



SETTLEMENT AND ISO 15022
STANDARDS:

Euroclear Settlement for Euronext Zone
Securities (ESES)
MARKET PRACTICE

*Issued on behalf of the **ESES** Market Practice Group*

Final Version 4.0 October 2008

ESES Market Practice Templates for Settlement

1 Introduction

In 2008 the settlement systems of Euroclear BE, Euroclear FR and Euroclear NL will be integrated into a single system. The Settlement part of this system will be based on the current RGV system of Euroclear FR.

This document refers to equities and fixed income trades in the ESES market. It concerns the communication between clients and their service providers up to the level of the local agent (ESES participant).

Differences which still exists between the constituting markets will be clearly described in this document.

Subjects covered (in this version)

- Matching (DVP or FOP) trades
- Non-Matching FOP trades (“Dumps”)
- Cross Border trades (to be added)

Changes to previous version (in dark blue)		
4.0	First version	

2 Glossary

BE Securities	ESES eligible securities, having Euroclear BE (formerly known as CIK) as CSD of Reference
CSD of Reference	Within ESES every security is only assigned to one of the legal CSD's using the ESES platform. This is called the CSD of Reference.
EGSP	Euroclear Group Single Platform Next phase in the consolidation of Euroclear. This will include the consolidation systems of the ESES markets, UK & IE (formerly Crest) and Euroclear Bank in to one CSD system.
ESES	Euroclear Settlement for Euronext Zone Securities Euroclear project to integrate BE, FR and NL CSD systems into one. This system, ESES, is based on the former Euroclear France RGV system
FR Securities	ESES eligible securities, having Euroclear FR (formerly known as Sicovam) as CSD of Reference
Market of Reference	Euronext market segment on which a security is traded.
NL Securities	ESES eligible securities, having Euroclear NL (formerly known as Necigef) as CSD of Reference
SOA	Single Operational Account
SOB	Single Order Book Euronext project to consolidate the BE, FR and NL market segments of Euronext. Within the SOB there is only one trading line per security even though there can be more than one listing.

3 Matching (DVP or FOP) trades

3.1 Mandatory Elements

ESES		
Business element name	Data Content Format	Remark
Sender's Message Reference	16x	
Settlement Date	8!n	
Trade Date	8!n	
Identification of Financial Instrument	ISIN1!e12!c	
Quantity of Financial Instrument to be settled (7)	4!c/15d with 4!c = UNIT for securities listed in amounts (Equities, some convertible bonds) 4!c = FAMT for securities listed in percentage (bonds)	
Safekeeping account to be credited or debited	35x	
Delivering or Receiving agent (3)	EGSP/12n	Preferred format
Client of Delivering or Receiving agent (4)	BIC or Name	
Account of Client of Receiving agent (4)	35x	NL Specific
Place of Settlement (2)	BIC	CSD of Reference
Settlement Amount (including currency) (5)	3!a15d	

3.2 Specifics

To settle equities or fixed income securities in the ESES market the Common List of Data Elements needs to be used, plus:

1. The presence of the full settlement chain is highly recommended. A minimum of two levels is required.
2. Place of Settlement (PSET)
Depending on the security the BIC code for the Place of Settlement is the CSD of Reference of the security in the ESES market, SICVFRPP or CIKBBEBB or NECINL2A.¹
3. Receiving / Delivering Agent (REAG/DEAG)
 - The preferred way of identifying the Receiving or Delivering Agent is the Euroclear Group Single Platform or EGSP code (95R::REAG/EGSP/12n or DEAG/EGSP/12n). The EGSP code format is 12 numeric. Leading zero's may be omitted.
 - Alternatively the BIC is accepted for REAG or DEAG (95P::REAG or DEAG//BIC). For a list of ESES participants with their EGSP codes and corresponding

¹ For internal settlements in ESES (i.e. not for cross border settlements) any ESES CSD of Reference in the Place of Settlement is accepted. However, as parties may have different agents per ESES market, the party chain for the counterparty might be incorrect and will not be adjusted)

- BIC's see www.euroclear.com. If no BIC is attached the 95P-format cannot be used. In that case 95R must be used.
4. Client of Delivering or Receiving Agent
 - Two levels in the party chain are required. Therefore the client of the REAG/DEAG is mandatory. The Client of the REAG/DEAG can be BUYR/SELL or RECU/DECU or REI1/DEI, etcetera.
 - In a Delivery for NL securities (CSD of Reference is NECINL2A) it is mandatory to specify the Safekeeping Account of the Client of the Receiving Agent. The Account of the client of the Receiving Agent is to be provided without leading zeroes and without any punctuation characters. ESES uses the (first 16 characters of the) account as mandatory matching criterion for NL securities to avoid cross matching for NL securities. As this is the safekeeping account with the Receiving Agent this account is always known at the receipt side.
 - In a Delivery for BE and FR securities (CSD of Reference is CIKBEBE or SICVFRPP) the (first 16 characters of the) Safekeeping Account of the client of the Receiving Agent, when provided, will be used as **optional** matching criterion, i.e. it will match against blanks. So in case the Account of the Client of the REAG is only provided in one side, the transaction will match.
 - In a Delivery, where Euroclear Bank (EB) is REAG (EGSP 000000000611), the participant code of the client of EB (e.g. 95R::BUYR/ECLR/12345) is a mandatory matching criterion for all CSD's of Reference (BE, FR and NL)
 - In a Receipt, where Euroclear Bank (EB) is DEAG (EGSP 000000000611), the participant code of the client of EB (e.g. 95R::SELL/ECLR/12345) is a mandatory matching criterion for the CSD's of Reference BE and FR. For CSD of Reference NL the (first 16 characters of the) account of the client of the REAG is the matching criterion in a Receipt.
 - It is strongly recommended to always provide the Safekeeping Account of the Client of the REAG/DEAG. Where the account is not a matching criterion it helps in providing usefull alledged settlement information
 5. In ESES only EUR settlements can take place.
Based on SLA it is possible to send DVP transactions with a settlement amount in NON-EUR currency, but in that case this information will only be used for matching purposes. The settlement confirmation is a DVP confirmation where Settlement Amount equals zero and currency code is the instructed currency. Settlement of the Cash takes place outside the system and has to be initiated by the Buyer and Seller.
 6. Transactions will be defaulted to Secondary Market transactions. In case the transaction concerns a Primary market transaction it is mandatory to provide field Place of Trade (:94F::TRAD//PRIM).
 7. Fixed Income securities with Market of Reference Paris are quoted in percentage but traded, settled and safekept in Units at the Euronext Exchange, CCP and CSD level. Local Agents for the ESES market accept Settlement Instructions in Face Amount for these securities from their clients. Reporting is either in Units or Face Amount depending on SLA with the Local Agent.

3.3 Examples

Illustration of the common elements used :

BE Security	BE9876543210	Fictional ISIN
FR Security	FR1032547698	Fictional ISIN
NL Security	NL0123456789	Fictional ISIN
fund Manager	FMXXCC22	Fictional Bank Identifier Code (BIC)
	654321987	Fictional account with its global custodian
Broker	BRYYCC22	Fictional Bank Identifier Code (BIC)
	998578789	Fictional account with its local agent
Global Custodian	GCXXDD22	Fictional Bank Identifier Code (BIC)
	553366447	Fictional account with its subcustodian/local agent
Subcustodian/local agent of the global custodian (1)	SCXXNL22	Fictional Bank Identifier Code (BIC)
	000000000123	Fictional account with the central securities depository
local agent of the broker (2)	SCYYNL22	Fictional Bank Identifier Code (BIC)
	000000000999	Fictional account with the central securities depository
PSET BE Securities	CIKBEBBB	
PSET NL Securities	NECINL2A	
PSET FR Securities	SICVFRPP	
Trade Date	2008-12-08	
Settlement Date	2008-12-11	
Settlement Amount	EUR 300.000,00	
Sender's Reference	21324	

Detailed Field Name	Data Field Content	Example
Start of block	GENL	:16R:GENL
Sender's Reference	16x	:20C::SEME//21324
Function of the message	4!c	:23G:NEWM
End of block	GENL	:16S:GENL
Start of block	TRADEDET	:16R:TRADEDET
Settlement Date	8!n	:98A::SETT//20081211
Trade Date	8!n	:98A::TRAD//20081208
Identification of the Financial Instruments	ISIN1!e12!c	:35B:ISIN NL0123456789
End of block	TRADEDET	:16S:TRADEDET
Start of block	FIAC	:16R:FIAC
Quantity of Financial Instrument	4!c/15d	:36B::SETT//xxxx/15000,
Safekeeping Account	35x	:97A::SAFE//xxxxxxxxxxx
End of block	FIAC	:16S:FIAC
Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	1!a	:22F::SETR//TRAD
IDENTIFICATION OF PARTIES OF ACCOUNTS	WILL VARY	ACCORDING TO THE SETTLEMENT CHAIN
Start of block	AMT	:16R:AMT
Settlement amount	3!c15d	:19A::SETT//EUR300000,
End of block	AMT	:16S:AMT
End of block	SETDET	:16S:SETDET

Settlement Chain should at least contain:

In case a local code is being used (preferred):

Delivering or Receiving agent	EGSP/12n
Client of Delivering or Receiving agent	BIC
Account of Client of Receiving agent	35x
Place of Settlement	BIC of CSD of Reference

In case a BIC is being used:

Delivering or Receiving agent	BIC
Client of Delivering or Receiving agent	BIC
Account of Client of Receiving agent	35x
Place of Settlement	BIC of CSD of Reference

Example (NL market, receipt using EGSP code (preferred)):

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	Local code	:95R::DEAG/EGSP/000000000999
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//BRYCC22
Safekeeping Account	35x	:97A::SAFE//998578789
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//NECINL2A
End of block	SETPRTY	:16S:SETPRTY

Example (NL market, receipt using EGSP code (preferred), counterparty EB):

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	Local code	:95R::DEAG/EGSP/000000000611
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95R::SELL/ECLR/12345
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//NECINL2A
End of block	SETPRTY	:16S:SETPRTY

Example (FR Market, receipt using EGSP code (preferred)):

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	Local code	:95R::DEAG/EGSP/00042
End of block	SETPRTY	:16S:SETPRTY
H		
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//PARBFRPPXXX
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//SICVFRPP
End of block	SETPRTY	:16S:SETPRTY

Example (FR Market, receipt using EGSP code (preferred), counterparty EB):

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	Local code	:95R::DEAG/EGSP/00611
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95R::SELL/ECLR/12345 this field will be used as mandatory matching criterion at the CSD
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//SICVFRPP
End of block	SETPRTY	:16S:SETPRTY

Example (NL Market, receipt using BIC):

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	BIC	:95P::DEAG//SCYYNL22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//BRYCC22
Safekeeping Account	35x	:97A::SAFE//998578789
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//NECINL2A
End of block	SETPRTY	:16S:SETPRTY

Example (NL Market, delivery using EGSP (preferred) and second level party account “Beneficiary Account”):

Start of block	SETPRTY	:16S:SETPRTY
Party (Receiving agent)	BIC	:95R::REAG/EGSP/000000000123
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Receiving Custodian)	BIC	:95P::RECU//GCXXDD22
Safekeeping Account	35x	:97A::SAFE//553366447 (the first 16 characters of this field will be used as mandatory matching criterion at the CSD for NL Securities, for BE and FR securities it will be used as optional matching criteria, i.e. it will match against blanks) ²
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Buyer)	BIC	:95P::BUYR//FMXXCC22
Safekeeping Account	35x	:97A::SAFE//654321987
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//NECINL2A
End of block	SETPRTY	:16S:SETPRTY

² In case 3 or more settlement parties are provided, agent banks will need to reduce the number of parties sent to ESES. In that case the RECU / DECU will be mapped to the BUYR / SELL in the message to ESES, REAG / DEAG and PSET will be forwarded unchanged to ESES. Any other settlement parties (including the BUYR / SELL of the original message) will not be forwarded.

Example (FR Market, delivery using EGSP(preferred)):

Start of block	SETPRTY	:16S:SETPRTY
Party (Receiving agent)	Local code	:95R::REAG/EGSP/000000000030
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::BUYR//SOGEFRPPTIT
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//SICVFRPP
End of block	SETPRTY	:16S:SETPRTY

Example (FR Market, delivery using EGSP(preferred), Counterparty 611):

Start of block	SETPRTY	:16S:SETPRTY
Party (Receiving agent)	Local code	:95R::REAG/EGSP/0000000000611
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95R::BUYR/ECLR/12345 this field will be used as mandatory matching criterion at the CSD
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//SICVFRPP
End of block	SETPRTY	:16S:SETPRTY

**Exampe (NL Market, delivery using BIC and second level party account
“Beneficiary Account”):**

Start of block	SETPRTY	:16S:SETPRTY
Party (Receiving agent)	BIC	:95P::REAG//SCXXNL22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Receiving Custodian)	BIC	:95P::BUYR//FMXXCC22
Safekeeping Account	35x	:97A::SAFE//654321987 (the first 16 characters of this field will be used as mandatory matching criterion at the CSD for NL Securities, for BE and FR securities it will be used as optional matching criteria, i.e. it will match against blanks)
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//NECINL2A
End of block	SETPRTY	:16S:SETPRTY

4 Non-Matching FOP trades

Matching of FOP instructions is default. If FOP instructions should not be matched (dumped), Delivery without Matching should be instructed (22F::STCO//DLWM)

5 Cross border trades

To be added

END OF DOCUMENT