



Cash-Securities Split Settlement Market Practice

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I. Scope and definitions:

The scope of this document is to describe the market practice for instructing and confirming the settlement of transaction for which the securities and cash will not settle at the same location.

II. Actors and Roles:

The main roles involved in this process:

1. Securities-cash instruction instructing party
The party instructing the cash-securities split transaction.
2. Securities-cash instruction executing party
The party executing the split instruction, ie, instructing the securities part and instructing the cash leg.
3. Securities leg executing party
The party executing the securities transaction.
The same party could play the role of the Securities-cash instruction executing party.
4. Cash leg executing party
The party executing the cash instruction.

There may be additional intermediaries in between these roles (eg, a correspondent bank, a global custodian). We will limit the market practice to the main roles and actors.

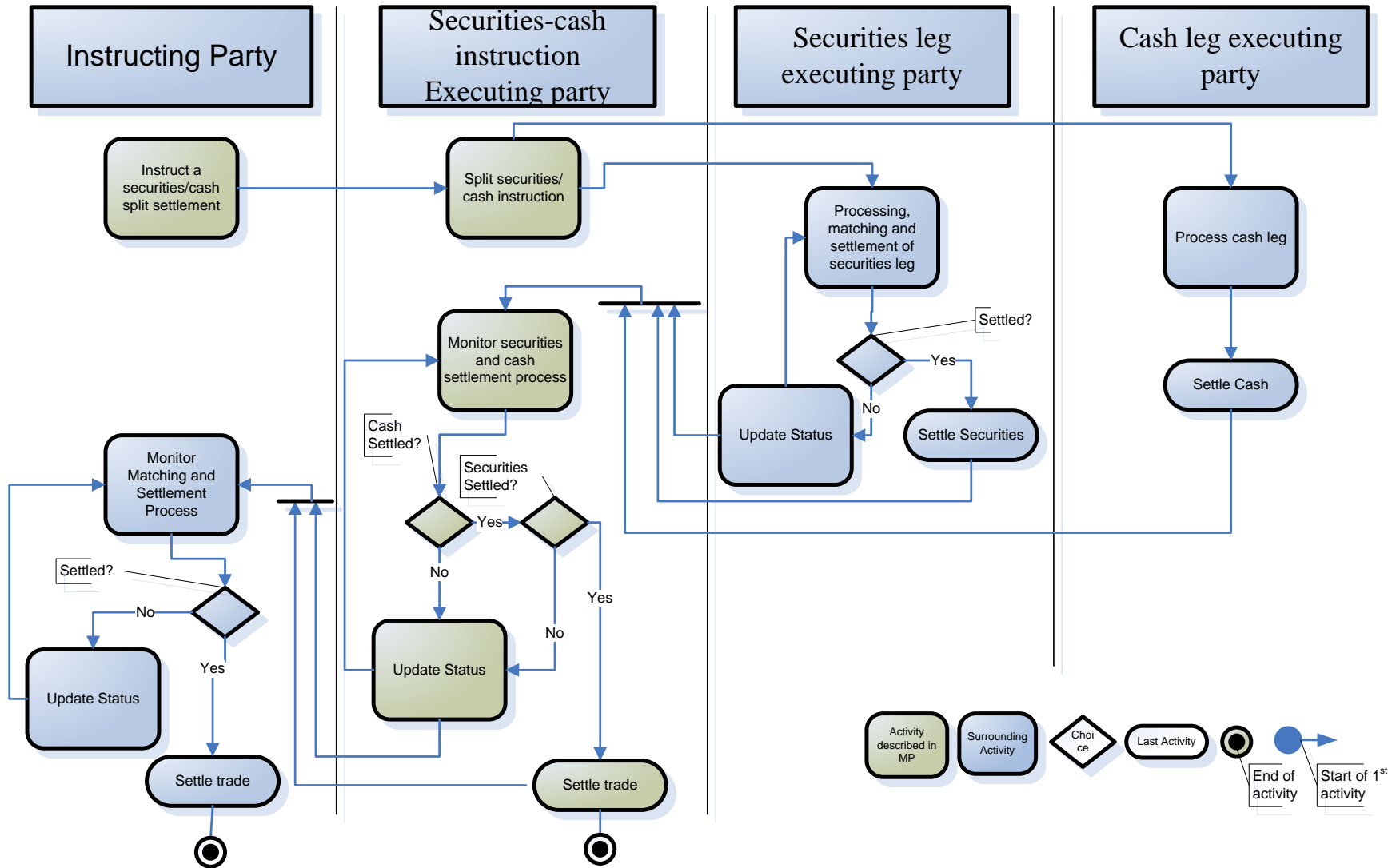
The actors that would typically play those roles are:

Securities-cash instruction instructing party	Securities-cash splitting party	Securities leg executing party	Cash leg executing party
Investment Manager	Custodian	Central Securities Depository	Correspondent Bank
Custodian	Central Securities Depository	Central Securities Depository	Correspondent Bank
		Physical	Central Securities Depository

Note: a CSD sometimes play two roles at the same time.

III. Activity Diagram:

There may be intermediaries between the split executing party and the sec or cash executing party.





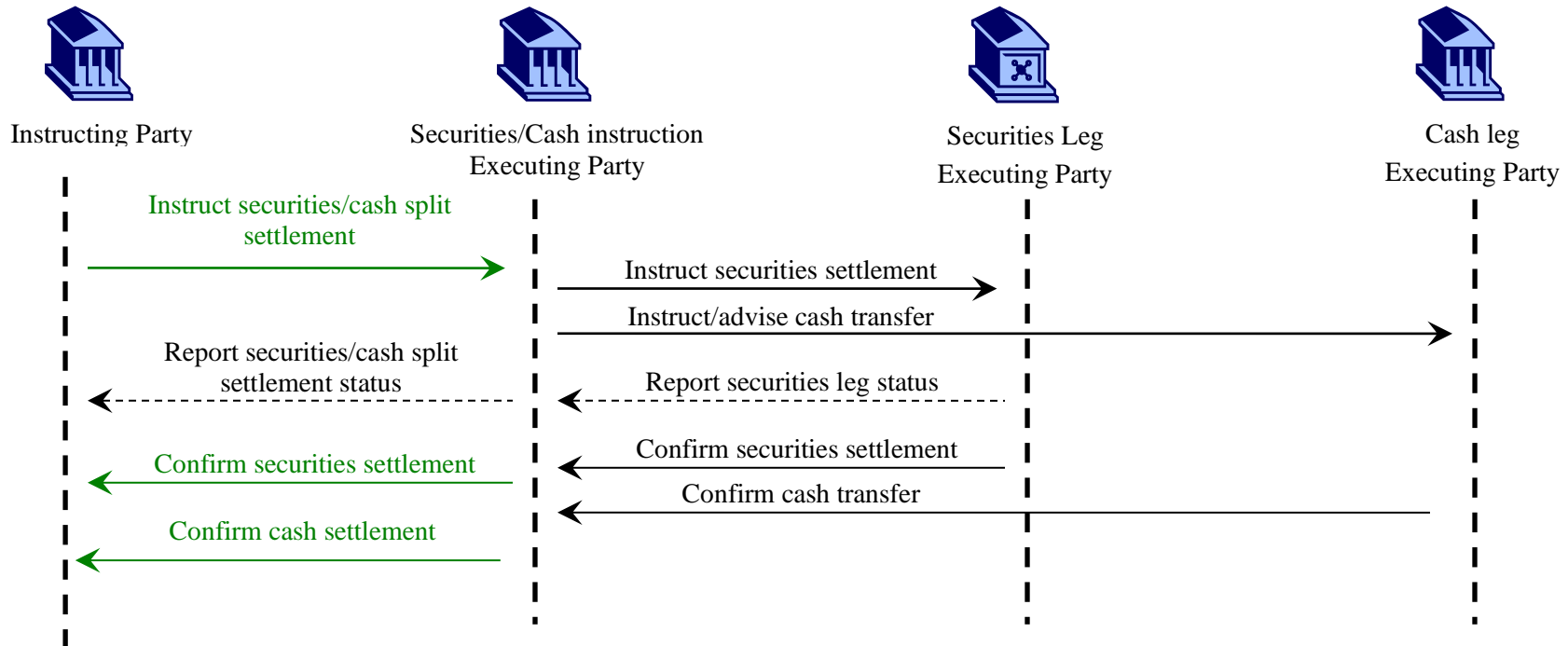
Descriptions of the activities			
Instructing party	Securities-cash instruction executing party	Securities leg executing party	Cash leg executing party
<u>Instruct a securities/cash split settlement:</u> Instruction of a trade for which the cash and the securities should settle in different location	<u>Split securities/cash instruction:</u> Following identification a cash/securities split is needed, create a securities only instruction and a cash only instruction	<u>Processing, matching and settlement of the securities leg.</u> The aim of the practice is to describe the cash/securities split process. This activity is therefore summarised in one box.	<u>Process cash leg:</u> The aim of the practice is to describe the cash/securities split process. This activity is therefore summarised in one box.
<u>Monitor matching and settlement process.</u> The aim of the practice is to describe the cash/securities split process. This activity is therefore summarised in one box.	<u>Monitor securities and cash settlement process.</u> Monitoring of the settlement process of both cash and securities leg.	<u>Settled NO/YES:</u> If NO, go to update status activity. If YES, go to settle securities activity.	<u>Settle cash:</u> settlement of the cash leg at the bank and reporting to the account owner.
<u>Settled NO/YES:</u> If NO, go to update status activity. If YES, go to settle trade activity.	<u>Cash settled NO/YES:</u> If NO, go to update status activity. If YES, go to securities settled choice.	<u>Update status:</u> Update status (and inform about it).	
<u>Update status:</u> Update status.	<u>Securities settled NO/YES:</u> If NO, go to update status activity. If YES, go to settle trade activity.	<u>Settle securities:</u> Settle the instruction in the custody system.	
<u>Settle instruction:</u> Settle the instruction in the custody system.	<u>Update status:</u> Update status (and inform about it).		
	<u>Settle instruction:</u> Settle the instruction in the custody system.		

IV. 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.



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

V. Business data requirements:

For the above-described different communication needs, the following business data are required. Focus is on the processes described in the MP:

1. Instruct securities/cash split settlement:

Data	Additional information
10 common elements for securities settlement.	See corresponding MP
Country specifics as per local market practice (if any).	See corresponding MP
Indication that cash and securities should be settled in different location.	
Cash settlement details.	ISO 9362 Bank Identifier Codes [BIC]. Account information as per local or regional standards (eg, IBAN)

2. Confirm securities/cash split settlement:

a. *Confirm cash settlement:*

Data	Additional information
10 common elements	See cash standards
Country specifics as per local market practice (if any)	See cash standards
Reference to the instruction	
Cash settlement details	

b. *Confirm securities settlement:*

Data	Additional information
10 common elements	See corresponding MP
Country specifics as per local market practice (if any)	See corresponding MP
Indication that cash and securities were settled in different location.	
Reference to the instruction	

VI. Market Practice Rules:

Securities/cash split settlement instruction should be instructed as against payment instructions (ISO 15022: MT 543 or MT 541).

The instruction should clearly indicate that cash and securities will settle in different location.

The providing of the cash settlement parties chain is mandatory unless standing instruction applies.

Note: CSD may be the cash leg executing party and not settled the securities (eg, residual in GB)

VII. ISO 15022 illustrations:

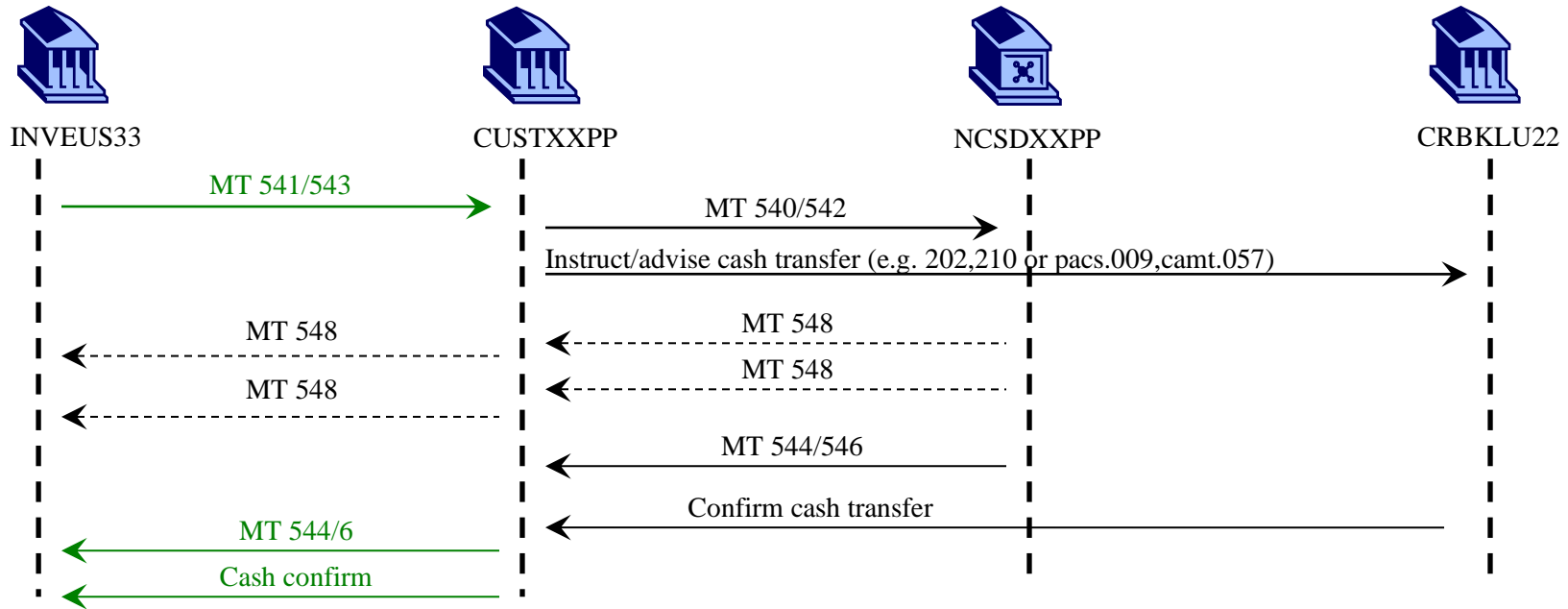
1. Instruct securities/cash split settlement:

Data	ISO 15022 MT 541, 543
10 common elements for securities settlement.	See corresponding MP
Country specifics as per local market practice (if any).	See corresponding MP
Indication that cash and securities should be settled in different location.	:22F::STCO//SPST
Cash settlement details.	:16R:CSHPRTY :95P::PAYE//XXXXXXXXXX :16S:CSHPRTY :16R:CSHPRTY :95P::ACCW//XXXXXXXXXX :16S:CSHPRTY :16R:CSHPRTY :95P::BENM//XXXXXXXXXX :97A::CASH//123456789 :16R:CSHPRTY

2. Confirm securities/cash split settlement:

Data	ISO 15022 MT 544, 546
10 common elements	See corresponding MP
Country specifics as per local market practice (if any)	See corresponding MP
Indication that cash and securities were settled in different location.	:22F::STCO//SPST

A. Scenario 1, all roles played by different actors:



A US Investment Manager instructs its custodian to settle a free of payment receipt of 5000 securities at the local CSD and to pay the deal amount in EUR to a LU bank for further credit to account 123456 belonging to the seller of the shares. The LU bank happens to be the correspondent bank of the custodian in that market.

3. Instruction of the securities/cash split settlement

INVEUS33 sends the split cash/securities settlement instruction to CUSTXXPP.

INVEUS33 MT 541 to CUSTXXPP	
:16R:GENL	
:20C::SEME//123456789	Message reference
:23G:NEWM	
:98A::PREP//20040305	Preparation date
:16S:GENL	
:16R:TRADDET	
:98A::TRAD//20040305	Trade date
:98A::SETT//20040308	Settlement date
:35B:ISIN XX0000294034	
:16S:TRADDET	
:16R:FIAC	
:36B::SETT//UNIT/5000,	Quantity
:97A::SAFE//111111111	Safekeeping account
:16S:FIAC	
:16R:SETDET	
:22F::SETR//TRAD	Settlement transaction type
:22F::STCO//SPST	Indication settlement of cash and securities should take place in different location
:16R:SETPRTY	
:95P::BUYR//SELLGB22	Client of the receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//SUBCXX34	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//NCSDXX21	Place of settlement
:16S:SETPRTY	
:16R:CSHPRTY	
:95P::ACCW//CRBKLU22	Account with institution: the bank to which the payment need to be made in favour of the beneficial owner identified later.
:16S:CSHPRTY	
:16R:CSHPRTY	
:95P::BENM//SELLGB22	Party to be credited with the payment
:97A::CASH//123456	Account to be credited
:16S:CSHPRTY	
:16R:AMT	
:19A::SETT//EUR100000,	Settlement amount
:16S:AMT	
:16S:SETDET	

4. Instruct securities settlement

CUSTXXPP sends the securities settlement instruction to NCSDXXPP.

CUSTXXPP MT 540 to NCSDXXPP	
:16R:GENL	

:20C::SEME//987654321-1	Message reference
:23G:NEWM	
:98A::PREP//20040305	Preparation date
:16S:GENL	
:16R:TRADDET	
:98A::TRAD//20040305	Trade date
:98A::SETT//20040308	Settlement date
:35B:ISIN XX0000294034	
:16S:TRADDET	
:16R:FIAC	
:36B::SETT//UNIT/5000,	Quantity
:97A::SAFE//987654	Safekeeping account
:16S:FIAC	
:16R:SETDET	
:22F::SETR/TRAD	Settlement transaction type
:16R:SETPRTY	
:95P::BUYR//SELLGB22	Client of the receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//SUBCXX34	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//NCSDXX21	Place of settlement
:16S:SETPRTY	
:16S:SETDET	

5. Instruct cash transfer

CUSTXXPP sends a cash transfer instruction to CRBKLU22 in MT202 or pacs.009 format.

CUSTXXPP Payment message to CRBKLU22, eg, MT 202
:20:987654321-2
:21:123456789
:32A:040308EUR100000,
:52A:INVEUS33
:53B:/LU0987654321
:58A:/LU0123456000 SELLGB22
:72:/BNF/PURCHASE XX0000294034

pacs.009 –

```
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```

6. MT 548 status.

(1) From CSD to custodian.

NCSDXXPP reports back a matching status on the receive free instruction.

NCSDXX21 MT 548 to CUSTXXPP
:16R:GENL
:20C::SEME//SETSTATUS1
:23G:INST
:98A::PREP//20040305
:16R:LINK
:20C::RELA/987654321-1
:16S:LINK
:16R:STAT
:25D::4!c//4!c

:16R:REAS
:24B::4!c//4!c
:16S:REAS
:16S:STAT
:16S:GENL
:16R:SETTRAN
:35B:ISIN XX0000294034
:36B::SETT//UNIT/5000,
:97A::SAFE//987654
:22F::SETR//TRAD
:22H::REDE//RECE
:22H::PAYM//FREE
:98A::TRAD//20040305
:98A::SETT//20040308
:16S:SETTRAN

(2) From custodian to investment manager.

CUSTXXPP reports back the status on the cash/securities split settlement receive instruction.

CUSTXX21 MT 548 to INVEUS33	
:16R:GENL	
:20C::SEME//STATUSA	
:23G:INST	
:98A::PREP//20040305	
:16R:LINK	
:20C::RELA//123456789	
:16S:LINK	
:16R:STAT	
:25D::4!c//4!c	
:16R:REAS	
:24B::4!c//xxxx	
:16S:REAS	
:16S:STAT	
:16S:GENL	
:16R:SETTRAN	
:35B:ISIN XX0000294034	
:36B::SETT//UNIT/5000,	
:19A::SETT//EUR100000,	
:97A::SAFE//987654	
:22F::SETR//TRAD	
:22F::STCO//SPST	
:22H::REDE//RECE	
:22H::PAYM//APMT	
:98A::TRAD//20040305	
:98A::SETT//20040308	
:16S:SETTRAN	

Specific status and codes for the process described in this MP:

:25D::SETT//PEND-F
 :24B::PEND-F//AWMO
 :24B::PEND-F//AWSH

Awaiting money, securities settled
 Awaiting securities, money settled

7. Confirm securities settlement

NCSDXXPP sends a securities settlement confirmation to CUSTXXPP.

NCSDXXPP MT 544 to CUSTXXPP	
:16R:GENL	
:20C::SEME//ABCDE	

Message reference

:23G:NEWM	
:98A::PREP//20040308	Preparation date
:16R:LINK	
:20C::RELA//987654321-1	
:16S:LINK	
:16S:GENL	
:16R:TRADEDET	
:98A::TRAD//20040305	Trade date
:98A::ESET//20040308	Settlement date
:35B:ISIN XX0000294034	
:16S:TRADEDET	
:16R:FIAC	
:36B::ESTT//UNIT/5000,	Quantity
:97A::SAFE//987654	Safekeeping account
:16S:FIAC	
:16R:SETDET	
:22F::SETR/TRAD	Settlement transaction type
:16R:SETPRTY	
:95P::BUYR//SELLGB22	Client of the receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//SUBCXX34	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//NCSDXX21	Place of settlement
:16S:SETPRTY	
:16S:SETDET	

8. Confirm cash transfer

CRBKLU22 sends a debit confirmation to CUSTXXPP in MT900 or camt.054 format.

CRBKLU22 debit confirmation to CUSTXXPP, eg, MT 900	
:20:ABCDEF	
:21:987654321-2	
:25:LU0987654321	
:32A:040308EUR100000,	
:52A:INVEUS33	
:72://PURCHASE XX0000294034	

camt.054 –

```
<Envelope xmlns="urn:swift:xsd:envelope" xmlns:xsi="http://www.w3.org/2001/XMLSchema-instance">
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        </FinInstnId>
      </FIId>
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          </Othr>
        </Id>
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      </Acct>
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    </BkTxCd>

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</Envelope>

9. Confirm securities/cash split settlement

b. Confirm securities

CUSTXXPP MT 544 to INVEUS33	
:16R:GENL	
:20C::SEME//987654321-3	Message reference
:23G:NEWM	
:98A::PREP//20040308	Preparation date
:16R:LINK	
:20C::RELA//123456789	
:16S:LINK	
:16S:GENL	
:16R:TRADDET	
:98A::TRAD//20040305	Trade date
:98A::ESET//20040308	Settlement date
:35B:ISIN XX0000294034	
:16S:TRADDET	
:16R:FIAC	
:36B::ESTT//UNIT/5000,	Quantity
:97A::SAFE//111111111	Safekeeping account
:16S:FIAC	
:16R:SETDET	
:22F::SETR//TRAD	Settlement transaction type
:22F::STCO//SPST	Indication settlement of cash and securities took place in different location
:16R:SETPRTY	
:95P::BUYR//SELLGB22	Client of the receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//SUBCXX34	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//NCSDXX21	Place of settlement
:16S:SETPRTY	
:16S:SETDET	

c. Confirm cash:

CUSTXXPP debit confirmation to INVEUS33, eg, MT 900	
:20:987654321-4	
:21:123456789	
:25:LU0987654321	
:32A:040308EUR100000,	
:52A:INVEUS33	
:72://PURCHASE XX0000294034	

camt.054-

```
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  <AppHdr xmlns="urn:iso:std:iso:20022:tech:xsd:head.001.001.02">
    <Fr>
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        </Sts>
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        </BookgDt>
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  </BkToCstmrDbtCdtNtfctn>
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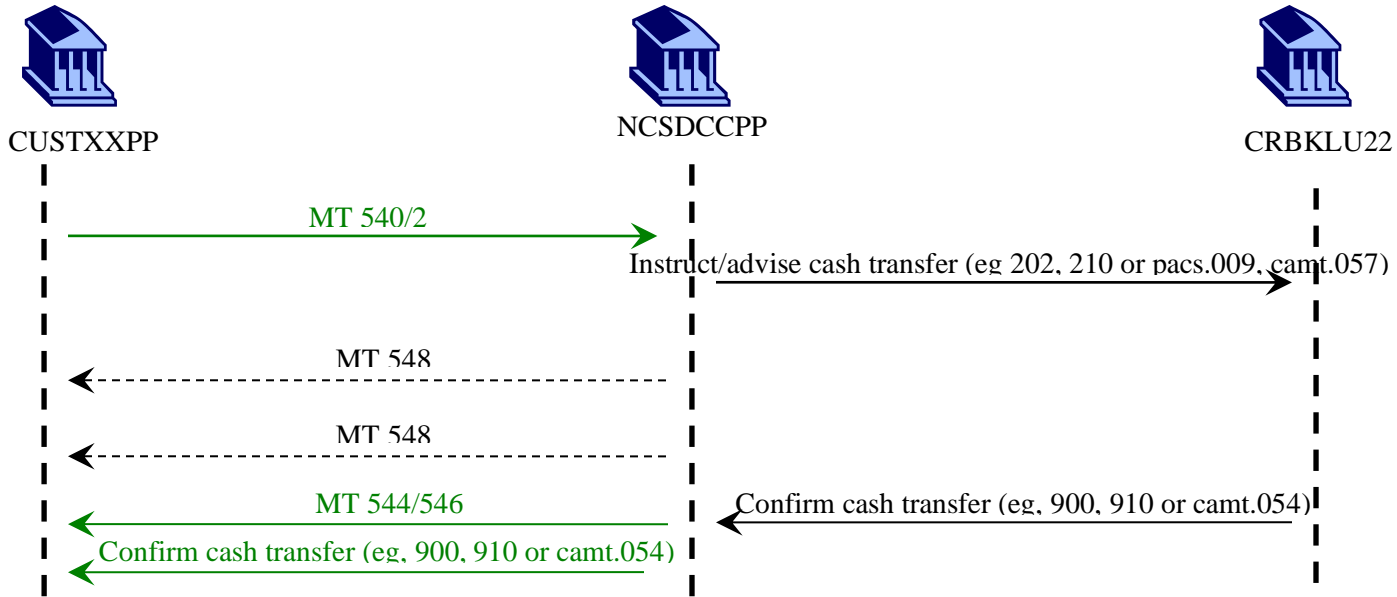
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              </Fmly>
          </Domn>
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    </Refs>
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    <CdtDbtInd>DBIT</CdtDbtInd>
    <RltdPties>
      <Dbtr>
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          </FinInstnId>
        </Agt>
      </Dbtr>
    </RltdPties>
    <RltdDts>
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    </RltdDts>
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  </TxDtls>
</NtryDtls>

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</Ntry>
</Ntfctn>
</BkToCstmrDbtCdtNtfctn>
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</Envelope>

B. Scenario 2, CSD plays two roles:



A CSD participant settle a free of payment receipt of 5000 securities at the local CSD and request the payment of the deal amount to be made to a LU bank for further credit to account 123456 belonging to the seller of the shares. The LU bank happens to be the correspondent bank of the CSD in that market.

1. Instruction of the securities/cash split settlement

CUSTXXPP sends the split cash/securities settlement instruction to NCSDXXPP.

CUSTXXPP MT 541 to NCSDXXPP	
:16R:GENL	
:20C::SEME//987654321	Message reference
:23G:NEWM	
:98A::PREP//20040305	Preparation date
:16S:GENL	
:16R:TRADDET	
:98A::TRAD//20040305	Trade date
:98A::SETT//20040308	Settlement date
:35B:ISIN XX0000294034	
:16S:TRADDET	
:16R:FIAC	
:36B::SETT//UNIT/5000,	Quantity
:97A::SAFE//987651	Safekeeping account
:16S:FIAC	
:16R:SETDET	
:22F::SETR//TRAD	Settlement transaction type
:22F::STCO//SPST	Indication settlement of cash and securities should take place in different location
:16R:SETPRTY	
:95P::BUYR//SELLGB22	Client of the receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//SUBCXX34	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//NCSDXX21	Place of settlement
:16S:SETPRTY	
:16R:CSPRTY	
:95P::ACCW//CRBKLU22	Account with institution: the bank to which the payment need to be made in favour of the beneficial owner identified later.
:16S:CSPRTY	
:16R:CSPRTY	
:95P::BENM//SELLGB22	Party to be credited with the payment
:97A::CASH//123456	Account to be credited
:16S:CSPRTY	
:16R:AMT	
:19A::SETT//EUR100000,	Settlement amount
:16S:AMT	
:16S:SETDET	

2. Instruct cash transfer

NCSDXXPP sends a cash transfer instruction to CRBKLU22 in MT202 or pacs.009 format.

NCSDXXPP Payment message to CRBKLU22, eg, MT 202
:20:654654-1

:21:123456789
:32A:040308EUR100000,
:52A:CUSTXXPP
:53B:/LU6549870000
:58A:/LU0123456000 SELLGB22
:72:/BNF/PURCHASE XX0000294034

pacs.009 –

```

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      </FIId>
    </Fr>
    <To>
      <FIId>
        <FinInstnId>
          <BICFI>CRBKLU22</BICFI>
        </FinInstnId>
      </FIId>
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    <MsgDefId>pacs.009.001.08</MsgDefId>
    <BizSvc>swift.cbprplus.02</BizSvc>
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  </AppHdr>
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              <Othr>
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              </Othr>
            </Id>
          </StlmAcct>
        </StlmInf>
      </GrpHdr>
    </FICdtTrf>
  </Document>

```

```

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  </SttlmAcct>
</SttlmInf>
</GrpHdr>
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    <EndToEndId>123456789</EndToEndId>
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  </PmtId>
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  </CdtrAcct>
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  </RmtInf>
</CdtTrfTxInf>

```

</FICdtTrf>
 </Document>
 </Envelope>

3. MT 548 status.

(1) From CSD to custodian.

NCSDXXPP reports back a matching status on the instruction.

NCSDXXPP MT 548 to CUSTXXPP	
:16R:GENL	
:20C::SEME//654654-2	
:23G:INST	
:98A::PREP//20040305	
:16R:LINK	
:20C::RELA//987654321	
:16S:LINK	
:16R:STAT	
:25D::4!c//4!c	
:16R:REAS	
:24B::4!c//xxxx	
:16S:REAS	
:16S:STAT	
:16S:GENL	
:16R:SETTRAN	
:35B:ISIN XX0000294034	
:36B::SETT//UNIT/5000,	
:19A::SETT//EUR100000,	
:97A::SAFE//123456	
:22F::SETR//TRAD	
:22F::STCO//SPST	
:22H::REDE//RECE	
:22H::PAYM//FREE	
:98A::TRAD//20040305	
:98A::SETT//20040308	
:16S:SETTRAN	

Specific status and codes for the process described in this MP:

:25D::SETT//PEND-F
 :24B::PEND-F//AWMO
 :24B::PEND-F//AWSH

Awaiting money, securities settled
 Awaiting securities, money settled

4. Confirm cash transfer

CRBKLU22 sends a debit confirmation to NCSDXXPP in MT900 or camt.054 format.

CRBKLU22 debit confirmation to NCSDXXPP, eg, MT 900	
:20:ABCDEF	
:21:654654-1	
:25:LU6549870000	
:32A:040308EUR100000,	
:52A:CUSTXXPP	
:72://PURCHASE XX0000294034	

camt.054 -

```

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      </FIId>
    </Fr>
    <To>
      <FIId>
        <FinInstnId>
          <BICFI>NCSDXXPP</BICFI>
        </FinInstnId>
      </FIId>
    </To>
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    <MsgDefIdr>camt.054.001.08</MsgDefIdr>
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  </AppHdr>
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      </GrpHdr>
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        <Acct>
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            <Othr>
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            </Othr>
          </Id>
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        </Acct>
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      </Fmly>

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    </Refs>
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    <RltdPties>
      <Dbtr>
        <Agt>
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          </FinInstnId>
        </Agt>
      </Dbtr>
    </RltdPties>
  </TxDtls>
  <RltdDts>

```

```

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</Envelope>
    
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5. Confirm securities/cash split settlement

NCSDXXPP sends the split cash/securities settlement confirmation to CUSTXXPP.

a. Confirm securities

NCSDXXPP MT 544 to CUSTXXPP	
:16R:GENL	
:20C::SEME//987654321-3	Message reference
:23G:NEWM	
:98A::PREP//20040308	Preparation date
:16R:LINK	
:20C::RELA//987654321	
:16S:LINK	
:16S:GENL	
:16R:TRADDET	
:98A::TRAD//20040305	Trade date
:98A::ESET//20040308	Settlement date
:35B:ISIN XX0000294034	
:16S:TRADDET	
:16R:FIAC	
:36B::ESTT//UNIT/5000,	Quantity
:97A::SAFE//123456	Safekeeping account
:16S:FIAC	
:16R:SETDET	
:22F::SETR/TRAD	Settlement transaction type
:22F::STCO//SPST	Indication settlement of cash and securities took place in different location
:16R:SETPRTY	
:95P::BUYR//SELLGB22	Client of the receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::REAG//SUBCXX34	Receiving agent
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//NCSDXX21	Place of settlement
:16S:SETPRTY	
:16S:SETDET	

b. Confirm cash:

NCSDXXPP debit confirmation to

CUSTXXPP, eg, MT 900
:20:987654321-4
:21:987654321
:25:LU0987654321
:32A:040308EUR100000,
:52A:INVEUS33
:72://PURCHASE XX0000294034

camt.054 -

```

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    </Fr>
    <To>
      <FIId>
        <FinInstnId>
          <BICFI>CUSTXXPP</BICFI>
        </FinInstnId>
      </FIId>
    </To>
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      </GrpHdr>
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        <Acct>
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          </Id>
        </Acct>
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  </Document>

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  </Sts>
  <BookgDt>
    <DtTm>2004-03-08T00:00:00+00:00</DtTm>
  </BookgDt>
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        </Fmly>
      </Domn>
    </BkTxCd>
  <NtryDtls>
    <TxDtls>
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      </Refs>
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      <RltdPties>
        <Dbtr>

```



```
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  </FinInstnId>
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</Dbtr>
</RltdPties>
<RltdDts>
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</RltdDts>
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</TxDtls>
</NtryDtls>
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</Ntfctn>
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