Business Process Indicator | | 8 | O | CHAN | R | C11 | F | Change Type Indicator | | 9 | O | RHDI | N | C12 | F | Intermediate Securities Distribution Type Indicator | | 10 | O | ECIO | N |  | F | Capital Gain In/Out Indicator | | 11 | O | TDTA | N |  | F | TID/TIS Calculated Indicator | | 12 | O | ELCT | N |  | F | Election Type Indicator | | 13 | O | LOTO | N |  | F | Lottery Type | | 14 | O | CEFI | N |  | F | Certification Format Indicator |   CODES  If Qualifier is RHDI and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | BIDS | Reverse Rights | Distribution of reverser rights. | | BONU | Bonus Rights | Distribution of bonus rights. | | DRIP | Dividend Reinvestment Securities | Distribution of dividend reinvestment securities. | | DVCA | Cash Dividend | Distribution of cash to shareholders, in proportion to their equity holding. Ordinary dividends are recurring and regular. Shareholder must take cash and may be offered a choice of currency. | | DVOP | Dividend Option | Distribution of dividend option. | | DVSC | Scrip Dividend/Payment | Dividend or interest paid in the form of scrip. | | DVSE | Stock Dividend | Dividend paid to shareholders in the form of shares of stock. | | EXOF | Exchange | Exchange of holdings for other securities and/or cash. The exchange can be either mandatory or voluntary involving the exchange of outstanding securities for different securities and/or cash. For example "exchange offer", "capital reorganisation" or "funds separation". | | EXRI | Subscription Rights | Distribution of subscription rights. | | INTR | Interest Payment | Regular interest payment distributed to holders of an interest bearing asset. | | LIQU | Liquidation Dividend/Liquidation Payment | A distribution of cash, assets or both. | | MRGR | Merger | Exchange of outstanding securities, initiated by the issuer which may include options, as the result of two or more companies combining assets, that is, an external, third party company. Cash payments may accompany share exchange. | | PRIO | Open Offer Rights | Distribution of open offer rights. | | SOFF | Spin-off | A distribution of subsidiary stock to the shareholders. | | SPLF | Stock Split/Change in Nominal Value/Subdivision | Increase in a corporation's number of outstanding equities without any change in the shareholder's equity or the aggregate market value at the time of the split. Equity price and nominal value are reduced accordingly. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  Does not apply to the confirmation message which does not contain the *IntermediateSecuritiesDistributionType* element. |
| **ISO 20022 Messages Design Impact** |
| + Add the new code *Merger* (MRGR) with the definition illustrated in ISO15022 above in the *IntermediateSecurityDistributionType4Code* DT within the *IntermediateSecuritiesDistributionTypeFormat6Choice* and  *IntermediateSecuritiesDistributionTypeFormat5Choice* MC’s.  No impact on the messages structure. |

**SWIFT Comment**

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| ~~The table provided in the example shows the first event as MAND and the second as CHOS or MAND contrary to what is specified in the “Business Context” section.~~ |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and solution. |
| **Decision** |
| **Accept** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000194: MX/MT564/566 – Reinstatement of a Quotation Date

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| **Origin of request** | |
| Requesting Country: | GB United Kingdom |
| Requesting Group: | UK & IE Corporate Actions National Market Practice Group |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:60 Events  Number of users impacted:Not provided  Country, community or group committed to implement this change:GB, IE, MDPUG, SMPG  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Reinstate QUOT Date in 564 Seq. D and 566 Seq. C  We require the Date 98a:QUOT to be reinstated in the Swift Standards as this Date is used in the UK & IE in events such as Tenders and Schemes.  QUOT was removed from Standards SR2010, the UK & IE CA NMPG raised at SMPG as to why this Date was removed as it is used in the UK & IE. Response from SMPG was that no reason for removal could be found and that the UK & IE CA NMPG should submit a CR for reinstatement. | |
| **Business context** | |
| Used in the UK& IE for events where there is a set date to calculate the Net Asset Value / Formula asset value which is then used to calculate the cash and/or securities proceeds paid, ie Tender Offers or Schemes of Reconstruction.  Due to the removal of QUOT there is currently no appropriate Date to convey a Calculation date for an event, this means we are having to put this date into the 70E ADTX fields, therefore not assisting STP.  *Requested volume information and note provided in August to complement the CR:*  *Approximately 60 events this calendar year so far, so with 3 or 4 messages per event (564) approx 200 messages. The main point behind this CR is not the number of messages that are sent, but the fact that without the correct qualifier we cannot identify the calculation date correctly, and in a UK scheme or tender it is an important date. Currently we are having to use text to identify the calculation date of an event. This CR was agreed to by SMPG late last year. This field was originally removed from the standards in 2010, when I raised it with SMPG neither they nor Swift could find a reason for the removal, nor could they suggest a suitable replacement within the current standards, hence the request to reinstate.* | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566 | |
| **Examples** | |
| |  | | --- | | In the period 1st January 2011 – 1st March 2011, the following companies have had Tender Offers or Schemes of Reconstruction which have had a Calculation date used to determine the value of proceeds paid.  Schroder Asia Pacific Fund  Standard Life UK Smaller Companies Trust  ARC Capital Holdings  JP Morgan Private Equity  JP Morgan Asian Investment Trust  Eastern European Trust  BlackRock Absolute Return Strategies  Keydate Income VCT 1  Keydate Income VCT 2  Foresight VCT  Anglo & Overseas3  Henderson Global Property Companies  Eclectic Investment Company  Henderson Global Property Companies | | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  42. Field 98a: Date/Time  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//8!n | (Qualifier)(Date) | | Option B | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Date Code) | | Option C | :4!c//8!n6!n | (Qualifier)(Date)(Time) | | Option E | :4!c//8!n6!n[,3n][/[N]2!n[2!n]] | (Qualifier)(Date)(Time)(Decimals)(UTC Indicator) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | | **M/O** | **Qualifier** | | **R/N** | | **CR** | | **Options** | | **Qualifier Description** | | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | 21 | | O | | | IFIX | | N | |  | | A, B, or C | | ~~Index~~ Fixing Date/Time | |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | IFIX | ~~Index~~ Fixing Date/Time | Date/time at which an index rate / price / value will be determined. |   **MT 566 Field Specifications**  29. Field 98a: Date/Time  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//8!n | (Qualifier)(Date) | | Option B | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Date Code) | | Option C | :4!c//8!n6!n | (Qualifier)(Date)(Time) | | Option E | :4!c//8!n6!n[,3n][/[N]2!n[2!n]] | (Qualifier)(Date)(Time)(Decimals)(UTC Indicator) |   PRESENCE  Optional in optional sequence C  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | |  |  |  |  |  |  |  | | 17 | O | IFIX | N |  | A, B, or C | Fixing Date/Time |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | IFIX | Fixing Date/Time | Date/time at which an index rate / price / value will be determined. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  Does not apply on preliminary advice and confirmation messages as the CADetails are no longer present in these. |
| **ISO 20022 Messages Design Impact** |
| Rename the element *IndexFixingDate* as *FixingDate* in the *CorporateActionDate14* MC and update definition as illustrated in ISO15022 above. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with business case and recommends to re-use the IFIX qualifier for this purpose and rename it "Fixing date/time" (i.e. remove “Index”) with a definition modification (i.e. add “/price/value” after “rate”). instead of reinserting the QUOT qualifier back into the standard. Note: The element :98a::IFIX must also be added to the MT566 in sequence C :as it is not present in the MT566 today. |
| **Decision** |
| **Accept with Comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000207: MX/MT564 – Add new Depot Date in Seq D & E

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | Clearstream , FR NMPG |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Around 100  Number of users impacted:All  Country, community or group committed to implement this change:Euroclear Bank  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Add new DateTime qualifier for Depot date.  This field should be reported with new SWIFT field DEPO in sequence D and E of the MT 564.  Proposed definition for the new depot date = *“Last date/time for the centralizing agent to receive and accept the instructed quantities from the market actors.”* | |
| **Business context** | |
| On some markets (France, Belgium, The Netherlands), there is a deposit deadline for the instructed quantities to the centralizing agent.  On the French market, when a corporate action is announced where instructions on pending trades is possible, the depot date is mentioned in the Euronext notice (official notice from the stock exchange available for any kind of shareholder) and in the "Circulaire" of the "Centralizing agent". In addition, shareholders have to know the depot date otherwise, they can be subject to penalty fees or even be not eligible to participate to a corporate action.  The depot date is announced by France, Belgium, The Netherlands but does not correspond to any existing qualifier. This date is being used in DVOP, DRIP, EXOF, EXRI, TEND and BIDS. | |
| **Message Type(s) Impacted** | |
| MT 564 | |
| **Examples** | |
| |  | | --- | | *Example 1*  *Response Deadline = 22 Feb 2011*  *Deposit Date = 25 Feb 2011 =>*  *This field should be reported with new SWIFT field DEPO in sequence D and E of the MT 564*  *EVENT: xxxxxxx 221 PURCHASE OFFER ISO: TEND*  *MODEL: Tender offer*  *MAIN SECURITY: xxxxxxx*  *------------------------------------------------------*  *MAND/VOL INDICATOR: VOLU*  *BEGIN DATE: 06/01/11 EXPIRY DATE: 22/02/11 EVENT DATE:*  *EARL.EXEC.DT.: 06/01/11 EXEC.DLN.: 22/02/11 EVENT TIME:*  *RECORD DATE: EX DATE: PAYMENT DATE: 08/03/11*  *EOC INSTR.DLN.DATE: 22/02/11 15:00*    *SPECIFIC PER.:*    *DELIVER SEC.: Y BLOCK SEC..: Y SEC.BUYER: T/PRYSMIAN S.P.A.*  *CERTIF.TO EOC: N No certification required*  *FEES / TAXES: E Any taxes or duties arising upon exercise may be at*  *charge of the holder.*    *INSTR.PROC.: N PROVISIONAL: I CANCEL: N ASG.CD.: 1 CORPORATE ACTIONS*  *EVENT: xxxxxxx 221 PURCHASE OFFER ISO: TEND*  *MODEL: Tender offer*  *MAIN SECURITY: xxxxxxxxxxxxxxxx*  *-------------------------------------------------------------------- PAGE 08 --*  ***DEPOSIT DATE ANNOUNCED: 25/02/11 AT 09:00 CET***  *Example 2 : Euronext notice*  *AUPLATA a décidé de procéder à une augmentation de capital par émission d'actions nouvelles avec maintien du droit préférentiel de souscription dont les modalités sont décrites ci-après:*  *I. Principales caractéristiques de l’émission d’actions (code ISIN : FR0010397760)*  *Nombre maximum d’actions à émettre: 978.974 actions.*  *Prix d’émission: 2,50 EUR par action.*  *Jouissance des actions nouvelles: Ces actions seront assimilées dès leur admission aux actions*  *existantes.*  *Souscription à titre irréductible: A raison de 1 actions nouvelles pour 18 droits préférentiels de souscription.*  *Souscription à titre réductible: Applicable.*  *Période de souscription: Du 05/05/2011 au 24/05/2011 inclus.*  *Centralisateur: Société Générale Securities Services.*  *II. Calendrier indicatif*  *05/05/2011: Ouverture de la période de souscription et cotation des droits préférentiels de souscription.*  *24/05/2011: Clôture de la période de souscription et fin de la négociabilité des droits*  *préférentiels de souscription sur le marché.*  *27/05/2011: Dernier jour de règlement / livraison des droits préférentiels de souscription.*  *30/05/2011: Date de report de responsabilité sur contrepartie(s) défaillante(s) en droits.*  ***01/06/2011: Date limite de dépôt des dossiers par les intermédiaires au Centralisateur.*** | | |
| **Standards Illustration** | |
| **NA** | |

**SWIFT Comment**

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| Don’t we need this date also in the MT566 ? |

**Working Group Meeting**

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| **Discussion** |
| NA |
| **Decision** |
| **CR withdrawn by submitter as the CR is not in line with the European Standards; “Market Deadline” must be used for this.** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **Not applicable** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000262: ISO 20022 CR0130 MX/MT564 –Add new Filing Date and Hearing Date for Class Action Events

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Applicable to all Class Action events. Annual volume in the US: 252  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0130  Additional dates for class action notifications.  Two additional message elements are required for class action notifications as follows:   * Filing Date, the date on which the class action was filed at court by the plaintiff * Hearing Date, the date for the hearing between the plaintiff and defendant, as set by the court. | |
| **Business context** | |
| The dates provide additional information to the recipient of the notification (the end investor or other interested party), about the details of the class action.  The Filing Date is useful because it is important for the end investor to know that a claim has been filed; the Filing Date provides information as to when the claim was filed.  The Hearing Date is significant to the end investor, or other interested party, as the decision of the hearing may be to either dismiss the claim or approve it. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, ~~seev.035~~ | |
| **Examples** | |
| For example, in the WorldCom Inc class action, the Filing Date and Hearing Date are set out in the New York State class action notice:  Filing Date in Section I, subsection B:  On October 11, 2002, the Plaintiffs filed a Class Action Complaint (“Complaint”). This section of the Notice lists the parties named in the Complaint and summarizes the Complaint’s allegations against the Defendants.  Hearing Date in Section III:  On November 7, 2002, the Court ordered that the parties in the Action participate in settlement negotiations under the supervision of the Honorable Michael H. Dolinger, Magistrate Judge of the Southern District of New York. | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  42. Field 98a: Date/Time  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//8!n | (Qualifier)(Date) | | Option B | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Date Code) | | Option C | :4!c//8!n6!n | (Qualifier)(Date)(Time) | | Option E | :4!c//8!n6!n[,3n][/[N]2!n[2!n]] | (Qualifier)(Date)(Time)(Decimals)(UTC Indicator) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | |  |  |  |  |  |  |  | | 37 | O | FILL | N | - | A or B | Filing Date | | 38 | O | HEAR | N | - | A or B | Hearing Date |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | FILL | Filing Date | Date on which the action was filed at the applicable court. | | HEAR | Hearing Date | Date for the hearing between the plaintiff and defendant, as set by the court. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  Not applicable to the preliminary advice message as the CADetails are not part of the message. |
| **ISO 20022 Messages Design Impact** |
| Add the 2 optional elements *FillingDate* and *HearingDate (*as defined and illustrated in ISO15022 above) to the *CorporateActionDate14* MC. Create New DateType DateFormatXXChoice so as to type those elements with a date only or a date code. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and recommends rewording Filing Date definition so as to make it more generic (for example could be used for Bankruptcy). New definition should be "Date on which the action was filed at the applicable court" |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000267: ISO 20022 CR0136 MX/MT564 – Add new Suspension Period at CA Details Level

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of events where security was issued in the country of the co-depository that can have this field potentially used: 12,232  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0136  This change request is related to the suspension of settlement activity with co-depositories during a corporate action.  An optional suspension period is required at the corporate action level to indicate that settlement activity is temporarily suspended for co-depositories. | |
| **Business context** | |
| During corporate action processing at a Central Securities Depository (CSD), a suspension period may be required for settlement activity at Co-Depositories of the CSD. The purpose of the suspension period is to stabilise the holdings at the CSD, especially when the CSD is about to send securities balances to the paying agent for payment, and will not want any last-minute trades at the Co-Depository.  This data is important for participants, as they need to know when co-depository activity will be suspended.  It is noted that a number of suspension periods exist for a range of activities. An additional suspension period for co-depositories could be added. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, ~~seev.035~~ | |
| **Examples** | |
| For example, at the Depository Trust and Clearing Corporation (DTCC), the suspension period is used to ensure that the Canadian Depository for Securities (CDS) is not short as a result of trades at the last minute. In some cases (e.g. a merger paying Canadian proceeds) if money is exchanged on a different day at DTCC and CDS there could be a monetary loss. | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  43. Field 69a: Period  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//8!n/8!n | (Qualifier)(Date)(Date) | | Option B | :4!c//8!n6!n/8!n6!n | (Qualifier)(Date)(Time)(Date)(Time) | | Option C | :4!c//8!n/4!c | (Qualifier)(Date)(Date Code) | | Option D | :4!c//8!n6!n/4!c | (Qualifier)(Date)(Time)(Date Code) | | Option E | :4!c//4!c/8!n | (Qualifier)(Date Code)(Date) | | Option F | :4!c//4!c/8!n6!n | (Qualifier)(Date Code)(Date)(Time) | | Option J | :4!c//4!c | (Qualifier)(Date Code) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | | **M/O** | | **Qualifier** | | **R/N** | | **CR** | | **Options** | | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | |  |  | |  | |  | |  | |  | |  | | |  |  | |  | |  | |  | |  | |  | | | 5 | O | | CLCP | | N | |  | | A, B, C, D, E, F, or J | | Claim Period | | | 6 | O | | DSWN | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Withdrawal in Nominee Name | | | 7 | O | | DSDE | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Deposit | | | 8 | O | | DSBT | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Book Entry Transfer | | | 9 | O | | DSDA | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Deposit at Agent | | | 10 | O | | DSWA | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Withdrawal at Agent | | | 11 | O | | DSPL | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Pledge | | | 12 | O | | DSSE | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Segregation | | | 13 | O | | DSWS | | N | |  | | A, B, C, D, E, F, or J | | Depository Suspension Period for Withdrawal in Street Name | | | 14 | O | | BOCL | | N | |  | | A, B, C, D, E, F, or J | | Book Closure Period | | | 15 | O | | CODS | | N | | - | | A, B, C, D, E, F, or J | | Co-depositories Suspension Period | |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CODS | Co-Depositories Suspension Period | Period during which the settlement activities at the co-depositories are suspended in order to stabilise the holdings at the CSD. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  Not applicable to the preliminary advice message as the CADetails are not part of the message. |
| **ISO 20022 Messages Design Impact** |
| Add the new optional element *CoDepositoriesSuspensionPeriod* (typed by *Period3Choice*) with definition as illustrated into ISO15022 above in the *CorporateActionPeriod6* MC. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and proposed solution. |
| **Decision** |
| **Accept** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000208: MX/MT564/566 - Add format 90K for MINP and MAXP Prices

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| **Origin of request** | |
| Requesting Country: | LU Luxembourg |
| Requesting Group: | MI Euroclear/Clearstream |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:All Equity Linked Notes based on index and with a range  Number of users impacted:ELN, reverse convertible holders  Country, community or group committed to implement this change: LU, XS  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Add a format 90K for the qualifier MINP and MAXP in sequence D (C) of the MT 564/565 (MT566) to align their format to the EXER formats. For consistency reason, we should have the same format available for EXER, MAXP and MINP.  Therefore the format K already available for EXER should also be available for MAXP and MINP.  90a - Option K :4!c//15d (Qualifier)(Index Points) | |
| **Business context** | |
| For redemption into shares events (REDM), as the MINP and the MAXP are used to give the lower and the upper boundaries of the exercise price, and since this exercise price can be expressed in points (format K), we need to be able to express as well the MINP and MAXP in points. This to cover the case when a lower or an upper boundary is needed in an algorithm using an exercise price expressed in points. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566 | |
| **Examples** | |
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| **Standards Illustration** | |
| NA | |

**SWIFT Comment**

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| Contrary to what was indicated in the original CR from XS, there is no MINP and MAXP in the MT 565. |

**Working Group Meeting**

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| **Discussion** |
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| **Decision** |
| **Withdrawn by submitter.** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **not applicable** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000246: MX/MT564/565/566/568 - Update MIEX, MAEX & MILT Quantities Definitions

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| **Origin of request** | |
| Requesting Country: |  |
| Requesting Group: | SMPG |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:Not provided  Country, community or group committed to implement this change:SMPG community  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Update the definition of MIEX in MT 564/565/566/568 and MAEX in MT 564 quantities by replacing the statement “that must be exercised” by “that may be exercised”. | |
| **Business context** | |
| When used for elective events, the definitions of those 2 quantities should be amended to specify that those quantities must not necessarily be exercised but may be exercised. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565, MT 566, MT 568 | |
| **Examples** | |
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| **Standards Illustration** | |
| * Apply the same definition change illustrated below into the sequence D of the MT564.   **MT 564 Field Specifications**  65. Field 36a: Quantity of Financial Instrument  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//4!c/15d | (Qualifier)(Quantity Type Code)(Quantity) | | Option C | :4!c//4!c | (Qualifier)(Quantity Code) |   PRESENCE  Optional in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | MAEX | N |  | B | Maximum Exercisable Quantity | | 2 | O | MIEX | N |  | B | Minimum Exercisable Quantity | | 3 | O | MILT | N |  | B | Minimum Exercisable Multiple Quantity | | 4 | O | NBLT | N |  | B | New Board Lot Quantity | | 5 | O | NEWD | N |  | B | New Denomination Quantity | | 6 | O | BOLQ | N |  | B or C | Back End Odd Lot Quantity | | 7 | O | FOLQ | N |  | B or C | Front End Odd Lot Quantity |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | BOLQ | Back End Odd Lot Quantity | Represents the presence of a back end odd lot provision and the quantity of equity required after proration to be eligible for this privilege. | | FOLQ | Front End Odd Lot Quantity | Specifies that if an order is prorated holders of odd lots who tender their full position will not have tendered position prorated but rather accepted in full. | | MAEX | Maximum Exercisable Quantity | Maximum quantity (or lot) of financial instrument that ~~must~~ may be exercised or tendered. | | MIEX | Minimum Exercisable Quantity | Minimum quantity (or lot) of financial instrument that ~~must~~ may be exercised or tendered. | | MILT | Minimum Exercisable Multiple Quantity | Minimum multiple quantity (or lot) of financial instrument that ~~must~~ may be exercised or tendered. | | NBLT | New Board Lot Quantity | Quantity of equity that makes up the new board lot. | | NEWD | New Denomination Quantity | New Denomination of the equity following, for example, an increase or decrease in nominal value. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice) |
| **ISO 20022 Messages Design Impact** |
| Update the definition of the 3 elements *MinimumExercisableQuantity*, *MinimumExercisableMultipleQuantity* and *MaximumQuantity* in the *CorporateActionQuantity3* and *SecuritiesOption15* MC as illustrated in ISO15022 above. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with definition change for MAEX, MIEX and also recommends to apply it to MILT across all MT 56X sequences:   1. MT 564 ~~Sequence B1 (MIEX, MILT),~~ sequence D (MIEX, MILT) Sequence E (MIEX, MAEX, MILT) ~~Sequence E1a (MIEX, MILT)~~ 2. ~~MT 565 sequence B1 (MIEX, MILT)~~ 3. ~~MT 566 sequence B1, (MIEX, MILT), sequence D1a (MIEX, MILT)~~ 4. ~~MT 568 sequence B1 (MIEX, MILT)~~ |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000248: MX/MT564/566 - Add UKWN to 92K Percentage Sought (PTSC)

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| **Origin of request** | |
| Requesting Country: |  |
| Requesting Group: | SMPG |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact:  LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact:  MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:Not provided  Country, community or group committed to implement this change:SMPG community  Year they will implement this change:2012 | |
| **Nature of Change** | |
| In sequence D (C) of the MT564 (MT566), add the code UKWN (Unknown) to the :92K:PTSC (Percentage Sought) rate in addition to the existing ANYA (Any and All) code and adapt PTSC definition accordingly. | |
| **Business context** | |
| In some complex events like BIDS/EXOF/TEND events, the percentage sought rate might be optional or mandatory and therefore when the rate is not yet known at the time of the announcements, therefore it should be possible to assign the code UKWN (unknown) to :92K::PTSC. | |
| **Message Type(s) Impacted** | |
| MT 564, ~~MT 566~~ | |
| **Examples** | |
|  | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  45. Field 92a: Rate  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//[N]15d | (Qualifier)(Sign)(Rate) | | Option F | :4!c//3!a15d | (Qualifier)(Currency Code)(Amount) | | Option K | :4!c//4!c | (Qualifier)(Rate Type Code) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | RDIS | N |  | A or K | Reinvestment Discount Rate to Market | | 2 | O | INTR | N |  | A, F, or K | Interest Rate | | 3 | O | BIDI | N |  | A, F, or K | Bid Interval Rate | | 4 | O | NWFC | N |  | A or K | Next Factor | | 5 | O | PTSC | N |  | A or K | Percentage Sought | | 6 | O | PRFC | N |  | A or K | Previous Factor | | 7 | O | RINR | N |  | A or K | Related Index Rate | | 8 | O | RSPR | N |  | A or K | Spread Rate |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | BIDI | Bid Interval Rate | Acceptable price increment used for submitting a bid. | | INTR | Interest Rate | Annual rate of a financial instrument. | | NWFC | Next Factor | Factor used to calculate the value of the outstanding principal of the financial instrument (for factored securities) that will be applicable after the redemption (factor) date. | | PRFC | Previous Factor | Factor used to calculate the value of the outstanding principal of the financial instrument (for factored securities) until the next redemption (factor) date. | | PTSC | Percentage Sought | Percentage of securities the offeror/issuer will purchase or redeem under the terms of the event. ~~This can be a number or the term 'any and all'.~~ | | RDIS | Reinvestment Discount Rate to Market | Rate of discount for securities purchased through a reinvestment scheme as compared to the current market price of security. | | RINR | Related Index Rate | Index rate related to the interest rate of the forthcoming interest payment. | | RSPR | Spread Rate | Margin allowed over or under a given rate. |   CODES  In option K, if Qualifier is not PTSC, Rate Type Code must contain the following code (Error code(s): K92):   |  |  |  | | --- | --- | --- | | UKWN | Unknown Rate | Rate is unknown by the sender or has not been established . |   CODES  In option K, if Qualifier is PTSC, Rate Type Code must contain one of the following codes (Error code(s): K92):   |  |  |  | | --- | --- | --- | | ANYA | Any and All | Any and all. | | UKWN | Unknown rate | Rate is unknown by the sender or has not been established. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice) |
| **ISO 20022 Messages Design Impact** |
| Update the definition of the element *PercentageSought* in the *CorporateActionRate16* MC as illustrated in ISO15022 above and add the code value *Unknown* (UKWN) to the *RateType9Code* DT (in *RateFormat5Choice* MC) containing already *AnyAndAll* (ANYA) code value. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the buisness case and solution but recommends to limit the change to the MT564 only and to remove the last sentence in the PTSC definition. |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000261: ISO 20022 CR0132 MX/MT564 – Add Final Or Interim Event Type indicator

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of Liquidations: 886  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0132  Request two new event indicators to clearly identify the occurrence of the corporate action is final or interim, to be used for non dividend or conversion related events:   * Final – Identifies an event that is final which may include a final payment * Interim – Identifies an event that is not final, e.g. interim which may include an interim payment | |
| **Business context** | |
| The proposed new Final or Interim indicator will be used clearly to identify whether the occurrence of the corporate action is in its’ final stage or not. Currently, there is a Final and an Interim indicator available in the standards to support Dividend or Conversion related events. This change request will further support the same concept to be applied to other events such as liquidation (LIQU) or pay-down on factored securities. Having a specific indicator to further identify the occurrence of corporate action applicable to other corporate action events in addition to Dividend or Conversion related events will promote greater workflow processing, and eliminate the use of narrative text to convey the information.  Two possible solutions to implement the above business case for consideration are as follows:   1. Consolidate and redefine the existing Dividend and Conversion Type indicators into one single Interim and Final Type that can be utilized for all corporate action types. 2. Create new indicators to be applied to non Dividend or Conversion related events.   Our preference is solution 1 to have one single indicator that can be used for all event types. | |
| **Message Type(s) Impacted** | |
| MT 564, MT566, seev.031, | |
| **Examples** | |
| MT message example used for illustrative purposes only:  **Current State**  :23G:NEWM  :22F::CAEV//LIQU  :22F::CAMV//MAND  :25D::PROC//COMP  :16S:GENL  :16R:USECU  :35B:ISIN LU0118081826  /XS/011808182  SHS SGAM AI EQUILIBRIUM FUND R3  :16R:ADDINFO  :70E::ADTX//++ ADDITIONAL INFORMATION  ++INTERIM DISTRIBUTION.  :16S:ADDINFO  **Future State**  :23G:NEWM  :22F::CAEV//LIQU  :22F::CAMV//MAND  :25D::PROC//COMP  :16S:GENL  :16R:USECU  :35B:ISIN LU0118081826  /XS/011808182  SHS SGAM AI EQUILIBRIUM FUND R3  :16R:CADETL  :22F:: INTERIM/FINAL INDICATOR  :16S:CADETL | |
| **Standards Illustration** | |
| * The same change as illustrated below must also be applied on the same DITY indiocator in the seq. C of the MT566 for consistency across messages.   **MT 564 Field Specifications**  50. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | DIVI | N |  | F | Dividend Type Indicator | | 2 | O | CONV | N |  | F | Conversion Type Indicator | | 3 | O | DITY | N |  | F | ~~Distribution~~ Payment Occurrence Type Indicator | | 4 | O | OFFE | R |  | F | Offer Type Indicator | | 5 |  |  |  |  |  |  |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | DITY | ~~Distribution~~ Payment Occurrence Type Indicator | Specifies ~~whether the proceeds of the event will be distributed on a rolling basis rather than on a specific date~~ the conditions in which the payment of the proceeds occurs. |   CODES  If Qualifier is DITY and Data Source Scheme is not present, Indicator must contain the following code (Error code(s): K22):   |  |  |  | | --- | --- | --- | | ROLL | Rolling | Event is ongoing and will have a number of acceptance and payment dates until further announcement by the Issuer or its agent. | | FINL | Final | This is a final payment. | | INTE | Interim | This is an interim payment. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  This change applies only to the notification as the preliminary advice and confirmation messages do not have the CA details to which DistributionType belongs. |
| **ISO 20022 Messages Design Impact** |
| + Rename the element *DistributionType* as *PaymentOccurrenceType* in the *CorporateAction5* MC and  + Add the code values *Final* and *Interim* into the *DistributionType1Code* DT typing the *Code* element in the *DistributionTypeFormat1Choice* MC. |

**SWIFT Comment**

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| The “Interim” and “Final” indicator are currently used in the MT564 in sequence D for the Conversion Type and for the Dividend Type indicators and somewhat in Offer Type where “Final” is used but not “Interim”.  In the Dividend Type indicators, “Final” and “Interim” are only 2 indicators out of the 5 available, while in the Conversion Type, “Final” and “Interim” are the only 2 codes.  If we want to adopt **solution 1**, we will have to create 1 new general Final/Interim indicator and remove them from the Dividend Type indicator. In which case, it would potentially be possible for a dividend payment to specify a value for the Dividend Type (one of the 3 remaining ones) and an other value with the Interim/Final indicator which might be confusing. In this solution, , the impact on the standards and business application is also bigger.  The **solution 2** seems the easiest to implement and has the lesser impact on the standards and application as it does not touch upon the existing indicators.  A **3rd solution** could be to generalise the existing Conversion Type indicator so as to extend it to all other events than Distribution with exclusively the 2 values “Final” and Interim”. In that case, the qualifier CONV could eventually be kept but its full name and definition should be change to encompass all types of events (Conversion and others except Dividends). Alternatively, we could replace/remove the CONV qualifier by an other more generic qualifier name as shown below. This would not impact at all the Dividend Type indicator and would be also more convenient for the change in ISO20022. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and likes the alternate 3rd solution proposed by SWIFT. However in view of the SWIFT usage figures for the CONV indicator, in order to lessen the implementation impact of removing CONV and adding a new qualifier EOCR as suggested, the alternative MWG recommended solution is to reuse the Distribution Type indicator (DITY) instead and expand its scope and short name as follows:  a) Change DITY short name as “Payment Occurrence Type indicator”  b) Change the DITY definition to become "Specifies the conditions in which the payment of the proceeds occurs"  c) Retain code ROLL as is and add codes FINL defined as "This is a final payment" and INTE defined as "This is an interim payment" |
| **Decision** |
| **Accept with alternate solution** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000265: ISO 20022 CR0133 MX/MT564/566 – Add new Interest Shortfall and Realised Loss Rate/Amount

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of Principal and Interest events that use this field: 2,981,985  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0133  This change request is related to interest and capital shortfalls on mortgage-backed securities.  Two additional optional fields are required at the corporate action level to provide the shortfall of interest payments and capital repayments, compared to the expected value of those payments.  Interest Shortfall is defined as the difference between the actual rate of the interest payment and the expected or scheduled rate of the interest payment. Applicable for structured security issues where there is a set schedule of principal and interest payments for the life of the issue.  Therefore, if the expected interest payment rate was 5%, and the actual rate of interest was 4%, the Interest Shortfall Rate would be 1%.  Realised Loss is defined as the difference between the actual rate of the capital or principal repayment and the scheduled capital repayment. Applicable for structured security issues where there is a set schedule of principal and interest payments for the life of the issue. One or more mortgages within the pool are in default.  The field needs to be flexible enough to define the shortfall/loss either as a rate or as an amount. | |
| **Business context** | |
| A mortgage-backed security pays interest (and capital) based on the collected repayments of a pool of mortgages. If some of those mortgages are not repaid as scheduled, then the interest rate actually received will be lower than that expected. Similarly, if some of the mortgages are in default, then the expected capital repayments will not be received.  The Interest Shortfall will provide an indication of the difference between the expected interest payments and the actual interest payments.  The Realised Loss will provide an indication of the difference between the expected capital payments and the actual capital payments. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566, seev.031, seev.035, seev.036 | |
| **Examples** | |
| Example of Interest Shortfall from the US:  A mortgage-backed security has a coupon rate of 5%, and pays semi-annually. The method of interest calculation is 30/360 (Interest Computation Method of A001).  The expected rate (calculated per thousand units) would be 5% x 180 days /360 x 1000 = 25.00.  On payment, the agent states there is an interest shortfall. They are only going to pay 20.00 per thousand units.  The formula would be (5% x 180 days/360 x 1000) - 20.00 = 5.00.  Thus, the Interest Shortfall rate would be 5.00.  An example of a Realised Loss from the US:  A mortgage-backed security has an original face value of $10,000. A principal payment of 100 per bond (expressed as a rate) is distributed. Normally, this would adjust the factor of the security from 1.0 to 0.9, making the value $9,000. However, there is a realised loss of 100 per bond, meaning that the remaining value of the bond is only $8,000, and the new factor is in fact reported as 0.8. The realised loss of 100 would be carried in the Realised Loss rate field. | |
| **Standards Illustration** | |
| * Apply the same change as illustrated below into the sequence C of the MT 566 for the :92a: rate field.   **MT 564 Field Specifications**  45. Field 92a: Rate  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//[N]15d | (Qualifier)(Sign)(Rate) | | Option F | :4!c//3!a15d | (Qualifier)(Currency Code)(Amount) | | Option K | :4!c//4!c | (Qualifier)(Rate Type Code) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | RDIS | N |  | A or K | Reinvestment Discount Rate to Market | | 2 | O | INTR | N |  | A, F, or K | Interest Rate | | 3 | O | BIDI | N |  | A, F, or K | Bid Interval Rate | | 4 | O | NWFC | N |  | A or K | Next Factor | | 5 | O | PTSC | N |  | A or K | Percentage Sought | | 6 | O | PRFC | N |  | A or K | Previous Factor | | 7 | O | RINR | N |  | A or K | Related Index Rate | | 8 | O | RSPR | N |  | A or K | Spread Rate | | 9 | O | SHRT | N |  | A or F | Interest Shortfall | | 10 | O | RLOS | N |  | A or F | Realised Loss |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | BIDI | Bid Interval Rate | Acceptable price increment used for submitting a bid. | | INTR | Interest Rate | Annual rate of a financial instrument. | | NWFC | Next Factor | Factor used to calculate the value of the outstanding principal of the financial instrument (for factored securities) that will be applicable after the redemption (factor) date. | | PRFC | Previous Factor | Factor used to calculate the value of the outstanding principal of the financial instrument (for factored securities) until the next redemption (factor) date. | | PTSC | Percentage Sought | Percentage of securities the offeror/issuer will purchase or redeem under the terms of the event. This can be a number or the term 'any and all'. | | RDIS | Reinvestment Discount Rate to Market | Rate of discount for securities purchased through a reinvestment scheme as compared to the current market price of security. | | RINR | Related Index Rate | Index rate related to the interest rate of the forthcoming interest payment. | | RSPR | Spread Rate | Margin allowed over or under a given rate. | | RLOS | Realised Loss | For structured security issues where there is a set schedule of principal and interest payments for the life of the issue, this is the difference between the actual rate of the capital or principal repayment and the scheduled capital repayment. | | SHRT | Interest Shortfall | For structured security issues where there is a set schedule of principal and interest payments for the life of the issue, this is the difference between the actual rate of the interest payment and the expected or scheduled rate of the interest payment . | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  The change does not apply on the preliminary advice or confirmation message as these messages do not contain the CA details. |
| **ISO 20022 Messages Design Impact** |
| Create the 2 new optional elements *InterestShortfall* and *RealisedLoss* into the *CorporateActionRate16* MC and create a new DT *RateAndAmountFormatXXChoice* to type those 2 new elements. |

**SWIFT Comment**

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| Is Format option K really necessary in the MT564 ? MWG Answer: NO |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and proposed solution illustrated except that there is no need for a format option K in the MT564 and 566 as UKWN is not applicable in those cases. So only format options A & F to be supported. |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000256: ISO 20022 CR0131 MX/MT564 – Update Certif. Flag/Ind.’s & Create New Certif. Fraction Breakdown Ind. And New Narrative

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: MAJORITY - The majority of users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of events where there is a security distribution and beneficial owner details is used: 3,117,677  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0131  Beneficial owner processing indicator: An optional indicator is required at the corporate action option level to indicate that processing will take place at the level of the beneficial owner. The indicator must have values to indicate the following:   * Disposition of fractions at beneficial owner level; this indicates that the rounding rule in the Fraction Disposition component at the option level should be applied at the beneficial owner level, not at the omnibus account level; * Additional breakdown of beneficial owner details are required; the method of supplying the breakdown will be communicated in text form.   If the indicator is not present, the recipient of the message may assume that there are no special processing requirements at the level of the beneficial owner.  Possible ISO 20022 solutions:  An additional optional code component under CorporateActionOptionDetails. | |
| **Business context** | |
| For some corporate actions, according to the terms of the event defined by the issuer, additional processing is required at the level of the beneficial owner.  This additional processing could be to ensure that fractional dispositions are calculated for beneficial owners, and not just at the omnibus account level. In other cases, the market participant is required to supply additional information on beneficial owners to the Central Securities Depository (CSD).  The new indicator will allow custodians to be aware that additional processing may be required to process the event at a beneficial owner level.  By providing a code with a number of distinct values, the precise nature of the beneficial owner processing can be defined. Where possible, recipients may then automate their system’s response to the indicator. For example, the disposition of fractions at beneficial owner level could be automated.  This information is already conveyed in some cases, by the use of free text. The indicator will allow for greater STP by removing this critical information from its current place in free text and placing it within the body of the message. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, seev.035, MT566, MT565, seev.033 | |
| **Examples** | |
| Some recent cases from DTCC.  **Example 1:**  ISIN US8723911074  Stock Dividend  Ex-Dividend : 02/11/2011  Record: 02/15/2011  Payable: 02/28/2011  Stock Rate: 0.0500000000  Price (CIL): 22.34000  Fractions: CIL To Beneficial Owner  **Example 2:**  ISIN US7741861006  Plan of Conversion & Arrangement  The company is converting from a mutual holding company structure to a fully-public stock holding company structure.  \*  Each share of existing Rockville Financial Common Stock owned by the public will be exchanged for between 0.9693 and 1.3114 shares (subject to adjustment to up to 1.5082 shares) of common stock of new Rockville Financial, so that immediately after the conversion existing Rockville Financial's existing public shareholders will own the same percentage of new Rockville Financial Common Stock as they owned of existing Rockville Financial's Common Stock immediately prior to the conversion, excluding any new shares purchased by them in the offering and their receipt of cash in lieu of fractional exchange shares.  \*  Cash-in-lieu will be on a beneficial holder level. Participants can submit their request to cash out their beneficial holders from 03/08/11 to 03/10/11. | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  **56. Field 22F: Indicator**  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | CAOP | N |  | F | Corporate Action Option Code Indicator | | 2 | O | DISF | N |  | F | Disposition of Fractions Indicator | | 3 | O | OFFE | R |  | F | Offer Type Indicator | | 4 | O | OPTF | R |  | F | Option Features Indicator | | 5 | O | OSTA | N |  | F | Option Status | | 6 | O | CETI | R |  | F | Certification / Breakdown Type Indicator |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CAOP | Corporate Action Option Code Indicator | Specifies the corporate action options available to the account owner. | | CETI | Certification / Breakdown Type Indicator | Specifies the type of certification / breakdown ~~required~~. | | DISF | Disposition of Fractions Indicator | Specifies how fractions resulting from derived securities will be processed or how prorated decisions will be rounding, if provided with a pro ration rate. | | OFFE | Offer Type Indicator | Specifies the conditions that apply to the offer. | | OPTF | Option Features Indicator | Specifies the features that may apply to a corporate action option. | | OSTA | Option Status | Specifies the status of the option |   CODES  If Qualifier is CETI and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | ACCI | Accredited Investor | The holder of the security has to irrevocably certify that it is an Accredited Investor as defined in US Securities and Exchange Commission Regulation D. | | DOMI | Country of Domicile | The holder of the security has to certify his domicile. | | FULL | Full Beneficial Owner Break Down | The holder of the security has to provide his beneficial owner details for disclosure / instruction purpose ~~(for example, name, address, tax identification if required, tax rate, etc.).~~ | | ~~NARR~~ | ~~Narrative Description~~ | ~~See narrative field for certification requirements.~~ | | NCOM | Non-Company Related Person | The holder of the security has to certify he is a Non-Company related person. | | NDOM | Country of Non-Domicile | The holder of the security has to certify, in line with the terms of the corporate action, that it is not domiciled in the country indicated. | | PABD | (I)CSD participant breakdown | The (I)CSD has to provide ~~his~~ its participants' details for disclosure purpose ~~(for example, name, address, tax identification if required, tax rate, etc.).~~to the issuer/issuer’s agent. | | PAPW | Beneficial Owner's Paperwork | Indicates if the Beneficial Owner is responsible to fill in the paperwork. | | QIBB | QIB Certification | The holder of the security has to irrevocably certify that it is a Qualified Institutional Buyer as defined in US Securities and Exchange Commission Rule 144A. | | TRBD | Tax Rate Break Down | The holder of the security has to provide basic details on nominals and associated tax rate to be used by the account servicer. | | FRAC | Fraction breakdown | Indicates that the rounding rule in the Fraction Disposition component at the option level can be offered at the beneficial owner level. |   USAGE RULES  ~~NARR should only be used when all the other code possibilities under qualifier CETI are not appropriate.~~  **49. Field 17B: Flag**  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//1!a | (Qualifier)(Flag) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | CERT | N |  | B | Certification / Breakdown Flag | | 2 | O | RCHG | N |  | B | Charges Flag | | 3 | O | COMP | N |  | B | Information to be Complied With | | 4 | O | ACIN | N |  | B | Accrued Interest Indicator |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | ACIN | Accrued Interest Indicator | Indicates whether the holder is entitled to accrued interest. | | CERT | Certification / Breakdown Flag | Indicates whether certification / Breakdown is required ~~from the account owner~~. | | COMP | Information to be Complied With | Indicates whether restrictions apply to the event. | | RCHG | Charges Flag | Indicates whether charges apply to the holder, for instance redemption charges. |   **59. Field 17B: Flag**  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//1!a | (Qualifier)(Flag) |   PRESENCE  Mandatory in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | DFLT | N |  | B | Default Processing Flag | |  | or | STIN | N |  | B | Standing Instruction Flag | | 2 | O | RCHG | N |  | B | Charges Flag | | 3 | O | CERT | N |  | B | Certification / Breakdown Flag | | 4 | O | WTHD | N |  | B | Withdrawal Allowed Flag | | 5 | O | CHAN | N |  | B | Change Allowed Flag |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CERT | Certification / Breakdown Flag | Indicates whether certification / breakdown is required ~~from the account owner.~~ |   **95. Field 70E: Narrative**  FORMAT   |  |  |  | | --- | --- | --- | | Option E | :4!c//10\*35x | (Qualifier)(Narrative) |   PRESENCE  Optional in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | ADTX | N |  | E | Additional Text | | 2 | O | TXNR | N |  | E | Narrative Version | | 3 | O | INCO | R |  | E | Information Conditions | | 4 | O | COMP | R |  | E | Information to be Complied With | | 5 | O | NSER | R |  | E | Security Restriction | | 6 | O | TAXE | R |  | E | Taxation Conditions | | 7 | O | DISC | R |  | E | Disclaimer | | 8 | O | CETI | R |  | E | Certification / Breakdown Narrative |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CETI | Certification / Breakdown Narrative | Provides additional information about the type of certification / breakdown required. |   **MT 565 Field Specifications**  **34. Field 22F: Certification Type Indicator: Certification Type Indicator**  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Optional in optional sequence C  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | CETI | R |  | F | Certification Type Indicator |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CETI | Certification Type Indicator | Specifies the type of certification ~~required~~. |   CODES  If Qualifier is CETI and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | ACCI | Accredited Investor | The holder of the security irrevocably certifies that it is an Accredited Investor as defined in US Securities and Exchange Commission Regulation D. | | NCOM | Non-Company Related | The holder of the security is certifying he is a Non-Company related person. | | QIBB | QIB Certification | The holder of the security irrevocably certifies that it is a Qualified Institutional Buyer as defined in US Securities and Exchange Commission Rule 144A. | | ~~NARR~~ | ~~Narrative Description~~ | ~~See narrative field for certification details.~~ |   ~~USAGE RULES~~  ~~NARR should only be used when all the other code possibilities under qualifier CETI are not appropriate.~~  49. Field 70E: Narrative  FORMAT   |  |  |  | | --- | --- | --- | | Option E | :4!c//10\*35x | (Qualifier)(Narrative) |   PRESENCE  Optional in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | ADTX | R |  | E | Additional Text | | 2 | O | TXNR | R |  | E | Narrative Version | | 3 | O | REGI | R |  | E | Registration Details | | 4 | O | PACO | R |  | E | Party Narrative | | 5 | O | DISC | R |  | E | Disclaimer | | 6 | O | BAIN | R |  | E | Basket or Index Information | | 7 | O | CETI | R |  | E | Certification Narrative |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CETI | Certification Narrative | Provides additional information about the type of certification required. |   **MT 566 Field Specifications**  **36. Field 17B: Flag**  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//1!a | (Qualifier)(Flag) |   PRESENCE  Optional in optional sequence C  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | CERT | N |  | B | Certification / Breakdown Flag | | 2 | O | RCHG | N |  | B | Charges Flag | | 3 | O | COMP | N |  | B | Information to be Complied With |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CERT | Certification / Breakdown Flag | Indicates whether certification / Breakdown is required ~~from the account owner~~. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.033.001.02 (Corporate Action Instruction)  seev.036.001.02 (Corporate Action Movement Confirmation) |
| **ISO 20022 Messages Design Impact** |
| In seev.031 & seev.035  + In the *CorporateAction5* MC, rename the element *CertificationRequiredIndicator* as *CertificationBreakdownIndicator* and reword definitions as indicated in ISO15022 above.  + In the *CorporateActionOption19* and *CorporateActionOption20* MCs, rename the *CertificationType* element as *CerttificationBreakdownType* and rename the element *CertificationIndicator* as *CertificationBreakdownIndicator* and reword definitions as indicated in ISO15022 above.  + In the *BeneficiaryCertificationType2Code* DT typing the Code value of the *BeneficiaryCertificationType1Choice*, apply the *Code* values changes as illustrated in ISO 15022 above: i.e. remove *Narrative*, add *FractionBreakdown*, change definitions of *FullBeneficialOwnerBreakdown* and *ICSDParticipantsBreakdown*.  + In *CorporateActionNarrative5* MC, add a new optional element *CertificationBreakdown* typed the same way as the other narrative elements and define as illustrated in ISO15022.  In seev.033  + In the *BeneficiaryCertificationType3Code* DT typing the Code value of the *BeneficiaryCertificationType2Choice*, remove the *Narrative* code.  + In *CorporateActionNarrative7* MC, add a new optional element *Certification* typed the same way as the other narrative elements and define as illustrated in ISO15022. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case however the MWG recommends to adopt an alternate solution linking this request to the certification indicator in sequence E (:22F::CETI) but also to the other certification information already contained in the MT564 message so as to have a consistent approach.  The MWG recommends to apply the following changes:  1. Expand name and definition of :22F::CETI indicator in sequence E as follows: “Certification / Breakdown Type Indicator” - “Specifies the type of certification / breakdown.”. The word “required” is deleted as this information must not always be provided.  1.a). The “additional breakdown of beneficial owner details” request will be covered by the existing :22F::CETI//FULL code in seq. E by the following definition change: “The holder of the security has to provide his beneficial owner details for disclosure **/ instruction** purpose.  1.b). Create a new code FRAC in :22F::CETI in seq. E to support the request for “Disposition of fractions at beneficial owner level” as follows: “Fraction Breakdown” – “Indicates that the rounding rule in the Fraction Disposition component at the option level can be offered at the beneficial owner level.”  1.c) .Modify definition of the :22F::CETI//PABD code as follows: The (I)CSD has to provide **its** participants' details for disclosure purpose to the issuer/issuer’s agent .  1.d) Delete the 22F::CETI//NARR code in seq. E as it is replaced with the creation of a new narrative code CETI in sequence F (see below).  2. Create a new narrative code CETI in :70E: in seq. E defined as followed: “Certification / Breakdown Narrative” – “Provides additional information about the type of certification / breakdown required.”.  3. Change name and definition of the :17B::CERT flag in seq. E as follows: “Certification / Breakdown Flag” – “Indicates whether certification / breakdown is required”.  *SWIFT Note: For standards consistency reasons, the Certification Type Indicator in MT 565 and Certification Flag in the MT566 will be impacted by this change. In the MT565 the name change with “Breakdown” will not apply but the a narrative will be added. In the MT566, the name change will apply on the Certification Flag.* |
| **Decision** |
| **Accept with alternate solution** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000258: ISO 20022 CR0135 MX/MT564 – Create New Option Code for Unknown Outturn

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of Conversion events that use this field: 602  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0135  Modify the definition of CAOS (Corporate Action Option Applicability) to include when the payout of a particular option is unknown at the time of instruction.  Current Definition of CAOS: The option applicability is not subject to the account owner decision but depends on the terms defined by the issuer, for example in the case of Equity Linked Notes or warrants.  Proposed Future Definition of CAOS:The option applicability and/or payout are subject to terms defined by the issuer, for example in the case of Equity Linked Notes, Warrants, Rights, or Conversions when the payout is unknown at the time of instruction. | |
| **Business context** | |
| In instances where the outturn of the election is not known at the time of instruction on voluntary or choice events, the only option code currently available is OTHR. By utilizing the OTHR option code, option text must be utilized to properly identify what the holders are electing, which eliminates any opportunity for STP. By expanding the usage of the CAOS option feature, we can begin utilizing CAOS along with the CASE option code rather than OTHR. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031 | |
| **Examples** | |
| **\*Example text pulled from DTC RIPS Envelope.**  **Example 1:**  **Level 3 | ISIN US52729NBF69**  The applicable conversion rate is 251.0040 shares of Level 3 Communications, Inc. common shares (cusip 52729n100) per $1,000 p.a. (equivalent to a conversion price of approximately $3.984 per share).  \*  A holder's right to convert securities into common stock is subject to the company's right to elect to pay cash or stock or a combination of both cash and stock for the notes.  \*  The following is extracted from the indenture, dated as of December 2, 2004:  "In lieu of delivery shares of the common stock upon conversion of any securities, for all or any portion of the securities surrendered for conversion, the company, subject to compliance with section 10.02, may elect to pay holders surrendering securities for conversion an amount in cash per security (or a portion of a security) equal to the average of the applicable stock price over the fifteen trading day period starting on and including the third trading day following the conversion date multiplied by the conversion rate in effect on the conversion date (or portion of the conversion rate applicable to a portion of a security if a combination of common stock and cash is to be delivered)".  \*  Holders who do not convert by the conversion expiration date will have their securities presented for redemption at $1,016.69 per $1,000 p.a. (redemption price of $1,007.50 plus accrued interest of $9.19).  MT 564 Example (MT messages used for illustration purposes only)  **MT564 using OTHR Option Code:**  :16R:GENL  :20C::CORP//0000536525-01  :20C::SEME//01-03-999999999  :23G:REPL  :22F::CAEV//MCAL  :22F::CAMV//CHOS  :98C::PREP//20110126134723  :25D::PROC//COMU  :16S:GENL  :16R:USECU  :35B:ISIN US52729NBF69  :16R:ACCTINFO  :97A::SAFE//123456  :93B::ELIG//UNIT/111,  :16S:ACCTINFO  :16S:USECU  :16R:CADETL  :16S:CADETL  :16R:CAOPTN  :13A::CAON//001  **:22F::CAOP//OTHR**  :17B::DFLT//N  :17B::WTHD//N  :98C::MKDT//20110127170000  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US52729NBF69  :98B::PAYD//UKWN  :16S:SECMOVE  **:70E::ADTX//WE WISH TO CONVERT ALL OF OUR BONDS.**  :16S:CAOPTN  :16R:CAOPTN  :13A::CAON//002  :22F::CAOP//CASH  :11A::OPTN//USD  :17B::DFLT//Y  :17B::WTHD//N  :98C::MKDT//20110127170000  :92A::INTP//9,19  :90B::OFFR//ACTU/USD1007,5  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US52729NBF69  :98A::PAYD//20110201  :16S:SECMOVE  :16R:CASHMOVE  :22H::CRDB//CRED  :98A::PAYD//20110201  :16S:CASHMOVE  :16S:CAOPTN  :16R:ADDINFO  :70E::ADTX//MISC TEXT  :16S:ADDINFO  **MT564 using CASE Option Code:**  :16R:GENL  :20C::CORP//0000536525-01  :20C::SEME//01-03-999999999  :23G:REPL  :22F::CAEV//MCAL  :22F::CAMV//CHOS  :98C::PREP//20110126134723  :25D::PROC//COMU  :16S:GENL  :16R:USECU  :35B:ISIN US52729NBF69  :16R:ACCTINFO  :97A::SAFE//123456  :93B::ELIG//UNIT/111,  :16S:ACCTINFO  :16S:USECU  :16R:CADETL  :16S:CADETL  :16R:CAOPTN  :13A::CAON//001  **:22F::CAOP//CASE**  **:22F::OPTF//CAOS**  :17B::DFLT//N  :17B::WTHD//N  :98C::MKDT//20110127170000  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US52729NBF69  :98B::PAYD//UKWN  :16S:SECMOVE  **~~:70E::ADTX//WE WISH TO CONVERT ALL OF OUR BONDS.~~**  :16S:CAOPTN  :16R:CAOPTN  :13A::CAON//002  :22F::CAOP//CASH  :11A::OPTN//USD  :17B::DFLT//Y  :17B::WTHD//N  :98C::MKDT//20110127170000  :92A::INTP//9,19  :90B::OFFR//ACTU/USD1007,5  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US52729NBF69  :98A::PAYD//20110201  :16S:SECMOVE  :16R:CASHMOVE  :22H::CRDB//CRED  :98A::PAYD//20110201  :16S:CASHMOVE  :16S:CAOPTN  :16R:ADDINFO  :70E::ADTX//MISC TEXT  :16S:ADDINFO  **Example 2:**  **National City | ISIN US635405AW30**  Each $1000 principal amount is convertible into 2.0725 common shares of PNC Bank Corp. (cusip 693475105).  \*  A holder's right to convert securities into common stock is subject to the company's right to elect to pay cash or a combination of both cash and stock for the notes.  \*  Bondholders who do not convert by the DTC conversion expiration date will have their securities presented for maturity at $1,000.00 per $1,000 principal amount.  MT564 Example (MT messages used for illustration purposes only):  **MT564 using OTHR Option Code:**  :16R:GENL  :20C::CORP//0000536525-01  :20C::SEME//01-03-999999999  :23G:REPL  :22F::CAEV//MCAL  :22F::CAMV//CHOS  :98C::PREP//20110126134723  :25D::PROC//COMU  :16S:GENL  :16R:USECU  :35B:ISIN US635405AW30  :16R:ACCTINFO  :97A::SAFE//123456  :93B::ELIG//UNIT/111,  :16S:ACCTINFO  :16S:USECU  :16R:CADETL  :16S:CADETL  :16R:CAOPTN  :13A::CAON//001  **:22F::CAOP//OTHR**  :17B::DFLT//N  :17B::WTHD//N  :98C::MKDT//20110127170000  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US635405AW30  :98B::PAYD//UKWN  :16S:SECMOVE  **:70E::ADTX//WE WISH TO CONVERT ALL OF OUR BONDS.**  :16S:CAOPTN  :16R:CAOPTN  :13A::CAON//002  :22F::CAOP//CASH  :11A::OPTN//USD  :17B::DFLT//Y  :17B::WTHD//N  :98C::MKDT//20110127170000  :90B::OFFR//ACTU/USD1000,  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US635405AW30  :98A::PAYD//20110201  :16S:SECMOVE  :16R:CASHMOVE  :22H::CRDB//CRED  :98A::PAYD//20110201  :16S:CASHMOVE  :16S:CAOPTN  :16R:ADDINFO  :70E::ADTX//MISC TEXT  :16S:ADDINFO  **MT564 using CASE Option Code:**  :16R:GENL  :20C::CORP//0000536525-01  :20C::SEME//01-03-999999999  :23G:REPL  :22F::CAEV//MCAL  :22F::CAMV//CHOS  :98C::PREP//20110126134723  :25D::PROC//COMU  :16S:GENL  :16R:USECU  :35B:ISIN US635405AW30  :16R:ACCTINFO  :97A::SAFE//123456  :93B::ELIG//UNIT/111,  :16S:ACCTINFO  :16S:USECU  :16R:CADETL  :16S:CADETL  :16R:CAOPTN  :13A::CAON//001  **:22F::CAOP//CASE**  **:22F::OPTF//CAOS**  :17B::DFLT//N  :17B::WTHD//N  :98C::MKDT//20110127170000  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US635405AW30  :98B::PAYD//UKWN  :16S:SECMOVE  **~~:70E::ADTX//WE WISH TO CONVERT ALL OF OUR BONDS.~~**  :16S:CAOPTN  :16R:CAOPTN  :13A::CAON//002  :22F::CAOP//CASH  :11A::OPTN//USD  :17B::DFLT//Y  :17B::WTHD//N  :98C::MKDT//20110127170000  :90B::OFFR//ACTU/USD1000,  :16R:SECMOVE  :22H::CRDB//DEBT  :35B:ISIN US635405AW30  :98A::PAYD//20110201  :16S:SECMOVE  :16R:CASHMOVE  :22H::CRDB//CRED  :98A::PAYD//20110201  :16S:CASHMOVE  :16S:CAOPTN  :16R:ADDINFO  :70E::ADTX//MISC TEXT  :16S:ADDINFO | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  56. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | CAOP | N |  | F | Corporate Action Option Code Indicator | | 2 | O | DISF | N |  | F | Disposition of Fractions Indicator | | 3 | O | OFFE | R |  | F | Offer Type Indicator | | 4 | O | OPTF | R |  | F | Option Features Indicator | | 5 | O | OSTA | N |  | F | Option Status | | 6 | O | CETI | R |  | F | Certification Type Indicator |   CODES  If Qualifier is CAOP and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | ABST | Abstain | Vote expressed as abstain. In this case, the issuing company will add the number of shares to the quorum of the meeting. If the voting right is not executed, it will not be added to the quorum. In this case, code NOAC should be used. | | AMGT | Vote Against Management | Vote against management. | | BSPL | Bonus Share Plan | Receive equities from the Share Premium Reserve of the company and considered as a capital distribution rather than a disbursement of income with different tax implications (typically found in Australia). | | BUYA | Buy Up | Buy additional securities to round up position. | | CASE | Cash and Securities | Corporate action option includes a distribution of both cash and securities to holders. | | CASH | Cash | Distribution of cash to holders. | | CEXC | Consent and Exchange | Vote to consent to change the terms of the securities agreement and to exchange securities. | | CONN | Consent Denied | Vote not to approve the event or proposal. | | CONY | Consent Granted | Vote to approve the event or proposal. | | CTEN | Consent and Tender | Vote to consent to change the terms of the securities agreement and to tender securities for cash. | | EXER | Exercise | Exercise intermediate securities or warrants. | | LAPS | Lapse | Allow event or entitled security to expire. | | MNGT | Vote With Management | Vote with management. | | MPUT | Retain | An option that allows a holder to elect to retain their holding, for example, a putable bond. | | NOAC | No Action | Option for the account owner not to take part in the event. This would include opt-out for class actions and lodging of dissenters' rights. | | NOQU | Non Qualified Investor | The account owner is a Non-Qualified Investor. | | OFFR | Proposed Rate | In a remarketing of variable notes, the margin that shareholders can propose in respect of the next interest period. | | OTHR | Other | Generic corporate action option to be used in case that no other specific code is appropriate. | | OVER | Oversubscribe | Subscribe to more equities than underlying securities position allows. | | PROX | Proxy Card | Issue a proxy card in case of voting. | | PRUN | Unknown Proceeds | Proceeds not known during election period. The option can result in cash and/or securities. | | QINV | Qualified Investor | The account owner is a Qualified Investor. | | SECU | Securities Option | Distribution of securities to holders. | | SLLE | Sell Entitlement | Sell the intermediate securities. | | SPLI | Split Instruction | Option to give a split instruction, for example, a split voting instruction on a meeting. |   USAGE RULES  When used, the corporate action option code PRUN should be maintained throughout the full lifecycle of the event. | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification) |
| **ISO 20022 Messages Design Impact** |
| + Add the following code value *PRUN* - *UnknownProceeds* with the definition illustrated in ISO15022 above to the *CorporateActionOption2Code*.  + Add the new usage as illustrated in ISO15022 above into the *CorporateActionOption19* MC.  No change to the structure of the message. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case but recommends instead to create a new option code for reorganisation events for when option outturn is unknown during the election period. The new option code shall be defined as follows: PRUN – “Unknown Proceeds” – “Proceeds not known during election period. The option can result in cash and/or securities.  The MWG recommends also to add a usage rule specifying that the option code is maintained throughout the lifecycle of the event, even when proceeds become known. |
| **Decision** |
| **Accept with alternate solution** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000206: MX/MT564 Extend Unknown (Format C) to all FI Quantity in sequence D and E

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | SWIFT |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:Not provided  Country, community or group committed to implement this change: Not provided  Year they will implement this change:2012 | |
| **Nature of Change** | |
| MT564 - Add the Format C (Unknown and QALL) to the FI Quantities(:36a:quantity of Financial Instrument) in sequence D and E. | |
| **Business context** | |
| In the Quantity of Financial Instrument (:36a:) fields in sequence D and E of the MT 564, only 2 quantities on the 7 present (BackEndOddLotQuantity - BOLQ, FrontEndOddLotQuantity - FOLQ) have the Format C allowed to indicate that the quantity is “Unknown” or that “All Securities” are targeted.  One user mentioned the fact that they would also like to use format C for other types of quantities. Since there is apparently no reasons to limit the usage of Format C to only 2 types of quantity, it is proposed to extend Format C to all quantities in Sequence D and E. | |
| **Message Type(s) Impacted** | |
| MT 564 | |
| **Examples** | |
|  | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  **47. Field 36a: Quantity of Financial Instrument**  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//4!c/15d | (Qualifier)(Quantity Type Code)(Quantity) | | Option C | :4!c//4!c | (Qualifier)(Quantity Code) |   PRESENCE  Optional in optional sequence D  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | MIEX | N |  | B or C | Minimum Exercisable Quantity | | 2 | O | MILT | N |  | B or C | Minimum Exercisable Multiple Quantity | | 3 | O | MQSO | N |  | B or C | Maximum Quantity of Securities | | 4 | O | QTSO | N |  | B or C | Minimum Quantity Sought | | 5 | O | NBLT | N |  | B or C | New Board Lot Quantity | | 6 | O | NEWD | N |  | B or C | New Denomination Quantity | | 7 | O | BASE | N |  | B or C | Base Denomination | | 8 | O | INCR | N |  | B or C | Incremental Denomination |   CODES  In option C, if Qualifier is MIEX, MQSO or QTSO, Quantity Code must contain one of the following codes (Error code(s): K36):   |  |  |  | | --- | --- | --- | | ~~QALL~~ | ~~All Securities~~ | ~~Instruction applies to the entire eligible balance of underlying securities.~~ | | ANYA | Any and all. |  | | UKWN | Unknown Quantity | Quantity is unknown by the sender or has not been established |   CODES  In option C, if qualifier is not MIEX, MQSO or QTSO, Quantity code must contain the following code:   |  |  |  | | --- | --- | --- | | UKWN | Unknown Quantity | Quantity is unknown by the sender or has not been established |   **65. Field 36a: Quantity of Financial Instrument**  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c//4!c/15d | (Qualifier)(Quantity Type Code)(Quantity) | | Option C | :4!c//4!c | (Qualifier)(Quantity Code) |   PRESENCE  Optional in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | MAEX | N |  | B or C | Maximum Exercisable Quantity | | 2 | O | MIEX | N |  | B or C | Minimum Exercisable Quantity | | 3 | O | MILT | N |  | B or C | Minimum Exercisable Multiple Quantity | | 4 | O | NBLT | N |  | B or C | New Board Lot Quantity | | 5 | O | NEWD | N |  | B or C | New Denomination Quantity | | 6 | O | BOLQ | N |  | B or C | Back End Odd Lot Quantity | | 7 | O | FOLQ | N |  | B or C | Front End Odd Lot Quantity |   CODES  In option C, if Qualifier is MIEX or MAEX, Quantity Code must contain one of the following codes (Error code(s): K36):   |  |  |  | | --- | --- | --- | | ~~QALL~~ | ~~All Securities~~ | ~~Instruction applies to the entire eligible balance of underlying securities.~~ | | ANYA | Any and all. |  | | UKWN | Unknown Quantity | Quantity is unknown by the sender or has not been established |   CODES  In option C, if qualifier is not MIEX or MAEX, Quantity code must contain the following code:   |  |  |  | | --- | --- | --- | | UKWN | Unknown Quantity | Quantity is unknown by the sender or has not been established | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification) |
| **ISO 20022 Messages Design Impact** |
| Update the *Quantity3Code* DT typing the element *Code* in the *FinancialInstrumentQuantity16Choice* by replacing the *AllSecurities* value by the *AnyAndAll* value and assign the *FinancialInstrumentQuantity16Choice* to the following securities quantity elements in the *CorporateActionQuantity3* MC: *MinimumExercisableQuantity* and *MaximumQuantity* and *MinimumQuantitySought*.  For all the rest of the securities quantity elements in CorporateActionQuantity3 MC, create a new MC similar to *FinancialInstrumentQuantity16Choice* but with the *QuantityXCode* containing only the the *Unknown* code value.  In SecuritiesOption15 MC, the value MinimumExercisableQuantity and MaximumExercisableQuantity must be typed by the updated *FinancialInstrumentQuantity16Choice (s*ee above with *Quantity3code* updated). The rest of the securities quantity elements in SecuritiesOption15 must be typed with the new MC similar to *FinancialInstrumentQuantity16Choice* but with the *QuantityXCode* containing only the the *Unknown* code value.  See illustration below for the *CorporateActionQuantity3* MC for which new code values must be assigned to the DTs of all the quantity elements as described above.  See illustration below for the *SecuritiesOption15* MC for which new code values must be assigned to the DTs of all the quantity elements as described above. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with expanding the format options to some of the other quantities present in the sequences D & E as described below. Note that the solution agreed earlier for CR000189 (where ANYA replaces QALL for MQSO & QTSO) must also be applied in seq. E for consistency.  The following changes have been agreed:  a) in Seq. D:  - the code UKWN must be available for all qualifiers;  - the codes ANYA and UKWN must be available only MQSO, QTSO and MIEX  b) in Seq. E:  - the code UKWN must be available for all qualifiers;  - the codes ANYA and UKWN must be available for MIEX and MAEX. |
| **Decision** |
| **Accept with alternate solution** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000264: ISO 20022 CR0134 MX/MT564 – Add an Option Suspension Flag at Options Level

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of Reorganization events that as some stage in life will use this field: 154,959  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0134  The addition of a Suspension flag for an ongoing event. An optional indicator is required at the corporate action option level to indicate that the option is temporarily suspended. | |
| **Business context** | |
| In some circumstances, automated elections for an ongoing event, such as a conversion, may be temporarily suspended in order to avoid confusion when there is a second elective event occurring on the same underlying security.  This procedure has been adopted in certain markets (e.g. US) to prevent participants submitting incorrect instructions. In fact, instructions for the ongoing event may still be manually submitted by participants as an exception process, but the suspension prevents any automated instructions being made in the wrong event by mistake.  The existence of the OptionAvailabilityStatus flag at the option level is noted. The existing values of ‘Cancelled’ and ‘Inactive’ do not support the requirement, although an additional value of ‘Suspended’ might be added. The removal of the ‘Suspended’ status would indicate that the option was once again available for action.  NB: the existence of the PrivilegeSuspensionPeriod component is also noted. While a period does not meet the immediate requirement, it is noted that the definition could be slightly expanded to allow advance notification of such a suspension, as follows: “Period during which the privilege or offer is not available; for example, this can happen whenever a meeting takes place, or whenever a coupon payment is due.” | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, seev.035 | |
| **Examples** | |
| As an example, there is an ongoing Conversion event. Subsequently, a partial call is announced by the issuer. A lottery is run and certain certificates are picked up as a subject to the call, although the holder still retains the option to convert. To handle the risk that the holder will instruct for the wrong event, the ongoing Conversion is locked by the CSD. Other holders that are not affected by the lottery are still allowed to convert, but will have to do this manually. | |
| **Standards Illustration** | |
| na | |

**SWIFT Comment**

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| Adding an additional “suspended” status code to the Option Status and expanding slightly the scope of the” Suspension of Privilege” period seems the best solution in this case. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with business case but agrees also that the need can be satisfied by re-using the option status “inactive” (:22F::OSTA//INTV) in seq. E together with the “Suspension of Privilege” period (:69a::SUSP) and as usual re-sending a MT564 REPL each time there is a change in that status. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000190: MX/MT564/567 - Add New Option Status Code :22F::OSTA//INFO

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| **Origin of request** | |
| Requesting Country: | DE Germany |
| Requesting Group: | NMPG Germany |
| **Urgency of this request:** | |
| High - Due to the implementation of the new DE National Market Practise for Corporate Actions which includes the EU requirement to report on process basis the additional code is absolutely necessary for SR 2012. | |
| **Business Impact of this request** | |
| Business impact: In order to fulfil the requirements for the reporting of two events for rights display the DE NMP correctly, the additional code is necessary for a clear and distinct indication of options mentioned “for information”.  Business applications impact: Not provided | |
| **Commitment to implement the change** | |
| Expected traffic per year: Not provided  Number of users impacted: Not provided  Country, community or group committed to implement this change:The German community represented by the DE NMPG and the DESSUG (German SWIFT Security User Group) have committed to this change.  Year they will implement this change:2012  As most of the offers are today processed with intermediate securities this information is essential to indicate the nature of the option (here: for information only). | |
| **Nature of Change** | |
| MT 564  Addition of indicator code INFO to qualifier :22F::OSTA option status in sequence CAOPTN in MT564.  The point is that there is an event processed in two steps whereas the first event is the exchange of the securities into intermediate securities but only if the event is chosen. The second event follows later when the entire event of the issuer (e.g. a tender offer) is applicable – the intermediate securities are exchanged into the result of the offer. But at the time the choice has to be made, the client needs to know about the options even though the options cannot be chosen directly.  MT 567  To be able to respond correctly if a client has chosen an informational option by accident, a appropriate reason code is necessary. Therefore, three is the requirement to enhance the definition of the existing code INTV: Inactive for qualifier :24B::REJT reject in subsequence REASON in MT567: Option is not active and can no longer be responded to. Any responses already processed against this option will remain valid, for example, expired option. **If the option is only sent for information purposes, then responses against this option have to be rejected.** | |
| **Business context** | |
| Tender Offer/Exchange Offer: The current processing of tender and exchange offer events (Event code TEND, BIDS and EXOF) is performed in two steps:  • There is an offer to the securities holder to take either cash, or securities, or both. If the securities holder accepts the offer, the applicable balance is booked into an intermediate security number which usually can be traded as the underlying security.  • If the event is to become effective e.g. due to a quota which has been reached, it is processed on the basis of the intermediate securities, i.e. the intermediate securities are debited and cash or securities or both are credited.  The first event is sent to give the securities owner the opportunity to make a decision; to accept the offer or not. The second event is only provided if the first event was originally accepted. This implies that the first event must provide all information on the offer. Hence, an additional option with the option status “INFO” is shown to indicate the outcome of the accepted offer.  Therefore we request code INFO to be added as a qualifier to indicator qualifier ::22F: OSTA in sequence CAOPTN in MT564 and to reject MT565 which were sent against an option for information purposes the definition of the reject reason INTV to be enhanced. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 567 | |
| **Examples** | |
| The following specification is part of the DE Market Practice: (see column AJ/AK and AN/AO) | |
| **Standards Illustration** | |
| **na** | |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG does not support the business case as it goes against the European Standards for handling distribution events in 2 steps. The first event cannot include options for the second event in addition to the options of that event. Both events (distribution of intermediary security and the exercise event) should be sent as the same time at the beginning of the lifecycle. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000266: ISO 20022 CR0137 MX/MT564 – Add new Issuer and/or Sender Option Supported Flag

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: HIGH – A lot of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume of events there are options that are not supported by the issuer: 3,239  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0137  The addition of an option support flag.  An optional flag is required at the corporate action option level to indicate that the option is supported by the issuer, or by the sender of the message, or both.  The flag must have values able to indicate one of the following:   * Option is supported by the issuer only; * Option is supported by the issuer and the sender of the message; * Option is supported by the sender of the message, but not the issuer.   Note that the first item on the list is arguably already supported by the “Option Features” component, code ‘NOSE’ (No service offered). Any solution should take this existing component into account. | |
| **Business context** | |
| Some Central Security Depositories (CSDs) have an obligation to provide data about a corporate action that has come from the issuer (‘market data’), and may also provide additional information about how the CSD itself will process the event. Custodians may also wish to offer this facility.  In such circumstances, it is useful for the recipient of the Corporate Action Notification to be able to distinguish between data that has been provided by the issuer, and data that has been provided by the CSD (or custodian).  Specifically, at the option level, the recipient may wish to know if an option is supported by the issuer, by the sender, or by both. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, seev.035 | |
| **Examples** | |
| As an example, consider a takeover where the predator is offering two options, one of stock and one of cash. The CSD may choose to offer a third option to its participants, whereby the cash is converted into the local currency. It will assist the participant when processing the event to know that this third option will in fact be processed by the CSD, and that the issuer will only be aware of a cash election in the original event currency.  Another example would be a cash dividend where the CSD offers an additional re-investment option. It will again help the participant to know that the reinvestment option is not supported by the issuer. | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  56. Field 22F: Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in optional sequence E  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | CAOP | N |  | F | Corporate Action Option Code Indicator | | 2 | O | DISF | N |  | F | Disposition of Fractions Indicator | | 3 | O | OFFE | R |  | F | Offer Type Indicator | | 4 | O | OPTF | R |  | F | Option Features Indicator | | 5 | O | OSTA | N |  | F | Option Status | | 6 | O | CETI | R |  | F | Certification Type Indicator |   CODES  If Qualifier is OPTF and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | CAOS | Corporate Action Option Applicability | The option applicability is not subject to the account owner decision but depends on the terms defined by the issuer, for example in the case of Equity Linked Notes or warrants. | | COND | Conditional | Feature whereby the holder can elect to place a condition on the acceptance of the option. | | MAXC | Maximum Cash | Maximum cash option, may be subject to scaling, as such you may receive a combination of cash and securities outturn. | | MAXS | Maximum Securities | Maximum stock option, may be subject to scaling, as such you may receive a combination of securities and cash outturn. | | NOSE | No Service Offered Indicator | Feature whereby the holder must elect directly to the issuer's agent (issuer only supported option). | | ASVO | Account Servicer Option | Option is offered by the account servicer only. | | OPLF | Odd Lot Preference | Tender or Exchange with the Odd Lot Preference. | | PINS | Previous Instruction Invalidity | Indicates that the previously sent instructions become invalid. It is only applicable after a market deadline extension. | | PROR | Pro Ration | Feature whereby the option can be subject to pro ration in case, for example, of over-subscription. | | QOVE | Over and Above | Feature whereby the holder can elect a quantity to receive over and above normal ensured entitlement. | | QREC | Quantity to Receive | Feature whereby the holder can elect a quantity to receive. | | VVPR | Reduced Withholding Tax | Reduced withholding tax rate applies to the option. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice) |
| **ISO 20022 Messages Design Impact** |
| Add a new code value *AccountServicerOption* (ASVO) with the definition as illustrated in ISO 15022 above In *OptionFeatures3Code* code list. In the same code list, update the definition of the *NoServiceOffered* (NOSE) code value as illustrated above in ISO15022.  No change to the structure of the message. |

**SWIFT Comment**

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| Is the definition of NOSE really in line with the first option: “Option is supported by the issuer only”? MWG Answer: Yes and update definition to clarify. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with business case but agrees that only one new option feature is needed to identify when the option is offered by the account servicer only (:22F::OPTF//ASVO) . There is no need for an additional code when the option is offered by both issuer and account servicer since this is the case by default.  Also agree with SWIFT comments to update the definition of NOSE to add "issuer only supported option." so as to precise the semantic of the NOSE code. The impact on users would be rather large. |
| **Decision** |
| **Accepted with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000260: ISO 20022 CR0139 MX/MT 564 – Expand Definition for an Estimated Rate Flag at Movements Level

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: It is a dynamic field that changes over the life of the announcement: Snapshot of current events where rate is estimated: 5,746  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0139  Estimated Rate Flag.  An optional flag is required at the corporate action movement level, to indicate that one or more of the rates given for that movement have been estimated. Estimated rates should not be relied on by the recipient to create future postings, but may be used to provide approximate cash projections, or may be used as a general indication of the expected outcome. | |
| **Business context** | |
| In certain circumstances, the rate for a corporate action movement is estimated by the account servicer, or other data supplier.  This may be because the cash rate has been calculated after conversion into a different currency, and the actual conversion rate will not be known until the payment is made, or when a rate is advised long before the actual date of the payment (such as six months in advance) and the final rate may differ from that originally advised.  The fact that a rate has been estimated is useful for the recipient. Some recipients may choose not to process that event (although the information may be useful from a non-STP perspective), while other recipients may choose to generate an estimated cash flow.  It should be noted that an estimated rate differs from a provisional dividend rate, which is where the rate is yet to be confirmed by the issuer, perhaps awaiting the outcome of a vote at a general meeting, but can be assumed to be accurate nonetheless.  While indicating that the rates for a movement are estimated, it is still necessary to indicate the type of rates (net, gross etc), and so a separate flag is considered necessary. The flag will apply to all rates for the movement. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, seev.035 | |
| **Examples** | |
| For example, in the US, Canadian dividends are usually announced initially with an estimated rate in CAD. Once DTC gets the final FX rate, the event is notified again in USD.  Also in the US, ADRs are announced with an initial estimated rate until DTC gets the final letter from the depositary agent with the actual FX rate.  **Example:**  CUSIP - 521129106  Ticker - LCUAF  Company Name - Le Chateau Inc.  Security Description - Class A  DTC Announcement Update Date - 4/13/11  Ex Date - 4/29/11  Gross Rate - $0.13125\*  \*Approximate Rate  Currency - Canadian Dollars | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  92. Field 92a : Rate  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//[N]15d | (Qualifier)(Sign)(Rate) | | Option B | :4!c//3!a/3!a/15d | (Qualifier)(First Currency Code)(Second Currency Code)(Rate) | | Option F | :4!c//3!a15d | (Qualifier)(Currency Code)(Amount) | | Option J | :4!c/[8c]/4!c/3!a15d[/4!c] | (Qualifier)(Data Source Scheme)(Rate Type Code)(Currency Code)(Amount)(Rate Status) | | Option K | :4!c//4!c | (Qualifier)(Rate Type Code) | | Option M | :4!c//3!a15d/15d | (Qualifier)(Currency Code)(Amount)(Quantity) |   PRESENCE  Optional in optional subsequence E2  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | ATAX | N |  | A, F, or K | Additional Tax | | 2 | O | CHAR | N |  | A, F, or K | Charges/Fees | | 3 | O | ESOF | N |  | A, K, or M | Early Solicitation Fee Rate | | 4 | O | FDIV | N |  | F or K | Final Dividend Rate | | 5 | O | FLFR | N |  | A, F, or K | Fully Franked Rate | | 6 | O | FISC | N |  | A or K | Fiscal Stamp | | 7 | O | GRSS | R | C6, C8, C9 | F, J, or K | Gross Dividend Rate | | 8 | O | EXCH | N | C1 | B | Exchange Rate | | 9 | O | INCE | N |  | A or K | Cash Incentive Rate | | 10 | O | INTP | R |  | A, F, J, or K | Interest Rate Used for Payment | | 11 | O | NETT | R | C8, C9 | F, J, or K | Net Dividend Rate | | 12 | O | NRES | N |  | A, F, or K | Non-Resident Rate | | 13 | O | PDIV | N |  | F or K | Provisional Dividend Rate | | 14 | O | RATE | N |  | A or K | Applicable Rate | | 15 | O | SOFE | N |  | A, K, or M | Solicitation Fee Rate | | 16 | O | TAXC | R | C8, C9 | A, F, J, or K | Tax Credit Rate | | 17 | O | TAXE | R | C9 | J | Tax Related Rate | | 18 | O | TAXR | N |  | A or K | Withholding Tax Rate | | 19 | O | TXIN | N |  | A or K | Tax on Income | | 20 | O | TXPR | N |  | A or K | Tax on Profits | | 21 | O | TXRC | N |  | A or K | Reclaim of Taxes Rate | | 22 | O | WITF | N |  | A, F, or K | Withholding of Foreign Tax | | 23 | O | WITL | N |  | A, F, or K | Withholding of Local Tax |   CODES  In option J, if Data Source Scheme is not present, Rate Status must contain one of the following codes (Error code(s): K92):   |  |  |  | | --- | --- | --- | | ACTU | Actual Rate | Rate is actual. | | INDI | Indicative Rate | Rate is indicative / estimated. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice) |
| **ISO 20022 Messages Design Impact** |
| Update the definition of the *IndicativeRate* code value of the *RateStatus1Code* DT as illustrated in ISO15022 above and apply this change only for the Notification and preliminary advice message only (not in the confirmation).  Below the illustration of one the rate status code that is impacted by this change: |

**SWIFT Comment**

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| It is not totally clear as per the business context paragraph whether the flag should apply for all rates in the (cash) movement or whether we need to have such a flag per rate for some of the rates.  In the first case, a new “Flag” field would need to be added into the Subsequence E2 since there is none today. However this solution might be ambiguous when some rates in E2 would have a Rate Status set in format option J on “Indicative” or “actual”. That is why solution 2 is probably the most appropriate one.  In this latter case (solution 2), the “Rate Status” code in Format option J should be used instead eventually adding a new status code if necessary. Nevertheless in this case, the definitions of the different rate status should be made more specific to avoid any ambiguity in the usage and the rates which need this rate status need to be identified and it remains to see to which rates this rate status should be applied. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and with the fact that flag should apply to a few particular rates only (and not across the board) in sequence E2. The MWG recommends to adopt an alternate solution based on the second solution proposed by SWIFT i.e. to re-use the rate type code format option J in tag 92 with the “Indicative” (INDI) code and update the definition of “Indicative” as follows: "Rate provided is indicative/estimated" |
| **Decision** |
| **Accept with alternate solution** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000216: MX/MT564 – Add New Tax Applicability Indicator at Movements Level

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC, ISITC US in their role as the US corporate actions market practice group. ISITC stands for ‘International Securities Association for Institutional Trade Communication’.  Contact persons: Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459S |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Small amount of additional traffic, if any. All Events: 3,546,704  Number of users impacted:All users of corporate action messages  Country, community or group committed to implement this change: US  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Create a new indicator within the event announcement to highlight whether a cash and/or share distribution is subject to tax processing. The new taxability indicator would be applicable at the movement level.  The taxability indicator would be utilized to highlight that the event’s distribution is taxable, is not taxable, or the taxability is unknown. | |
| **Business context** | |
| A new data element is required to help characterize the taxability of events and the associated cash and share proceeds that are being paid.  Supporting a new taxability indicator will allow users the ability to reconcile tax consequences and the impact to expected corporate action proceeds earlier in the business process. This taxation may reduce the proceeds, result in a withholding tax obligation at the point of distribution, or highlight the eligibility for tax reclaim and reporting taxable proceeds.  Although most distributions are subject to tax, the proposed tax indicator allows users to highlight there is a tax exceptions associated with the specific distribution. Exceptions may include, but not limited to:   * security specific tax exceptions * source of proceeds are exempt from country law * company pays tax obligation on behalf of share holders * limited partnerships   The taxability indicator is applicable to all corporate action events and all types of payments (cash and/or shares). There would be no restrictions to the usage of the taxability indicator value.  Unique payments (cash and/or shares) within a corporate event may have unique tax classifications. As each of these payments may or may not be subject to tax, the taxability indicator at the movement level would allow for clarity per payment.  The taxability may not be established at the point of announcement, the need to communicate the tax indicator as unknown exists. Example: (US tax laws for 302 regulation)  The taxability of an event is sourced through the life cycle and is a necessary data element to complete end to end processing (announcement to payment). Although current data elements are available to communicate the actual rates (example: TAXC, WITL), it lacks the ability to communicate tax consequences. Tax information is sourced and announced by the issuers, depositories, and custodians.  The presence of a taxability indicator will allow for STP Processing. In today’s environment, if taxability is announced, this information is presently communicated within the additional text of messaging. | |
| **Message Type(s) Impacted** | |
| MT 564 | |
| **Examples** | |
| |  | | --- | | Security: First Real Estate Trust ISIN: SG1U27933225 Event: Cash dividend  Ex date: 04/27/2011 Record date: 04/29/2011 Payment date: 05/30/2011  Total Rate: SGD 0.0158 (Taxable component: SGD 0.0006, Non-taxable component: SGD 0.0122, Capital proceeds SGD 0.0030)  Security: Royal Bank of Scotland ISIN: XS0423324887 Event: Interest  Record date: 04/28/2011 Payment Date: 04/29/2011 Coupon rate: 6.375%  Interest Rate for payment: GBP 31.88 per 1,000  Distribution is not subject to tax  Security Bally Technologies ISIN: US05874B1070 Event: Tender  Eligibility date: 05/06/2011 Expiration: 05/06/2011 Payment date: 05/11/2011  Distribution is subject to 302 tax regulations in the US market. | | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  67. Field 22a: Indicator (In Securities Movement)  FORMAT   |  |  |  | | --- | --- | --- | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) | | Option H | :4!c//4!c | (Qualifier)(Indicator) |   PRESENCE  Mandatory in optional subsequence E1  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | CRDB | N |  | H | Credit/Debit Indicator | | 2 | O | TEMP | N |  | F | Temporary Indicator | | 3 | O | NELP | N |  | F | Non Eligible Proceeds Indicator | | 4 | O | TXAP | N |  | H | Issuer / Offerer Taxability Indicator |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CRDB | Credit/Debit Indicator | Specifies whether the value is a debit or credit. | | NELP | Non Eligible Proceeds Indicator | Specifies information regarding outturn resources that cannot be processed by the CSD. Special delivery instruction is required from the account owner for the CA outcome to be credited. | | TEMP | Temporary Indicator | Specifies that the security identified is a temporary security identification used for processing reasons, for example, contra security used in the US. | | TXAP | Issuer / Offerer Taxability Indicator | Proceeds are taxable according to the information provided by the issuer / offeror. |   CODES  In option H, if Qualifier is TXAP, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | TXBL | Taxable | The securities proceeds are taxable. |   USAGE RULES  The Issuer / Offereor Taxability Indicator (TXAP) may only be used when no tax rate is provided in the message and it must not be used in events such as dividend or interest.  88. Field 22a: Indicator (Cash Movement)  FORMAT   |  |  |  | | --- | --- | --- | | Option H | :4!c//4!c | (Qualifier)(Indicator) | | Option F | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Indicator) |   PRESENCE  Mandatory in optional subsequence E2  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | CRDB | N |  | H | Credit/Debit Indicator | | 2 | O | CONT | N |  | H | Contractual Payment Indicator | | 3 | O | NELP | N |  | F | Non Eligible Proceeds Indicator | | 4 | O | ITYP | N |  | F | Type of Income | | 5 | O | TXAP | N |  | H | Issuer / Offerer Taxability Indicator |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CONT | Contractual Payment Indicator | Specifies exceptions to contractual payment service. | | CRDB | Credit/Debit Indicator | Specifies whether the value is a debit or credit. | | ITYP | Type of Income | Specifies the type of income. | | NELP | Non Eligible Proceeds Indicator | Specifies information regarding outturn resources that cannot be processed by the CSD. Special delivery instruction is required from the account owner for the CA outcome to be credited. | | TXAP | Issuer / Offerer Taxability Indicator | Proceeds are taxable according to the information provided by the issuer / offeror. |   CODES  In option H, if Qualifier is TXAP, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | TXBL | Taxable | The cash proceeds are taxable. |   USAGE RULES  The Issuer / Offereor Taxability Indicator (TXAP) may only be used when no tax rate is provided in the message and it must not be used in events such as dividend or interest. | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice) |
| **ISO 20022 Messages Design Impact** |
| Add the new optional element *IssuerOffererTaxabilityIndicator* into the *SecuritiesOption13* and *SecuritiesOption14* and *CashOption10 and CashOption11* MCs with the definition and code value Taxable as illustrated in ISO15022 above. Add also respectively in each MC the new usage rule illustated in ISO15022. |

**SWIFT Comment**

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| Should it also be added in the MT 566? – MWG Answer: No |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with business case but recommends to apply an alternate solution. The MWG agrees that this indicator or flag should only be applicable when reorganisation events are taxable. It is only applicable to the MT564.  Since the creation of the proposed code values “Not Taxable” and taxability “Unknown” would have a too large impact on regular income events, the MWG recommends to create a simple indicator or flag element TXAP named “Issuer / Offerer Taxability Indicator (or Flag)” with the following definition: "Proceeds are taxable according to the information provided by the issuer / offeror".  The MWG also recommends to add a usage rule stating that TXAP “may only be used when no tax rate is provided in the message. This indicator flag must not be used in events such as dividends or interest.”  The MWG agrees to place this flag at the movement levels: E1 and E2.  *SWIFT Note: As none of the movements sequences E1 and E2 contains a flag (:17B:) field in theMT564, it is recommended to create rather a new indicator instead of a flag for this element in order to limit the implementation impact.* |
| **Decision** |
| **Accept with alternate solution** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000259: ISO 20022 CR0140 MX/MT564 – Add new Cash Value / Price for Tax Reporting

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Annual volume for events that are non DRIP but have a security distribution and that will use this field: 3,109,566  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0140  Request a new field to support the fair market value of shares resulting from a corporate action.  When a corporate action event is taxable – either as a dividend or capital gain – or there is a return of capital on that event, and the resulting share entitlements are in stock, in the US market, the IRS (Internal Revenue Service) requires that brokers report the fair market value (FMV) of those shares on the effective date of the event. The FMV is ultimately compared to the shareholder’s cost basis in that position to determine the gain or loss and / or establish a cost basis for the newly received stock going forward.  This new field “fair market value” would represent the cash value of resulting share payments. | |
| **Business context** | |
| A new data element is required to provide the necessary information needed to calculate the tax obligation that will exist from a share payment.  The resulting share value is information announced by issuers to assist shareholders in calculating tax obligations and assessing the impact of acquiring shares of a company.  The cash value would only be applicable to share payments. The value of a cash payment is known from the announced rate. The cash value may not be established at the point of announcement, the need to communicate the cash value as unknown exists.  As each of these payments may or may not be subject to tax. The new data element would be optional and available at the share movement level expressed as an amount per share. This will clarify the necessary values to calculate tax per movement/payment.  There are two scenarios where this may be used – it can be utilized for tax applied at the point of payment or future considerations such as capital gains obligations or cost basis considerations.   1. **Cost Basis**   When a corporate action event is taxable – either as a dividend or capital gain – or there is a return of capital on that event, and the resulting share entitlements are in stock, the IRS requires that brokers report the fair market value (FMV) of those shares on the effective date of the event. The FMV is ultimately compared to the shareholder’s cost basis in that position to determine the gain or loss and / or establish a cost basis for the newly received stock going forward.  The Cost Basis Regulation became effective for shares (equities) purchased on or after January 1, 2011 in the Unites States. One of the mandates from the regulation states that this information is to be reported in order to accurately represent a holder’s gain or loss resulting from a taxable corporate action. Based on this mandate, the US market has recognized that this information is needed on the corporate action announcement.  Please note that Jan 2011 Cost Basis Regulation impacts equities. Fixed income and mutual fund instruments will be impacted starting Jan 2012.  Internal Revenue Code guidelines do not specifically state exactly how a broker should arrive at the FMV, but the industry practice is to use the average of the high and low price on the effective date in the absence of an issuer opinion on this value.   1. **Withholding**   The cash value of the shares is necessary information in order to calculate cash withholding on share distribution. The equivalent cash value of a share distribution is subject to tax and determines the cash withholding to be paid at the point of distribution. (For example: markets where share distributions are taxable are Korea, Taiwan, Canada, United States, Australia, New Zealand and Malaysia).  At the point of sale, investors may be subject to taxes on the shares resulting from a corporate action. The value of the share distribution resulting from the event is necessary to calculate the capital gains by comparing the sale price to the value of the share distribution.  The presence of this indicator will allow for STP Processing and provide benefits to downstream processing. In today’s environment, when the cash value of a resulting share payment is announced, this information is presently communicated within the additional text of messaging. | |
| **Message Type(s) Impacted** | |
| MT 564, seev.031, MT 566, seev.036, seev.035 | |
| **Examples** | |
| Security: AIG ISIN: US0268747849 Event: Spin-off  Ex date: 01/20/2011 Record date: 01/13/2011 Payment date: 02/14/2011  Share rate: 0.533933 new shares per share Announced market value: USD 16.29  Security: Hanjin ISIN: KR7097230007 Event: Stock Dividend  Ex date: 12/29/2011 Record date:12/31/2011 Payment Date: 04/15/2011  Share rate: 0.10 new shares per share Announced market value: KRW 5000.00 | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  83. Field 90a: Price (in Securities Movement)  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//4!c/15d | (Qualifier)(Percentage Type Code)(Price) | | Option B | :4!c//4!c/3!a15d | (Qualifier)(Amount Type Code)(Currency Code)(Price) | | Option E | :4!c//4!c | (Qualifier)(Price Code) |   PRESENCE  Optional in optional subsequence E1  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | INDC | N |  | A, B, or E | Indicative Price | |  | or | MRKT | N |  | A, B, or E | Market Price | | 2 | O | CINL | N |  | A, B, or E | Cash in Lieu of Shares Price | | 3 | O | CAVA | N |  | B or E | Cash Value for Tax |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CINL | Cash in Lieu of Shares Price | Cash disbursement in lieu of equities; usually in lieu of fractional quantity. | | INDC | Indicative Price | Estimated price, for example, for valuation purposes. | | MRKT | Market Price | Last reported/known price of a financial instrument in a market. | | CAVA | Cash Value for Tax | Cash value of resulting securities proceeds for tax calculation and/or reporting. |   CODES  In option B, if Qualifier is CAVA, Amount Type Code must contain one of the following codes (Error code(s): K90):   |  |  |  | | --- | --- | --- | | ACTU | Actual Amount | Price expressed as an amount of currency per unit or per share. |   **MT 566 Field Specifications**  66. Field 90a: Price  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//4!c/15d | (Qualifier)(Percentage Type Code)(Price) | | Option B | :4!c//4!c/3!a15d | (Qualifier)(Amount Type Code)(Currency Code)(Price) |   PRESENCE  Optional in optional subsequence D1  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | INDC | N |  | A or B | Indicative Price | |  | or | MRKT | N |  | A or B | Market Price | | 2 | O | CINL | N |  | A or B | Cash in Lieu of Shares Price | | 3 | O | CAVA | N |  | B | Cash Value For tax |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | CINL | Cash in Lieu of Shares Price | Cash disbursement in lieu of equities; usually in lieu of fractional quantity. | | INDC | Indicative Price | Estimated price, for example, for valuation purposes. | | MRKT | Market Price | Last reported/known price of a financial instrument in a market. | | CAVA | Cash Value for Tax | Cash value of resulting securities proceeds for tax calculation and/or reporting. | |  |  |  |   CODES  In option B, if qualifier is CAVA, Amount Type Code must contain one of the following codes (Error code(s): K90):   |  |  |  | | --- | --- | --- | | ACTU | Actual Amount | Price expressed as an amount of currency per unit or per share. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation) |
| **ISO 20022 Messages Design Impact** |
| In *CorporateActionPrice18*, add the new optional element *CashValueForTax* as defined in the ISO 15022 illustration above. To type the new element, create a new Choice Component based on *PriceFormat19Choice* but removing the *PercentagePrice* element and modify the DT *AmountPriceType1Code* of the *AmountPriceType* element to allow only the code value “*ActualAmount*”.  In *CorporateActionPrice9*, add the new optional element *CashValueForTax* as defined in the ISO 15022 illustration above. To type the new element, create a new Component based on AmountPrice3 MC and modify the *AmountPriceType1Code* of the *AmountPriceType* element to allow only the code value “*ActualAmount*”. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and the proposal to create a new price qualifier (:92a:) in the securities movement sequence of the MT564 and MT566 but recommends to change the qualifier name and expand the definition to encompass scenarios in other markets as follows:  “CAVA” – “Cash Value for Tax” - “Cash value of resulting securities proceeds for tax calculation and/or reporting.” |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000238: MX/MT564/566 – Placement of PRPP / OFFR Prices and RATE / NETT / FISC / CHAR / TAXC rates

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| --- | --- |
| **Origin of request** | |
| Requesting Country: |  |
| Requesting Group: | SMPG |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:TBD  Number of users impacted:All  Country, community or group committed to implement this change: Countries participating in the SMPG  Year they will implement this change:2012 | |
| **Nature of Change** | |
| As part of SR2011 a large number of elements were deleted from, or moved within, the messages in order to streamline the messages and make them easier to use.  When starting to update the market practice for the messages, the SMPG realised that some necessary elements were missing. SWIFT users have important information that they need to provide to their clients/counterparties, but no longer have the requisite fields in which to include it.  For example, the PRPP qualifier should be also available in the SECMOVE sequence to cover all the cases when the PPRP is used to announce a fictitious price linked to the receipt of the security proceeds. In those cases there would be no Cash Movement and therefore none of the codes can be used to reflect the ratio. The other examples are:   * for conversion events into other shares where quite often the conversion is announced by the issuer and issuer agent as a conversion price, and,. * for warrant events, to show in details the flows occurring as a result of the warrant exercise   Due to this, the SMPG is requesting the following changes in MT564 (and the equivalent changes in 566):   1. 90a::PRPP to be reinstalled at E1 level (and will therefore be available at both movement sequences) 2. 90a::OFFR to be moved from E to E1 (Delete in E and added to E1 - and will therefore be available at both movement sequences) 3. 92a:RATE to be added to E1 (and will therefore be available at both movement sequences) 4. 92a::NETT to be added to E (in order to be consistent with the fact that GRSS has also stayed at E level and will therefore be available in both E and E2) 5. 92a::CHAR to be added to E1 (used to report commission rates charged mainly for DRIP/DVOP and will therefore be available at both movement sequences) 6. 92a::FISC to be added to E1 (mainly used to report Stamp duty rate applied to the reinvestment price in DRIP and will therefore be available at both movement sequences) 7. 92a::TAXC to be added to E1 (used to report the tax credit rate on the security option for DRIP/DVOP and will therefore be available at both movement sequences)   NB: in the context of the EXER deletion (see other CR submitted already in SR2011) it is important that the definition of PRPP is changed to encompass all aspects of EXER. | |
| **Business context** | |
| Collateral damage repair of the release 2011 | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566, MT565 (For EXER deletion) | |
| **Examples** | |
| Business example where there is a price without any cashmove…   |  |  | | --- | --- | | |  | | --- | | **Instrument Details USD 10,75 BMB MUNAI INC. (CV) 11-2013ISIN:XS0606744935Common Code:060674493PHCREATED** | |   **(a) Conversion Ratio**  The number of Shares to be issued upon exercise of the Conversion Right attaching to any Note shall be determined by dividing the principal amount of the Note by the Conversion Price in effect on the Conversion Date.  **(b) Conversion Price**  The Conversion Price in effect on the Original Issue Date is U.S. $7.2094 per Share. The Conversion Price in effect on any subsequent date shall be the Conversion Price in effect on the Original Issue Date subject to any subsequent adjustment in accordance with this Indenture and the expression “**Conversion Price**” shall be construed accordingly. Notwithstanding any provision of this Indenture which permits or requires an adjustment of the Conversion Price, no adjustment of the Conversion Price shall be made that would reduce the adjusted Conversion Price to a price that is less than the Minimum Conversion Price. Any such adjustment will result in the Conversion Price being set at the Minimum Conversion Price. | |
| **Standards Illustration** | |
| In the rates and prices below, the format options in E or E1 (respect. D1 for 566) must be the same as the one in E2 (respect.D2).   |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Changes in placement of Rates & Price for SR2012** | | | | | | | | **Field Type** | **Qualifier** | **Description** | **Sequences Available in MT564** | **Sequences Available in MT566** | **MT565** | **Usage Guideline / Comments** | | Rate | **CHAR** | Charges/Fees | **E1**, E2 | **D1**, D2 |  |  | | Rate | **FISC** | Fiscal Stamp | **E1,** E2 | **D1**, D2 |  |  | | Rate | **NETT** | Net Dividend Rate | **E**, E2 | **D**, D2 |  |  | | Rate | **RATE** | Applicable Rate | **E1,** E2 | **D1**, D2 |  |  | | Rate | **TAXC** | Tax Credit Rate | **E1,** E2 | **D1**, D2 |  |  | |  |  |  |  |  |  |  | | ~~Price~~ | **~~EXER~~** | ~~Exercise Price~~ | **~~E2~~** | **~~D2~~** | **~~D~~** | Will be deleted in SR2012 (redundant with PRPP) | | Price | **OFFR** | Cash Price Per Product Received | **~~E~~**, **E1**, E2 | **~~D~~**, **D1**, D2 | **D** |  | | Price | **PRPP** | Cash Price Per Product Paid | **E1,**E2 | **D1**, D2 | **D** |  | |  |  |  |  |  |  |  | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.033.001.02 (Corporate Action Instruction)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation) |
| **ISO 20022 Messages Design Impact** |
| **Seev.031 and seev.035**  + In CorporateActionRate15 MC, add the optional element: *NetDividendRate.*  + In *CorporateActionPrice16* MC, remove the element *GenericCashPriceReceivedPerProduct*.  + *InCorporateActionRate17* MC, add the following 4 optional elements: *ChargesFees*, *FiscalStamp*, *ApplicableRate*, *TaxCreditRate.*  + In *CorprateActionPrice18* MC, Add the following 2 optional elements: *GenericCashPriceReceivedPerProduct*, *GenericCashPricePaidPerProduct*  + In *PriceDetails3* MC, delete the element *ExercisePrice*.  **Seev.033**  In *CorporateActionPrice19* MC, remove the element *ExercisePrice.*  **In seev.036**  + In *CorporateActionRate20* MC, add the optional element: *NetDividendRate.*  + In *CorporateActionPrice21* MC, remove the element *GenericCashPriceReceivedPerProduct*.  + *InCorporateActionRate21* MC, add the following 4 optional elements: *ChargesFees*, *FiscalStamp*, *ApplicableRate*, *TaxCreditRate.*  + In *CorprateActionPrice9* MC, add the following 2 optional elements: *GenericCashPriceReceivedPerProduct*, *GenericCashPricePaidPerProduct*  + In *PriceDetails2* MC, delete the element *ExercisePrice*.  **Illustrations of the above changes in the seev.036 are similar to the illustrations shown for seev.031** |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| Japan raised the concern that lots of changes to the rates/prices fields in sequences D and E of the MT564 (and respectively C & D in MT566) were already decided last year and that some of those decisions seems to be reversed this year in this change request. Japan considers it is too much work to have this sort of changes so frequently.  However, Japan understands the business need to correct the current status and does not oppose to the change in the light of its necessity.  The MWG agrees with the business case and the proposed changes. In addition, because of the the deletion of Exercise Price (EXER) – as decided last year in SR2011 with implementation postponed for SR2012), the MWG recommends:  1. to update the definition of PRPP by adding the following sentence at the end of the current definition: "for example strike price and exercise price" and  2. to add format option K for PRPP in sequence E2 (D2 in 566) as this format option existed with EXER). |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000263: ISO 20022 CR0138 MX/MT564/566 – Add Income Source Country Code to Movements Sequences

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US - (International Securities Association for Institutional Trade Communication)  Contact persons  Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven Gale, Northern Trust, sg10@ntrs.com, +1 312 444 4799Mary Shine, T Rowe Price, mary |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: This can be applied to all events: Potentially annual volume in the US: 3,546,704  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0138  Request a new data element within the Securities and Cash Movement sequence to indicate the *Income Source Country* of a distribution for tax purposes.  **Definition**: *Identifies the country of source of income for the distribution resulting from the corporate event in order to define potential tax implications. i.e., Cash Distributions being paid on ADRS / GDRS.*  This field is optional and should be 2 characters in length (ISO Country Code).  The new data element would supplement the value provided within ITYP (Income Type Code). i.e., IRS Code US vs. Non US.  The new data element would apply to the following message types: Notification (CANO), Cancellation (CACN), Preliminary Movement, Confirmation of Payment Advice (CAPA & CACO), and Payment Reversal (CARE). | |
| **Business context** | |
| Common stocks and debt instruments of many foreign or multi-national corporations are listed on exchanges in various countries either as ordinary shares, depositary receipts or debt instruments. There are over 2,100 American Depositary Receipts (ADRs) and an increasing number of Brazilian Depositary Receipts (currently 20+ mainly U.S. Corporations listing on BOVESPA) as well as Depositary Receipts programs in Japan, Hong Kong, Mexico, Argentina, & Taiwan which are in their infancy but expanding.  Dividends or other income type distributions are passed to investors generally in the local currency. These distributions are normally subject to provisions of the tax regime of the issuer’s home country and tax may be withheld at source.  Current information provided from the sender to the recipient may designate that the income is domestic or non-domestic sourced but does not provide the granularity of specifying the actual country of income source. The source of income country code could be different from where the company is registered.  The actual country from where the distribution is sourced is needed in downstream processing since the tax liability or opportunity for relief from taxes, either domestic or foreign, is dependent upon the presence or absence of bilateral tax treaties between the income source country and the country of the end investor.  Providing this information is intended to minimize or eliminate extraneous in-house processing currently required by an intermediate service provider and enhance or facilitate information sent to the end investor in a straight-thru-process (STP).  This workflow spans both mandatory and electable event workflows. Global markets (i.e. UK, Ireland, Belgium, Netherlands, and Germany) require holders to select source of income on electable dividend distributions to allow beneficial owners to designate a tax rate (i.e. Hiscox ISIN: BMG4593F1041 and Experian GB00B19NLV48)  The benefit of including the source of income on messaging spans the life cycle of the event. Including the source of income on the event announcement enhances transparency, comprehensiveness and allows recipient to build accurate downstream products from the time of announcement. The pre-advice workflow is enhanced between service provider and account owner by qualifying the difference between the gross and net values for the payment i.e, withholding tax amount. For electable events, the source of income is critical to the instruction to the service provider. Currently this data is included in ADTX narrative on MT565 instructions and MT567 confirmations. The availability of this value will increase STP through the instruction cycle. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566, seev.031, seev.039, seev.035, seev.036, seev.037 | |
| **Examples** | |
| MT message examples used for illustrative purposes only:  **MT564**  :23G:REPL  :22F::CAEV//DRIP  :22F::CAMV//CHOS  :98C::PREP//20110201142558  :25D::PROC//COMP  :16R:LINK  :22F::LINK//AFTE  :13A::LINK//564  :20C::PREV//S11021000067700  :16S:LINK  :16S:GENL  :16R:USECU  :35B:ISIN GB00B19NLV48  EXPERIAN PLC /GBP/  :16R:ACCTINFO  :97A::SAFE//XXX  :93B::ELIG//UNIT/700,  :93B::SETT//UNIT/700,  :16S:ACCTINFO  :16S:USECU  :16R:CADETL  :98A::XDTE//20101229  :98A::RDTE//20101231  :16S:CADETL  :16R:CAOPTN  :13A::CAON//001  :22F::CAOP//SECU  :22F::OSTA//INTV  :17B::DFLT//N  :98C::EXPI//20101231000000  :98C::RDDT//20101223070000  :92A::CHAR//0,5  :90B::PRPP//ACTU/GBP7,793775  :16R:SECMOVE  :22H::CRDB//CRED  :35B:ISIN GB00B19NLV48  EXPERIAN PLC /GBP/  :22F::DISF//RDDN  :92K::ADEX//UKWN  :98A::PAYD//20110202  :16S:SECMOVE  :70E::ADTX// OPTION DESCRIPTION:ELECT STOCK IN  DRIP (UK SOURCE) GROSS DIVIDEND REINVESTMENT  PRICE:GBP 7.755  :70E::COMP//RESTRICTIONS EXIST FOR THIS OPTION  :16S:CAOPTN  :16R:CAOPTN  :13A::CAON//002  :22F::CAOP//CASH  :22F::OSTA//INTV  :11A::OPTN//GBP  :17B::DFLT//N  :98C::EXPI//20101231000000  :98C::RDDT//20101223070000  :92J::NETT//INCO/GBP0,05822604/ACTU  :92J::GRSS//INCO/GBP0,05822604/ACTU  :16R:CASHMOVE  :22H::CRDB//CRED  :98A::PAYD//20110128  :16S:CASHMOVE  **:70E::ADTX//**  **OPTION DESCRIPTION:ELECT CASH IN**  **GBP (UK SOURCE)**  :16S:CAOPTN  **MT 565**  20C::SEME//201012230000001S  :23G:NEWM  :22F::CAEV//DRIP  :98A::PREP//20101223  :16S:GENL  :16R:USECU  :35B:ISIN GB00B19NLV48  EXPERIAN PLC /GBP/  :16R:ACCTINFO  :97A::SAFE//XXX  :16S:ACCTINFO  :16S:USECU  :16R:CAINST  :13A::CAON//002  :22F::CAOP//CASH  :11A::OPTN//GBP  :36B::QINS//UNIT/700,  **:70E::INST//ELECT CASH IN GBP (UK SOURCE)**  :16S:CAINST  **MT 567**  :22F::CAEV//DRIP  :98C::PREP//20101223153401  :16R:LINK  :20C::RELA//UNKNOWN  :16S:LINK  :16R:STAT  :25D::IPRC//PACK  :16S:STAT  :16S:GENL  :16R:CADETL  :13A::CAON//002  :22H::CAOP//CASH  :97A::SAFE//XXX  :35B:ISIN GB00B19NLV48  EXPERIAN PLC /GBP/  :36B::STAQ//UNIT/700,  :93B::INBA//UNIT/700,  :93B::UNBA//UNIT/0,  :16S:CADETL  :16R:ADDINFO  **:70E::ADTX//CURRENCY OF OPTION:GBP**  **ELECT CASH IN GBP (UK SOURCE)**  :16S:ADDINFO | |
| **Standards Illustration** | |
| na | |

**SWIFT Comment**

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| The business context section says that “Currently this data is included in ADTX narrative on MT565 instructions and MT567 confirmations. The availability of this value will increase STP through the instruction cycle”, however the CR does not say it impacts the MT565 and MT567.  Is it on purpose ? Is there an impact on the MT565 and MT567 ? |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees that the income source country information is rather static data and should not be included into the message. It would also create false expectations and have a large impact on the community as this informatin could be expected to be included in each dividend distribution.  Also the expected volume of messages that could use this information is deemed too low. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000187: MX/MT564/566 – Update VALU Date Definition

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| --- | --- |
| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | CA SMPG |
| **Urgency of this request:** | |
| Low | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: 90% of the total of MT 566 traffic has a VALU date  Number of users impacted:All  Country, community or group committed to implement this change:SMPG  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Change the definition of the :98a::VALU value date/time qualifier in E2 (MT564) / D2 (MT566).  Note that this new definition could perhaps be applied to all cat. 5 messages but this needs to be investigated.  The current definition is: “*Date/time at which cash becomes available to the account owner (in a credit entry), or cease to be available to the account owner (in a debit entry).”*  The SMPG proposes the following new definition*: “Date/time at which cash starts to earn interests in a credit entry or ceases to earn interests in a debit entry.”* | |
| **Business context** | |
| The definition of the Value Date does not help to understand the actual meaning and usage of that field for corporate action leading often to misuse of the qualifier VALU in place of the EARL (Earliest Payment Date/Time) when a cash payment falls on an bank holiday. In that case, some users uses VALU instead of EARL to specify the actual date at which the cash will be credited to the account whilst actually different EARL and VALU dates could be provided as the VALU date indicates the date at which interest start to be calculated. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 566 | |
| **Examples** | |
| |  | | --- | | If a credit payment falls on a weekend, the earliest payment date would likely be the first banking  day following. The value date could be either the first banking day after pay date (likely):   *:16R:CASHMOVE*  *:22H::CRDB//CRED*  *:19B::ENTL//USD112569,75*  *:19B::GRSS//USD132435,*  *:19B::TAXR//USD19865,25*  *:19B::NETT//USD112569,75*  *:98A::PAYD//20110522 ----  falls on a Sunday*  *:98A::VALU//20110523 –-- falls on Monday*  *:98A::EARL//20110523 –--  actual date account credited on Monday*  *:92A::INTP//2,7*  *:92A::TAXR//15,*  *:16S:CASHMOVE*   In a debit payment, same scenario can occur but value date would be the last banking day before pay date:   *:16R:CASHMOVE*  *:22H::CRDB//DEBT*  *:19B::ENTL//USD112569,75*  *:19B::GRSS//USD132435,*  *:19B::TAXR//USD19865,25*  *:19B::NETT//USD112569,75*  *:98A::PAYD//20110522 ----  falls on a Sunday*  *:98A::VALU//20110520 –-- falls on Friday* | | |
| **Standards Illustration** | |
| * Apply the change illustrated below on the :98a: VALU in MT566 sequence D2   **MT 564 Field Specifications**  91. Field 98a: Date/Time  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//8!n | (Qualifier)(Date) | | Option B | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Date Code) | | Option C | :4!c//8!n6!n | (Qualifier)(Date)(Time) | | Option E | :4!c//8!n6!n[,3n][/[N]2!n[2!n]] | (Qualifier)(Date)(Time)(Decimals)(UTC Indicator) |   PRESENCE  Mandatory in optional subsequence E2  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | PAYD | N |  | A, B, or C | Payment Date/Time | | 2 | O | VALU | N |  | A, B, or C | Value Date/Time | | 3 | O | EARL | N |  | A, B, C, or E | Earliest Payment Date/Time | | 4 | O | FXDT | N |  | A, B, or C | FX Rate Fixing Date/Time |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | EARL | Earliest Payment Date/Time | Date/time at which a payment can be made, for example, if payment date is a non-business day or to indicate the first payment date of an offer. | | FXDT | FX Rate Fixing Date/Time | Date/time at which a foreign exchange rate will be determined. | | PAYD | Payment Date/Time | Date/time at which the movement is due to take place (cash and/or securities). | | VALU | Value Date/Time | Date/time ~~at which cash becomes available to the account owner (in a credit entry), or cease to be available to the account owner (in a debit entry).~~when calculating economic benefit for a cash amount. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation)  seev.037.001.02 (Corporate Action Movement Reversal Advice) |
| **ISO 20022 Messages Design Impact** |
| Update the definition of the element *ValueDate* as illustrated above for ISO15022 in *CorporateActionDate17*, *CorporateActionDate7*, *CashOption5* MCs. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG discussed the change of value date definition with the other MWG Groups and reached consensus to change the definition only for CA messages. The MWG groups agreed to update the definition for VALU date for CA as follows: "Date/time to be used when calculating economic benefit for a cash amount".  The MWG recommends also to update the example in the change request so as to be more self explanatory.  The MWG recommends for the CA SMPG to document/illustrate the market practice usage between Value Date (VALU), Posting Date (POST), Pay Date (PAYD) and Earliest Payment Date (EARL) to help educate the community on the difference between those dates. |
| **Decision** |
| **Accept with comments** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000233: MX/MT564/568 - Add ‘Pagination’ and (MT564) ‘Forward Linking’ Functionality

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US in their role as the US corporate actions market practice group. ISITC stands for ‘International Securities Association for Institutional Trade Communication’.  Contact persons: Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven G |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Small amount of additional traffic, if any. Can be applied to all events then justification is in the need of a solution when message become too large for SWIFT net: N/A  Number of users impacted:All users of corporate action messages  Country, community or group committed to implement this change: US  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Adding code words to existing messages that allow for pagination and forward linking (linking two specific messages together for processing purposes) as follows:  - Add pagination functionality in the CA Notification (MT564 and ISO20022 CANO) and in the Narrative (MT568) message to help identify when multiple (multi-parts) notification messages are being sent consecutively.  - Add a new linkage Type indicator in the CA Notification (MT564) to support the senders reference (SEME) of the following Narrative (MT568) message in the chain (“forward linking)”. | |
| **Business context** | |
| This request is in support of the ISITC CA Message Linking Guidelines and Bulk Market Practice. In the current MT environment, the MT564 message is limited to only 10,000 characters. There are many conditions that cause the MT564 message to go over the size limit which causes additional MT564 and/or MT568 messages to be linked with it (i.e., large complex offers with multiple options, bulk notices, etc)  The pagination functionality will provide the recipient of the message a way to identify that there are other upcoming messages (of the same type) to be processed in order to have the complete information for the event.  Today, the linkage sequence is used to provide the senders reference number of the previous message sent. However, when dealing with the condition of multiple messages sent consecutively, there is no code to provide the senders reference number of the next message in the chain, often referred to as “forward linking.” This is especially useful when linking different message types such as, MT564 and MT568 together.  The current practice is to link to the CORP, however, this does not add any value to the recipient when trying to identify all the messages in the transmission.  Both the pagination functionality and the new forward linking code will help recipients of these messages to know whether or not they have received all the messages for an event.  The pagination functionality is also a possible solution to for the ISO 20022 CANO message as well. It has been identified that while the MX message has unlimited size, there exists a 100,000 character limit over the SWIFT network. Through the DTCC Reengineering Pilot of the new ISO 20022 CANO message, it is possible for a US event to exceed the 100,000 character limit. There is currently no solution to address how to send the message when this occurs. The pagination functionality will provide the ability to continue the event details on a subsequent message and link them together.  The pagination functionality is currently available in other MT messages (MT535) as well as other MX messages. | |
| **Message Type(s) Impacted** | |
| MT 564, MT 568 | |
| **Examples** | |
| |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | **Illustration from ISITC CA Message Linkage Guidelines with the pagination functionality and NEXT linkage code.**   | MT | First Notification Issued | *SWIFT explanations* | | --- | --- | --- | | MT564  (a/c 1-4) | :16R:GENL  **:28E:1/MORE**  :20C::CORP//00RRB01234523659  :20C::SEME//200109060000001  :23G::NEWM  …  :16S:GENL | *New Pagination field: page 1 of MT564 and more are following. No forward linking needed since it is covered by the pagination machanism* | | MT564  (a/c 5-6) | :16R:GENL  **:28E:2/LAST**  :20C::CORP//00RRB01234523659  :20C::SEME//200109060000005  :23G::NEWM  …  :16S:GENL  :16R:LINK  :22F::LINK//WITH  :13A::LINK//568  :20C::CORP//00RRB01234523659  *OR*  **:20C::NEXT**//200109060000012  *Forward link between 564 and 568 only with CORP or new NEXT code*  :16S:LINK | *New Pagination field: page 2 of MT564 and last one.*  *No linking back to first MT564 needed since this is covered by the pagination mechanism.*  *Forward linking is needed between the last MT564 in the MT564 chain with the first MT568. It can be done either through the CORP (as per the SMPG market practice) or through a new forward linking code (like NEXT) that could be created via a CR.*  *Using the CORP to forward link might be enough as per the SMPG MP.*  *I propose that ISITC create a CR requiring the creation of the pagination field in 564 and 568 and of the NEXT code in the 564 Linking sequence and the SMPG will review the CR proposal on May 27 call.*  *This new code should not be used to forward link MT564 together since this is covered by the pagination mechanism.* | | MT568  Message 1 | :16R:GENL  **:28E:1/MORE**  :20C::CORP//00RRB01234523659  :20C::SEME//200109060000012  :23G::NEWM  …  :16S:GENL  :16R:LINK  :22F::LINK//WITH  :13A:: LINK//564 :20C::PREV//200109060000005  *To identify the previous message sent in the chain*  :16S:LINK | *New Pagination field: page 1 of MT568 and more are following. No forward linking needed since it is covered by the pagination machanism.*  *Link to the last MT 564 of the MT564 chain* | | MT568 Message 2 | :16R:GENL  **:28E:2/LAST**  :20C::CORP//00RRB01234523659  :20C::SEME//200109060000013  :23G::NEWM  …  :16S:GENL | *New Pagination field: page 2 of MT568 and last one.*  *No linking back to first MT568 needed since this is covered by the pagination mechanism.* | | | |
| **Standards Illustration** | |
| | * Apply same change as illustrated below for the MT 568 Narrative message with the “notification” term being replaced by “narrative” into the definitions within the field 28E.   **MT 564 Corporate Action Notification** | | | | | | | | --- | --- | --- | --- | --- | --- | --- | | **Status** | **Tag** | **Qualifier** | **Generic Field Name** | **Detailed Field Name** | **Content/Options** | ***No.*** | | **Mandatory Sequence A General Information** | | | | | | | | M | 16R |  |  | Start of Block | GENL | *1* | | O | 28E |  |  | Page Number/Continuation Indicator | 5n/4!c | *2* | | **----->** | | | | | | | | M | 20C | 4!c | Reference | (see qualifier description) | :4!c//16x | *3* | | **-----|** | | | | | | | | M | 23G |  |  | Function of the Message | 4!c[/4!c] | *4* | | **----->** | | | | | | | | M | 22F | 4!c | Indicator | (see qualifier description) | :4!c/[8c]/4!c | *5* | | **-----|** | | | | | | | | O | 98a | PREP | Date/Time | Preparation Date | A or C | *6* | | M | 25D | PROC | Status Code | Processing Status | :4!c/[8c]/4!c | *7* |   2. Field 28E: Page Number/Continuation Indicator  FORMAT   |  |  |  | | --- | --- | --- | | Option E | 5n/4!c | (Page Number)(Continuation Indicator) |   PRESENCE  Optional in mandatory sequence A  DEFINITION  This field provides the page number ~~of the message (within a statement)~~ and a continuation indicator to indicate that the ~~statement~~ multi-parts notification is to continue or that the message is the last page of the ~~statement~~ multi-parts notification.  CODES  Continuation Indicator must contain one of the following codes (Error code(s): T97):   |  |  |  | | --- | --- | --- | | LAST | Last Page | Last page of a ~~statement~~ multi-parts notification with more than one page. | | MORE | Intermediate Page | Intermediate page of a ~~statement~~ multi-parts notification which contains additional pages. | | ONLY | Only Page | Only page of the ~~statement~~ notification. | | |

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| **ISO 20022 Messages Impacted** |
| seev.031.001.02 (Corporate Action Notification)  seev.035.001.02 (Corporate Action Movement Preliminary Advice) |
| **ISO 20022 Messages Design Impact** |
| + In *CorporateActionNotificationV02*, add the optional element *Pagination* as illustrated below with the same structure as the *Pagination* MC from the InstructionStatement message.  + Apply the same in the CorporateActionMovement Preliminary Advice. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and proposed solution for adding a pagination mechanism to the MT 564 and MT 568 in so far as the pagination element is optional, otherwise the implementation impact would be too important.  However, the MWG does not agree with the business case for the forward linking mechanism as it would be difficult to implement in practice and would therefore not be used. Therefore the MWG rejects this second part of the CR. |
| **Decision** |
| **Accept Pagination and** reject Forward Linking |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000205: MT564 - Add Cancellation Usage Rule for Cancelling Preliminary Advice of Payment

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | SWIFT |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: Those using the preliminary advice function (:22F:ADDB//CAPA) in sequence D  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:Not provided  Country, community or group committed to implement this change: Not provided  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Add usage rule on Cancellation (CANC) function for cancelling Preliminary Advice of Payment message (when :22F::ADDB//CAPA in sequence D is present ) | |
| **Business context** | |
| In ISO20022, the cancellation of the Notification and the cancellation of the Movement PreliminaryAdvice is handled by different messages; respectively the CorporateActionCancellationAdvice (CACN – seev.039) and the CorporateActionMovementPreliminaryAdviceCancellationAdvice (CAPC – seev.044) whilst in ISO15022 this is done via the MT564 with the CANC function (:23G:CANC).  In the translation from an ISO15022 cancellation message to an ISO20022 message, when the CANC function is used there is no way to know whether the cancel message must be translated to a CACN or to a CAPC as we do not know whether the cancellation is on a previous Notification message or on a previous Preliminary Advice on Payment message and the presence of a PREV reference does not guarantee that it is a cancellation of a CAPA message.  Therefore it is proposed to add a usage rule into the :23G: Function of the message field so as to indicate which one of the 2 must be cancelled.  The usage rule would state that if a previous Preliminary Advice of Payment message must be cancelled, then the field “:22F::ADDB//CAPA” must be present in sequence D of the MT564 CANC message.  This will solve the current translation ambiguity when translating anISO15022 cancellation message to ISO20022. | |
| **Message Type(s) Impacted** | |
| MT 564 | |
| **Examples** | |
| na | |
| **Standards Illustration** | |
| **MT 564 Field Specifications**  3. Field 23G: Function of the Message  FORMAT   |  |  |  | | --- | --- | --- | | Option G | 4!c[/4!c] | (Function)(Subfunction) |   PRESENCE  Mandatory in mandatory sequence A  DEFINITION  This field identifies the function of the message.  CODES  Function must contain one of the following codes (Error code(s): T86):   |  |  |  | | --- | --- | --- | | ADDB | Additional Business Process | Message sent to notify an additional business process to a corporate action ~~(for instance :22F::ADDB//CAPA) .~~ | | CANC | Cancellation Advice | Message to cancel a corporate action event previously announced by the account servicer or a previously sent Preliminary Advice of Payment message (:22F::ADDB//CAPA in sequence D) . | | NEWM | New | New message. | | REPE | Eligible Balance Notification | Message reporting an eligible balance that may or may not include an entitlement calculation or a revised entitlement calculation. | | REPL | Replacement | Message replacing a previously sent message. | | RMDR | Reminder | Message sent as a reminder of an event taking place. | | WITH | Withdrawal | Message sent to void a previously sent notification due to the withdrawal of the event or offer by the issuer. |   CODES  Subfunction, when present, must contain one of the following codes (Error code(s): T85):   |  |  |  | | --- | --- | --- | | CODU | Copy Duplicate | Message is a copy to a party other than the account owner/account servicer, for information purposes and the message is a duplicate of a message previously sent. | | COPY | Copy | Message is a copy to a party other than the account owner/account servicer, for information purposes. | | DUPL | Duplicate | Message is for information/confirmation purposes. It is a duplicate of a message previously sent. |   USAGE RULES  To cancel or withdraw a previously announced corporate action event, Function is respectively CANC or WITH . The presence of the Sender's reference of the message to be cancelled (PREV) is not required in the linkages sequence . A copy of at least the mandatory fields of the message to be cancelled must be present; optional fields need not be present for SWIFT validation.  To cancel a previously sent Preliminary Advice of Payment message (:22F::ADDB//CAPA in sequence D), Function is CANC and the field “:22F::ADDB//CAPA” must be present in sequence D of the MT564 CANC message. The reference in the linkages sequence must contain the Sender's reference of the message to be cancelled (PREV).  A copy of at least the mandatory fields of the message to be cancelled must be present; optional fields need not be present for SWIFT validation.  REPL is used to replace a previously sent message that was reported as preliminary or complete, for example, processing status was :25D::PROC//PREU, PREC or COMP.  REPE is considered as simply a confirmation of an eligible balance when :22F::ADDB//CAPA is not present in sequence D and is considered as a movement preliminary advice when :22F::ADDB//CAPA is present in sequence D. | |

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| **ISO 20022 Messages Impacted** |
| No impact on ISO20022 messages. |
| **ISO 20022 Messages Design Impact** |
| na |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and proposed solution (as illustrated above). |
| **Decision** |
| **Accept** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000203: MX/MT566 - Add Early Solicitation Fee (ESOF) Rate

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | SWIFT |
| **Urgency of this request:** | |
| Low | |
| **Business Impact of this request** | |
| Business impact:  LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact:  MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:Not provided  Country, community or group committed to implement this change: Not Provided  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Addition of qualifier ESOF Early Solicitation Fee Rate in field 92a in sequence D2 Cash Movement of the MT566 so as to align with the presence of the SOFE rate (both in 564 and 566) | |
| **Business context** | |
| The ESOF rate has been added in SR2010 into the MT564 to accompany the Solicitation Fee Rate (SOFE). The SOFE rate is also present in the cash move sequence of the MT566 whilst the ESOF rate is not.  The idea is to align ESOF presence with SOFE presence in both MT564 and 566. | |
| **Message Type(s) Impacted** | |
| MT 566 | |
| **Examples** | |
|  | |
| **Standards Illustration** | |
| **MT 566 Field Specifications**  87. Field 92a : Rate  FORMAT   |  |  |  | | --- | --- | --- | | Option A | :4!c//[N]15d | (Qualifier)(Sign)(Rate) | | Option B | :4!c//3!a/3!a/15d | (Qualifier)(First Currency Code)(Second Currency Code)(Rate) | | Option F | :4!c//3!a15d | (Qualifier)(Currency Code)(Amount) | | Option J | :4!c/[8c]/4!c/3!a15d[/4!c] | (Qualifier)(Data Source Scheme)(Rate Type Code)(Currency Code)(Amount)(Rate Status) |   PRESENCE  Optional in optional subsequence D2  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | O | ATAX | N |  | A or F | Additional Tax | | 2 | O | CHAR | N |  | A or F | Charges/Fees | | 3 | O | FDIV | N |  | F | Final Dividend Rate | | 4 | O | FLFR | N |  | A or F | Fully Franked Rate | | 5 | O | FISC | N |  | A | Fiscal Stamp | | 6 | O | GRSS | R | C3, C4, C7 | F or J | Gross Dividend Rate | | 7 | O | EXCH | N |  | B | Exchange Rate | | 8 | O | ESOF | N |  | A | Early Sollicitation Fee Rate | | 8 | O | INCE | N |  | A | Cash Incentive Rate | | 9 | O | INTP | R |  | A, F, or J | Interest Rate Used for Payment | | 10 | O | NETT | R | C3, C4 | F or J | Net Dividend Rate | | 11 | O | NRES | N |  | A or F | Non-Resident Rate | | 12 | O | PDIV | N |  | F | Provisional Dividend Rate | | 13 | O | RATE | N |  | A | Applicable Rate | | 14 | O | SOFE | N |  | A | Solicitation Fee Rate | | 15 | O | TAXC | R | C3, C4 | A, F, or J | Tax Credit Rate | | 16 | O | TAXE | R | C4 | J | Tax Related Rate | | 17 | O | TAXR | N |  | A | Withholding Tax Rate | | 18 | O | TXIN | N |  | A | Tax on Income | | 19 | O | TXPR | N |  | A | Tax on Profits | | 20 | O | TXRC | N |  | A | Reclaim of Taxes Rate | | 21 | O | WITF | N |  | A or F | Withholding of Foreign Tax | | 22 | O | WITL | N |  | A or F | Withholding of Local Tax |   DEFINITION  This qualified generic field specifies:   |  |  |  | | --- | --- | --- | | ATAX | Additional Tax | Rate used for additional tax that cannot be categorised. | | CHAR | Charges/Fees | Rate used to calculate the amount of the charges/fees that cannot be categorised. | | EXCH | Exchange Rate | Exchange rate between the amount and the resulting amount. | | ESOF | Early Sollicitation Rate | Cash rate made available, as an incentive, in addition to the solicitation fee, in order to encourage early participation in an offer. | | FDIV | Final Dividend Rate | Dividend is final. | | FISC | Fiscal Stamp | Percentage of fiscal tax to apply. | | FLFR | Fully Franked Rate | Rate resulting from a fully franked dividend paid by a company; rate includes tax credit for companies that have made sufficient tax payments during fiscal period. | | GRSS | Gross Dividend Rate | Cash dividend amount per equity before deductions or allowances have been made. | | INCE | Cash Incentive Rate | Rate of the cash premium made available if the securities holder consents or participates to an event, for example consent fees. | | INTP | Interest Rate Used for Payment | The actual interest rate used for the payment of the interest for the specified interest period. | | NETT | Net Dividend Rate | Cash dividend amount per equity after deductions or allowances have been made. | | NRES | Non-Resident Rate | Rate per share to which a non-resident is entitled. | | PDIV | Provisional Dividend Rate | Dividend is provisional. | | RATE | Applicable Rate | Rate applicable to the event announced, for example, redemption rate for a redemption event. | | SOFE | Solicitation Fee Rate | Cash rate made available in an offer in order to encourage participation in the offer. | | |

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| **ISO 20022 Messages Impacted** |
| seev.036.001.02 (Corporate Action Movement Confirmation) |
| **ISO 20022 Messages Design Impact** |
| In the *RateDetails2* MC, add a new optional element E*arlySolicitationFeeRate* typed by PercentageRate DT. |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and proposed solution. |
| **Decision** |
| **Accept** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000234: MX/MT565 – Add Option Features, Rates and Narrative & Remove OFFR

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| **Origin of request** | |
| Requesting Country: | US United States of America |
| Requesting Group: | ISITC US in their role as the US corporate actions market practice group. ISITC stands for ‘International Securities Association for Institutional Trade Communication’.  Contact persons: Sonda Pimental, BBH, sonda.pimental@bbh.com, +1 617 772 6459Steven G |
| **Urgency of this request:** | |
| High | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Small amount of additional traffic, if any. Estimate: This is applicable to all Voluntary events: Annual volume of the Voluntary events in the US: 7800  Number of users impacted:All users of corporate action messages  Country, community or group committed to implement this change: US  Year they will implement this change:2012 | |
| **Nature of Change** | |
| 1. Add data elements to the CA Instruction Message to provide clarity around the option being instructed. The requested data elements already exist on the Notification message. Request to also add them along with their available formats to the CA Instruction message within the Instruction Sequence.  - Tag 22F Option Features (OPTF):   * Pro-ration (PROR) * Conditional (COND) * Odd Lot Preference (OPLF)   - Tag 70E Offeror Name (OFFO) – in case where competing offers  - Tag 92a Rates:   * Net Rate (NETT) usually required for French DVOP events * Gross Rate (GRSS) usually required for French DVOP events * Rate (RATE) to cover exception scenarios where NETT/GRSS or OFFR is not applicable * Solicitation Fee Rate (SOFE) in cases when there is an incentive to participate in the offer * Early Solicitation Fee Rage (ESOF) in cases when there is an incentive to participate in the offer with an earlier deadline than the other options * Tax Credit Rate (TAXC) – consider for tax elections * Tax Related Rate (TAXE) – consider for tax elections * Withholding Tax Rate (TAXR) – consider for tax elections   In all the above conditions, the option types are the same across all the options, generally CASH. So the account owner cannot rely on just the option type or number alone to differentiate between them.  2. In addition, today OFFR is available in tag 92a RATE, however it is a price and is available in the 90a on the Notification message. Request to align the placement between the Notification and Instruction message and remove 92a OFFR from the Instruction message. | |
| **Business context** | |
| The option details are available in the CA Notification message and are used to provide key information pertaining to each option and also provide uniqueness between the options. This information is critical for the account owner to make their investment decisions.  The same option details are also needed on the CA Instruction message to allow for the account owner to clearly communicate back to the service provider which option they are choosing while also clarifying the intent of their election.  Data elements already exist in the CA Instruction message today to help distinguish the option being instructed. This request expands on that capability. For example:   * Tage22F Indicators for DISF, CHAN, and COLE; * Tag 11A option currency; * Tag 92a Rates for OFFR, OSUB, and TAXB; * Tag 90a Prices for EXER, OFFR (including UNSP, TBSP, and UKWN), PRPP   There are cases where an event can have multiple options of the same type to choose from and the difference between them lies within the detail of each option. For example US Dutch Auction can carry up to 6 different options for CASH.  The number of complex corporate actions has increased over the past couple of years and so has the risk of misinterpretation of an instruction.  Considering these data elements are available on the Notification message sent by the service provider, receiving the data elements back on the Instruction message can be handled by the system. Also, provides the opportunity to increase STP by matching data elements rather than needing to stop processing for manual intervention to determine which election to process on behalf of the account owner. The additional information is being provided today by account owners in the instruction narrative (70E::INST) on the message today. | |
| **Message Type(s) Impacted** | |
| MT 565 | |
| **Examples** | |
| **DTCH: US Dutch Auction (VOLU)**  **Definition:**  An action by a party wishing to acquire a security. Holders of the security are invited to make an offer to sell, within a specific price range. The acquiring party will buy from the holder with lowest offer.  **Issue:**  ISIN US42822Q1004  **Terms:**  Offer to purchase for cash up to 8,000,000 shares of its class A, class B and class C common stock in a "modified Dutch auction" at a purchase price not in excess of USD 31.50 nor less than USD 29.00 per share in increments of USD 0.25.  **Option 1: tender at a specified price**  Elect to tender at a price not to exceed USD 31.50 and not less than USD 29.00 per share in bid increments of USD 0.25. This option is subject to proration if more than 8,000,000 shares are tendered.  **Option 2: tender at an unspecified price**  Shareholders may tender without specifying a price. Thereby maximizing their chance to participate in the tender offer. These shareholders will receive the price specified by the company and this price will be paid to all tendering shareholders who properly tendered their shares. This option is subject to proration if more than 8,000,000 shares are tendered.  **Options 3 and 4: conditional tender**  Shareholders may tender subject to the condition that a specified minimum number of the shares of the total share amount tendered is accepted by the offerer. The purchase may, if necessary to purchase the desired number of shares, purchase shares conditionally tendered (for which the condition was not initially satisfied and regarded as withdrawn), by lot. This option is subject to proration if more than 8,000,000 shares are tendered.  For example, if a beneficial owner wishes to tender 500 shares on the condition that a minimum of 300 shares is accepted, if fewer than 300 shares after proration are accepted, then the holder will not tender any shares.  For this event, conditional tenders can be made either at a specified or unspecified price.  **Options 5 and 6: tender as an odd lot holder**  Shareholders who own fewer than 100 shares and who validly tender all of the shares owned will be purchased totally at the purchase price (either specified or unspecified) and will be exempted from proration. This is reflected in the event by the front end lot quantity (FOLQ) of 99 shares. Odd lot shareholders cannot tender conditionally.  The offer is not conditional on any minimum number of shares being tendered. The offer is, however, subject to other conditions pursuant to the offer to purchase for cash.  The offer, withdrawal rights and proration period will expire at midnight on 16 March 200X. The response deadline is 11 March 200X.  Protect period: three NYSE trading days  **Relative details and dates:**  Response deadline date – 11 March 200X  Cash payment date – 24 March 200X   |  | | --- | |  | |  | | |
| **Standards Illustration** | |
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**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG understands the business case but fears that having additional optional fields on the MT565 along with the option number would have a huge implementation impact on potentially all elective events as it might require matching the option number and the additional rates provided in the MT565 whilst today only the option number is considered.  The MWG estimates that at this stage it would make the processing of the MT565 much too complex.  However, the MWG is committed to rediscuss a new potential solution in SR2013 and therefore recommends the SMPG to consider again for SR2013 a new proposal for the removal of the option number and the matching on MT 565 option properties to identify the selected option. The SMPG will need to inform the market about this initiative and discuss also the issue with the CA JWG as the removal of the option number comes into conflict with the current EU agreed market practices. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000188: MX/MT567 - Update Reason Code ADEA Definition

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | MI Euroclear/Clearstream |
| **Urgency of this request:** | |
| Low | |
| **Business Impact of this request** | |
| Business impact: Low Impact:  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:4000  Number of users impacted:All  Country, community or group committed to implement this change:MI Euroclear/Clearstream (XS)  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Definition Change of a code | |
| **Business context** | |
| Alignment of definitions - Add to the definition of the reason code ADEA - in field :24B: in sequence A2a (Reason) - (when qualifier is CANP cancellation pending) the sentence: “processed on best effort basis”.  The whole explanation will be: “Received after the account servicer’s deadline. Processed on best effort basis.  This explanation will be then in line with the explanation used for PEND//ADEA. There the sentence “processed on best effort basis” is already present.  Adding this sentence to CANP//ADEA will not only enhance consistency in the use of the code for both the instruction and the cancellation. Moreover, it will clarify the actual process. | |
| **Message Type(s) Impacted** | |
| MT 567 | |
| **Examples** | |
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| **Standards Illustration** | |
| **MT 567 Field Specifications**  13. Field 24B: Reason Code  FORMAT   |  |  |  | | --- | --- | --- | | Option B | :4!c/[8c]/4!c | (Qualifier)(Data Source Scheme)(Reason Code) |   PRESENCE  Mandatory in optional subsequence A2a  QUALIFIER  (Error code(s): T89)   | **Order** | **M/O** | **Qualifier** | **R/N** | **CR** | **Options** | **Qualifier Description** | | --- | --- | --- | --- | --- | --- | --- | | 1 | M | PEND | N | C1 | B | Pending Reason | |  | or | REJT | N | C1 | B | Rejection Reason | |  | or | CAND | N | C1 | B | Cancellation Reason | |  | or | CANP | N | C1 | B | Cancellation Pending Reason | |  | or | PACK | N | C1 | B | Acknowledged/Accepted Reason |   CODES  If Qualifier is CANP and Data Source Scheme is not present, Reason Code must contain one of the following codes (Error code(s): K24):   |  |  |  | | --- | --- | --- | | ADEA | Account Servicer Deadline Missed | Received after the account servicer's deadline. Processed on best effort basis. | | DQUA | Disagreement on Quantity | Unrecognised or invalid instructed quantity. | | LATE | Market Deadline Missed | Received after market deadline. | | NARR | Narrative Reason | See narrative field for reason. | | |

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| **ISO 20022 Messages Impacted** |
| seev.041.001.02 (Corporate Action Instruction Cancellation Request Status Advice) |
| **ISO 20022 Messages Design Impact** |
| Update the definition of the code value *AccountServicerDeadlineMissed* as illustrated above in ISO15022 in the DT *PendingCancellationReason4Code* typing the element *Code* in *PendingCancellationReason1Choice* MC. |

**SWIFT Comment**

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| SWIFT Comments; Should also be updated for REJT ? MWG Answer: NO |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with the business case and the solution and recommends NOT to apply the change onto the Reject qualifier. |
| **Decision** |
| **Accept** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000268: ISO 20022 CR0141 MX only - Corrections Change Requests

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| **Origin of request** | |
| Requesting Country: | \_ |
| Requesting Group: | SWIFT |
| **Urgency of this request:** | |
| Medium | |
| **Business Impact of this request** | |
| Business impact: LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact: LOW – Low Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not Provided  Number of users impacted:Not Provided  Country, community or group committed to implement this change:ISITC US Community  Year they will implement this change:SR2012 | |
| **Nature of Change** | |
| From ISO 20022 CR0141  **C1. Missing “Intermediate securities Distribution Type” element in CorporateActionMovementConfirmationV02**  The confirmation message does no longer include the details of the corporate action event as per the agreed design and hence the “Intermediate Securities Distribution type” element is no longer present whilst it is actually necessary for a rights distribution in order to specify for which type of event this distribution occur.  This requirement for having this element present is actually expressed as a network validated rule (MT 566 Rule C6) in ISO15022.  Therefore to ensure full coexistence with ISO15022 , this element must be added into the confirmation message and a new rule created to replicate the NVR C6 i.e. “*If the event type is RHDI, then the element IntermediateSecuritiesDistributionType must be present in the CorporateActionGeneralInformation sequence*“.  Figure IntermediarySecurityDistributionType in the Notification message  **C2. Receiving and DeliveringSettlementParties “Depository” and “Party1” elements to be changed to “Optional” in Securities Movement Details of the CorporateActionMovementConfirmationV02.**  This is required in order to be aligned with ISO 15022 in which there is only a single list of delivering parties for both the receiving and delivering sides with only a single Place Of Settlement (Depository) element.  *Figure 2 Settlement Parties in the Confirmation message*  **C3. Add EarlySolicitationFeeRate in the CashMovementDetails/RateAndAmountDetails of the CorporateActionMovementConfirmationV02**  **--> COVERED ALREADY BY CR000203**  This EarlySolicitationFeeRate element was added in SR2011 in the CorporateActionNotificationV02 to accompany the SolicitationFeeRate element. SolicitationFeeRate is also present in the CorporateActionMovementConfirmationV02 confirmation but not the EarlySolicitationFeeRate.  This is probably an omission since there is no reason both element be not in the confirmation message too.  **C4. Alignment of AdditionalBusinessProcessIndicator between CorporateActionMovementConfirmationV02 and Reversal versus the MT566 in ISO15022**  The ISO 15022 MT566 still contains a full list of Additional business process Indicator (in sequence C :22F::ADDB) whilst the ISO 20022 Confirmation and Reversal messages do only contain 2 of those Additional Business Processes Indicator (ClaimOrCompensation and TaxRefund).  So this is causing issues for coexistence/translation and it is very likely that both additional business processes lists should be aligned either by removing those in surplus in the MT566 or by adding those missing in the Confirmation message.  Additional Business Processes code in MT566 in SR2011:  CODES  If Qualifier is ADDB and Data Source Scheme is not present, Indicator must contain one of the following codes (Error code(s): K22):   |  |  |  | | --- | --- | --- | | ACLA | Automatic Market Claims | Will automatically give rise to market claims by the account servicer (typically, a CSD). | | ATXF | Subject to Transformation | As a result of the Corporate Action, all transactions in the underlying security will be cancelled by the system and replaced with transactions in the outturn resource(s). | | CLAI | Claim or Compensation | Relates to a claim on the associated corporate action event. | | CNTR | Cancel Underlying Trades | As a result of the Corporate Action, all transactions in the underlying security will be cancelled by the system. | | CONS | Consent | Relates to a consent within a corporate action event other than a Consent event (:22F::CAEV//CONS). | | NAMC | No Automatic Market Claims and Transformations | The event will not automatically give rise to market claims and transformations by the account servicer (typically, a CSD). | | NPLE | No Split Election | The issuer only allows a single option to be selected per designated holding. | | SCHM | Scheme/Plan of Arrangement | Component event of a scheme/plan of arrangement: a reorganisation of a company or a group of companies, and their capital. | | TAXR | Tax Refund | Relates to a tax refund from the authorities on the associated corporate action event. |   Additional Business Processes code in Confirmation and Reversal messages in ISO20022 in SR2011:  CLAI - ClaimOrCompensation - Relates to a claim on the associated corporate action event.  TAXR - TaxRefund - Relates to a tax refund from the authorities on the associated  **C5. Update in ISO20022 the ISO 15022 synonym of Accrued Interest Indicator in the Notification message**  The Synonym of the AccruedInterestIndicator in ISO20022 is indicated as “17B::ACCRU” while it should actually be “:17B::ACIN”.  **C6. Add a “Proprietary” element to the ProcessingStatus element of the Notification message**  The ISO15022 standards allows for a Data Source Scheme (DSS) into the :25D::PROC fields of the MT564 sequence A. This has been omitted in the Notification message in ISO20022. Therefore for coexistence purpose, a proprietary element (DSS equivalent) must be added into the ProcessingStatus element.  *Figure 3’: Current ProcessingStatus Element in the Notification message*  *Figure 4: New Processing Status element in The Notification message*  **C7. Rename all SecurityIdentification elements as “FinancialInstrumentIdentification”**  In all CA messages, rename the element “SecurityIdentification” and “UnderlyingSecurityIdentification” as “FinancialInstrumentIdentification” so as to align with all other S&R ISO 20022 securities messages.  -> 21 element name Changes to be done in the ISO20022 CA messages  **C8.Update incorrect definitions of some of the balances**  The following balances in the CA messages have an incorrect definition which is different from the one in ISO15022. Those definitions need to be updated with the correct ISO15022 corresponding definitions when they appear in any of the CA messages (Notification, preliminary advice, confirmation, etc..):  BorrowedBalance, CollateralInBalance, CollateralOutBalance, OnLoanBalance, PendingDeliveryBalance, PendingReceiptBalance, OutForRegistrationBalance, SettlementPositionBalance, StreetPositionBalance, InTransshipmentBalance, RegisteredBalance.  **C9.Alignement of code list in GenericCashPriceReceivedPerProduct/NotSpecifiedPrice between CorporateActionNotificationV02 the MT564 in ISO15022**  The ISO 15022 MT564 contains a list of codes (in sequence E2 :90E::OFFR) whilst the ISO 20022 Notification message does only contain 1 of those codes (UKWN).  So this is causing issues for coexistence/translation and it is very likely that both code lists should be aligned either by removing those in surplus in the MT564 or by adding those missing in the Notification message.  List of codes in MT564 in SR2011:  CODES  In option E, if Qualifier is OFFR, Price Code must contain one of the following codes (Error code(s): K90):   |  |  |  | | --- | --- | --- | | NILP | Nil Payment | Price will not be paid. | | TBSP | To be Specified | Price to be specified by account owner. | | UKWN | Unknown Price | Price is unknown by the sender or has not been established. | | UNSP | Unspecified | Price is not required to be specified by account owner. |   List of code in Notification message in ISO20022 in SR2011:  UKWN - Unknown - Price is unknown by the sender or has not been established..  **C10.Change the data type of FinalDividendRate and ProvisionalDividendRate in the CorporateActionMovementConfirmationV02**  **--> Only Applicable to ISO20022 SWIFT Subset and not to the pure ISO20022**  Currently, in the CAConfirmationDetails\CashMovementDetails\RateAndAmountDetails, the data type for both FinalDividendRate and ProvisionalDividendRate is : ActiveCurrencyAnd13DecimalAmount.  Change it to RestrictedFINActiveCurrencyAnd13DecimalAmount. | |
| **Business context** | |
| Correct misalignment between ISO15022 and ISO2022 CA messages and correct some development mistakes impacting directly ISO15022 / ISO20022 coexistence. | |
| **ISO 20022 Message Type(s) Impacted** | |
| seev.031.001.02 (Corporate Action Notification)  seev.032.001.02 (Corporate Action Event Processing Status Advice)  seev.033.001.02 (Corporate Action Instruction)  seev.034.001.02 (Corporate Action Instruction Status Advice)  seev.035.001.02 (Corporate Action Movement Preliminary Advice)  seev.036.001.02 (Corporate Action Movement Confirmation)  seev.037.001.02 (Corporate Action Movement Reversal Advice)  seev.038.001.02 (Corporate Action Narrative)  seev.039.001.02 (Corporate Action Cancellation Advice)  seev.040.001.02 (Corporate Action Instruction Cancellation Request)  seev.041.001.02 (Corporate Action Instruction Cancellation Request Status Advice)  seev.042.001.02 (Corporate Action Instruction Statement Report)  seev.044.001.02 (Corporate Action MovementPreliminaryAdviceCancellationAdvice) | |
| **Examples** | |
| - | |
| **ISO20022 Standards Illustration/Implementation** | |
| **C1. Missing “Intermediate securities Distribution Type” element in CorporateActionMovementConfirmationV02**  + Add the new optional element *IntermediateSecuritiesDistributionType* typed by the *IntermediateSecuritiesDistributionTypeFormat5Choice* MC into the *CorporateActionGeneralInformation24* MC.  + Create a new validated rule *IntermediateSecuritiesDistribution1Rule* into the *CorporateActionMovementConfirmationV02* component reading:  *If CorporateActionGeneralInformation/EventType/Code is RHDI, then CorporateActionGeneralInformation/IntermediateSecuritiesDistributionType must be present.*  *(MT 566 NVR C6).*  **C2. Receiving and DeliveringSettlementParties “Depository” and “Party1” elements to be changed to “Optional” in Securities Movement Details of the CorporateActionMovementConfirmationV02.**  + In *SettlementParties15* MC, the *Depository* and *Party1* elements must be set to optional.  **C3. Covered by CR 000203**  **C4. Alignment of AdditionalBusinessProcessIndicator between CorporateActionMovementConfirmationV02 and Reversal versus the MT566 in ISO15022**  + In the DT *AdditionalBusinessProcess3Code*, add the 7 following code values: *AutomaticMarketClaims, SubjectToTransformation, CancelUnderlyingTrades, Consent, NoAutomaticMarketClaimsAndTransformations, NoSplitElection, SchemePlanOfArrangement* with the same code and definitions as in the *AdditionalBusinessProcess1Code****.***  **C5. Update in ISO20022 the ISO 15022 synonym of Accrued Interest Indicator in the Notification message**  + In the element *AccruedInterestIndicator* in *CorporateAction5* MC, replace the synonym property with “:17B::ACIN”.  **C6. Add a “Proprietary” element to the ProcessingStatus element of the Notification message**  + Replace the DT of the *ProcessingStatus* element in *CorporateActionNotification2* MC by a new Choice component with a choice between a *Proprietary* element typed by *GenericIdentification20* MC and a *Code* element typed by *CorporateActionProcessingStatus1Choice*.  **C7. Refer to section “Nature of Changes” above.**  **C8.Update incorrect definitions of some of the balances**  Update the definition of the following balance elements with the ISO15022 definitions: *BorrowedBalance, CollateralInBalance, CollateralOutBalance, OnLoanBalance, PendingDeliveryBalance, PendingReceiptBalance, OutForRegistrationBalance, SettlementPositionBalance, StreetPositionBalance, InTransshipmentBalance, RegisteredBalance* in the following MCs: *CorporateActionBalanceDetails1, CorporateActionBalanceDetails2, CorporateActionBalanceDetails3, CorporateActionBalanceDetails4.*  **C9.Alignement of code list in GenericCashPriceReceivedPerProduct/NotSpecifiedPrice between CorporateActionNotificationV02, the Preliminary Advice message and the MT564 in ISO15022**  In *PriceFormat22Choice* MC, replace the *PriceValueType10Code* DT of the element *NotSpecifiedPrice* by *PriceValueType8Code* containing the 4 required code values.  **C10. See description above in section “Nature of Change”.** | |

**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with all the proposed changes. |
| **Decision** |
| **Accept** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000193: MX/MT564/565 Addition of Qualifiers and Codes for a Shareholder Disclosure Request

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| **Origin of request** | |
| Requesting Country: | \_\_ Not Applicable |
| Requesting Group: | Members represented in the T2S taskforce on shareholder transparency, European Issuers and ICSA. |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact:  LIMITED - Only a restricted number of SWIFT users will be impacted by this change request  Business applications impact:  MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year: Volumes are still being calculated but it is between 10 and 100K per month which is accepted as wide variance. However this means a minimum traffic of 120,000 messages a year with a possibility of 1.2million when fully adopted. This will be impacted by developments within the SLD and CSD directives could increase volumes.  Number of users impacted: This a very difficult question to answer but it will impact all holders of nominee accounts and all parties who provide transparency service to issuers  Country, community or group committed to implement this change: Issuer agents across Europe and many custodians  Year they will implement this change: As soon as the messages are available | |
| **Nature of Change** | |
| MT564   1. Sequence D field 36a: Addition of new qualifier to identify the disclosure threshold quantity. 2. Sequence E field 22F: Addition of code DSCL to qualifier CAOP. 3. Sequence E field 22F: Addition of code DBIR to code list OPTF. 4. Sequence E field 22F: Addition of code NATO to code list OPTF. 5. Sequence E field 22F: Addition of code EMAI to code list OPTF. 6. Sequence E field 22F: Addition of code CITY to code list OPTF. 7. Sequence E field 22F: Addition of code FORW to code list CETI.   MT565   1. Sequence C field 95a: Addition of code CASH. 2. Sequence C field 95a: Addition of options in relation to ALTE. 3. Sequence C field 70E Addition of optional fields.   **Appendix A – Feedback and Proposals from the Belgium NMPG**  With regard to the MT564:   * We would request to have a Network validated rule that would say: if CAEV is DSCL, and if CAMV is MAND, then in sequence E, CAOP/DSCL is mandatory. * Market practice: In the current EIG, DSCL / MAND is in the grid. We believe that today it is VOLU ==> EIG to be updated. * There is a need to have a clear definition of the balance: trade dated or settle dated? Effective date should reflect trade dated position and Record date should reflect settle dated position. * Field 70E::PACO: it should not be used as PACO is often ignored for automation purposes. The name, address and ID of the shareholders should be in the field 22F for the options. Instead of 22F::OPTF, we recommend to use 22F::CETI (and the definition of CETI would need to be slightly amended). * There is a need to have a clear definition of the Forward flag. It should be clear that it is valid only for CSD(s) who have link(s) with other CSD(s).   With regard to the MT565   * Market practice: There is a need to foresee to send multiple MT565 because of the current size limitation. The recommendation is to follow the ISITC recommendation on bulk message (564). * There is a reference to some fields: IBAN, Passport number, Phone number, etc. Those would need to be in the MT564 as well. * The field such as date of birth needs to be in 22F::CETI. The structure between the MT564 and 565 needs to be the same. * The type of holding (22F::OWNT instead of 22F:CETI//NOMI) needs to be mandatory. There is a need for a network validated rule: if CAEV is DSCL, 22F::OWNT is mandatory. * 95V should only contain the name only. The market practice should say that the address needs to be in the newly created field (similar to the MT564) 22F::CETI//xxxx/xxxxxxxxxx; a new format would be needed in order to have 4\*35 characters. * The field 98A::EXRQ should be removed as the 565 will show the position of the EFFD date requested on the MT564.   **With regard to ISO 20022**  For the ISO 20022 Messages Belgium NMPG recommends to have NEW KIND OF MESSAGES both for the request and for the response.  High Priority - Whilst no law currently forces harmonisation in this area each market the current cost to intermediaries and issuers in having no standards is significant. Ideally Issuers would want an ISO 20022 solution but given the urgency are willing to accept and adopt an ISO 15022 solution.  We have, however, taken advice and SWIFT have suggested the best and most efficient way forward is to use current messages that are available and that could be enhanced for the purpose suggested. If approved, intermediaries will be able to harmonise the process for replying to issuer transparency requests (e.g. Section 793s in the UK or section 81 requests in Ireland etc)  Business Impact:  The new messages will impact all issuer agents and all shareholders. Given current message usage impact should be low in terms of IT but high in terms of benefit. | |
| **Business context** | |
| As mentioned above the enhanced messages would allow the issuer agent to investigate its shareholders to ensure good governance.   |  | | --- | | Figure 2. Model for obtaining second and subsequent layers | |  |   The steps would be as follows:   1. Issuer/issuer agent makes a disclosure request to all account holders it would like to find more information about (in this example above Nominee A which is holding 100,000 shares). 2. Nominee A replies to the issuer agent providing the details of its clients’ balances, i.e. Client A who holds 90,000 shares, B who holds 8,000 and C who holds 2,000. 3. The issuer agent might then contact Nominee A’s Client A, who holds the largest amount of shares, to obtain further information on for whom they are holding the securities. 4. Client A replies to the issuer agent, providing the details of its own clients’ balances: Client 1 who holds 60,000 and Client 2 who holds 30,000.   The process could continue, if the issuer would like a further breakdown of Client 1 and Client 2’s holdings, until eventually the end-investor is reached. The Issuer, however, might not need information on end-investors with very small holdings. Thus to avoid undue costs, the issuer could provide a threshold beyond which the issuer agent would no longer try to obtain a further breakdown. As before, the data of the holding chain collected by the issuer agent must be treated in a confidential manner (as already today for existing local mechanisms). | |
| **Message Type(s) Impacted** | |
| MT 564, MT 565 | |
| **Examples** | |

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| |  | | --- | |  | | MT564 – Corporate Action Notification   | **Tag** | **Status** | **Qualifier** | **Field Name** | **Content**  **Options** | **Example** | | --- | --- | --- | --- | --- | --- | | Mandatory Sequence A General Information | | | | | | | 16R | M |  |  | GENL | :16R:GENL | | 20C | M | SEME | Sender’s reference for the request |  | :20C::SEME//Request001 | | 20C | M | CORP | Corporate action reference |  | :20C::CORP//Disclosure001 | | 23G | M | NEWM | Indicates that this is a new request and not a reminder or a forward |  | :23G:NEWM | | 22F | M | CAEV | CA Event Indicator |  | :22F::CAEV//DSCL | | 22F | M | CAMV | Mandatory/Voluntary Indicator |  | :22F::CAMV//MAND | | 25D | M | PROC | Processing Status |  | :25D::PROC//COMP | | 16S | M |  |  | GENL |  | | End of Sequence A General Information | | | | | | | Mandatory Sequence B Underlying Securities | | | | | | | 16R | M |  |  | USECU |  | | 35B | M |  | Financial Instrument |  | :35B:ISIN GB0033519546 | | -- Mandatory Repetitive Subsequence B2 Account Information – | | | | | | | 16R | M |  |  | ACCTINFO |  | | 97C | M | SAFE | Account identification of the receiver, nominee | C (account code)  **OR**  A (Account nr) | :97C::SAFE//GENR  **OR**  :97A::SAFE//LSCLT | | 16S | M |  |  | ACCTINFO |  | | -- End of Subsequence B2 Account Information | | | | | | | 16S | M |  |  | USECU |  | | End of Sequence B Underlying Securities | | | | | | | Optional Sequence D Corporate Action Details | | | | | | | 16R | M |  |  | CADETL |  | | 98A | M | EFFD | Effective date - Date/time at which an event is officially effective from the issuer’s perspective.  (*date of request for details*) |  | :98A::EFFD//20100310 | | 36a | O | QTSO | Minimum Quantity Sought - The minimum quantity of securities the offeror/issuer will purchase or redeem under the terms of the event. This can be a number or the term "any and all" (Disclosure *threshold quantity*)  ***CR:*** *Add new qualifier. Proposition: DSQT Disclosure Threshold Quantity.* |  | :36B::QTSO//UNIT/1000, | | 16S | M |  |  | CADETL |  | | End of Sequence D Corporate Action Details | | | | | | | Repetitive Optional Sequence E Corporate Action Options | | | | | | | 16R | M |  |  | CAOPTN |  | | 13A | M | CAON | Number identification |  | :13A::CAON//001 | | 22F | M | CAOP | Corporate Action Option code Indicator  *Considering the NVR E79,*  *use a DSS + DSCL rather than OTHR as OTHR forces the usage of :70E::ADTX*  ***CR:*** *Addition of code DSCL to qualifier CAOP* |  | :22F::CAOP/SMPG/DSCL | | 22F | O | OPTF | Option features indicator – date of birth  ***CR****: add code DBIR to code list of OPTF* |  | :22F::OPTF/SMPG/DBIR | | 22F | O | OPTF | Option features indicator – country of nationality  ***CR****: Add code NATO to code list of OPTF* |  | :22F::OPTF/SMPG/NATO | | 22F | O | OPTF | Option features indicator – email address  ***CR****: Add code EMAI to code list of OPTF* |  | :22F::OPTF/SMPG/EMAI | | 22F | O | OPTF | Option features indicator – city of birth  ***CR****: Add code CITY to code list of OPTF* |  | :22F::OPTF/SMPG/CITY | | 22F | O | CETI | Certification Type indicator – Forward request to underlying holders. This is needed when there are link arrangements between CSDs. It will be clarified in the Market Practice document.  ***CR:*** *Addition code FORW to code list CETI* |  | :22F::CETI/SMPG/FORW | | 17B | M | DFLT | Default Processing flag |  | :17B::DFLT//Y | | 98a | O | RDDT | Response deadline date |  | :98A::RDDT//20100315 | | 16S | M |  |  | CAOPTN |  | | End of Repetitive Optional Sequence E Corporate Action Options | | | | | | | Mandatory Sequence F Additional Information | | | | | | | 16R | M |  |  | ADDINFO |  | | 70E | O | ADTX | Additional information – used to refer to the relevant law. |  | :70E::ADTX//UK section793 of the Companies Act | | 70E | O | PACO | Party Contact Narrative – ID, Name and address of known shareholder |  | :70E::PACO//Ms and MR Jones  45, Bakery Street  F45789 Brigstone  *ID of known shareholder* | | 95a | M | ISAG | Issuer Agent | P: BIC | :95P::ISAG//FUNAGB22 | | 16S | M |  |  | ADDINFO |  | | End of Sequence F Additional Information | | | | | |   MX seev.031.002.01  <mx:CorpActnNtfctn>  <mx:Id>  <mx:Id>**Request001**</mx:Id>  </mx:Id>  <mx:NtfctnGnlInf>  <mx:NtfctnTp>**NEWM**</mx:NtfctnTp>  <mx:PrcgSts>  <mx:EvtSts>  <mx:EvtCmpltnsSts>**COMP**</mx:EvtCmpltnsSts>  <mx:EvtConfSts>**CONF**</mx:EvtConfSts>  </mx:EvtSts>  </mx:PrcgSts>  </mx:NtfctnGnlInf>  <mx:CorpActnGnlInf>  <mx:CorpActnEvtId>**Disclosure001**</mx:CorpActnEvtId>  <mx:EvtTp>  <mx:Cd>**DSCL**</mx:Cd>  </mx:EvtTp>  <mx:MndtryVlntryEvtTp>  <mx:Cd>**MAND**</mx:Cd>  </mx:MndtryVlntryEvtTp>  <mx:UndrlygScty>  <mx:SctyId>  <mx:Id>  <mx:ISIN>**GB0033519546**</mx:ISIN>  </mx:Id>  <mx:Desc>**AVACTA GROUP PLC**</mx:Desc>  </mx:SctyId>  </mx:UndrlygScty>  </mx:CorpActnGnlInf>  <mx:AcctDtls>  <mx:ForAllAccts>  <mx:IdCd>**GENR**</mx:IdCd>  </mx:ForAllAccts>  </mx:AcctDtls>  **OR**  *<mx:AcctDtls>*  *<mx:AcctsListAndBalDtls>*  *<mx:SfkpgAcct>****LSCLT****</mx:SfkpgAcct>*  *</mx:AcctsListAndBalDtls>*  *</mx:AcctDtls>* <mx:CorpActnDtls>  <mx:DtDtls>  <mx:FctvDt>  <mx:Dt>  <mx:Dt>**2010-03-10**</mx:Dt>  </mx:Dt>  </mx:FctvDt>  </mx:DtDtls>  <mx:SctiesQty>  <mx:MinQtySght>  <mx:Unit>**1000**</mx:Unit>  </mx:MinQtySght>  </mx:SctiesQty>  </mx:CorpActnDtls>  <mx:CorpActnOptnDtls>  <mx:OptnNb>**001**</mx:OptnNb>  <mx:OptnTp>  <mx:Prtry>  <mx:Id>**DSCL**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:OptnTp>  <mx:OptnFeatrs>  <mx:Prtry>  <mx:Id>**DBIR**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:OptnFeatrs>  <mx:OptnFeatrs>  <mx:Prtry>  <mx:Id>**NATO**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:OptnFeatrs>  <mx:OptnFeatrs>  <mx:Prtry>  <mx:Id>**EMAI**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:OptnFeatrs>  <mx:OptnFeatrs>  <mx:Prtry>  <mx:Id>**CITY**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:OptnFeatrs>  <mx:CertfctnTp>  <mx:Prtry>  <mx:Id>**FORW**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:CertfctnTp>  <mx:DfltPrcgOrStgInstr>  <mx:DfltOptnInd>**true**</mx:DfltOptnInd>  </mx:DfltPrcgOrStgInstr>  <mx:DtDtls>  <mx:RspnDdln>  <mx:Dt>  <mx:Dt>**2010-03-15**</mx:Dt>  </mx:Dt>  </mx:RspnDdln>  </mx:DtDtls>  </mx:CorpActnOptnDtls>  <mx:AddtlInf>  <mx:AddtlTxt> **UK section793 of the Companies Act** </mx:AddtlTxt>  <mx:AddtlInf>  <mx:PtyCtctNrrtv>  <mx:AddtlInf> **Ms and MR Jones**  **45, Bakery Street**  **F45789 Brigstone**  ***ID of known shareholder***</mx:AddtlInf>  </mx:PtyCtctNrrtv>  </mx:AddtlInf>  <mx:IssrAgt>  <mx:BICOrBEI>**FUNAGB22**</mx:BICOrBEI>  </mx:IssrAgt>  </mx:CorpActnNtfctn>  </mx:Document>  </mxmsg:Message>  MT 565 – Corporate Action Instruction   | **Tag** | **Status** | **Qualifier** | **Field Name** | **Content**  **Options** | **Example** | | --- | --- | --- | --- | --- | --- | | Mandatory Sequence A General Information | | | | | | | 16R | M |  |  | GENL | :16R:GENL | | 20C | M | SEME | Sender’s reference for the request |  | :20C::SEMSE//Response001 | | 20C | M | CORP | Corporate action reference |  | :20C::CORP//Disclosure001 | | 23G | M | NEWM | Indicates that this is a new request and not a reminder or a forward |  | :23G:NEWM | | 22F | M | CAEV | CA Event Indicator |  | :22F::CAEV//DSCL | | Optional Repetitive sequence A1 Linkages | | | | | | | 16R | M |  |  | LINK | :16R:LINK | | 13a | O | LINK |  |  | :13A::LINK//564 | | 20C | M | RELA |  |  | :20C::RELA//Request001 | | 16S | M |  |  | LINK | :16S:LINK | | End of Sequence A1 Linkages | | | | | | | 16S | M |  |  | GENL | :16S:GENL | | End of Sequence A General Information | | | | | | | Mandatory Sequence B Underlying Securities | | | | | | | 16R | M |  |  | USECU |  | | -- Mandatory Subsequence B2 Account Information | | | | | | | 16R | M |  |  | ACCTINFO |  | | 95a | O | ACOW | Identification of the nominee | P (BIC) | :95P::ACOW//PERLGB2L | | 97C | M | SAFE | Account identification | A (account nr) | :97A::SAFE//LSCLT | | 16S | M |  |  | ACCTINFO |  | | -- End of Subsequence B2 Account Information | | | | | | | 16S | M |  |  | USECU |  | | End of Sequence B Underlying Securities | | | | | | | Optional Repetitive Sequence C Beneficial Owner Details | | | | | | | 16R | M |  |  | BENODET |  | | 95a | M | OWND | Beneficial Owner’s ID – depending on what option is used the other one can be provided in field 70E (see below). | P (BIC)  **OR**  V: Name and Address | :95P::OWND//JANIGB22  **OR**  :95V::OWND// Ms and MR Jones  45, Bakery Street  F45789 Brigstone | | 95a | O (REP) | ALTE | Alternate ID – Alternate identification for a party  ***CR:*** *Addition of cash account :97a::CASH (with option A or E) to enable to identification of the IBAN or BBAN of the beneficial owner. Option S should be used for other purposes such as the providing of a passport ID, etc.*  ***CR:*** *Addition of option V (Name and Address) to the qualifier ALTE to be able to provide the BIC id and the name and address at the same level.* | Only option S | :95S::ALTE/SMPG/IBAN/DE/DE99203205004989123456 | | 36B | M | OWND | Quantity of securities owned |  | :36B::OWND//UNIT/2500, | | 22F | O | CETI | Certification Type Indicator – indicate if it’s NOMI, BENE or UKWN. |  | :22F::CETI/SMPG/NOMI | | 70E | O | DECL | Declaration details  Nationality, DOB[[1]](#footnote-1), email, city of birth, telephone, contact name and tel.  If in field 95a, BIC is provided, then give here the Name and Address.  ***CR:*** *Addition of optional fields to provide the Date of Birth, Nationality, City of birth, Email and contact information* |  | :70E::DECL//DBIR:19850625  NATO:DE  CITY:Frankfurt  EMAIL:tomjonesATbnymellon.com  ContName:Joe Smith  Tel:+1555666888 | | 16S | M |  |  | BENODET |  | | End of sequence C Beneficial Owner Details | | | | | | | Repeated with all Benefial Owner Details | | | | | | | Mandatory Sequence D Corporate Action Instruction | | | | | | | 16R | M |  |  | CAINST |  | | 13A | M | CAON | CA option number |  | :13A::CAON//001 | | 22a | M | CAOP | Corporate action option code indicator |  | :22F::CAOP/SMPG/DSCL | | 36a | M | QINS | Quantity of sec instructed, ie, the total quantity of securities reported (total of all :36B::OWND reported) |  | :36B::QINS//UNIT/2500, | | 98a | O | EXRQ | Execution requested date – (*date holdings relate to*) |  | :98A::EXRQ//20100310 | | 16S | M |  |  | CAINST |  | | End of Sequence D Corporate Action Instruction | | | | | | | Optional Sequence E Additional Information | | | | | | | 16R | M |  |  | ADDINFO |  | | 70E | O | ADTX | Additional text |  | :70E::ADTX//*Additional information* | | 16S | M |  |  | ADDINFO |  | | End of Sequence F Additional Information | | | | | |   MX seev.033.002.01  <mx:CorpActnInstr>  <mx:Id>  <mx:Id>**Response001**</mx:Id>  </mx:Id>  <mx:OthrDocId>  <mx:Id>  <mx:AcctSvcrDocId>**Request001**</mx:AcctSvcrDocId>  </mx:Id>  <mx:DocNb>  <mx:ShrtNb>**564**</mx:ShrtNb>  </mx:DocNb>  </mx:OthrDocId>  <mx:CorpActnGnlInf>  <mx:CorpActnEvtId>**Disclosure001**</mx:CorpActnEvtId>  <mx:EvtTp>  <mx:Cd>DSCL</mx:Cd>  </mx:EvtTp>  </mx:CorpActnGnlInf>  <mx:AcctDtls>  <mx:SfkpgAcct>**LSCLT**</mx:SfkpgAcct>  <mx:AcctOwnr>  <mx:BICOrBEI>**PERLGB2L**</mx:BICOrBEI>  </mx:AcctOwnr>  </mx:AcctDtls>  <mx:BnfclOwnrDtls>  <mx:OwnrId>  <mx:BICOrBEI>**JANIGB22**</mx:BICOrBEI>  </mx:OwnrId>  **OR**  *<mx:OwnrId>*  *<mx:NmAndAdr>*  *<mx:Nm>****Ms and MR Jones45, Bakery StreetF45789 Brigstone****</mx:Nm>*  *</mx:NmAndAdr>*  *</mx:OwnrId>*  <mx:AltrnId>  <mx:IdTp>  <mx:Prtry>  <mx:Id>**IBAN**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:IdTp>  <mx:Ctry>**DE**</mx:Ctry>  <mx:AltrnId>**DE99203205004989123456**</mx:AltrnId>  </mx:AltrnId>  <mx:OwndSctiesQty>  <mx:Unit>**2500**</mx:Unit>  </mx:OwndSctiesQty>  <mx:CertfctnTp>  <mx:Prtry>  <mx:Id>**NOMI**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:CertfctnTp>  <mx:DclrtnDtls>**DBIR:19850625**  **NATO:DE**  **CITY:Frankfurt**  **EMAIL:tomjonesATbnymellon.com**  **ContName:Joe Smith**  **Tel:+1555666888**</mx:DclrtnDtls>  </mx:BnfclOwnrDtls>  <mx:CorpActnInstr>  <mx:OptnNb>  <mx:Nb>**001**</mx:Nb>  </mx:OptnNb>  <mx:OptnTp>  <mx:Prtry>  <mx:Id>**DSCL**</mx:Id>  <mx:Issr>**SMPG**</mx:Issr>  </mx:Prtry>  </mx:OptnTp>  <mx:SctiesQty>  <mx:InstdOrQtyToRcv>  <mx:InstdQty>  <mx:Qty>  <mx:Unit>**2500**</mx:Unit>  </mx:Qty>  </mx:InstdQty>  </mx:InstdOrQtyToRcv>  </mx:SctiesQty>  <mx:ExctnReqdDtTm>  <mx:Dt>**2010-03-10**</mx:Dt>  </mx:ExctnReqdDtTm>  </mx:CorpActnInstr>  <mx:AddtlInf>  <mx:AddtlTxt>***Additional information***</mx:AddtlTxt>  </mx:AddtlInf>  </mx:CorpActnInstr>  </mx:Document>  </mxmsg:Message> |   **Change Request Info**  This change request is to provide a standardised message flow for issuers and their investors relating to providing transparency of shareholdings. This is a process that can happen at any time of the year and exists in all markets. Further details of the problem and analysis of market specifics can be found at <http://www.ecb.europa.eu/paym/t2s/governance/ag/html/subtrans/index.en.html>  Figure 1 provides a high level description of how issuers obtain information on the balances of cross-border holdings[[2]](#footnote-2) and change in holdings of their shareholders.   |  | | --- | | Figure 1. High level overview of shareholder transparency | |  |   The various steps are described below:  **Step 1**: As a first step, the issuer (or its agent[[3]](#footnote-3)) (i) in bearer markets requests its Issuer CSD or (ii) in registered markets consults its register in order to obtain a list of all the account holders having a position in the relevant ISINs. The information supplied would contain not only the names of the local participants and investors[[4]](#footnote-4), but also foreign entities, such as Investor CSDs and foreign banks holding securities in accounts on behalf of themselves or their own clients. As already mentioned, this step (the domestic level) is efficient and automated and works rather well in most European markets.  **Step 2**: It is at the second step – when the process moves beyond this first layer of account holders – that the difficulties begin to emerge, particularly on a cross-border basis. For good governance, the issuer needs to be able to have the breakdown behind any omnibus accounts held in the issuer CSD. The issuer agent would therefore contact these account holders (e.g. investor CSDs or foreign custodian banks) and ask them to disclose the breakdown of holdings with their omnibus account. In theory, these account holders should then rather quickly reply to the request, providing the list of their clients holding the issuer’s securities. Among these clients, there may also be entities which are not the ultimate beneficial owners but intermediaries holding securities as nominees.  **Step 3**: In step 3, the issuer agent would then contact these entities identified in the second step as being nominees (assuming the holdings were sufficiently large) and request a further account breakdown.  **Step 4**: In step 4, the issuer agent would contact those nominees identified in the Step 3. And the process could continue further, with a Step 5 and so on, assuming the issuer is interested in finding out more information.  As soon as the process moves cross-border (potentially starting at Step 2 but could be at any step after step 1), issuers are faced with a number of challenges.  First, they are faced with legal obstacles. Foreign intermediaries may not be aware of the laws of another country that requires shareholder disclosure, and in any event may consider that their own local laws (e.g. on banking secrecy) might prohibit such disclosure. They may be uncertain as to whether they should first confirm with their clients before disclosing the information, which could then become a burdensome, inefficient and time-consuming process.  Second, even if the foreign intermediaries are allowed by law and willing to reply, they are faced with significant technical difficulties, due to non-standardised formats or communication processes (e.g. usage of faxes or letters) and non-harmonised market practices. The process is rarely automated.  As a result of the legal and technical difficulties, foreign intermediaries often do not reply or, if they do, reply with a significant delay or errors. Significant delays and poor quality, of course, reduce the value of the data for the issuer and the governance process for the investor.  The latest EU consultation paper on corporate governance (issued April 5) reiterates these concerns and asks for the market to suggest how governance could be made more efficient.  Consequently, there is a critical need to have standardised messages for shareholder disclosures requests and responses. This is necessary in order to eliminate non-standardised data formats (e.g. fax, Excel, Access) which are not amenable to straight-through processing (STP). The establishment of an ISO disclosure message standard would initially involve some IT investment on behalf of intermediaries, but in the medium-term would lead to substantial efficiency gains for all parties.  This message standard could apply both to local and cross-border disclosure requests. This proposal has already benefited from preliminary discussions with the ISO standard setting authority and it was considered workable. Implementation could begin already in 2011, using the message standards as such (with a few workarounds) and be completed by end 2012 with a complete message standard solution (if approved by the relevant ISO standard setting committees). |
| **Standards Illustration** |
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**SWIFT Comment**

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**Working Group Meeting**

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| **Discussion** |
| The MWG fully agrees with the business case but unanimously reject the solution to use the CA MT564/565 messages for this purpose as this additional flow would greatly impact the CA normal processing flow as this disclosure process is not really seen as a corporate action.  Also the MWG feels that the amount of changes needed for this to the MT565 is detrimental to the support of the instructions for CAs.  The MWG also thinks that a solution based on MTs (ISO15022) is not adequate in view of the 10.000 characters limitation in message size and the amount of data that should be conveyed for the disclosure process.  Therefore, the MWG recommends that the T2S Shareholders Transparency taskforce reaches out to the ISO 20022 Securities SEG for potentially creating new ISO20022 messages for this purpose.  The MWG recommends also that the SMPG clarifies the usage of the existing DSCL (Disclosure) event in the CA messages and how it differs from the disclosure process described into the T2S shareholder transparency documents as this has generated some confusion. |
| **Decision** |
| **Reject** |

**Final Decision of the ISO 20022 Securities SEG**

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| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
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| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

## CR 000331: MX/MT 564 Add new ADDB code for Extension of Offers

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| **Origin of request** | |
| Requesting Country: | FR France |
| Requesting Group: | French National Market Practice Group |
| **Urgency of this request:** | |
| HIgh | |
| **Business Impact of this request** | |
| Business impact: ALL - All SWIFT Users will be impacted  Business applications impact: MEDIUM - Medium Impact on business applications | |
| **Commitment to implement the change** | |
| Expected traffic per year:Not provided  Number of users impacted:Not provided  Country, community or group committed to implement this change: French market actors  Year they will implement this change:2012 | |
| **Nature of Change** | |
| Addition of a new code (for example EXTN) to qualifier 22F ADDB (Additional business process indicator) in sequence D of MT 564 Corporate actions detail. | |
| **Business context** | |
| Creation of one qualifier specific for the extension of an offer.  The extensions concern the following corporate actions TEND or EXOF (71,5 % of the cases) . This information is announced by the receipt of MT 564 REPL with modifications of deadline and/or ratio and/or price, and/or addition of option. The information identifying clearly the extension is among other information of the narrative block Other modifications are sent with REPL. The creation of one qualifier specific at the CA level for the extension would allow a quicker identification of any extended corporate actions, would facilitate the merger and the analysis of the MT564. | |
| **Message Type(s) Impacted** | |
| MT 564, (MT 566 ?) | |
| **Examples** | |
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| **Standards Illustration** | |
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**SWIFT Comment**

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| It is a normal process that in the replacement of an announcement, the terms of the event are subject to change (except for the event type, the security id and the CAMV code). So why do we need necessarily this “change of terms” indicator specifically for the offer events ?  We should also keep :22F::ADDB list of codes in the MT 566 aligned with those in the MT564 if this code addition is accepted. |

**Working Group Meeting**

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| **Discussion** |
| The MWG agrees with SWIFT comment and feels the business case not strong enough. The new indicator would not add business value as a replacement message is sent anyway with the updates to the core fields impacted by the extension (i.e., deadline). |
| **Decision** |
| **Rejected** |

**Final Decision of the ISO 20022 Securities SEG**

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| --- | --- |
| **Approval of MWG Decision:** | **YES** |
| **Comment:** |  | |
|  |  | |
| **Rejection of MWG Decision:** |  |
| **Reason for Rejection:** |  | |

**END OF DOCUMENT**

1. Date of Birth is mandatory in the German market. This will be clarified in the Market Practice document. [↑](#footnote-ref-1)
2. The process and flow is often the same on a domestic basis but the problems arise cross border and the diagram is designed to show where these issues arise. [↑](#footnote-ref-2)
3. The issuer agent is any entity which acts on behalf of the issuer. The agent could be a CSD, a registrar, an investors relations provider, etc. The issuer could even decide to in-source the role of issuer agent. For the purposes of this report, the term issuer agent is referred to in this generic sense. [↑](#footnote-ref-3)
4. In many markets, the issuer agent has in place a mechanism to obtain information on the ultimate beneficial owners that are domestically located. See the survey carried out by the Taskforce for more details “Market analysis of shareholder transparency regimes in Europe” which is available on the ECB’s website www.ecb.int/t2s. [↑](#footnote-ref-4)