**CA469 - Process CA instructions partially**

Account servicers for elective events where the issuer/offeror or its agent will only accept instructions on settled positions may choose to handle instructions from the clients on pending/traded positions in three different ways. These are outlined below:

1. An account servicer may reject the instruction if the account does not have the full instructed quantity available.
2. An account servicer may keep the instruction pending, until the account receives sufficient securities to cover the full instructed quantity, or the period of action ends, and the instruction is rejected.
3. An account servicer may bilaterally agree with an account holder to process CA instructions partially. This means that the account servicer will accept part of the instruction, for the quantity available on the account, and keep the remaining part of the instruction pending. The CA instruction will remain pending until additional securities are received, and the account servicer can partially accept the instruction for these additional securities. This is an ongoing process which continues until the full instructed quantity has been accepted or the remaining part of the CA instruction is rejected at the end of the period of action.

Practices 2 and 3 above rely on a bilateral agreement between the account servicer and account owner. Including them in global market practice does not mean that practice 1 above is not equally valid and/or recommended.

In case the parties have agreed to process CA instructions on a partial execution basis as per practice 3, the status of MT565 instructions should be confirmed via MT567 as following:

* as long as the instruction is in good order, the part of the instruction that the account servicer can execute/block should be advised as “accepted for further processing” (:25D::IPRC//PACK);
* part of the instruction that the account servicer cannot execute/block should be advised as pending with the relevant reason (:25D::IPRC//PEND and :24B::PEND//PENR or :24B::PEND//LACK);
* as soon as a pending receipt settlement instruction is settled, either fully or partially (e.g. in case of partial settlement), thus increasing the settled position, that part of the original corporate action instruction should be confirmed by issuing a MT567 with status “accepted for further processing” (:25D::IPRC//PACK);
* at the end of the election period, if any part of the instruction is still pending, that part of the original corporate action instruction should be rejected (:25D::IPRC//REJT and :24B::REJT//LACK).

As a way of an example:

1. The account owner:

* has a settled position of 10 securities
* has an outstanding receipt to acquire 5 securities
* sends an instruction (non-default option) for 15 securities
* the pending receipt settles partially for 2 securities
* at the end of the election period, the pending receipt is still outstanding for 3 securities

1. The account owner will send a MT565 instruction with a QINS = 15
2. Upon receipt of the instruction, the account servicer will issue:
   * an MT567 with :25D::IPRC//PACK for 10 securities (STAQ = 10);
   * an MT567 with :25D::IPRC//PEND and :24B::PEND//PENR or LACK for 5 securities (STAQ = 5);
3. As soon as the pending receipt settlement instruction is partially settled for 2 securities, the account servicer will issue a MT567 with :25D::IPRC//PACK for 2 securities (STAQ = 2);
4. At the end of the election period, the account servicer will issue a MT567 with :25D::IPRC//REJT and :24B::REJT//LACK for 3 securities (STAQ = 3)
5. The account owner:

* has a settled position of 10 securities
* has an outstanding receipt to acquire 3 securities and an outstanding delivery to sell 4
* instructs (non-default option) on the eligible holding of 9 securities
* the pending receipt settles partially for 2 securities
* the pending delivery settles fully
* at the end of the election period, the pending receipt is still outstanding for 1 security

1. The account owner will send a MT565 instruction with a QINS = 9
2. Upon receipt of the instruction, the account servicer will issue:
   * a MT567 with :25D::IPRC//PACK for 6 securities (STAQ = 6);
   * a MT567 with :25D::IPRC//PEND and :24B::PEND//PENR or LACK for 3 securities (STAQ = 3);
3. As soon as the pending receipt settlement transaction is partially settled for 2 securities, the account servicer will issue a MT567 with :25D::IPRC//PACK for 2 securities (STAQ =2);
4. At the end of the election period, the account servicer will issue a MT567 with :25D:: IPRC//REJT and 24B::REJT//LACK for 1 security (STAQ = 1)