



MT537/sem.044 for cash penalties Usage and market practice rules

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Versions			
V 1.0	SR2020	First version	New Market Practice (Final)
V 1.1	SR2020	First update	Corrections of some typos
V 1.2	DRAFT5 sem.044 + MT537 (SR2021)	Second update	Update to consider for the sem.044: <ul style="list-style-type: none"> - Inclusion of new elements “Safekeeping Account” and “Cash Penalty Identification” in “Penalty” in DRAFT5 - Deletion of status values in Penalty/PenaltyPerCounterparty/PenaltyDetails/Status - Clarifications and Typos Update to consider for MT537: <ul style="list-style-type: none"> - SR2021 changes - Additional information on market claims
V 1.3	SR2023	Third update	Few clarifications/corrections and addition of future changes that will come with the SWIFT release 2023

1 Glossary

Terms	Definition
CSDR	Central Securities Depositories Regulation. https://www2.swift.com/mystandards/#/c/business-domain/regulations-csdr
ECSDA	European Central Securities Depositories Association. https://ecsda.eu/
ECSDA framework	A framework that has been created by an ECSDA working group and which is meant to define the business standards for cash penalties. The latest version of the framework can be found on the ECSDA website.
End of the relevant settlement period	This is the moment where the settlement deadline of the day is reached, and the instruction can no longer settle for that given day. The end of the relevant settlement period can depend of the currency or of an optional flag to extend the settlement period. This is the moment where the penalty engine will decide if an instruction is eligible to cash penalty depending if the instruction is pending or is failing.
ESMA FIRDS database	European Securities and Markets Authority Financial Instruments Reference Data System database. https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_firds
ISD	Intended Settlement Date (ISD), also called Requested Settlement Date (RSD). This is the date on which the transaction is due to settle.
LMFP	Late Matching Fail Penalty One of the two possible types of cash penalty. This type of cash penalty applies to instructions that are matched in the CSD/ICSD system only after the relevant cut-off of their ISD. LMFP shall be calculated only once, on the business day when the instructions match, but considering all the previous business days where the instruction failed to settle because of late matching
Penalty business day (PBD)	A Penalty Business Day is any day of the year except Saturdays, Sundays, the 25th of December and the 1st of January. The PBDs are used to determine the day on which the monthly reporting (14 th PBD) should be sent and on which the collection and distribution (17 th PBD) should be performed.
PEND	Swift qualifier which is used in the status and reason code to indicate that the instruction is “pending” and can still settle on intended settlement date.
PENF	Swift qualifier which is used in the status and reason code to indicate that the instruction is “failing” and cannot settle anymore on intended settlement date.
SEFP	Settlement Fails Penalty One of the two possible types of cash penalty. This type of cash penalty applies to matched settlement instruction failing to settle on and/or after their ISD. SEFP are calculated and applied on each business day the settlement instruction fails to settle

SR	SWIFT Standards Release
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2 Scope and definitions

This document describes the usage rules and best practices to be followed for the use of the MT537/sem.044 in the context of CSDR cash penalties.

With the implementation of CSDR Settlement discipline, which includes measures to improve the settlement efficiency, CSDs/ICSDs have to ensure to calculate, report and collect/distribute cash penalties to their participants.

In order to do so, the reporting in ISO15022 and ISO20022 has been enhanced as follows:

- In ISO15022, a new sequence dedicated to cash penalties has been integrated in the MT537 and MT548 messages (sequence D PENA for MT537 and sequence C PENA for MT548)
- In ISO20022, a new message dedicated to cash penalties has been created (sem.044)

These new MT537 (with sequence D PENA) and sem.044 are expected to be used in the context of cash penalties in two specific situations:

- Daily reporting where the cash penalties calculated for (or amended since) the previous penalty business day are reported.
- Monthly reporting where the all the cash penalties of a given month are reported on the 14th penalty business day of the following month. This message can be used as a payment preadvice message which is meant to advise the participant of the net amount(s) to be paid/received in the context of cash penalties.

The Settlement discipline is foreseen to enter into force on the 1st of February 2022.

Additional information on CSDR cash penalties:

In order to understand the below market practice document, some key information on CSDR needs to be mentioned.

There are two type of cash penalties that can be calculated:

- LMFP (Late matching fail penalty): These cash penalties apply to instructions that are matched in the CSD system only after the relevant cut-off of their Intended Settlement Date (ISD), penalties shall be calculated only once (i.e. on the business day when they are matched) but considering all the previous business days where the instruction failed to settle because of late matching
- SEFP (Settlement fails penalty): These cash penalties apply due to the non-settlement of a matched transaction on or after its ISD

For more information on the cash penalties regarding non reporting aspects, please refer to the ECSDA framework that can be found on the ECSDA website (<https://ECSDA.eu>).

3 Actors and Roles:

There are two roles involved in this process

1. Instructing party

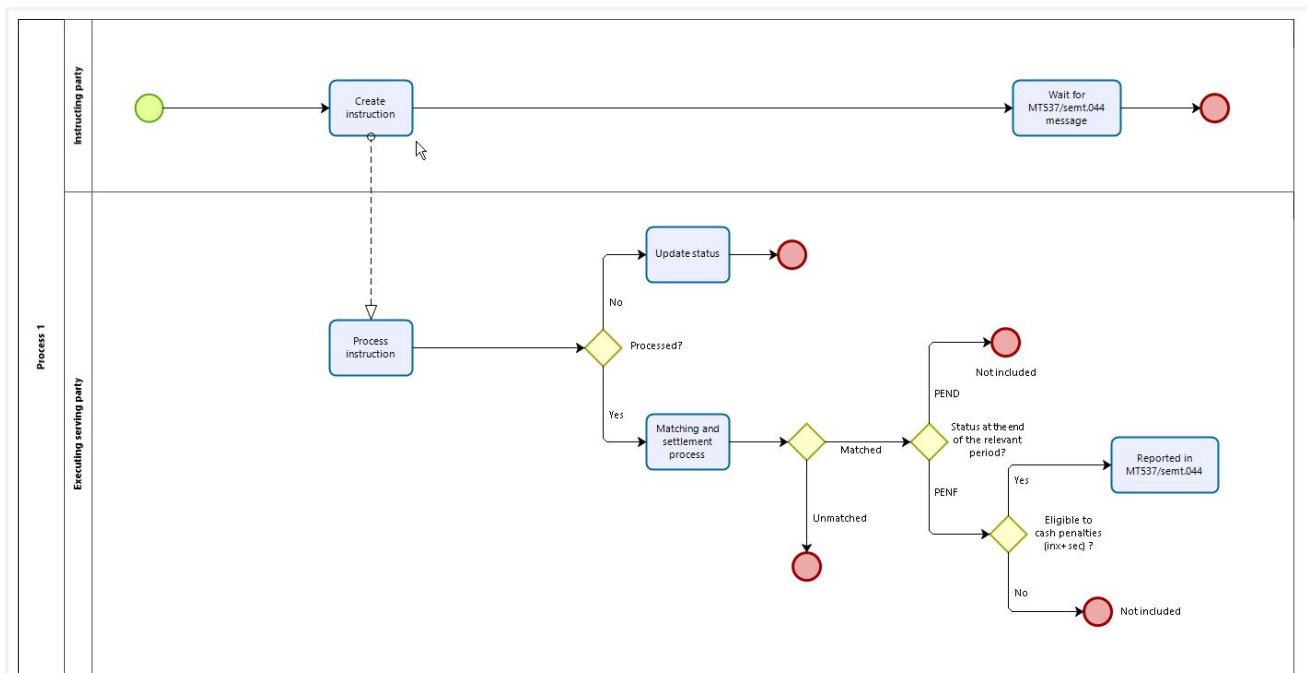
Party instructing the settlement instruction subject to a cash penalty and that need to receive the statement of cash penalties (MT537 Sequence D, semt.044)

2. Executing/servicing party

Party providing the statements of cash penalties (MT537 Sequence D, semt.044)

Instructing Party	Executing/Servicing Party
Investment managers, Global Custodians, CSDs, ICSDs, CCPs,	Investment managers, Global Custodians, CSDs, ICSDs, CCPs.....

4 Activity Diagram:



Descriptions of the activities	
Settlement Instruction Party	Settlement Executing Party
Create instruction: Instruction of a new instruction	Process Instruction: Technical and business validation of the details of the instruction before further processing or not.
	Processed YES/NO: If YES, that is, the instruction is ready for further processing, the next step is the matching and settlement activity . It is understood that, though not shown on the diagram, a status update may also occur following a YES. If NO, the update status activity is done.
	Matching and settlement process. Cash penalties only apply to matched instructions, if the instruction is unmatched, it will not be subject to cash penalties.
	At the end of the relevant settlement period for a given day (depending of the deadline applicable), is the status failing (PENF) or pending (PEND)? Either the requested settlement date has been reached and the instruction will move from pending (PEND) to failing (PENF) at the end of the relevant settlement period. Or the requested settlement date of the instruction has not been reached and the instruction will keep the status pending (PEND). If the settlement status of the instruction is PEND, then the instruction is not eligible to cash penalty If the settlement status of the instruction becomes/remains PENF, and is matched , then the instruction is eligible to cash penalty. If the reason for failing is “lack of securities, lack of cash or hold” then the instruction is subject to settlement fail penalty. If the reason for failing is a “late matching” as the instruction is matched after the relevant settlement cut-off time of its ISD then the instruction is subject to late matching fail penalty (LMFP). Note: 1) Some executing/servicing party uses the PENF status for unmatched instructions. In this case, the instruction will not be subject to cash

	<p>penalties as long as the instruction is unmatched.</p> <ol style="list-style-type: none"> 2) Even if the instructions are cancelled by the participants before the end of the day, as long as the instructions were in status PENF and matched when it was cancelled, the instruction will be subject to cash penalties. 3) In case of LMFP, the instruction may be instructed and received with an ISD in the past and settled immediately (as counterparty was already in place). Even if this instruction may not receive a PENF status from the executing/servicing party, we still consider that the instruction is failing as it can settle anymore on the ISD. It will be subject to cash penalties 4) An instruction can be subject to both LMFP and SEFP. If the instruction is instructed with an ISD in the past (and is matched) but still does not settle on the day it is instructed because, for example, of lack of securities. LMFP will be calculated for the days for which there was a late matching and SEFP for the days for which the delivering party was short of securities.
	<p>Is the instrument and is the instruction subject to cash penalties?</p> <p>Not all the securities and instructions are subject to cash penalties.</p> <p>The rules that currently apply are described in the ECSDA framework, please always refer to the ECSDA framework to have the most up-to-date information.</p> <ul style="list-style-type: none"> • Only securities that are listed in the ESMA FIRDS database and not included in the SSR (EU short selling regulation) list are eligible for cash penalties. • Some specific instructions are excluded from cash penalties (e.g. corporate action on stock), We expect all CSDs/ICSDs (or calculating system) to apply the exemptions that are listed in the ECSDA framework on cash penalties.
	<p><u>Reported in the MT537 PENA or semt.044:</u></p> <p>Cash penalties calculated and applied on settlement fails will be included in the MT537 PENA or semt.044 including the penalty details, the calculation details and the related transaction.</p>

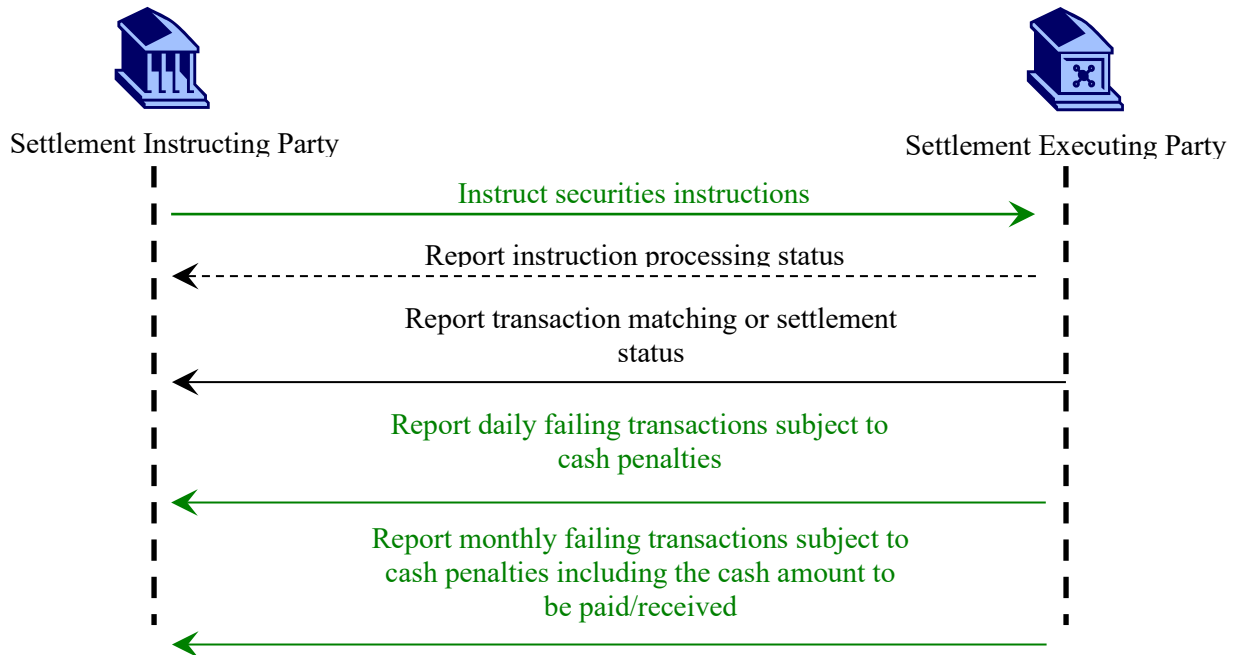
5 Sequence Diagrams

In green, the main communication requirements for this process.

In black, the surrounding communication requirements.

In dotted line, the optional/potential surrounding communication requirements.

Example:



The cash penalties should be reported daily to the participant. Besides, a monthly reporting should be produced on the 14th penalty business day of the following month to advise the participant of the net amounts of cash penalties to be paid and/or received

Please always refer to the ECSDA framework to have the most up-to-date information.

For the reporting of processing, matching and settlement status, please see MT 548-537 Market Practice on www.smpg.info.

6 Market Practice: Daily and monthly reporting

6.1 Network validation rules

Specific to ISO15022:

If the sequence D in the MT537 is used, no other sequence (B, C) can be used. In other words, a MT537 for cash penalties will always be exclusive for cash penalties and will not include any information that is, today (pre-CSDR) usually included in a MT537. The executing/servicing party can continue to provide the MT537 with sequence B, C to their participant but it will be a separate MT537 from the one for cash penalties (sequence D only)

6.2 Usage of the sign

In all fields that include the amount of the penalty; the sign in the MT537 PENA message must be interpreted as follows:

If the sign is negative (e.g. :19A::GBNT//NEUR6,16) then the cash penalty is due to be paid by the party that has received the reporting (:95a::REPA/ in sequence D1) and is due to be received by the counterparty (:95a::REPA/ in sequence D1a) mentioned in the report.

If the sign is positive (e.g. :19A::GBNT//EUR6,16) then the cash penalty is due to be received by the party that has received the reporting (:95a::REPA/ in sequence D1) and is due to be paid by the counterparty (:95a::REPA/ in sequence D1a) mentioned in the report.

Here is the list of fields that can include a sign:

- :19A::AGDE// (subsequence D1, not recommended to be used)
- :19A::AGCR// (subsequence D1, not recommended to be used)
- :19A::GBNT// (subsequence D1)
- :19A::AGNT// (subsequence D1a)
- :19A::AMCO// (subsequence D1a1)
- :19A::SECU// or CASH// (subsequence D1a1A)
- :19A::PSTA// or RSTT// (subsequence D1a1B1)

In sem1.044 the sign is replaced by the CreditDebit element. The same rules apply: a credit entry means that the cash penalty is due to be received by the party that has received the reporting (as indicated in element Penalty/PartyIdentification), a debit entry means that the cash penalty is due to be paid by the party receiving the reporting.

Here is the list of items in sem1.044 that relate to the cash penalty and that include both an amount and a CreditDebit element

- Penalty/AggregatedAmount/AggregatedDebitAmount (not recommended to be used)
- Penalty/AggregatedAmount/AggregatedCreditAmount (not recommended to be used)
- Penalty/AggregatedAmount/GlobalNetAmount
- Penalty/AggregatedAmount/CounterpartyCSDAgregatedAmount/AggregatedDebitAmount (not recommended to be used)

- Penalty/AggregatedAmount/CounterpartyCSDAAggregateAmount/AggregatedCreditAmount (not recommended to be used)
- Penalty/AggregatedAmount/CounterpartyCSDAAggregatedAmount/GlobalNetAmount
- Penalty/PenaltyPerCounterparty/AggregatedNetAmount
- Penalty/PenaltyPerCounterparty/PenaltyDetails/ComputedAmount

Please note that the element Penalty/AggregatedAmount/CounterpartyCSDAAggregate amount as a whole is not recommended to be used, as the CounterpartyCSD information is a level higher in the message.

6.3 Information on the daily and monthly report

For the daily report, as defined in the ECSDA framework, each executing/servicing party can decide to include the daily new cash penalties and the daily amended cash penalties into one single report or in two reports.

In both cases, the report should include all the calculation information on the modified cash penalty and not only a subset of information. The same granularity provided for a new cash penalty should be provided for an amended cash penalty (with an exception for the removal of cash penalties and the transaction details information). This way the latest information is always the correct information used for the calculation of the penalty.

However, it is left at the discretion of each executing/servicing party to provide or not the Transaction Details when reporting daily amended cash penalties, as long as the reference of the instruction subject to cash penalties is mentioned

Furthermore, in the daily report, all the subsequences of the MT537 sequence D should be used, except in two cases:

- The status and the reason code (D1a1B1a and D1a1Ba1 subsequences) are only necessary in case of a SEFP as the reason of the fail should be provided. In the case of a LMFP, the status will always be the same (“matched”) and the reason for cash penalties will always be late matching, therefore it is not necessary to report these sequences for a LMFP. Similarly, in the sem044, in case of a LMFP, the element Penalty/PenaltyPerCounterparty/PenaltyDetails/RelatedTransaction/TransactionDetails/SettlementStatusFailing is not required.
- In case of removal of a cash penalty (“REMO”) the subsequence D1a1A and D1a1A1 on the Calculation Details and Financial Instrument Attributes must not be reported. Similarly, in the sem044, the element Penalty/PenaltyPerCounterparty/PenaltyDetails/CalculationData is not required when reporting the removal of a cash penalty.

In the monthly report, neither all the sequences nor all the fields should be mentioned. However, sufficient information should be provided to allow the instructing party receiving the reports to reconcile the information from the monthly with the previously sent daily reports.

For the MT537, we recommend using the sequence from A to D1a1 and as well include subsequence D1a1B as illustrated on the below picture.

The information on the related transaction reference (subsequence D1a1B) in the monthly reporting should help institution to perform a reconciliation between the previously sent daily reports and the monthly report.

Please refer to chapter 6.11 to see all the fields that are not recommended to be mentioned in the monthly report.

ISO15022: sequences of MT537

	Daily	Monthly
A (General Information)	✓	✓
D (Penalties)	✓	✓
D1 (Penalties per Currency for a Party)	✓	✓
D1a (Penalties per Counterparty)	✓	✓
D1a1 (Penalty Details)	✓	✓
D1a1A (Calculation Details)	✓	✗
D1a1A1 (Financial Instrument Attributes)	✓	✗
D1a1B (Related Transaction)	✓	✓
D1a1B1 (Transaction Details)	✓	✗
D1a1B1a (Status)	✓	✗
D1a1B1a1 (Reason)	✓	✗

ISO20022: elements of semt.044

The structure of the semt.044 is not the same as the structure of the MT537 but all information is available in both messages and in a similar way. In the table below higher-level elements of the semt.044 message are represented with the aim to show the information that is recommended to be included in the daily and monthly reports respectively. Not all elements are present, nor all lower elements. The complete message can be consulted in MyStandards.

Elements that are marked 'Y' in the table may still only be reported if relevant for the entity that generates the semt.044 and according to further recommendations (if any) on the use of the relevant field.

Examples:

- The field CSD Depository will only be reported if a (I)CSD has a link with another CSD using more than one depository.

- The field Aggregated Amount in Penalty block (Penalty/AggregatedAmount) will not be reported by T2S.

Please refer to chapter 6.12 to see further information and recommendations on the use of the fields.

				Daily	Monthly
Report Pagination				Y	Y
Report General Details				Y	Y
Safekeeping Account and Account Owner (only if applicable – see chapter 6.12)				Y	Y
Account Servicer				Y	Y
Penalty				Y	Y
	Currency			Y	Y
	Date			Y	N
	Party Identification			Y	Y
	Counterparty CSD			Y	Y
	CSD Depository			Y	Y
	Aggregated Amount			N	Y
	Cash settlement data (three cash related fields)			N	Y
	Penalty Per Counterparty			Y	Y
		Party Identification		Y	Y
		Aggregated Net Amount		Y	Y
		Penalty Details		Y	Y
			Identification	Y	Y
			Type	Y	Y
			Insolvency	Y	
			Status	Y	N
			Status	Y	N
			Reason	Y	N
			Computed Amount	Y	Y
			Calculation Method	Y	Y
			Number of Days	Y	Y
			Calculation Data	Y	N
			Date	Y	N
			Missing Reference Data	Y	N
			Financial Instrument Attributes	Y	N
			Identification	Y	N



					Subject to Penalties	Y	N
					Classification Type	Y	N
					Liquidity	Y	N
					Price Data	Y	N
					Foreign Exchange Data	Y	N
					Securities Penalty Rate Data	Y	N
					Discount Rate	Y	N
					Foreign Exchange Data	Y	N
					Sub Amount Penalty Breakdown	Y	N
					Related Transaction	Y	Y
					Reference	Y	Y
					Reference Owner	Y	Y
					Transaction Details	Y	N
					Other transaction details	Y	N
					Settlement Status Failing	Y	N
					Business Day Event	Y	N

6.4 LMFP over several days

In the daily reporting, in case of LMFP (late matching fail penalty) over several days, where field 99A::DAAC// (MT537) or Number Of Days (sem.t.044) is superior to 1, the details of each day should be provided in the CALDET sequence (MT537) or in a Calculation Data element (sem.t.044). A CALDET sequence or Calculation Data element is required per day of the penalty with a different PED/Date.

Illustration in ISO15022:

Sequences	Fields	M/O	Options
Subsequence D1a1 (per counterparty)	:16R::PENDET		
	:20C::PCOM//200222000000001	O	C
	:20C::PREF//ND190313CLXXXXXX		
		
		
	:22H::CALM//MIXE	M	F
	:19A::AMCO//EUR17,13	M	A
	:99A::DAAC//3	M	A

Sequences	Fields	M/O	Options
Subsequence D1a1A (calculation details)	:16R:CALDET		
	:98A::PEDA//20190313	M	A,C or E
	:17B::MRED//N	O	B
Subsequence D1a1A1 (financial instrument attributes)	:16R:FIA		
	:35B:ISIN XX0247770224	M	
	.....	O	A or C
	.....	O	B
	:16S:FIA		
	:19A::SECU//EUR6,16	O	A
	:16S:CALDET		

A new sequence CALDET should be opened for each PEDDA. This is meant to provide the details of the calculation for each day. As the reference data can change from one day to another (for example the price of the security)

The breakdown of the amount per day should be provided.

Sequences	Fields	M/O	Options
Subsequence D1a1A (calculation details)	:16R:CALDET		
	:98A::PEDA//20190314	M	A,C or E
	:17B::MRED//N	O	B
	:19A::SECU//EUR5,72	O	A
	:16S:CALDET		

Sequences	Fields	M/O	Options
Subsequence D1a1A (calculation details)	:16R:CALDET		
	:98A::PEDA//20190315	M	A,C or E
	:17B::MRED//N	O	B
	:19A::SECU//EUR5,25	O	A
	:16S:CALDET		

Illustration in ISO20022

Element	Fields or subelements	value	M/O
PenaltyDetails	Identification/MarketInfrastructureIdentification/	200222000000001	M
	Identification/Identification/	ND190313CLXXXXXX	O
		
		
	ComputedAmount/ ComputedAmount/CreditDebit/	EUR17,13 Credit	M
	CalculationMethod/	MIXE	M
	NumberOfDays/	3	M

Elements	Fields or subelements	Value	M/O
CalculationData	Date/	20190313	M
	MissingReferenceData/	Not informed	O
Subelement FinancialInstrumentData	Identification/ISIN/	XX0247770224	M
	.....		O
	.....		O
	SubAmountPenaltyBreakdown/Amount/	EUR6,16	O
	SubAmountPenaltyBreakdown/Type/	SECU	

A new element Calculation Data should be opened for each Date. This is meant to provide the details of the calculation for each day. As the reference data can change from one day to another (for example the price of the security) The breakdown of the amount per day should be provided.

Elements	Fields or subelements	Value	M/O
CalculationData	Date	20190314	M
	MissingReferenceData/	Not informed	O
	SubAmountPenaltyBreakdown/Amount	EUR5,72	O
	SubAmountPenaltyBreakdown/Type/	SECU	O

Sequences	Fields	Value	M/O
CalculationData	Date	20190315	M
	MissingReferenceData/	Not informed	O
	SubAmountPenaltyBreakdown/Amount	EUR5,25	O
	SubAmountPenaltyBreakdown/Type/	SECU	O

6.5 Forex rate information and prices

For legal reasons, most of the servicing parties will not be in a position to provide information on the prices and on the forex rates without breaching their contracts with their data vendors. Unless a unique source of data is provided by a central authority, it will not be possible for servicing parties to provide prices information. It's therefore recommended not to report any information related to prices.

The below fields are not recommended to be mentioned as related to prices and forex information.

ISO15022:

- :94B::PRIC//(subsequence D1a1A1)
- :98A/C::PRIC//(subsequence D1a1A1)
- :98A/C::EXCH//(subsequence D1a1A1)
- :92B::EXCH//(subsequence D1a1A1)
- :90A/B::AMNT//(subsequence D1a1A1)

ISO20022:

Calculation Data/ Financial Instrument Attributes/ Price Data

Calculation Data/ Financial Instrument Attributes/ Foreign Exchange Data (note that this element is used by T2S, which as Eurosystem platform is sourced with EUR exchanges rates directly by the ECB and, therefore, can provide this information)

Calculation Data/ Foreign Exchange Data

6.6 Usage of format Q (narrative)

Even if the possibility has been provided by SWIFT to use a narrative in some fields, it is highly recommended to avoid using them unless there is no alternative. By using narratives, the executing/servicing party reduces the probability of STP rate on the participant/instructing party side.

6.7 Frequency of the report and no activity report

As each CSD or infrastructure (in the case of T2S) will build their own cash penalty system, it is very unlikely that each CSD will send their reporting at the exact same time to their participants. Furthermore, the executing/servicing party can be participant in many of these CSDs and may receive several reports for his underlying customers throughout the day.

For this specific reason, some institutions may decide to provide multiple reports throughout the day, in order not to wait until the end of the day before being able to release a full report.

It will be at the discretion of each executing/servicing party to provide one or several reports during the day.

However, in case several reports are provided, they should be “delta” reports and should only contain new and/or updated information compared to the previous report. This could be indicated by using field :22F::CODE//DELTA in sequence A General Information (MT537) or in element Report General Details/ Update Type/Code/DELT (sem.044)

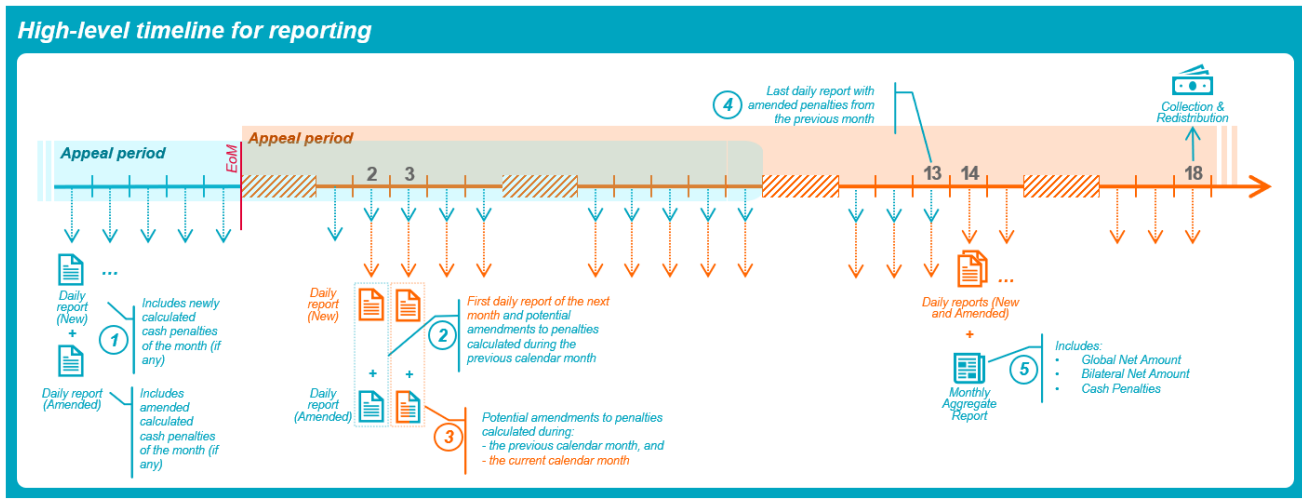
The “no activity” report (report that indicates that no cash penalties have to be reported) are left at the discretion of each executing/servicing party. As defined in the ECSDA framework, each institution can decide to provide or not a “no activity” report.

6.8 Timeline of the reporting

This timeline gives an overview of the cash penalties key dates, especially the 14th penalty business day which corresponds to the day on which the monthly reporting should be sent.

As the ECSDA framework is subject to changes, please always refer to the ECSDA official website to consult the latest version.

Note: The below timeline considers that two reports are sent per day (one for new cash penalties and another one for the amended cash penalties). However, it is left at the discretion of each executing/servicing party to do one single or two separate reports for new and amended cash penalties



6.9 Usage of the MT537 sequence D PENA and the semt.044

Currently the MT537 (sequence D) and the semt.044 are only used for cash penalties in the context of CSDR Settlement discipline. However, it's not excluded that non-EEA CSDs will leverage this message outside of CSDR as a universal and consistent method to notify participants of a penalty related to securities transaction.

6.10 MT548 vs MT537

In ISO 15022, the MT537 is the recommended message to be used to report cash penalties. However, it's left at the discretion of each executing/servicing party to use the MT548 if needed. If the MT548 would be used, this could only be for daily cash penalties as the MT548 is not designed to report monthly cash penalties

6.11 Market claims

Market claims that are instructed via settlement instructions (e.g. PFOD) are subject to cash penalties and will be reported by the CSDs/ICSDs in the MT537/sem.044.

As the market claims are generated by the CSDs/ICSDs and not by the participant, the reference reported in the :20C::ACOW// of the subsequence D1a1B will not help the participant to retrieve the underlying instruction related to the market claims (often either an internal reference or 'NONREF' will be reported).

In order to ensure a standard reporting of the cash penalties on market claims and to help the participant to reconcile his cash penalties, the below information is recommended to be populated in the MT537:

In addition to the recommended fields of subsequence D1a1B (described in 6.12.7), the field CORP and RELA should be used.

- The :20C::CORP// should be populated with the Corporate Action Reference (CORP)
- The :20C::RELA// should be populated with the client reference of the underlying instruction for which the market claim was created.

It's recommended as well to use the specific transaction type related to market claim (CLAI) in the subsequence D1a1B1.

- The :22F::SETR// should be populated with CLAI and not with TRAD.

MT537 (subsequence D1a1B)

Sequences	Fields	M/O	Definition	Options
Subsequence D1a1B (related transaction)	:16R:RELTRAN		Related Transaction (D1a1B)	
	:20C::ACOW//NONREF	M	Account Owner Reference	C
	:20C::ASRF//0000000000111111	O	Account Servicer Reference	C
	:20C::MITI//000000000089527	O	Market Infrastructure Transaction Identification	C
	:20C::CORP//000000000012345	O	Corporate Action reference	C
	:20C::RELA//000000000023450	O	Related Instruction Reference	C

MT537 (subsequence D1a1B1)

Sequences	Fields	M/O	Definition	Options
Subsequence D1a1B1 (transaction details)	:16R:TRAN		Transaction details (D1a1B1)	
	:22H::REDE//DELI	M	Receive/Deliver Indicator	H
	:22H::PAYM//APMT	M	Payment Indicator	H
	:22F::SETR//CLAI	M	Type of Settlement Transaction Indicator	F

For the sem.044, it is worth clarifying that the “Related Transaction Identification” is defined as the “Matching reference”. It is not meant to contain the client reference of the underlying instruction that was subject to market

claims, but the matching reference assigned to the transaction being penalized (the market claim transaction itself).

In this line, in T2S the “Related Transaction Identification” is used to inform the reference provided by T2S when the instruction (market claim or not) is matched or when accepted in case of already matched instructions.

Accordingly, the recommendation for the semt.044 is:

- The CorpActnEvtId // should be populated with the Corporate Action Event Identification

Element	Fields	M/O	Name	Definition
Penalty/ PenaltyPerCounterparty/ PenaltyDetails/ RelatedTransaction	Reference			
	AcctOwnrTxId NONREF	M	Account Owner Transaction Identification	Unambiguous identification of the transaction as known by the account owner (or the instructing party managing the account).
	AcctSvcrTxId 0000000000111111	O	Account Servicer Transaction Identification	Unambiguous identification of the transaction as known by the account servicer
	MktInfrstrctrTxId 000000000089527	O	Market Infrastructure Transaction Identification	Identification of a transaction assigned by a market infrastructure other than a central securities depository, for example, Target2-Securities
	CorpActnEvtId 000000000012345	O	Corporate Action Event Identification	Identification assigned by the account servicer to unambiguously identify a corporate action event.
	RltdTxId MATREF123	O	Matching reference	Matching Reference (of the transaction being penalised)

This being said, it is worth recalling that, according to the best practice in T2S, CSDs/ICSDs and CCPs, which manage market claims and transformations in T2S, should inform the MktInfrstrctrTxId (MITI) of the underlying instruction (for which the market claim was created) in the market claim /transformation instruction. More precisely the settlement instructions (sese.023) of the market claims or transformations must inform the reference of the underlying instruction in the linkage sequence (/SciesStlrmTxInstr/Lnkgs/Ref) using reason code INFO.

This reference of the underlying instruction is replicated (informed) in the status advices (sese.024) and confirmations (sese.025) sent for the market claim/transformed instructions in order to facilitate any further processing.

Consequently, with the references of the market claim instruction provided in the semt.044, the participant/institution being penalised should be able to retrieve in their system the underlying instruction for which the market claim was created. I.e. The semt.044 provides only the references of the market claim instruction, which should have been previously linked to the underlying instruction by the participants (as the MITI of the underlying instruction was previously provided in the status and confirmations of the market claim instruction - within the linkage sequence - link INFO).

Last but not least, when a market claim instruction is penalized, in line with the recommendation for the MT above, the specific transaction type related to market claim (CLAI) should be informed in the semt.044.

I.e. When a market claim instruction is penalized, CLAI should be provided in the Penalty/PenaltyPerCounterparty/RelatedTransaction/TransactionDetails/SettlementTransactionOrCorporateActionEventType/SecuritiesTransactionType.

This recommendation is followed by T2S thanks to the T2S best practice for market claims, which requests CSDs/ICSDs and CCPs to inform CLAI as the transaction type in the settlement instructions (sese.023) created

for the market claims. Consequently, if the T2S best practice is followed, the semt.044 reporting a penalty over a market claim instruction will report CLAI as the transaction type.

6.12 Unique identifier for MT537 PENA

Each MT537 PENA report with several pages must be uniquely identifiable via two methods. Either by using the 20C::SEME as unique identifier of the report or by using the 13A::STAT as a unique identifier (in case the SEME is different for each page)

Method 1 -> One single and unique 20C::SEME should be used in all the pages of the report to identify that all pages belong to the same report

Method 2 -> The 20C::SEME is unique for each page (so multiple SEME are included in the report, one for each page) but a unique 13A:: STAT is used in all the pages from report.

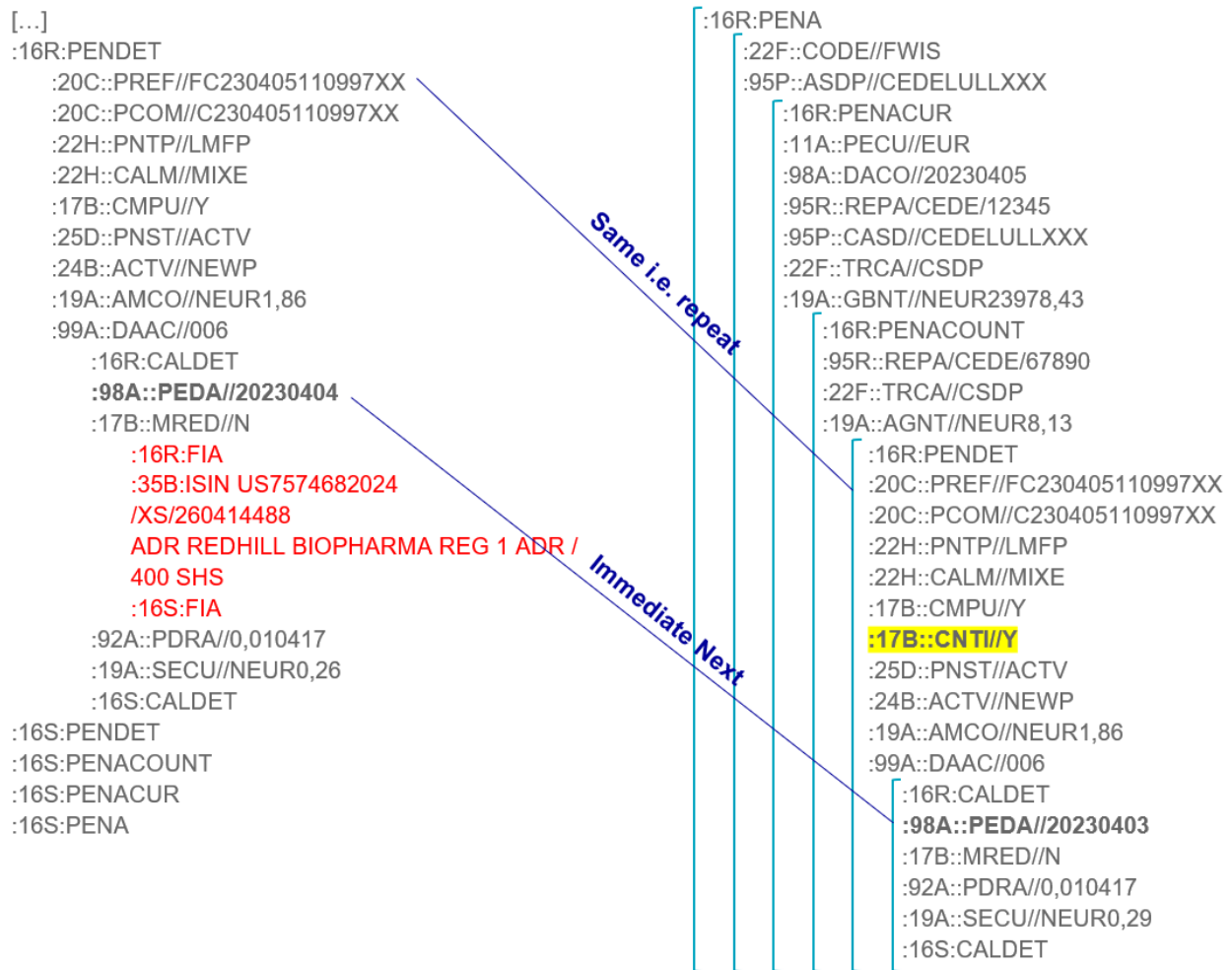
The purpose is to have at least one unique identifier in the MT537 PENA report to identify a report with multiple pages.

6.13 Penalty Continuation Flag (several pages)

If a cash penalty is reported on several pages, an indicator (CNTI) must be used. If a penalty (Sequence D1a1) is reported across two pages, then only the second page will include the field CNTI//Y. If a penalty is reported across three pages, then only the second and third page will include the field CNTI//Y, etc.

Only the code “Y” is expected to be used. The code “N” should not be used if the cash penalty is not a continuation from the previous case, in this scenario the CNTI indicator should simply not be used.

Example:



- Sequence D to D1a1 are repeated. It is necessary to re-open those sequences to include the “missing” sub-sequences, i.e. that could not be included in the previous message.
- Penalty details re-starts where it stopped, i.e. includes the details for the next Penalty Date (PEDA).
- Field 17B indicates the penalty is a continuation from a previous page. The penalty reference is necessary to identify to which penalty the following details must be applied.
- Although it is the first PENDET in the message, it is not the first PENDET of the penalty (First PENDET is in previous message). Hence the Financial Instrument Attributes (FIA) sequence is not displayed.

6.14 Market practices for each sequence/subsequence in the MT537 PENA message

Introduction on how to read the below illustration:

The below MT537 illustration provides an example on how the MT537 should ideally be filled.

- The recommendations are mainly or almost exclusively referring to optional fields as for mandatory fields; their usage being mandatory, there is less recommendation to be provided.
- The value used in each qualifier are often just for information, if no specific recommendation is mentioned, any value could be used as per the SWIFT guidelines (e.g. BIC, LEI, proprietary format).
- When an optional field is neither “recommended” nor “not recommended”. It is left at the discretion of each executing/servicing party to mention it or not.
- When a field is flagged as “conditional”. It refers to an information that is only needed in some specific situation.(e.g. the MITI is only relevant for T2S instructions)
- The column “M/O” refers to fields that are considered as either mandatory (“M”) or optional (“O”) by SWIFT
- The recommendations can be specific to daily or monthly report, a column indicates if the recommendation is related to the daily or monthly report.

Note: The information is subject to change with the SWIFT releases, so please always refer to the official SWIFT guide of the MT537 to have the latest information. The below information has been updated with the latest information from the SWIFT Standards Release 2021.

6.14.1 Sequence A : General information

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
General information Sequence A	:16R:GENL		Beginning of sequence A			
	:28E:00001/ONLY	M	Page Numbering	E		
	:13A::STAT//001	O	Statement number	A or J		
	:20C::SEME//862708583	M	Message Reference	C		
	:23G:PENA	M	Message Function (Penalties)	G		
	:98C::PREP//20190315081510	O	Preparation Date and Time	A,C or E		
	:98A::STAT//20190314	M	Statement Date	A or C		
	:22F::SFRE// DAIL	O	Statement Frequency	F	Recommended	Recommended
	:22F::CODE// DELT	O	Complete/update indicator	F	Recommended	Recommended
	:22H::STST//PENA	M	Statement Structure Type Indicator	H		
	:97A::SAFE//ABCDLULLXXX	M	Safekeeping Account	A or B		
	:17B::ACTI//Y	M	Activity Flag	B		
:16S:GENL			End of sequence A			

Qualifiers	Recommendation
22F::SFRE//DAIL or MNTH	In order to avoid any confusion and to distinguish the daily from the monthly report, the value DAIL and MNTH should be used rather than INDA (intra-day).

22F::CODE//DELT	<p>The cash penalty report can only be a “complete” report if the executing/servicing party only provides a report per day or per month. In all other cases, if the executing/servicing party provides multiple reports per day/month, then the value “delta” should be used.</p> <p>When multiple reports are sent, these reports should be “delta” reports and they should never repeat a previously reported penalty (except in case a modification is done on the penalty).</p>
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The below fields are not recommended

Qualifiers	Rationale
:95P/R::ACOW//	Not needed
:95L:: ALTE//	Not recommended unless the LEI is imposed in the future

6.14.2 Sequence D “PENA”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Sequence D PENA	:16R:PENA		Beginning of sequence PENA			
	:69A::STAT//20190301/20190331	O	Statement Period	A or B	Not recommended	Mandatory as from SR2023
	:22F::CODE//FWIS	M	Penalty List Type Indicator	F		
	:95P::ASDP// DCBALULLXXX	O	Account Servicer/Depository	P	Recommended	Recommended

Qualifiers	Recommendation
69A::STAT//	<p>Not recommended for the daily report. There is no period for a daily and therefore it should not be mentioned.</p> <p>For the monthly, it should be populated with “first day of the month/last day of the month”</p>
22F::CODE (mandatory field)	<p>For the daily report, it’s up to the executing/servicing party to choose the correct qualifier depending if such institution provides one or two reports for the new and amended penalties. In the ECSDA framework, which defines the standards related to the cash penalties, the choice is provided to either report the new and amended cash penalties into one single report or in two different reports.</p> <p>For a monthly report, the code CURR will always be used</p>
95P::ASDP//	Two options are possible:

	<p>1) Either it can be populated with the BIC11 of the executing/servicing party that is sending the report. Therefore, the BIC11 of the calculating CSD should not be kept throughout the chain but should be replaced with the BIC 11 of the executing/servicing party.</p> <p>2) Or it can be kept and always be populated with the BIC11 mentioned by the CSD/ICSD to identify the place of settlement (the depository)</p> <p>If in the future, the LEI is imposed, it will have to be used instead of the BIC11.</p> <p>Note: LEI is possible with :95L::ALTE instead of :95P::ASDP</p>
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6.14.3 Subsequence D1 “PENACUR”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Subsequence D1 (per currency for a party)	:16R::PENACUR		Penalties per Currency for a Party (D1)			
	:11A::PECU//EUR	O	Currency of Penalties	A	Recommended	Recommended
	:98A::DACO//20190314	O	Penalty Detection Date/Time	A or C	Recommended	Not Recommended
	:98A::PAYD//20210525	O	Payment Date	A	Not recommended	Mandatory (SR2023)
	:97A::CASH//12345	O	Cash Account	A or E	Not recommended	Recommended
	:20C::CPRF//1234567890123456 (SR2021)	O	Reference of the penalty payment.	C	Not recommended	Recommended
	:95R::REPA/XXX/12345	M	Related Party	P,Q,R		
	:95P::CASD//DAVDEFFXXX	O	Counterparty's Account Servicer/Depository	P or Q	Recommended	Recommended
	:95P::DCSD//SICVFRPPXXX	O	Depository of the CSD	P or Q	Conditional	Conditional
	:22F::TRCA//CSDP	M	Party Capacity Indicator	F		
:19A::GBNT//EUR6,16	O	Global Net Amount	A		Recommended	

Qualifiers	Recommendation
:11A::PECU//	The currency should always be mentioned
:98A::DACO//	The Date of Calculation should always be mentioned in the daily report
:20C::CPRF//	With SR2021, a new field has been added to mention the reference of the Global Net Amount that should be paid/received by the participant. This reference is expected to be mentioned in the payment that will be triggered by the instructing/servicing party (regardless if the payment is done via settlement instruction (PFOD) or cash movement)
:95a::REPA//	<p>The :95a::REPA// identifies the party that is imposed or credited with the cash penalties.</p> <p>Each institution can define the concept of a party and therefore the value used can be different for each executing/servicing party (BIC11, proprietary code,...). In case the report is forwarded</p>

	via the chain of intermediaries, the value of the REPA should be adapted to reflect the underlying participant or the recipient receiving the cash penalty report
:95P::CASD//	It should always be populated with the BIC11 of the counterparty CSD
:95P::DCSD//	This field is situational and will be mainly used by institutions that need to distinguish access to the same counterparty CSDs via different networks.
:22F::TRCA//	The TRCA indicates the capacity of the related party mentioned in :95a::REPA//. The value mentioned in this field represents the role of the party in the transaction. It's expected that when the report is forwarded via the chain of intermediaries, the value will change to reflect the actual role of the underlying party
:19A::GBNT	The Global Net can be used in the daily reporting to provide an estimation of the amount to be paid for a given counterparty CSD The Global Net is a must in the monthly as it represents the amount that will be used for the collection and distribution. It will be the amount that will be debited/credited to the participant.

The below fields are not recommended

Qualifiers	Rationale
:19A::AGDE// :19A::AGCR//	These fields are not needed anymore since the Global Net has been added to the MT537 in SR2020
:19A:: ALTE//	Not recommended unless the LEI is imposed in the future

6.14.4 Subsequence D1a “PENACOUNT”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Subsequence D1a (per counterparty)	:16R:PENACOUNT		Penalties per Counterparty (D1a)			
	:95R::ASDP//SICVFRPPXXX	O	Account Servicer/Depository	P,Q,R	Conditional	Conditional
	:95R::REPA/XXXX/67890	O	Related Party (Client's counterparty)	P,Q,R	Recommended	Recommended
	:22F::TRCA//CSDP	M	Party Capacity Indicator	F		
	:19A::AGNT//EUR6,16	M	Bilateral Net Amount	A		

Qualifiers	Recommendation
:95a::ASDP// (NEW SR2021)	Before SR2021, this field was not allowed if the :95a::REPA// was used. With SR2021, it is now possible to use both qualifiers ASDP and REPA in sequence D1a. However, using it is not currently recommended
:95a::REPA//	The field :95a::REPA// in this subsequence will identify the counterparty. The same comment as for the :95a::REPA// in subsequence D1 applies. The 95a Party is a

	mandatory field but the usage of :95a::REPA// is optional (either REPA, ASDP, ALTE, or ALRP should be used)
:22F::TRCA//	The field :22F::TRCA// in this subsequence related to the capacity of the counterparty. The same comment as for the :22F::TRCA in subsequence D1 applies
:19A::AGNT//	<p>The amount mentioned in the Bilateral Net Amount should as well include cash penalties that are flagged with :17B::CMPU//N in subsequence D1a1.</p> <p>It is only in the Global Net Amount (:19A:GBNT) that amounts flagged with :17B::CMPU//N should be excluded.</p> <p>For example, a cash penalty that is flagged with:17B::CMPU//N as related to a CCP movement , should be excluded from the Global Net Amount (:19A::GBNT) but included in the Bilateral Net Amount (:19A:AGNT).</p>

The below fields are not recommended

Qualifiers	Rationale
:95P::ASDP//	The :95P::ASDP// should not be used. The preference will be to use the :95a::REPA//

6.14.5 Subsequence D1a1 “PENDET”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Subsequence D1a1 (per counterparty)	:16R::PENDET		Penalty Details (D1a1)			
	:20C::PCOM//C20210311000001	M	Penalty Common Reference	C		
	:20C::PREF//NC20210311000001	O	Penalty Reference	C	Recommended	Recommended
	:20C::PPCM//C20210311000000	O	Previous Penalty Common Reference	C	Conditional	Conditional
	:20C::PPRF//NC20210311000000	O	Previous Penalty Reference	C	Conditional	Conditional
	:22H::PNTP//LMFP	M	Penalty Type	H		
	:22H::CALM//MIXE	M	Calculation Method	H		
	:17B::CMPU//Y	O	Amount Computed Flag/Amount considered for aggregation	B	Recommended	Recommended
	:17B::CNTI//Y (SR 2023)	O	Continuation Flag	B	Conditional	Conditional
	:25D::PNST//ACTV	O	Penalty Status	D	Recommended	Should not be included in the monthly reporting
	:24B::ACTV//NEWP	O	Active Reason	B	Recommended	Should not be included in the monthly reporting
:19A::AMCO//EUR6,16	M	Amount Computed	A			



:99A::DAAC//1	M	Number Days	A		
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Qualifiers	Recommendation
17B::CMPU	<p>It should always be used to differentiate the amount that are included in the collection and distribution and the amount that are excluded.</p> <p>If CMPU = Y. The amount should be included in the Global Net Amount (:19A::GBNT//) and in the Bilateral Net Amount (:19A::AGNT//)</p> <p>If CMPU = N. The amount should be excluded from the Global Net Amount (:19A::GBNT//) but should still be included in the Bilateral Net Amount (:19A::AGNT//)</p> <p>Please note that discussions on CCP treatment and insolvency are still taking place, so it cannot be confirmed at this stage whether CCP or insolvency amount should be flagged with CMPU = N</p>
25D::PNST	<p>In the status, we should only use ACTV or REMO and no other codes (e.g. RLOC, SWIC,...).</p> <p>The additional information should be provided in the reason code.</p> <p>Example for a “switch of penalty”:</p> <p style="color: green;">:25D::PNST//ACTV</p> <p style="color: green;">:24B::ACTV//SWIC</p> <p>Instead of 25D::PNST//SWIC</p> <p>Example for an update of penalty due to a change in reference data or reinclusion</p> <p style="color: green;">:25D::PNST//ACTV</p> <p style="color: green;">:24B::ACTV//UPDT</p> <p>Instead of 25D::PNST//REIC</p> <p>Note: In SR2021, the status OTHR (other), REIC (reincluded), RLOC (reallocated), SWIC (switched) have been removed so there is confusion on the usage.</p>

6.14.6 Subsequence D1a1A “CALDET” and subsequence D1a1A1 “FIA”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Subsequence D1a1A (calculation details)	:16R:CALDET		Calculation Details (D1a1A)			The Subsequence D1a1A and D1a1A1 should not be included in the monthly reporting
	:98A::PEDA//20190313	M	Penalty Date	A,C or E		
	:17B::MRED//N	O	Missing Reference Data Flag	B	Recommended	
Subsequence D1a1A1 (financial instrument attributes)	:16R:FIA		Financial Instrument Attributes (D1a1A1)			

	:35B::ISIN XX0247770224	M	Identification of the Financial Instrument		
	:12A::CLAS//REGL//SHRS	O	Type of Financial Instrument	A or C	Conditional
	:17B::LIQU//N	O	Liquid Flag	B	Conditional
	:17B::SMEM//Y	O	SME Growth Market Flag	B	Conditional
	:94B::TRAD//EXCH//XNYS	O	Place of Trade	B	Conditional
	:92A::ILSH//0,005	O	Illiquid Shares Rate	A	Conditional
	:16S::FIA		End of Financial Instrument attributes (D1a1A1)		
	:92A::PDRA//0,000684	O	Penalty Discount Rate	A or B	Conditional
	:19A::SECU//EUR6,16 or CASH//EUR6,16	O	Securities Side Amount	A	Recommended
	:16S::CALDET		End of Calculation Details (D1a1A)		

Qualifiers	Recommendation
:12A::CLAS//	The CSDR classification should be used rather than the CFI code itself. Therefore, we recommend using option A rather than option C
:92A::PDRA//	Should only be used when relevant so when the calculation method is MIXE or CASH
:92A::ILSH//	Should only be used when relevant so when the calculation method is SECU or BOTH
:17B::LIQU//	Should only be used for shares (CSDR classification “SHRS”) and calculation method SECU or BOTH
:17B::SMEM// and :94B::TRAD //	Should only be used if calculation method is SECU or BOTH and CSDR classification is not “SOVR”
:19A::SECU// or CASH//	In most cases, the information mentioned in this field will be repetitive with the information mentioned in Subsequence D1a1 (:19A::AMCO) . Except for LMFP over several days or in case the calculation method is “BOTH” then the information would be needed and is not repetitive. However, it’s left at the discretion of the executing/servicing party to either mention this field in all the cases or to only mention it when needed.

The below fields are not recommended

Qualifiers	Rationale
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:17B::OKPE//	Not needed. It does not bring any added value. If the security is not subject to cash penalty then it should not be included in the report
:90A/B::AMNT//	Not needed. No information on price or FX should be mentioned as explained in point 6.5
:94B::PRIC//	Not needed. No information on price or FX should be mentioned as explained in point 6.5
:98A/C::PRIC/	Not needed. No information on price or FX should be mentioned as explained in point 6.5
:98A/C::EXCH	Not needed. No information on price or FX should be mentioned as explained in point 6.5
:92B ::EXCH//	Not needed. No information on price or FX should be mentioned as explained in point 6.5

6.14.7 Subsequence D1a1B “RELTRAN”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Subsequence D1a1B (related transaction)	:16R:RELTRAN		Related Transaction (D1a1B)			
	:20C::ACOW//000000000123456	M	Account Owner Reference	C		
	:20C::ASRF//000000000111111	O	Account Servicer Reference	C	Recommended	Recommended
	:20C::MITI//00000000089527	O	Market Infrastructure Transaction Identification	C	Conditional	Conditional
	:20C::CORP//00000000089527	O	Corporate Action reference	C	Conditional	Conditional
	:20C::RELA//00000000089527	O	Related Instruction Reference	C	Conditional	Conditional

Important: The sequence should always be present as it is key for any receiving party to receive the information on the reference of the instruction involved

Qualifiers	Recommendation
:20C::ACOW//	<p>We suggest the ACOW to always be filled with the SEME (Sender's Message Reference) of the instruction subject to cash penalties. This information is critical for the participant to retrieve the underlying transaction in their system. The executing/servicing party needs to populate the ACOW with the SEME of the participant’s instruction.</p> <p>In case there would be no client reference (e.g. the instruction is generated by the CSD), a “NONREF” would be expected in the field 20C::ACOW</p>

:20C::MITI//	The MITI is only applicable to T2S instructions
:20C::CORP//	Only relevant in case of market claims.
:20C::RELA//	

6.14.8 Subsequences D1a1B1 “TRAN”, D1a1B1a”STAT” and D1a1B1a1 “REAS”

Sequences	Fields	M/O	Definition	Options	Daily	Monthly
Subsequence D1a1B1 (transaction details)	:16R::TRAN		Transaction details (D1a1B1)			Not applicable The Subsequence D1a1B1 and D1a1B1a, D1a1B1a1 should not be included in the monthly reporting
	:22H::REDE//DELI	M	Receive/Deliver Indicator	H		
	:22H::PAYM//APMT	M	Payment Indicator	H		
	:22F::SETR//TRAD	M	Type of Settlement Transaction Indicator	F		
	:22F::TRAN//SETT	M	Transaction Indicator	F		
	:98C::ASTS//20190313130600	M	Acknowledged Status Timestamp	C		
	:98C::MTCH//20190313180500	O	Matched Status Timestamp	C	Recommended	
	:98A::SETT//20190313	M	Settlement Date	A,B,C		
	:98A::TRAD//20190313	O	Trade date	A,B,C	Recommended	
	:97A::SAFE//12345	O	Safekeeping Account	A,B	Recommended	
	:97A::CASH//12345	O	Cash Account	A,E		
:95P::ACOW/XXXX/12345	O	Account Owner	P,Q,R			

	:36B::PSTA//UNIT/1000,	M	Posting Quantity	B		
	:19A::PSTA//EUR900000,	O	Posting Amount	A	Conditional. Mandatory for A/P (SR 2023)	
Subsequence D1a1B1a (Status)	:16R::STAT		Status (D1a1B1a)			
	:25D::SETT//PENF	M	Status code	D		
Subsequence D1a1B1a1(reason)	:16R::REAS		Reason (D1a1B1a1)			
	:24B::PENF//LACK	M	Reason code (D1a1B1a1)	B		
	:16S::REAS		End of reason (D1a1B1a1)			
D1a1B1a	:16S::STAT		End of status (D1a1B1a)			
D1a1B1	:16S::TRAN		End of transaction details			
D1a1B	:16S::RELTRAN		End of related transaction			
D1a1	:16S::PENDET		End of penalty details			
D1a	:16S::PENACOUNT		End of penalty per counterparty			
D1	:16S::PENACUR		End of penalty per currency			
D	:16S::PENA		End of penalty sequence			

The subsequence D1a1B1a and D1a1Ba1 should only be reported for SEFP but not for LMFP. The reason is that for LMFP, the status is always the same (“matched”)

Qualifiers	Recommendation
:98C::ASTS// and MTCH//	The information is expected to be expressed in the local CSD time zone

Note: The below fields are not recommended

:20F::TRTR
22F::CAEV
22F::BDEV
98A::ADEL
98C::CUTS


```
98A::EXSE
98A::EXVA
98C::SCTS
95P::CACO
```

6.15 Market practices for each element/sub-element in the semnt.044 message

As in the section on the MT537 above, this section is organised by element/sub-element.

- The recommendations are mainly or almost exclusively referring to optional fields as for mandatory fields; their usage being mandatory, there is less recommendation to be provided
- The value used in each qualifier are often just for information, if no specific recommendation is mentioned, any value could be used as per the SWIFT guidelines (e.g. BIC, LEI, proprietary format)

```
<?xml version="1.0" encoding="utf-8"?>
<Document>
<SciesTxPnltiesRpt>
```

6.15.1 Element ReportPagination

```
<RptPgntn>
  <PgNb>1</PgNb>
  <LastPgInd>true</LastPgInd>
</RptPgntn>
```

PageNumber and LastPageIndicator are used in line with the description of the fields.

6.15.2 Element ReportGeneralDetails

```
<RptGnlDtls>
  <RptId>123456789</RptId>
  <RptPrd>
    <FrDtToDt>
      <FrDt>2019-01-01</FrDt>
      <ToDt>2019-02-28</ToDt>
    </FrDtToDt>
```



```

</RptPrd>
<Frqcy>
  <Cd>DAIL</Cd>
</Frqcy>
<PnltyListTp>
  <Cd>CURR</Cd>
</PnltyListTp>
  <UpdTp>
    <Cd>DELT</Cd>
  </UpdTp>
  <ActvtyInd>true</ActvtyInd>
</RptGnlDtls>
    
```

Contrary to the MT537 where it is possible to repeat the sequence D that contains the field :69a: to specify the period, the semt.044 only allows to report once the ReportPeriod field, i.e. it is not possible to segregate penalties by month in which their detection date falls.

Qualifiers	Recommendation
ReportDate ReportPeriod Date DateMonth FromDateToDate	<p>Contrary to the MT537 where both a statement date (in sequence A) and a report period are provided (in sequence D), the semt.044 can only report one of the two.</p> <p>The recommendation is to use the ReportPeriod element.</p> <p>When the daily new cash penalties and amended cash penalties are provided into one single report, as well as for the daily amended cash penalties report when provided separately, it is recommended to use the FromDateToDate sub-element.</p> <p>Due to the length of the appeal period for penalties, the daily report can contain amended penalties with a detection date in 2 months. If a daily penalties report contains an update on penalties with a detection date in the previous month, then the recommendation is to indicate this in the ReportPeriod/FromDateToDate by mentioning the 2 full months i.e.:</p> <p>The FromDate will be the first day of the previous month and the ToDate with the last reported day of current month.</p>
PenaltyListType	<p>It is recommended to use the PenaltyListType in the daily reports to inform whether the new cash penalties and amended cash penalties are provided into one single report (CURR), or whether they are provided separately (FWIS for new penalties and FWAM for amended penalties)</p>
UpdateType	<p>The cash penalty report can only be a “complete” report if the executing/servicing party only provides daily reports once a day and monthly reports once a month. In all other cases, if the executing/servicing party provides multiple daily reports per day or multiple monthly reports per month, then the value delta should be used.</p>

	When multiple reports are sent, these reports should be delta reports and they should never repeat a previously reported penalty (except in case a modification is done on the penalty). In case this field is not informed, the report is considered as “complete”.
Frequency	In order to avoid any confusion and to distinguish the daily from the monthly report, the value DAIL and MNTH should be used rather than INDA (intra-day).

6.15.3 Element SafekeepingAccount

This optional element should only be used by the Account Servicer when it provides separate reports per securities account

If informed, this element contains the securities account of the party for which the report is generated by the Account Servicer. When this element is informed, all the penalties reported in the semt.044 relate to instructions over the same securities account.

Accordingly:

- In case the Account Servicer provides separate reports per securities account (i.e. each semt.044 contains penalties for instructions related to only one securities account), it is recommended to use the SafekeepingAccount element.
- In case the Account Servicer provides a single report for several securities accounts (i.e. a single semt.044 contains penalties for instructions related to several securities accounts), as it is the case of T2S, then the SafekeepingAccount element cannot be used.

This element has been added in semt.044 DRAFT5 (i.e. it does not exist in DRAFT4).

6.15.4 Element AccountOwner

This optional element should only be used by the Account Servicer when the SafekeepingAccount element is informed

If informed, this element contains the identification of the Party that legally owns the securities account.

Important: In case the SafekeepingAccount element is not informed, then the AccountOwner element is not recommended.

This element has been added in semt.044 DRAFT5 (i.e. it does not exist in DRAFT4).

6.15.5 Element AccountServicer



```
<AcctSvcr>
  <Id>
    <AnyBIC>MGTCBEBEECL</AnyBIC>
  </Id>
</AcctSvcr>
```

This sequence contains the identification of the Account Servicer sending the report, and corresponds to the information provided in field ;95a::ASDP in sequence D of the MT537.

6.15.6 Element Penalty

```
<Pnlty>
  <Ccy>EUR</Ccy>
  <Dt>
    <Dt>2019-01-14</Dt>
  </Dt>
  <PtyId>
    <Id>
      <Id>
        <PrtryId>
          <Id>1234567</Id>
          <Issr>ECLR</Issr>
        </PrtryId>
      </Id>
    </Id>
  <Tp>
    <Cd>CSDP</Cd>
  </Tp>
</PtyId>
```

Qualifiers	Recommendation
Currency	The currency should always be mentioned
Date	Detection date of the penalties is informed in this element. It is recommended to always populate it in the daily reports but to not populate it in the monthly

PartyIdentification	<p>It is recommended to always populate this element. It is used to provide the party for which the report is generated by the Account Servicer. Each institution can define the concept of a party and therefore the value used can be different for each executing/servicing party (BIC11, proprietary code...)</p> <p>The PartyIdentification must be provided when the Account Servicer is a CSD using semt.044 for penalties reporting according to CSDR.</p> <p>The PartyIdentification is important in the interpretation of the Credit/Debit indicator in amounts:</p> <ul style="list-style-type: none"> • DBIT will be used when the party reported in element PartyIdentification is imposed with the Global Net Amount, Aggregated Net Amount or Computed Amount • CRDT will be used when the party reported in element PartyIdentification is entitled to receive the Global Net Amount, Aggregated Net Amount or Computed Amount
CounterpartyCSD	Can be populated with the BIC11 of the counterparty CSD when the element Penalty/PenaltyPerCounterparty/AccountServicer is not used
CSDDepository	This field is situational and will be mainly used by institutions that needs to distinguish access to the same counterparty CSDs via different networks.
AggregatedAmount/GlobalNetAmount	<p>The Global Net can be used in the daily reporting to provide an estimation of the amount to be paid for a given counterparty CSD. It is however optional.</p> <p>The Global Net is a must in the monthly when it is used as pre-advice message, as it represents the amount that will be used for the collection and distribution. It will be the amount that will be debited/credited to the participant.</p>
Cash Account	Cash settlement data. The Cash Account is a must in the monthly when it is used as pre-advice message, as it provides the account to be debited/credited for the collection and distribution of the penalties. If a default account is used, this field is optional.
Cash Settlement Date	Cash settlement data. The Cash Settlement Date is a must in the monthly when it is used as pre-advice message, as it provides the date of the payments debited/credited to the participant for the collection and distribution of the penalties.
Cash Penalty Identification	Cash settlement data. The Cash Penalty Identification is a must in the monthly when it is used as pre-advice message, as it provides the reference of the payments debited/credited to the participant for the collection and distribution of the penalties.

The below fields are not recommended

<p>AggregatedAmount/AggregatedDebitAmount and AggregatedCreditAmount: These fields are not needed anymore since the Global Net Amount has been added to the semt.044 as well.</p>
<p>AggregatedAmount/CounterpartyCSDAggregatedAmount: as the counterparty CSD is specified at the same level of the AggregatedAmount element, the amounts specified are already aggregated at Counterparty CSD and CSD Depository. This field is thus not recommended or required (and could be removed in a future version).</p>

NumberOfCounterparties. This element is added for another use case than the CSDR Penalties Reporting and can be ignored if the semt.044 is used for penalties reporting according to CSDR.

6.15.7 Element Penalty/PenaltyPerCounterparty

```

<PnltyPerCtrPty>
  <AcctSvcr>
    <Id>
      <AnyBIC>MGTCBEBEECL</AnyBIC>
    </Id>
  </AcctSvcr>
  <PtyId>
    <Id>
      <Id>
        <NmAndAdr>
          <Nm>ECLR/65417 Name of Counterparty 3</Nm>
        </NmAndAdr>
      </Id>
    </Id>
  </PtyId>
  <Tp>
    <Cd>CSDP</Cd>
  </Tp>
  </PtyId>
  <AggtdNetAmt>
    <Amt Ccy="EUR">115.74</Amt>
    <CdtDbt>CRDT</CdtDbt>
  </AggtdNetAmt>

```

Qualifiers	Recommendation
AggregatedNetAmount	<p>The amount mentioned in the Aggregated Net Amount should as well include penalties where the counterparty is a CCP (<Tp><Cd>CSDP</Cd></Tp>).</p> <p>It's only in the Global Net amount that these amounts should be excluded.</p> <p>For example, a penalty whose counterparty is a CCP (PartyIdentification/Type/Code is equal to CCPA) should be excluded from the Global Net Amount</p>

	<p>(Penalty/AggregatedAmount/GlobalNetAmount) but included in the Bilateral Net Amount (Penalty/PenaltyPerCounterparty/AggregatedNetAmount).</p> <p>The Credit/Debit element is used as follows:</p> <ul style="list-style-type: none"> • 'DBIT' when the party reported in element Penalty/PartyIdentification is imposed with the Aggregated Net Amount. • 'CRDT' when the party reported in element Penalty/PartyIdentification is entitled to receive the Aggregated Net Amount.
--	--

6.15.8 Element Penalty/PenaltyPerCounterparty/PenaltyDetails

```

<PnltyDtls>
  <Id>
    <MktInfrstrctrId>190114000000158</MktInfrstrctrId>
    <Id>N190114000000158</Id>
  </Id>
  <Tp>SEFP</Tp>
  <Sts>
    <Sts>
      <Cd>ACTV</Cd>
    </Sts>
    <Rsn>
      <Rsn>
        <Cd>UPDT</Cd>
      </Rsn>
    </Rsn>
  </Sts>
  <CmptdAmt>
    <Amt Ccy="EUR">65.48</Amt>
    <CdtDbt>CRDT</CdtDbt>
  </CmptdAmt>
  <ClctnMtd>MIXE</ClctnMtd>
  <NbOfDays>1</NbOfDays>

```

Qualifiers	Recommendation
Insolvency	There is no real equivalent to the field :17B::CMPU of the MT537.

	<p>The fact that the party or counterparty is a CCP is derived from the element PartyIdentification/Type.</p> <p>The element PenaltyDetails/Insolvency indicates that the counterparty is insolvent.</p> <p>Please note that discussions on CCP treatment and insolvency are still taking place, so the exact way of reporting cannot be confirmed yet.</p>
Status/ Status and Reason	<p>The Status element contains 2 sub-elements to specify the status and the corresponding reason.</p> <p>Note that the status “NCOM” (Not computed) is only for those Account Servicers that, further to the reporting of penalties according to CSDR, wish to provide information on the penalties that were not computed by the CSD according to the settlement discipline, e.g. because the settlement was internalised and hence the instruction did not reach the CSD.</p>

6.15.9 Element Penalty/PenaltyPerCounterparty/PenaltyDetails/CalculationData including sub-element FinancialInstrumentAttributes

```

<ClctnData>
  <Dt>2019-01-14</Dt>
  <FinInstrmAttrbts>
    <Id>
      <ISIN>XS1236570633</ISIN>
    </Id>
    <ClssfctnTp>
      <AltrnClssfctn>
        <Id>SHRS</Id>
        <Issr><REGL/Issr>
      </AltrnClssfctn>
    </ClssfctnTp>
  </FinInstrmAttrbts>
  <DscntRate>
    <Rate>0.25</Rate>
  </DscntRate>
  <SubAmtPnltyBrkdwn>
    <Amt Ccy="EUR">65.48</Amt>
    <Tp>SECU</Tp>
  </SubAmtPnltyBrkdwn>
</ClctnData>

```


Qualifiers	Recommendation
ClassificationType	The CSDR classification should be used rather than the CFI code itself. Therefore, we recommend to use AlternateClassification
DiscountRate	Should only be used if the calculation method is MIXE, CASH or BOTH
SecurityPenaltyRateData	Should only be used if the calculation method is SECU or BOTH
Liquidity	Should only be used for shares (CSDR classification “SHRS”) and calculation method SECU or BOTH
SMEGrowthMarket and MarketIdentification	Should only be used if calculation method is SECU or BOTH and CSDR classification is not “SOVR”
SubAmountPenaltyBreakdown	Can be used to report the type of sub-amount forming the total amount of the penalty. Is certainly needed for <ul style="list-style-type: none"> • LMFP applying to more than one day • penalties with calculation method BOTH

The below elements are not recommended unless a unique source of data is provided by a central authority:

FinancialInstrumentAttributes/PriceData FinancialInstrumentAttributes/ForeignExchangeData CalculationData/ForeignExchangeData

6.15.10 Element Penalty/PenaltyPerCounterparty/PenaltyDetails/RelatedTransaction and sub-elements TransactionDetails and NetMovementDetails

Important: The element RelatedTransaction should always be present as it is key for the executing party to receive the information on the reference of the instruction involved

The structure of the RelatedTransaction element and its sub-elements is a bit different than the organization in sub-sequences in the MT537:

- element SettlementStatusFailing is more specific than the Status and Reason sub-sequences of the MT537,
- the element BusinessDayEvent is more specific to the T2S use of the element. Only the key fields are present on the MT537.

```

<RltdTx>
  <Ref>
    <AcctOwnrTxId>myref3</AcctOwnrTxId>
    
```

```

<AcctSvrTxId>EBWS5</AcctSvrTxId>
<TxDtls>
  <SttlmTxOrCorpActnEvtTp>
  <SciesTxTp>
    <Cd>TRAD</Cd>
  </SciesTxTp>
  </SttlmTxOrCorpActnEvtTp>
  <SttlmDt>
    <Dt>
      <Dt>2019-01-13</Dt>
    </Dt>
  </SttlmDt>
  <SfkpgAcct>
    <Id>12345</Id>
  </SfkpgAcct>
  <AcctOwnr>
    <Id>
      <PrtryId>
        <Id>1234567</Id>
        <Issr>ECLR</Issr>
      </PrtryId>
    </Id>
  </AcctOwnr>
  <SciesMvmntTp>RECE</SciesMvmntTp>
  <Pmt>APMT</Pmt>
  <PstngQty>
    <Unit>5000</Unit>
  </PstngQty>
  <PstngAmt>
    <Amt Ccy="EUR">5047.47</Amt>
    <CdtDbt>DBIT</CdtDbt>
  </PstngAmt>
  <AckdStsTmStmp>2019-01-11T11:54:13</AckdStsTmStmp>
  <MtchdStsTmStmp>2019-01-12T08:17:52</MtchdStsTmStmp>
  <SttlmStsFlng>
    <Rsn>

```

```

        <Cd>
            <Cd>CLAC</Cd>
        </Cd>
    </Rsn>
</SttlmStsFlng>
</TxDtIs>
</RltdTx>
    
```

Qualifiers	Recommendation
AccountOwner TransactionIdentification	<p>We suggest the AccountOwnerTransactionIdentification to always be filled with the SEME (Sender's Message Reference) of the instruction subject to cash penalties. This information is critical for the participant to retrieve the underlying transaction in their system. The executing/servicing party needs to populate the element with the SEME of the participant's instruction.</p> <p>In case there would be no client reference (e.g. the instruction was sent by the CSD to a market infrastructure such as T2S), a "NONREF" would be provided in the field AccountOwnerTransactionIdentification.</p> <p>Other references can be added to make inquiries easier, e.g. the AccountServicerTransactionIdentification or the MarketInfrastructureTransactionIdentification.</p> <p>Note: The references of the instruction subject to cash penalties are not provided by T2S on the monthly report, they are only provided in the daily reports because the monthly reconciliation is based on the references of the penalties and therefore the reference of the instruction was not required by the T2S community for the monthly reports.</p>

The below elements are not recommended

SettlementTransactionOrCorporateActionEventType/CorporateActionEventType CorporateActionRelatedDate NetMovementDetails. This element is added for another use case than the CSDR Penalties Reporting and can be ignored if the sem.t.044 is used for penalties reporting according to CSDR.

7 Illustration in ISO15022

7.1 Scenario of a daily penalty report

Party	12345
Account Servicer (of the Party)	“CSD A”
Counterparty	67890
Account Servicer (of the Counterparty)	“CSD A”
Instruction Type (of the Party)	DvP
Trade date (TD)	05.03.2021
Intended Settlement Date (ISD)	09.03.2021
Quantity	1,000.00 units
Price (per unit)	900.00 EUR (09.03.2021)
	900.00 EUR (10.03.2021)
	900.00 EUR (11.03.2021)
Amount	900,000.00 EUR
Financial Instrument	XX0247770224
CFI Code	E***** (SHRS)
Liquidity Indicator	No (not liquid)
Place of Trade	Not Provided
Acknowledgement Timestamp	05.03.2021 14:04:48
Matching Timestamp	11.03.2021 09:47:26
ECB Marginal lending facility	0.25%

On 11.03.2021, at the end of the relevant settlement period (16:00 CET for EUR), the instruction is matched but unsettled because the Seller is short of securities. The instruction settles on 12.03.2021.

From that information, we can deduct that, on 11.03.2021, there are two cash penalties:

- The first one is due to Late Matching of the settlement instructions, and the Party 12345 is entitled to receive the cash penalty (non-failing participant), because it is its counterparty (67890) who sent its RvP late; and
- The second one is due to Lack of Securities from Party 12345, who will be imposed with a cash penalty to be paid to 67890.

Sequences	Fields	Comments
A	:16R:GENL	
	:28E:00001/ONLY	
	:13A::STAT//388	
	:20C::SEME//862708583	
	:23G:PENA	
	:98C::PREP//20210312070548	
	:98A::STAT//20210311	
	:22F::SFRE//DAIL	
	:22F::CODE//DELT	
	:22H::STST//PENA	

	:97A::SAFE//12345	
	:17B::ACTI//Y	
	:16S::GENL	
D	:16R::PENA	
	:22F::CODE//FWIS	
	:95P::ASDP//“CSD A”	
D1	:16R::PENACUR	
	:11A::PECU//EUR	
	:98A::DACO//20210311	
	:95R::REPA/XXXX/12345	
	:95P::CASD//“CSD A”	
	:22F::TRCA//CSDP	
	:19A::GBNT//NEUR32,50	
D1a	:16R::PENACOUNT	
	:95R::REPA/XXXX/67890	
	:22F::TRCA//CSDP	
	:19A::AGNT//NEUR32,50	
D1a1	:16R::PENDET	
	:20C::PCOM//C20210311000001	
	:20C::PREF//NC20210311000001	
	:22H::PNTP//LMFP	
	:22H::CALM//MIXE	
	:17B::CMPU//Y	
	:25D::PNST//ACTV	
	:24B::ACTV//NEWP	
	:19A::AMCO//EUR12,50	
	:99A::DAAC//2	As we have two days of LMFP, we need to repeat the CALDET subsequence twice, in order to provide the details of each cash penalty that has a different PEDA.
D1a1A	:16R::CALDET	
	:98A::PEDA//20210309	
	:17B::MRED//N	
D1a1A1	:16R::FIA	

	:35B:ISIN XX0247770224	The subsequence of the FIA is limited to the ISIN in this case as the calculation method used is the one of the RVP (the failing participant), therefore any information on the liquidity or the SME growth market is irrelevant. It would only be relevant if the DVP was failing as the calculation method would be different
	:16S:FIA	
D1a1A	:92A::PDRA//0,000694	
	:19A::SECU//EUR6,25	
	:16S:CALDET	
D1a1A	:16R:CALDET	It's important to notice that in case of multiple CALDET as there is "DAAC">1, the FIA sequence should not be repeated in every CALDET. In this example, the FIA was only mentioned in the first CALDET.
	:98A::PEDA//20210310	
	:17B::MRED//N	
	:92A::PDRA//0,000694	
	:19A::SECU//EUR6,25	
	:16S:CALDET	
D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123456	
	:20C::ASRF//0000000000111111	
D1a1B1	:16R:TRAN	
	:22H::REDE//DELI	
	:22H::PAYM//APMT	
	:22F::SETR//TRAD	
	:22F::TRAN//SETT	
	:98C::ASTS//20210305140448	
	:98C::MTCH//20210311094726	
	:98A::SETT//20210309	
	:98A::TRAD//20210305	
	:97A::SAFE//12345	
	:97A::CASH//12345	
	:95R::ACOW/XXXX/12345	
	:36B::PSTA//UNIT/1000,	
	:19A::PSTA//EUR900000,	

	:16S:TRAN	
D1a1B	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a1	:16R:PENDET	
	:20C::PCOM//C20210311000456	
	:20C::PREF//FC20210311000456	
	:22H::PNTP//SEFP	
	:22H::CALM//SECU	
	:17B::CMPU//Y	
	:25D::PNST//ACTV	
	:24B::ACTV//NEWP	
	:19A::AMCO//NEUR45,	
	:99A::DAAC//1	
D1a1A	:16R:CALDET	
	:98A::PEDA//20210311	
	:17B::MRED//N	
D1a1A1	:16R:FIA	For this penalty, as the client is failing, the calculation method used is the one of the DVP and therefore any information related to the classification, liquidity or SME growth market is relevant and should be mentioned, as it can influence the basis point applicable.
	:35B::ISIN XX0247770224	
	:12C::CLAS/REGL/SHRS	
	:17B::LIQU//N	
	:17B::SMEM//N	
	:92A::ILSH//0,005	
	:16S:FIA	
D1a1A	:19A::SECU//NEUR45,00	
	:16S:CALDET	
D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123456	
	:20C::ASRF//0000000000111111	
D1a1B1	:16R:TRAN	
	:22H::REDE//DELI	
	:22H::PAYM//APMT	
	:22F::SETR//TRAD	

	:22F::TRAN//SETT	
	:98C::ASTS//20210305140448	
	:98C::MTCH//20210311094726	
	:98A::SETT//20210309	
	:98A::TRAD//20210305	
	:97A::SAFE//12345	
	:97A::CASH//12345	
	:95P::ACOW/XXXX/12345	
	:36B::PSTA//UNIT/1000,	
	:19A::PSTA//EUR900000,	
D1a1B1a	:16R:STAT	As this is a SEFP, the reason code and the status are mentioned. These subsequences were not mentioned in the previous cash penalty above as it was an LMFP.
	:25D::SETT//PENF	
D1a1B1a1	:16R:REAS	
	:24B::PENF//LACK	
	:16S:REAS	
D1a1B1a	:16S:STAT	
D1a1B1	:16S:TRAN	
D1a1B	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1	:16S:PENACUR	
D	:16S:PENA	

7.2 Scenario of an amended daily penalty report

On the 12.03.2021, the Reference Price of XX0247770224 for 11.03.2021 is updated. Such change triggers the re-calculation of the cash penalty C20210311000456 (SEFP), but not C20210311000001 (LMFP) because the Reference Price used is those of the 09 and 10.03.2021.

(New) Price (per unit) => 910.00 EUR (11.03.2021 instead of 900.00 EUR)

Important: Some Executing/servicing party can decide to send the amended daily penalty report together with the new daily penalty report into one single report

Sequences	Fields	Comments
-----------	--------	----------



A	:16R:GENL	
	:28E:00001/ONLY	
	:13A::STAT//392	
	:20C::SEME//862710054	
	:23G:PENA	
	:98C::PREP//20210313071429	
	:98A::STAT//20210312	
	:22F::SFRE//DAIL	
	:22F::CODE//DELT	
	:22H::STST//PENA	
	:97A::SAFE//12345	
	:17B::ACTI//Y	
	:16S:GENL	
D	:16R:PENA	
	:22F::CODE//FWAM	
	:95P::ASDP//“CSD A”	
D1	:16R:PENACUR	
	:11A::PECU//EUR	
	:98A::DACO//20210311	
	:95R::REPA/XXXX/12345	
	:95P::CASD//“CSD A”	
	:22F::TRCA//CSDP	
		The Global Net Amount should consider cash penalties that have not been amended for the relevant day (and that are not included in the report of amended cash penalties.) If for that specific day, other cash penalties have been calculated with the same counterparty CSD and currency, the global net should take them into account even if they are not mentioned in the report of amended cash penalties
D1a	:19A::GBNT//NEUR33,	
	:16R:PENACOUNT	
	:95R::REPA/XXXX/67890	

	:22F::TRCA//CSDP	
	:19A::AGNT//NEUR33,	The Bilateral Net Amount should consider cash penalties that have not been amended for the relevant day (and that are not included in the report of amended cash penalties.) If for that specific day, other cash penalties have been calculated with the same counterparty CSD, currency and same counterparty the Bilateral Net should take them into account even if they are not mentioned in the report of amended cash penalties
D1a1	:16R:PENDET	
	:20C::PREF//FC20210311000456	
	:20C::PCOM//C20210311000456	
	:22H::PNTP//SEFP	
	:22H::CALM//SECU	
	:17B::CMPU//Y	
	:25D::PNST//ACTV	
	:24B::ACTV//UPDT	
	:19A::AMCO//NEUR45,5	
	:99A::DAAC//1	
D1a1A	:16R:CALDET	
	:98A::PEDA//20210311	
	:17B::MRED//N	
D1a1A1	:16R:FIA	
	:35B::ISIN XX0247770224	
	:12C::CLAS/REGL/SHRS	
	:17B::LIQU//N	
	:17B::SMEM//N	
	:92A::ILSH//0,005	
	:16S:FIA	
D1a1A	:19A::SECU//NEUR45,5	
	:16S:CALDET	

D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123456	
	:20C::ASRF//0000000000111111	
D1a1B1	:16R:TRAN	
	:22H::REDE//DELI	
	:22H::PAYM//APMT	
	:22F::SETR//TRAD	
	:98C::ASTS//20210305140448	
	:98C::MTCH//20210311094726	
	:98A::SETT//20210309	
	:98A::TRAD//20210305	
	:97A::SAFE//12345	
	:97A::CASH//12345	
	:95R::ACOW/XXXX/12345	
	:36B::PSTA//UNIT/1000,	
	:19A::PSTA//EUR900000,	
D1a1B1a	:16R:STAT	
	:25D::SETT//PENF	
D1a1B1a1	:16R:REAS	
	:24B::PENF//LACK	
	:16S:REAS	
D1a1B1a	:16S:STAT	
D1a1B1	:16S:TRAN	
D1a1B	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1	:16S:PENACUR	
D	:16S:PENA	

7.3 Scenario of a monthly penalty report

The below cash penalties have been calculated daily during the month of March and will be reported in the monthly report to client 12345 by CSD "A". The client has domestic activity and Cross-border activity

<p>1) Intra-CSD or domestic settlement cash penalties within “CSD A”</p> <ul style="list-style-type: none"> • Penalty 1: 12345 receives 12.32 EUR from 67890 • Penalty 2: 12345 pays 45.5 EUR to 67890 • Penalty 3: 12345 receives 25 EUR from 18765 <p>Global Net of -8.18 EUR (debit)</p> <p>2) Cross-border settlement where counterparty is located in “CSD B”</p> <ul style="list-style-type: none"> • Penalty 4: 12345 pays 8.19 to 90321 • Penalty 5: 12345 receives 10 EUR from 94567 <p>Global Net of 1.81 EUR (credit)</p> <p>3) Cross-border settlement where counterparty is located in “CSD C”</p> <ul style="list-style-type: none"> • Penalty 6: 12345 receives 6.94 EUR from “AAABBBCCXXX” • Penalty 7: 12345 pays 100 EUR to “AAABBBCCXXX” <p>Global Net of - 93.06 EUR (debit)</p> <p>4) Cross-border settlement where counterparty is located in “CSD D” (the account service access to CSD “D” through “CSD C”)</p> <ul style="list-style-type: none"> • Penalty 8: 12345 pays 30 to “DDDEEEFFXXX” <p>Global Net of – 30 EUR (debit)</p>
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Sequences	Fields	Comments
A	:16R:GENL	
	:28E:00001/ONLY	
	:13A::STAT//419	
	:20C::SEME//862711251	
	:23G:PENA	
	:98C::PREP//20210420084725	
	:98A::STAT//20210419	
	:22F::SFRE//MNTN	
	:22F::CODE//DELT	
	:22H::STST//PENA	
	:97A::SAFE//12345	
	:17B::ACTI//Y	
	:16S:GENL	
D	:16R:PENA	



	:69A::STAT//20210301/20210331	
	:22F::CODE//CURR	
	:95P::ASDP/"BIC of CSD A"	
D1	:16R::PENACUR	The monthly report should include the Global Net Amount which will be the amount that will be used for the collection and distribution of the cash penalties. There will be a Global Net Amount per counterparty CSD and per currency. In the scenario, where account servicer can access the same counterparty CSD through different links (Networks), there could be several amounts for the same counterparty CSD, in which case, the DCSD should be used (See more explanation below for the DCSD).
	:11A::PECU//EUR	
	:98A::PAYD//20210423	
	:97A::CASH//12345	
	:20C::CPRF//1234567	
	:95R::REPA/XXXX/12345	
	:95P::CASD/"BIC of CSD A"	
	:22F::TRCA//CSDP	
	:19A::GBNT//NEUR8,18	
D1a	:16R::PENACOUNT	
	:95R::REPA/XXXX/67890	
	:22F::TRCA//CSDP	
	:19A::AGNT//NEUR33,18	
D1a1	:16R::PENDET	
	:20C::PCOM//C20210311000001	
	:20C::PREF//NC20210311000001	
	:22H::PNTP//LMFP	
	:22H::CALM//MIXE	
	:17B::CMPU//Y	
	:19A::AMCO//EUR12,32	
	:99A::DAAC//2	
D1a1B	:16R::RELTRAN	
	:20C::ACOW//0000000000123457	
	:20C::ASRF//0000000000111112	
	:16S::RELTRAN	
D1a1	:16S::PENDET	
D1a1	:16R::PENDET	As illustrated in the point 6.3 of the market practice (information on the daily and monthly report), the monthly report does not go further than
	:20C::PCOM//C20210311000456	
	:20C::PREF//FC20210311000456	
	:22H::PNTP//SEFP	

	:22H::CALM//SECU	the subsequence D1a1(except the subsequence on transaction reference) and does not include the status of the penalty as the monthly should only include penalties that are “active”
	:17B::CMPU//Y	
	:19A::AMCO//NEUR45,5	
	:99A::DAAC//1	
D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123458	
	:20C::ASRF//0000000000111113	
	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1a	:16R:PENACOUNT	
	:95R::REPA/XXXX/18765	
	:22F::TRCA//CSDP	
	:19A::AGNT//EUR25,	
D1a1	:16R:PENDET	
	:20C::PCOM//C20210323004128	
	:20C::PREF//NC20210323004128	
	:22H::PNTF//SEFP	
	:22H::CALM//SECU	
	:17B::CMPU//Y	
	:19A::AMCO//EUR25,	
	:99A::DAAC//1	
D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123459	
	:20C::ASRF//0000000000111114	
	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1	:16S:PENACUR	
D1	:16R:PENACUR	
	:11A::PECU//EUR	
	:98A::PAYD//20210423	
	:97A::CASH//12345	
	:95R::REPA/XXXX/12345	
	:95P::CASD// “BIC of CSD B”	
	:22F::TRCA//CSDP	

	:19A::GBNT//EUR1,81	
D1a	:16R:PENACOUNT	
	:95R::REPA/XXXX/90321	
	:22F::TRCA//CSDP	
	:19A::AGNT//NEUR8,19	
D1a1	:16R:PENDET	
	:20C::PCOM//C20210310000184	
	:20C::PREF//FC20210310000184	
	:22H::PNTP//SEFP	
	:22H::CALM//SECU	
	:17B::CMPU//Y	
	:19A::AMCO//NEUR8,19	
D1a1B	:99A::DAAC//I	
	:16R:RELTRAN	
	:20C::ACOW//0000000000123460	
	:20C::ASRF//0000000000111115	
D1a1	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1a	:16R:PENACOUNT	
	:95R::REPA/XXXX/94567	
	:22F::TRCA//CSDP	
	:19A::AGNT//EUR10,	
D1a1	:16R:PENDET	
	:20C::PCOM//E20210316084612	
	:20C::PREF//NE20210316084612	
	:22H::PNTP//SEFP	
	:22H::CALM//SECU	
	:17B::CMPU//Y	
	:19A::AMCO//EUR10,	
:99A::DAAC//I		
D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123460	
	:20C::ASRF//0000000000111115	
	:16S:RELTRAN	
D1a1	:16S:PENDET	

D1a	:16S:PENACOUNT	
D1	:16S:PENACUR	
D1	:16R:PENACUR	
	:11A::PECU//EUR	
	:98A::PAYD//20210423	
	:97A::CASH//12345	
	:95R::REPA/XXXX/12345	
	:95P::CASD//“BIC of CSD C”	
	:95P::DCSD//“BIC of CSD C”	
	:22F::TRCA//CSDP	
	:19A::GBNT//NEUR93.06	
	D1a	:16R:PENACOUNT
:95P::REPA//AAABBBCCXXX		
:22F::TRCA//CSDP		
:19A::AGNT//NEUR93.06		
D1a1	:16R:PENDET	
	:20C::PCOM//202103110087543	
	:20C::PREF//N202103110087543	
	:22H::PNTN//LMFP	
	:22H::CALM//MIXE	
	:17B::CMPT//Y	
	:19A::AMCO//EUR6,94	
	:99A::DAAC//1	
D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123461	
	:20C::ASRF//0000000000111116	
	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a1	:16R:PENDET	
	:20C::PCOM//202103110009876	
	:20C::PREF//F202103110009876	
	:22H::PNTN//SEFP	
	:22H::CALM//SECU	
	:17B::CMPT//Y	
	:19A::AMCO//NEUR100,00	
	:99A::DAAC//1	

D1a1B	:16R:RELTRAN	
	:20C::ACOW//0000000000123462	
	:20C::ASRF//0000000000111117	
	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1	:16S:PENACUR	
D1	:16R:PENACUR	
	:11A::PECU//EUR	
	:98A::PAYD//20210423	
	:97A::CASH//12345	
	:95R::REPA/XXXX/12345	
	:95P::CASD/"BIC of CSD D"	The DCSD is optional and is only relevant to differentiate counterparty CSD accessed through different Network by the account service. This should only be used in case, through this account servicer, you can access the same counterparty CSD (CASD) through different Networks. In which case, you could have several Global Net to be paid for the same CASD but with different DCSDs.
	:95P::DCSD/"BIC of CSD C"	
	:22F::TRCA//CSDP	
	:19A::GBNT//NEUR30,	
D1a	:16R:PENACOUNT	
	:95P::REPA/DDDEEFFXXX	
	:22F::TRCA//CSDP	
	:19A::AGNT//NEUR30,	
D1a1	:16R:PENDET	
	:20C::PCOM//202103180876543	
	:20C::PREF//F202103180876543	
	:22H::PNT//SEFP	
	:22H::CALM//MIXE	
	:17B::CMPU//Y	
	:19A::AMCO//NEUR30,	
	:99A::DAAC//1	
D1a1B	:16R:RELTRAN	



	:20C::ACOW//0000000000123463	
	:20C::ASRF//0000000000111118	
	:16S:RELTRAN	
D1a1	:16S:PENDET	
D1a	:16S:PENACOUNT	
D1	:16S:PENACUR	
D	:16S:PENA	