



## SETTLEMENT AND ISO 15022 STANDARDS:

### MALAYSIA MARKET PRACTICE

*Approved by Malaysian market practice group.*

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# Malaysian Market Practice Templates for Settlement

## 1 Introduction

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

Note: this market practice is also available on [www.swift.com/mystandards](http://www.swift.com/mystandards) (search for NMPG MY SR).

Changes to previous version			
V5.1 October 2012	Review	Review of the Market Practice with NMPG sub-custodians. Addition of requirement for CDS account for second leg of turnarounds	Page 5
V5.2 July 2015	-	Update of disclaimer	-
V6 March 2018	-	Update of new requirement by PayNet for member banks to indicate their counterparty SSA account in field 97A REAG/DEAG.	-

## 2 The Needed Elements

MY 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	29x
Settlement Mode	4!c (1)
Type of Trade	4!c (1)
Delivering or Receiving agent	BIC
Counterparty's safekeeping account	29x
Client of Delivering or Receiving agent	BIC
Place of settlement	BIC
Settlement Amount (including currency)	3!a15d

## 2.1 Country specifics

### (1). *Settlement Mode* :

Settlement in Malaysia is executed via:

1. Transfer (TRF)<sup>1</sup>
2. Institutional Settlement System (ISS)

For instruction to settle through ISS, there is the need to mention whether the trade is:

- a) Direct Business Trade (DBT). It means that the trade is an OTC trade.
- b) On Market Trade (OMT). It means that the trade was done on the stock exchange.

Depending on the above scenarios, the below formats are required:

<b>TRF</b>	<b>ISS / DBT</b>	<b>ISS / OMT</b>
Seq. E. 22F::SETS//NSET	Seq. B, 94B::TRAD//OTCO	Seq. B, 94B::TRAD//EXCH
	Seq. E. 22F::SETS//YSET	Seq. E. 22F::SETS//YSET

<sup>1</sup> Considered as the “default system” in ISO 15022 terms.

If any other or no indicator is used, the clients' standing instruction (SI) is applicable. If no SI exists, the general market practice is to ascertain from the counterparty on the settlement mode that their client had instructed them for the trade to be settled. With this information, local agents will revert to clients for their confirmation. In a situation where the client is not contactable, the Custodian Bank usually exercises its discretion to settle the trades to avoid a buy-in/sell out to protect its clients interest instead of failing the settlement.

### 3 Illustration of the common elements used:

#### 3.1 Plain Vanilla.

- Securities used: MY0123456789
- Parties and safekeeping accounts relationships as follows :

Fund manager	FMXXCC22	ficti Bank Identifier Code (BIC) onal
	ABCD	ficti account with its global onal
Broker	BRYYCC22	ficti Bank Identifier Code (BIC) onal
	99857	ficti account with its local agent onal
Global custodian	GCXXDD22	ficti Bank Identifier Code (BIC)
	A1B2	fictional account with its subcustodian/local agent
Subcustodian/loc al agent of the global custodian (1)	SCXXMY22	ficti Bank Identifier Code (BIC) onal
	21354	fictional account the central with securities
	MY54BNMARCIBBACC22	Fictional RENTAS segregated account
Local agent of the broker (2)	SCYYMY2	ficti Bank Identifier Code (BIC) onal
	88888	fictional account the central with securities depository
	MY33BNMAR154400233011	Fictional RENTAS segregated account
Example of PSET	MCDSMYK1 BNMAMYKL	

- Trade Date is: 01 March 2005
- Settlement Date is: 04 March 2005
- Quantity is: 15000
- Settlement amount is: MYR300000,
- Sender's Reference is: 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
Type of trade for ISS settlement (DBT or OMT)	4!c	:94B::TRAD//OTCO or EXCH
Settlement Date	8!n	:98A::SETT//20050304
Trade Date	8!n	:98A::TRAD//20050301
Identification of the Financial Instruments	ISIN1!e12!c	:35B:ISIN MY0123456789
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//xxxxxxxxxx
End of block	FIAC	:16S:FIAC
Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	4!c	:22F::SETR//TRAD
Settlement mode (ISS or TRF)	4!c	:22F::SETS//YSET or NSET
IDENTIFICATION OF PARTIES OF ACCOUNTS	WILL VARY	ACCORDING TO THE SETTLEMENT CHAIN
Start of block	AMT	:16R:AMT
Settlement amount	3!c15d	:19A::SETT//MYR300000,
End of block	AMT	:16S:AMT
End of block	SETDET	:16S:SETDET

### 3.2 Settlement Chain should at least contain:

Delivering or Receiving Agent	BIC
Client of Delivering or Receiving Agent	BIC
Place of Settlement	BIC

Effective 14 May 2018, PayNet implements a new requirement. For Debt Securities settlement via RENTAS, the counterparty's RENTAS Segregated Account Number (SSA) needs to be indicated in field 97A of Delivering Agent/Receiving Agent.

Example :

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	BIC	:95P::DEAG//SCYYMY22
Party (Receiving agent)	BIC	:97A::SAFE//MY54BNMARCIBBACC22 :95P::REAG//SCYYMY22 :97A::SAFE//MY33BNMAR154400233011
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//BRYYCC22
Party (Buyer)	BIC	:95P::BUYR//BRYYCC22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//MCDSMYK1 or BNMAMYKL
End of block	SETPRTY	:16S:SETPRTY

### 3.3 Settlement Transaction Type Indicator and Settlement Mode can be input as follows:

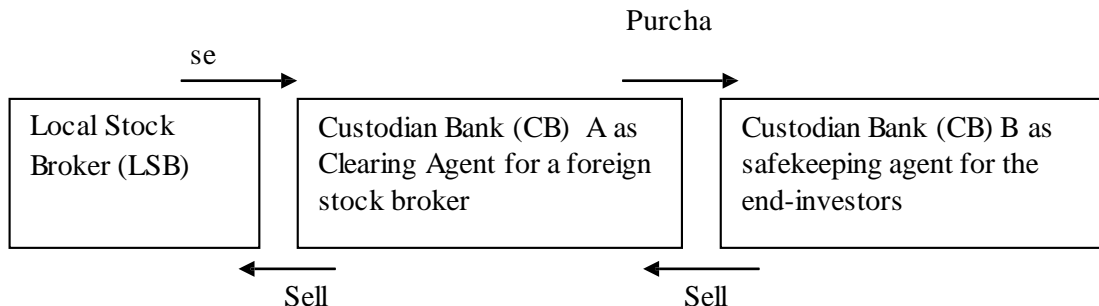
#### *For Single Receive & Delivery Transaction*

Start of block	TRADEDET	:16R:TRADEDET
Type of trade for ISS settlement (DBT or OMT)	4!c	:94B::TRAD//OTCO or EXCH

Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	4!c	:22F::SETR//TRAD
Settlement mode (ISS or TRF)	4!c	:22F::SETS//YSET or NSET

#### *For Multiple Receive & Delivery Transactions*

Multiple R&D Transactions refers to turnaround trade. Normally, it is a trade executed through a foreign stock broker i.e.:- Purchase



Start of block	TRADDET	:16R:TRADDET
Type of trade for ISS settlement (DBT or OMT)	4!c	:94B::TRAD//OTCO or EXCH

Start of block	SETDET	:16R:SETDET
Settlement Transaction Type Indicator	4!c	:22F::SETR//TURN
Optional settlement mode (ISS or TRF)	4!c	:22F::SETS//YSET or NSET

The second leg of the turnaround must contain the CDS (Central Depository System) account of the counterparty at the CSD to ensure proper matching and straight through processing. This account should be provided as follows and is of format 15n (max 15 numeric).

Start of block	SETPRTY	:16S:SETPRTY
Party (Delivering agent)	BIC	:95P::DEAG//SCYMY22
Party (Receiving agent)	BIC	:95P::REAG//SCYMY22
<b>CDS Account</b>	<b>15n</b>	<b>:97A::SAFE//88888</b>
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (Seller)	BIC	:95P::SELL//BRYYCC22
Party (Buyer)	BIC	:95P::BUYR//BRYYCC22
End of block	SETPRTY	:16S:SETPRTY
Start of block	SETPRTY	:16R:SETPRTY
Party (place of settlement)	BIC	:95P::PSET//MCDSMYK1
End of block	SETPRTY	:16S:SETPRTY

NOTE: This requirement has been implemented differently by local Malaysian custodians. It has been agreed at NMPG level that the above market practice will therefore only be effective as from November 2014 to give the necessary time for system changes to be implemented both at the concerned custodians and their customers

In the meantime, current existing SLA prevails.

#### 4 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:

##### 4.1 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.

##### 4.2 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 MY\_dell\_v5.1

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.