Third Party Foreign Exchange

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The Securities Market Practice Group is a group of experts that represents local markets or market infrastructures and who devote their time on a voluntary basis to define global and local market practices for the benefit of the securities industry. The time spent is sponsored by the market players. The market practice documentation and recommendations produced by this organization are intended to solve common problems across the securities industry, from which financial institutions can derive clear benefits, to harmonize business processes and to facilitate the usage of message protocols ISO 15022 and ISO 20022. While the Securities Market Practice Group encourages the implementation of the market practices it develops it is up to the financial institutions within each market to implement the market practices according to their needs and agreements with their business counterparts to support their businesses as efficiently as possible. For more information on the MP release cycle please refer to the SMPG by-laws document section 4 on www.smpg.info.

Changes to previous versions			
Version 0.1	Initial	-Consolidation of ISITC Spot FX MP, ISITC Forward FX MP, SWIFT MT304 MUG documents	J. Brasile
Version 0.1-0.9	Draft	-ISITC feedback from review of draft MP	J. Brasile/J. Feeley
Version 1.0-1.2	Draft	-Feedback from SMPG and ISITC Content Cmte	J Brasile
Version 1.3	Draft	-Incorporation of BRL and THB market specific requirements in section IV. Market Practice Rules	J. Brasile
Version 1.4	Final	-Update to CHIPS Spot FX sample on page 19 to correct copy/paste error within field 57J. Changed from /USFW/ to /USCH/ -Update to Russian VO codes 010 for purchase and 020 for sale of RUB	J. Brasile
Version 1.5	Update	-Clean up of strike-through field recommendation -Clarification of usage of field 72: codeword with slash "/" before and after the codeword within field recommendations.	J. Brasile
Version 1.6	Update	Update to Section IV. Market Practices to include requirement for Malaysian currency sold purpose and indication of change of beneficiary	J. Brasile
Version 1.7	Update	Incorporate SR2019 SWIFT changes to numerous samples throughout the document specific to Party A and J options, CLRC and NOSI.	S. Shifres

Version 1.8	Update	SR2019 clarifications around 22A Copy codeword usage and party fields J formats usage of multiple codewords within same field separated into separate lines.	J. Brasile
Version 1.9	Update	Updated document to reflect ISO 20022 CBPR+ migration November 2022 – November 2025	D. Chard
Version 2.0	Update	Added EMIR Regulatory Reporting in section IV	S. Shifres

I. Scope and definitions:

This document provides guidelines and contains the template for all third party foreign exchange orders and confirmations via the proprietary SWIFT format messages. The document will address message formats for the following methods:

- MT304 Spot FX advice/instruction and cancellation
- MT304 Forward FX advice/instruction and cancellation
- MT202/210 or pacs.009/camt.057 Corresponding Cash Movements
- MT900/910 or camt.054 Cash Settlement Confirmations

The illustrative examples provided are shown from the perspective of a client/investment manager (IM) notifying it's custodian of a third party FX execution and instructing the custodian to move the appropriate cash related to the third party foreign exchange executed. The examples go further to illustrate the custodian acting on the cash instruction advice to their and the custodian confirming/reporting that the cash movements associated with the third party foreign exchange have settled.

Investment Managers communicate third party currency settlement contracts to Custodian Banks either as "spot" or "forward" foreign exchange of currencies.

A **spot foreign exchange** indicates that the foreign exchange is a physical settlement in which both the buy and sell currencies will move on the settlement (value) day. These transactions are generally executed to cover securities purchases, repatriation of sale proceeds into the base currency of an account, and to cover a short cash position in another currency. Spot transactions may also be executed as an investment opportunity in currencies other than the base currency of an account. They are also executed to close forward positions. There is no clear case in the MT304 usage guidelines for netting a spot trade.

SMPG conforms to the SWIFT User Handbook recommendation of the account fields within the fields 56, 57, and 58 as stated below:
SWIFT UHB Usage Rule: "When an MT 202 is sent by the receiver of the MT 304 to settle the contract, the party identification fields 56a, 57a and 58a of subsequence B2 of the MT 304 directly map onto the same fields in the MT 202. The account number indicated in the party identification fields 56a and 57a of the MT 304 is owned by the party indicated in the same field."
Further clarification is illustrated in SWIFT Message Illustrations within this document.

The equivalent elements on the pacs.009 are as follows:
Field 56a = Intermediary Agent 1
Field 57a = Creditor Agent
Field 58a = Creditor

The specification for the CBPR+ pacs.009 can be found at the below URL, a SWIFT.com account will be required to access.
https://www2.swift.com/mystandards/#/group/Cross_Border_Payments_and_Reporting_Plus__CBPR__!usage_guidelines

The specification for the ISO20022 base pacs.009 can be found at the below URL.
https://www.iso20022.org/iso-20022-message-definitions?business-domain=1

It should be noted that the majority of cross border payments and reporting messages will use the CBPR+ adoption of ISO 20022 (usage guidelines), therefore it is recommended to consult this specification.

A **forward contract** or Hedge indicates that the foreign exchange is a forward/hedge executed for a future date at a set price. The contract is opened and closed for the same value date resulting in a gain or loss. The result can be settled by netting the local base or both currencies, or by settling the gross/principal amounts. The investment is made with the intention of minimizing the impact of adverse movements in interest rates and securities prices. Investors may also use these structures to take a position on an expected movement in foreign exchange or interest rates. The settlement date of these transactions ranges from 3 days to several months. Forward positions can be closed at any time during the life of the open contract, with realized gains and/or losses being settled on the contractual value date.

The total amount of currency purchased or sold can be delivered on value date. Typically, an offsetting contract is agreed upon prior to value date, and the net difference between the contracts is exchanged. The offsetting transaction can be one contract for the full amount, or multiple (partial close) contracts that add up to the full amount. The currency exchange does not take place when the contract is bought or sold. Rather, the exchange occurs later – on value date.

A. IMs and currency brokers open forwards between one foreign currency and the base currency of the account.
B. The base currency is the currency in which the account does its reporting and in which it pays the loss or receives the gain on the forward contract.
C. The initial sell (or buy) is the forward open, and each subsequent buy (or sell) back is considered a partial close.
D. As the currency is bought or sold back at the partial close, the exchange rate between the base currency and the foreign currencies on that date is compared to the exchange rate at the open date of the contract. By comparing these exchange rates, a partial gain or loss is calculated.
E. The final close occurs when all the foreign currency is bought (or sold) back and the net gain or loss is realized and paid in the base currency of the account.
F. Gains and losses from all partials are netted together and a net gain or loss is realized and paid on value date.
G. The net gain or loss is paid in the base currency of the account.

For information on FX Order/Confirmation messaging, please refer to the SMPG FX Order and Confirmation Market Practice.

II. Actors and Roles:

A. Third party FX Advice and related cash movement instruction

There are two distinct roles involved in a Third Party Foreign Exchange advice:

- Sender – A sender sends the message containing the data
- Recipient – The recipient receives the message containing the data from the provider.

There are multiple actors involved in the process. Each actor may at any time play more than one of the roles outlined below.

Sending Party – Account Owner	Receiving Party – Account Servicer
Investment Manager	Custodian Bank
Interested Party/Vendor	Sub-Custodian Bank
Middle Office Provider	Fund Accountant
Hedge Fund	Prime Broker

B. Third party FX related cash movement confirmations and reporting

There are two distinct roles involved in third party FX related cash movements confirmations and reporting:

- Sender – A sender sends the message containing the relevant resulting cash movement settlement confirmations as well as end of day cash movement reporting.
- Recipient – The recipient receives the message containing the data from the provider.

There are multiple actors involved in the process. Each actor may at any time play more than one of the roles outlined below.

Sending Party – Account Servicer	Receiving Party – Account Owner
Sub-Custodian/Cash Correspondent	Custodian Bank/Global Custodian
Custodian Bank	Investment Manager
Fund Accountant	Portfolio Manager
	Middle Office Provider
	Interested Party/Vendor
Prime Broker	Hedge Fund

III. <u>Activity Diagram:</u>

Third Party Foreign Exchange

Third Party Foreign Exchange Advice and Confirmation Flow-IM to Custodian

Recipient / Custodian Bank Sub Custodian

- Receive third party FX advice
- Delivery associated cash related to the purchase and sell of foreign exchange currencies

Instructing Party / IM/Client/Vendor

- Initiation of third party FX advice
- Cash movement confirmations and reconciliation reporting

Third Party Foreign Exchange Related Cash Movement Instruction and Confirmation Flow-Custodian to Sub Custodian

Recipient / Sub Custodian

- Receive RC and DC cash instructions
- Delivery and Receipt of cash

Instructing Party / Custodian Bank

- Initiation of delivery of cash and receipt of cash instructions
- Confirmation of delivery and receipt of cash and reconciliation reporting

Business data requirements:

A. MT304 Third Party "Spot" FX Advice

Business Element	Comments
Sender's Reference	Unique transaction id from the sender.
Related Reference	Reference number of the confirmation to which the current message is related. Mandatory field if field 22 contains "AMND" or "CANC"; otherwise optional.
Type of Operation	NEWT - Used to send an advice / instruction for the first time or to send a corrected MT 304 when the erroneous one was cancelled using an MT 304 with function CANC.
	CANC - Used to cancel an MT304 previously sent or to cancel an MT304 which contains erroneous information.
	DUPL - Used to inform the custodian that an advice / instruction was already sent by telex, fax or SWIFT.
	CNEW - Used to send a copy of a new advice/ instruction to a third party. Please refer to the SMPG Function of Message Market Practice for definition of "third party". The intent of the Copy codewords is aligned to the MT54x 23G:: Copy usage which is defined as: Message is a copy to a party **other than the account owner/account servicer, for information purposes**.
	CAMN - Used to send a copy of an amendment to a third party. Refer to CNEW comments on usage of Copy codewords.
	CCAN - Used to send a copy of a cancellation to a third party. Refer to CNEW comments on usage of Copy codewords.
Scope of Operation	Indicates Spot contract (ASET) - Indicates that the foreign exchange is a physical settlement in which both the buy and sell currencies will move on the settlement (value) day.
Fund/Safekeeping Account	This field identifies the fund and/or name of the client in which the transaction was executed for.
Fund Manager	Identifies the BIC (ISO 9362 Bank Identifier Codes) and/or Name of the fund manager
Executing Broker	Identifies the BIC (ISO 9362 Bank Identifier Codes) and/or Name of the Executing Broker
Trade Date	This field specifies the date the transaction was agreed between the fund manager and the executing broker. ISO8601 Date
Value Date	This field specifies the value date of the transaction. ISO8601 Date

Exchange Rate	This field specifies the agreed exchange rate of the transaction. It is the rate as the deal was struck. The rate can be reflected in either format.
Currency and Amount Bought	This field specifies the currency and amount bought. Currency must be a valid ISO 4217 currency code.
Delivering Agent	This field identifies the financial institution from which the payer will transfer the amount bought. Stated as BIC (ISO 9362 Bank Identifier Codes) and/or Name and allowing additional account number as well. Also allows for population of indicator for SSI usage
Currency and Amount Sold	This field specifies the currency and amount sold. Currency must be a valid ISO 4217 currency code.
Intermediary	This field allows for identification of the intermediary institution for the transfer of the funds if three parties for cash settlement exist.
Receiving Agent	This field identifies the financial institution and account where the payee will receive the amount sold. Stated as BIC (ISO 9362 Bank Identifier Codes), Local Market Cash Clearing Number or Name and allowing additional account number as well. Also allows for population of indicator for SSI usage.
Beneficiary Institution	This field identifies the institution in favor of which the payment is done. Stated as BIC (ISO 9362 Bank Identifier Codes) and/or Name and allowing additional account number as well.

B. MT304 Third Party "Forward" FX Advice

Business Element	Comments
Message Reference	Unique transaction id from the sender.
Type of Operation	Indicates New/Cancel. The intent of the Copy codewords (CNEW, CAMN, CCAN) is aligned to the MT54x 23G:: Copy usage which is defined as: Message is a copy to a party other than the account owner/account servicer, for information purposes
Scope of Operation	Indicates Forward Contract or Hedge (AFWD) - Indicates that the foreign exchange is a forward/hedge executed for a future date at a set price. The contract is opened and closed for the same value date resulting in a gain or loss. The result can be settled by netting the local base or both currencies, or by settling the gross/principal amounts.
Open Indicator	This field specifies whether the instruction is for the opening or closing of a Forward Currency Contract.

Final Close Indicator	This field specifies whether the instruction is for the final close or the partial close of an Forward Currency Contract
Net Settlement Indictor	This field specifies whether the total amount is settled net or gross.
Fund/Safekeeping Account	This field identifies the fund and/or name of the client in which the transaction was executed for.
Fund Manager	Identifies the BIC (ISO 9362 Bank Identifier Codes) and/or Name of the fund manager
Executing Broker	Identifies the BIC (ISO 9362 Bank Identifier Codes) and/or Name of the Executing Broker
Trade Date	This field specifies the date the transaction was agreed between the fund manager and the executing broker. ISO8601 Date
Value Date	This field specifies the value date of the transaction. ISO8601 Date
Exchange Rate	This field specifies the agreed exchange rate of the transaction. It is the rate as the deal was struck. The rate can be reflected in either format.
Currency and Amount Bought	This field specifies the currency and amount bought.
Delivering Agent	This field identifies the financial institution from which the payer will transfer the amount bought. Stated as BIC (ISO 9362 Bank Identifier Codes) and/or Name and allowing additional account number as well. Also allows for population of indicator for SSI usage or for expected Netting
Currency and Amount Sold	This field specifies the currency and amount sold.
Intermediary	This field allows for identification of the intermediary institution for the transfer of the funds if three parties for cash settlement exist.
Receiving Agent	This field identifies the financial institution and account where the payee will receive the amount sold. Stated as BIC (ISO 9362 Bank Identifier Codes), Local Market Cash Clearing Number or Name and allowing additional account number as well. Also allows for population of indicator for SSI usage or for expected Netting.
Beneficiary Institution	This field identifies the institution in favor of which the payment is done. Stated as BIC (ISO 9362 Bank Identifier Codes) and/or Name and allowing additional account number as well. This information is not required for a Forward Netting contract. All settlement information should be provided in Sequence E. For Forward Gross contracts this beneficiary information should be provided.
Additional data elements for Accounting	

Reference to Previous Deals	Reference of the deals closed by this MT 304, ie, it contains the reference of the original transactions (Open(s), Partial Close(s)) leading to this instruction.
Gain/Loss Indicator	Indicator whether the close represents a gain or a loss.
Gain/Loss Currency and Amount	The gain or loss currency and amount at a partial or final close.
Additional data elements required for Final Close Forward	
Gain/Loss Indicator	This field specifies whether the net amount represents a gain (amount received) or a loss (amount to be paid).
Gain/Loss Currency and Amount	This field specifies the net currency and amount to be settled.
Delivering Agent	This field identifies the financial institution from which the payer will transfer the net amount to be settled. Stated as BIC (ISO 9362 Bank Identifier Codes), Local Market Cash Clearing Number and/or Name and allowing additional account number as well. Also allows for population of indicator for SSI usage.
Intermediary	This field allows for identification of the intermediary institution for the transfer of the funds if three parties for cash settlement exist. Stated as BIC (ISO 9362 Bank Identifier Codes), Local Market Cash Clearing Number and/or Name and allowing additional account number as well.
Receiving Agent	This field identifies the financial institution and account where the payee will receive the net amount to be settled. Stated as BIC (ISO 9362 Bank Identifier Codes), Local Market Cash Clearing Number and/or Name and allowing additional account number as well. Also allows for population of indicator for SSI usage.
Beneficiary Institution	This field identifies the institution in favor of which the payment is done. Stated as BIC (ISO 9362 Bank Identifier Codes) and/or Name and allowing additional account number as well.

C. MT202 Cash Delivery (debit) Instruction Message from Custodian to Sub-custodian

Business Element	Comments
Message Identification	Reference number to unambiguously identify the message.
Debtor (Account Owner)	Party that owes an amount of money to the ultimate creditor**
Requested Execution Date/Settlement Date	Date on which the debtor's account is debited. ISO 8601 Date
End-to-end Identification	Unique identification assigned by initiating party to unambiguously identify the payment. This id is passed on, unchanged, throughout the entire end-to-

	end chain, which all parties in the chain can use to identify this particular payment
Currency of Payment	Currency
Instructed Amount of Payment	Amount of money to be moved between the debtor and creditor, expressed in currency as ordered by initiating party.
Cash Purpose Code	Underlying reason for the payment transaction. (see ISITC Cash Purpose Codeword List for list of approved ISITC purpose codes).
Intermediary Agent	The agent between the debtor agent and creditor agent. Optional to be used (or not used) as required for payment chain.
Creditor agent	Financial institution servicing an account for the creditor
Creditor	Party to which an amount of money is due.

*Refer to the SMPG Global Securities Payments Market Practice for field format options, recommendations and samples

D. pacs.009 Cash Delivery (debit) Instruction Message from Custodian to Sub-custodian

Business Element	Comments
Instruction Identification	Unique identification, as assigned by an instructing party for an instructed party, to unambiguously identify the instruction. Usage: The instruction identification is a point to point reference that can be used between the instructing party and the instructed party to refer to the individual instruction. It can be included in several messages related to the instruction.
Debtor	Financial institution that owes an amount of money to the (ultimate) financial institutional creditor.
Interbank Settlement Date	Date on which the amount of money ceases to be available to the agent that owes it and when the amount of money becomes available to the agent to which it is due.
End-to-end Identification	Unique identification, as assigned by the initiating party, to unambiguously identify the transaction. This identification is passed on, unchanged, throughout the entire end-to-end chain. Usage: The end-to-end identification can be used for reconciliation or to link tasks relating to the transaction. It can be included in several messages related to the transaction. Usage: In case there are technical limitations to pass on multiple references, the end-to-end identification

Business Element	Comments
	must be passed on throughout the entire end-to-end chain.
Interbank Settlement Amount	Amount of money moved between the instructing agent and the instructed agent.
Purpose	Underlying reason for the payment transaction. Usage: Purpose is used by the end-customers, that is initiating party, (ultimate) debtor, (ultimate) creditor to provide information concerning the nature of the payment. Purpose is a content element, which is not used for processing by any of the agents involved in the payment chain. (see ISITC Cash Purpose Codeword List for list of approved ISITC purpose codes).
Intermediary Agent 1	Agent between the debtor's agent and the creditor's agent. Usage: If more than one intermediary agent is present, then IntermediaryAgent1 identifies the agent between the DebtorAgent and the IntermediaryAgent2.
Creditor Agent	Financial institution servicing an account for the creditor.
Creditor	Financial institution that receives an amount of money from the financial institutional debtor.

*Refer to the SMPG Global Securities Payments Market Practice for element options, recommendations and samples

E. MT210 Cash Receipt (credit) Instruction Message from Custodian to Sub-custodian

Business Element	Comments
Message Identification	This field specifies the reference assigned by the Sender to unambiguously identify the message.
Credit Account	This field identifies the account to be credited with the incoming funds
Value Date	This field contains the value date of all incoming funds specified in this message
Cash Purpose Codeword	Underlying reason for the payment transaction. (see ISITC Cash Purpose Codeword List for list of approved ISITC purpose codes).
Related Reference Number	This field contains a related transaction reference Number, or other common reference,
Requested Receipt Currency and Amount	This field specifies the currency and amount to be received.

Ordering Institution	This field specifies the ordering party when it is a financial institution. Identifier Code must be a registered BIC.
Intermediary	This field specifies the financial institution from which the Receiver is to receive the funds. Identifier Code must be a registered BIC.

*Refer to the SMPG Global Securities Payments Market Practice for field format options, recommendations and samples

F. camt.057 Cash Receipt (credit) Instruction Message from Custodian to Sub-custodian

Business Element	Comments
Identification	Unique identification, as assigned by the account owner, to unambiguously identify the account notification.
Account	Identifies the account to be credited with the incoming amount of money.
Expected Value Date	Date on which the first agent expects the cash to be available to the final agent.
Purpose	Underlying reason for the payment transaction. (see ISITC Cash Purpose Codeword List for list of approved ISITC purpose codes).
Amount	Amount of money expected to be credited to the account.
Debtor	Party that owes an amount of money to the (ultimate) creditor.
Debtor Agent	Financial institution servicing an account for the debtor.

*Refer to the SMPG Global Securities Payments Market Practice for element options, recommendations and samples

G. MT900 Cash Delivery (debit) Confirmation Message

Business Element	Comments
Transaction Reference Number	Reference number to unambiguously identify the message.
Related Reference	Reference number of the transaction which resulted in this message, for example, the field 20 Transaction Reference Number of the SWIFT payment instruction.
Account Identification	This field identifies the account which has been debited.
Value Date, Currency Code, Amount	This field specifies the value date, currency code and amount of the debit.

Ordering Institution	This field identifies the institution which instructed the Sender to execute the transaction resulting in this debit, when other than the Receiver.
Sender to Receiver Information	This field contains additional information for the Receiver.

*Refer to the SMPG Global Securities Payments Market Practice for field format options, recommendations and samples

H. MT910 Cash Receipt (credit) Confirmation Message

Business Element	Comments
Transaction Reference Number	Reference assigned by the Sender to unambiguously identify the message.
Related Reference	This field contains the reference for the account owner (Receiver), for example, field 21, from the SWIFT message which resulted in this credit.
Account Identification	This field identifies the account which has been credited.
Value Date, Currency Code, Amount	This field specifies the value date, currency code and amount of the credit.
Ordering Customer	This field identifies the customer which originated the transaction resulting in this credit.
Ordering Institution	This field identifies the financial institution which originated the transaction resulting in this credit.
Intermediary	This field identifies the financial institution from which the Sender received the funds, when other than the ordering institution.
Sender to Receiver Information	This field contains additional information for the Receiver.

*Refer to the SMPG Global Securities Payments Market Practice for field format options, recommendations and samples

I. camt.054 Cash Delivery or Receipt (debit or credit) Confirmation Message

Business Element	Comments
Identification	Unique identification, as assigned by the account servicer, to unambiguously identify the account notification.
Entry Reference	Unique reference for the entry.
Instruction Identification	Unique identification, as assigned by an instructing party for an instructed party, to unambiguously identify the instruction.

	Usage: The instruction identification is a point to point reference that can be used between the instructing party and the instructed party to refer to the individual instruction. It can be included in several messages related to the instruction.
Account	Unambiguous identification of the account to which credit and debit entries are made.
Bank Transaction Code	Set of elements used to fully identify the type of underlying transaction resulting in an entry.
Credit Debit Indicator	Indicates whether the entry is a credit or a debit entry.
Amount	Amount of money in the cash transaction.
Interbank Settlement Date	Date on which the amount of money ceases to be available to the agent that owes it and when the amount of money becomes available to the agent to which it is due.
Debtor	Party that owes an amount of money to the (ultimate) creditor.
Creditor	Party to which an amount of money is due.
Debtor Agent	Financial institution servicing an account for the debtor.
Creditor Agent	Financial institution servicing an account for the creditor.
Intermediary Agent 1	Agent between the debtor's agent and the creditor's agent. Usage: If more than one intermediary agent is present, then IntermediaryAgent1 identifies the agent between the DebtorAgent and the IntermediaryAgent2.

*Refer to the SMPG Global Securities Payments Market Practice for element options, recommendations and samples

IV. Market Practice Rules:

This section describes any identified local market practices that differ from the agreed global recommendation on field and data element usage. This is documented within the global market practice in absence of a local market practice NMPG best practice being available.

Brazil local cash account segregation by product type:

In Brazil, all BRL inflows (manager buy BRL) were previously (prior to June, 2013) assessed an IOF tax, 0% for equity and 6% for fixed income.   The Investment Manager traded BRL third party FX with broker and the IM and broker agree the amount traded and the execution rate. This amount and rate is gross or pre IOF tax.

The broker was then responsible for assessing the tax and delivered to the custodian the BRL net of IOF tax. The custodian was required to request a foreign exchange instruction (MT304) for the amount of BRL that is to move through custody (net or post IOF tax). The manager was therefore required to instruct the custodian for the custody settlement net amount as well as instructing the true execution rate in order to notify the custodian acting as accounting agent.

Manager Buys BRL:	13,461,588.83
RATE:	1.608
Contra Currency:	8,371,634.84 (USD)

After deducting the 6% IOF tax for a fixed income trade, the resulting deliverable BRL is 12,653,893.50 with a contra currency of USD7,869,336,75.

Proposal 1	Proposal 2	Proposal 3
:22A:NEWT	:22A:NEWT	:22A:NEWT
:94A:ASET	:94A:ASET	:94A:ASET
:83J:/ACCT/	:83J:/ACCT/	:83J:/ACCT/
:82A:Account # or 82J:/ACCT/ Fund Manager BIC or 82J:/ABIC/	:82A:Account # or 82J:/ACCT/ Fund Manager BIC or 82J:/ABIC/	:82A:Account # or 82J:/ACCT/ Fund Manager BIC or 82J:/ABIC/
:87A:Executing Broker BIC	:87A:Executing Broker BIC	:87A:Executing Broker BIC
:15B:	:15B:	:15B:
:30T:	:30T:	:30T:
:30V:	:30V:	:30V:
:36:1,608	**:36:1,608**	**:36:1,608**
:32B:BRL12653893,50	**:32B:BRL13461588,83**	**:32B:BRL12653893,50**
:53A:Delivery Agent BIC	:53A:Delivery Agent BIC	:53A:Delivery Agent BIC
:33B:USD7869336,75	**:33B:USD8371634,85**	**:33B:USD8371634,85**
:57J:/ABIC/	:57J:/ABIC/	:57J:/ABIC/
/CLRC/FW	/CLRC/FW	/CLRC/FW
:58A:Account # or 58J:/ACCT/ Beneficiary BIC or 58J:/ABIC/	:58A:Account # or 58J:/ABIC/ Beneficiary BIC or 58J:/ABIC/	:58A:Account # or 58J:/ACCT/ Beneficiary BIC or 58J:/ABIC/
:72:/SETT/BRL13461588,83/ PROD/FIXE	**:72:/SETT/BRL12653893,50 /PROD/FIXE**	**:72:/SETT/BRL13461588,83/ PROD/FIXE**

Effective June 5, 2013, the Brazilian Finance Minister reduced the IOF tax rate applicable for FX inflows to purchase fixed income securities and margin deposits related to futures and listed derivatives from 6% to 0%. However, the depository account structure to differentiate Fixed Income securities from Equity securities remains in place in order to quickly address any changes the Brazilian Finance Minister decides on either fixed income, margin deposits or equity securities. Therefore, the requirement still exists for Investment Managers to instruct their custodians/fund accountants if the third party foreign exchange is related to a fixed income or equity transaction through the usage of field 72:/PROD/FIXE when related to a fixed income security.

Thailand local cash account segregation by activity type:

In Thailand, all foreign exchange proceeds must be segregated at the sub-custodian for local THB purchased to facilitate trading activity related to a security purchase (NRBS) vs. TBH purchased to facilitate trading activity related to hedging (NRBA) with no underlying security trade. The Investment Manager is therefore required to instruct the custodian via the third party foreign exchange instruction (MT304) using the field 72 as follows:

72: /ACOM/NRBS - local cash account to facilitate securities (s) related trading activity.

72:/ACOM/NRBA - local cash account to facilitate hedging related activity (no underlying security trade).

Hong Kong Real Time Gross Indicator:

Sub-custodian in HK (Citi) is requiring indicator in field 72 to identify RTGS using the following format:

72:/ACC/RTGS0

Malaysia Change in Beneficiary and Purpose:

In Malaysia, the central bank restricts the sources and uses of funds in external accounts [i.e., Malaysian ringgit (MYR) accounts held by non-residents]. An investor is required to indicate on its Third Party Foreign Exchange MT304 instructions if MYR interbank payments are done on a no change in beneficial ownership (NCBO) basis. However, if MYR interbank payments are done on a change in beneficial ownership (CBO) basis, the investor must include a permitted purpose of payment in accordance with Bank Negara Malaysia (Central Bank, BNM).

The recommendation is to include the Change in Beneficial Ownership with Purpose of Payment or No Change of Beneficial Ownership information within tag 72.

72: /ACOM/NCBO

72:/ACOM/CBO/Purpose of Payment narrative

It is possible an SLA agreement with the custodian can be arranged to determine CBO/NCBO based on the beneficiary account number and beneficiary account name information populated on field 58a of the MT304. By populating the beneficiary information on the MT304, the global custodian can map the beneficiary information into the necessary MT202 field 58a, pacs.009 Creditor element or MT103 field 59a, pacs.008 Creditor element to the sub-custodian.

Payment In Ringgit Between Resident and Non-Resident.

A resident is allowed to make or receive payment in ringgit in Malaysia to or from a non-resident as follows:

- The settlement of a ringgit asset including any income and profit due from the ringgit asset;
- The settlement of trade in goods;
- The settlement of services, in any manner;
- Income earned or expense incurred in Malaysia;
- The settlement of a commodity Murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider;
- The settlement of reinsurance for domestic insurance business or re-Takaful for domestic Takaful business between a resident and a person licensed to undertake Labuan insurance or Takaful business;
- The settlement of a non-financial guarantee denominated in ringgit issued by a person licensed to undertake Labuan banking business in favour of a resident; or
- For any purpose between immediate family.

Payment In Ringgit Between Non - Residents

A non-resident is allowed to make or receive payment in ringgit, in Malaysia, to or from another non-resident, as follows:

- The settlement of a ringgit asset including any income and profit due from the ringgit asset;
- The settlement of domestic trade in goods or services in Malaysia;
- Income earned or expense incurred in Malaysia;
- The settlement of a commodity Murabahah transaction between non-resident participants undertaken through a resident commodity trading service provider: or
- For any purpose between immediate family members.

Source: Operational Procedures for MYR Settlement in RENTAS by MyClear

Russian VO Code Usage:

As a result of requirements in the Russian market to include additional information in field 72, the global custodian must receive this information on the MT304 instruction if RU currency is included in the third party FX execution. Since the MT304 is only used between IM and Custodian, the RU NMPG has not provided clarity of recommended format within the MT304. Therefore the below has been agreed as the recommended format in order to ensure the custodian can communicate on the MT downstream MT202 to the RU CSD.

It may be possible the global custodian has an SLA with the IM to provide the VO code on the downstream MT202 message on their behalf without instruction from the IM via the MT304. This would require the custodian to be able to decipher what VO code is to be used.

Refer to the Russian National Market Practice Group recommendations documentation on the attached URL for more information on MT202 requirements:

http://eng.rosswift.ru/doc/SWIFT_RUR-en_11082021_1.pdf

Below is a copy/paste of some of relevant information on the VO Codes from the RU NMPG documentation:

- This information should be enclosed in braces and placed in the beginning of the field "Details of payment" formatted as follows: {VO< Code>[PS<Transaction Certificate Number>]}. Spaces inside the braces are inadmissible.

EXAMPLES
:72:/RPP/123.061229.6.ELEK
/NZP/'(VO60070)'POPOLNENIE ScoTA
/INS/ALFARUMM

- The VO code will depend on the type of securities (bonds, units, shares etc.) on the type of payee (resident to non-resident and vice versa). It is difficult to give you appropriate code as it is necessary to know exactly the purpose of payment and the nature of transaction – as exchange transactions are included in a separate group – FX transaction in electronic form (wireless transfers)

Below are some examples: (for the full list it is better to refer to the document Instruction117-i itself)

Code of	transaction type	Meaning/ name of transaction type	
020		FX transactions of non-resident in electronic form (wireless transfers)	
020	010	Purchase by non-resident of foreign currency for Rubles of Russian Federation	
020	020	Sale by non-resident of foreign currency for Rubles of Russian Federation	
51	040	Transfers and settlement from non-resident to resident for buying units of Investment Funds	A
52	070	Transfers and settlement from resident to non-resident for selling units of Investment Funds	
52	170	Transfers and settlement from resident to non-resident for interest (coupon) payments, dividends for internal securities, income for Investment Funds units	
99	090	Transfers and settlement for transactions not indicated in groups 01-70, and excluding payments indicated for codes 99010-99080	mostly used code

EMIR Reporting regulation

Article 9 of EMIR (European Market Infrastructure Regulation) trade repository reporting requires reporting of Execution and Confirmation timestamps.

For the purpose of instructing the custodian who is also been hired to act as the delegated trade repository party, the following field formats are recommended within the MT304, otherwise the market practice recommendation is to communicate these fields in the MT300.

The Execution timestamp should correspond to the time of execution on the trading venue of execution as per Commission Delegated Regulation (EU) No 148/2013.

Execution Timestamp :98D: 8!n6!n[,3n][/[N]2!n[2!n]]
  - Date must be a valid date expressed as YYYYMMDD . Time must be a valid time expressed as HHMMSS. The date and time of the execution of the transaction in Coordinated Universal Time (UTC) is optional. If present, UTC Indicator must be a valid time expressed as HH[MM]. Sign ([N]) must not be used when UTC Indicator is equal to all zeroes.

Example: 98D::20231024,090546

The Confirmation timestamp should be reported as the Date and time of the confirmation, as defined under Regulation (EC) the xx/2012 [Commission delegated regulation endorsing draft regulatory technical standards on OTC Derivatives] indicating time zone in which the confirmation has taken place.

Confirmation Timestamp :98G: 8!n6!n[,3n][/[N]2!n[2!n]]
 - Date must be a valid date expressed as YYYYMMDD . Time must be a valid time expressed as HHMMSS. The date and time of the execution of the transaction in Coordinated Universal Time (UTC) is optional. If present, UTC Indicator must be a valid time expressed as HH[MM]. Sign ([N]) must not be used when UTC Indicator is equal to all zeroes.

Example: 98G::20231024,090546

V. SWIFT illustrations:

A. MT304 Third Party "Spot" FX Advice
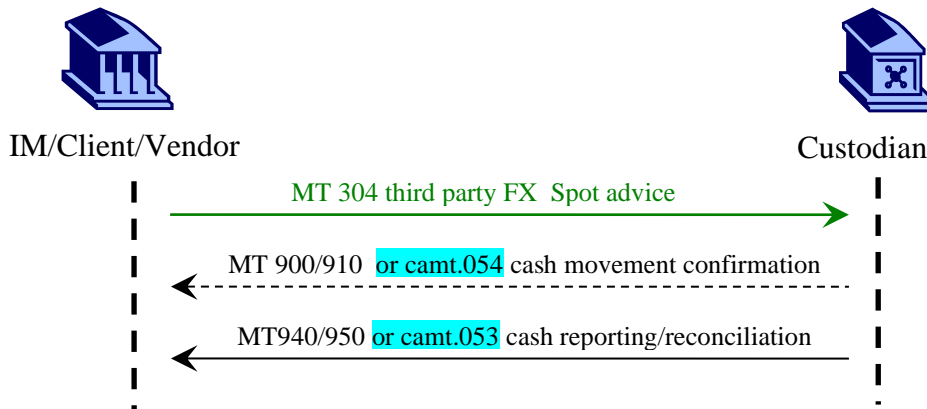
For any Broker/Financial Institution field, when only a BIC is provided, the A tag must be used as SWIFT does not allow /ABIC/ in J format to appear by itself without another code present. Either A or J option is allowed when both BIC and Account number are present. If any other information is provided, then J format allows for multiple codes including Name, Address, Clearing Code, etc. If multiple codes are used within the same tag, they should be separated by character line return to each be stated on a separate line of the narrative. Refer to below for specific examples.

Data Element	SWIFT
General Information Sequence	**:15A:**
Sender's Reference	:20:16x
This field specifies the reference number assigned by the Sender to unambiguously identify the instruction, ie, the number uniquely identifying the deal to the fund manager.	
Related Reference	:21:16x
This field contains the identification of the instruction to which the current message is related.	
Type of Operation	:22A:4!c
CANC - Cancels a previously sent instruction. Used to cancel an MT 304 previously sent or to cancel an MT 304 which contains erroneous information.	
DUPL - Duplicates a previously sent instruction. Used to inform the custodian that an instruction was already sent	
NEWT - New advice/instruction. Used to send an instruction for the first time or to send a corrected MT 304 when the erroneous one was cancelled using an MT 304 with function CANC.	
CAMN Copy Amendment. Used to send a copy of an amendment to a third party.	
CCAN Copy Cancellation. Used to send a copy of a cancellation to a third party.	
CNEW Copy New. Used to send a copy of a new advice/instruction to a third party.	
The intent of the Copy codewords (CNEW, CAMN, CCAN) is aligned to the MT54x 23G:: Copy usage which is defined as: Message is a copy to a party other than the account owner/account servicer, for information purposes.	
Scope of Operation	:94A:ASET
ASET - Settlement contract - Indicates that the foreign exchange is a physical settlement in which both the buy and sell currencies will move on the settlement (value) day.	

Fund	:83J:/ACCT/123
	or
	:83J:/NAME/Fund XYZ
	If both /ACCT/ and /NAME/ are included in the same 83J tag, the /NAME/ content should be separated into a separate line 2 character line return as follows:
	:83J:/ACCT/123
	/NAME/Fund XYZ

- This field identifies the fund and name of the client in which the transaction was executed for.

Fund Manager	:82J:/ABIC/BIC code
	or
	:82J:/NAME/Manager Name
	If both /ABIC/ and /NAME/ are included in the same 83J tag, the /NAME/ content should be separated into a separate line 2 character line return as follows:
	:82J:/ABIC/BIC Code
	/NAME/Fund XYZ

Executing Broker	:87J:/ABIC/BIC code
	or
	:87J:/NAME/Broker Name
	If both /ABIC/ and /NAME/ are included in the same 83J tag, the /NAME/ content should be separated into a separate line 2 character line return as follows:
	:87J:/ABIC/BIC Code
	/NAME/Fund XYZ

End of Sequence A – General Information	
Forex Transaction Detail Sequence B	**:15B:**
Trade Date	:30T:8!n

- This field specifies the date the transaction was agreed between the fund manager and the executing broker.

| Value Date | :30V:8!n |

- This field specifies the value date of the transaction.

| Exchange Rate | :36:12d |

- This field specifies the agreed exchange rate of the transaction. It is the rate as the deal was struck. The rate can be reflected in either format.

Amount Bought Sequence B1	
Currency, Amount Bought	:32B:3!a15d
Delivery Agent	:53J:/ABIC/BIC Code or :53J:/NOSI/UKWN
	:53J:/NAME/Agent Name
	:53J:/ACCT/123
	:53J:/NOSI/SSIS
	If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

- This field identifies the financial institution from which the payer will transfer the amount bought.

End of Amount Bought Sequence B1	
Amount Sold Sequence B2	
Currency, Amount Sold	:33B:3!a15d
Intermediary	:56J:/ABIC/BIC Code or :56J:/NOSI/UKWN
	:56J:/NAME/Agent Name
	:56J:/ACCT/123
	:56J:/CLRC/FW FedWire Routing number
	:56J:/CLRC/CH CHIPS UID
	:56J:/CLRC/SC CHAPS sort code
	If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

- This field identifies the intermediary institution for the transfer of the funds.

The following codes must be used only for settlements if 3 parties for cash settlement exist. (ie. Pay to Bank A for the account of Account 1 for further credit Account 2 where this field would be populated with Bank A information). The use of FW, CH and SC information should be provided in this field when 3 parties exist in the settlement chain.

Receiving Agent	:57J:/ABIC/BIC Code or :57J:/NOSI/UKWN
	:57J:/NAME/Agent Name
	:57J:/ACCT/123
	:57J:/CLRC/FW FedWire Routing number
	:57J:/CLRC/CH CHIPS UID
	:57J:/CLRC/SC CHAPS sort code
	:57J:/NOSI/SSIS
	If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

- This field identifies the financial institution and account where the payee will receive the amount sold.

*Codes FW, CH and SC information should be provided in this field when 2 parties exist in the settlement chain.

Beneficiary Institution	:58J:/ABIC/BIC Code
	:58J:/NAME/Agent Name
	:58J:/ACCT/123
	If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

- This field identifies the institution in favour of which the payment is done.

End of Subsequence B2 – Amount Sold
End of Sequence B – Forex Transaction Details

Note: *"When an MT 202 is sent by the receiver of the MT 304 to settle the contract, the party identification fields 56a, 57a and 58a of subsequence B2 of the MT 304 directly map onto the same fields in the MT 202. The account number indicated in the party identification fields 56a and 57a of the MT 304 is owned by the party indicated in the same field."*

The equivalent elements on the pacs.009 are as follows:

Field 56a = Intermediary Agent 1

Field 57a = Creditor Agent

Field 58a = Creditor

• **Sample Message Formats**

US Fed Wire Settlement Contract – "Spot" **US CHIPs Settlement Contract – "Spot"**

IM/Client/Vendor MT304 to Custodian	General Information Block	IM/Client/Vendor MT304 to Custodian
:15A:		:15A:
:20:USDFWEX1	Message Reference	:20:USDFWEX1
:22A:NEWT	Type of Operation	:22A:NEWT
:94A:ASET	Scope of Operation	:94A:ASET
:83J:/ACCT/123 /NAME/Fund XYZ	Fund	:83J:/ACCT/123 /NAME/Fund XYZ
:82J:/ABIC/FUMAUS33 /NAME/ Fund Manager Name	Fund Manager	:82J:/ABIC/FUMAUS33 /NAME/ Fund Manager Name
:87J:/ABIC/BRKRUS33 /NAME/Broker Name	Executing Broker	:87J:/ABIC/BRKRUS33 /NAME/Broker Name
:15B:	Forex Transaction Details	:15B:
:30T:20040707	Trade Date	:30T:20040707
:30V:20040709	Value Date	:30V:20040709
:36:2,0446	Exchange Rate	:36:2,0446
:32B:AUD1606004,41	Currency, Amount Bought	:32B:AUD1606004,41
:53J:/ABIC/BRKRAU2S /NAME/Broker /ACCT/ABCD1234	Delivery Agent	:53J:/ABIC/BRKRAU2S /NAME/Broker /ACCT/ABCD1234
:33B:USD785485,87	Currency, Amount Sold	:33B:USD785485,87
:57J:/ABIC/BRKRUS33 /NAME/Broker Name /CLRC/FW222333444	Receiving Agent	:57J:/ABIC/BRKRUS33 /NAME/Broker Name /CLRC/CH123456
:58J:/ABIC/BENMUS33 /ACCT/00001234 /NAME/Beneficiary Name	Beneficiary Information	:58J:/ABIC/BENMUS33 /ACCT/00001234 /NAME/Beneficiary Name

Global Currency Settlement Contract – "Spot"

On July 7, 2004 Rothschild Asset Management (Fund Manager) and LLoyd Treasury, London (Executing Broker) agree on a forex deal with the following terms:

• Rothschild buys 1,606,004.41 AUD against GBP at the rate of 2.0446. The value date is July 9, 2004. The amount in GBP is 785,485.87.

• Rothschild advises its custodian, State Street, London of this deal and instructs them to settle it.

• Rothschild executes this deal on behalf of fund XYZ with account number: 123. The AUD are expected from Westpac in Sydney and the GBP will be paid to Lloyds Treasury in London.

IM/Client/Vendor MT304 to Custodian	
:15A:	General Information Block
:20:000159	Message Reference
:22A:NEWT	Type of Operation
:94A:ASET	Scope of Operation

:83J:/ACCT/123 /NAME/Fund XYZ	**Fund**
:82J:/ABIC/ROTHGB2A /NAME/ Rothschild Asset Management	**Fund Manager**
:87J:/ABIC/LOYDGB22TSY /NAME/Lloyd Treasury	**Executing Broker**
:15B:	**Forex Transaction Details**
:30T:20040707	**Trade Date**
:30V:20040709	**Value Date**
:36:2,0446	**Exchange Rate**
:32B:AUD1606004,41	**Currency, Amount Bought**
:53J:/ABIC/WPACAU2S /NAME/Westpac, Sydney /ACCT/LLY0001978	**Delivery Agent**
:33B:GBP785485,87	**Currency, Amount Sold**
:57J:/ABIC/LOYDGB22 /NAME/Lloyds Treasury /CLRC/SC301557	**Receiving Agent**
:58J:/ABIC/LOYDGB22 /ACCT/00001933 /NAME/Lloyds Treasury	**Beneficiary Information**

Resulting MT202 and pacs.009 cash instruction mapping

MT304 Two Party Settlement Chain
Custodian and Broker use the same agent

Currency	HKD
Broker:	BRKRGB2X
Broker's Correspondent:	BRKRHKHH
Broker's Account:	09876XYZ

	MT304	MT202
Sender Fund Manager A	FUMAUS33.	CUSTUS33.
Receiver Custodian	CUSTUS33.	BRKRHKHH
Fund B	83J:/NAME/FUND B /ACCT/12345	
Broker C	87A:BRKRGB2X or 87J with /ABIC/ and /NAME/	
Currency, Amount Bought	32B:EUR2000000,	
Delivery Agent	53A:BRKRDEFX	
Currency, Amount Sold	33B:HKD20000000,	32A:110103HKD20000000,
Receiving Agent	57A:09876XYZ BRKRHKHH Or 57J with /ACCT/ and /ABIC/	57A:/09876XYZ BRKRHKHH
Beneficiary Institution	58A:BRKRGB2X (Optional)	58A:BRKRGB2X

	MT304	pacs.009

Sender
Fund Manager A
	FUMAUS33.	<InstgAgt>
		  <FinInstnId>
		  <BICFI>**CUSTUS33**
		</BICFI>
		  </FinInstnId>
		</InstgAgt>

Receiver Custodian	CUSTUS33.	<InstdAgt>
		  <FinInstnId>
		  <BICFI>**BRKRHKHH**
		</BICFI>
		  </FinInstnId>
		</InstdAgt>

Fund B	83J:/NAME/FUND B /ACCT/12345	
Broker C	87A:BRKRGB2X or 87J with /ABIC/ and /NAME/	
Currency, Amount Bought	32B:EUR2000000,	
Delivery Agent	53A:BRKRDEFX	
Currency, Amount Sold	33B:HKD20000000,	<IntrBkSttlmDt>**2011-01-03**</IntrBkSttlmDt> <IntrBkSttlmAmt Ccy="**HKD**">**20000000**</IntrBkSttlmAmt>

Receiving Agent	57A:09876XYZ
	BRKRHKHH
	
	Or 57J with /ACCT/ and /ABIC/
		<CdtrAgt>
		  <FinInstnId>
		  <BICFI>**BRKRHKHH**
		</BICFI>
		  </FinInstnId>
		</CdtrAgt>
		<CdtrAgtAcct>
		 <Id>
		  <Othr>
		   <Id>**09876XYZ**</Id>
		  </Othr>
		 </Id>
		</CdtrAgtAcct>

Beneficiary Institution	58A:BRKRGB2X (Optional)	<Cdtr>
		  <FinInstnId>
		  <BICFI>**BRKRGB2X**
		</BICFI>
		  </FinInstnId>
		</Cdtr>

MT304 Two Party Settlement Chain
Custodian and Broker use different agents

Currency   JPY
Custodian Correspondent: ANYBJPJT
Account: 1234ABCD
Account Owner BRKRJPJT
Beneficiary Account 5678EFGH
Beneficiary/Broker BRKRGB2X

	MT304	MT202
Sender Fund Manager A	FUMAUS33.	CUSTUS33.
Receiver Custodian	CUSTUS33.	ANYBJPJT
Fund B	83J:/NAME/FUND B /ACCT/12345	
Broker C	87A:BRKRGB2X or 87J with /ABIC/ and /NAME/	
Currency, Amount Bought	32B:EUR2000000,	
Delivery Agent	53A:BRKRDEFX	
Currency, Amount Sold	33B:JPY200000000,	32A:110103JPY200000000,
Receiving Agent	57A:1234ABCD BRKRJPJT Or 57J with /ACCT/ and /ABIC/	57A:/1234ABCD BRKRJPJT
Beneficiary Institution	58A:5678EFGH BRKRGB2X Or 58J with /ACCT/ and /ABIC/	58A:/5678EFGH BRKRGB2X

	MT304	pacs.009
Sender Fund Manager A	FUMAUS33.	<InstgAgt> <FinInstnId> <BICFI>**CUSTUS33**</BICFI> </FinInstnId> </InstgAgt>

Receiver Custodian	CUSTUS33.	`<InstdAgt>`
		    `<FinInstnId>`
		        `<BICFI>`**ANYBJPJT**
		`</BICFI>`
		        `</FinInstnId>`
		`</InstdAgt>`

Fund B	83J:/NAME/FUND B /ACCT/12345	
Broker C	87A:BRKRGB2X or 87J with /ABIC/ and /NAME/	
Currency, Amount Bought	32B:EUR2000000,	
Delivery Agent	53A:BRKRDEFX	

Currency, Amount Sold	33B:JPY20000000,	`<IntrBkSttlmDt>`**2011-01-03**`</IntrBkSttlmDt>`
		
		`<IntrBkSttlmAmt Ccy="`**JPY**`">`**20000000**`</IntrBkSttlmAmt>`

Receiving Agent	57A:1234ABCD BRKRJPJT
	
	Or 57J with /ACCT/ and /ABIC/
		`<CdtrAgt>`
		    `<FinInstnId>`
		        `<BICFI>`**BRKRJPJT**
		`</BICFI>`
		        `</FinInstnId>`
		`</CdtrAgt>`
		`<CdtrAgtAcct>`
		  `<Id>`
		     `<Othr>`
		           `<Id>`**1234ABCD** `</Id>`
		     `</Othr>`
		  `</Id>`
		`</CdtrAgtAcct>`

Beneficiary Institution	58A:5678EFGH BRKRGB2X
	
	Or 58J with /ACCT/ and /ABIC/
		`<Cdtr>`
		    `<FinInstnId>`
		        `<BICFI>`**BRKRGB2X**
		`</BICFI>`
		        `</FinInstnId>`
		`</Cdtr>`
		`<CdtrAcct>`
		  `<Id>`
		     `<Othr>`
		           `<Id>`**5678EFGH** `</Id>`
		     `</Othr>`
		  `</Id>`
		`</CdtrAcct>`

MT304 Three Party Settlement Chain
Broker uses an Intermediary. Custodian and Broker use different agents

Currency	JPY
Custodian Correspondent:	ANYBJPJT
Correspondent:	BANAJPJT
Account:	1234ABCD
Account Owner	BRKRJPJT
Beneficiary Account	5678EFGH
Beneficiary/Broker	BRKRGB2X

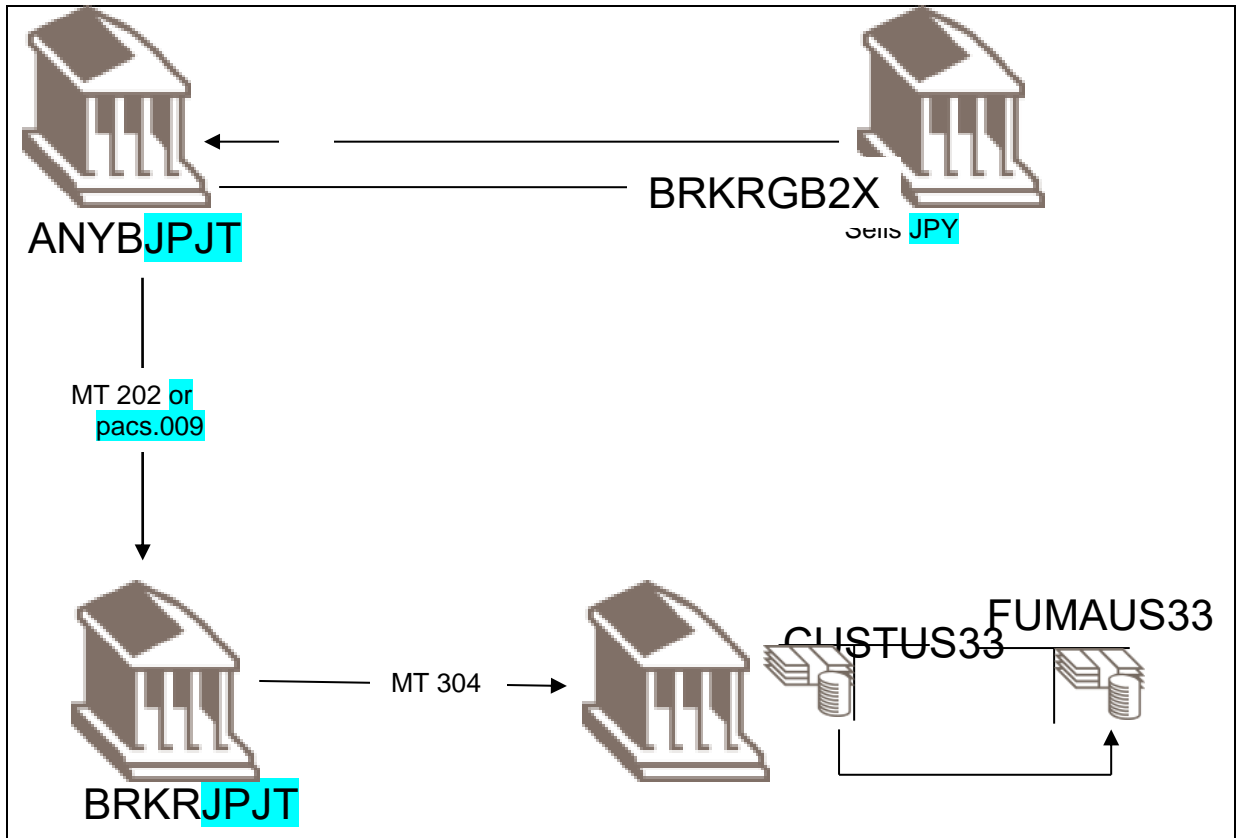|	MT304	MT202
Sender **Fund Manager A**	FUMAUS33.	CUSTUS33.
Receiver Custodian	CUSTUS33.	ANYBJPJT
Fund B	83J:/NAME/FUND B /ACCT/12345	
Broker C	87J:/ABIC/BRKRGB2X or 87J with /ABIC/ and /NAME/	
Currency, Amount Bought	32B:EUR2000000,	
Delivery Agent	53A:BRKRDEFX	
Currency, Amount Sold	33B:JPY200000000,	32A:110103JPY200000000,
Intermediary	56A:XYZ910 BANAJPJT Or 56J with /ACCT/ and /ABIC/	56A:/XYZ910 BANAJPJT
Receiving Agent	57A:1234ABCD BRKRJPJT Or 57J with /ACCT/ and /ABIC/	57A:/1234ABCD BRKRJPJT
Beneficiary Institution	58A:5678EFGH BRKRGB2X Or 58J with /ACCT/ and /ABIC/	58A:/5678EFGH BRKRGB2X

	MT304	pacs.009

Sender
Fund Manager A
	FUMAUS33.	`<InstgAgt>`
		    `<FinInstnId>`
		        `<BICFI>`**CUSTUS33**
		`</BICFI>`
		    `</FinInstnId>`
		`</InstgAgt>`

Receiver Custodian	CUSTUS33.	`<InstdAgt>`
		    `<FinInstnId>`
		        `<BICFI>`**ANYBJPJT**
		`</BICFI>`
		    `</FinInstnId>`
		`</InstdAgt>`

Fund B	83J:/NAME/FUND B /ACCT/12345	
Broker C	87A:BRKRGB2X or 87J with /ABIC/ and /NAME/	
Currency, Amount Bought	32B:EUR2000000,	
Delivery Agent	53A:BRKRDEFX	

Currency, Amount Sold	33B:JPY20000000,	`<IntrBkSttlmDt>`**2011-01-03**`</IntrBkSttlmDt>`
		
		`<IntrBkSttlmAmt Ccy="`**JPY**`">`**20000000**`</IntrBkSttlmAmt>`

Intermediary	56A:XYZ910
	BANAJPJT
	
	Or 56J with /ACCT/ and /ABIC/
		`<IntrmyAgt1>`
		    `<FinInstnId>`
		        `<BICFI>`**BANAJPJT**`</BICFI>`
		    `</FinInstnId>`
		`</IntrmyAgt1>`
		`<IntrmyAgt1Acct>`
		  `<Id>`
		    `<Othr>`
		        `<Id>`**XYZ910** `</Id>`
		    `</Othr>`
		  `</Id>`
		`</IntrmyAgt1Acct>`

Receiving Agent	57A:1234ABCD
	BRKRJPJT
	
	Or 57J with /ACCT/ and /ABIC/
		`<CdtrAgt>`
		    `<FinInstnId>`
		        `<BICFI>`**BRKRJPJT**`</BICFI>`
		    `</FinInstnId>`
		`</CdtrAgt>`
		`<CdtrAgtAcct>`
		  `<Id>`
		    `<Othr>`
		        `<Id>`**1234ABCD** `</Id>`
		    `</Othr>`
		  `</Id>`
		`</CdtrAgtAcct>`

Beneficiary Institution	58A:5678EFGH
	BRKRGB2X
	
	Or 58J with /ACCT/ and /ABIC/
		`<Cdtr>`
		    `<FinInstnId>`
		        `<BICFI>`**BRKRGB2X**`</BICFI>`
		    `</FinInstnId>`
		`</Cdtr>`
		`<CdtrAcct>`
		  `<Id>`
		    `<Othr>`
		        `<Id>`**5678EFGH** `</Id>`

	</Othr>
	</Id>
	</CdtrAcct>

B. MT304 Third Party "Forward" Open FX Advice

Buys EUR   MT 202 or pacs.009

Sells JPY

CUSTUS33

Data Element	SWIFT
General Information Sequence	**:15A:**
Sender's Reference	:20:16x

- This field specifies the reference number assigned by the Sender to unambiguously identify the instruction, ie, the number uniquely identifying the deal to the fund manager.

Related Reference	:21:16x

- This field contains the identification of the instruction to which the current message is related.

Type of Operation	:22A:4!c

CANC - Cancels a previously sent instruction. Used to cancel an MT 304 previously sent or to cancel an MT 304 which contains erroneous information.

DUPL - Duplicates a previously sent instruction. Used to inform the custodian that an instruction was already sent

NEWT - New advice/instruction. Used to send an instruction for the first time or to send a corrected MT 304 when the erroneous one was cancelled using an MT 304 with function CANC.

CAMN   Copy Amendment. Used to send a copy of an amendment to a third party.

CCAN   Copy Cancellation. Used to send a copy of a cancellation to a third party.

CNEW   Copy New. Used to send a copy of a new advice/instruction to a third party.

The intent of the Copy codewords (CNEW, CAMN, CCAN) is aligned to the MT54x 23G:: Copy usage which is defined as: Message is a copy to a party other than the account owner/account servicer, for information purposes

Scope of Operation	:94A:AFWD

AFWD - Forward currency contract (FORWARD CURRENCY CONTRACT) or hedge.

Indicates that the foreign exchange is a forward/hedge executed for a future date at a set price. The contract is opened and closed for the same value date resulting in a gain or loss. The result can be settled by netting the local base or both currencies, or by settling the gross/principal amounts.

Open Indicator	:17O:1!a

- This field specifies whether the instruction is for the opening or closing of a Forward Currency Contract.

Y - The opening of a Forward Currency Contract.

N - The partial or final close of a Forward Currency Contract.

Final Close Indicator	:17F:1!a
• This field specifies whether the instruction is for the final close or the partial close of an Forward Currency Contract Y - The final close of a Forward Currency Contract. N - The partial close of a Forward Currency Contract.	
Net Settlement Indicator	:17N:1!a
• This field specifies whether the total amount is settled net or gross. Y - Net settlement of a Forward Currency Contract. N - Gross settlement of a Forward Currency Contract.	
Fund	:83J:/ACCT/123
	:83J:/NAME/Fund XYZ
• This field identifies the fund and name of the client in which the transaction was executed for. • If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.	
Fund Manager	:82J:/ABIC/BIC code
	:82J:/NAME/Manager Name
	If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.
Executing Broker	:87J:/ABIC/BIC code
	:87J:/NAME/Broker Name
	If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.
End of Sequence A – General Information	
Forex Transaction Detail Sequence B	**:15B:**
Trade Date	:30T:8!n
• This field specifies the date the transaction was agreed between the fund manager and the executing broker.	
Value Date	:30V:8!n
• This field specifies the value date of the transaction.	
Exchange Rate	:36:12d
• This field specifies the agreed exchange rate of the transaction. It is the rate as the deal was struck. The rate can be reflected in either format.	
Amount Bought Sequence B1	
Currency, Amount Bought	:32B:3!a15d
Delivery Agent	Gross Settlement
	:53J:/ABIC/BIC Code or :53J:/NOSI/UKWN
	:53J:/NAME/Agent Name
	:53J:/ACCT/123
	Net Settlement
	:53J:/NOSI/NETS
	Standing Settlement Instructions

	:53J:/NOSI/SSIS

- This field identifies the financial institution from which the payer will transfer the amount bought.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

End of Subsequence B1 – Amount Bought	
Amount Sold Sequence B2	
Currency, Amount Sold	:33B:3!a15d
Intermediary	:56J:/ABIC/BIC Code or :56J:/NOSI/UKWN
	:56J:/NAME/Agent Name
	:56J:/ACCT/123
	:56J:/CLRC/FW FedWire Routing number
	:56J:/CLRC/CH CHIPS UID
	:56J:/CLRC/SC CHAPS sort code

- This field identifies the intermediary institution for the transfer of the funds.
- The following codes must be used only for settlements if 3 parties for cash settlement exist. (ie. Pay to Bank A for the account of Account 1 for further credit Account 2 where this field would be populated with Bank A information). The use of FW, CH and SC information should be provided in this field when 3 parties exist in the settlement chain.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

Receiving Agent	<u>Gross Settlement</u>
	:57J:/ABIC/BIC Code or :57J:/NOSI/UKWN
	:57J:/NAME/Agent Name
	:57J:/CLRC/FW FedWire Routing number
	:57J:/CLRC/CH CHIPS UID
	:57J:/CLRC/SC CHAPS sort code
	<u>Net Settlement</u>
	:57J:/NOSI/NETS
	<u>Standing Settlement Instructions</u>
	:57J:/NOSI/SSIS
	*Codes FW, CH and SC information should be provided in this field when 2 parties exist in the settlement chain.

- This field identifies the financial institution and account where the payee will receive the amount sold.
- The following codes must be used for settlement of 2 parties. (ie. Pay Bank A for the account of Account 1 where field 57 will be populated with the Bank A information.) The use of FW, CH and SC information should be provided in this field when 2 parties exist in the settlement chain.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

Beneficiary Institution	:58J:/ABIC/BIC Code or :58J:/NOSI/UKWN
	:58J:/NAME/Agent Name
	:58J:/ACCT/123
	*Should include BIC, BIC name and account number
	*This information is not required for forward netting contracts. All settlement information should be provided

	in Sequence E. For forward gross contracts this information should be provided.

- This field identifies the institution in favour of which the payment is done.
- Field should be used along with field 57 to represent the beneficiary details. Should include both BIC, BIC Name and Account Number. (ie. Pay Bank A for the account of Account 1 where field 58 will be populated with the Account 1 information.) FW, CH and SC should not be used in this field.
- This information is not required for a Forward Netting contracts. All settlement information should be provided in Sequence E. For Forward Gross contracts this information should be provided.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

End of Subsequence B2 – Amount Sold	
End of Sequence B – Forex Transaction Details	
Optional Sequence C – General Information	**:15C:**
Reference to Associated Trade	:21A

- This field specifies the reference to the underlying securities deal, ie, the identification of the securities transaction at the origin of the hedge.

Sender to Receiver Information	:72:6*35x

- Information populated in this field must use an agreed upon code which must be put in between a slash '/ '.
- Each code used must be put between slashes and appear at the beginning of a line.
- All alphabetic characters in a code must be in upper case.
- Additional explanatory information, which may be continued on the next lines, is preceded by a double slash '//'. Narrative text that is not qualified by a code must start with a double slash '//' on a new line, and should preferably be the last information in this field.

End of Sequence C – Optional General Information	
Optional Sequence D – Accounting Information	**:15D:**
Reference to Previous Deals	:21P:16x

- This field specifies the reference of the deals closed by this MT 304, ie, it contains the reference of the original transactions (Open(s), Partial Close(s)) leading to this instruction.

Gain (Loss) Indicator	:17G:1!a

- This field specifies whether the close represents a gain or a loss.

Y - Gain/amount received.

N - Loss/amount paid.

Gain (Loss) Currency and Amount	:32G:3!a15d

This field specifies the gain or loss currency and amount at a partial or final close.

Optional Sequence E – Net Amount to be Settled	**:15E:**
Gain (Loss) Indicator	:17G:1!a

- This field specifies whether the net amount represents a gain (amount received) or a loss (amount to be paid).

Y - Gain/amount received.

N - Loss/amount paid.

Gain (Loss) Currency and Amount	:32G:3!a15d

This field specifies the net currency and amount to be settled.

Delivery Agent	Gross Settlement
	:53J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:53J:/NAME/Agent Name
	:53J:/ACCT/123
	Standing Settlement Instructions
	:53J:/SSIS/

- This field identifies the financial institution from which the payer will transfer the net amount to be settled.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

Intermediary	:56J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:56J:/NAME/Agent Name
	:56J:/ACCT/123
	:56J:/USFW/FedWire Routing number
	:56J:/USCH/CHIPS UID
	:56J:/GBSC/CHAPS sort code

- This field identifies the intermediary institution for the transfer of the net amount to be settled.
- The following codes must be used only for settlements if 3 parties for cash settlement exist. (ie. Pay to Bank A for the account of Account 1 for further credit Account 2 where this field would be populated with Bank A information). The use of USFW, USCH and GBSC information should be provided in this field when 3 parties exist in the settlement chain.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

Receiving Agent	Gross Settlement
	:57J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:57J:/NAME/Agent Name
	:57J:/USFW/FedWire Routing number
	:57J:/USCH/CHIPS UID
	:57J:/GBSC/CHAPS sort code
	Standing Settlement Instructions
	:57J:/SSIS/
	*Codes USFW, USCH and GBSC information should be provided in this field when 2 parties exist in the settlement chain.

- This field identifies the financial institution and account where the payee will receive the net settlement amount to be settled.
- The following codes must be used for settlement of 2 parties. (ie. Pay Bank A for the account of Account 1 where field 57 will be populated with the Bank A information.) The use of USFW, USCH and GBSC information should be provided in this field when 2 parties exist in the settlement chain.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

Beneficiary Institution	:58J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:58J:/NAME/Agent Name
	:58J:/ACCT/123

- This field identifies the institution in favour of which the net settlement amount payment is done.

- The following codes must be used only for Net Loss settlements if 2 parties for cash settlement exist. (ie. Pay Bank A for the account of Account 1 where field 58 will be populated with the Account 1 information.) USFW, USCH and GBSC should not be used in this field.
- If multiple codes are included in the same J format tag, each should be separated into separate lines with a character line return as highlighted in the samples section.

- **Sample Message Formats**

FUMAUS33, a fund manager, arranged three foreign exchange contracts with Morgan Stanley New York (executing broker). All three trades are to settle on 23 March 2004. Instead of making three individual payments to Morgan, the fund manager has netted the three trades and instructed the custodian to pay the difference. The GBP amounts net to zero and the custodian is instructed to pay 2,873.83 to Morgan.

The fund manager is acting on behalf of ABC fund with account number 12345.

Open Forward Contract Deal 1
- Agreed on February 17, 2004.
- FUMA sells 6,017,543.00 GBP against USD at the rate of 1.58.
- The USD amount is 9,507,717.94.

IM/Client/Vendor MT304 to Custodian	
:15A:	General Information Block
:20:1	Message Reference
:22A:NEWT	Type of Operation
:94A:AFWD	Scope of Operation
:17O:Y	Open Indicator
:17N:Y	Net Settlement Indicator
:83J:/ACCT/12345 /NAME/ABC FUND	Fund
:82J:/ABIC/FUMAUS33 /NAME/FUND MANAGER	Fund Manager
:87J:/ABIC/MSNYUS33 /NAME/MORGAN STANLEY	Executing Broker
:15B:	Forex Transaction Details
:30T:20040217	Trade Date
:30V:20040323	Value Date
:36:1,58	Exchange Rate
:32B:USD9507717,94	Currency, Amount Bought
:53J:/NOSI/NETS	Delivery Agent
:33B:GBP6017543,00	Currency, Amount Sold
:57J:/NOSI/NETS	Receiving Agent

Open Forward Contract 2
- Agreed to on March 2, 2004.
- FUMA sells 6,299,876.00 GBP against USD at the rate of 1.588.
- The USD amount is 10,004,203.09.

IM/Client/Vendor MT304 to Custodian	
:15A:	**General Information Block**
:20:1	**Message Reference**
:22A:NEWT	**Type of Operation**
:94A:AFWD	**Scope of Operation**
:17O:Y	**Open Indicator**
:17N:Y	**Net Settlement Indicator**
:83J:/ACCT/12345 /NAME/ABC FUND	**Fund**
:82J:/ABIC/FUMAUS33 /NAME/FUND MANAGER	**Fund Manager**
:87J:/ABIC/MSNYUS33 /NAME/MORGAN STANLEY	**Executing Broker**
:15B:	**Forex Transaction Details**
:30T:20040302	**Trade Date**
:30V:20040323	**Value Date**
:36:1,588	**Exchange Rate**
:32B:USD10004203,09	**Currency, Amount Bought**
:53J:/NOSI/NETS	**Delivery Agent**
:33B:GBP6299876,	**Currency, Amount Sold**
:57J:/NOSI/NETS	**Receiving Agent**

C. **MT304 Third Party "Forward" Final Close FX Advice**

Data Element	SWIFT
General Information Sequence	:15A:
Sender's Reference	:20:16x
Type of Operation	:22A:CANC
	:22A:DUPL
	:22A:NEWT
Scope of Operation	:94A:AFWD
Open Indicator	:17O:N
Final Close Indicator	:17F:Y
Net Settlement Indicator	:17N:Y
	:17N:N
Fund	:83J:/ACCT/123
	:83J:/NAME/Fund XYZ
Fund Manager	:82J:/ABIC/BIC code
	:82J:/NAME/Manager Name
Executing Broker	:87J:/ABIC/BIC code
	:87J:/NAME/Broker Name
Forex Transaction Detail Sequence B	**:15B:**
Trade Date	:30T:8!n
Value Date	:30V:8!n
Exchange Rate	:36:12d

Amount Bought Sequence B1	
Currency, Amount Bought	:32B:3!a15d
Delivery Agent	Gross Settlement
	:53J:/ABIC/BIC Code or :53J:/NOSI/UKWN
	:53J:/NAME/Agent Name
	:53J:/ACCT/123
	Net Settlement
	:53J:/NOSI/NETS
	Standing Settlement Instructions
	:53J:/NOSI/SSIS
Amount Sold Sequence B2	
Currency, Amount Sold	:33B:3!a15d
Intermediary	:56J:/ABIC/BIC Code or :56J:/NOSI/UKWN
	:56J:/NAME/Agent Name
	:56J:/ACCT/123
	:56J:/CLRC/FW FedWire Routing number
	:56J:/CLRC/USCH CHIPS UID
	:56J:/CLRC/GBSC CHAPS sort code
	*Codes FW, CH and SC information should be provided in this field when 3 parties exist in the settlement chain.
Receiving Agent	Gross Settlement
	:57J:/ABIC/BIC Code or :57J:/NOSI/UKWN
	:57J:/NAME/Agent Name
	:57J:/CLRC/FW FedWire Routing number
	:57J:/CLRC/CH CHIPS UID
	:57J:/CLRC/SC CHAPS sort code
	Net Settlement
	:57J:/NOSI/NETS
	Standing Settlement Instructions
	:57J:/NOSI/SSIS
	*Codes USFW, USCH and GBSC information should be provided in this field when 2 parties exist in the settlement chain.
Beneficiary Institution	:58J:/ABIC/BIC Code
	:58J:/NAME/Agent Name
	:58J:/ACCT/123
	*Should include BIC, BIC name and account number
	*This information is not required for forward netting contracts. All settlement information should be provided in Sequence E. For forward gross contracts this information should be provided.
Accounting Information Sequence D	**:15D:**
Reference to Previous Deals	:21P:16x
Gain (Loss) Indicator	:17G:Y
	:17G:N
Currency, Amount	:32G:3!A15d
Net Amount to be Settled Sequence E	**:15E:**
Gain (Loss) Indicator	:17G:Y
	:17G:N
Currency, Amount	:32G:3!A15d
Delivery Agent	Gross Settlement

	:53J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:53J:/NAME/Agent Name
	:53J:/ACCT/123
	:53J:/USFW/FedWire Routing number
	:53J:/USCH/CHIPS UID
	:53J:/GBSC/CHAPS sort code
	Standing Settlement Instructions
	:53J:/SSIS/
	*Codes are used for net gain settlement
Intermediary	:56J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:56J:/NAME/Agent Name
	:56J:/ACCT/123
	:56J:/USFW/FedWire Routing number
	:56J:/USCH/CHIPS UID
	:56J:/GBSC/CHAPS sort code
	*Codes USFW, USCH and GBSC information should be used for net loss settlement when 2 parties exist in the settlement chain.
Receiving Agent	Net Settlement
	:57J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:57J:/NAME/Agent Name
	:57J:/USFW/FedWire Routing number
	:57J:/USCH/CHIPS UID
	:57J:/GBSC/CHAPS sort code
	Standing Settlement Instructions
	:57J:/SSIS/
	*Codes USFW, USCH and GBSC information must be used for net loss settlement and should be provided in this field when 2 parties exist in the settlement chain.
Beneficiary Institution	:58J:/ABIC/BIC Code or :53J:/ABIC/UKWN
	:58J:/NAME/Agent Name
	:58J:/ACCT/123
	*Codes USFW, USCH and GBSC information must be used for net loss settlement and should be provided in this field when 2 parties exist in the settlement chain.

- **Sample Message Format**

Close Open Forward Contract 1 & 2
- Agreed on March 21, 2004
- FUMA buys 12,317,419.00 GBP against USD at the rate of 1.584325.
- The USD amount is 19,514,794.86.
- The payments of the three deals are netted. This results in a GBP amount of zero and a USD amount of 2,873.83 to be paid to Morgan.

IM/Client/Vendor MT304 to Custodian	
:15A:	**General Information**
:20:3	**Sender's Reference**

:22A:NEWT	**Type of Operation**
:94A:AFWD	**Scope of Operation**
:17O:N	**Open Indicator**
:17F:Y	**Final Close Indicator**
:17N:Y	**Net Settlement Indicator**
:83J:/ACCT/12345 /NAME/ABC FUND	**Fund**
:82J:/ABIC/FUMAUS33 /NAME/FUND MANAGER	**Fund Manager**
:87J:/ABIC/MSNYUS33 /NAME/MORGAN STANLEY	**Executing Broker**
:15B:	**Forex Transaction Details**
:30T:20040321	**Trade Date**
:30V:20040323	**Value Date**
:36:1,584325	**Exchange Rate**
:32B:GBP12317419,	**Currency, Amount Bought**
:53J:/NOSI/NETS/	**Delivery Agent**
:33B:USD19514794,86	**Currency, Amount Sold**
:57J:/NOSI/NETS/	**Receiving Agent**
:15D:	**Reference to Previous messages**
:21P:1	**Reference to Previous Deal**
:21P:2	**Reference to Previous Deal**
:17G:N	**Gain (Loss) Indicator**
:32G:USD2873,83	**Currency, Amount**
:15E:	**Net Amount to be settled**
:17G:N	**Gain (Loss) Indicator**
:32G:USD2873,83	**Currency, Amount**
:57J:/ABIC/MSNYUS33 /NAME/MORGAN STANLEY /USFW/021000238	**Receiving Agent**
:58J:/ABIC/MSNYGB22 /NAME/MSNY INTL /ACCT/789-8989779	**Beneficiary Institution**

Appendix A: Cross Currency Forwards

I.   Introduction

A cross currency forward is a forward contract between two currencies – neither of which is the base currency of the account. For example, for a US-domiciled account, the base currency is USD, but the forward contract is between two other currencies, such as GBP and JPY.

II. Business Case

The business issue is that the gain or loss in the forward contract is not paid in either of the two foreign currencies identified in the transaction, but rather in the base currency of the account. ***The current format specifications for the MT304 do not allow the sender to clearly specify the gain or loss in the foreign currency and provide the base currency equivalent in one message.*** The format does not easily communicate that payment of the net gain or loss on the Forward is to be paid in the base currency of the account.

III. Recommendation

1.   Provide the financial details of the FX between the two foreign currencies
2.   Use multiple reference numbers in a repetitive sequence to link all messages to each other and the Open
3.   Provide the base currency equivalent of the gain or loss on each partial close

Based on the recommendation above the receiver of the messages should take the following actions:

1.   Derive the foreign currency equivalent of the gain or loss on each partial close.
2.   Calculate the exchange rate used to convert the gain or loss back to the base currency.
3.   Retain the information above for accounting purposes and to validate the amount of the subsequent receipt/delivery of net gain/loss in base currency.

The attached example is a forward contract for Fund G00684, which is a US-domiciled account that reports in USD. This account enters into a cross currency forward sale contract in which it sells 169,000,000 JPY against 1,000,000 GBP. The initial sale of JPY against GBP is the "Open" of the forward contract. Each subsequent buy back of the JPY is called a "Partial Close." The "Final" close – which is sometimes referred to as a "Partial Final" - occurs when the remaining open portion of the JPY is bought back. The gain or loss on the forward is realized at this point and paid to the appropriate party on value date.

The attached example of a Cross currency Forward contract contains one Open (#1) and three Partial Closes (#2, #3 and #4). Tab #4 is an example of the final Close and contains the currency delivery instructions for a *Net Gain* on the forward contract. Tab #5 is an example of a Final Close for the same contract, but with currency delivery instructions for a *Net Loss*.

	Date	Description	SWIFT Notes	Currency Balances *See Curr Balances Tab	Effect on Base Currency (USD)
Tab #1. Open Forward	11/10/1999	IM (CGTCUS66) notifies GC (BSDTUS33) of Open cross currency forward contract. Contract is a forward sell of JPY for GBP for value 04/13/2000. Forward rate is 169.	"Y" in field 170, Sequence A indicates this is an Open. "Y" in field 17N, Sequence A indicates net settlement, and no movement of currency until value date.	Sell JPY 169,000,000 Buy GBP 1,000,000.	No effect on base currency at this point.
Tab #2. Partial Close and FX back to Base	12/11/1999	IM partially closes contract by buying back JPY 50,000,000 at rate of 168.4307. Comparison between this rate and Open rate indicates loss of GBP 1000. This amount is converted back to Base currency (USD 1666).	N in 17O makes Sequence D mandatory - where we reference original Open in 21P. Purpose is to link this message to previous message and obtain comparison in rates to derive gain/loss in GBP. Foreign currency gain/loss on Forward is not provided on the SWIFT message. Value in 32G is base currency equivalent of loss realized on this partial close. N in 17F makes Sequence E not allowed.	Buy JPY 50,000,000 versus GBP 296,857.99	To avoid exposure to fluctuation in exchange rates, after account realizes gain or loss in GBP on this partial close, that amount is immediately converted to the Base currency of the account (USD) at the forward rate of 1.6666. This rate is calculated by taking the USD amount in Sequence D, 32G and dividing it by the GBP amount of the loss on this partial close. (see Curr Balances tab, Column F)
Tab #3. Partial Close and FX back to Base	1/12/2000	IM partially closes contract by buying back JPY 60,000,000 at rate of 169.71705. Comparison between this rate and the Open rate indicates gain of GBP 1500. This amount is converted back to Base currency (USD 2500)	Same as above. Sequence D contains 21P for reference to original Open, and 2nd 21P for reference to previous partial close. Value in 32G is base currency equivalent of gain realized on this partial close.	Buy JPY 60,000,000 versus GBP 353,529.59	The GBP gain is converted to USD for an amount of 2500.This amount is displayed in Sequence D, field 32G for Accounting purpose only. There is still no cash movement at this point.
Tab #4. Final Close, FX back to Base, and Movement of Base Currency – GAIN	4/10/2000	IM fully closes contract by buying back remaining balance of JPY 59,000,000 at rate of 169.24239. Comparison between this rate and Open rate indicates gain of GBP 500. This amount is converted back to Base currency (USD 833). Sum of this and all previous USD equivalents is Net Gain on Forward (USD 1667). IM provides instructions to GC to receive Net Gain in USD from Citibank	Y in 17F Seq. A makes Seq E mandatory. Seq D contains 21 P for Open and two previous partial closes. Y in 17G Seq. D indicates Gain on this final partial. **Y in 17G Seq E determines use of 53J for "Delivering Agent" to identify Executing Broker (Citibank).** 32G provides Base currency equivalent of Net Gain on forward. **Beneficiary BIC in 58J is IM (CGTCUS66) because of Y in 17G Seq E. Net result of forward contract is a GAIN.**	Buy JPY 59,000,000 versus GBP 348,612.42.	The GBP500 gain is converted to USD for an amount of 833 and provided in Sequence D, field 32G for accounting purpose. The sum of all gains/losses from all partial closes represents the Net Gain/Loss on the Forward contract. The Net Gain/Loss is provided in Sequence E, field 32G (USD 1667). Global Custodian (GC) is instructed to receive these funds on Value Date (04/13/2000) from Citibank.

Tab #5. Final Close, FX back to Base, and Movement of Base Currency - LOSS	4/10/2000	IM fully closes contract by buying back remaining balance of JPY 59,000,000 at rate of 168.43211. Comparison between this rate and Open rate indicates loss of GBP 1177.08. This amount is converted back to Base currency (USD 1961.02). Sum of this and all previous USD equivalents is Net Loss on Forward (USD 1127.02). IM provides instructions to GC to deliver Net Loss in USD to Citibank.	Y in 17F Seq. A makes Seq E mandatory. Seq D contains 21 P for Open and two previous partial closes. N in 17G Seq. D indicates Loss on this final partial. **N in 17G Seq E determines use of 57J for "Receiving Agent" to identify Executing Broker (Citibank).** 32G provides Base currency equivalent of Net Loss on forward. **Beneficiary BIC in 58J is Broker (CITIUS33) because of N in 17G Seq E. Net result of forward contract is a LOSS.**	Buy JPY 59,000,000 versus GBP 350,289.50	The GBP1177.08 loss is converted to USD for an amount of 1961.02 and provided in Sequence D, field 32G for accounting purpose. The sum of all gains/losses from all partial closes represents the Net Gain/Loss on the Forward contract. The Net Gain/Loss is provided in Sequence E, field 32G (USD 1127.02). Global Custodian (GC) is instructed to deliver these funds on Value Date (04/13/2000) to Citibank.

				NET GAIN SCENARIO					
Date	Messages	JPY Balance	GBP Balance	GBP/JPY Fwd Rate	Cross Exchange Rate	Gain/Loss in GBP	GBP/USD Fwd Rate	Effect on Base Currency (USD)	
11/10/1999	1. Open Forward	-169,000,000	1,000,000	169.000000000	1 GBP = 169 JPY			0	
12/11/1999	2. Partial Close and FX	50,000,000	-296,857.99	168.430703178	1 GBP = 168.4307 JPY	-1,000.00	1.666	-1666 USD	1 GBP = 1.666 USD
1/12/2000	3. Partial Close and FX	60,000,000	-353,529.59	169.717052538	1 GBP = 169.71705 JPY	1,500.00	1.66666666	2500 USD	1 GBP = 1.6666666 USD
4/10/2000	4. Final Close and FX	59,000,000	-348,612.42	169.242390000	1 GBP = 169.24239 JPY	500.00	1.666	833 USD	1 GBP = 1.666 USD
		0	1,000.00			1000 GBP =	**1667.00 USD : Net Gain to be received by Custodian Bank**		
				NET LOSS SCENARIO					
Date	Messages	JPY Balance	GBP Balance	GBP/JPY Fwd Rate	Cross Exchange Rate	Gain/Loss in GBP	GBP/USD Fwd Rate	Effect on Base Currency (USD)	
11/10/1999	1. Open Forward	-169,000,000	1,000,000	169.000000000	1 GBP = 169 JPY			0	
12/11/1999	2. Partial Close and FX	50,000,000	-296,857.99	168.430703178	1 GBP = 168.4307 JPY	-1,000.00	1.666	-1666 USD	1 GBP = 1.666 USD
1/12/2000	3. Partial Close and FX	60,000,000	-353,529.59	169.717052538	1 GBP = 169.71705 JPY	1,500.00	1.66666666	2500 USD	1 GBP = 1.6666666 USD
4/10/2000	5. Final Close and FX	59,000,000	-350,289.50	168.432110000	1 GBP = 169.24239 JPY	-1,177.08	1.666	-1961.02 USD	1 GBP = 1.666 USD
		0	-677.08			-677.08 GBP	**-1127.02 USD : Net Loss to be delivered by Custodian Bank**		

#1 Forward Sale of JPY Against GBP		
Forward Open: Sell JPY vs. GBP		
Explanation	**Format**	**Usage Rule**
Sender	CGTCUS66X	
Receiver	BSDTUS33A	
Message Type	304	
General Information	**:15A:**	
Sender's Reference	:20:9911100003000570	
Type of Operation	:22A:NEWT	
Scope of Operation	:94A:AFWD	
Open Indicator	**:170:Y**	
Net Settlement Indicator	**:17N:Y**	(Y Indicates no movement of money until value date)
Fund	:83J:/ACCT/G00684	
	/NAME/CG INT'L NON U.S. EQUITY	
Fund Manager	:82J: /ABIC/CGTCUS66	
	/NAME/CAPITAL GUARDIAN TRUST	
Executing Broker	:87J:/ABIC/CITIUS33	
	/NAME/CITIBANK N.A., NEW YORK	
Forex Transaction Details	**:15B:**	
Trade Date	:30T:991110	
Value Date	:30V:0000413	
Exchange Rate	:36:169	
Currency, Amount Bought	:32B:GBP1000000	
Delivery Agent	:53J:/NOSI/NETS/	
Currency, Amount Sold	:33B:JPY169000000	
Receiving Agent	:57J:/NOSI/NETS/	
Optional General Information	**:15C:**	
Contact Information	:29A:/NAME/Bob Jones/PHON/714-	
	6717069	

2. Forward Sale of JPY Against GBP		
Partial Close: Buy JPY vs. GBP and FX GBP Gain/Loss Back to Base (USD)		
Explanation	**Format**	
Sender	CGTCUS66X	
Receiver	BSDTUS33A	
Message Type	304	
General Information	**:15A:**	
Sender's Reference	:20:9912110003000571	
Type of Operation	:22A:NEWT	
Scope of Operation	:94A:AFWD	
Open Indicator	**:170:N**	(N makes 17F and Sequence D mandatory)
Final Close Indicator	**:17F:N**	(N makes Sequence E not allowed)
Net Settlement Indicator	:17N:Y	
Fund	:83J:/ACCT/G00684	
	/NAME/CG INT'L NON U.S. EQUITY	

Fund Manager	:82J: /ABIC/CGTCUS66	
	/NAME/CAPITAL GUARDIAN TRUST	
Executing Broker	:87J:/ABIC/CITIUS33	
	/NAME/CITIBANK N.A., NEW YORK	
Forex Transaction Details	**:15B:**	
Trade Date	:30T:19991211	
Value Date	:30V:20000413	
Exchange Rate	:36:168,4307	
Currency, Amount Bought	:32B:JPY50000000	
Delivery Agent	:53J:/NOSI/NETS/	
Currency, Amount Sold	:33B:GBP296857,99	
Receiving Agent	:57J:/NOSI/NETS/	
Optional General Information	**:15C:**	
Contact Information	:29A:/NAME/Bob Jones/PHON/714-	
	6717069	
Accounting Information	**:15D:**	
Reference to Previous Deal	:21P:9911100003000570	(Tag 20 from Open - #1)
Gain (Loss) Indicator	**:17G:N**	(N indicates loss in GBP for this partial close)
Currency, Amount	**:32G:USD1666 [1]**	(USD equivalent of 1000GBP loss)
***Gain/loss in GBP is not provided on MT304, but can be derived from all MT304s received.		
(Gain/Loss: -1000GBP)		
[1] **If converting back to base at each partial close, the gain/loss must be provided in the base currency.**		
** Note *** No exchange rate for GBP to USD No movement of USD until Final - #4 /NOSI/NETS in Sequence B instructs banks not to move until value date.		

3. **Forward Sale of JPY Against GBP**		
Partial Close: Buy JPY vs. GBP and FX GBP Gain/Loss Back to Base (USD)		
Explanation	**Format**	
Sender	CGTCUS66X	
Receiver	BSDTUS33A	
Message Type	304	
General Information	**:15A:**	
Sender's Reference	:20:0001120003000572	
Type of Operation	:22A:NEWT	
Scope of Operation	:94A:AFWD	
Open Indicator	**:17O:N**	(N makes 17F and Sequence D mandatory)
Final Close Indicator	**:17F:N**	(N makes Sequence E not allowed)
Net Settlement Indicator	:17N:Y	
Fund	:83J:/ACCT/G00684	
	/NAME/CG INT'L NON U.S. EQUITY	
Fund Manager	:82J: /ABIC/CGTCUS66	
	/NAME/CAPITAL GUARDIAN TRUST	
Executing Broker	:87J:/ABIC/CITIUS33	
	/NAME/CITIBANK N.A., NEW YORK	

Forex Transaction Details	:15B:	
Trade Date	:30T:20000112	
Value Date	:30V:20000413	
Exchange Rate	:36:169,71705	
Currency, Amount Bought	:32B:JPY60000000	
Delivery Agent	:53J:/NOSI/NETS/	
Currency, Amount Sold	:33B:GBP353529,59	
Receiving Agent	:57J:/NOSI/NETS/	
Optional General Information	**:15C:**	
Contact Information	:29A:/NAME/Bob Jones/PHON/714-	
	6717069	
Accounting Information	**:15D:**	
Reference to Previous Deal	:21P:9911100003000570	(Tag 20 from Open - #1)
Reference to Previous Deal	:21P:9912110003000571	(Tag 20 from Partial Close - #2)
Gain (Loss) Indicator	**:17G:Y**	(Y indicates gain in GBP for this partial close)
Currency, Amount	**:32G:USD2500 1**	(USD equivalent of 1500 GBP gain)
***Gain/loss in GBP is not provided on MT304, but can be derived from all MT304s received.		
Gain/Loss: +1500 GBP		
1 **If converting back to base at each partial close, the gain/loss must be provided in the base currency.**		
** Note *** No exchange rate for GBP to USD No movement of USD until Final - #4 /NOSI/NETS in Sequence B instructs banks not to move until value date.		

4. Forward Sale of JPY Against GBP		
Final Close: Buy JPY vs. GBP FX GBP Gain/Loss Back to Base (USD) and Movement of Base Currency		
Explanation	**Format**	
Sender	CGTCUS66X	
Receiver	BSDTUS33A	
Message Type	304	
General Information	**:15A:**	
Sender's Reference	:20:0004100003000573	
Type of Operation	:22A:NEWT	
Scope of Operation	:94A:AFWD	
Open Indicator	**:17O:N**	(N makes 17F and Sequence D mandatory)
Final Close Indicator	**:17F:Y**	(Y in 17F and Y in 17N make Sequence E mandatory)
Net Settlement Indicator	**:17N:Y**	
Fund	:83J:/ACCT/G00684	
	/NAME/CG INT'L NON U.S. EQUITY	
Fund Manager	:82J: /ABIC/CGTCUS66	
	/NAME/CAPITAL GUARDIAN TRUST	
Executing Broker	:87J:/ABIC/CITIUS33	
	/NAME/CITIBANK N.A., NEW YORK	
Forex Transaction Details	**:15B:**	
Trade Date	:30T:20000410	
Value Date	:30V:20000413	
Exchange Rate	:36:169,24239	

Currency, Amount Bought	:32B:JPY59000000	
Delivery Agent	:53J:/NOSI/NETS	
Currency, Amount Sold	:33B:GBP348612,42	
Receiving Agent	:57J:/NOSI/NETS	
Optional General Information	**:15C:**	
Contact Information	:29A:/NAME/Bob Jones/PHON/714-	
	6717069	
Accounting Information	**:15D:**	
Reference to Previous Deal	:21P:9911100003000570	(Tag 20 from Open - #1)
	:21P:9912110003000571	(Tag 20 from Partial Close #2)
	:21P:0001120003000572	(Tag 20 from Partial Close #3)
Gain (Loss) Indicator	**:17G:Y**	(Y indicates Gain in GBP for this partial close)
Currency, Amount	**:32G:USD833** [1]	(USD equivalent of 500GBP gain)
Net Amount to be Settled	**:15E:**	
Gain (Loss) Indicator	**:17G:Y**	(Y indicates GC to receive funds, N indicates GC to deliver)
Currency, Amount	**:32G:USD1667**	(Base currency to be received - Net USD from Sequence D of #2, #3, and #4)
Delivering Agent	**:53J:/ABIC/CITIUS33**	(Y in 17G determines use of 53J Delivering Agent for counterparty)
	/NAME/Citibank, N.A. New York	
	/USFW/021000238	
***Gain/loss in GBP is not provided on MT304, but can be derived from all MT304s received.		
Gain/Loss +500		
Total Gain/Loss: +1000 GBP		
[1] **If converting back to base at each partial close, the gain/loss must be provided in the base currency.**		
** Note *** No exchange rate for GBP to USD No movement of USD until Final - #4 /NOSI/NETS in Sequence B instructs banks not to move until value date.		

5. Forward Sale of JPY Against GBP		
Final Close: Buy JPY vs. GBP FX GBP Gain/Loss Back to Base (USD) and Movement of Base Currency		
Explanation	**Format**	
Sender	CGTCUS66X	
Receiver	BSDTUS33A	
Message Type	304	
General Information	**:15A:**	
Sender's Reference	:20:0004100003000573	
Type of Operation	:22A:NEWT	
Scope of Operation	:94A:AFWD	
Open Indicator	**:17O:N**	(N makes 17F and Sequence D mandatory)
Final Close Indicator	**:17F:Y**	(Y in 17F and Y in 17N make Sequence E mandatory)
Net Settlement Indicator	**:17N:Y**	
Fund	:83J:/ACCT/G00684	
	/NAME/CG INT'L NON U.S. EQUITY	
Fund Manager	:82J: /ABIC/CGTCUS66	
	/NAME/CAPITAL GUARDIAN TRUST	

Third Party Foreign Exchange

Executing Broker	:87J:/ABIC/CITIUS33	
	/NAME/CITIBANK N.A., NEW YORK	
Forex Transaction Details	**:15B:**	
Trade Date	:30T:20000410	
Value Date	:30V:20000413	
Exchange Rate	:36:168,43211	
Currency, Amount Bought	:32B:JPY59000000	
Delivery Agent	:53J:/NOSI/NETS	
Currency, Amount Sold	:33B:GBP350289,50	
Receiving Agent	:57J:/NOSI/NETS	
Optional General Information	**:15C:**	
Contact Information	:29A:/NAME/Bob Jones/PHON/714-	
	6717069	
Accounting Information	**:15D:**	
Reference to Previous Deal	:21P:9911100003000570	(Tag 20 from Open - #1)
	:21P:9912110003000571	(Tag 20 from Partial Close #2)
	:21P:0001120003000572	(Tag 20 from Partial Close #3)
Gain (Loss) Indicator	**:17G:N**	(N indicates loss for this partial close)
Currency, Amount	**:32G:USD1961.02** [1]	(USD equivalent of 1177.08 GBP loss)
Net Amount to be Settled	**:15E:**	
Gain (Loss) Indicator	**:17G:N**	(Y instructs GC to receive funds, N would instruct to deliver)
Currency, Amount	**:32G:USD1127.02**	(Base currency to be delivered- Net USD from Sequence D of #2, #3, and #4)
Receiving Agent	**:57J**:/ABIC/CITIUS33	(N in 17G determines use of 57J Receiving Agent for counterparty)
	/NAME/Citibank, N.A. New York	
	/USFW/021000238	
Beneficiary Institution	**:58J:/ABIC/CITIUS33**	(Beneficiary BIC is Broker for Loss)
	/ACCT/123456	
	/NAME/Citibank, N.A. New York	
***Gain/loss in GBP is not provided on MT304, but can be derived from all MT304s received.		
Gain/Loss -1177.08 GBP		
Total Gain/Loss: -677.08 GBP		
[1] **If converting back to base at each partial close, the gain/loss must be provided in the base currency.**		
** Note *** No exchange rate for GBP to USD No movement of USD until Final - #5 /NOSI/NETS in Sequence B instructs banks not to move until value date.		