SETTLEMENT AND ISO 15022 STANDARDS:

LUXEMBOURG

MARKET PRACTICE

Issued on behalf of the Luxemburgish Market Practice Group

June **2002**

Luxembourg Market Practice Templates for Settlement

1 Introduction

This document refers to equities and fixed income vanilla trades in a custody environment.

Changes to previous version (in dark blue)		
Addition	Local Code Format Scheme in illustrations when applicable.	Page 5, 6.

2 The Needed Elements

LU	
Business element name	**Data Content Format**
Sender's Message Reference	16x
Settlement Date	8!n
Trade Date	8!n
Identification of Finantial Instrument	ISIN1!e12!c
Quantity of Financial Instrument to be settled	4!c/15d with
	4!c=UNIT for equities
	4!c=FAMT for fixed incomes
Deal Price	3!a15d (1)
Safekeeping account to be credited or debited	35x
Delivering or Receiving agent	BIC or/and clearing code (2)
Client of Delivering or Receiving agent	BIC
Account of client of Delivering or Receiving agent	35x (3)
Settlement Amount (including currency)	3!a15d
Place of Settlement	BIC

2.1 Specifics

To settle equities or fixed income securities in *or through* the LU market the Common List of data elements needs to be used, plus:

1. only required for settlements in Italy
2. The Delivering or Receiving agent and the client are to be specified with their **BIC** or has to be specified ONLY with its CLEARING CODE on the markets when it is required by their Market Practices (example: FR (SICOVAM Code), GB (CREST id), USA (DTC or FEDWIRE), CLEARSTREAM, EUROCLEAR).
3. The account at the Delivering or Receiving agent, i.e., this is the account of the client of the delivering or receiving agent at the delivering or receiving agent. If PSET is different from (LU) market, the needed elements for the specific market should be present.

Notes: **The presence of the full settlement chain is highly recommended. A minimum of two levels is required. Additional parties should be identified using their BIC code. The executing broker and the fund manager should be identified. A minimum of three levels is required when the settlement is not on the domestic market of the securities**

LU_del1_v5.0

3 Generic Flow

3.1   If securities are settled in LU market.

```
                        ┌──────────────────────────────────┐
                        │ Central Depository Receipt:        │
                        │ CEDELULL                           │
                        └──────────────────────────────────┘
                           ▲                        ▲
                    541 (3)                    543 (2)
          ┌──────┐      ╱                          ╲      ┌──────┐
          │ REAG │   (  CSD         )          (  CSD      )  │ DEAG │
          └──────┘   (  participant  )         (  participant )  └──────┘
                           ▲                        ▲
          ACC A1B2    541 (2)
                           │                   543 (1)
          ┌──────┐   ┌──────────────┐             │
          │ RECU │   │ Global        │             │
          └──────┘   │ custodian     │             │
                     └──────────────┘              │
          ACC ABCD       ▲                         │
                    541 (1)                         │
          ┌──────┐   ┌──────────────┐   ┌──────────────┐   ┌──────┐
          │ BUYR │   │ Fund          │   │ Broker        │   │ SELL │
          └──────┘   │ manager       │   │ BRYYCC2       │   └──────┘
                     └──────────────┘   └──────────────┘
```
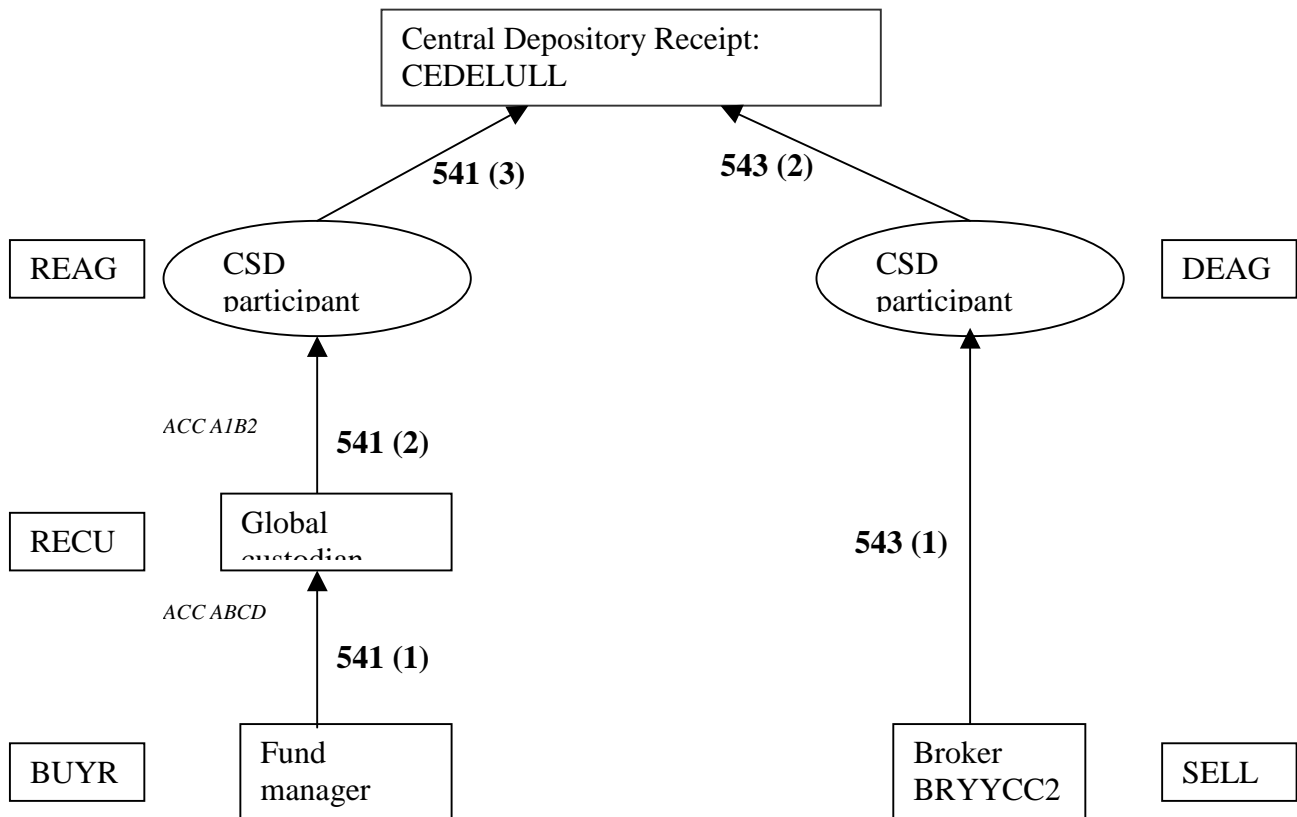
Illustration:

- Securities used: LU0123456789
- parties and safekeeping accounts relationships as follows:

fund manager (BUYR)	FMXXCC22	fictional Bank Identifier Code (BIC)
	ABCD	fictional account with its global custodian
Broker (SELL)	BRYYCC22	fictional Bank Identifier Code (BIC)
	99857	fictional account with its local agent
Global custodian (RECU)	GCXXDD22	fictional Bank Identifier Code (BIC)
	A1B2	fictional account with its subcustodian/local agent
Subcustodian/local agent of the global custodian (1) (REAG)	SCXXLU22	fictional Bank Identifier Code (BIC)
	12345	fictional account with the central securities depository (*Account in Clearstream*)
local agent of the broker (2) (DEAG)	SCYYLU22	fictional Bank Identifier Code (BIC)
	88888	fictional account with the central securities depository (*Account in Clearstream*)
Example of PSET	CEDELULL	Clearstream

- Trade Date is: 01 March 2005
- Settlement Date is: 04 March 2005
- Settlement amount is: EUR300000,
- Sender's Reference is: 21324

LU_del1_v5.0

Domestic Generic Template

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	TRADDET	:16R:TRADDET
Settlement Date	8!n	:98A::SETT//20050304
Trade Date	8!n	:98A::TRAD//20050301
Identification of the Financial Instruments	ISIN1!e12!c	:35B:ISIN LU0123456789
End of block	TRADDET	:16S:TRADDET
Start of block	FIAC	:16R:FIAC
Quantity of Financial Instrument	4!c/15d	:36B::SETT//xxxx/15000,
Safekeeping Account	35x	:97A::SAFE//xxxxxxxxx
End of block	FIAC	:16S:FIAC
Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	1!a	:22F::SETR//TRAD
IDENTIFICATION OF PARTIES/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:

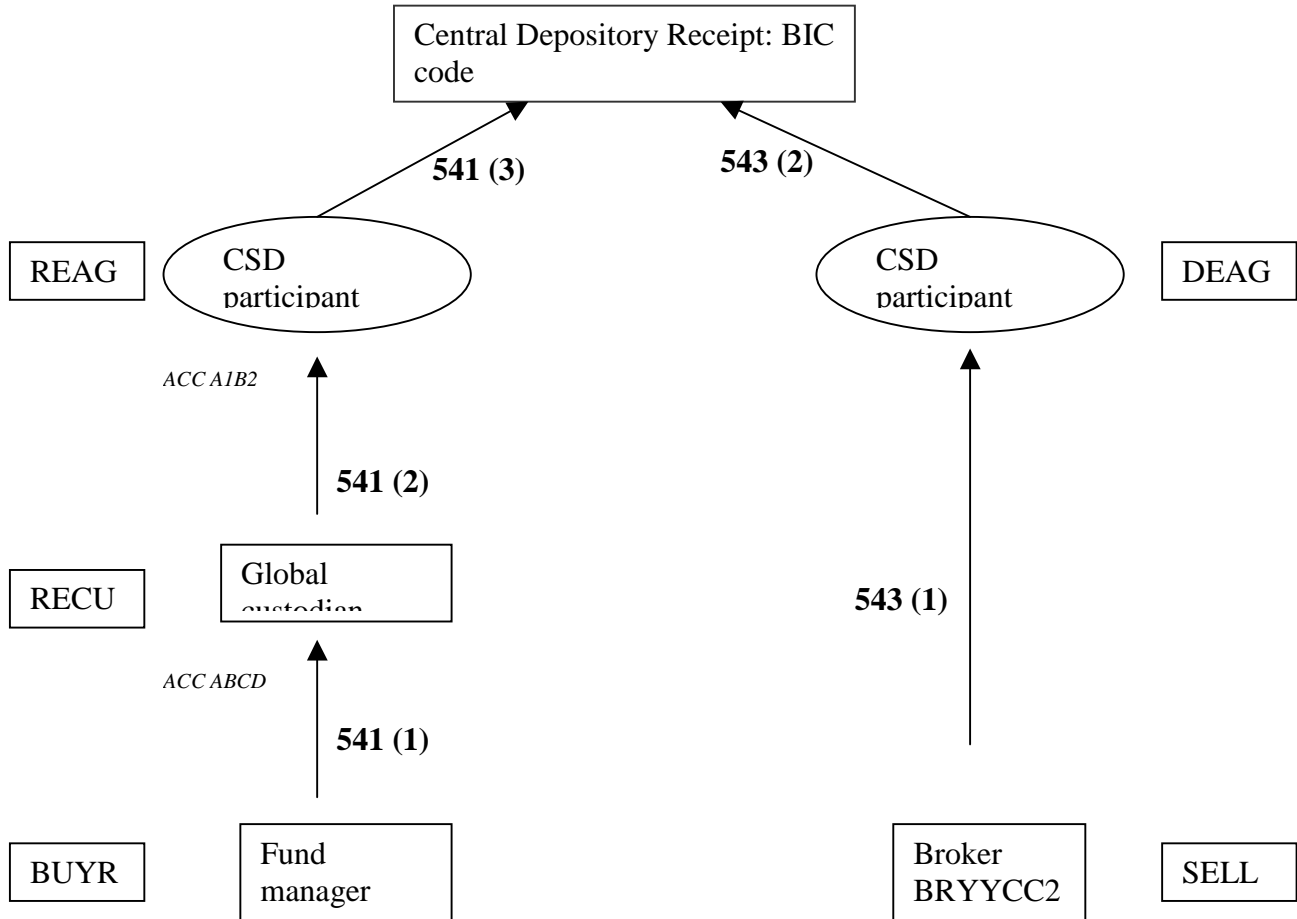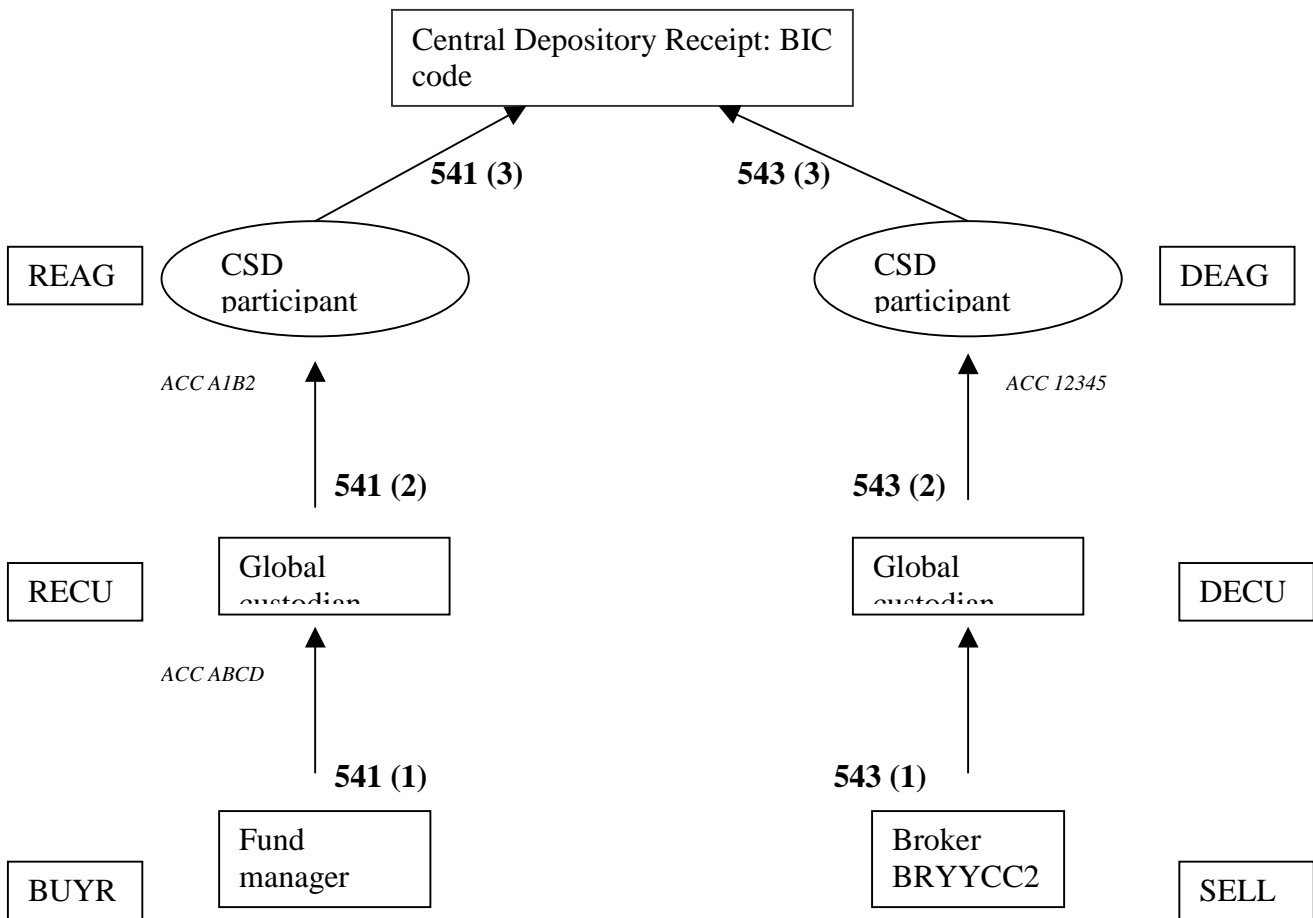|	
Delivering or Receiving agent	CLEARSTREAM CODE
Place of Settlement	BIC
Client of Delivering or Receiving agent	BIC

Example:

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	BIC	:95R::DEAG/CEDE/88888
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//BRYYCC22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//CEDELULL
End of block	SETPRTY	:16S:SETPRTY

3.2 If securities are settled with PSET different from LU market

SCENARIO A: DOMESTIC (securities are settled in their own market)

```
                    ┌──────────────────────────┐
                    │ Central Depository Receipt: BIC │
                    │ code                     │
                    └──────────────────────────┘
                       ▲                    ▲
                  541 (3)              543 (2)

┌───────┐      ╭──────────╮          ╭──────────╮      ┌───────┐
│ REAG  │      │   CSD    │          │   CSD    │      │ DEAG  │
└───────┘      │ participant │        │ participant │    └───────┘
               ╰──────────╯          ╰──────────╯

  ACC A1B2        ▲
              541 (2)

┌───────┐      ┌──────────┐          543 (1)
│ RECU  │      │  Global  │
└───────┘      │ custodian │
               └──────────┘

  ACC ABCD        ▲
              541 (1)

┌───────┐      ┌──────────┐          ┌──────────┐      ┌───────┐
│ BUYR  │      │  Fund    │          │  Broker  │      │ SELL  │
└───────┘      │ manager  │          │ BRYYCC2  │      └───────┘
               └──────────┘          └──────────┘
```

SCENARIO B: CROSS BORDER

```
                    ┌─────────────────────────────────┐
                    │ Central Depository Receipt: BIC  │
                    │ code                             │
                    └─────────────────────────────────┘
                          ▲                    ▲
                  541 (3) │                    │ 543 (3)
              ┌──────┐  ╱                        ╲  ┌──────┐
              │ REAG │ (  CSD          )  (  CSD      ) │ DEAG │
              └──────┘ (  participant  )  (  participant) └──────┘
                          ▲                    ▲
                   ACC A1B2│              ACC 12345│
                          │                    │
                  541 (2) │                    │ 543 (2)
              ┌──────┐  ┌────────────┐    ┌────────────┐ ┌──────┐
              │ RECU │  │ Global     │    │ Global     │ │ DECU │
              └──────┘  │ custodian  │    │ custodian  │ └──────┘
                        └────────────┘    └────────────┘
                          ▲                    ▲
                  ACC ABCD│                    │
                          │                    │
                  541 (1) │                    │ 543 (1)
              ┌──────┐  ┌────────────┐    ┌────────────┐
              │ BUYR │  │ Fund       │    │ Broker     │ ┌──────┐
              └──────┘  │ manager    │    │ BRYYCC2    │ │ SELL │
                        └────────────┘    └────────────┘ └──────┘
```

LU_del1_v5.0

Generic Template

A GEN INFOR	START OF BLOCK	16R:GENL
	Sender's reference	20C::SEME//21324
	Function of the message	23G:NEWM
	END OF BLOCK	16S:GENL

B TRADE DETAI LS	START OF BLOCK	16R:TRADDET
	Settlement date	98A::SETT//20050304
	Trade Date	98A::TRAD//20050301
	Deal price	90A::DEAL/PRCT/xxxx
	Identification of the fin instruments	35B:ISIN XXxxxxxxxxxx
	END OF BLOCK	16S:TRADDET

C FIN INSTR/ACC	START OF BLOCK	16R:FIAC
	Quantity of fin instrument	36B::SETT//UNIT/15000, or FAMT
	Safekeeping account	97A::SAFE//xxxxxxxxxxx
	END OF BLOCK	16S:FIAC

E SETTLEMENT DETAILS	START OF BLOCK	16R:SETDET
	Settlement transaction type indicator	22F::SETR//TRAD
	IDENTIFICATION OF PARTIES/ACCOUNTS WILL VARY ACCORDING TO THE SETTLEMENT CHAIN	
	START OF BLOCK	16R :AMT
	Settlement amount	19A::SETT//XXX30000,
	END OF BLOCK	16S :AMT
	END OF BLOCK	16S :SETDET

Settlement chain should at least contain:

Delivering or Receiving agent	BIC or/and clearing code
Place of Settlement	BIC
Client of Delivering or Receiving agent	BIC

MT541 SCENARIO A: domestic settlement

START OF BLOCK	16R:SETPRTY
Party (delivering agent)	95**P**::DEAG//SCYYCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (seller)	95P::SELL//BRYYCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (place of settlement)	95P::PSET//code BIC
END OF BLOCK	16S:SETPRTY

When the S.W.I.F.T. is sent to the Central Depository Receipt, the BUYR **and** the SELL are required

When PSET is not into LU, the general elements required in the market practices of the concerning country/ICSD should be present

MT541 SCENARIO B: cross border settlement

START OF BLOCK	16R:SETPRTY
Party (delivering agent)	95**P**::DEAG//SCYYCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (delivering custodian)	95**P**::DECU//LBYYCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (seller)	95P::SELL//BRYYCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (place of settlement)	95P::PSET//code BIC
END OF BLOCK	16S:SETPRTY

When the S.W.I.F.T. is sent to the Central Depository Receipt, the BUYR **and** the SELL are required

When PSET is not into LU, the general elements required in the market practices of the concerning country/ICSD should be present

MT 543 SCENARIO A AND B

START OF BLOCK	16R:SETPRTY
Party (receiving agent)	95**P**::REAG//SCXXCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (receiving custodian)	95**P**::RECU//GCXXC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (buyer)	95P::BUYR//FMXXCC22
END OF BLOCK	16S:SETPRTY
START OF BLOCK	16R:SETPRTY
Party (place of settlement)	95P::PSET//code BIC
END OF BLOCK	16S:SETPRTY

When the S.W.I.F.T. is sent to the Central Depository Receipt, the BUYR **and** the SELL are required
When PSET is not into LU, the general elements required in the market practices of the concerning country/ICSD should be present

4 Physical delivery

4.1   Needed elements for physical deliveries

LU	
Business element name	**Data Content Format**
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	4!c/15d with
	4!c = UNIT for equities
	4!c = FAMT for fixed income
Safekeeping account to be credited or debited	35x
Delivering or Receiving agent	BIC or Name and Address (5)
Place of Settlement	LU -Iso country code (2)
Client of Delivering or Receiving agent	BIC (1)
Certificate Numbers	30x (4)
Indication of a Physical Settlement	STCO//PHYS (3)
Settlement Amount (including currency)	3!a15d

4.2   Specifics for LU - Physical Settlement

To settle equities or fixed income securities in the LU market the Common List of
Data Elements needs to be used, plus:
1. The client of the Delivering or Receiving agent is to be specified with their **BIC**.
2. The Place of Settlement should contain the ISO country code for Luxembourg, i.e.
    LU. (2)
3. The settlement instruction should be marked as "physical settlement" (3)
4. Certificate numbers when relevant. (4)
5. The **Receiving agent** is to be specified with a BIC code or when it doesn't exist
    with its name and address. The Delivering Agent should be specified using a BIC
    code.

4.3 Illustration :

- Securities used: LU0123456789
- Parties and safekeeping accounts relationships as follows:
- Trade Date is: 01 March 2005
- Settlement Date is: 04 March 2005
- Settlement amount is: EUR300000,
- Sender's Reference is: 21324
- Certificate Number is AGF356356

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	TRADDET	:16R:TRADDET
Settlement Date	8!n	:98A::SETT//20050304
Trade Date	8!n	:98A::TRAD//20050301
Identification of the Financial Instruments	ISIN1!e12!c	:35B:ISIN LU0123456789
End of block	TRADDET	:16S:TRADDET
Start of block	FIAC	:16R:FIAC
Quantity of Financial Instrument	4!c/15d	:36B::SETT//xxxx/15000,
Certificate Number	30x	:13B::CERT//AGF356356
Safekeeping Account	35x	:97A::SAFE//xxxxxxxxx
End of block	FIAC	:16S:FIAC
Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	4!a	:22F::SETR//TRAD
Settlement Conditions	4!a	:22F::STCO//PHYS
IDENTIFICATION OF PARTIES/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:

Delivering or Receiving agent	Name and Address.
Place of Settlement	ISO Country Code -LU
Client of Delivering or Receiving agent	BIC

Example:

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	BIC	:95Q::REAG//BANK A Boulevard Royal Luxembourg

End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::BUYR//FMXXCC22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95C::PSET//LU
End of block	SETPRTY	:16S:SETPRTY

5 Extension to Settlement Confirmation and Free of Payment

The set of common elements can also be used for settlement confirmation and free of payment transaction with the following differences:

5.1   free of payments

Free of payment instruction contains the same elements as for the against payment transaction except for the elements pertaining to the settlement amounts. The settlement amount(s) is not required.

5.2   confirms

The Settlement confirmation – whether it is a free of payment or an against payment transaction – should contain the same elements as the original instruction

PLUS:
- The reference to the original settlement instruction that was received. This is done using the Linkage Block and the qualifier 20C::RELA//16x

EXCEPT:
- The settlement date given in the confirmation is the effective settlement date (which might differ from the instructed settlement date as stated in the instruction). This translates in ISO 15022 messages by using the qualifier ESET rather than SETT as qualifier for the date field 98a.
- The quantity of financial instrument in the confirmation is the effective settled quantity. This translates in ISO 15022 messages by using the qualifier ESTT rather than SETT as qualifier for the quantity of financial instrument field 36B.
- The settlement amount given in the confirmation is the effective settlement amount. This translates in ISO 15022 messages by using the qualifier ESTT rather than SETT as qualifier for the amount field 19A.