SMPG Corporate Actions
Global Market Practice - Part 1

Disclaimer

The Securities Market Practice Group is a group of experts who devote their time on a voluntary basis to define global and local market practices for the benefit of the securities industry. The market practice documentation and recommendations produced by this organization are intended to solve common problems across the securities industry, from which financial institutions can derive clear benefits, to harmonize business processes and to facilitate the usage of message protocols ISO 15022 and ISO 20022. While the Securities Market Practice Group encourages the implementation of the market practices it develops, it is up to the financial institutions within each market to implement the market practices according to their needs and agreements with their business counterparts to support their businesses as efficient as possible.

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1 Introduction

1.1 Revision Record

Version	Publication Date	Sections Affected	Description
SR2013 v1.1	6 June 2013	7.4,8.25, 11.1	
SR2013 v1.0	28 February 2013	None	
SR2013 v0.1	17 January 2013	3.2.1, 3.3.2, 3.6.2, 3.6.3, 3.11.10, 3.14, 3.15.5, 6.10, 8.1.2.2, 8.8, 8.31, 8.32, 8.33, 9.22, 9.23, 9.25, 9.26	Refer to section track changes.
SR2012 v1.1	June 2012	Section 8.24, 8.25	Update 8.24 and add new MP 8.25
SR2012 v1.0	February 16 2012	New section 5 (on preliminary advice message)	For the other sections, see track changes.
SR2011 v1.1	8 September 2011	1.1; 3.10.1; 5.5; 5.8; 5.9; 7.2.2; 7.23	Various minor updates to v1.0 and new MP for INDC usage for SR2011 in place of PRPP when no cash move occurs (see section 7.2.2).

1.2 SMPG Market Practice Documents Overview

The SMPG Global Market Practices for Corporate Action are defined in three main documents outlined here below:

- **SMPG CA Global Market Practice Part 1:** The present document. It covers the following topics:
  - Main corporate action message flows per category of events;
  - Market practices defined per message types;
  - Message independent market practices;
  - Market practices on particular CA events;
  - Market practices on market claims and interest compensation;
  - Market practice on Proxy Voting in ISO15022
- **SMPG CA Global Market Practice Part 2**: This document covers the following information (provided in the form of a Excel sheet file):
  - **Event Interpretation Grid (EIG+)**: the EIG defines the allowed combinations of event types and Mandatory/Voluntary indicators and for each combination, the allowed options and DPRP (Date, Period, rate, Price) data elements that may apply globally and for local markets.
  - **Date elements Placement Guidelines**: Illustrates the allowed position(s) of the Date, Period, Rate, Price and other qualifiers as defined in the ISO 15022 MT564 and MT 566 messages for the SR2010.
  - **Complex Events Grid:** This table is used to ease the selection of the appropriate CAEV code for complex events.
  - **Redemption Matrix:** This table is used to ease the selection of the appropriate redemption event type by providing the key differences between the various redemptions events.
  - **Return of Capital Matrix:** This table is used to ease the selection of the appropriate return of capital event type by providing the key differences between the various return of capital events.

- **Distribution with Option table:** This table gives the market practice for a rights event: either in one event using CAEV//RHTS or in two or more events using CAEV//RHDI and a second event CAEV//EXRI.

- **SMPG CA Global Market Practice Part 3**: This document covers the following information (provided in the form of a Excel sheet file):
  - **MT 567 Status and Reason Codes for instruction and Event processing status and** : Specifies the valid combinations of Status codes and Reason codes for the MT 567.
  - **CA SMPG MT 567 Decision Table:** Specifies the status and reason codes to be used according to the result of the instruction and instruction cancellation processing.

The following important SMPG documents are complementary to the above global market practice documents:

- **SMPG CA Event Templates**: This document provides examples of ISO 15022 MT messages for more than 30 corporate events. Its purpose is to demonstrate with concrete examples the application of various SMPG market practices (like the EIG+).
- **Proxy Voting Scenario**: Illustrates how CAN MT's can be used to support proxy voting business flows and scernario.

The above documents are all freely available for download from the SMPG web site (www.smpg.info).

1.3 Scope of this document

This document records market practices, which is much wider than just SWIFT messages and fields. The agreed principles are applicable regardless of the syntax or the carrier chosen. ISO 15022 examples and syntax of the decisions are given for information. A table is given to precise implementation details in ISO 15022 when relevant.

Note on the extension to ISO 20022 messages

The next version of the CA SMPG market practice documents should start extending the market practice definitions, illustrations and examples to the ISO 20022 corporate action messages suite as it has recently been decided by the SMPG CA group members.

This present document is structured in several parts as follows:

- Section 2 describes the agreed Corporate Actions flows per events category;
- Section 3 defines market practices on the announcement message (MT 564);
- Section 4 defines market practices on the instruction message (MT 565);
- Section 5 defines market practices on the confirmation message (MT 566);
- Section 6 defines market practices on the status and process advice message (MT 567);
- Section 7 defines market practices that are applicable to all flows;
- Section 8 defines market practices on specific corporate action events;
- Section 9 defines market practices on market claims and interest compensation.
- Section 10 defines market practices for the usage of the MT 56X messages for supporting the proxy voting process;
- Section 11 defines preliminary coexistence rules between the corporate action ISO 15022 – ISO 20022 Standards.

For each part, generic guidelines as well as SMPG decision are given. A reference to the meeting where the decision was taken is made. However, the intention of this document is not to record the history of the discussions but only to give the agreed results of the debates.

This documents contains market practices that have been defined or updated at any of the following conference calls and meetings:

- SMPG CA Telcos held on:
  - In 2007: 12th February, 24th May; 21st June; 6th September, 6th December;
  - In 2008: 10th January; 23rd January; 6th March; 19th March; 20th May; 26th June; 30th July; 13th November;
  - In 2009: 15th January; 18th March; 9th April; 14th May; 29th May; 18th June 2009; 24th September; 5th October 2009; 10th December 2009

  - In 2010: 25th Feb., 25th Mar., 6th July, 4th Aug, 15th Sep., 13th Oct., 13th Dec..
  - In 2011: 2nd Feb., 14th Mar., 6th May, 27th May, 29th, June, 14th Sept., 7th Nov., 30th Nov., 20th Dec.
  - In 2012: 25th Jan., 29th Feb., 28th Mar., 23rd May, 27th Jun., 13th Sept., 11th Oct, 13th December.
  - In 2013: 24th January, 21th February, 25th March, 23rd May
- SMPG Global Meeting in Boston, 5th – 6th October 2007;
- SMPG Global Meeting in Paris, 23rd – 25th April 2008;
- SMPG Global Meeting in Vienna, 19th – 20th September 2008;
- SMPG Global Meeting in Moscow, 5th – 7th May 2009;
- SMPG Global Meeting in Frankfurt, 2nd – 3rd November 2009.
- SMPG CA Meeting in Luxembourg, 27th – 29th April 2010
- SMPG Global Meeting in Amsterdam 29th – 30th Oct. 2010
- SMPG Global Meeting in Rio de Janeiro 5th – 7th April 2011
- SMPG CA Meeting in La Hulpe – 10th – 11th October 2011
- SMPG Global Meeting in Athens 24th – 26th April 2012
- SMPG Global Meeting in Osaka 5th – 7th November 2012
- SMPG Global Meeting in Frankfurt 23 – 25th April 2013

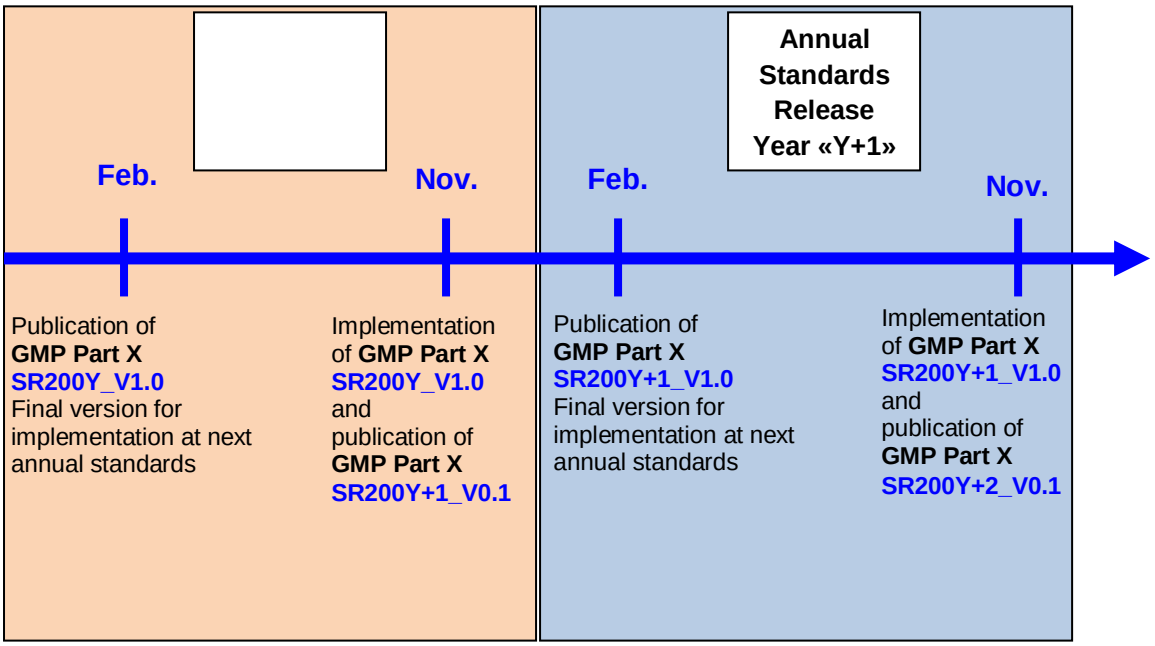
1.4 Yearly Release Schedule

The SMPG CA Global Market Practice documents have two official releases per year. The objective of these releases is to allow users and implementers to synchronise the implementation of the Global Market Practice documents with the yearly SWIFT Standard Releases[1].

A draft (v0.1) of the Global Market Practice documents is first published in November of the year preceding the year of the SWIFTSTandards release for which the market practices should apply.

A final version (v1.0) of the Global Market Practice documents is then published in February[2] of the same year of the Standards release for which the market practices should apply.

This is illustrated in the following graphical time line:



Example:

The version of the Global Market Practice documents published in November 2011 will be "v0.1". This version includes the updates to the market practices (or draft and new MPs) to be applied with the SWIFT Standards release of November 2012.

This version v0.1 will evolve until February 2012, when it will become "v1.0", the final version with market practice updates to be applied in November 2012.

In November 2012, a new version will be released named "v0.1", etc...

Interim versions:

Of course there could be interim versions of the Global Market Practice documents. These would be versioned v0.2, v0.3.etc... However, this should remain exceptional. The objective of this release schedule is to keep the number of versions in circulation to a minimum.

1.5 Documents Maintenance

Important changes to previous version of the Global Market Practice document part 1 are indicated with track changes.

[1] SWIFT Standards releases are always live on the SWIFTNet FIN network in November each year.

[2] This new schedule with a publication in February (instead of May) shall apply only as of 2012.

2 Category of Events and Flows[1]

As the event category (not to be confused with the event type) influences the CA flows, a broad categorisation of events has been established. Based on this broad categorisation, generic communication flows are defined.

2.1 Categories of events

The SMPG agreed on the existence of 3 categories of events.

Mandatory events - Mandatory events are those defined as events where, the shareholder has no option or ability to take action or influence the timing of the event. In short, the event will happen and there is no choice for the holders.
E.g.: a stock split.

Mandatory events with Options - A mandatory event with options is defined as an event where, if the shareholder does nothing, something will occur to change the shareholders holdings in terms of securities or cash. However, the shareholder has a choice in which way he would like his holdings to be affected. In short, the event will happen and the holder has a choice.
E.g.: Dividend Options

Voluntary events - Voluntary events are those defined as events where, the shareholder has option to have his holdings affected. In short, the event may or may not happen and/or the holder can elect to take part or not.
E.g.: Tender Offer.

See the Event Interpretation Grid (EIG) in the GMP Part 2 for the allowed combinations of corporate action events (:22F::CAEV) and categories of events (:22F::CAMV).

2.2 Communication flows

It was agreed there were at least 3 steps - Notification, Entitlement and Payment/confirmation for all categories of event. Additional steps are required when options come into play. Flows were defined for all broad categories.

2.2.1 Mandatory Events Flows

Legend of colored boxes:

CA Notification (MT 564 NEWM or REPL)

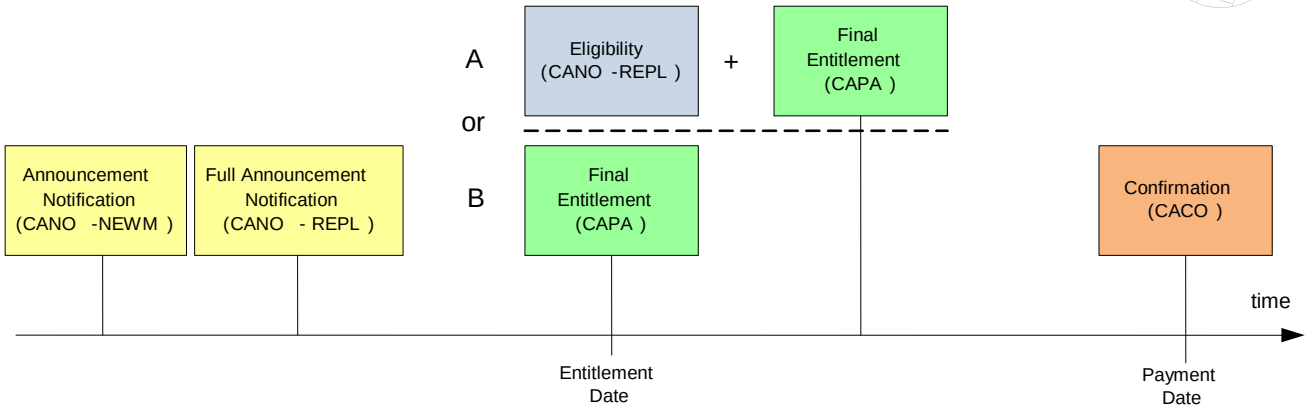
CA Notification MT564 REPE (with « EligibleBalanceIndicator » set*)

CA Movement Preliminary Advice (MT 564 NEWM or REPE + 22F ::ADDB//CAPA) (with optionally « EligibilityIndicator » set*)

CA Confirmation (MT 566)

* *Available only in ISO20022 Notification or Movement Preliminary Advice message*

[1] SMPG meeting July 2000.



Examples of such events are stock dividend (DVSE) or cash dividend (DVCA) events. In this case, the eligibility process could potentially be skipped as shown up in path B.

Preliminary announcement:

- Could include options.
- The preliminary announcement is sent as full details are known until the entitlement date is reached.

Full announcement:

- Including options.
- The full announcement is usually sent before the entitlement (see further chapter on announcement).
- Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

Eligibility:

- **EligibleBalanceIndicator**[1]: Indicates whether the eligible balance is final except for a voluntary corporate action event where it can represent the current eligible balance when communicated before expiration date of that event.

Final entitlement:

- If there is an "entitlement date" which might not be the case for events like take-over bid
- The entitlement message confirms (at the best of the servicer knowledge) the holdings of the account owner at the “entitlement date” (e.g. ex date, record date, effective date…). Any “movements” (cash or securities movements) in the entitlement message are theoretical movements, pending instructions.
- **EligibilityIndicator**[2]**:** Indicates whether the movement preliminary advice is sent after entitlement date.
- Value is Yes (true) if sent after entitlement date and No (false) if sent before entitlement date.

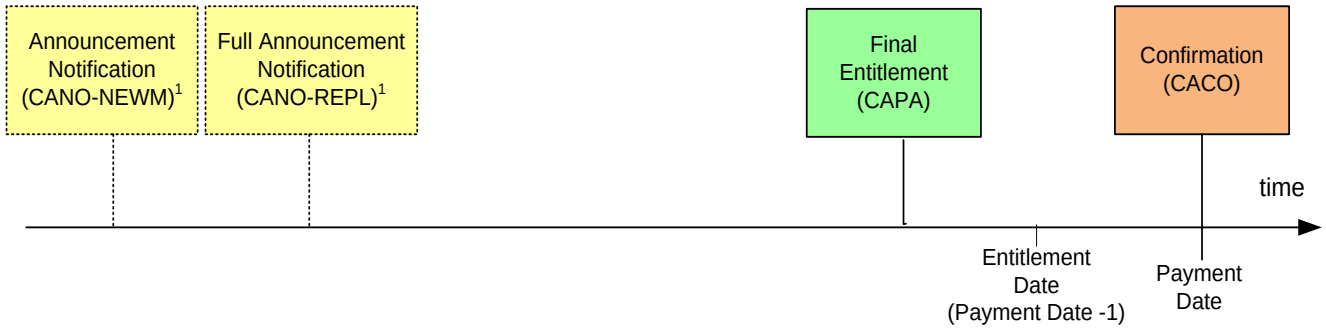
Confirmation

- At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

[1] Available in ISO20022 Notification message only

[2] Available in ISO20022 Movement Preliminary Advice message only

2.2.2 Mandatory Events Flows With Entitlement Date Close to Payment Date



Examples of such events are Interest payment on ICSD (INTR) events.

[1] For these events, the announcement notification messages are optional (for example, in the case of predictable events like monthly interest payments).

Preliminary announcement:

- Could include options.
- The preliminary announcement is sent as full details are known until the entitlement date is reached.

Full announcement:

- Including options.
- The full announcement is usually sent before the entitlement (see further chapter on announcement).
- Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

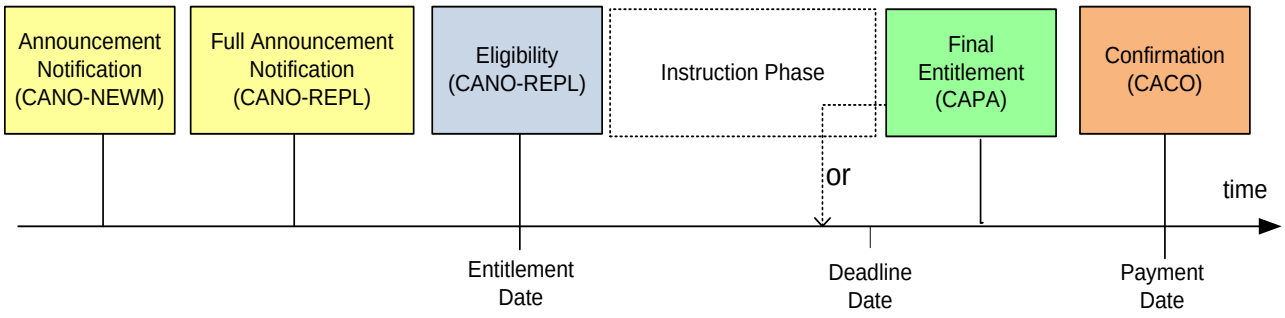
Final entitlement:

- If there is an "entitlement date" which might not be the case for events like take-over bid
- The entitlement message confirms (at the best of the servicer knowledge) the holdings of the account owner at the “entitlement date” (e.g. ex date, record date, effective date…). Any “movements” (cash or securities movements) in the entitlement message are theoretical movements, pending instructions.
- **EligibilityIndicator[1]:** Indicates whether the movement preliminary advice is sent after entitlement date.
- Value is Yes (true) if sent after entitlement date and No (false) if sent before entitlement date.

Confirmation

- At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

2.2.3 Mandatory with Options Events Flows



[1] Available in ISO20022 Movement Preliminary Advice message only

Examples of such events are optional dividend (DVOP) or rights issue (EXRI) events. Income events as currency options are also part of this case.

Preliminary announcement:
- Could include options.
- The preliminary announcement is sent as full details are known until the entitlement date is reached.

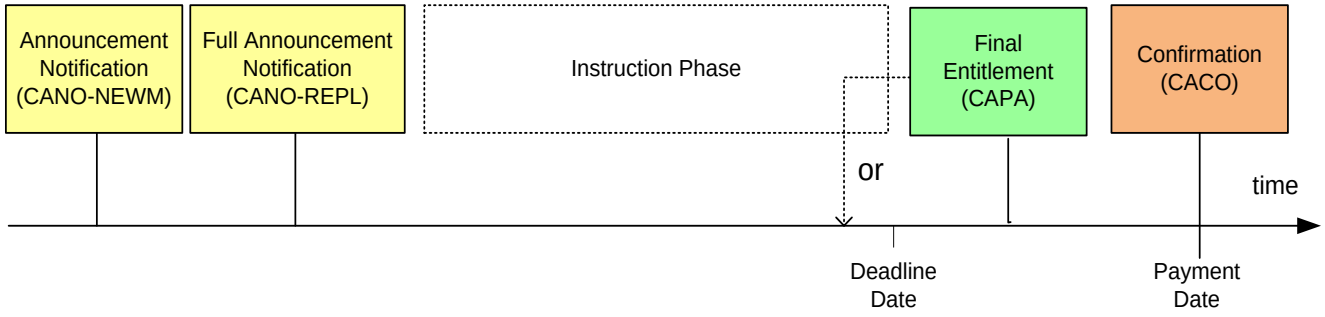
Announcement:
- Including options.
- The full announcement is usually sent before the entitlement (see further chapter on announcement).
- Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

Eligibility:
- If there is an "entitlement date" which might not be the case for events like take-over bid
- The entitlement message confirms (at the best of the servicer knowledge) the holdings of the account owner at the “entitlement date” (e.g. ex date, record date, effective date…). Any “movements” (cash or securities movements) in the entitlement message are theoretical movements, pending instructions.
- **EligibleBalanceIndicator**[1]: Indicates whether the eligible balance is final except for a voluntary corporate action event where it can represent the current eligible balance when communicated before expiration date of that event.

Final entitlement:
- It is not to be confused with the entitlement message.
- This step is optional and based on SLA/Market Practice requirements. It confirms the outturn benefits based on the election made by the account owner. The uninstructed balance may be advised.
- The final entitlement message **must** include holding/positions.

Confirmation
- At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

2.2.4 Voluntary Events Flows



Examples of such events are put Redemption option (BPUT) events.

Preliminary announcement:
- Could include options.
- The preliminary announcement is sent as full details are known until the entitlement date is reached.

[1] Available in ISO20022 Notification message only

Announcement:

- Including options.
- The full announcement is usually sent before the entitlement (see further chapter on announcement).
- Sometimes full announcement is not sent as full details are not known until the entitlement date is reached; this is mainly the case for mandatory events.

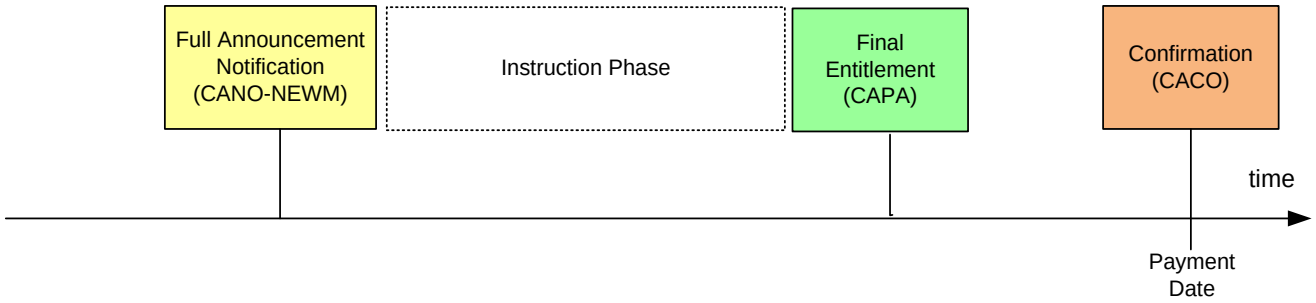
Final entitlement:

- It is not to be confused with the entitlement message.
- This step is optional and based on SLA/Market Practice requirements. It confirms the outturn benefits based on the election made by the account owner. The uninstructed balance may be advised.
- The final entitlement message **must** include holding/positions.

Confirmation

- At the payment date, the message is sent to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate action event.

2.2.5 Voluntary Rolling Events Flows



Voluntary Rolling Events:

Examples of such events are conversion (CONV) events In this case, the instruction can come any time during life of the security.

2.2.6 Instruction Phase Flows

Reminder:

- Messages to customers that have not responded to the corporate action event by the deadline.
- This is strictly between the account servicer and account owner and would occur close to the deadline. This message would only be sent in the event no election response was received or if a partial election response was received.
- Reminder (if any) is strictly driven by SLA. Its details, e.g. whether a default option is indicated or when the reminder is initiated, is also left entirely to parties based on SLA.

Processability:

- The processability message sent from the account servicer to the account owner is optional[1]. It confirms the reception of the instruction by the account owner and its "processability".
- Processability criteria are defined based on SLA between the 2 parties but are likely to involve a check on the account, the quantity and the option. The scope of the processability is just to ensure that basics details of the instructions are recognised by the account servicer.
- When no instruction has been received by the account owner, the account servicer may wish to notify to the account owner that no instruction was received and that the default action was taken. This feature falls either under the extension of the processability flow (not to confirm that the instruction was received but

[1] Madrid meeting November 2000.

that no instruction was received). Additionally the results of the default will appear in the (optional) final entitlement notice when it is sent.

2.3 ISO 15022 messages

These flows map to the following ISO 15022 message types.

- Preliminary and announcement: MT 564 with :23G::NEWM or REPL
- Entitlement: MT 564, with function of the message :23G:REPE
- Final Entitlement: MT 564 with function of the message 23G: REPE + 22F::ADDB//CAPA
- Reminder: MT 564, function of the message :23G:RMDR
- Instruction: MT 565
- Processability of the instruction / Status (including default action notification): MT 567
- Confirmation: MT 566

2.3.1 MT 564 Message Sending Sequence

The first announcement is, 23G:NEWM

Subsequent changes before eligibility require, 23G:REPL to be used.

At ***eligibility*** a further MT 564 to be sent, 23G:REPE.

Any subsequent eligibility and/or event details changes require, 23G:REPE

All messages after the first announcement contain a linkage block to the previous MT 564.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G		April 2006	Nov. 2006		CA 80

3 Notification Message (MT 564)

3.1 Generic Elements of a notification

An announcement message will include the following elements:

a) Announcement Type (mandatory)
b) Announcement Status (mandatory)
c) Event Category (mandatory)
d) Event Type (mandatory)
e) Reference: Senders Reference (mandatory) - Unique corporate action reference (Mandatory)
f) Identification of the underlying securities via an ISIN (and description)
g) Account (single account, all accounts- not identified individually)
h) Balance (Optional)
i) Event details

- Certificate Number (necessary in certain countries still dealing with physicals but optional element) is not dealt with in this document but may be required in certain circumstances.
- The more technical elements (such as sender or receiver) have not been included in the above list.
- In the case where holdings are held in different places of safekeeping and the terms of the event differs, the account servicer will either align the terms whenever it is possible or create two separate events (see also section 3.13).
- The SMPG felt that market practice could only be established on the "complete" notification rather than preliminary or interim. In fact, preliminary or interim notifications are subsets of a "complete" notification and information on the events are published in so many ways across the countries that attempting to include "incomplete" notification in the Market Practice would not be realistic.
- It may also be that the full announcement is not sent, as full details are not known until the entitlement date is reached, this is mainly the case for mandatory events. In this case, the entitlement notice will contain the full announcement details as well as the entitlement specific details (e.g. Mortgage-Backed instrument).
- Date prepared is not a common element; the time stamp in the message header can supply this information should it be required[1].

Let's look at these various elements and how they can be mapped into ISO 15022 messages.

3.2 Function of the message.

The announcement type is translated in an MT 564 by the function of the message.
There are different levels of notification such as early notification, confirmed notification, updated notification and so on.
The function of the message (MT 564) indicates whether the announcement/notification is a new notification, a replacement or a replacement with entitlements (other special functions exist: reminder, cancel or withdrawal)

3.2.1 NEWM

A new message (:23G:NEWM) is always used as the first notification for a given event.
After a NEWM is sent, any subsequent notification will be a REPL (Replacement) or Eligible balance notification (REPE).
If a notification is sent when a new recipient/account buys the underlying security in an ongoing event, this is a NEWM message even if other recipients/accounts receive the same notification as a REPL/REPE.
For late announcement and well known events recommendations, refer to 3.2.4.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.

[1] Madrid meeting November 2000.

A	23G		Nov. 2000/Nov.2004	Nov.2002/May 2005	Nov. 2012	

3.2.2 REPE

An entitlement message would contain all the same data elements as the notification but would include the eligible balance (if not already previously reported).
When the record date and the payment date are consecutive, it was agreed that the Entitlement message may be omitted and the Confirmation message will be sent when the benefit has been distributed. For individual institutions, this depends on whether any delay is experienced whilst waiting for the benefit to be received. Typically a domestic benefit is distributed on payment date and a cross-border benefit distributed when it is received.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G	REPE	NOV-2000	NOV-2002		

If a final entitlement MT 564 is sent (i.e. after the response deadline of elections) then it should include details of the actual stock and cash benefits[1].

3.2.3 ADDB

ADDB can be mentioned to notify an additional business process to a corporate action, for example :22F::ADDB//CAPA, which indicates that the message is preliminary advice of payment.

3.2.4 Cancel versus Withdrawal.

WITH (withdrawal) should be used to void a previously sent message or in case the issuer has cancelled the event. This implies that the corporate event number (CORP) will not be re-used.
CANC (cancel) is to be used when the sender wishes to cancel a corporate event previously announced by the account servicer or a previously sent Preliminary Advice of Payment message (:22F::ADDB//CAPA in sequence D). In this case, the field ":22F::ADDB//CAPA" must be present in sequence D of the MT564 CANC message.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G		Nov. 2000	Nov.2002		
D	22F	ADDB	Aug-2011	Nov-2012		SR2012 CR

3.2.5 Should a CANC be used or a REPL?

Replace messages should be sent in all circumstances.
If a REPE message has been sent, then the replacing message containing the new details is also a REPE (not a REPL).
When REPE is used, it is understood that the REPE message contain the entire set of information, not just the elements replaced or added.
In case of a withdrawal, the specific withdrawal code should be used.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G		Nov. 2000	Nov.2002		

The CAEV, CAMV and Financial Instrument identification are crucial to the processing of an event; if one or more of them changes the old event is to be cancelled by the account servicer and a new one started.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2010		CA 155

[1] Geneva meeting September 2002.

3.2.6 On Late announcement and well known events

Late announcements

1) When a mandatory event is notified late and the entitlements are known, the rule "first notification message = MT 564 NEWM" should be followed.

This NEWM (sent after record date) may include eligibility and entitlement details. If not, a REPE will need to follow.

2) When a mandatory event is notified late, the entitlements are known and the payment date is in the past, for consistency and easy automation purposes, it is recommended to issue a notification (MT 564 NEWM) before sending the confirmation (MT 566).

From SR2006 a status code of ENTL may be used with the processing status qualifier of PROC, 25D::PROC//ENTL. This indicates that the message contains entitlements. In addition its use is restricted to function of message NEWM, and requires the presence of one or more of movement sequences E1 and E2.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	25D		April 2006	November 2006		CA 66

Well known events

For well-known events, the rule remains that a NEWM should be used as first notification message. This NEWM message may include eligibility and entitlement details. If not, a REPE will need to follow.

Well known events are typically fixed income events.

Event --→	Well Known	One off and message sent **after** entitlements known and **before** payment date	One off and message sent **after** entitlements known and **after** payment date
564 Notification NEWM	Mandatory	Mandatory	Mandatory
564 Notification REPE	Optional	Optional	Optional
566 Confirmation	Mandatory	Mandatory	Mandatory

Note that the confirmation message is **always** sent when the event results in outturns of cash and/or stock.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G		NOV-2000/NOV 2004	NOV-2002/NOV 2006		

3.3 Announcement status

An announcement status can be confirmed or unconfirmed and complete or incomplete. The announcement status is given in an MT 564 in the field :25D::PROC//

3.3.1 On COMP

The complete notification being defined as the notification containing all the needed elements for an event.. It is obvious that at an early stage of the event, not all elements could be available. It was agreed that in such cases, only the available data should be indicated rather than listing all the needed elements with a "to be announced" or "unknown" value. The SMPG decided that a Notification message may be considered complete when there are sufficient details for the client to make a decision[1]. The needed elements required to consider an announcement as complete should be determined on a Corporate Action (CA) by CA basis by National Market Practice Groups (NMPGs) and documented as Mandatory elements in the EIG+

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	25D	PROC	NOV-2000	NOV-2002		

[1] Madrid meeting November 2000.

A Preliminary Notification message may be sent, this is dependent on service level agreement.
A reminder Notification message may be sent to the client, again this is dependent on client agreement (and thus falls out of the scope of global market practice)[1].

3.3.2 On ENTL

From SR2006 a status code of ENTL may be used with the processing status qualifier of PROC, 25D::PROC//ENTL. This indicates that the message contains entitlements. In addition its use is restricted to function of message NEWM, and requires the presence of one or more of movement sequences E1 and E2.
Please note that since SR2011 ENTL may only be used in a CAPA message (i.e. :22F::ADDB//CAPA present in sequence D of the MT564).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	25D		APR 2006	NOV 2006		CA66

3.3.3 On INFO

From SR2006 a status code of INFO may be used with the processing status qualifier of PROC, 25D::PROC//INFO. This indicates that the message is for information only, for example as a notification of an opportunity to exercise a warrant or convert a security. Note that there will have been no announcement by the market as this is a service provision.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	25D		APR 2006	NOV 2006		CA68

3.4 Event Category

There are 3 categories of events (mandatory, mandatory with options and voluntary). Please refer to section 2.1 for definitions. This is indicated in an MT 564 using the appropriate code (MAND, CHOS, VOLU) in the field :22F::CAMV//
See the EIG+ (reference source in the introduction) for further details.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	22F	CAMV	Nov. 2000	Nov. 2002		

3.5 Event type

Event type is to be given in the announcement. The structured manner of identifying the event is through an appropriate code (see SWIFT documentation) in the field :22F::CAEV//

See the EIG+ (reference source in the introduction) for further details.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	22F	CAEV	Nov. 2000	Nov. 2002		

3.6 References

Any notification should contain at least 2 key references:
- the senders reference;
- the corporate action event number.

3.6.1 Senders Reference

The **senders message reference** is a reference used to identify uniquely each message sent.
Therefore each message sent - regardless of its function or event status - should bear a new and unique senders message reference.

[1] Madrid meeting November 2000.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	20C	SEME	Nov. 2000	Nov. 2002		

3.6.2 Corporate Action Reference

The **corporate action event reference** - as opposed to the sender's message reference - is a reference to the event.

This means that all messages pertaining to the same event should contain the same corporate action event reference.

This reference should also be unique in the sense that for clarity two events should not bear the same corporate action event reference.

If an issuer announces the same event for two or more of its issued securities, for example a cash dividend with the exact same terms for both the ordinary share and the preferential share, each event must be given its own CORP reference. The CORP reference must be unique per combination of event code (CAEV) and security (e.g. ISIN).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	20C	CORP	Nov. 2000	Nov. 2002	Nov. 2012	

3.6.3 Official Corporate Action Event Reference

Refer to section 8.1 for the COAF market practice.

3.7 Linkages

Linkage is a mechanism to link different pieces of information.

SMPG has looked into rules on how to achieve a constant reliable way to reconcile and link the flow of information.

In ISO 15022 this would be achieved by specific rules on how and when to use the linkage block (A1).

3.7.1 Linkage of different message types

In addition to the Corporate action reference (CORP), the market practice requires a link *only* to the preceding notification message (:20C::PREV).

There is no market practice requirement to link the MT 564 REPE to the MT 565 election (:20C::RELA). Therefore a single MT 564 REPE may be sent at the end of the response period, when the entitlements may be calculated, to indicate the entitlements for each of the options instructed.

In addition there is no market practice requirement to reference the MT 565 instruction(s) in the MT566 confirmation, an instruction should be acknowledged with an MT 567 status.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	20C	PREV & RELA	APRIL-2005	NOV-2006		

3.7.2 Linkage of MT564

When an update message is sent, it should always bear the unique reference to the corporate event number in the sequence A of the message. The linkage block will contain the reference to the last previous sent message using in the linkage subsequence the field :20C::PREV//

One will only expect a referencing to the last message sent, NOT to the whole chain of previous messages.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	20C	PREV	NOV-2000	NOV-2002		

3.7.3 Linking MT 564 and MT 568[1]

It was agreed that the MT 564 should include a reference to a subsequent MT 568 - if a subsequence MT 568 is used.

It is strongly recommended NOT to use the MT 568 whenever possible as this narrative message hinders STP (see later on rules for handling message above the limit of an MT 564).

The MT 564 link is only to be used when MT 568 follows immediately (same day); the MT 564 should not be hold up because an MT 568 is following only a couple of weeks later. Otherwise a separate MT 568 can always be sent later on, linking it back to the MT 564[2].

Example of forward linking

MT 564
:20C::SEME//1234
[use sub-sequence A1,
13A::LINK//568
:20C::CORP//16x (the CA Reference)
]
And the MT 568 should cross-reference to the MT 564 -
[use sub-sequence A1,
13A::LINK//564
:20C::PREV//1234 (the SEME of the MT 564)

Full forward linking, i.e. indicating in the MT 564 the reference of the MT 568 to come is difficult to do from an IT point of view from a sender's perspective as it implies knowing the senders reference of the MT 568 before having generating it.

Therefore the SMPG recommendation is to indicate in the MT 564 that an MT 568 will be sent without indicating the reference of the MT 568 if available.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	20C	PREV	Mar-2001	Nov-2002		

Affirmed that an MT 568 should NOT be sent independently. The MT 568 should be linked with the MT 564 as per the existing Standards usage rules reading that “Usage rule of MT 568: This message should not be used in lieu of a structured message, i.e., the MTs 564, 565, 566, or 567."

The Function of Message (field 23G) should be the same in the MT 564 and its associated MT 568. And, before an MT 568 is sent, the relevant narrative fields of the MT 564 should be used.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G		March 2007	N/A		CA 109

In case multiple MT 568s needs to be sent, the sequence of these linked MT 568s may be indicated by page number in the narrative field.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			NOV 2004	NOV 2006		

3.7.4 MT 564/568 Narrative Updates

Whenever a narrative text needs to be updated/amended in a MT 564, a replacement MT 564 shall be resent with the whole updated/amended narrative text included i.e. the narrative text may not only contain the amended or updated part of the narrative text.

In case multiple linked MT 568s have been sent, and one of the MT 568s needs to be replaced, the whole sequence of linked MT 568 messages needs to be replaced.

If an MT 564 is to be replaced but the narrative content of any linked MT 568 does not need any changes, the whole chain of linked 568 messages must be resent even if only the MT 564 is changing.

[1] Madrid meeting November 2000.

[2] Boston meeting March 2001.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			NOV 2004	NOV 2006		

3.7.5 Linking multi-parts MT564 / MT 568 Announcements (when msg size limit is reached)

Corporate actions announcement messages can eventually be long. This could occur for instance if there are 10s or 100s of different options to choose from within a given event or if a long list of 100s or 1000s of account and account owners must be provided or if very long narrative text must be provided.

In this case, accounts or options or long narrative information could eventually be split amongst several multi-parts linked MT564 messages and several multi-parts linked MT 568 messages. In those cases, the pagination element in the MT 564 and 568 can be used.

.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	28E		Aug-2011	Nov-2012		SR2012 CR

3.7.6 Linking 2 events

When two events are intertwined, it is possible to link two events together.

This can be achieved in ISO 15022 using the linkage subsequence and the qualifier CORP in the field :20C::

The reference given in that field is the corporate action event number to the linked event, not the senders message reference of the other event It is of course possible to link more than 2 events together by repeating the linkage subsequence.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	20C	CORP	NOV-2000	NOV-2002		

3.8 Identification of securities[1].

3.8.1 How to describe a security?

The ISIN should be used as a minimum, following the recommendation from G30.

If another number scheme is used then it must have description.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B	35B		NOV-2000	NOV-2002		

3.8.2 On multiple deposited securities

If a security is listed on more than one exchange, and the terms of the event differ depending on the exchange (such as the ex date, for instance), then it is recommended to send two separate corporate action notifications. It is to be noted that a formatted place of listing field is available in ISO 15022 messages. This avoids the account servicer having to identify the concerned place of listing in a narrative way.

This field :94B::PLIS is available in the Financial Instrument Sequence B1 following the identification of the financial instrument (:35B:) for which the place of listing is needed.

Example:

3.8.3 :94B::PLIS//EXCH/XLON on Place of Safekeeping

a) If different places of safekeeping but same details, 1 message is allowed.

b) If different details (due to different places of safekeeping), 1 message per place of safekeeping.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B2			MAR 2001	NOV-2002		

Place of safekeeping will be identified using the specific place of safekeeping field.

[1] Madrid meeting November 2000.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B2	94a	SAFE	MAR 2001	NOV-2003		

3.9 Account (single account, all accounts- not identified individually)[1]

A single Notification message may be sent when a client owns more than one account using the 97C::SAFE//GENR syntax. Entitlement quantities &/or amounts must not be supplied when using this syntax. The usage of this ISO 15022 feature is used is dependent on the account servicer.

An entitlement message is sent for each individual account owned by the client (note that the entitlement must be calculated individually for confirmation).

A confirmation message must be sent for each individual account (this is a mandatory message rule).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B2	97C	SAFE//GENR	October 2006	N/A		SR2007 III.37

3.10 Balances

There was no definitive agreement in terms of whether or not all notifications should contain holding/positions.

Based on local practices and/or SLA, holdings may only be given at the time of entitlement.

Some countries also have a practice of sending a final entitlement notification after the instruction/elections are received but following the period when elections are closed.

3.10.1 Eligible Balance

The SMPG established that the eligible balance is calculated, discussed *how* it is calculated and concluded there is no standard method.

> Eligible Balance used in the MT 564 entitlement message =
> Actual (booked) balance (at best of knowledge at the time **the entitlement is calculated**)
> +/- any transactions (of all types) that will affect the client's final entitlement.[2]

The "at best of knowledge" phrasing of the definition allows for variations in national market practices and SLAs; for instance, whether unmatched transactions are included.

Each NMPG should document the composition of the eligible balance based on their country specifics. If different from the above definitions and recommendations, it should be stated in the country specific CA MP document.

Other balances can be provided in addition to the eligible (ELIG) balance. For all those additional balances, it is possible to further specify a balance using the balance type code "eligible" or "non-eligible". If the balance type code is not specified, it is understood as being "eligible".

Some markets would like to breakdown the eligible balance on the Preliminary Notification message, this is dependent on client agreement (and thus falls out of the scope of global market practice).

3.11 Event details

The notification will contain the event details such as dates, rates, ratio and amounts. The presence of specific date, period, price or rate, as optional or mandatory elements, has been documented in the SMPG Global Market Practice part 2 (EIG+).

The SMPG has worked on clarifying the definition and usage of some details:

3.11.1 Date Prepared

Date prepared is not a common element; the time stamp in the message header can supply this information should it be required.

[1] Madrid meeting November 2000.

[2] Brussels meeting June 2001.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	98a	PREP	JUN-2001/JAN 2002	NOV-2002		

3.11.2 Record Date

Record date is at the close of the day .
This translates in ISO 15022 into a field 98a with a specific qualifier.
In markets where the eligible balance is struck on record date, it is done at the close of the record date.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	98a	RDTE	MAR 2001	NOV-2002		

3.11.3 Ex Date

Ex-date is beginning of the day[1]
This translates in ISO 15022 into a field 98a with a specific qualifier.
In markets where the eligible balance is struck on ex-date, it is done at the start of the ex-date.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	98a	XDTE	MAR 2001	NOV-2002		

3.11.4 Payment Date – Earliest Payment Date – Value Date

Payment date (PAYD) is a common element and it is the date supplied by the issuer of the CA. Note that redemption date is agreed to be equal to the payment date.
When in an announcement (MT 564), the payment date (PAYD) is a non-banking date, the earliest payment date (EARL) may be used to indicate the actual payable date, i.e. the date when the payment will be processed in the system. It is however optional.
Value Date (VALU) is used to indicate the date at which cash starts to earn interests in a credit entry or ceases to earn interests in a debit entry.

Note: on non-banking date: Posting date in the MT 566 and Value date in both the MT 564 and the MT 566 must be a banking date.
This translates in ISO 15022 into a field 98a with a specific qualifier.

Example

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

[1] Boston meeting March 2001.

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

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E/E1/ E2	98a	PAYD/EARL/ VALU	NOV 2000	NOV-2002	Nov-2011	

3.11.5 Response Deadline

The group agreed that this should be the local time zone of the account servicer. The time zone of the account servicer is always known (SLA). This information should be stored in the system, it should not be in the message. This is the case for corporate actions as well as for settlement. The response deadline date should be formatted using the RDDT date qualifier.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	98a	RDDT	JUN-2001/JAN 2002	NOV-2002		

If :98E:: date format with UTC time is used for Response Deadline or Early Response Deadline, then UTC time without any offset specifies means GMT time.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	98a	RDDT	September 2010	NOV-2010		

3.11.6 Announcement Date

The Group affirmed that the announcement date is as defined by the issuer. No change in MT as new info arises[1].

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	98a	ANOU	JUN-2001/JAN 2002	NOV-2002		

3.11.7 Restrictions

Restrictions are common.

If they are restrictions, they should be indicated in the announcement or as soon as known.

This translated in ISO 15022 by the following two narrative fields in the CA messages, i.e., conditions for the offer (INCO) and conditions to be complied with (COMP).

The group agreed that there is no need to have extra keywords after the existing qualifiers as a narrative will follow anyway. This however does not prevent some countries to investigate the use of such codes at country level[2].

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	70a	INCO/COMP	Jan. 2002	Nov. 2002		

3.11.8 General on Options[3]

The event might contain options.

[1] London meeting January 2002.
[2] Boston meeting March 2001.
[3] Boston meeting March 2001.

The options are identified in ISO 15022 by an option code and an option number. (22F::CAOP - 13A::CAON). Each option is contained in an occurrence of the sequence E of the MT 564.

See the Event Interpretation Grid (EIG) for matching between corporate action events (:22F::CAEV) and corporate action option codes (:22F::CAOP).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A &E	22F	CAEV & CAOP	NOV 2005, Affirmed APR 2006	NOV 2006		CA06

The option code and option number are mandatory in the MT 564 (and MT 566).

Any options added by the account servicer should be added after the issuer's options in numerical terms and for each of those added options, the Option Feature indicator code ASVO (:22F::OPTF//ASVO) should then be present.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	OPTF	August 2011	Nov. 2012		SR2012 CR

It is recommended that in the MT 564, the options numbering follow these rules:

1. The option numbers should start from 001.
2. Incremental by 1 should be the rule (do not "jump" numbers).
3. Only numeric characters should be used (no alpha characters).
4. The option number order should be kept throughout the life of the event (between account servicer and account owner).
5. Announcement can always be updated (replaced) except if CAEV and/or CAMV and/or underlying security change
6. When an option is cancelled/inactivated, it will remain in the notification, with the same option number, and option status (OSTA) inactive (INTV) or CANCelled. Added options are given a new number (Option numbers are not recycled). If an option detail is changed in the market, it is up to the account servicer to assess if the change can lead to confusion. If it may lead to confusion, the SMPG recommendation is to list the original option as status cancelled and include a new option. If the change will not lead to confusion, the account servicer should update the original option.

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Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	13A	CAON	JUN 2003	MAY 2005		

3.11.8.1 Identification of an option selected on an Election[1].

See chapter 5 on Instruction message (MT 565).

3.11.8.2 Default Option and Standing Instruction

Default option

The default option identified is the default decided by the sender of the message, i.e. the account servicer. It may or may not be the default option of the issuer. Whether default options will be provided by account servicer should be specified by SLA.

Technically, the default action flag of each sequence E could be set to N. There is no obligation to have a flag set to Y.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	17B	DFLT	JUN 2001	NOV 2002		

Standing instructions

Standing instructions may or may not be offered by the account servicer. It must be agreed at SLA level.

A standing instruction always overrides an MT 564 notified default option if they are different.

[1] Geneva meeting September 2002 and Brussels meeting June 2003.

The order of prevalence is:
1. specific instruction MT 565
2. standing instruction (when SI are lodged at the account servicer as per SLA)
3. default action.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	17B	STIN	JUN 2003	MAY 2005		

3.11.8.3 Standard for 35B when ID of Outturn Security Not Known.

The SMPG preference is for 'UKWN' as it is an existing code used with other qualifiers.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E / E1	35B		APRIL-2005	NOV-2006		

3.11.8.4 Over Election/Subscription – Option Code and Option Feature

Agreed that option feature 22F::OPTF//QOVE (*Feature whereby the holder can elect a quantity to receive over and above normal ensured entitlement*) is a duplication of option code 22F::CAOP//OVER (*Subscribe to more new shares than underlying securities position allows, when terms and rights issue allows it*) and recommended NOT to be used together.

Conclusion was that the option feature 22F::OPTF//QOVE may be used with an option code of 22F::CAOP//SECU, CASE or EXER (not OVER) to inform that for the specific option, there is the possibility to over elect.

The MT 565 following would be expected, in case of the client decided to profit from the over election feature, to contain :36B::QINS or QREC (depending on the event) + :36B::QOVE.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	CAOP & OPTF	Telco September 2006	NOV 2007		

Question: what is mentioned in the field QREC when both QREC and QOVE are present in the MT565?

3.11.9 On Event Options Details and tax rates[1]

What happens in case of omnibus account for income? In that case, multiple accounts per one notification does not work for income because of the different tax rates.

a) one client

Account A: 30%
Account B: 15%
Account C: 15%

Question: one MT 564 per account should be sent, however, should the details of the announcement be changed in the three messages? It was said that if only general information is in the message, then the information doesn't need to change. However, if rates are included then the contents must be changed.

It was agreed that if income is involved, there will be one announcement per account.

b) omnibus account (30% and 15% rates are mixed)

There will be a default rate on the account unless you tell the local custodian the breakdown. The French proposal is to have one MT 564 with multiple options for the different tax rates (option 1 is 30%, option 2 is 15%). In the MT 565, then the Account owner selects one option and provides in a narrative or by mail the tax breakdown. Then the MT 566 and 567 can follow as they normally do.

Position 1000 – 30%
Position 1000 – 15%

564
---------->

[1] Boston meeting March 2001.

option 1 30%
option 2 15%
565
<----------
option 1 for 1000
565
<----------
option 2 for 1000

It was discussed whether the custodian needs to send the information that he received from the local custodian to the Account Owner. It was indicated that MT 564 need to be sent further on because, they need to give a reply, i.e., the tax breakdown, otherwise the STP process is broken. Some members indicated that you need to do this in order to give the response deadline for the tax breakdown.

3.11.10 Last Trading Date

The Last Trading Date field is to be used for the last official trading date of a security which will cease to exist due to a mandatory reorganisation, e.g. a redemption or split event.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E1	98a	LTRD	November 2012	SR2013		

3.12 Interest payments

3.12.1 On Intermediate Payments[1]

How should the rate intermediate payments be handled for both fixed income securities and equities?

The SMPG decided that the interest period and the rate on which the interest payment is based on, or the current rate (for a floating rate note) should be supplied.

The interest rate for the interest period is indicated using the INTP rate qualifier. The method of interest calculation *may* be supplied.

It is also recommended for Floating Rate Note that, as soon as the rate is known, a notification be sent and a confirmation when the payment is made. It is NOT recommended to announce both the current and the next rate in the same event.

Payment frequency: If there is a period and calculation method in the message, the payment frequency is deemed as not being necessary.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2003	MAY-2005		

3.12.2 On Rates Declared for more than One Share[2]

Some securities, eg in Brazil, publish payment rates at greater than a single share, e.g. per 100 or per 1000 held, this is the tradable unit. In order to remove any ambiguity the definition of rates in ISO 15022 should be amended to quote the rate 'per tradable unit'.

The format for these payments would be:
For a CAEV of INTR,
93B::ELIG//UNIT/number of equity securities
92F::INTR//amount to be paid [published rate]
22F::DIVI//SPEC
with 'Rate announced per 100 shares' or 'Rate announced per 1000 shares' in the narrative.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.

[1] Brussels meeting June 2003.
[2] Geneva meeting September 2002.

			JUN-2002	MAY-2005		

3.12.3 On The Usage Of Tax Free Information:

With the implementation of SR 2005, the GRSS rates have become repetitive, so that it is possible to use :92J::GRSS//TXBL and :92J::GRSS//TXFR.

Examples for dividends processing/mapping

The dividend is announced at 10 EUR per share

a) Fully taxable event (20% basis rate)

a1) Customer is taxed

:92J::GRSS//TXBL/EUR10, or :92F::GRSS//EUR10,
:92A::TAXR//20,
:92F::NETT//EUR8,

a2) Customer is not taxed (based on tax status)

:92J::GRSS//TXBL/EUR10, or :92F::GRSS//EUR10,
:92A::TAXR//0,
:92F::NETT//EUR10,

b) Partially taxable event (8 taxable, 2 non-taxable)

b1) Customer is taxed

:92J::GRSS//TXBL/EUR8,
:92J::GRSS//TXFR/EUR2,
:92A::TAXR//20,
:92F::NETT//EUR8,4

b1) Customer is not taxed (based on tax status) + 10% fees

:92J::GRSS//TXBL/EUR8,
:92J::GRSS//TXFR/EUR2,
:92A::TAXR//0,
:92A::CHAR//10,
:92F::NETT//EUR9,

3.13 Tax Applicability Indicator Usage

TXAP may only be used when no tax rate is provided in the message. The purpose is to inform of the taxability, at a later stage/event, of the securities credited in this stage/event.

:16R:GENL
:20C::CORP//
:20C::SEME//
:23G:REPE
:22F::CAEV//SOFF
:22F::CAMV//MAND
:25D::PROC//COMP
:16R:LINK
:13A::LINK//564
:20C::PREV//
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN XX0000001234
ABC SHARES
:16R:ACCTINFO
:97A::SAFE//12345

:93B::ELIG//UNIT/10000,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::ANOU//YYYYMMDD
:98A::XDTE//YYYYMMDD
:98A::MEET//YYYYMMDD
:98A::RDTE//YYYYMMDD
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//SECU
:17B::DFLT//Y
:16R:SECMOVE
:22H::CRDB//CRED
:22H::TXAP//TXBL
:35B:ISIN XX0000012345
DEF SHARES
:36B::ENTL//UNIT/5000,
:92D::ADEX//1,/2,
:98A::PAYD//YYYYMMDD
:98A::AVAL//YYYYMMDD
:16S:SECMOVE
:16S:CAOPTN

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E1/E2	22H	TXAP	Aug-2011	Nov-2012		SR2012 CR

3.14 Movement Sequence Usage in the MT564

All prices and rates are to be included at the relevant movement level (E1/E2), not the option level (E). The only exception to this rule is when there will be no corresponding movement for the rate/price, at any time in the event. In this case, the rate/price can be included in E. If the rate/price cannot be included in E due to standards reasons, it must be included in narrative.

When multiple prices/fees and rates are announced for an option, each should be specified within its own movement sequence. An exception is use of GRSS and NETT, and the applicable tax rates (eg. TAXR), when several rates can be included in the same movement sequence.

The MT564 should accurately reflect the projected movements on the cash/securities account, per option. If an option is included in the MT564 with two cash movements and one securities movement, the MT566 sent for that option should also include two cash movements and one securities movement. (Please note that these movements can be sent in separate MT566.) See also 5.10.

MT564 Tender offer with Early solicitation fee and Solicitation fee (consent fee)

:16R:GENL
:20C::CORP//123456789123456
:20C::SEME//11111111111111
:23G:RMDR
:22F::CAEV//TEND
:22F::CAMV//VOLU
:98C::PREP//20111112010343
:25D::PROC//COMP
:16S:GENL
:16R:USECU

```
:35B:ISIN XX
:16S:USECU
:16R:CAOPTN
 :13A::CAON//001
 :22F::CAOP//CASH
:17B::DFLT//N
 :98A::EXPI//20111117
 :98C::RDDT//20111102160000
 :69A::PWAL//20111020/20111117
:16R:SECMOVE
 :22H::CRDB//DEBT
 :35B:ISIN XX
:98A::PAYD//20111107
:16S:SECMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:98A::PAYD//20111107
:90B::OFFR//ACTU/EUR0,59342
:16S:CASHMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:98A::PAYD//20111107
:92F::ESOF//EUR0,030      (early solicitation fee)
:16S:CASHMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:98A::PAYD//20111107
:92A::SOFE//EUR0,001      (consent fee)
:16S:CASHMOVE
:16S:CAOPTN
:16R:CAOPTN
:13A::CAON//002
:22F::CAOP//CASH
:17B::DFLT//N
:98A::EXPI//20111117
:98C::RDDT//20111117160000
:69A::PWAL//20111020/20111117
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN XX
:98A::PAYD//20111107
:16S:SECMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:98A::PAYD//20111107
:90B::OFFR//ACTU/EUR0,56251
:16S:CASHMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:98A::PAYD//20111107
:92A::SOFE//EUR0,001      (consent fee)
:16S:CASHMOVE
:16S:CAOPTN
```

3.15 Usage Guidelines for Narratives in the MT 564 & MT 568

Field 70a (narrative) may be considered as a barrier to automation.

However, the narrative field itself is not unstructured. The field 70a is qualified (using a qualifier) and this gives some structure to the narrative and the corporate actions announcement message itself.

Based on the type of narrative (defined by the qualifier), one can define whether the field can be ignored the information, map it somewhere else, read by a human being as its content is critical.

Therefore, the MT 564 with field 70 is not be a barrier to STP provided that everyone understands *how* the qualifiers are used in this context and use it the same way.

The usage of the various types of narratives fields should follow the following guidelines:

3.15.1 Additional Text (ADTX)

This qualifier should be used when some details on the Corporate Action event can not be included within the structured fields of this message. The information is to be read by the receiver as it is information is not somewhere else in the message.

It should be made clear to everybody that if there is a way to provide this information in a structured field, it MUST be provided in a structured field and NOT be given in the additional text narrative.

Although this field is repetitive in certain cases, it must not be over-used. Should there be a lot of narrative information required in addition to the structured ones, the MT 568 is to be used.

3.15.2 Narrative Version (TXNR)

This qualifier should be used to reiterate some information that has already been included within structured fields of this message.

In no circumstances, must this field be used to communicate additional information.

It should be made clear that only information present in a *structured* field should be present after TXNR, not ADTX type of information. A receiver must be confident that they can completely ignore this type of narrative without impacting on the legality or completeness of the Corporate Action event.

If this rule is followed, an institution that has captured automatically all the structured information of the message may ignore completely this field.

3.15.3 Information Conditions (INCO)

Information *conditional* to the whole Corporate Action, for example, an offer is subject to 50% acceptance.

Due to the very nature of conditions, it may require some narrative to unambiguously detail the conditions.

This information is important and *needs* to be read by the receiver.

3.15.4 Information to be complied with (COMP)

Information conditional to the account owner and which must be complied with. For example, not open to US residents, QIB or SIL to be provided.

Due to the very nature of conditions, it may require some narrative to unambiguously detail the conditions.

This information is important and *needs* to be read by the receiver.

3.15.5 Offeror (OFFO)

The Offeror/Acquiring Company is the entity making the offer and is different from the issuing company. This should provide details of the offeror's offer.

In many circumstances, there is no standards identification of the offeror. Therefore, this narrative allows to properly cater for that information without mixing it with other type of narrative.

The fact that there is no standards identification of the offeror does not prevent the receiver to map that information internally for further processing.

Offeror is repeatable, but in the case of competing offerors, there should be different events and therefore no repetition of the field for those competing offerers; in the case of a joint offer with n offerors, the offerors field should be repeated as many times as there are joint offerors.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	70E	OFFO	May-2012	Nov-2013		NA

3.15.6 Security Restriction (NSER)

Restriction on a new security.
When a new security is issued due to a corporate actions event, some restrictions may be attached to it (e.g. cannot be sold for a given period of time).
The security identifier may not be sufficient to derive that information. Therefore, this narrative allows to properly cater for that information without mixing it with other type of narrative.

3.15.7 Declaration Details (DECL)

Details concerning the beneficial owner not included within structured fields of this message
In some circumstances, there is no standards identification of the beneficial owner. Therefore, this narrative allows to properly cater for that information without mixing it with other type of narrative.
The fact that there is no standards identification of the offeror does not prevent the receiver to map that information internally for further processing.

3.15.8 Party Contact Narrative (PACO)

This field must contain the contact details of some party. A typical example is the contact details of the person who wrote/generated the message and from whom more info is available. This information is typically unstructured.
The received may or may not read systematically this information if received based on its own process and requirements.

3.15.9 Registration Details (REGI)

Details concerning the registration of the securities that not included within structured fields of this message
When the identification of the financial instrument and/or the account is not sufficient to define this information, it may be given using this field.

3.15.10 Registration Details (WEBB)

The web address where additional information on the event can be found. It is not the general web site address of the company involved in the event.

3.15.11 Taxation Conditions (TAXE)

Details on taxation conditions that cannot be included within the structured fields of this message.

3.15.12 Disclaimer (DISC)

Disclaimer relative to the information provided in the message. It may be ignored for automated processing.

3.15.13 Name (NAME)

Provides the new name of a company following a name change.

3.15.14 Basket or Index Information (BAIN)

Provides additional information on the basket or index underlying a security, for example a warrant..

3.15.15 Additional narrative remarks

Each narrative field has its own use and any information must go in the relevant narrative should there be a need to use a narrative. As a general rule, the same information should not be found in more than one narrative type field.

So, to what extent should field 70 in the MT 564 be used?

This field :70E:: is limited to 10 lines of 35x (it is repetitive in some Corporate Action and is not in others). SWIFT Standards' position is that for any specific type of narrative, if it exceeds those 10 lines of 35x, the sender should use an MT 568. This message is intended for big narrative, complicated Corporate Action events or for Proxy Voting information such as the Agenda of a meeting. SWIFT states that if the intention is just to repeat with words what is in the MT 564, an MT 568 is really the message for that.

3.16 Reminder

The following are some guidelines on the ability to send reminder messages to customers who have not instructed fully on their eligible balance for the corporate action event before the deadline.

This flow is strictly between the account servicer and account owner who has not responded and would occur just prior to the close of an offer. This flow would only be sent in the event no election response was received or if a partial election response was received. This flow is optional and usage/timing is left to SLA.

If sent, it must be an MT 564 bearing the RMDR function.

Uninstructed balance will inform the account owner on the quantities for which no instruction was received.

UNBA	Uninstructed Balance	Balance of uninstructed position.
INBA	Instructed Balance	Balance of instructed position.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B2	93	UNBA-INBA	JAN 2002	NOV-2002		

4 Movement Preliminary Advice Message (MT 564 – ADDB//CAPA)

4.1 Introduction

This section provides more detailed usage rules and business flows for the movement preliminary advice and preliminary advice cancellation processes (i.e. for the MT 564 having 22F:ADDB//CAPA in sequence D in ISO15022 and for respectively the seev.035 and seev.044).

4.2 Business Need

Corporate Action Movement Preliminary Advice messaging addresses three key business needs:

1. Facilitate automated payment processing and payment management: The CA Movement Preliminary Advice is the building block for payment automation, it will allow for the message to interface automatically into payment processing systems and identify pre-matching of payments which will result in increased payment STP.
2. Increase efficiency: Custodians and clients could benefit from a CA Movement Preliminary Advice message that confirms payment details. The CA Movement Preliminary Advice message will report all critical details of corporate action payments at the account level within structured tags incorporating tax treatment information, rates, commissions, and fees. The CA Movement Preliminary Advice message can be linked to the CA Movement Confirmation message and achieve reconciliation at the account, tax profile, and specific transaction level.
3. Reduce Operational Risk: In ISO 15022, the practice of using MT564 for announcement of updated event details commingled with Movement Preliminary Advice of payment details is problematic. From an Event Management perspective, critical updates of event details could be missed if the MT564 is perceived to be sent for final entitlement and/or cash reconciliation purposes. Similarly, the client could potentially miss Movement Preliminary Advice details needed to facilitate cash projections if the MT564 is perceived to be for event or entitlement update details.

4.3 Usage Rules

The CA Movement Preliminary Advice message is an optional message within the Corporate Action message flow and can be used for actions in all event categories; Mandatory, Mandatory with Election, and Voluntary events.

4.3.1 Mandatory Events

The CA Movement Preliminary Advice can be sent for credit/debit of cash and/or securities. It would be triggered prior to the payment date of the event and may or may not follow an ISO 20022 CA Notification message.

Some common examples of cases where the CA Movement Preliminary Advice would be used include Mandatory Income as well as Mandatory Capital events such as: Cash Dividends, Interest Payments, Maturity Payments / Final Redemptions, Partial Redemptions, CMO Payments, Stock Dividends, Stock Splits/Reverse Splits, Return of Capital, Merger (the list is not exhaustive).

CA Movement Preliminary advice can be sent as a stand-alone message (i.e. not linked to a CA Notification) only in the case of predictable events (Interest payment, maturity payment,…).

4.3.2 Mandatory with Election and Voluntary Events

ISO 20022 CA Movement Preliminary Advice can be sent as the communication method for Final Entitlement replacing the CA Notification message for this purpose. The CA Movement Preliminary Advice for Mandatory with Election and Voluntary events can be sent for credit/debit of cash and/or securities upon confirmation of the instruction. This is consistent with the current market practice of final entitlement.

The Movement Preliminary Advice is formatted with all the movements associated with the option, even though more than one final confirmation of payment message may have to be sent depending on posting dates.

For instance, in the case of a Rights Issue where the Exercise option is elected, the Movement Preliminary Advice will identify the following movements; Cash Debit Movement, Share Credit Movement, and Share Debit Movement.

However, several final payment confirmations (in an ISO 20022 CA Confirmation messages) may have to be sent as the payment dates may be different for each movement.

4.3.3 Replacement Preliminary Movement Advice

In the case where resulting entitlement is updated, and a Movement Preliminary Advice has been sent to the account owner, it is recommended that a replacement Movement Preliminary Advice be triggered upon recalculation of the entitlement as long as cash and/or securities have not been posted to the clients account.

Examples:

- Critical data element has changed at the event level which affects the resulting cash and/or securities entitlement.
- Regarding Final Entitlement, when an offer is pro-rated – At this point the resulting entitlement has been recalculated as a critical data element has changed at the offer level. The account owner is pre-advised of the new cash and/or securities movements.

4.3.4 Cancellation of a Preliminary Movement Advice

- When an election instruction is cancelled - At this point the resulting entitlement has been recalculated to zero and the service provider may send a cancellation of the Movement Preliminary Advice to convey that the movements have been taken down.
- A Movement Preliminary Advice can be sent to pre-advise of a reversal of corporate action cash or securities postings. If the CA Confirmation Reversal does not finally take place, this pre-advice of movement reversal may be cancelled by the account servicer.

4.4 Business Scenarios

Scope

The following 13 scenarios are to be considered as examples illustrating how a Corporate Action Movement Preliminary Advice fits in to the Corporate Action message flow for actions within each event category.

Since a lot of aspects of the message flows may be governed by specific service level agreements defined between counterparties, these diagrams cannot and do not intend to reflect all the possible cases of message flows. They usually illustrate the plain vanilla scenario within each category and therefore are to be used only as a guidance for implementers.

Conventions used in flow diagrams

The message flow diagrams are color coded for ease of reference with the following conventions:

Black = Mandatory message flow

Blue = Optional message flow

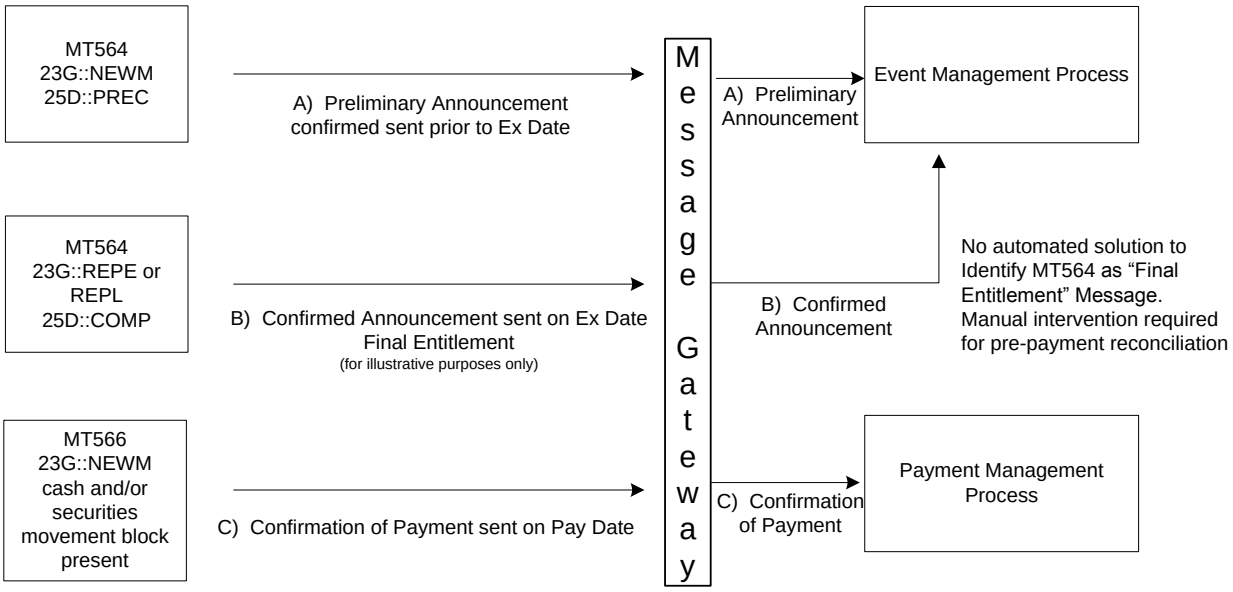
Orange = Movement Preliminary Advice and Cancellation Advice message flow

Message or fields Abbreviated Name	Message name
MT 564	ISO 15022 Corporate Action Notification message
MT 565	ISO 15022 Corporate Action Instruction message
MT 566	ISO 15022 Corporate Action Confirmation message
MT 567	ISO 15022 Corporate Action Status and Processing Advice message
23G::NEWM	ISO 15022 Function of the Message field with value “New” message
23G::REPE	ISO 15022 Function of the Message field with value “Eligible Balance Notification” message
23G::REPL	ISO 15022 Function of the Message field with value “Replacement” message
25D::PROC//PREC	ISO 15022 Processing Status field with value “Preliminary Announcement Confirmed”
25D::PROC//COMP	ISO 15022 Processing Status field with value “Complete”

Message or fields Abbreviated Name	Message name
25D::IPRC//PACK	ISO 15022 Status Code field with status value “Instruction Processing Status Acknowledge/Accepted”
CANO	ISO 20022 Corporate Action Notification message (seev.031)
CAPS	ISO 20022 Corporate Action Event Processing Status Advice message (seev.032)
CAIN	ISO 20022 Corporate Action Instruction message (seev.033)
CAIS	ISO 20022 Corporate Action Instruction Status Advice message (seev.034)
CAPA	ISO 20022 Corporate Action Movement Preliminary Advice message (seev.035)
CACO	ISO 20022 Corporate Action Movement Confirmation message (seev.036)
CARE	ISO 20022 Corporate Action Movement Reversal Advice message (seev.037)
CANA	ISO 20022 Corporate Action Narrative message (seev.038)
CACN	ISO 20022 Corporate Action Cancellation Advice message (seev.039)
CAIC	ISO 20022 Corporate Action Instruction Cancellation Request message (seev.040)
CACS	ISO 20022 Corporate Action Instruction Cancellation Request Status Advice message (seev.041)
CAST	ISO 20022 Corporate Action Instruction Statement Report message (seev.042)
CAPC	ISO 20022 Corporate Action Movement Preliminary Advice Cancellation Advice message (seev.044)

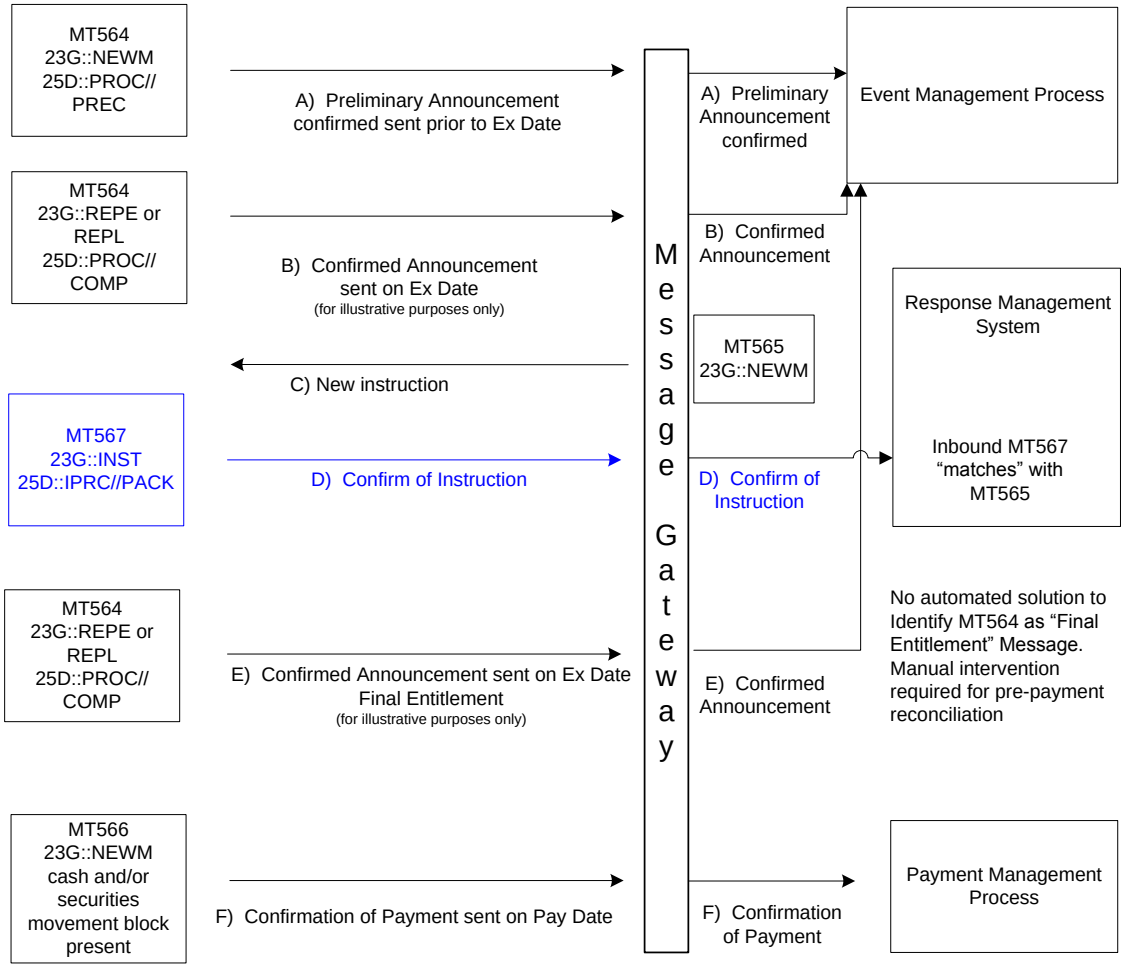
4.4.1 Scenario 1: Mandatory Event – No preliminary Advice

This scenario illustrates, using a ISO 150022 notation, a classic business flow for mandatory corporate action events when a preliminary advice flow is not explicitly supported.



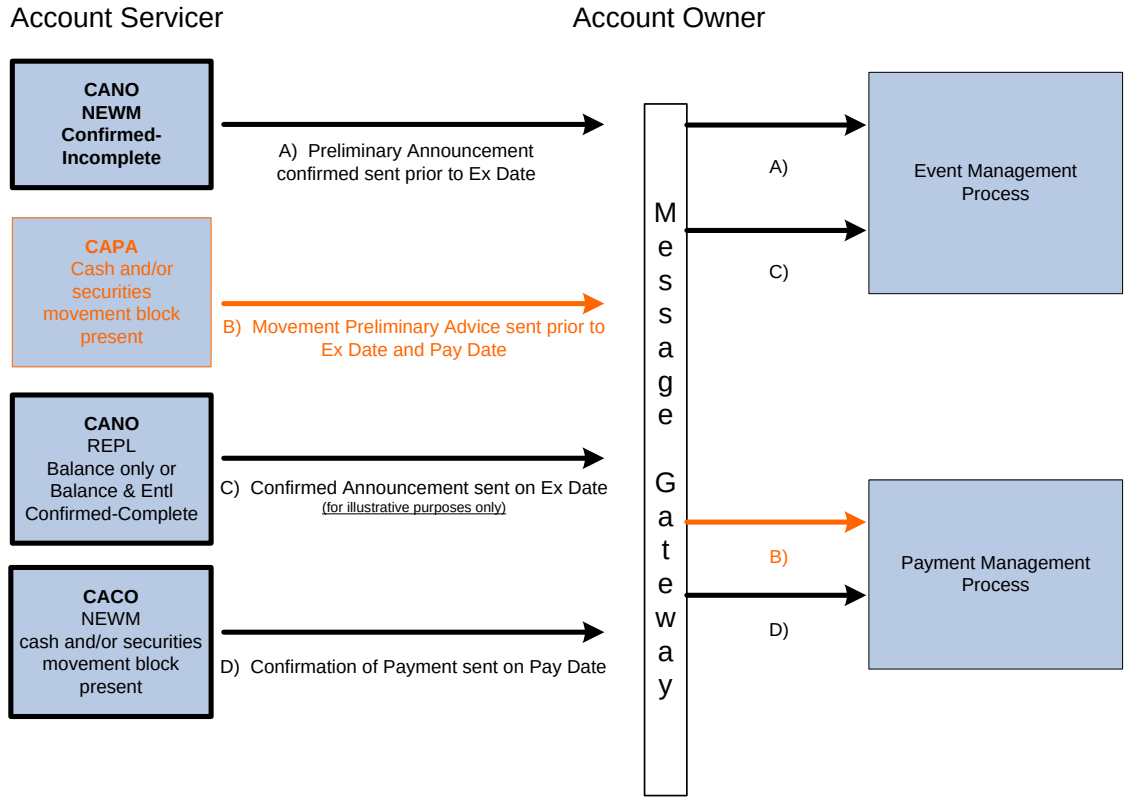
4.4.2 Scenario 2: Mandatory with Election and Voluntary Event - No Preliminary Advice

This scenario illustrates, using a ISO 150022 notation, a classic business flow for mandatory corporate action events with election or voluntary corporate action events when a preliminary advice flow is not explicitly supported.



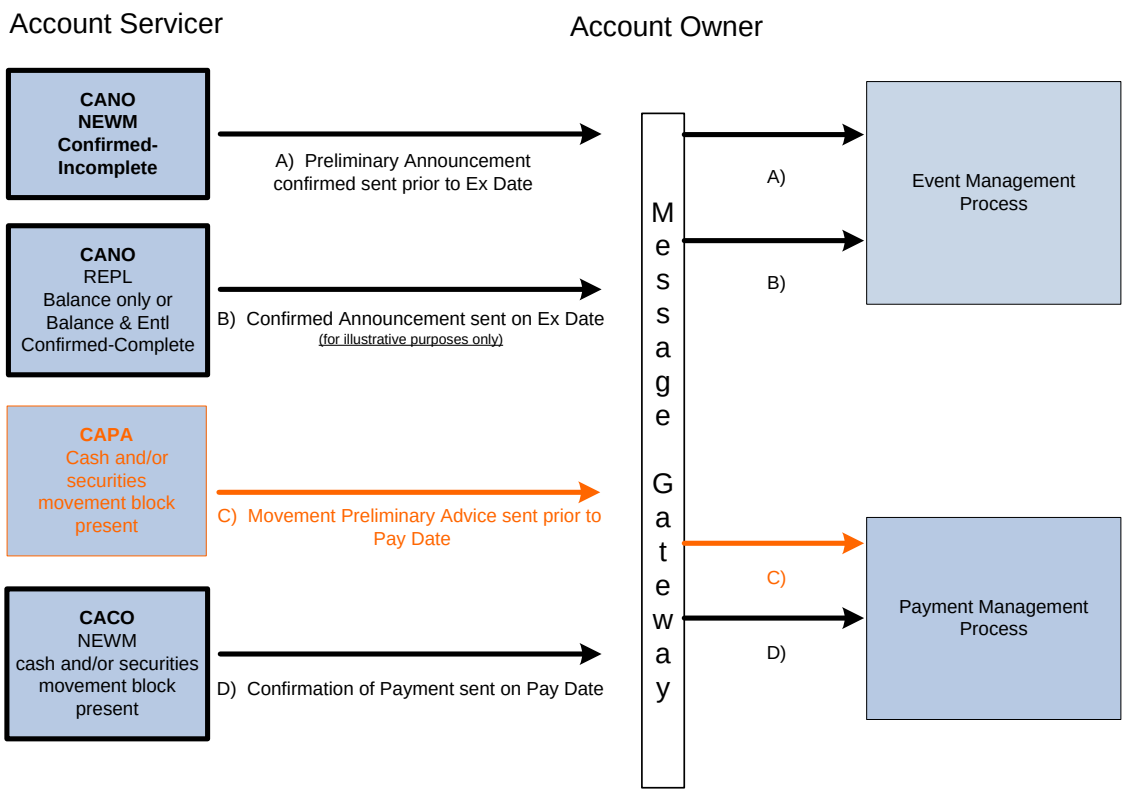
4.4.3 Scenario 3: Mandatory Event Ex Date = Pay Date

The account servicer announces a mandatory event with a payment date on the same day as the ex-date. A CA Movement Preliminary Advice is sent prior to ex-date and payment date.



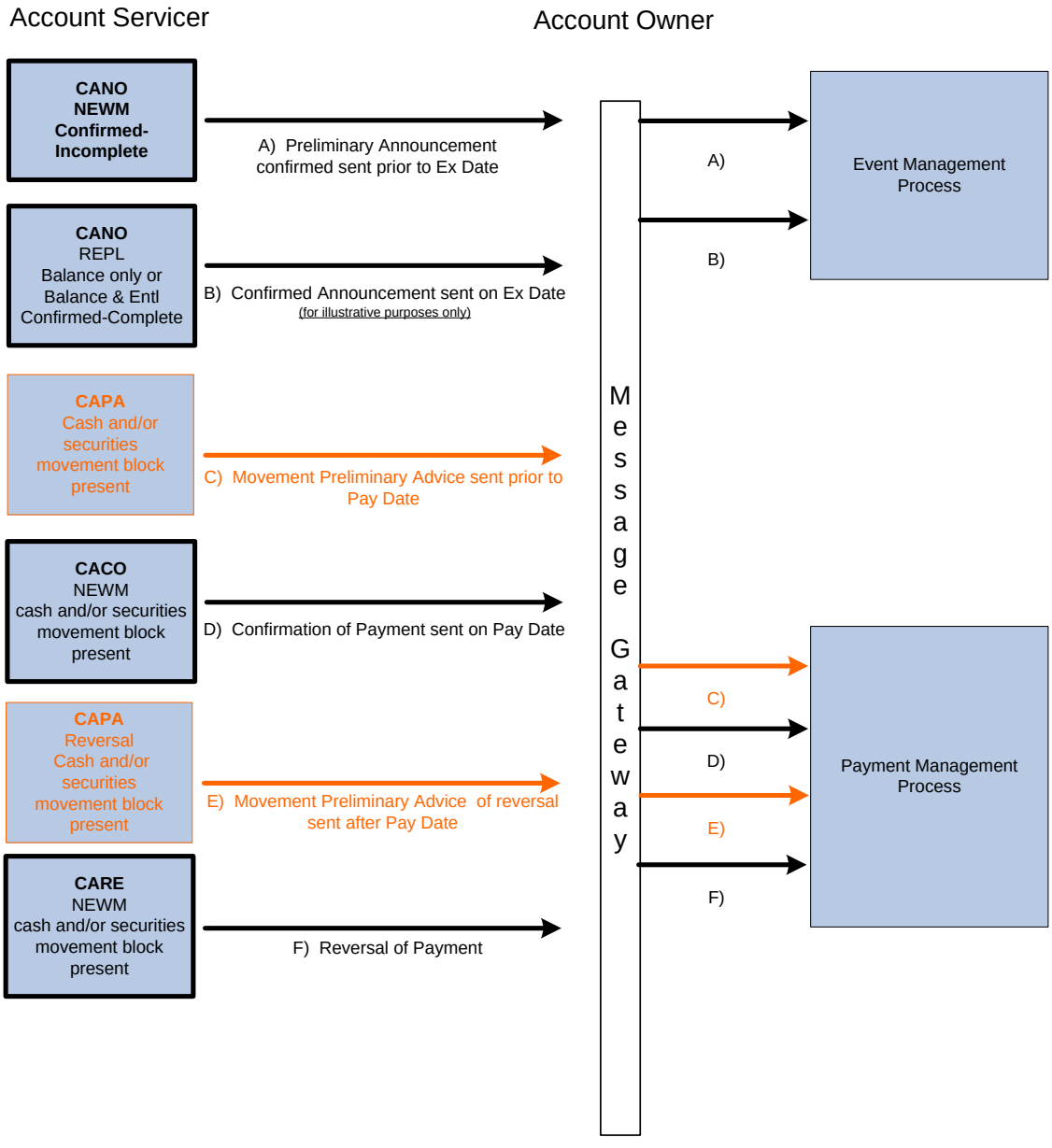
4.4.4 Scenario 4: Mandatory Event

The account servicer announces a mandatory event. A CA Movement Preliminary Advice is sent prior to payment date.



4.4.5 Scenario 5: Mandatory Event with Reversal of Payment

The account servicer announces a mandatory event. A CA Movement Preliminary Advice is sent prior to payment date. Following confirmation of the payment, a reversal needs to be made for which a CA Movement Preliminary Advice of reversal is made prior to the effective reversal of payment.



CAPA and CACO Movements usage guidelines

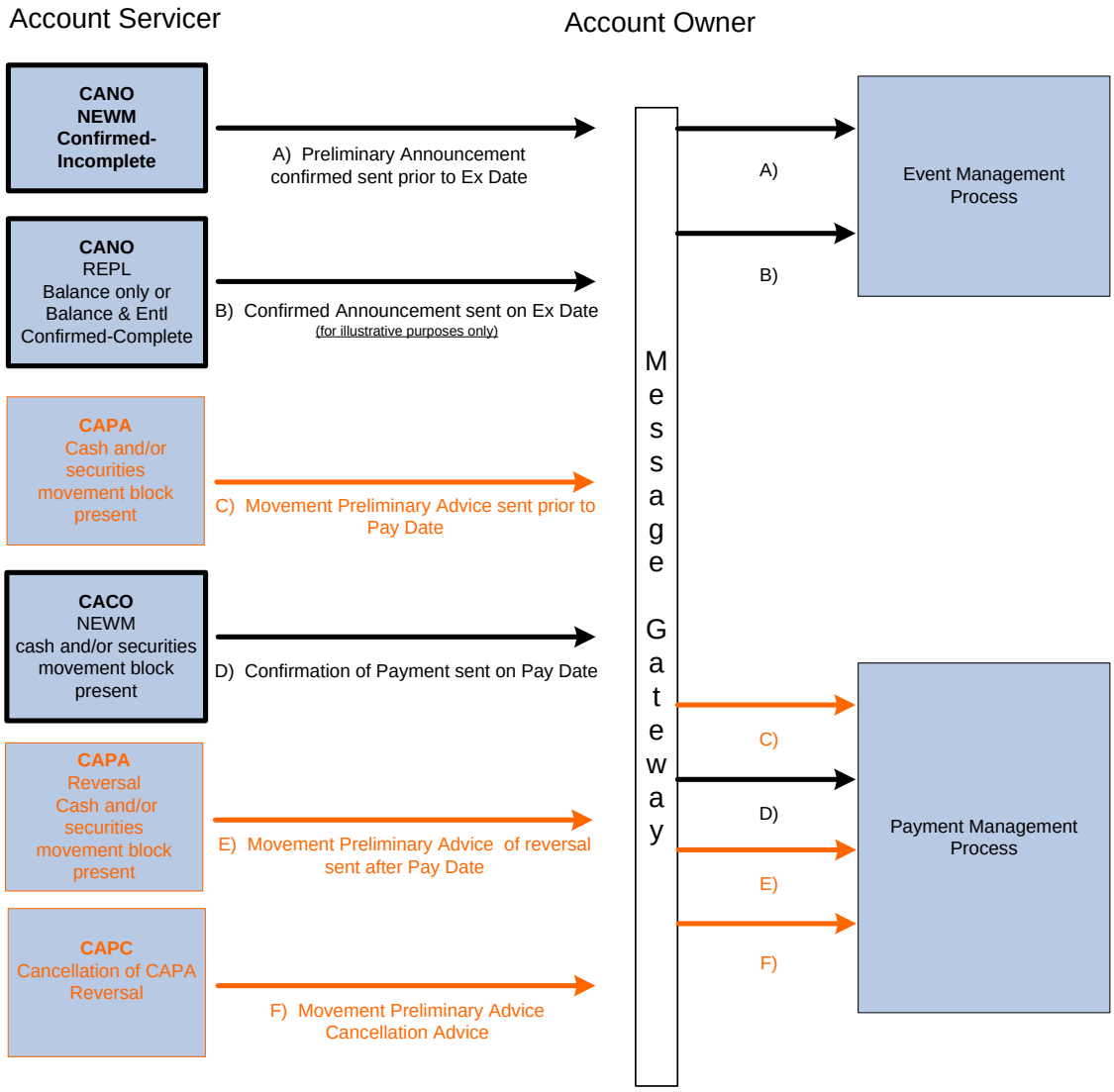
Movements reported within the CA movement preliminary advice reversal (CAPA reversal) message will be opposite to those reported into the referred CA confirmation message (CACO) i.e. credit of cash and/or securities will become debits and inversely.

Movements reported within the CA Reversal (CARE) message will be identical to the movements reported into the referred CA confirmation message (CACO).

Note	If a rebook follows a reversal, it is recommended that the rebook be considered a new payment. Therefore subject to the pre-advice process if it meets the criteria agreed upon between the account servicer and the account provider.

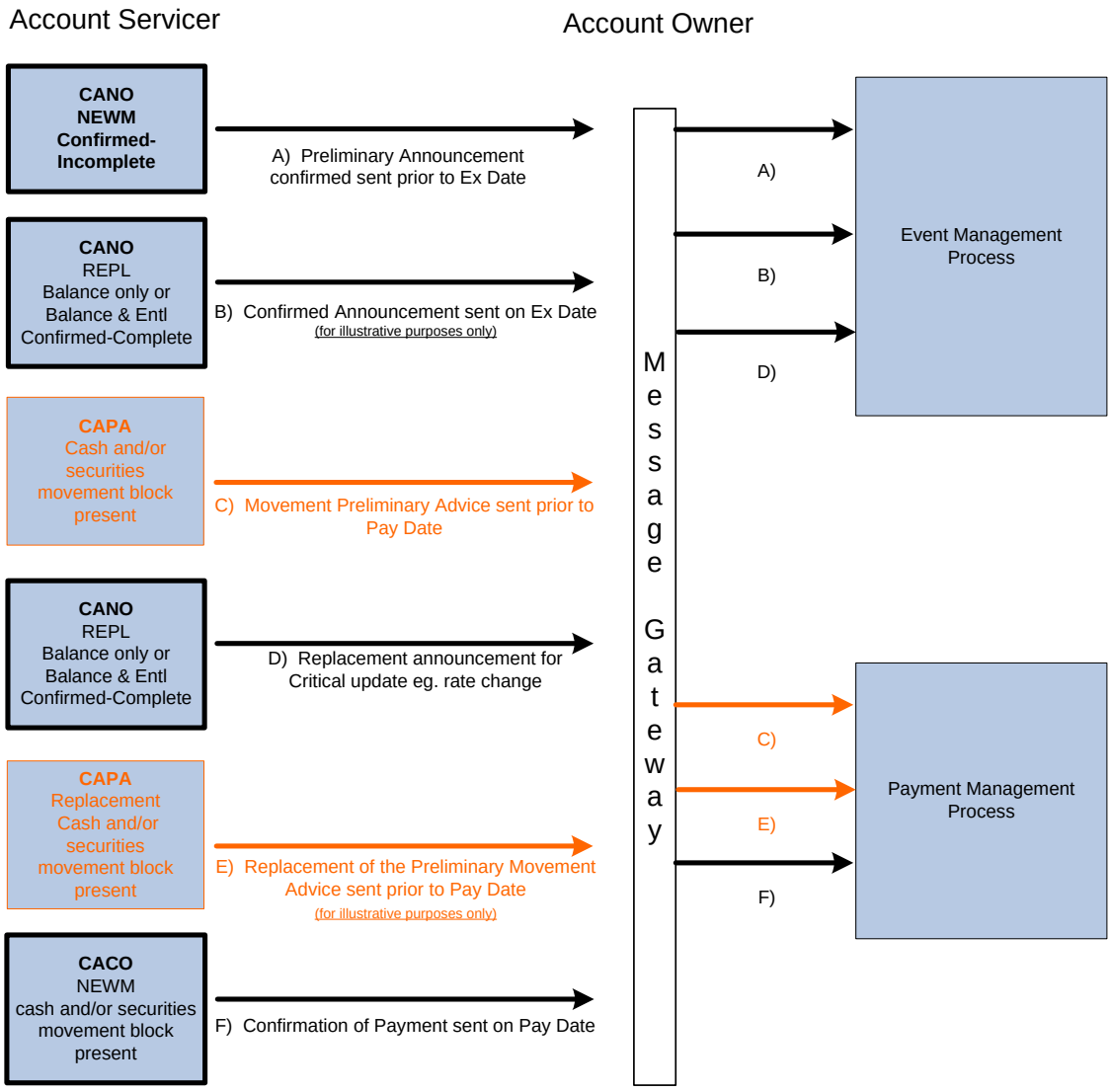
4.4.6 Scenario 6: Mandatory Event with Cancelled Reversal of Payment

The account servicer announces a mandatory event. A CA Movement Preliminary Advice is sent prior to payment date. Following confirmation of the payment, a reversal needs to be made for which a CA Movement Preliminary Advice of reversal is sent. This CA Movement Preliminary Advice of reversal is eventually cancelled.



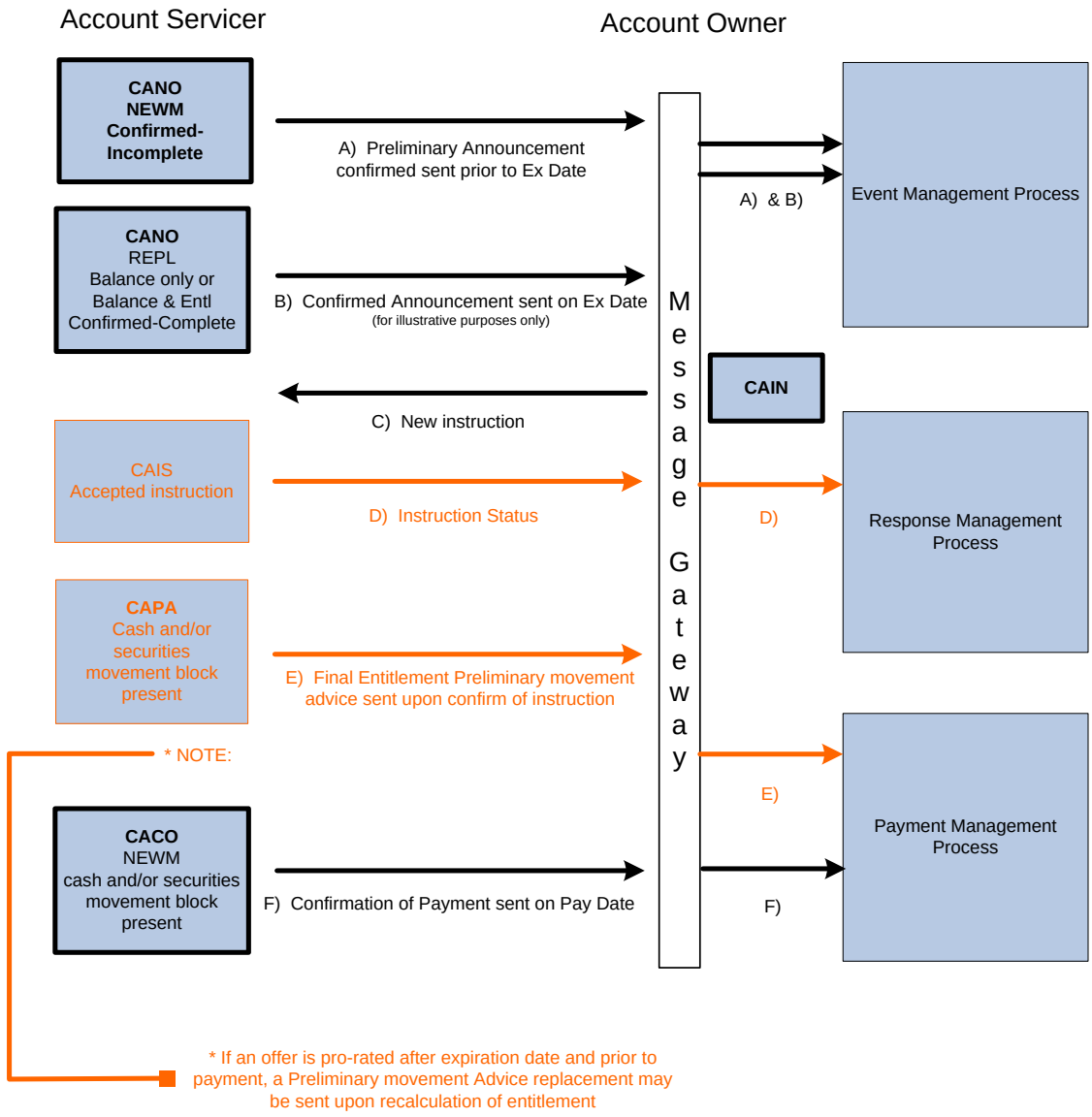
4.4.7 Scenario 7: Mandatory Event with Critical Update

The account servicer announces a mandatory event. A CA Movement Preliminary Advice is sent prior to payment date. Following this advice, a critical update is sent by the account servicer, followed by an updated CA Movement Preliminary Advice.



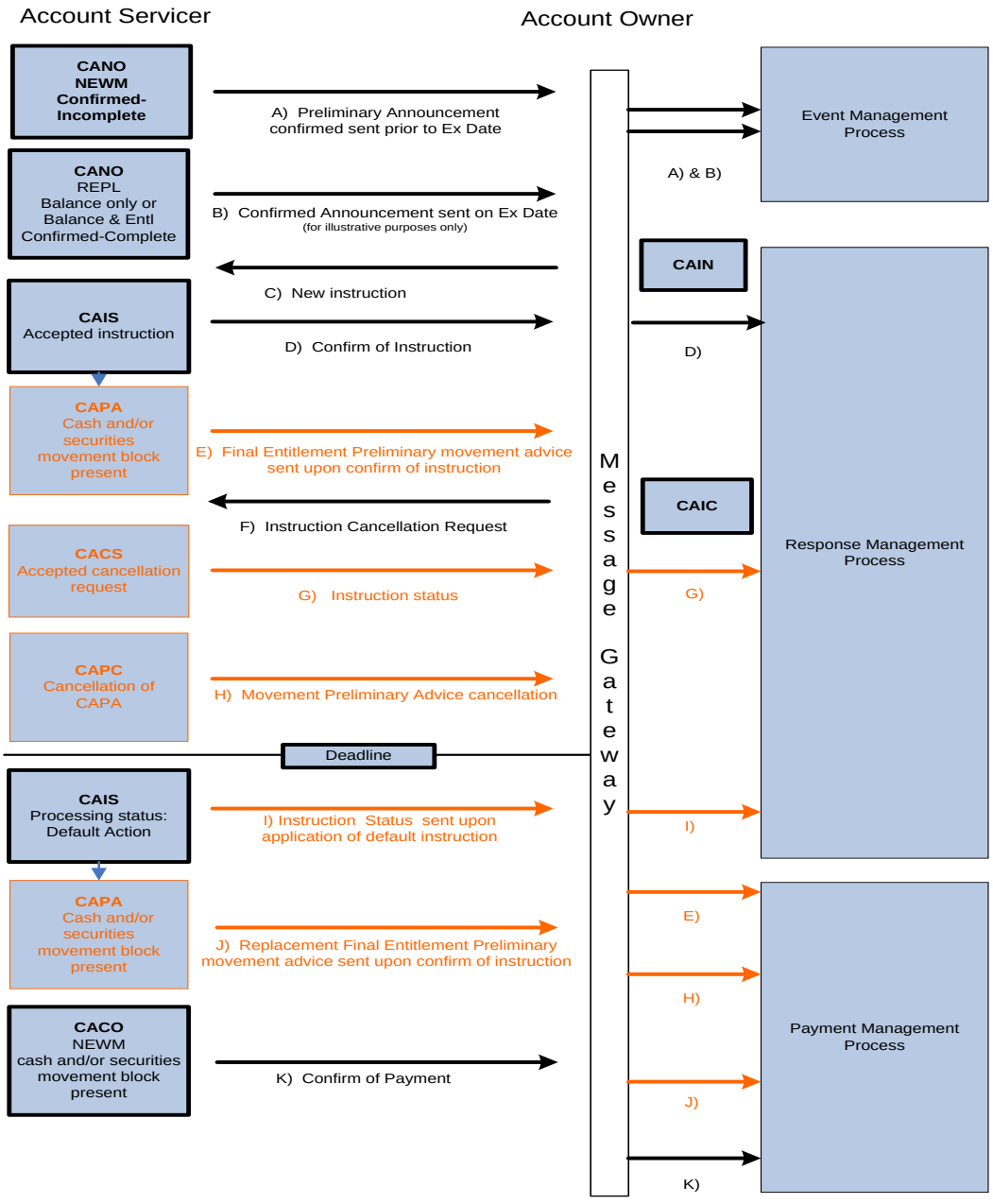
4.4.8 Scenario 8: Mandatory with Election and Voluntary Event - New Instruction

The account servicer announces a mandatory with election or a voluntary event. A CA Movement Preliminary Advice is sent to the account owner after receipt of his corporate action instruction.



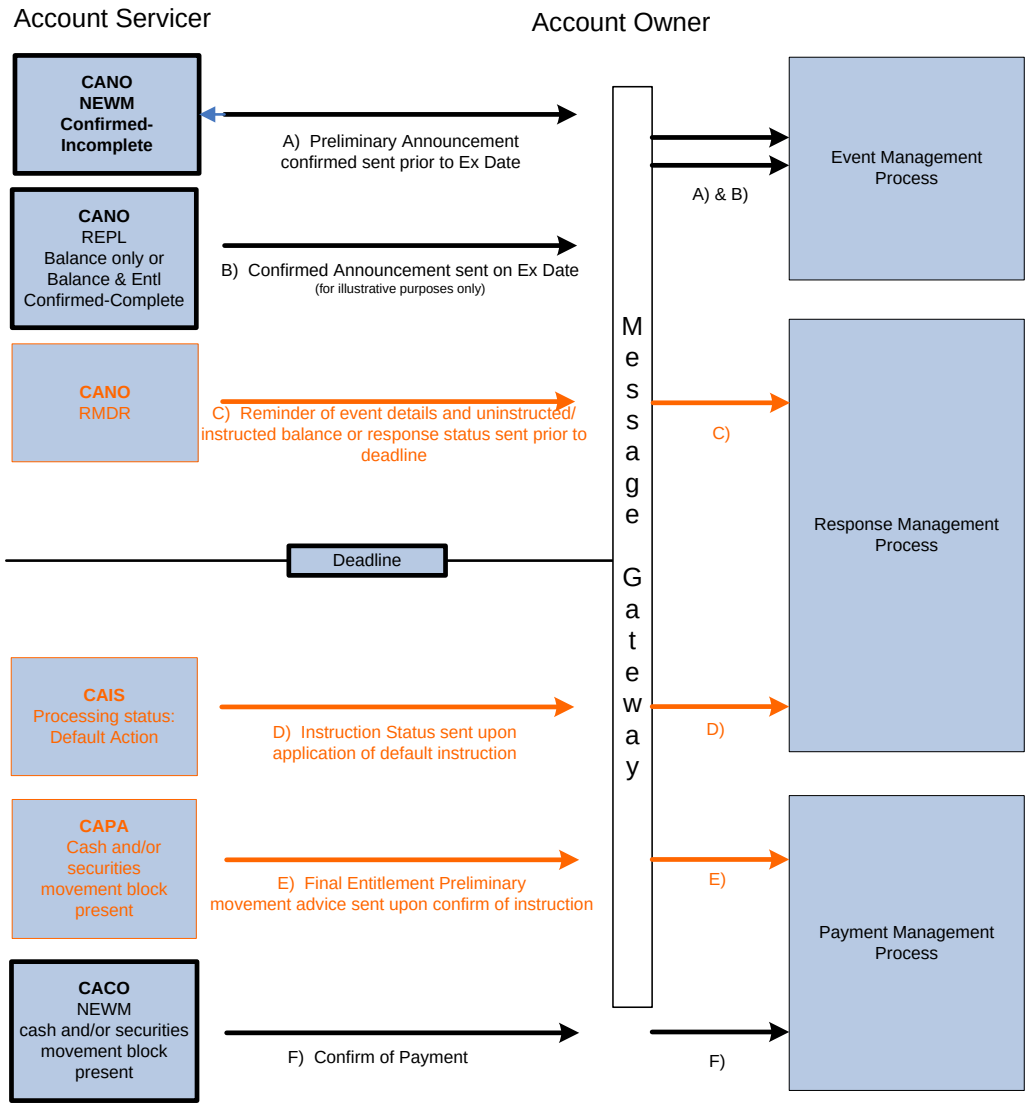
4.4.9 Scenario 9: Mandatory with Election Event - Cancel Instruction

The account servicer announces a mandatory with election or a voluntary event. A CA Movement Preliminary Advice is sent to the account owner after receipt of his corporate action instruction. The account owner subsequently cancels his corporate action instruction. The acceptance of the corporate action instruction cancellation by the account servicer is followed by the sending of a CA Movement Preliminary Advice Cancellation Advice. After the instruction deadline, a CA Movement Preliminary Advice is sent to the account owner followed by a CA Movement Confirmation.



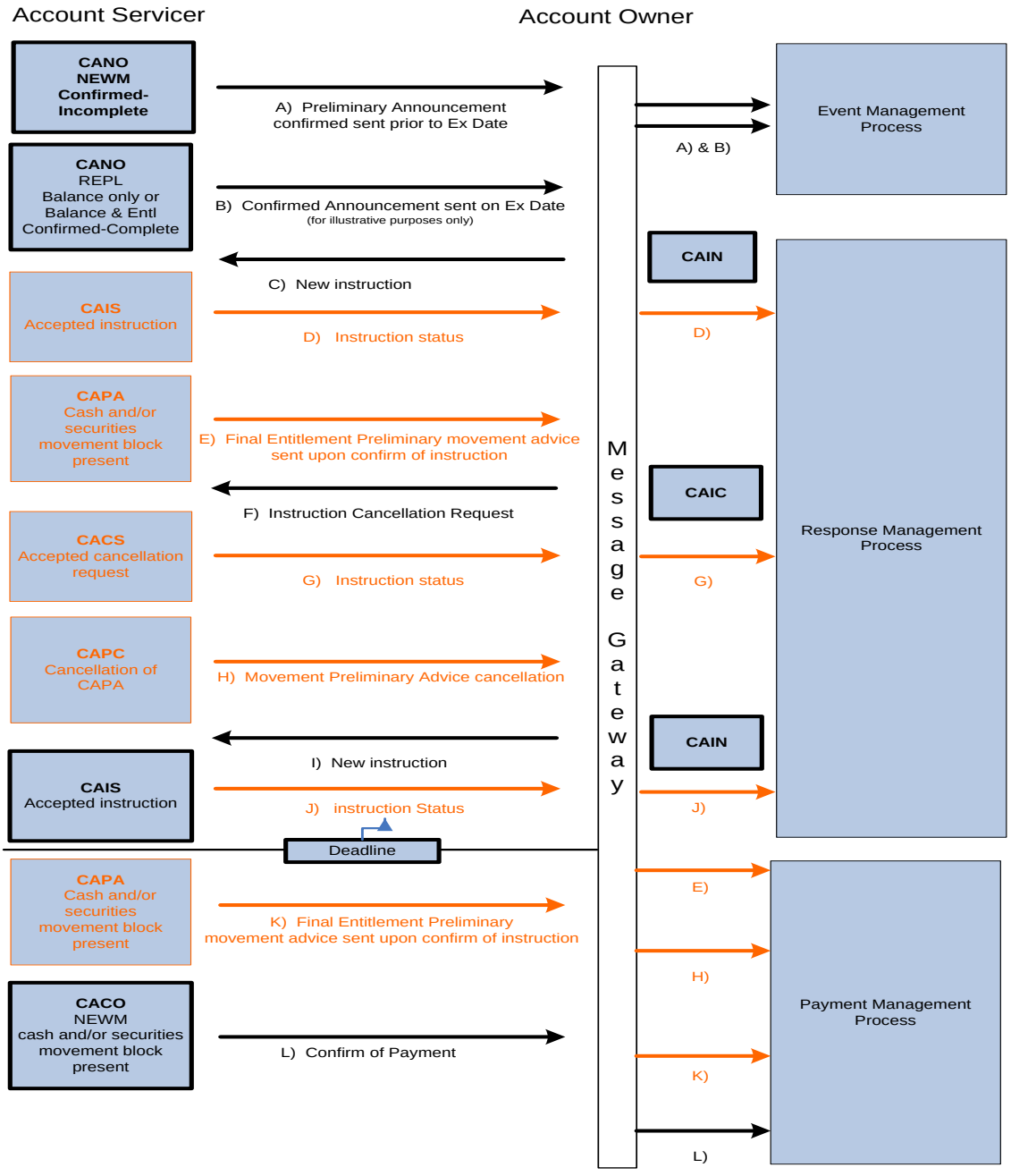
4.4.10 Scenario 10: Mandatory with Election – No Instruction Received

The account servicer announces a mandatory with election event . The account owner does provide corporate action instructions therefore (depending on the type of service provided) the account owner sends either a CA Notification with function Reminder. After the deadline the account servicer sends a CA Instruction Status Advice to advice the account owner that the default instruction has been applied to his holdings. A CA Movement Preliminary Advice is finally sent to the account owner followed by a CA Movement Confirmation.



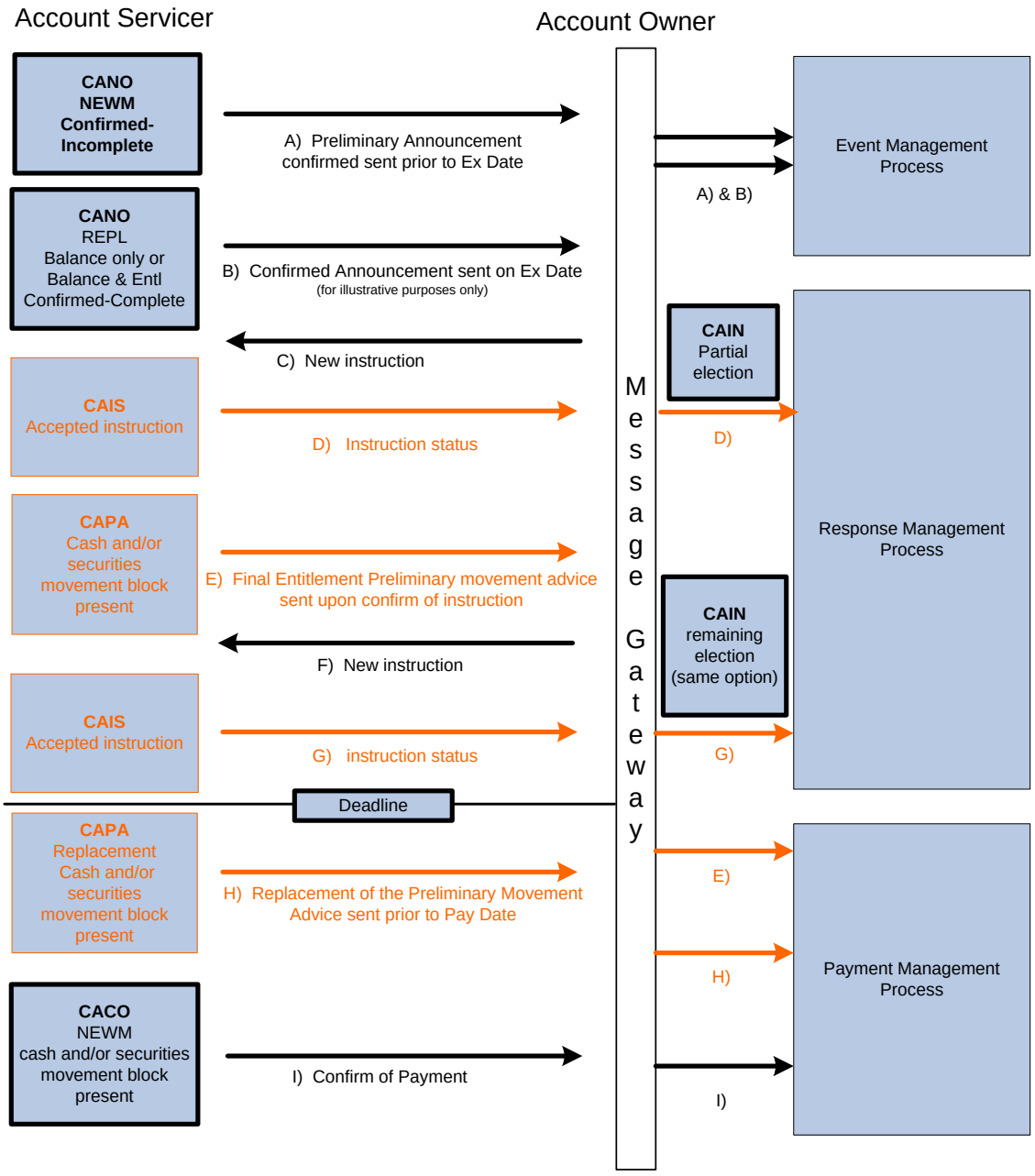
4.4.11 Scenario 11: Voluntary Event – Cancel and Rebook Instruction

The account servicer announces a voluntary event. The account servicer sends a CA Movement Preliminary Advice message to the account owner following the receipt of his corporate action instruction. The account owner cancels his corporate action instruction. The account servicer then cancels the sent CA Movement Preliminary Advice message and sends a new CA Movement Preliminary Advice message following the receipt of the new corporate action instruction from the account owner.



4.4.12 Scenario 12: Voluntary Event – Partial Election

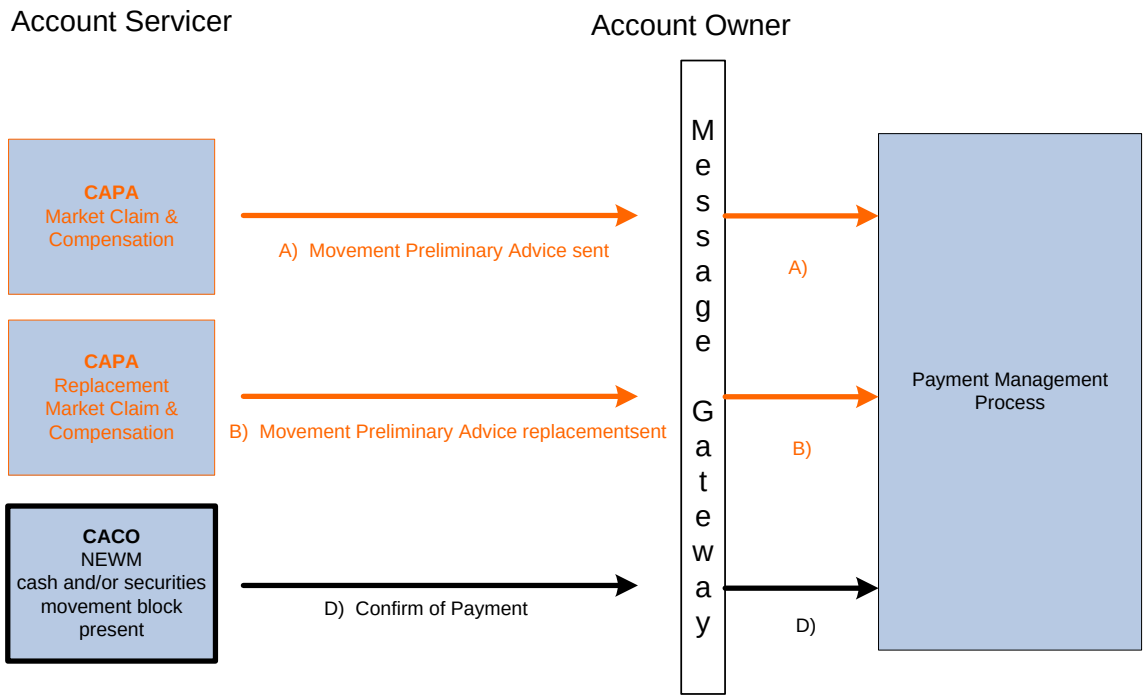
The account servicer announces a voluntary event for which two consecutive partial corporate action instructions are received from the account owner. The account servicer send a CA Movement Preliminary Advice following each corporate action instruction received.



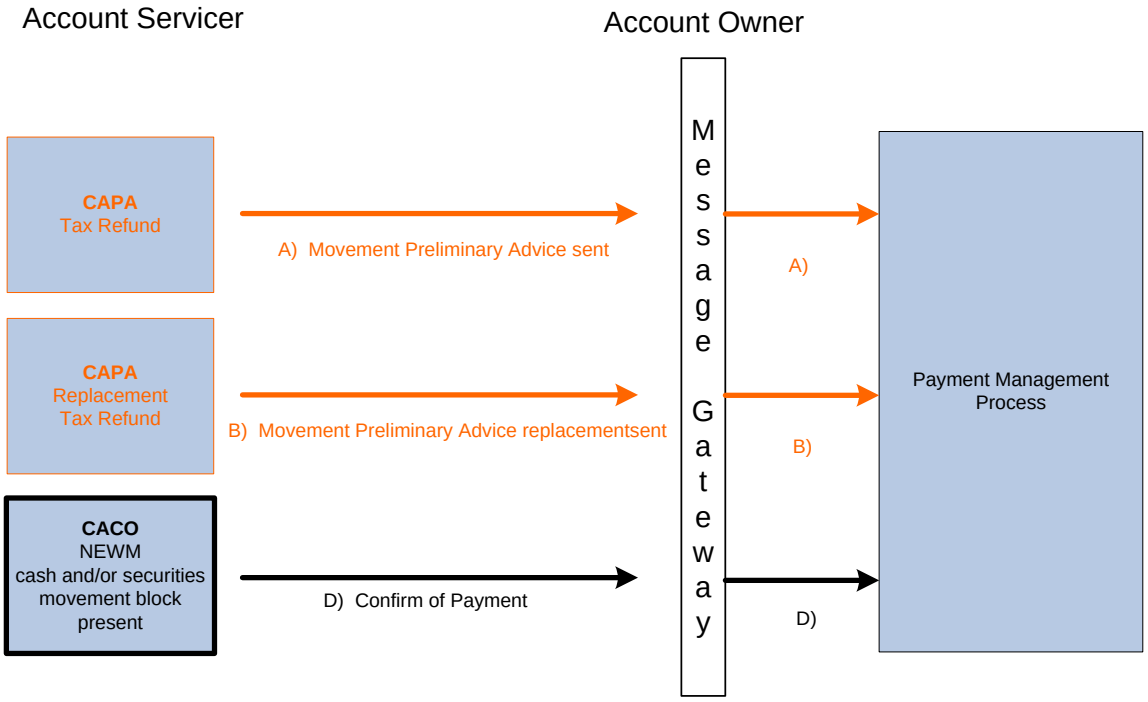
Note Regarding split elections between options, it is understood that since one CA Confirmation is sent per elected option, a separate CA Movement Preliminary Advice message will be sent for each option elected.

4.4.13 Scenario 13: Movement Preliminary Advice for Market Claim & Compensation and Tax Refund

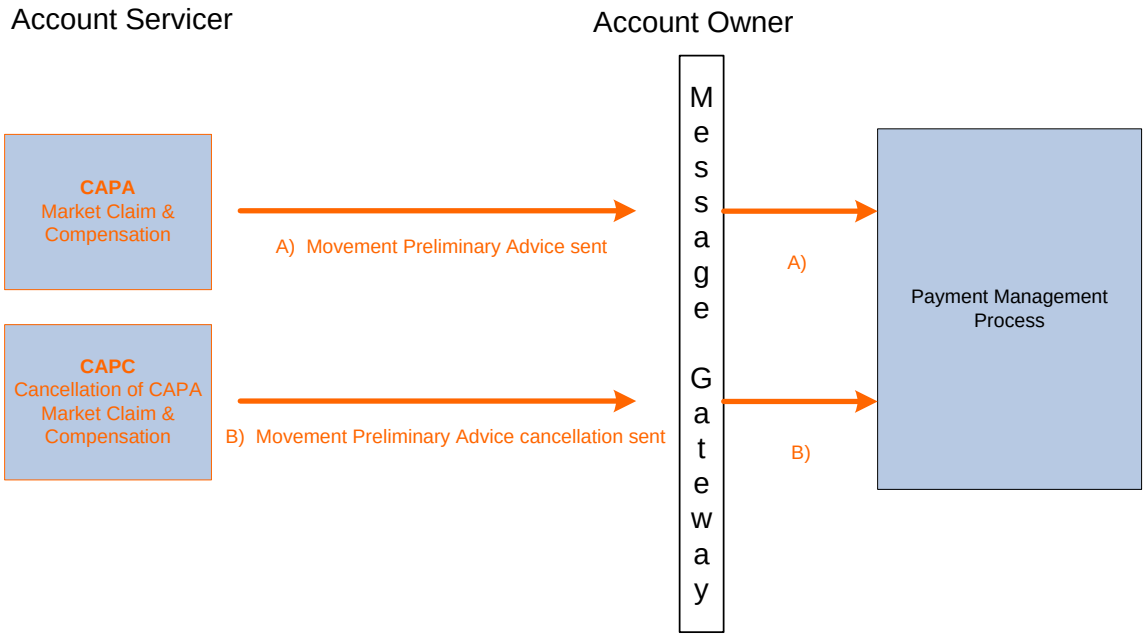
A. Market Claim & Compensation



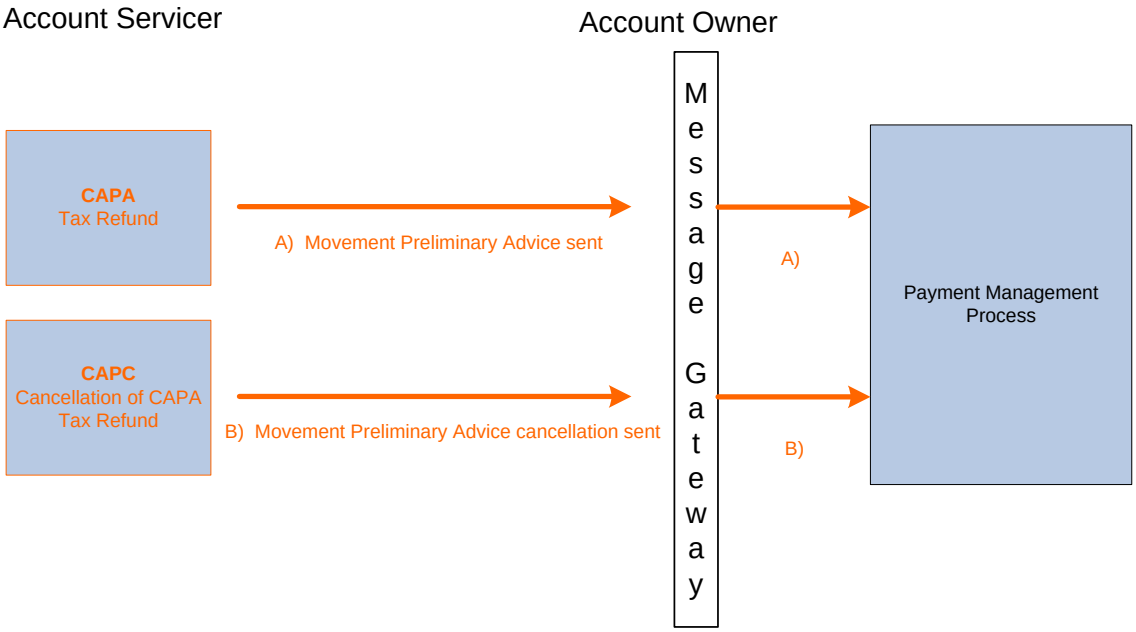
B. Tax Refund



C. Movement Preliminary Advice Cancellation for Market Claim & Compensation



D. Movement Preliminary Advice Cancellation for Tax Refund



5 Instruction Message (MT 565)

The MT 565 contains the sequence D - which is not repetitive as the rule is one instruction per option. However, the sequence B - account - is repetitive.

Given the structure of the message itself, it is possible to include multiple safekeeping accounts and elected balances within the same MT565 message for a given option, as the safekeeping account and balance section of the message is repetitive. To insure clear and unambiguous messages, however, market practice requires that an MT565 message should contain reference to only one safekeeping account and elected balance for that same account.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B2	97a	SAFE	JUN-2001	NOV-2002		

Usually, linking MT 565 together should not been done, unless it makes sense for special event/options (e.g. linking the MT 565 with BUYA and the MT 565 with SECU that includes the extra securities bought for the exercise).

It is to be noted that it is against market practice and ISO 15022 standards to use an MT 568 alone to instruct a corporate action. MT 568 should only be used in the instruction process to provide additional complex information to what has been instructed in an MT 565.[1]

5.1 Identification of option selected on an Election[2].

If the MT 565 is a response to an MT 564, the option number and option code should be one of those announced in the related MT 564. If a mismatch occurs between the MT 565 and the MT 564, the MT 565 should be rejected.

When the MT 565 is unsolicited, i.e., the instruction has not been preceded by an MT 564 Corporate Action Notification, then the corporate action option number must be UNS, i.e., :13A::CAON//UNS.

In the MT 565 replying to the notification MT 564, the minimum details to be provided are the mandatory MT 565 fields:

- Corporate action event reference number. As with all messages in the corporate action it is important for reconciliation purposed to include the correct corporate action number.
- A message reference number for the instruction.
- Function of message. An indication that this is an election.
- Corporate action event indicator. *(CS comment: Is this still necessary ?)*
- Links to the announcement or entitlement message
- The corporate action underlying instrument identified by its ISIN.
- Account Information. This could be for a single account or all accounts.
- Eligible Balance. The total amount of client stock that could be elected upon, regardless of whether any elections have already taken place. This is not the number of shares the election is made for.
- The option number relating to the required option.
- The option code (e.g. cash and / or stock).
- Quantity of election. This is the number of eligible securities to be elected upon or, if applicable, the number of securities to be received.

Use of other details is dependent on SLA.

5.2 Usage of option code BUYA

5.2.1 When to use BUYA?

BUYA should be used when additional securities have to be bought. This option only pertains to this action, not to the exercise of the additional securities bought. This means that an SECU (exercise) instruction should follow to exercise.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.

[1] Brussels meeting June 2003.

[2] Geneva meeting September 2002 and Brussels meeting June 2003.

E	22F	CAOP//BUYA	JUN-2001	NOV-2002		

5.2.2 One or two SECU in case BUYA is used ?

Let's imagine an option with a ratio of 10 old for 1 new. If the holding is 7 and 3 needs to be bought, then the following should be sent:

BUYA 3

SECU 10

Open question: should it be in one or two MT 565 and should the MT 565 of SECU be conditional upon the acceptance and execution of the BUYA and if so, how to indicate and acknowledge this when it goes OK and when no BUYA can be done after a while ?

Two Instructions. The Group agreed that it is not market practice to make the exercise instruction conditional on another instruction (buy additional rights). A separate code was also requested if the round-up privilege is guaranteed.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E			JAN-2002	NOV-2002		

5.3 Clarification: QINS

In MT 565, is QINS referring to underlying for one event rights issue and to the rights for a two events rights issues?

Agreement[1] that:

- for one event rights issues QINS refers to the ***interim*** security;
- for two events rights issues QINS refers to the **underlying** security of the **second** event.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JAN-2002	NOV-2002		

5.4 Instruction Cancellation

It is not always possible to cancel a CA instruction. When it is possible, it is then indicated in the MT 564 (Sequence E - Field :17B::WITH (Withdrawal Allowed Flag) or CHAN (Change Allowed flag) + usage rule: If qualifiers CHAN or WTHD are used, then field :69a::REVO must be used in sequence E to indicate the period during which the change or withdrawal of instruction is allowed).

- If qualifier is WITH – client can only cancel his previously sent instruction (23G: CANC) and cannot reinstruct.
- If qualifier is CHAN – the client can cancel and send a new instruction.

Note also that in case of an election deadline extension, the account servicer may indicate in a replacement MT 564 that all previously sent instructions are considered as invalid by using the “Previous Instructions Invalidity Flag” in 22F::OPTF in the sequence E.

In the same case, the account servicer may also indicate in the Status message MT 567 by using the code CSUB in 24B::CAND in sequence A2a that an Instruction has been cancelled by the agent due to an event deadline extension.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
				Nov. 2011		

5.5 Linking MT 565 and MT 568

The SMPG recommends not to link an MT565 to an MT568[2], except in some cases like linking MT 565 and MT 568 for disclosure of beneficial owner details.

[1] Toronto Meeting June 2002.

6 Confirmation Message (MT 566)

6.1 On the use of the message

MT 566 confirmation is mandatory for confirming events in which securities/cash movements occur.

MT 566 confirmation is not required when there are no outturn benefits (for example a name change with no change of security identifier).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2002	MAY 2005		

6.2 Linkage to Previous and Related Messages

References to any preceding MT 564 or MT 565 are **optional** in the MT 566.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	22F	PREV / RELA	APR 2006	NOV 2007		CA53

6.3 On the use of value date

Value date is recommended in MT 566 (even if the same as the payment date) for cash move.

6.4 Gross Amount

When the gross amount (GRSS) is equal to the posting amount (PSTA), then the gross amount may be optional.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D2	19B	GRSS	Nov 2005, Affirmed Apr. 2006	NOV 2006		CA38

6.5 What if benefits are not distributed all at the same time?

Separate Confirmation messages may be sent if benefit is distributed for different components of the eligible balance at different times, within the same day. If the distribution is made within different days, then separate confirmation messages must be sent.

Each message should identify the type of balance for which the benefit is distributed (e.g lent balance…).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B	93a	ELIG	Jun. 2001/Jan. 2002	NOV-2002		

Eligible balance is optional in the MT 566, and a Confirmed balance type has been introduced to give the balance on which the confirmation postings related to

e.g. Eligible balance on ex date: 500 ; Cash on 300 and Stock on 200.

Leading to one MT 566 confirming the credit based on the election of 300 (=confirmed balance) and one MT 566 confirming the securities posting based on the election of 200 shares. (=confirmed balance).

This "confirmed balance" is now mandatory in the MT566.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B	93a	CONB	JUN 2001	JUN 2002		

6.6 On usage of reversal in MT 566

In an MT 566, the usage of the reversal is as follows:

- the MT 566 with the function "reversal" should be exactly the same as the message it reverses.

For example an original MT 566 reported a credit of USD 100.00 with function NEWM. If this needs to be reversed, the new MT 566 would have REVR as function of the message and still report a credit of USD 100.00. By virtue of the function of the message being a reversal it is known that the opposite is occurring.

The only difference vis-à-vis the original message could be the posting and the value date as well as the preparation date. All other details should remain the same.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G	REVR	Jun. 2001 / Jun. 2002	Nov. 2002		

- The reversal of an MT 566 should always be the same as the original as explained above. The confirmation following the reversal will include the correct FX information (if it was the reason of the reversal).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G	REVR	JUN 2003	MAY 2005		

- The same logic applies if the confirmation contains both multiple security and cash movements, only one of which is the cause of the reversal. The reversal will be the same as the original and the following confirmation will include the adjusted movements.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G	REVR	JUN 2003	Jun.2003/May2005		

6.7 Following an MT 565 Formatted with 'UNS' as Option Number

If an MT 565 is sent with the CA Option Number (CAON) as 'UNS', should the resulting MT 566 use a number or 'UNS' in the CA Option Number field?

Both options are allowed under market practice:

- The MT 566 CA option number may contain 'UNS', or
- The MT 566 CA option number may contain a number generated by account servicer upon receipt of the MT 565 instruction.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	13A	CAON	APRIL-2005	NOV-2006		

6.8 Confirmation of sale of rights

It is to be noted that sale of rights may be instructed in several ways:

- The account owner may instruct the account servicer to execute the sale using an MT 565, then an MT 566 will be used to confirm the settlement of the sale.
- The account owner may take care himself of the sale (initiating 502 to a third party). Settlement instruction could then be sent to the account servicer (as for a normal trade) and therefore, the confirm of the settlement will be done using a settlement confirmation.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			June 2001	Nov.2002		

6.9 Option Number for Credit of Rights in a Rights Issue Event (RHTS)

The option number to be used for the credit of the rights in the confirmation message (with SECU option code) is 999.[1]

[1] Conf call December 2005

6.10 Movement Sequence Usage in the MT566

The movement sequences (E1/E2) should reflect the movements posted on the cash and/or securities account. The number of postings and the quantity/amount of each on the accounts are to correspond exactly with the MT566 message/-s.

The MT566 should also correspond with the movements and information provided in the MT564; see section 3.14.

:16R:GENL
:20C::CORP//123456
:20C::SEME//444444444444
:23G:NEWM
:22F::CAEV//TEND
:98C::PREP//20111107000001
:16S:GENL
:16R:USECU
:97A::SAFE//123456
:35B:ISIN XX
93B::CONB//FAMT/3000,
:16S:USECU
:16R:CACONF
:13A::CAON//001
:22F::CAOP//CASH
:16R:CASHMOVE
:22H::CRDB//CRED
:97A::CASH//112233
:19B::PSTA//EUR1780.26
:98A::POST//20111107
:98A::VALU//20111107
90B::OFFR//ACTU/EUR0,59342
:16S:CASHMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:97A::CASH//112233
:19B::PSTA//EUR90
:98A::POST//20111107
:98A::VALU//20111107
:92F::ESOF//EUR0,030 (early solicitation fee)
:16S:CASHMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:97A::CASH//112233
:19B::PSTA//EUR 3
:98A::POST//20111107
:98A::VALU//20111107
:92A::SOFE//EUR0,001 (solicitation/consent fee)
:16S:CASHMOVE
:16S:CACONF

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			2011	Nov-2012		

7 Status Message (MT 567)[1]

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			SEPT 2003	MAY 2005		

- The detailed recommendation on how to use the combination of status and reason codes can be found within the final documents on www.smpg.info (SMPG CA Global Market Practice – Part 3 - MT 567 Decision Table, see introduction)
- A flow has also been drawn to highlight the MT567 lifecycle. It can be found on the smpg web site www.smpg.info (CA SMPG MT567 Decision Table Vn.n.pdf).

7.1 General

The security identifier in the MT 567 status message is the UNDERLYING security.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B	35B		APRIL-2005	NOV-2006		

7.2 Event Status

- No reason code is required for Status:25D::EPRC//COMP and :25D::EPRC//RECD
- The following codes are to be used with the event status:25D::EPRC//PEND:
  - :24B::PEND//NPAY Payment Not Made - Payment has not been made by issuer.
  - :24B::PEND//NSEC Securities Not Delivered - Securities have not been delivered by issuer
  - :24B::PEND//NARR Narrative Reason.
  - :24B::PEND//AUTH Sent to tax authorities, only with a tax reclaim event.
  - :24B::PEND//VLDA Valid for tax authorities, only with a tax reclaim event.

[AUTH - Sent to Tax Authorities -- For tax reclaim, the event is pending because the reclaim is sent to the tax authorities.]

[VLDA - Valid for Tax Authorities - For tax reclaim, the event is pending, the tax reclaim is valid for the tax authorities.]

7.3 Instruction and Cancellation Status

- Agreed that Function of Message INST (Instruction Status) can apply to both actual and default instructions;
- Status IPRC//STIN and IPRC//DFLA do not require reason codes;
- Status IPRC//PACK used only if an instruction has been sent;

7.3.1 Related Reference in Instruction Status

An MT567 with Instruction Status must include a LINK sequence with the SEME reference of the instruction in field :20C::RELA.
An MT567 with Cancellation Request Status must include a LINK sequence with the SEME reference of the cancellation request in field :20C::RELA.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	20C	RELA	Sept-2011	Nov-2012		

[1] Geneva meeting September 2002, Luxembourg/Singapore meeting September/October 2003,Boston meeting March 2004

7.4 Agreed Process Flow for IPRC (Instruction Processing Status)

At **message level**, either accept the instruction for further processing - IPRC//PACK (no reason required); or the instruction is rejected by the network – no reject sent by user at message level.

At **process level**, either reject IPRC//REJT (as the instruction of the client is invalid), with a reason code; or, depending on the service level agreement, indicate the instruction is pending ~~IPRC//PACK~~ or IPRC//PEND, with a reason code, (for example instruction of the client is valid, however, the positions etc. have not yet been checked).

At **process level and pending**, eventually either reject IPRC//REJT (as the instruction of the client is invalid), with a reason code;

7.5 Addition recommendations on specific MT 567 usage scenarios

7.5.1 Reporting on Standing Instructions and default actions

The account servicer may or may not send an unsolicited MT 567 to provide a status on the action taken for any uninstructed balance based on the default action or a standing instruction. This is to be agreed in the SLA (section 3.11.8.2).

7.5.2 Reporting of a Delayed Payment in the MT 567 section

When an announced payment does not happen on the specified date, an MT 567 should be sent (not a MT 566) with an appropriate status code such as NPAY (Payment Not Made - Payment has not been made by issuer), or NSEC (Securities Not Delivered - Financial instruments have not been delivered by the issuer.).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A2a	24B	PEND//NPAY	JUN-2003	MAY 2005		

8 Message Independent Market Practices

8.1 Official Corporate Action Event Reference (COAF)

8.1.1 Background

The Official Corporate Action Event Reference[1], COAF, was requested by the SMPG and implemented in SR2008. The definition of COAF is 'Official and unique reference assigned by the official central body entity within each market at the beginning of a corporate action event.'

The primary purpose of the COAF is to allow improved STP in the corporate actions instructions flow from investors to their account servicers and further in the chain of intermediaries, by removing the current requirement that each party in the chain instructs the next party with that party's CORP. Instead, all parties can use the COAF in their instructions rather than the (changing) CORP.

A secondary purpose is to facilitate the reconciliation of announcements received from different sources for the same event."

However, until the COAF has gained general acceptance and is widely implemented in corporate action processing, there will be an interim period during which both CORP and COAF references will have to coexist in the ISO 15022 and ISO 20022 CA messages. The following COAF principles are based and have to be understood in the context of this coexistence premise.

8.1.2 Principles

8.1.2.1 COAF Algorithm

The COAF should be composed of a two parts; a COAF organisation identifier and the actual reference. The organisation identifier specifies the official central body that assigned the COAF as per the issuer's request. It is a 2 character alphanumeric code and the SMPG verifies that it is unique per organisation. The reference is an alphanumeric code of up to 14 characters, and is unique per official central body.

A centralised list of COAF registration organisations and their identifiers is published by the SMPG and can be found on the SMPG website.

8.1.2.2 Use of COAF

As per the definition, the COAF reference should be unique and two events is not to be assigned the same COAF.

If an issuer announces the same event for two or more of its issued securities, for example a cash dividend with the exact same terms for both the ordinary share and the preferential share, each event must be given its own COAF reference. The COAF reference must be unique per combination of event code (CAEV) and security (e.g. ISIN).

8.1.2.3 Relationship between CORP and COAF

The Market Practice is to have a one-to-one relationship between CORP and COAF in the context of a bilateral relationship account servicer/account owner, provided all principles are adhered to. Account servicers should give a unique CORP to each event that has been given a unique COAF by the official body.

8.1.2.4 Assignment

a. The COAF should be assigned by the official source as soon as the event has been publicly announced by the issuer (or its agent). The public announcement and assignment of COAF should take place according to the applicable market rules, but by latest before the event has reached the entitlement and/or instructions stage. When the COAF has been assigned, it must be relayed through the processing chain to all market participants who should include it in their communications regarding the event.
b. Not all events will receive COAFs, since not all events are officially announced eg. events well known in advance such as fixed interest payment..

[1] In ISO15022 the COAF is provided into the :20C::COAF// field located into sequence A of all CA messages.

c. Notifications may and can be sent before a COAF is assigned.
d. The assignment of a COAF to a previously notified event should trigger an updated notification.
e. The COAF must be carried throughout the entire lifecycle of the CA event and in all CA messages.

8.1.2.5 Withdrawal and cancellation

If the issuer withdraws an event, the COAF is also withdrawn. If the issuer replaces the withdrawn event with a new, a new COAF must be assigned to the new event.

If an account servicer, including the (I)CSD, cancels an event, the COAF is not cancelled. The account servicer's new event, replacing the old event, should include the original COAF.

8.1.2.6 Corporate actions instructions

When a client of an account servicer creates and send a corporate action instruction to that account servicer, the instruction must always contain the COAF if it has been assigned. The servicer provider's CORP value is not mandatory when COAF is present. In that case, it is acceptable to use "NONREF" as the CORP value.

8.1.2.7 Multi-stage events

The Market Practice is to have one COAF per event, and not to have the same COAF for all events that are linked together (or that the issuer considers as one event). Thus, for each separate processing stage/event, there should be one unique COAF.

Example:

An issuer announces a rights issue, according to applicable law. For processing purposes, the CSD (or exchange, as applicable) announces the event to its participants/members as two separate events; a distribution of interim securities (CAEV RHDI) followed by a rights exercise (CAEV EXRI). Each of the two events should be given its own unique COAF.

8.1.2.8 Multi-deposited securities

The Market Practice is to treat events for multi-deposited securities as separate events, one per place of depository. This does not apply to Place of Trading.

Example:

An issuer announces a split in a security that is deposited on two different central securities depositories. The split will be treated as two separate events, one per Place of depository, and each of the two events should be given a unique COAF.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	20C	COAF	April 2011	Nov. 2011	Jan. 2013	CA78.2

8.2 Placement Of Date, Period, Rates & Prices (DPRP) data elements

Formerly named "Sequence D versus E Guidelines":

The general placement guidelines for the date, period, rates and price (DPRP) data elements available in the D, E, E1, E1a and E2 sequences of the MT 564 and in the C, D, D1, D1a and D2 sequences of the MT 566 have all been implemented into the SR 2010 version of the ISO15022 standards.

Please refer to the Global Market Practice – Part 2 document published on the SMPG website, www.smpg.info into the "Data Element Placement" section for a summary of the DPRP data elements placement as implemented into the ISO 15022 Standards or to the ISO 15022 SWIFT SR2010 UHB itself.

All rates and prices should be included in the relevant SECMOVE / CASHMOVE sequences and not at option level. The only exception to this rule is when there will be no corresponding movement for the rate/price, at any time in the event. In this case, the rate/price can be included in E. If the rate/price cannot be included in E due to standards reasons, it must be included in narrative.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E/E1/	92a		April 2011	Nov. 2011		

E2	90a					

8.2.1 Presence of DPRP Elements per CAEV/CAMV Combination

The guidelines on the presence of specific date, period, rates and price (DPRP) data elements per type of corporate action events (22F::CAEV) and Mandatory/Voluntary indicator (22F::CAMV) combinations are provided into the Global Market Practice - Part 2 document published on the SMPG website, www.smpg.info into the EIG+ (Event Interpretation Grid) section within the dedicated DPRP columns of that table.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D, E, E1& E2	98a, 69a, 92a, 90a		JUNE 2010	NOV-2010		CA06.7 / CA158

8.2.2 Usage of Withholding of Foreign Tax rate (92a::WITF) in MT 564 Sequence E (566 seq. D)

The usage of the Withholding of Foreign Tax rate in sequence E of the MT 564 (and in sequence D of the MT566) is restricted to accumulating funds events in Germany.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	:92a::	WITF	Sept. 2011	Nov. 2012		CA 170

8.3 Placement of non-DPRP data elements

Please refer to the Global Market Practice – Part 2 document published on the SMPG website, www.smpg.info into the “Data Element Placement” section for a summary of the non-DPRP data elements placement recommendations.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			April 2011	Nov. 2011		CA 206

8.3.1 Usage Of “UKWN” and “OPEN” for DPRP Elements

Whenever DPRP elements are indicated as mandatory for a specific event in the EIG+ table, those elements must be present in the announcement message either with an actual value or with an “Unknown” (UKWN) code if a value is not yet in possession of the service provider.

When DPRP elements are indicated as optional for a specific event in the EIG+ table, then the service provider is free to include those elements in the message with a “Unknown” (UKWN) code if still not in possession of the information or alternatively not to include them.

Note: If an optional DPRP element is applicable to a particular event, it is recognized however that the above principles will not always be easily applicable for the market data providers.

The SMPG recommends to no longer use the code value “OPEN” (Open-date) for the DPRP elements as it is deemed fully redundant with the “UKWN” code and will be removed with SR2011.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D, E, E1& E2	98a, 69a, 92a, 90a		AUGUST 2010	NOV-2010		CA127 &CA 127.1

8.4 Events with multiple proceeds

Remark: there is no order imposed by the table below for credit and debit elements. They can appear in any order.

In this case, MT 564 subsequence E1/E2 should be repeated to indicate the ISIN (for E1) and the resulting entitlement.

Scenario	
Receive 1 new Security	- E to report the option only. - E1 to report the ISIN (credit), terms and resulting entitlement. **Here E1 is used to report the terms as well as the resulting entitlement.**
Receive 2 new Securities	- E to report option only. - E1 to report the 1st ISIN (credit), terms and resulting entitlement (if provided) - E1 to report 2nd ISIN (credit), terms and resulting entitlement (if provided) **Here E1 is used to report the terms as well as the resulting entitlement.**
Receive 1 new Security and debit of old shs or rights.	- E to report option only. - E1 to report ISIN (credit), terms and resulting entitlement (if provided) - E1 to report debit of old or rights (if provided) **Here E1 is used to report the terms as well as the resulting entitlement.**
Receive 2 new securities and debit of old shs or rights.	- E to report option only. - E1 to report the 1st ISIN (credit), terms and resulting entitlement (if provided) - E1 to report 2nd ISIN (credit), terms and resulting entitlement (if provided) - E1 to report debit of old or rights (if provided) **Here E1 is used to report the terms as well as the resulting entitlement.**
Receive Cash Only	- E to report the option and rate/price. - E2 to report the cash movement (credit) and resulting entitlement (if provided) **E2 used to report part of the terms as well as the resulting entitlement.**
Receive Cash and debit existing security.	• E to report the option and price. • E1 to report the debit of the old shares and resulting entitlement (if provided) • E2 to report the cash movement (credit) and resulting entitlement (if provided) **E2 used to report part of the terms as well as the resulting entitlement.**

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E			JUN-2001	NOV-2002	NOV-2010	CA127 &CA 127.1

8.5 Event on more than one underlying securities

The situation is that an event has more than one underlying security, eg you must hold both security A and security B in order to take part. However, holders of the individual securities (either A or B) must be informed of the event in order to have the opportunity to purchase the other security.

Agreed market practice is that a notification is sent for each underlying security, using the same CORP reference and linked by the WITH cross-reference. Note that the benefits may differ by underlying security.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A A1	20C 22F	CORP WITH	March 2007	N/A		CA82

The events should make it clear that each event is conditional on the other.

This would require some narrative as it might be difficult to link the two events together from a technical perspective and as the holder of only one underlying securities needs to be aware of the conditions of the event.

Field 70 with qualifier COMP in sequence F of the MT 564 could be a viable solution for the narrative.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A1	20C	CORP	JUN-2001 – SEP 2002	NOV-2002	NOV-2010	

8.6 Expression of a rate

15 Pct should be expressed as :*92A::TAXR//15,* and not :*92A::TAXR//0,15*

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			Simply the standards	NOV-2002		

8.7 Multiple currencies with a non-convertible currency[1]

Background:

This is the case where a CA is declared in a specific currency (let's say MYR or KRW). However this currency is not accepted by an entity or is not convertible. So, the local agent or depository automatically does an FX into a pre-defined acceptable currency (e.g. USD). But the end customer does have a base currency account or a standing instruction to repatriate funds into another currency (e.g. EUR).

How to report this case ?

SMPG recommendation: using multiple occurrence of the sequence Cash Movements:

- CR in KRW - PSTA in USD, RESU in USD, NETT in KRW and EXCH rate KRW/USD
- DR in USD
- CR in EUR - PSTA in EUR - RESU in EUR, EXCH rate in USD/EUR

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D2			JUN-2001	NOV-2002		

8.8 Declared Rate (DEVI) and Issuer Declared Exchange Rate (IDFX) for a Dividend Event

Some dividends are declared in a currency that is not necessarily the one they will be paid in (e.g. Astrazenica, Royal Dutch Shell). In this case, the declared dividend currency and rate should be reported in sequence D of the MT564 with the Declared Rate field as follows: **:92F::DEVI//USD0.43**

The declared dividend rate (DEVI) should only be reported if the issuer doesn't allow the dividend to be paid in the currency it is declared in.

As an example, it shouldn't be used in the announcements for HSBC dividend because the dividend is declared in USD and could be paid in GBP, USD, HKD and stock.

The foreign exchange rate (if available) should be reported in sequence E of the MT564 with the Issuer Declared Exchange Rate field as follows : **:92B::IDFX//USD/EUR/0,795581**

If the exchange rate is reported, then the declared rate needs to be present.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	92a	DEVI	May-2012	Nov-2013		
E	92B	IDFX				

[1] Boston meeting March 2001.

8.9 Notification and confirmation linkage

Is link mandatory between confirmation and notification messages?
SMPG agreed that link is not mandated for market practice.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2001	NOV-2002		

8.10 Resulting Amount

RESU amount is always in the same currency as PSTA amount

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	19B	RESU	JUN-2001	NOV-2002		

8.11 How to indicate that securities are blocked whenever instruction is received?

Proposed alternatives:
a) MT 566?
b) MT 567 with narrative?
c) Intrapositioning?

Decision: The Group agreed that this is an SLA rather than a global market practice issue, however, a process flow should be agreed. The preferred solution is that whichever message is used, it should be linked to the instruction (MT 565). Blocking of securities may be shown (in the SWIFT world) by use of the MT 508 Intra-Position Advice. MT566 is to be used only for confirmation of movements.

Mechanism required to link the intra-positioning advice to the CA instruction.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2001	NOV-2002		

8.12 On usage of N amount[1]

Numerous discussions led to the below conclusions:
- The negative sign [N] should not be used at all in corporate action movement sequences.
- For the posting amount (PSTA), the credit-debit indicator provides the information of the direction of the movement.
- The credit/debit indicator applies only to the posting amount (PSTA)
- The resulting amount has the same (implied) credit/debit indicator as the posting amount (PSTA).
- As for the other amount types, their meanings automatically tell whether they are debits or credits (ex: withholding = debit).

A list of the default -/+ indicator of each amount qualifier is being reviewed. Once approved, this list will be published in a next version of this document.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E2	19B	PSTA, etc.	OCT 2003	MAY 2005		

8.13 On the use of narrative field[2]

Narrative fields should only include information that is not formatted elsewhere in the message. If used, it should be with an existing dedicated field and following ISO 15022 Standards guide lines on the subject (available in APPENDIX 2, see end of the document).

It is to be noted that tax specific disclaimers should be handled by SLA.

[1] Geneva, Brussels, Luxembourg and Singapore meeting 2002-2003.
[2] Geneva, Brussels, Luxembourg and Singapore meeting 2002-2003.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	70a:	all	JUN 2003	MAY 2005		

8.14 Fractions paid[1]

Agreement that following business data required when fractions are involved:

- Price at which cash given for fractions;
- Quantity of fractions exchanged for cash;
- Cash amount given for fractions.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2002	NOV-2002		

8.15 Price per Product[2]

The market required clarification of the price per product definitions used for example for events for which the holder must pay an amount of cash to receive an amount of cash (in another currency), e.g. (exercise of warrants).

That is, underlying security A + cash leads to benefit of outturn security B + cash.

The definitions were refined for the price/offer qualifiers used in the corporate action details sequence.

The definitions are:

- PRPP - Generic cash price paid per product by the underlying security holder either as a percentage or an amount, for example, reinvestment price.
- OFFR - Generic cash price received per product by the underlying security holder either as a percentage or an amount, for example, redemption price.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	90a	PRPP - OFFR	JUN-2003	MAY 2005		

8.16 Rejection of pre-advice request for confirmation message[3]

The group were reminded and affirmed the decision to reject the request for a pre-advice indicator in the confirmation message (MT 566). It was reminded that this functionality should be catered for in an MT 564. The usage of REPE or CAPA function in MT 564 covers this requirement.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
	23G	REPE	JUN-2002	NOV-2002	NOV-2010	

8.17 On negative and zero balances

If an eligible balance is negative, it may be reported as such in the MT 564. Zero balance should not be provided as no entitlement exists. Offer Types

It is possible for offer types to change during the course of an event. There is no change of event type (CAEV). For example, dissenters rights (22F::OFFE//DISS) may be available in the early stages of a merger, and removed later in the event.

[1] Toronto Meeting June 2002.

[2] Toronto meeting June 2002.

[3] Toronto meeting June 2002.

8.18 Offer Types

It is possible for offer types to change during the course of an event. There is no change of event type (CAEV). For example, dissenters rights (22F::OFFE//DISS) may be available in the early stages of a merger, and removed later in the event.

8.19 Pool factors[1]

New factor (NWFC) identifies the factor for the current event and previous factor (PRFC), the factor that applied before.

Thus the previous factor applies before the redemption date of the event and the new factor applies after the redemption date of the event. The difference between the two factors is used to calculate the payment.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
B1	92a	NWFC PRFC	N/A	N/A		**SR2007**

8.20 Usage of :92a: Rate Format Option M

The rate Format Option M (:92M:) in the sequences E and E1 of the MT564 defined to express a rate as an amount per quantity should not be used as usually this results from an erroneous usage of the Standards when an amount is provided for a quantity of financial instrument.

In those cases, the SMPG recommends instead the usage of the :36B:MILT in E or E1a to express the quantity in combination with a price.

If we take the example of a takeover / tender offer, where company A wants to provide an offer price of $1000 for 3 shares of company B, then OFFR should be used to provide the offer price per share and 36B:MILT to mention the quantity (minimum exercisable quantity)

:90B::OFFR//ACTU/USD1000,00

:36B::MILT//UNIT/3,

MILT must be used to describe the number of units applicable to the amount of cash.

If for 1 share, then use simply:

:90B::OFFR//ACTU/USD1000,00

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E,E1	92M		APRIL 2010	NOVEMBER 2011		CA168

8.21 Usage of UTC Offset Time For Dates

A new Format Option :98E has been created in the Standards for the Date fields in sequences D, E E1 and E2 of the MT564 and C, D, D1, D2 of the MT 566.

This new format option allows to provide a UTC offset time for some dates. The use of this format option should be handled by SLA and is not required by market practice.

The usage of the UTC offset should be limited to the Account Servicers with across-time zones clients (Global Custodians) and used only for the following 4 deadline dates in the MT564 sequence E.

- Market Deadline (MKDT),
- Response Deadline (RDDT),
- Lead Plaintiff Deadline (PLDT)
- Early Response Deadline (EARD)

The UTC offset should not be used otherwise.

If UTC Indicator is not present in format option E when this format is used, then one shall assume that the time provided is the GMT time.

Example:

[1] Frankfurt meeting April 2005.

Field 98a: Date/Time Option E :4!c//8!n6!n[,3n][/[N]2!n[2!n]]
(Qualifier)(Date)(Time)(Decimals)(UTC Indicator)

The format to indicate the time 15:23:45 on 16 June 2010, and to specify that this time is local to New York is:
:98E::MET2//20100616152345/N05

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	98E	MKDT, RDDT, EARD, PLDT	APRIL 2010	NOVEMBER 2011		CA183

8.22 Usage of CA Option Code for Compensation of Rights Not Distributed

The market practice is as follows:

- If the issuer will compensate rights which cannot be distributed and/or used by beneficiaries due to restrictions (eg. domicile restrictions), the option code should be CASH.
- If the account servicer offers to sell rights that cannot (or will not) be exercised, the option code should be SLLE.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	CAOP	JULY 2010	NOVEMBER 2011		CA185

8.23 Different Servicer Options for Different Deadlines

For elective events, when there are different election deadlines set for an event i.e. for instance one early deadline with an early bonus fee and a normal deadline, different servicer options with a different deadline for each should be created so as to ease the instructions processing.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	13A	CAON	December 2010	NOVEMBER 2011		CA191

8.24 NOAC For VOLU Events

The SMPG recommends that the option code NOAC be present in the list of options of all VOLU events.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	CAOP	May 2011	Nov-2011		CA192

8.25 Usage of CA Option Code for Unknown Proceeds (PRUN)

The CA option code for unknown proceeds should be used for elective events only. The option code is to be used when the proceeds are not known during the election period, nor will be announced before end of the period/market deadline. The option code should be maintained throughout the full lifecycle of the event, i.e. even when proceeds become known after market deadline.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	CAOP	Aug-2011	Nov-2012		CA 234

In the rare cases when the issuer cannot even provide details of the possible movements or when there are many different movements alternatives, the recommendation is to use the :70E::ADTX field for providing the additional information.

Example:

A voluntary conversion where the 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.

In the MT564:

```
13A::CAON//001
:22F::CAOP//PRUN
:17B::DFLT//N
:98C::MKDT//20110127170000
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN US635405AW30
:98B::PAYD//UKWN
:16S:SECMOVE
:16S:CAOPTN
:16R:CAOPTN
:13A::CAON//002
:22F::CAOP//NOAC
:17B::DFLT//Y
:16S:CAOPTN
```

Holder elects PRUN, in the MT565:

```
:16R: CAINST
:13A:: CAON//001
:22F:: CAOP//PRUN
:36B:: QINS//UNIT/2000,
:16S: CAINST
```

Instruction is accepted, MT567:

```
:16R: STAT
:25D:: IPRC//PACK
:16S: STAT
:16S: GENL
:16R: CADETL
:13A:: CAON//001
:22F:: CAOP//PRUN
:36B:: STAQ//UNIT/2000,
:16S: CADETL
```

Details of the proceeds are announced, MT564:

```
13A::CAON//001
:22F::CAOP//PRUN
:17B::DFLT//N
:98C::MKDT//20110127170000
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN US635405AW30
:98B::PAYD//20110130
:16S:SECMOVE
:16R: SECMOVE
:22H:: CRDB//CRED
:35B: ISIN US0031544546
:92D:: NEWO//1,/40,
:98A:: PAYD//20110130
:16S: SECMOVE
:16S:CAOPTN
```

:16R:CAOPTN
:13A::CAON//002
:22F::CAOP//NOAC
:17B::DFLT//Y
:16S:CAOPTN

Payment is confirmed, MT566:

:16R: CACONF
:13A:: CAON//001
:22F:: CAOP//PRUN
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN US635405AW30
:36B:: PSTA//UNIT/2000,
:98B::POST//20110130
:16S:SECMOVE
:16R: SECMOVE
:22H:: CRDB//CRED
:35B: ISIN US0031544546
:36B:: PSTA//UNIT/50,
:92D:: NEWO//1,/40,
:98A:: POST//20110130
:16S: SECMOVE

8.26 Usage of CA Option Feature Option Applicability (CAOS)

The option type code CAOS is to be used in mandatory events (MAND, not CHOS) with two or more options, where the account owner cannot choose which option to receive. Instead, the option will be determined by other parties and/or factors, e.g. issuer's choice or market conditions.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	OPTF	April 2012	Nov-2012		CA234

8.27 Accrued interests with a security proceed

In case accrued interests have to be paid with a security proceed, what should be the CA option code?
Possible solutions:

a) create a CASE option
b) create a cash move within the SECU option

The market practice is NOT to use CASE in such a situation. The option is definitely SECU from a business perspective with a side cash payment, hence solution b) should be applied (similarly to what is done for cash on fractions).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E	22F	CAOP	Sept-2011	Nov-2012		SR2012 CR

8.28 Payment occurrence Type indicator

The Payment Occurrence Type Indicator, DITY, specifies the conditions under which a payment will occur. It is recommended for events which may be paid in two or more stages (interim, INTE, and final, FINL) such as liquidations or for rolling events (ROLL). It is not recommended for events paid in one stage only, with a fixed pay date. (Please note that DITY does not replace the DIVI and CONV indicators.)

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	22F	DITY	2011	Nov-2012		SR2012 CR

8.29 Certification / Breakdown

Information regarding certification and breakdowns can be included in three fields: the Certification / Breakdown indicator, flag and narrative.

MT564

- The flag in the CADETL (D) sequence specifies if certification/breakdown is required on an event level. There is no requirement to include the flag if certification/breakdown is not required for the event.
- The indicator in the CAOPTN (E) sequence specifies the type of certification/breakdown required for the option. It should only be used if required.
- The flag in the CAOPTN (E) sequence specifies if certification/breakdown is required for the option. There is no requirement to include the flag if certification/breakdown is not required for the option.
- The narrative field in the CAOPTN (E) sequence provides additional information about the required certification/breakdown. It should only be used if required.

MT565

- The indicator in the CADETL (C) sequence specifies the type of certification/breakdown included in the MT565.
- The narrative field in the ADDINFO (E) sequence provides additional information about the certification/breakdown included in the MT565.

MT566

- The flag in the CADETL (C) sequence specifies if certification/breakdown is required on an event level. There is no requirement to include the flag.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			2011	Nov-2012		SR2012 CR

8.30 Clarification on the meaning of PRPP when used in an event with ADEX

PRPP is always the price of one unit of product, irrelevant of the ratio of the distribution of the event (ADEX). If both ADEX (in E1) and PRPP (in E2) are present for the same option, PRPP will always be the price of one unit of product, irrespective of the ratio expressed in ADEX.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E2	:92a::	PRPP	Sep-2011	Nov-2012		SR2012 MWG

8.31 Pagination

For long MT564 and MT568 messages for which the length would overcome the 10K character limit on SWIFTNet FIN, a pagination mechanism is available through the use of the 28E field present at the top of both messages:

The splitting of the MT564 information contents should follow the following guidelines:

1. If sequence B has too much account information (i.e. account bulking - many accounts repetitions seq. B1, B2, B3,…)
   a. Fill the MT564 with all A, D, E and F sequences and add as many B sequences that can fit, and (i.e. sequences A+B1+D+E+F)
   b. send all A, D, E and F sequences as in the first MT564 plus the additional B sequences in the next MT564(s) (i.e. seq. A+B2+D+E+F followed by A+B3+D+E+F etc…)

2. If sequence E has too much options information (many Options present)

a. fill the MT564 with all A, B, D and F sequences and add as many E sequences that can fit, and (i.e. seq. A+B+D+E1+F)
b. send all A, B, D and F sequences as in the first MT564 plus the additional E sequences in the next MT564(s) (i.e. seq. A+B+D+E2+F followed by A+B+D+E3+F etc…).

3. If there are both too much accounts repetition and options information, it is recommended not to bulk on an account level.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	28E		Sep-2011	Nov-2012		CA232

8.32 Fees and charges

Fees and charges should be quoted separately from the main rates and prices of the event, i.e. not be combined with other rates:

```
:92A::RATE//1,01125
:92A::SOFE//0,03
```

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E, E1, E2	92a		Sep-2012	Nov-2013		N/A

8.33 Use of PRPP in the SECMOVE sequence

The Cash Price Per Product to be Paid price (PRPP), is only to be included in the SECMOVE sequence when there will be no cash movement in the event (eg. for notional amount in UK).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E1	90a	PRPP	Nov-2012	Nov-2013		N/A

9 Market Practices on Particular Events

9.1 Rights Issues

One or two event types?

At its Madrid meeting in October 2005, the SMPG agreed that the general way forward is to migrate to process rights as two events. [1]

See the EIG for the status of migration per market.

9.1.1 One event

If a Right Issue is handled as one event, the Corporate Action Event indicator should be Rights Issues and the Sequence C is to be used to give the details on the rights.

This event is a Mandatory with options CA event and an instruction is required[2](:22F::CAMV//CHOS).

More than one MT 566 conformation message must be sent, i.e. not mandatory to confirm all the benefits in a single message.

It is to be noted that if the ISIN of the rights is not known, UKWN is to be used as a code word.

[1] Madrid meeting October 2005

[2] Correction of an issue identified in Geneva meeting September 2002.

9.1.2 Two events

If a Right Issue is handled as two event, the Corporate Action Event indicator if the first event should be Rights Distribution (RHDI) and the Sequence C is NOT to be used to give the details on the rights but sequence E instead. This first event is considered as a free distribution of the rights or nil paid stock.

Note that in the second event CAMV should be CHOS and not MAND.

The two events do not need to be linked.

Please refer to the SMPG CA samples document for an illustration of the two events scenario.

There may be an issue with the length of the period from the issue of the rights to the exercise or follow-up event which give details of the rates and prices associated with the rights themselves. If the rights are received late it is difficult to distribute the information before the rights position is set up.

Agreed that this is a servicing issue, not a market practice issue.

9.1.3 Illustration: One Event

Sequence A

22F::CAEV//RHTS
22F::CAMV//CHOS

Sequence C is present

Sequence E contains the different options as per SLA
22F::CAOP//EXER
22F::CAOP//LAPS
22F::CAOP//OVER
22F::CAOP//NOAC
Sequence E may contain the following options from the account servicer:

22F::CAOP//SLLE
22F::CAOP//BUYA

9.1.4 Illustration: Two Events

1. **First event**

   Sequence A
   22F::CAEV//RHDI
   22F::CAMV//MAND

   Sequence C is NOT present

   Sequence E contains the different options as per SLA
   :22F::CAOP//SECU
   :22F::RHDI//EXRI

2. **Second Event**

   Sequence A
   :22F::CAEV//EXRI
   :22F::CAMV//CHOS
   :20C::CORP// -> this should be another event number than event One
   :16R:LINK
   :20C::CORP// -> this is to link this second event to the first event if applicable
   :16S:LINK

Sequence C is NOT present

Sequence E may contain the following options from the issuer:
:22F::CAOP//EXER
:22F::CAOP//LAPS
:22F::CAOP//OVER
:22F::CAOP//NOAC
Sequence E may contain the following options from the account servicer:
:22F::CAOP//SLLE
:22F::CAOP//BUYA

The following enhancements support the 2 events method in the MT564 message:
- Addition of the existing qualifier (TRDP) for "Rights Trading Period" in the existing period field 69a in sequence E1 in MT 564.
-
-
- Addition of qualifier ADEX to sequence E1

Additional decisions:

1. The ISIN of the rights and the Rights trading period should be defined either in sequence C or in sequence E but not in both.
2. If the corporate action event is a rights distribution, it is not allowed to use sequence C.
3. In a Rights distribution event (RHDI) , do not repeat all the options that have to appear only in the Rights Exercise event (EXRI).
4. Agreed that LAPS should be used as potentially a different tax treatment from NOAC.
5. Buy and Sell options are dependent on the SLA as strictly they are added by service providers rather than being part of the event.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JAN-2001	NOV-2002		

9.1.5 Confirmation of rights distribution

Regardless of the method used to inform on rights issues, the rights credit confirmation should be done via an MT 566 bearing the reference of either the rights issue event (case of one event) or the rights distribution event (case of two events).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2001	NOV-2002		

When processing rights as one event, the posting of the rights can be done with mention of option code :22F::CAOP//SECU, even though this SECU option was not provided on the MT 564 notification.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	22a	CAOP//SECU	NOV-2004	MAY-2005		

9.1.6 Sale of Rights

The Sale of rights is not always an offered option.
However, when it is offered, and an Corporate action instruction (MT 565) is received to execute the sale of rights, the sale confirmation should be done via an MT 566 and not via a trade confirm message (MT 515).
The trade confirm message will be used if the sale of rights has been instructed directly to the sales desk vian MT 502 or other means and never when the rights sale has been instructed indirectly via the Corporate action area.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.

			JUN-2001	NOV-2002		

9.1.7 Rights Expiration Notification

Account servicers wishing to explicitly advise their account owners of the expiration of their rights may do so by sending an MT 566 to confirm the debit of the rights. The MT 566 will include the expiry date and exercise period.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			NOV-2004	MAY-2005		

9.2 Offer

- which MT to confirm an offer results ?
- which MT to confirm an offer rejection ?

The Group agreed that the existing codes, withdrawal etc. are sufficient. MT 564 to be used for withdrawal.[1]

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	23G		JAN-2002	NOV-2002		

9.3 On Payment of and principal amount[2] and PRII

Guidelines to the usage of MT 564/MT 566 messages to announce/confirm the combined payment of Interest and Principal (Corporate bond at Maturity, Mortgage back Security).

Should a custodian announce/confirm each type of cash movement (Interest or Principal) in a separate MT 564/MT 566 or should they be combined within one message using different qualifiers for the amounts in field 19B (Amount) of subsequence D2 (Cash Movements) of the message?

Also for P&I announced via one MT 564, it is accepted to confirm a combined payment of Principal and interest via 2 separate MT 566?

The SMPG view is now that two events should be used. The use of CAEV//PRII does NOT indicate whether the principal repayment involves a reduction of nominal value or not,

The SMPG group agreed that it should now be handled in two events (INTR; interest payment and PRED: partial Redemption Without Reduction of Nominal Value. Any use of CAEV//PRII is now specific national market practice and should be documented as such (eg in the AU and US markets).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2002/NOV 2004	MAY 2005	May 2011	CA 56/142

9.4 Advising distribution rates for dividend with options involving a compulsory cash rate

Should field 92a appear in one option in Block E?

For example:
New World Development Final dividend HKD 0.84
HKD 0.84 per share
HKD 0.01 Compulsory cash rate
HKD 0.83 in the form of cash with scrip option.
How should Block E be formatted for the above example?

The SMPG recommendation is that this type of process should be treated as two events[1]:

[1] London meeting January 2002.
[2] Brussels meeting June 2003.

- One for the compulsory cash
- the other for the cash or stock options.

9.5 Booking out of valueless securities

In order to confirm that valueless subscription rights have been booked out, the qualifier RHTS is used – as this relates to the original event. In order to confirm that valueless warrants have been booked out, the qualifier EXWA is used – as this relates to the original event. How can we confirm that valueless securities - derived from liquidation or a bankruptcy that started years ago – are booked out?

The SMPG recommendation[2] is that the Worthless event (WRTH) 'booking out of valueless securities' is most appropriate if this is part of a Corporate Actions.

However, if a client has asked to have them "booked off" without waiting the end of the legal process for example, then it is a deliver free settlement event.

9.6 Redemption of short term note

Short term note with:

- a redemption option,
- at the same time rolled over to a new note upon maturity if redemption is not exercised.

The SMPG recommendation[3] is that it should be handled as a single redemption event with two options.

9.7 Clarification of CAEV//DVOP (Dividend Option) and Currency Options

:22F::CAEV//DVCA must be used with :22F::CAMV//CHOS if there is a choice of currencies in which the cash may be distributed. If any option involves a security in place or in addition to cash then CAEV//DVOP must be used.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	22F	CAEV	APRIL-2005	NOV-2006		

9.8 Adjustment of Interest Rate

When :22F::CAEV//CPNR was deleted in SR2006 the ICSDs' proposal on how to indicate that a notification carries rate fixing information was agreed.

MT564 `CAEV//INTR` with

```
23G:NEWM
25D::PROC//ENTL
or
23G:REPE
```

is a pre-advice message.

Any other combination of 23G and/or 25D is a rate fixing message.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			APRIL-2006	NOV-2006		**CA 65**

9.9 CAEV//DRAW – What to use in place of REDM Qualifier (deleted in SR2006)

SR2006 removed the REDM qualifier

```
:92A::REDM//25,
:90A::REDM//PRCT/100,
```

Agreed syntax:

[1] Brussels meeting June 2003.

[2] Brussels meeting June 2003.

[3] Brussels meeting June 2003.

:92A::RATE//25,
:90A::OFFR//PRCT/100,

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	90a 92a	OFFR RATE	October 2006	NOV-2007		CA88

9.10 Use of Previous and Next Factors

Affirmed at the SR2007 maintenance meeting that no more than two factors are needed (i.e. Previous and New factor) for one corporate action event. The requirement [for a current factor] could be fulfilled by announcing the next event in another MT 564, using again Previous and New factor.

For example, relative to a specified redemption date, the previous factor applies before that date and the new factor applies on and after that date.

Please refer to the ISITC US Market Practice document in section on "subsequence B1 Financial Instrument Attributes" for more information on the usage of the previous factor (:92a::PRFC) and next factor (:92a::NWFC).

Sequence	Tag	Qualifier	SMPG Decision Date	SMPG Implementation Date	Agenda Ref
FIA	92a	PRFC NWFC	October 2006	N/A	SR2007 III.64

9.11 The OTHER Event

SMPG recommends that this event is not used - no recommendation for options

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			Telco October 2005	N/A		

In addition unconfirmed and rumoured events must not be notified using CAEV//OTHR, the appropriate CAEV code must be used.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			March 2007	N/A		CA108

9.12 Placement of Cash Rates / Prices at Cash Movement Sequence

Until rates are available at the cash movement level, market practice is to report one rate at option level and the other rate in the narrative.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2010	C	CA170

9.13 Tax rate and taxable quantity for Stock Dividend events

For markets/events where the tax authority requires a tax to be paid in securities, rather than cash, the SMPG recommendation is to use two SECMOVE sequences, one with credit and one with debit, and the tax details in narrative.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2010		CA164

9.14 Use of Unknown code with Fraction Dispositions (DISF)

Fraction disposition is not critical information, and hence there is no requirement to report DISF with the value UKWN. However, if there is a market rule for DISF, or if the issuer has announced the disposition, it should be reported.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2010		CA131

9.15 Class Action in the US (MAND or VOLU)

The key principles are:

- CLSA is not considered as a VOLU at the time it is filed but as a GENL.
- Once the court has approved it (sometimes several years later), then a CHOS CLSA is created with the possibility for the Account Servicer to indicate what options are supported if any.

There is no requirement to keep the same CORP as it is perceived as difficult to manage when the CAMV changes for the same event.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2010		CA138

9.16 Removal of TDMT (taxable income per dividend/share)

The SMPG recognises the business need to inform of non-taxable income, but this should be expressed as a rate (as all other income information) and recommends that the price qualifier is removed from both D and E and replaced with rate (qualifier or code) information in E.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2011		CA165

9.17 Use of Effective Date

Effective Date is to be used in events where there is no concept of entitlement, for instance Name Change (CHAN) or Place of Incorporation (PLAC), and

- Effective Date is to be used in events where there is a sense of eligibility but with a legal obligation, for instance Merger (MRGR).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	98a		May 2009	November 2010		CA127 , 127.1

9.18 Redemption after PCAL/PRED Partial Redemption

The last redemption of a bond that has been partially redeemed before via PCAL or PRED must be done via a REDM event if done at final maturity according to the terms of the event or via MCAL in case of an early final maturity.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	22F	CAEV	Amsterdam October 2010	November 2011		CA 06.13

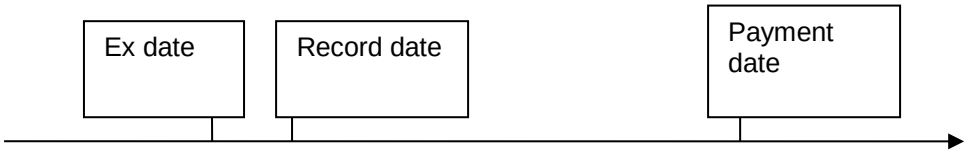
9.19 Timeline for Dividend Reinvestment without Interim Line – Voluntary

Event announced as a mandatory cash dividend, followed by a “Dividend Reinvestment” (DRIP).
The Ex and Record Date of first event will be have the same value in the second event.

First event

SeqA: CAEV//DVCA
SeqA: CAMV//MAND
SeqB: 35B Security A
SeqE: Option CASH (GRSS) -- Credit Cash

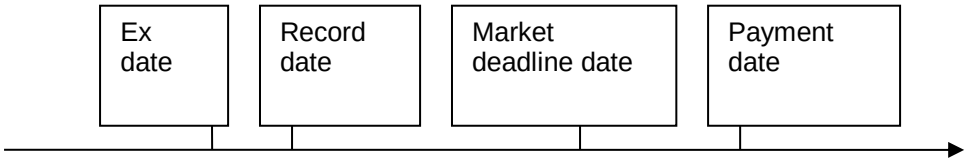
Key dates



Second event

SeqA: CAEV//DRIP
SeqA: CAMV//VOLU
SeqB: 35B Security A
SeqE: Option SECU (PRPP) -- Debit Cash Credit Security A
SeqE: Option NOAC (keep the cash that was distributed in first event)

Key dates



Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			2011	Nov-2012		CA 139

9.20 Cash Distribution From Non-Eligible Securities Sales

The new event code for Cash Distribution From Non-Eligible Securities Sales, DRCA, is only to be used for distribution to shareholders of cash resulting from the selling of non-eligible securities, eg. in the frame of a depositary receipt program. If the event that generated the non-eligible securities was announced to the shareholders, the two events should be linked.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			2011	Nov-2012		SR2012 MWG

9.21 Cash distributions with two or more components

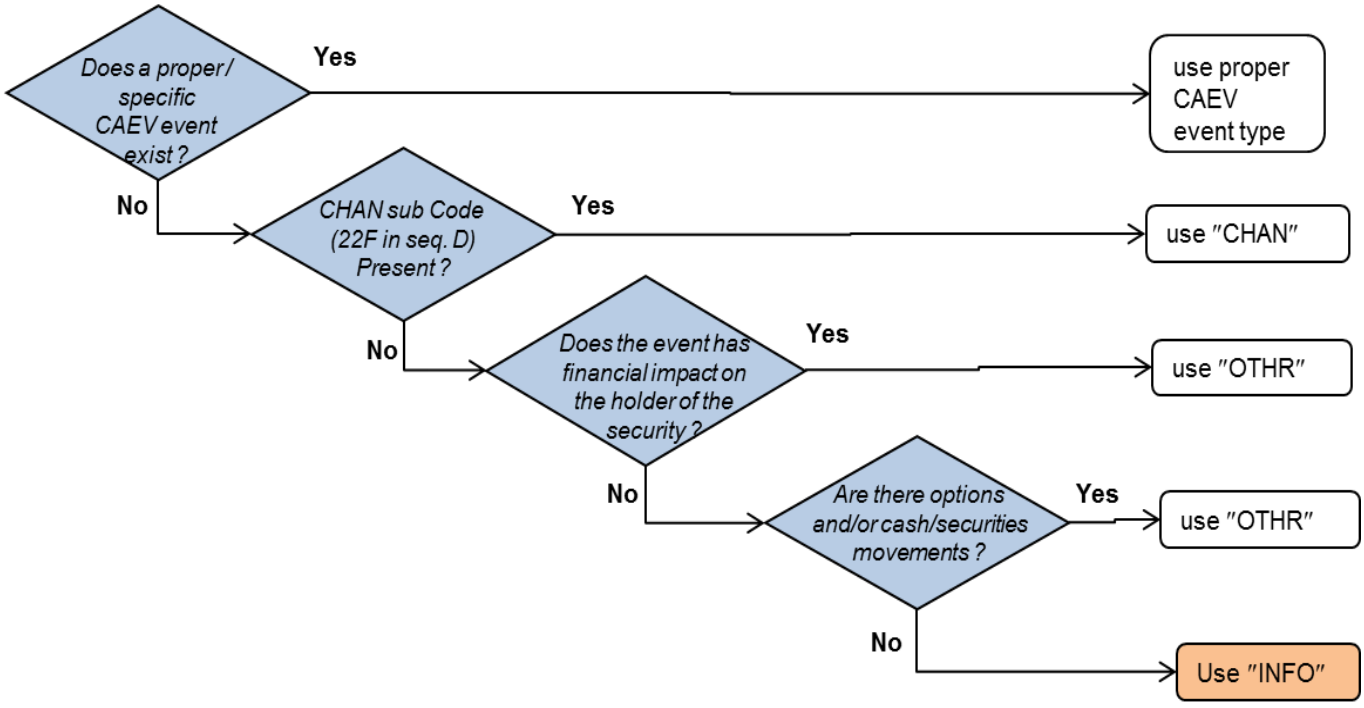
The SMPG recommends a multiple event scenario for cash distributions composed of more than one type. The different “components” of the cash distribution, such as long-term and short-term capital gain, should be split into separate events.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			2011	Nov-2012		SR2012 MWG

9.22 The Information (INFO) Event Usage Guidlines

The information (INFO) event shall only be used for information provided by the issuer when the information has no accounting/financial impact on the holder and when it is not already covered by an other specific existing event type (like CHAN or OTHR).

The following decision tree chart will help identify exactly when the information event should be used.



Typically the kind of events that are targeted are for instance the “conference call” announcements (occurs when an issuer, trustee, agent wishes to talk to note holders to discuss a certain issue or potential change to the notes. It is usually an informal call where anything said is not binding. This information event would cover issuer’s information communication without involving any movements or without any deadlines.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	22F:	CAEV	May-2012	Nov-2013		CA 224

9.23 Coupon-like Payments

The SMPG recommends use of event code INTR for all interest payments on interest-bearing securities, even if the interest payment is non-regular, conditional or additional.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
A	22F	CAEV	Nov. 2012	Nov-2013		CA 243

9.24 Accumulation

Market Practice for the Accumulation event (ACCU) has been created by the UK&IE NMPG. Please refer to the UK & IE MP document.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
						SR2013 MWG

9.25 Cash Dividend in percentage form

On preference shares, there is sometime a percentage provided for the cash dividend, however, :92A::GRSS cannot be used as it does not exist. The SMPG recommends use of :92A::RATE for cash dividends announced as a percentage.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
E2	92A	RATE	Nov. 2012	Nov-2013		CA 244

10 Market Claims and Interest Compensation

This section provides market practice guidelines about the notification from an account servicer to an account owner that a claim has been made against the account owner's account.

10.1 Business Data Required and Message Flow

The message to be used is the MT 566 corporate action confirmation.

The business data required specifically for the confirmation of a market claim are:

- An indication that the confirmation message confirms an account movement because of a market claim;
- The reference of the related corporate action (using the CORP qualifier) should be provided and not a dummy reference such as NONREF;
- A cross reference to the originating trade by either or both of the references of the originating settlement instruction (MT 540-3) and the originating settlement confirmation (MT 544-547);
- The balance of securities generating the claim – the quantity of securities of the originating settlement instruction/confirmation;
- The amount of the claim.

10.1.1 Indication that Confirmation is for a Claim

As from Standards Release 2005, new qualifier 'additional business process' :22F::ADDB// should be used. The indicator has two codes, the first of which is relevant for claim / income compensation:

1) CLAI: Claim or compensation – the posting is related to a claim on the associated corporate action event.

2) TAXR: Tax refund – The posting relates to a tax refund from the authorities on the associated corporate action event.

10.1.2 Originating Settlement Transaction

The originating settlement instruction as a related reference (qualifier RELA in the A1 Linkage sequence), with linked transaction number 540, 541 or 542, 543 typically depending on whether is a corresponding credit or a debit. This reference, if applicable, is preferred as it makes more sense to the customer. The RELA could also be used to link to trade instructions reference or a stock exchange reference and should always be the qualifier to be used except in the case here below where PREV is relevant.

And / Or

The originating settlement confirmation as a related reference (qualifier PREV in the A1 Linkage sequence), with linked transaction number 544, 545 or 546 547 typically depending on whether is a corresponding credit or a debit.

Note 1: the corporate action reference is mandatory in the message also.

Note 2: In certain markets, a single claim may arise from more than one transaction.

10.1.3 Balance of Settlement Transaction

The balance of securities generating the claim – the quantity of securities of the originating settlement instruction/confirmation, carried as the confirmed balance in the MT 566 (93B::CONB), the recommended format is option B as the balance type codes required in option C are not relevant.

10.1.4 Amount of Claim

Carried in the amount field 19B using the MKTC qualifier.

MKTC should be equal to PSTA

If the market claim is paid in a different currency the PSTA amount will use the currency of the resulting amount (RESU).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.

E2	19B	MKTC and PSTA	March 2007	N/A		CA90

10.2 Other Observations

Notification of A Forthcoming Debit/Credit Claim

For clients who require notification of a forthcoming debit claim, the MT 564 corporate action notification message is used with the business data identified above.

The balance qualifier to be used is SETT recommended with the B format or the C format with the NELG (not eligible) balance code.

MT 566 should not be used to announce a forthcoming debit/credit as it should only be used as a confirmation.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			SEPT 2004	MAY 2005		CA90

10.2.1 Value Date on Debit Entries

The supply of Value Date is determined by SLA, it is optional. Payment Date in the MT 564 Notification indicates when the payment will be made.

10.2.2 Security Claims

These guidelines also apply to security claims.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			APR 2006	NOV 2007		CA51

11 Proxy Voting Activities in ISO15022[1]

Discussion on Proxy activities has been initiated at the SMPG level and is still ongoing.

It was pointed out that the ISO 15022 messages should offer a good solution since proxy voting is done more and more via electronic networks. However, there are so many variations on proxy in different countries that the SMPG should start with some basic functionality in order to allow the custodian to collect voting instructions from its clients.

There are a couple of options:

a) fit it into the CA messages.

b) start identifying the required elements for proxy, not taking into account these messages.

Thereafter, it should be decided whether new proxy messages should be created or whether the CA messages can be used.

Action:

a) NMPGs should identify the business flows and data elements required for proxy.

b) They should also consider the proposal from SWIFT, i.e., how to use the ISO 15022 CA messages for proxy.

The group reviewed the proxy voting proposal from SWIFT:

The group considered the flows and elements required for a long-term solution.

There are 3 business functions to be covered:

- Announcement of the meeting
- Instruction to vote
- Results of the meeting.

These functions were covered in ISO 7775 by

- MT 560 - for the announcement.
- MT 561 - for the instruction to vote.
- The Results of the meeting were often communicated using MT 599 or equivalent.

The Securities Maintenance Working Group from April 2000 decided to use the ISO 15022 to cater the proxy activities. The following flow was agreed:

- MT 564 (linked to MT 568 if needed) for the announcement.
- MT 565 for the instruction to vote.
- MT 568 for the results of the meeting.

11.1 Announcement

MT 564 with the following characteristics:

- Event Type = MEET, XMET, OMET or CMET
- Mandatory/Voluntary Indicator: TBD
- Linkage to MT 568 if necessary

Details of the meeting:

- 98a::MEET - meeting date
- 98a::RDDT - Response Deadline (either in sequence D or in sequence E if options are given).

Meeting Dates

For Meeting event, is meeting time expressed from the account servicer's time zone or from the local time of the place where the meeting will be held ?

Decision: The time of a general meeting is the time the meeting will be held at that particular place, i.e. not the account servicer's/sender's time zone.

[1] Brussels meeting June 2001.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
D	98a	MEET, MET2, MET3	25 April 2013	November 2013		CA229

Options available:
(options could be given or not based on SLA, the option given are dependent on country practices).
22F::CAOP//4!c where 4!c =

- CONY Consent Granted Event or proposal approved. This applies to all resolutions.
- CONN Consent Denied Event or proposal not approved. This applies to all resolutions.
- 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.
- SPLI: Split Instruction Option to give a split instruction, e.g., a split voting instruction on a Meeting for example Yes on resolution 1, No on resolution 3 and 4, Abstain on resolution 2.
- PROX: Proxy Card Issue a proxy card in case of voting.

The CA Narrative field in the MT 564 will be used to give the details of the meeting and a subsequent MT 568 used if the available space in the narrative is not sufficient.

Some details of the meeting do not have a formatted field:

- Meeting Place
- Registered Name and Place of the company

The Linked MT 568 would contain:

- the same CA Reference (:20C::CORP) in the linkage block
- the event type is MEET, XMET, OMET or CMET.
- a link to the MT 564 (linkage :20C::PREV)
- the details of the agenda in sequence C.

11.2 Instruction (MT 565)

The MT 565 will have the following characteristics:

- CAEV: MEET, XMET, OMET or CMET
- CORP referencing to the MT 564 CORP
- CAOP: One of the CAOP listed in the MT 564.

The vote is often expressed as a bulk vote, i.e. vote in favour for all resolutions, or against for all.
However, there is the possibility to indicate a split vote instruction using CAOP=SPLT.
However, if CAOP= SPLT is used then a (mandatory) narrative is to be given to explain the vote.

11.3 Results (MT 568)

CAEV:: MEET, XMET, OMET or CMET
This MT 568 should reference to the original CORP.
It is not necessary to reference it to the instruction sent as some holders do not wish to vote but want to be kept posted of the results.

11.4 Status (MT 567)

The MT 567 will be used as per the normal way to acknowledge the instruction or reject it.
Some specific reason code might need to be defined for example when a split vote instruction is received and it is not allowed in that country.

Please not that the proxy event is a particular events and some of the Market Practice rules defined for other events will not applied.

For an illustration, see Proxy_scenario_v5_6.pdf available on www.smpg.info.
Note: Some specific Proxy Voting messages have beeen developed by SWIFT on behalf of ISO and will be available in 2H2007 following a pilot.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2001	NOV-2002		

11.5 Proxy - Specification of Beneficiary/Intermediary Details in the Instruction[1]

In some cases the details required may be those of an intermediary rather than the beneficiary.
It is recommended to put all beneficiary details in the dedicated sequence of the instruction message (sequence BENODET of the MT 565), including the use of the narrative.
Any intermediary details should be populated in the registration details narrative of the additional details sequence (:70E::REGI of ADDINFO of MT 565).

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN 2003	MAY 2005		

11.6 Proxy - Split Voting[2]

The group were reminded that split voting requires narrative and/or additional instruction messages.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			JUN-2002	NOV-2002		

[1] Brussels meeting June 2003
[2] Toronto meeting June 2002

12 ISO 15022 - 20022 Coexistence Rules

In December 2009, a new set of fourteen ISO 20022 corporate action messages have been published by ISO. Twelve of those ISO 20022 messages were directly reversed engineered from the 5 ISO 15022 corporate action messages. However, in ISO 20022, a few of the basic data types reused in the messages design are not fully aligned with those of ISO 15022.

Therefore, as both message standards will coexist for a certain number of years, until this coexistence period ends, the usage of certain ISO 20022 data types must be restricted to ensure interoperability between ISO 15022 and 20022 users. This has been done in the ISO 20022 CA standards by adding specific coexistence restrictions at some places in the messages.
In the ISO 20022 Message Definition Report document for Corporate Action, the coexistence restrictions are described in Textual Rules linked to the Message Items they concern; these coexistence textual rules are named by convention "**Coexistence[**Xxxx]**Rule**" name where [Xxx] is the type of element on which the rule applies.
Adherence to these coexistence rules is mandatory when using the ISO 20022 corporate action messages in a coexistence environment.

Seq.	Tag	Qualifier	Decision Date	Implement. Date	Update Date	Open Item Ref.
			November 2009	November 2010		CA145

Sample of coexistence rules found in the ISO 20022 CA MDR document

Coexistence Rule Name	Rule Description
CoexistenceIdentificationRule	During ISO 15022 – 20022 coexistence, all transaction and document identifications or references must be 16 characters or less. The field must not start or end with a slash '/' or contain two consecutive slashes '//'.
CoexistenceAmountRule	During ISO 15022 – 20022 coexistence, Amount length must not be greater than 15, including the decimal point.
CoexistenceQuantityRule	During ISO 15022 – 20022 coexistence, Quantity length must not be greater than 15, including the decimal point.
Coexistence35to30TextFieldRule	During ISO 15022 – 20022 coexistence, MarketIdentification/Description must be 30 characters or less. The field must not start or end with a slash '/' or contain two consecutive slashes '//'.
CoexistenceCharacterSetXRule	During ISO 15022 – 20022 coexistence, characters used in all text fields (except AdditionalInformation/AdditionalInformation) must correspond to ISO 15022 character set X, that is, a-z A-Z / - ? : ( ) . , ' + { } CR LF.
CoexistenceCharacterSetZRule	During ISO 15022 – 20022 coexistence, characters used in AdditionalInformation must correspond to character set Z, that is, a-z A-Z / - ? : ( ) . , ' += ! " % & * < > ; @ # { CR LF.
CoexistenceIssuerSchemeNameRule	During ISO 15022-20022 coexistence, Issuer length must be 4 characters and SchemeName length must be 4 characters or less. Issuer and Scheme Name must be an ISO registered Issuer and SchemeName.
CoexistenceNameAndAdressRule	During ISO 15022 – 20022 coexistence, the total of characters used in NameAndAddress must not be greater than 140.
CoexistencePartyProprietaryIdentificationRule	During ISO 15022 – 20022 coexistence, Party ProprietaryIdentification must be 34 characters or less. The field must not start or end with a slash '/' or contain two consecutive slashes '//'.
CoexistenceIdentificationRule	During ISO 15022 – 20022 coexistence, all transaction and document identifications or references must be 16 characters or less. The field must not start or end with a slash '/' or contain two consecutive slashes '//'.

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