



**Investment Funds Global Market Practice
Corporate Actions Recommendations
Final**

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1 Background

Whilst the Investment Funds Working Group (IFWG) is not defining actual usage guidelines for corporate actions since this is the domain of the Corporate Actions Working Group, the IFWG has been looking at the corporate action event types that will be used for funds. This is still a work-in-progress. In the meantime, the IFWG is able to make recommendations about some items and these recommendations are described in this document.

2 ISO 15022 and 20022 Event Definitions Change Request

As the ISO 20022 corporate action messages were ‘reverse engineered’ from the ISO 15022 messages, it is expected that the definitions of the different corporate events should be exactly the same. During the Milan, October 2014 meeting, the IFWG agreed that there is a semantic difference between some of the ISO 15022 event type definitions and the ISO 20022 definitions and that this can be fixed by applying the ISO 15022 definitions to the ISO 20022 definitions. A change request has been generated and submitted to the SMPG Corporate Actions Working Group.

The investment funds working group propose the following:

Code	Name	ISO 15022 Definition	ISO 20022 current definition	IF proposal for ISO 20002 definition
DRIP	Dividend Reinvestment	Dividend payment where holders can keep cash or have the cash reinvested in the market by the issuer into additional shares in the issuing company. To be distinguished from DVOP as the company invests the dividend in the market rather than creating new share capital in exchange for the dividend.	Event is a dividend payment type where cash dividend is rolled over into additional shares in the issuing company.	Dividend payment where holders can keep cash or have the cash reinvested through the market in shares of the issuing company.
DVOP	Dividend option	Distribution of a dividend to shareholders with a choice of benefit to receive. Shareholders may choose to receive shares or cash. To be distinguished from DRIP as the company creates new share capital in exchange for the dividend rather than investing the dividend in the market.	Event is a distribution of a dividend to shareholders with the choice of payment method. The shareholder must choose the form of payment - stock, cash, or both.	Dividend payment where holders can keep cash or receive shares issued directly by the company.
DVSE	Stock dividend	Dividend paid to shareholders in the form of equities of the issuing corporation.	Event is a dividend paid to shareholders in the form of shares or stock in the issuing company or in	Dividend paid to shareholders in the form of shares of the issuing company.

Code	Name	ISO 15022 Definition	ISO 20022 current definition	IF proposal for ISO 20002 definition
			another company. The shareholder must take stock and is not offered a choice in the form of the distribution payment.	

3 Option Event

When the choice for the dividend is expressed at account level and a notification message and a confirmation message are sent, after discussions on the different CAEV that could be used, here are the codes recommended by SMPG IF in the MT 564 and MT 566:

	564 Notification sent by issuer/ account servicer eg FundSettle	566 Confirmation sent by issuer/ account servicer eg FundSettle	SMPG IF RECOMMENDATION
1	DVOP	DVOP	Recommended
2	DVOP	DVSE (SECU) DVCA (CASH)	<i>Not recommended. <u>Rationale:</u> the CAEV must be the same in the MT 564 and MT 566.</i>
3	DVSE (when account set up is SECU)	DVSE	<i>Not recommended. <u>Rationale:</u> The CAEV must be set from the Issuer point of view and not from the Investor's perspective. The movements in the MT 566 will tell whether it is a cash or a sec movement.</i>
4	DVCA (when account set up is CASH)	DVCA	<i>Not recommended. <u>Rationale:</u> The CAEV must be set from the Issuer point of view and not from the Investor's perspective. The movements in the MT 566 will tell whether it is a cash or a sec movement.</i>

In some markets such as Italy and Sweden, the choice for the dividend is expressed at account level, no notification message is sent, just the confirmation message. In that specific case, the following codes are recommended in the MT 566:

5	No 564 sent	DVCA (CASH) DVSE (SECU)	Recommended
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