

Securities Lending/Borrowing Settlement Market Practice

Status: Draft

Version 1.7

Update date: June 2012

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*documentation and recommendations produced by this organization are intended to solve common*

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| **Changes to previous versions** |
| Version 1.6Feb 2011 | Finalized Status Update | Addition of disclaimer and final status | Page 1 |
| V 1.7 |  | Addition of Re-Allocation and Tracking scenarii  | Pages 11-12/18-19/30-31  |

# Scope and definitions:

The scope of this document is to define and illustrate the use of ISO 15022 formats for the settlement of a basic securities lending and borrowing operation with cash and securities used as collateral. It also reflects the confirmation part of the process. It does not apply or represent the market practice for Discretionary Lending.

## Securities Lending:

A securities lending operation is the process of lending (delivering) securities to a counterpart against collateral. In this settlement context, we will only consider cash collateral.

The direction of the settlement transaction clearly identifies the operation as a loan initiation (delivery) or a loan return (receive) settlement operation.

The loan return is to be linked to the loan initiation only where required by the local market

## Securities Borrowing:

A securities borrowing operation is the process of borrowing (receiving) securities from a counterpart against collateral. In this settlement context, we will only consider cash collateral.

The direction of the settlement transaction clearly identifies the operation as a borrowing opening (receive) or a borrowing closing (delivery) settlement operation.

The borrowing closing is to be linked to the borrowing opening leg only where required by the local market.

### Re-Allocations

A Re-Alloction is an internal reallocation of loan position (initiated by a non discretionary 3rd party lender) from one custody account into another custody

account. The outright ownership position is never impacted, as custody position must exist in order to

execute the change on loan position. The realignment is generally done without an actual movement of shares in the market or depository.  It requires the parties to the trade – the custodian, the lending agent, and potentially the borrower – to adjust their records to reflect the changed custody accounts: reducing the loan position in one or more custody accounts, and increasing it in other account(s).   The custody banks will

recognize this transaction as a vault switch. Situations do exist where re-allocations are done across

custodians; however the basic process flow remains the same. This transaction is often used to realign

position to satisfy a pending sale done by the investment manager

### Tracking

Tracked Loan

An instruction by the Lender to participate in the tracking service at the CSD

Tracked Borrow

An instruction by the Borrower to participate in the tracking service at the CSD.

# Actor+s and Roles:

This paragraph describes the roles and actors involved in the process described in the market practice document.

Roles: functional role played by a business actor in a particular business process or business transaction

EXAMPLE: settlement instructing party, settlement executing party

Actors are the institution playing the role.

EXAMPLE: investment manager, custodian, CSD...

The combination role and actors (what actors plays what role in the business process described) will be described as shown below:

|  |  |  |  |
| --- | --- | --- | --- |
| **Account Servicer** | **Account Owner** | **Lending/Borrowing Agent** | **Cash Collateral Manager** |
| Custodian | Lending/Borrowing AgentInvestment ManagerCustodianClient | Lending/Borrowing AgentInvestment ManagerCustodianClient | ClientCustodianLender3rd Party VendorInvestment Manager |

EXAMPLE:

|  |  |
| --- | --- |
| **Settlement Instructing Party** | **Settlement Executing Party** |
| Any CSD participant, ie, investment manager, custodian, broker, etc. | Central Securities Depository |
| Any client of a custodian | Custodian |

# Activity Diagram:

An activity diagram shows the main activities that yields an observable result to one or more actors and that allows the business process described to achieve its business objectives.

NOTE : A described Business Process may contain other Business Processes that will not necessarily in details

EXAMPLE: very basic, only for illustration purposes.



| **Role and Process Flow for ‘versus Payment’ transactions** |
| --- |
| **Account Owner**  | **Account Servicer**  | **Lending Agent** | **Borrowing Agent** | **Collateral Manager** |
| **Availability** |
|  | **Client Holdings**(Statement of Holdings) | Positions Available for Loan |  |  |
| **Loan Initiation** |
|  |  | Loan Transaction Agreement | Borrow Transaction Agreement |  |
|  | Instruct Local Market |  | **Instruct Borrow Initiation**(Receive vs. Payment) |  |
|  | Instruct Local Market | **Instruct Loan Initiation**(Deliver vs. Payment) |  |  |
|  | **Settlement Confirmation**(Receive vs. Payment Confirmation) |  | Settle Borrow |  |
|  | **Settlement Confirmation**(Deliver vs. Payment Confirmation) | Settle Loan |  |  |
|  | **Cash Collateral**(Payment Initiation) |  |  | Cash Collateral Management |
| **Loan Maintenance** |
| **Sell Notification**(Statement of Pending Transactions or Deliver vs. Payment / Free) |  | Loan Maintenance |  |  |
|  | Process Return | **Recall Loan**( Recall Notice ) | **Voluntary Return Borrow**( tbd ) |  |
|  | Adjust Custody Records | **Reallocation Instruction**(Deliver / Receive vs. Payment / Free) |  |  |
|  |  | **Mark to Market**Collateral Transaction Agreement | **Mark to Market**Collateral Transaction Agreement |  |
|  | Cash Processing | **Cash Collateral**(Payment Initiationor Notice to Receive) | **Cash Collateral** (Payment Initiationor Notice to Receive) |  |
|  | **Cash Collateral**(Payment Initiation or Notice to Receive) |  |  | Cash Collateral Management(Payment Initiation or Notice to Receive) |
|  | Cash Processing | **Billing**(Payment Initiationor Notice to Receive) | **Billing**(Payment Initiation or Notice to Receive) |  |
| **Loan Termination** |
|  | Instruct Local Market | **Instruct Loan Termination**(Receive vs. Payment) |  |  |
|  | Instruct Local Market |  | **Instruct Borrow Termination**(Deliver vs. Payment) |  |
|  | **Settlement Confirmation**(Receive vs. Payment Confirmation) | Settle Loan Return |  |  |
|  | Cash Processing |  |  | **Cash Collateral**(Payment Initiation) |
|  | **Settlement Confirmation**(Deliver vs. Payment Confirmation) |  | Settle Borrower Return |  |
| **Reporting** |
|  | (Statement of Holdings)(Statement of Pending Transactions) |  |  |  |

| **Role and Process Flow for ‘Free’ transactions** |
| --- |
| **Account Owner**  | **Account Servicer**  | **Lending Agent** | **Borrowing Agent** | **Collateral Manager** |
| **Availability** |
|  | **Client Holdings**(Statement of Holdings) | Positions Available for Loan |  |  |
| **Loan Initiation** |
|  |  | Loan Transaction Agreement | Borrow Transaction Agreement |  |
|  | Instruct Local Market |  | **Instruct Borrow Initiation**(Receive Free) |  |
|  |  | Collateral Transaction Agreement | Collateral Transaction Agreement |  |
|  | Instruct Local Market |  | **Instruct Collateral Delivery**(Deliver Free) |  |
|  | Instruct Local Market | **Instruct Collateral Receipt**(Receive Free) |  |  |
|  | **Collateral Settlement Confirmation**(Deliver Free Confirmation) |  | Settle Collateral Deliver |  |
|  | **Collateral Settlement Confirmation**(Receive Free Confirmation) | Settle Collateral Receive |  |  |
|  | Instruct Local Market | **Instruct Loan Initiation**(Deliver Free) |  |  |
|  | **Borrower Settlement Confirmation**(Receive Free Confirmation) |  | Settle Borrow |  |
|  | **Settlement Confirmation**(Deliver Free Confirmation) | Settle Loan |  |  |
| **Loan Maintenance** |
| **Sell Notification**(Statement of Pending Transactions or Deliver vs. Payment / Free) |  | Loan Maintenance |  |  |
|  | Process Return | **Recall Loan**( Recall Notice ) | **Voluntary Return Borrow**( tbd ) |  |
|  | Adjust Custody Records | **Reallocation Instruction**(Deliver / Receive vs. Payment / Free) |  |  |
|  |  | **Mark to Market**Collateral Transaction Agreement | **Mark to Market**Collateral Transaction Agreement  |  |
|  | Instruct Local Market | **Instruct Collateral Receipt**(Receive Free) | **Instruct Collateral Delivery**(Deliver Free) |  |
|  | Instruct Local Market | **Instruct Collateral Delivery**(Deliver Free) | **Instruct Collateral Receipt**(Receive Free) |  |
|  | **Collateral Settlement Confirmation**(Deliver / Receive Free Confirmation) |  | Settle Collateral Deliver / Receive |  |
|  | **Collateral Settlement Confirmation**(Deliver / Receive Free Confirmation) | Settle Collateral Deliver / Receive |  |  |
|  | Cash Processing | **Billing**(Payment Initiationor Notice to Receive) | **Billing**(Payment Initiation or Notice to Receive) |  |
| **Loan Termination** |
|  | Instruct Local Market |  | **Instruct Borrow Termination**(Deliver Free) |  |
|  | Instruct Local Market |  | **Instruct Collateral Receipt**(Receive Free) |  |
|  | Instruct Local Market | **Instruct Loan Termination**(Receive Free) |  |  |
|  | **Settlement Confirmation**(Deliver Free Confirmation) |  | Settle Borrower Return |  |
|  | **Settlement Confirmation**(Receive Free Confirmation) | Settle Loan Return |  |  |
|  | Instruct Local Market | **Instruct Collateral Delivery**(Deliver Free) |  |  |
|  | **Collateral Settlement Confirmation**(Deliver Free Confirmation) | Settle Collateral Delivery |  |  |
|  | **Collateral Settlement Confirmation**(Receive Free Confirmation) |  | Settle Collateral Receipt |  |
| **Reporting** |
|  | (Statement of Holdings)(Statement of Pending Transactions) |  |  |  |

### Re-Allocations

#

Note: For Statement of Holdings please refer to the SMPG Statement of Holdings MP



### Tracking



Lending Agent Account Servicer Depository Account Servicer Borrower

 (Custodian) (Custodian)

Lending Instruction Loan Instruction Borrower Instruction Borrow Instruction

w/Tracking Indicator w/Tracking Indicator w/Tracking Indicator w/Tracking Indicator

# Message Flow Diagrams:

## Settlement Instructions:

**Lending /borrowing agreement**

Lender

LENDGB22

Borrower

BORRGB22

\* Link where required

Link\*

Link\*

DELIVER AGAINST PAYMENT

RECEIVE AGAINST PAYMENT

RECEIVE AGAINST PAYMENT

DELIVER AGAINST PAYMENT

Sub-Custodian

SUBCXX12

Sub-Custodian

SUBCYY34

CSD

NCSDXX21

## Settlement Confirmation:

Lender

LENDGB22

Borrower

BORRGB22

DELIVER AGAINST PAYMENT CONFIRMATION

RECEIVE AGAINST PAYMENT CONFIRMATION

RECEIVE AGAINST PAYMENT CONFIRMATION

DELIVER AGAINST PAYMENT CONFIRMATION

Sub-Custodian

SUBCXX12

Sub-Custodian

SUBCYY34

CSD

NCSDXX21

## C. Third party block lending activity:

### Scenario 1 : Third Party Block Lending Activity

Account Owner

FUNDGB22

Children ACC **654321**

Children ACC **456789**

Children ACC **123456**

Parent ACC **ABCDEFG**

DELIVER AGAINST PAYMENT

DELIVER AGAINST PAYMENT

DELIVER AGAINST PAYMENT

DELIVER AGAINST PAYMENT

ACC **1A2B3C**

Account Servicer

CUSTUS33

DELIVER AGAINST PAYMENT

Local Custodian

SUBCXX21

This party level might not exist, e.g. the block trade account servicer could be a local custodian or a global custodian with a direct account at the place of settlement.
This is only an illustration.

CSD

NCSDXX21

**The receiving counterparty is broker BROKGB22 serviced by clearing agent CLEAXX21. Clearing agent CLEAXX21 receive the securities at PSET NCSDXX21**

### Scenario 2 : Third Party Block Borrowing Activity

Account Owner

FUNDGB22

Children ACC **654321**

Children ACC **456789**

Children ACC **123456**

Parent ACC **ABCDEFG**

RECEIVE AGAINST PAYMENT

RECEIVE AGAINST PAYMENT

RECEIVE AGAINST PAYMENT

RECEIVE AGAINST PAYMENT

ACC **1A2B3C**

Account Servicer

CUSTUS33

RECEIVE AGAINST PAYMENT

Local Custodian

SUBCXX21

This party level might not exist, e.g. the block trade account servicer could be a local custodian or a global custodian with a direct account at the place of settlement.
This is only an illustration.

CSD

NCSDXX21

**The delivering counterparty is broker BROKGB22 serviced by clearing agent CLEAXX21. Clearing agent CLEAXX21 delivers the securities at PSET NCSDXX21**

For the reporting of processing, matching and settlement status, for 15022 please see MT 548-537. For 20022 please see Pending Transaction Reporting - Market Practice and MT548 (not written yet) on [www.smpg.info](http://www.smpg.info).

# Business data requirements:

Business data requirement section describes the business information that will be needed for the business process to take place

EXAMPLE:

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

|  |  |
| --- | --- |
| Business elements | Additional information |
| **Settlement Instructions** |  |
| Message reference |  |
| Trade Date | ISO 8601 Date/Time |
| Settlement Date | ISO 8601 Date/Time |
| Quantity of Financial Instrument | Expressed as units |
| Financial Instrument  | ISO 6166 International Securities Identification Number [ISIN] |
| Settlement Amount | Currency and amount |
| Safekeeping Account to be credited or debited |  |
| Place of Settlement | ISO 9362 Bank Identifier Codes [BIC] taken from the list of PSET’s BIC published on [www.smpg.info](http://www.smpg.info). See also Place of Settlement MP (Receiving/Delivering Depository). |
| Receiving/Delivering Agent | ISO 9362 Bank Identifier Codes [BIC] or CSD Local Code |
| Client of Receiving/Delivering Agent | ISO 9362 Bank Identifier Codes [BIC] |
| Country specifics as per local market practice (if any) | Country specifics as per local market practice (if any) |
| Linked reference  | A link is required to the previous settlement Instruction message reference for the closing transaction |
| **Settlement Confirmations** | Same as the Settlement Instructions with one additional element |
| Linked reference  | A link is required to the previous settlement Instruction message reference |
| **Third Party Block Lending** | Same as the Settlement instructions |
| **Third Party Block Borrowing** | Same as the Settlement instructions |
| Reallocation Identifier | This identifier is carried throughout the re-allocation messages to link the transactions |
| Deal Reference | Lender’s loan transaction reference |

# Market Practice Rules:

## Securities Lending:

A securities lending operation is the process of lending (delivering) securities to a counterpart against collateral. In this settlement context, we will only consider cash collateral.

The direction of the settlement transaction clearly identifies the operation as a loan initiation (delivery) or a loan return (receive) settlement operation.

The loan operation is to be identified using the settlement transaction type (SETR) SECL in both delivery and receive instructions.

The loan return is to be linked to the loan initiation only where required by the local market.

Any additional country or scenario specific information needed such as the return date, a margin rate… may be populated in sequence D Two Leg Transaction Details as illustrated in the examples

The settlement confirmation will include at the minimum the 10 common elements of the original instruction and a linkage to it.

## Securities Borrowing:

A securities borrowing operation is the process of borrowing (receiving) securities from a counterpart against collateral. In this settlement context, we will only consider cash collateral.

The direction of the settlement transaction clearly identifies the operation as a borrowing opening (receive) or a borrowing closing (delivery) settlement operation.

The borrowing operation is to be identified using the settlement transaction type (SETR) SECB in both delivery and receive instructions.

The borrowing closing is to be linked to the borrowing opening leg only where required by the local market.

Any additional country specific information needed such as the return date, a margin rate… may be populated in sequence D Two Leg Transaction Details as illustrated in the examples.

The settlement confirmation will include at the minimum the 10 common elements of the original instruction and a linkage to it.

### Re-Allocations

* Parent / child not utilized, Link as per SMPG Linkage MP
* There is not partial settlement, all the trades will settle or fail as a group.
* If a leg of a re-allocation needs to be cancelled, all the associated trades of the re-allocation will need to be cancelled and the whole group re-instructed.
* Cancel instructions will reference the original reallocation identifier in the previous message reference field.
* A confirmation message will be sent for each leg of the re-allocation and the status reason code will differ for the leg that cannot settle versus the other leg, which is pending settlement.
* The Re-allocation instructions will utilize the MT54x messages.
* 20C::POOL// or <PoolId> is the reallocation identifier; an unique value linking all associated re-allocation messages.
* 20C::PREV// or <SctiesSttlmTxId> will be used to refer back to the original re-allocations POOL identifier.
* 20C::TRRF// or <SctiesFincgTradId> ???? is the deal reference used to identify the lender’s transaction reference number (i.e. Loan number).
* For a re-allocation instructed with one custodian, the DEAG/REAG and BUYR/SELL (???) fields contain the CSD’s identification. No delivery/receipt actually occurs with the counterparty and the use of the CSD’s identification prevents delivery from occurring.
* PSET (<Dpstry>) is always CSD to keep it consistent with the party identification databases
* The message structure using the blocking structure with the exception that the 1st SETT value starts with 001, not 000.

### Tracking

The accepted market default for a loan trade is “tracked” if no indicator is provided on the trade.

## Third party block lending/borrowing activity:

The instruction of third party block lending settlement instructions should comply with the block trade market practice published on [www.smpg.info](http://www.smpg.info). See Illustrations below.

The illustration below for Third Party Block lending describes an example of third party block lending settlement instruction:

- a delivery (Loan) from the account servicer in Scenario 1 and

- a receipt (Borrow) to the account servicer in Scenario 2.

But, the market practice would also apply for closing side of a lending transaction (loan return) and the closing side of a borrowing transaction (borrow return).

The closing leg of the loan and borrow should be linked using the PREV codeword in the 20C: field (or <SctiesSttlmTxId> )within the Linkage Sequence only where required by the local market. For more information on the elements of a lending or borrow transaction and their closing side requirements, please see below.

The below scenarios will also assume the lending and borrowing activity is against collateral. We will assume this collateral is always cash collateral (vs. payment). The activity could apply for non-cash collateral where the instructions would be free of payment message types.

This applies to both Loans and Loan Returns.

* Return instructions being delivered out of a single custody account (in a block lending environment) should include messages for the parent and child instruction. The single allocated return will be instructed as a block of one. This example is only for a single allocation loan return that was established as a result of a block loan instruction.
* This scenario does not address the market practice for instructing single allocation returns, on a single allocation loan, in a block lending environment. (I.E. A central ‘parent’ account is utilized by the investment manager for a portion of their loan activity)

# ISO 15022 illustration:

NOTE: While MT543 and MT541 messages are shown in the illustrations, the same process flow could exist using MT540 and MT542 instructions.

## Settlement Instructions

#### Message 1. Initiation of the lending/borrowing settlement operation

|  |  |  |
| --- | --- | --- |
| LENDGB22 MT543 to SUBCXX12 |  | BORRGB22 MT541 to SUBCYY34 |
| :16R:GENL |  | :16R:GENL |
| :20C::SEME//INITINSTR123 | Opening Message reference | :20C::SEME//INITINSTR456 |
| :23G:NEWM |  | :23G:NEWM |
| :16S:GENL |  | :16S:GENL |
| :16R:TRADDET |  | :16R:TRADDET |
| :98A::TRAD//20010305 | Date the lending/borrowing was agreed on | :98A::TRAD//20010305 |
| :98A::SETT//20010308 | Date the opening leg should settle. | :98A::SETT//20010308 |
| :35B:ISIN XX0012345674  | Identification of the lent/borrowed securities | :35B:ISIN XX0012345674  |
| :16S:TRADDET |  | :16S:TRADDET |
| :16R:FIAC |  | :16R:FIAC |
| :36B::SETT//FAMT/200000000, | Quantity of lent / borrowed securities | :36B::SETT//FAMT/200000000, |
| :97A::SAFE//111111111 |  | :97A::SAFE//ABCD123456 |
| :16S:FIAC |  | :16S:FIAC |
| :16R:REPO |  | :16R:REPO |
| :98A::TERM//20010315 | Optional recall date | :98A::TERM//20010315 |
| :92A::SLMG//1,6 | Optional stock loan margin info | :92A::SLMG//1,6 |
| :16S:REPO |  | :16S:REPO |
| :16R:SETDET |  | :16R:SETDET |
| :22F::SETR//SECL | Identification of the lending or borrowing | :22F::SETR//SECB |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::BUYR//BORRGB22 | Identification of the lender and borrower | :95P::SELL//LENDGB22 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::REAG//SUBCYY34 | Identification of the lend / borr custodian | :95P::DEAG//SUBCXX12 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | Place where the lender / borrower will exchange the securities against the cash collateral | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:AMT |  | :16R:AMT |
| :19A::SETT//EUR9900000, | Cash collateral amount. | :19A::SETT//EUR9900000, |
| :16S:AMT |  | :16S:AMT |
| :16S:SETDET |  | :16S:SETDET |

#### Message 2. Closing of the lending/borrowing settlement operation

|  |  |  |
| --- | --- | --- |
| LENDGB22 MT541 to SUBCXX12 |  | BORRGB22 MT543 to SUBCYY34 |
| :16R:GENL |  | :16R:GENL |
| :20C::SEME//CLOSINTURN123 | Closing Message reference | :20C::SEME//CLOSINTURN456 |
| :23G:NEWM |  | :23G:NEWM |
| :16R:LINK |  | :16R:LINK |
| :20C::PREV//INITINSTR123 | Linkage to the original lending/borrowing where required by the local market | :20C::PREV//INITINSTR456 |
| :16S:LINK |  | :16S:LINK |
| :16S:GENL |  | :16S:GENL |
| :16R:TRADDET |  | :16R:TRADDET |
| :98A::TRAD//20010305 | Date the Close was agreed on | :98A::TRAD//20010305 |
| :98A::SETT//20010315 | Date the closing leg should settle. | :98A::SETT//20010315 |
| :35B:ISIN XX0012345674  | Identification of the lent/borrowed securities to be returned | :35B:ISIN XX0012345674  |
| :16S:TRADDET |  | :16S:TRADDET |
| :16R:FIAC |  | :16R:FIAC |
| :36B::SETT//FAMT/200000000, | Quantity of lent / borrowed securities to be returned | :36B::SETT//FAMT/200000000, |
| :97A::SAFE//111111111 |  | :97A::SAFE//ABCD123456 |
| :16S:FIAC |  | :16S:FIAC |
| :16R:SETDET |  | :16R:SETDET |
| :22F::SETR//SECL | Identification of the lending or borrowing | :22F::SETR//SECB |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::SELL//BORRGB22 | Identification of the lender and borrower | :95P::BUYR//LENDGB22 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::DEAG//SUBCYY34 | Identification of the lend / borr custodian | :95P::REAG//SUBCXX12 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | Place where the lender / borrower will exchange the securities against the cash collateral | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:AMT |  | :16R:AMT |
| :19A::SETT//EUR9910000, | Collateral cash amount returned. | :19A::SETT//EUR9910000, |
| :16S:AMT |  | :16S:AMT |
| :16S:SETDET |  | :16S:SETDET |

## Settlement Confirmations

#### Message 1. Settlement confirmation of the securities lending/borrowing initiation

|  |  |  |
| --- | --- | --- |
| SUBCXX12 MT547 to LENDGB22 |  | SUBCYY34 MT545 to BORRGB22 |
| :16R:GENL |  | :16R:GENL |
| :20C::SEME//CONF987654 | Opening settlement confirmation message reference | :20C::SEME//SETCONF98745 |
| :23G:NEWM |  | :23G:NEWM |
| :16R:LINK |  | :16R:LINK |
| :20C::RELA//INITINSTR123 | Message reference of the initiation instruction | :20C::RELA//INITINSTR456 |
| :16S:LINK |  | :16S:LINK |
| :16S:GENL |  | :16S:GENL |
| :16R:TRADDET |  | :16R:TRADDET |
| :98A::TRAD//20010305 |  | :98A::TRAD//20010305 |
| :98A::ESET//20010308 | Date the opening leg effectively settled. | :98A::ESET//20010308 |
| :35B:ISIN XX0012345674  | Identification of the lent/borrowed securities | :35B:ISIN XX0012345674  |
| :16S:TRADDET |  | :16S:TRADDET |
| :16R:FIAC |  | :16R:FIAC |
| :36B::ESTT//FAMT/200000000, | Quantity of lent /borrowed securities effectively settled | :36B::ESTT//FAMT/200000000, |
| :97A::SAFE//111111111 |  | :97A::SAFE//ABCD123456 |
| :16S:FIAC |  | :16S:FIAC |
| :16R:SETDET |  | :16R:SETDET |
| :22F::SETR//SECL | Identification of the lending or borrowing | :22F::SETR//SECB |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::BUYR//BORRGB22 | Identification of the lender and borrower | :95P::SELL//LENDGB22 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::REAG//SUBCYY34 | Identification of the lend / borr custodian | :95P::DEAG//SUBCXX12 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | Place where the lender / borrower have exchanged the securities against the cash collateral | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:AMT |  | :16R:AMT |
| :19A::ESTT//EUR9900000, | Cash collateral amount. | :19A::ESTT//EUR9900000, |
| :16S:AMT |  | :16S:AMT |
| :16S:SETDET |  | :16S:SETDET |

#### Message 2. Settlement confirmation of the securities lending/borrowing closing operation

|  |  |  |
| --- | --- | --- |
| SUBCXX12 MT545 to LENDGB22 |  | SUBCYY34 MT547 toBORRGB22  |
| :16R:GENL |  | :16R:GENL |
| :20C::SEME//CONF123456 | Closing settlement confirmation message reference | :20C::SEME//SETCONF12345 |
| :23G:NEWM |  | :23G:NEWM |
| :16R:LINK |  | :16R:LINK |
| :20C::RELA//CLOSINTURN123 | Message reference of the closing instruction | :20C::RELA//CLOSINTURN456 |
| :16S:LINK |  | :16S:LINK |
| :16S:GENL |  | :16S:GENL |
| :16R:TRADDET |  | :16R:TRADDET |
| :98A::TRAD//20010305 |  | :98A::TRAD//20010305 |
| :98A::ESET//20010315 | Date the closing leg effectively settled. | :98A::ESET//20010315 |
| :35B:ISIN XX0012345674  | Identification of the lent/borrowed securities to be returned | :35B:ISIN XX0012345674  |
| :16S:TRADDET |  | :16S:TRADDET |
| :16R:FIAC |  | :16R:FIAC |
| :36B::ESTT//FAMT/200000000, | Quantity of lent / borrowed securities returned | :36B::ESTT//FAMT/200000000, |
| :97A::SAFE//111111111 |  | :97A::SAFE//ABCD123456 |
| :16S:FIAC |  | :16S:FIAC |
| :16R:SETDET |  | :16R:SETDET |
| :22F::SETR//SECL | Identification of the lending or borrowing | :22F::SETR//SECB |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::SELL//BORRGB22 | Identification of the lender and borrower | :95P::BUYR//LENDGB22 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::DEAG//SUBCYY34 | Identification of the lend / borr custodian | :95P::REAG//SUBCXX12 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | Place where the lender / borrower have exchanged the securities against the cash collateral | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:AMT |  | :16R:AMT |
| :19A::ESTT//EUR9910000, | Collateral cash amount returned. | :19A::ESTT//EUR9910000, |
| :16S:AMT |  | :16S:AMT |
| :16S:SETDET |  | :16S:SETDET |

### Re-Allocations

|  |
| --- |
| **One to One Securities Lending Reallocation vs. Free Example (SR2007)** |
| **MT540 (Loan Return)** |  | **MT542 (Loan Open)** |
| :16R:GENL |  | :16R:GENL |
| :20C::SEME//987655 |  | :20C::SEME//987657 |
| :23G:NEWM |  | :23G:NEWM |
| **:99B::SETT//001** |  | **:99B::SETT//002** |
| **:99B::TOSE//002** |  | **:99B::TOSE//002** |
| :16R:LINK |  | :16R:LINK |
| **:20C::POOL//ABC** |  | **:20C::POOL//ABC** |
| :16S:LINK |  | :16S:LINK |
| :16R:LINK |  | :16R:LINK |
| :20C::TRRF//loan12345 |  | :**20C::TRRF//loan12345** |
| :16S:LINK |  | :16S:LINK |
| :16S:GENL |  | :16S:GENL |
| :16R:TRADDET |  | :16R:TRADDET |
| :98A::SETT//20071105 |  | :98A::SETT//20071105 |
| :98A::TRAD//20071105 |  | :98A::TRAD//20071105 |
| :35B:/US/459200101 |  | :35B:/US/459200101 |
| :16S:TRADDET |  | :16S:TRADDET |
| :16R:FIAC |  | :16R:FIAC |
| :36B::SETT//UNIT/25000, |  | :36B::SETT//UNIT/25000, |
| :97A::SAFE//98765 |  | :97A::SAFE//12345 |
| :16S:FIAC |  | :16S:FIAC |
| :16R:SETDET |  | :16R:SETDET |
| :22F::SETR//SLRE |  | **:22F::SETR//SLRE** |
| :16R:SETPRTY |  | :16R:SETPRTY |
| **:95P::PSET//DTCYUS33** |  | **:95P::PSET//DTCYUS33** |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :**95R::DEAG/** **NCSDXXXX** |  | **:95R::REAG/ NCSDXXXX** |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :**95R::SELL/ NCSDXXXX** |  | **:95R::BUYR/ NCSDXXXX** |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16S:SETDET |  | :16S:SETDET |



### Tracking Instructions

#### Message 1. Initiation of the lending/borrowing settlement operation

|  |  |  |
| --- | --- | --- |
| LENDGB22 MT543 to SUBCXX12 |  | BORRGB22 MT541 to SUBCYY34 |
| :16R:GENL |  | :16R:GENL |
| :20C::SEME//INITINSTR123 | Opening Message reference | :20C::SEME//INITINSTR456 |
| :23G:NEWM |  | :23G:NEWM |
| :16S:GENL |  | :16S:GENL |
| :16R:TRADDET |  | :16R:TRADDET |
| :98A::TRAD//20010305 | Date the lending/borrowing was agreed on | :98A::TRAD//20010305 |
| :98A::SETT//20010308 | Date the opening leg should settle. | :98A::SETT//20010308 |
| :35B:ISIN XX0012345674  | Identification of the lent/borrowed securities | :35B:ISIN XX0012345674  |
| :16S:TRADDET |  | :16S:TRADDET |
| :16R:FIAC |  | :16R:FIAC |
| :36B::SETT//FAMT/50 | Quantity of lent / borrowed securities | :36B::SETT//FAMT/50 |
| :97A::SAFE//111111111 |  | :97A::SAFE//ABCD123456 |
| :16S:FIAC |  | :16S:FIAC |
| :16R:REPO |  | :16R:REPO |
| :98A::TERM//20010315 | Optional recall date | :98A::TERM//20010315 |
| :92A::SLMG//1,6 | Optional stock loan margin info | :92A::SLMG//1,6 |
| :16S:REPO |  | :16S:REPO |
| :16R:SETDET |  | :16R:SETDET |
| :22F::SETR//SECL | Identification of the lending or borrowing | :22F::SETR//SECB |
| **22F::TRACK//TRAC or UNTR** | **Tracking Indicator** | **22F::TRAK//TRAC or UNTR** |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::BUYR//BORRGB22 | Identification of the lender and borrower | :95P::SELL//LENDGB22 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::REAG//SUBCYY34 | Identification of the lend / borr custodian | :95P::DEAG//SUBCXX12 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:SETPRTY |  | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | Place where the lender / borrower will exchange the securities against the cash collateral | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |  | :16S:SETPRTY |
| :16R:AMT |  | :16R:AMT |
| :19A::SETT//EUR9900000, | Cash collateral amount. | :19A::SETT//EUR9900000, |
| :16S:AMT |  | :16S:AMT |
| :16S:SETDET |  | :16S:SETDET |

## Third Party Block Lending

#### Message 1 - from the account owner to its block trade account servicer

|  |
| --- |
| FUNDGB22’s MT 543 MESSAGES to CUSTUS33 |
| Parent MT 543 | Children 1 MT 543 | Children 2 MT 543 | Children 3 MT 543 |
| :16R:GENL | :16R:GENL | :16R:GENL | :16R:GENL |
| :20C::SEME//SECL1234 | :20C::SEME//CHILD1 | :20C::SEME//CHILD2 | :20C::SEME//CHILD3 |
| :23G:NEWM | :23G:NEWM | :23G:NEWM | :23G:NEWM |
| **:99B::TOSE//003** | **:99B::TOSE//003** | **:99B::TOSE//003** | **:99B::TOSE//003** |
| **:99B::SETT//000[[1]](#footnote-1)** | **:99B::SETT//001** | **:99B::SETT/002** | **:99B::SETT//003** |
| :16R:LINK | :16R:LINK | :16R:LINK | :16R:LINK |
| **:20C::POOL//BLOCK123** | **:20C::POOL//BLOCK123** | **:20C::POOL//BLOCK123** | **:20C::POOL//BLOCK123** |
| :16S:LINK | :16S:LINK | :16S:LINK | :16S:LINK |
| :16S:GENL | :16S:GENL | :16S:GENL | :16S:GENL |
| :16R:TRADDET | :16R:TRADDET | :16R:TRADDET | :16R:TRADDET |
| :98A::TRAD//20010305 | :98A::TRAD//20010305 | :98A::TRAD//20010305 | :98A::TRAD//20010305 |
| :98A::SETT//20010308 | :98A::SETT//20010308 | :98A::SETT//20010308 | :98A::SETT//20010308 |
| :35B:ISIN XX1234567890 | :35B:ISIN XX1234567890 | :35B:ISIN XX1234567890 | :35B:ISIN XX1234567890 |
| :16S:TRADDET | :16S:TRADDET | :16S:TRADDET | :16S:TRADDET |
| :16R:FIAC | :16R:FIAC | :16R:FIAC | :16R:FIAC |
| :36B::SETT//UNIT/3000, | :36B::SETT//UNIT/500, | :36B::SETT//UNIT/1500, | :36B::SETT//UNIT/1000, |
| :97A::SAFE//ABCDEFG[[2]](#footnote-2) | :97A::SAFE//123456 | :97A::SAFE//456789 | :97A::SAFE//654321 |
| :16S:FIAC | :16S:FIAC | :16S:FIAC | :16S:FIAC |
| :16R:SETDET | :16R:SETDET | :16R:SETDET | :16R:SETDET |
| **:22F::SETR//SECL** | **:22F::SETR//SECL** | **:22F::SETR//SECL** | **:22F::SETR//SECL** |
| **:22F::BLOC//BLPA** | **:22F::BLOC//BLCH** | **:22F::BLOC//BLCH** | **:22F::BLOC//BLCH** |
| :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY |
| :95P::BUYR//BROKGB22 | :95P::BUYR//BROKGB22 | :95P::BUYR//BROKGB22 | :95P::BUYR//BROKGB22 |
| :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY |
| :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY |
| :95P::REAG//CLEAXX21 | :95P::REAG//CLEAXX21 | :95P::REAG//CLEAXX21 | :95P::REAG//CLEAXX21 |
| :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY |
| :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | :95P::PSET//NCSDXX21 | :95P::PSET//NCSDXX21 | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY |
| :16R:AMT | :16R:AMT | :16R:AMT | :16R:AMT |
| :19A::SETT//CCY33000, | :19A::SETT//CCY5500, | :19A::SETT//CCY16500, | :19A::SETT//CCY11000, |
| :16S:AMT | :16S:AMT | :16S:AMT | :16S:AMT |
| :16S:SETDET | :16S:SETDET | :16S:SETDET | :16S:SETDET |

#### Message 2 - from the block trade account servicer to its local custodian.

|  |
| --- |
| CUSTUS33’s MT 543 MESSAGE to SUBCXX21 |
| MT 543 |
| :16R:GENL |
| :20C::SEME//SECLTRADE1234 |
| :23G:NEWM |
| :16S:GENL |
| :16R:TRADDET |
| :98A::TRAD//20010305 |
| :98A::SETT//20010308 |
| :35B:ISIN XX1234567890 |
| :16S:TRADDET |
| :16R:FIAC |
| :36B::SETT//UNIT/3000, |
| :97A::SAFE//1A2B3C |
| :16S:FIAC |
| :16R:SETDET |
| **:22F::SETR//SECL** |
| :16R:SETPRTY |
| :95P::BUYR//BROKGB22 |
| :16S:SETPRTY |
| :16R:SETPRTY |
| :95P::REAG//CLEAXX21 |
| :16S:SETPRTY |
| :16R:SETPRTY |
| :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |
| :16R:AMT |
| :19A::SETT//CCY33000, |
| :16S:AMT |
| :16S:SETDET |

## Third Party Block Borrowing

#### Message 1 - from the account owner to its block trade account servicer

|  |
| --- |
| FUNDGB22’s MT 541 MESSAGES to CUSTUS33 |
| Parent MT 541 | Children 1 MT 541 | Children 2 MT 541 | Children 3 MT 541 |
| :16R:GENL | :16R:GENL | :16R:GENL | :16R:GENL |
| :20C::SEME//SECB52456 | :20C::SEME//CHILD1 | :20C::SEME//CHILD2 | :20C::SEME//CHILD3 |
| :23G:NEWM | :23G:NEWM | :23G:NEWM | :23G:NEWM |
| **:99B::TOSE//003** | **:99B::TOSE//003** | **:99B::TOSE//003** | **:99B::TOSE//003** |
| **:99B::SETT//000[[3]](#footnote-3)** | **:99B::SETT//001** | **:99B::SETT/002** | **:99B::SETT//003** |
| :16R:LINK | :16R:LINK | :16R:LINK | :16R:LINK |
| **:20C::POOL//BLOCK123** | **:20C::POOL//BLOCK123** | **:20C::POOL//BLOCK123** | **:20C::POOL//BLOCK123** |
| :16S:LINK | :16S:LINK | :16S:LINK | :16S:LINK |
| :16S:GENL | :16S:GENL | :16S:GENL | :16S:GENL |
| :16R:TRADDET | :16R:TRADDET | :16R:TRADDET | :16R:TRADDET |
| :98A::TRAD//20010305 | :98A::TRAD//20010305 | :98A::TRAD//20010305 | :98A::TRAD//20010305 |
| :98A::SETT//20010308 | :98A::SETT//20010308 | :98A::SETT//20010308 | :98A::SETT//20010308 |
| :35B:ISIN XX1234567890 | :35B:ISIN XX1234567890 | :35B:ISIN XX1234567890 | :35B:ISIN XX1234567890 |
| :16S:TRADDET | :16S:TRADDET | :16S:TRADDET | :16S:TRADDET |
| :16R:FIAC | :16R:FIAC | :16R:FIAC | :16R:FIAC |
| :36B::SETT//UNIT/3000, | :36B::SETT//UNIT/500, | :36B::SETT//UNIT/1500, | :36B::SETT//UNIT/1000, |
| :97A::SAFE//ABCDEFG[[4]](#footnote-4) | :97A::SAFE//123456 | :97A::SAFE//456789 | :97A::SAFE//654321 |
| :16S:FIAC | :16S:FIAC | :16S:FIAC | :16S:FIAC |
| :16R:SETDET | :16R:SETDET | :16R:SETDET | :16R:SETDET |
| **:22F::SETR//SECB** | **:22F::SETR//SECB** | **:22F::SETR//SECB** | **:22F::SETR//SECB** |
| **:22F::BLOC//BLPA** | **:22F::BLOC//BLCH** | **:22F::BLOC//BLCH** | **:22F::BLOC//BLCH** |
| :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY |
| :95P::SELL//BROKGB22 | :95P::SELL//BROKGB22 | :95P::SELL//BROKGB22 | :95P::SELL//BROKGB22 |
| :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY |
| :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY |
| :95P::DEAG//CLEAXX21 | :95P::DEAG//CLEAXX21 | :95P::DEAG//CLEAXX21 | :95P::DEAG//CLEAXX21 |
| :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY |
| :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY | :16R:SETPRTY |
| :95P::PSET//NCSDXX21 | :95P::PSET//NCSDXX21 | :95P::PSET//NCSDXX21 | :95P::PSET//NCSDXX21 |
| :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY | :16S:SETPRTY |
| :16R:AMT | :16R:AMT | :16R:AMT | :16R:AMT |
| :19A::SETT//CCY33000, | :19A::SETT//CCY5500, | :19A::SETT//CCY16500, | :19A::SETT//CCY11000, |
| :16S:AMT | :16S:AMT | :16S:AMT | :16S:AMT |
| :16S:SETDET | :16S:SETDET | :16S:SETDET | :16S:SETDET |

#### Message 2 - from the block trade account servicer to its local custodian.

|  |
| --- |
| CUSTUS33’s MT 541 MESSAGE to SUBCXX21 |
| MT 541 |
| :16R:GENL |
| :20C::SEME//SECBTRADE1234 |
| :23G:NEWM |
| :16S:GENL |
| :16R:TRADDET |
| :98A::TRAD//20010305 |
| :98A::SETT//20010308 |
| :35B:ISIN XX1234567890 |
| :16S:TRADDET |
| :16R:FIAC |
| :36B::SETT//UNIT/3000, |
| :97A::SAFE//1A2B3C |
| :16S:FIAC |
| :16R:SETDET |
| **:22F::SETR//SECB** |
| :16R:SETPRTY |
| :95P::SELL//BROKGB22 |
| :16S:SETPRTY |
| :16R:SETPRTY |
| :95P::DEAG//CLEAXX21 |
| :16S:SETPRTY |
| :16R:SETPRTY |
| :95P::PSET//NCSDXX21 |
| :16S:SETPRTY |
| :16R:AMT |
| :19A::SETT//CCY33000, |
| :16S:AMT |
| :16S:SETDET |

# ISO 20022 illustration:

NOTE: While against messages are shown in the illustrations, the same process flow could exist using free of payment instructions.

## Settlement Instructions

#### Message 1. Initiation of the lending/borrowing settlement operation

|  |  |  |
| --- | --- | --- |
| LENDGB22 sese.033 to SUBCXX12 |   | BORRGB22 sese.033 to SUBCYY34 |
| <SctiesFincgInstr> |   | <SctiesFincgInstr> |
| <TxId>INITINSTR123</TxId> | Opening Message Reference | <TxId>INITINSTR456</TxId> |
| <TxTpAndAddtlParams> |   | <TxTpAndAddtlParams> |
|  <SctiesMvmntTp>SECL</SctiesMvmntTp> | Identification of the lending or borrowing |  <SctiesMvmntTp>SECB</SctiesMvmntTp> |
|  <Pmt>APMT</Pmt> |   |  <Pmt>APMT</Pmt> |
| </TxTpAndAddtlParams> |   | </TxTpAndAddtlParams> |
| <TradDtls> |   | <TradDtls> |
|  <TradDt> |   |  <TradDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-05</Dt> | Date the lending/borrowing was agreed on |  <Dt>2001-03-05</Dt> |
|  </Dt> |   |  </Dt> |
|  </TradDt> |   |  </TradDt> |
|  <OpngSttlmDt> |   |  <OpngSttlmDt> |
|  <Dt>2001-03-08</Dt> | Date the opening leg should settle. |  <Dt>2001-03-08</Dt> |
|  </OpngSttlmDt |   |  </OpngSttlmDt |
| </TradDtls> |   | </TradDtls> |
| <FinInstrmId> |   | <FinInstrmId> |
|  <ISIN>XX0012345674</ISIN> | Identification of the lent/borrowed securities |  <ISIN>XX0012345674</ISIN> |
| </FinInstrmId> |   | </FinInstrmId> |
| <QtyAndAcctDtls> |   | <QtyAndAcctDtls> |
|  <SttlmQty> |   |  <SttlmQty> |
|  <Qty> |   |  <Qty> |
|  <FaceAmt>200000000</FaceAmt> | Quantity of lent / borrowed securities |  <FaceAmt>200000000</FaceAmt> |
|  </Qty> |   |  </Qty> |
|  </SttlmQty> |   |  </SttlmQty> |
|  <SfkpgAcct> |   |  <SfkpgAcct> |
|  <Id>111111111</Id> |   |  <Id>ABCD123456</Id> |
|  </SfkpgAcct> |   |  </SfkpgAcct> |
| </QtyAndAcctDtls> |   | </QtyAndAcctDtls> |
| <SctiesFincgDtls> |   | <SctiesFincgDtls> |
|  <ClsgLegId>CLOSINTURN123</ClsgLegId> | Optional Closing Message Reference  |  <ClsgLegId>CLOSINTURN456</ClsgLegId> |
|  <TermntnDt> |   |  <TermntnDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-15</Dt> | Date the closing leg should settle. |  <Dt>2001-03-15</Dt> |
|  </Dt> |   |  </Dt> |
|  </TermntnDt> |   |  </TermntnDt> |
|  <StockLnMrgn> |   |  <StockLnMrgn> |
|  <Rate>1.6</Rate> | Optional stock loan margin info |  <Rate>1.6</Rate> |
|  </StockLnMrgn> |   |  </StockLnMrgn> |
|  <TermntnTxAmt> |   |  <TermntnTxAmt> |
|  <Amt Ccy="EUR">9910000.00</Amt> | Closing Cash collateral amount. |  <Amt Ccy="EUR">9910000.00</Amt> |
|  <CdtDbtInd>DBIT</CdtDbtInd> |   |  <CdtDbtInd>DBIT</CdtDbtInd> |
|  </TermntnTxAmt> |   |  </TermntnTxAmt> |
| </SctiesFincgDtls> |   | </SctiesFincgDtls> |
| <RcvgSttlmPties> |   | <DlvrgSttlmPties> |
|  <Dpstry> |   |  <Dpstry> |
|  <Id> |   |  <Id> |
|  <AnyBIC>NCSDXX21</AnyBIC> | Place where the lender / borrower will exchange the securities against the cash collateral |  <AnyBIC>NCSDXX21</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Dpstry> |   |  </Dpstry> |
|  <Pty1> |   |  <Pty1> |
|  <Id> |   |  <Id> |
|  <AnyBIC>SUBCYY34</AnyBIC> | Identification of the lend / borr custodian |  <AnyBIC>SUBCXX12</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty1> |   |  </Pty1> |
|  <Pty2> |   |  <Pty2> |
|  <Id> |   |  <Id> |
|  <AnyBIC>BORRGB22</AnyBIC> | Identification of the lender and borrower |  <AnyBIC>LENDGB22</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty2> |   |  </Pty2> |
| </RcvgSttlmPties> |   | </DlvrgSttlmPties> |
| <OpngSttlmAmt> |   | <OpngSttlmAmt> |
|  <Amt Ccy="EUR">9900000.00</Amt> | Opening Cash collateral amount. |  <Amt Ccy="EUR">9900000.00</Amt> |
|  <CdtDbtInd>CRDT</CdtDbtInd> |   |  <CdtDbtInd>CRDT</CdtDbtInd> |
| </OpngSttlmAmt> |   | </OpngSttlmAmt> |
| </SctiesFincgInstr> |   | </SctiesFincgInstr> |

#### Message 2. Closing of the lending/borrowing settlement operation

|  |  |  |
| --- | --- | --- |
| LENDGB22 sese.033 to SUBCXX12 |   | BORRGB22 sese.033 to SUBCYY34 |
| <SctiesFincgInstr> |   | <SctiesFincgInstr> |
| <TxId>CLOSINTURN123</TxId> | Closing Message Reference | <TxId>CLOSINTURN456</TxId> |
| <TxTpAndAddtlParams> |   | <TxTpAndAddtlParams> |
|  <SctiesMvmntTp>SECL</SctiesMvmntTp> | Identification of the lending or borrowing |  <SctiesMvmntTp>SECB</SctiesMvmntTp> |
|  <Pmt>APMT</Pmt> |   |  <Pmt>APMT</Pmt> |
| </TxTpAndAddtlParams> |   | </TxTpAndAddtlParams> |
| <Lnkgs> |   | <Lnkgs> |
|  <Ref> |   |  <Ref> |
|  <SctiesSttlmTxId>INITINSTR123</SctiesSttlmTxId> | Linkage to the original lending/borrowing where required by the local market |  <SctiesSttlmTxId>INITINSTR456</SctiesSttlmTxId> |
|  </Ref> |   |  </Ref> |
| </Lnkgs> |   | </Lnkgs> |
| <TradDtls> |   | <TradDtls> |
|  <TradDt> |   |  <TradDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-05</Dt> | Date the lending/borrowing was agreed on |  <Dt>2001-03-05</Dt> |
|  </Dt> |   |  </Dt> |
|  </TradDt> |   |  </TradDt> |
|  <OpngSttlmDt> |   |  <OpngSttlmDt> |
|  <Dt>2001-03-08</Dt> | Date the opening leg should settle. |  <Dt>2001-03-08</Dt> |
|  </OpngSttlmDt |   |  </OpngSttlmDt |
| </TradDtls> |   | </TradDtls> |
| <FinInstrmId> |   | <FinInstrmId> |
|  <ISIN>XX0012345674</ISIN> | Identification of the lent/borrowed securities |  <ISIN>XX0012345674</ISIN> |
| </FinInstrmId> |   | </FinInstrmId> |
| <QtyAndAcctDtls> |   | <QtyAndAcctDtls> |
|  <SttlmQty> |   |  <SttlmQty> |
|  <Qty> |   |  <Qty> |
|  <FaceAmt>200000000</FaceAmt> | Quantity of lent / borrowed securities |  <FaceAmt>200000000</FaceAmt> |
|  </Qty> |   |  </Qty> |
|  </SttlmQty> |   |  </SttlmQty> |
|  <SfkpgAcct> |   |  <SfkpgAcct> |
|  <Id>111111111</Id> |   |  <Id>ABCD123456</Id> |
|  </SfkpgAcct> |   |  </SfkpgAcct> |
| </QtyAndAcctDtls> |   | </QtyAndAcctDtls> |
| <SctiesFincgDtls> |   | <SctiesFincgDtls> |
|  <ClsgLegId>CLOSINTURN123</ClsgLegId> | Optional Closing Message Reference  |  <ClsgLegId>CLOSINTURN456</ClsgLegId> |
|  <TermntnDt> |   |  <TermntnDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-15</Dt> | Date the closing leg should settle. |  <Dt>2001-03-15</Dt> |
|  </Dt> |   |  </Dt> |
|  </TermntnDt> |   |  </TermntnDt> |
|  <StockLnMrgn> |   |  <StockLnMrgn> |
|  <Rate>1.6</Rate> | Optional stock loan margin info |  <Rate>1.6</Rate> |
|  </StockLnMrgn> |   |  </StockLnMrgn> |
|  <TermntnTxAmt> |   |  <TermntnTxAmt> |
|  <Amt Ccy="EUR">9910000.00</Amt> | Closing Cash collateral amount. |  <Amt Ccy="EUR">9910000.00</Amt> |
|  <CdtDbtInd>DBIT</CdtDbtInd> |   |  <CdtDbtInd>DBIT</CdtDbtInd> |
|  </TermntnTxAmt> |   |  </TermntnTxAmt> |
| </SctiesFincgDtls> |   | </SctiesFincgDtls> |
| <DlvrgSttlmPties> |   | <RcvgSttlmPties> |
|  <Dpstry> |   |  <Dpstry> |
|  <Id> |   |  <Id> |
|  <AnyBIC>NCSDXX21</AnyBIC> | Place where the lender / borrower will exchange the securities against the cash collateral |  <AnyBIC>NCSDXX21</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Dpstry> |   |  </Dpstry> |
|  <Pty1> |   |  <Pty1> |
|  <Id> |   |  <Id> |
|  <AnyBIC>SUBCYY34</AnyBIC> | Identification of the lend / borr custodian |  <AnyBIC>SUBCXX12</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty1> |   |  </Pty1> |
|  <Pty2> |   |  <Pty2> |
|  <Id> |   |  <Id> |
|  <AnyBIC>BORRGB22</AnyBIC> | Identification of the lender and borrower |  <AnyBIC>LENDGB22</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty2> |   |  </Pty2> |
| </DlvrgSttlmPties> |   | </RcvgSttlmPties> |
| <OpngSttlmAmt> |   | <OpngSttlmAmt> |
|  <Amt Ccy="EUR">9900000.00</Amt> | Opening Cash collateral amount. |  <Amt Ccy="EUR">9900000.00</Amt> |
|  <CdtDbtInd>CRDT</CdtDbtInd> |   |  <CdtDbtInd>CRDT</CdtDbtInd> |
| </OpngSttlmAmt> |   | </OpngSttlmAmt> |
| </SctiesFincgInstr> |   | </SctiesFincgInstr> |

**Question: Should the linkage reference be mandatory given the use of the sese.033 or still determined by local market??**

## Settlement Confirmations

#### Message 1. Settlement confirmation of the securities lending/borrowing initiation

|  |  |  |
| --- | --- | --- |
| SUBCXX12 sese.035 to LENDGB22 |   | SUBCYY34 sese.035 to BORRGB22 |
| <SctiesFincgConf> |   | <SctiesFincgConf> |
| <TxIdDtls> |   | <TxIdDtls> |
|  <AcctOwnrTxId>INITINSTR123</AcctOwnrTxId> | Message reference of the initiation instruction |  <AcctOwnrTxId>INITINSTR456</AcctOwnrTxId> |
|  <AcctSvcrTxId>CONF987654</AcctSvcrTxId> | Opening settlement confirmation message reference |  <AcctSvcrTxId>SETCONF98745</AcctSvcrTxId> |
|  <SctiesFincgTxTp>SECL</SctiesFincgTxTp> | Identification of the lending or borrowing |  <SctiesFincgTxTp>SECB</SctiesFincgTxTp> |
|  <Pmt>APMT</Pmt> |   |  <Pmt>APMT</Pmt> |
| </TxIdDtls> |   | </TxIdDtls> |
| <TradDtls> |   | <TradDtls> |
|  <TradDt> |   |  <TradDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-05</Dt> |   |  <Dt>2001-03-05</Dt> |
|  </Dt> |   |  </Dt> |
|  </TradDt> |   |  </TradDt> |
|  <FctvSttlmDt> |   |  <FctvSttlmDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-08</Dt> | Date the opening leg effectively settled. |  <Dt>2001-03-08</Dt> |
|  </Dt> |   |  </Dt> |
|  </FctvSttlmDt> |   |  </FctvSttlmDt> |
| </TradDtls> |   | </TradDtls> |
| <FinInstrmId> |   | <FinInstrmId> |
|  <ISIN>XX0012345674</ISIN> | Identification of the lent/borrowed securities |  <ISIN>XX0012345674</ISIN> |
| </FinInstrmId> |   | </FinInstrmId> |
| <QtyAndAcctDtls> |   | <QtyAndAcctDtls> |
|  <SttldQty> |   |  <SttldQty> |
|  <Qty> |   |  <Qty> |
|  <FaceAmt>200000000</FaceAmt> | Quantity of lent /borrowed securities effectively settled |  <FaceAmt>200000000</FaceAmt> |
|  </Qty> |   |  </Qty> |
|  </SttldQty> |   |  </SttldQty> |
|  <SfkpgAcct> |   |  <SfkpgAcct> |
|  <Id>111111111</Id> |   |  <Id>ABCD123456</Id> |
|  </SfkpgAcct> |   |  </SfkpgAcct> |
| </QtyAndAcctDtls> |   | </QtyAndAcctDtls> |
| <SctiesFincgDtls> |   | <SctiesFincgDtls> |
|  <ClsgLegId>CLOSINTURN123</ClsgLegId> | Optional Closing Message Reference  |  <ClsgLegId>CLOSINTURN456</ClsgLegId> |
|  <TermntnDt> |   |  <TermntnDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-15</Dt> | Optional date the closing leg should settle. |  <Dt>2001-03-15</Dt> |
|  </Dt> |   |  </Dt> |
|  </TermntnDt> |   |  </TermntnDt> |
|  <StockLnMrgn> |   |  <StockLnMrgn> |
|  <Rate>1.6</Rate> | Optional stock loan margin info |  <Rate>1.6</Rate> |
|  </StockLnMrgn> |   |  </StockLnMrgn> |
|  <TermntnTxAmt> |   |  <TermntnTxAmt> |
|  <Amt Ccy="EUR">9910000.00</Amt> | Optional Closing Cash collateral amount. |  <Amt Ccy="EUR">9910000.00</Amt> |
|  <CdtDbtInd>DBIT</CdtDbtInd> |   |  <CdtDbtInd>DBIT</CdtDbtInd> |
|  </TermntnTxAmt> |   |  </TermntnTxAmt> |
| </SctiesFincgDtls> |   | </SctiesFincgDtls> |
| <RcvgSttlmPties> |   | <DlvrgSttlmPties> |
|  <Dpstry> |   |  <Dpstry> |
|  <Id> |   |  <Id> |
|  <AnyBIC>NCSDXX21</AnyBIC> | Place where the lender / borrower have exchanged the securities against the cash collateral |  <AnyBIC>NCSDXX21</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Dpstry> |   |  </Dpstry> |
|  <Pty1> |   |  <Pty1> |
|  <Id> |   |  <Id> |
|  <AnyBIC>SUBCYY34</AnyBIC> | Identification of the lend / borr custodian |  <AnyBIC>SUBCXX12</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty1> |   |  </Pty1> |
|  <Pty2> |   |  <Pty2> |
|  <Id> |   |  <Id> |
|  <AnyBIC>BORRGB22</AnyBIC> | Identification of the lender and borrower |  <AnyBIC>LENDGB22</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty2> |   |  </Pty2> |
| </RcvgSttlmPties> |   | </DlvrgSttlmPties> |
| <SttldAmt> |   | <SttldAmt> |
|  <Amt Ccy="EUR">9900000.00</Amt> | Cash collateral amount. |  <Amt Ccy="EUR">9900000.00</Amt> |
|  <CdtDbtInd>CRDT</CdtDbtInd> |   |  <CdtDbtInd>DBIT</CdtDbtInd> |
| </SttldAmt> |   | </SttldAmt> |
| </SctiesFincgConf> |   | </SctiesFincgConf> |

#### Message 2. Settlement confirmation of the securities lending/borrowing closing operation

|  |  |  |
| --- | --- | --- |
| SUBCXX12 sese.035 to LENDGB22 |   | SUBCYY34 sese.035 to BORRGB22  |
| <SctiesFincgConf> |   | <SctiesFincgConf> |
| <TxIdDtls> |   | <TxIdDtls> |
|  <AcctOwnrTxId>CLOSINTURN123</AcctOwnrTxId> | Message reference of the initiation instruction |  <AcctOwnrTxId>CLOSINTURN456</AcctOwnrTxId> |
|  <AcctSvcrTxId>CONF123456</AcctSvcrTxId> | Closing settlement confirmation message reference |  <AcctSvcrTxId>SETCONF12345</AcctSvcrTxId> |
|  <SctiesFincgTxTp>SECL</SctiesFincgTxTp> | Identification of the lending or borrowing |  <SctiesFincgTxTp>SECB</SctiesFincgTxTp> |
|  <Pmt>APMT</Pmt> |   |  <Pmt>APMT</Pmt> |
| </TxIdDtls> |   | </TxIdDtls> |
| <TradDtls> |   | <TradDtls> |
|  <TradDt> |   |  <TradDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-05</Dt> |   |  <Dt>2001-03-05</Dt> |
|  </Dt> |   |  </Dt> |
|  </TradDt> |   |  </TradDt> |
|  <FctvSttlmDt> |   |  <FctvSttlmDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-15</Dt> | Date the closing leg effectively settled. |  <Dt>2001-03-15</Dt> |
|  </Dt> |   |  </Dt> |
|  </FctvSttlmDt> |   |  </FctvSttlmDt> |
| </TradDtls> |   | </TradDtls> |
| <FinInstrmId> |   | <FinInstrmId> |
|  <ISIN>XX0012345674</ISIN> | Identification of the lent/borrowed securities to be returned |  <ISIN>XX0012345674</ISIN> |
| </FinInstrmId> |   | </FinInstrmId> |
| <QtyAndAcctDtls> |   | <QtyAndAcctDtls> |
|  <SttldQty> |   |  <SttldQty> |
|  <Qty> |   |  <Qty> |
|  <FaceAmt>200000000</FaceAmt> | Quantity of lent / borrowed securities returned |  <FaceAmt>200000000</FaceAmt> |
|  </Qty> |   |  </Qty> |
|  </SttldQty> |   |  </SttldQty> |
|  <SfkpgAcct> |   |  <SfkpgAcct> |
|  <Id>111111111</Id> |   |  <Id>ABCD123456</Id> |
|  </SfkpgAcct> |   |  </SfkpgAcct> |
| </QtyAndAcctDtls> |   | </QtyAndAcctDtls> |
| <SctiesFincgDtls> |   | <SctiesFincgDtls> |
|  <ClsgLegId>CLOSINTURN123</ClsgLegId> | Optional Closing Message Reference  |  <ClsgLegId>CLOSINTURN456</ClsgLegId> |
|  <TermntnDt> |   |  <TermntnDt> |
|  <Dt> |   |  <Dt> |
|  <Dt>2001-03-15</Dt> | Optional date the closing leg should settle. |  <Dt>2001-03-15</Dt> |
|  </Dt> |   |  </Dt> |
|  </TermntnDt> |   |  </TermntnDt> |
|  <StockLnMrgn> |   |  <StockLnMrgn> |
|  <Rate>1.6</Rate> | Optional stock loan margin info |  <Rate>1.6</Rate> |
|  </StockLnMrgn> |   |  </StockLnMrgn> |
|  <TermntnTxAmt> |   |  <TermntnTxAmt> |
|  <Amt Ccy="EUR">9910000.00</Amt> | Optional Closing Cash collateral amount. |  <Amt Ccy="EUR">9910000.00</Amt> |
|  <CdtDbtInd>DBIT</CdtDbtInd> |   |  <CdtDbtInd>DBIT</CdtDbtInd> |
|  </TermntnTxAmt> |   |  </TermntnTxAmt> |
| </SctiesFincgDtls> |   | </SctiesFincgDtls> |
| <DlvrgSttlmPties> |   | <RcvgSttlmPties> |
|  <Dpstry> |   |  <Dpstry> |
|  <Id> |   |  <Id> |
|  <AnyBIC>NCSDXX21</AnyBIC> | Place where the lender / borrower have exchanged the securities against the cash collateral |  <AnyBIC>NCSDXX21</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Dpstry> |   |  </Dpstry> |
|  <Pty1> |   |  <Pty1> |
|  <Id> |   |  <Id> |
|  <AnyBIC>SUBCYY34</AnyBIC> | Identification of the lend / borr custodian |  <AnyBIC>SUBCXX12</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty1> |   |  </Pty1> |
|  <Pty2> |   |  <Pty2> |
|  <Id> |   |  <Id> |
|  <AnyBIC>BORRGB22</AnyBIC> | Identification of the lender and borrower |  <AnyBIC>LENDGB22</AnyBIC> |
|  </Id> |   |  </Id> |
|  </Pty2> |   |  </Pty2> |
| </DlvrgSttlmPties> |   | </RcvgSttlmPties> |
| <SttldAmt> |   | <SttldAmt> |
|  <Amt Ccy="EUR">9910000.00</Amt> | Collateral cash amount returned. |  <Amt Ccy="EUR">9910000.00</Amt> |
|  <CdtDbtInd>DBIT</CdtDbtInd> |   |  <CdtDbtInd>CRDT</CdtDbtInd> |
| </SttldAmt> |   | </SttldAmt> |
| </SctiesFincgConf> |   | </SctiesFincgConf> |

### Re-Allocations

|  |
| --- |
| **One to One Securities Lending Reallocation vs. Free Example (SR2007)** |
| **sese.023 (Loan Return)** | **sese.023 (Loan Open)** |
| <SctiesSttlmTxInstr> | <SctiesSttlmTxInstr> |
| <TxId>987655</TxId> | <TxId>987657</TxId> |
| <SttlmTpAndAddtlParams> | <SttlmTpAndAddtlParams> |
|  <SctiesMvmntTp>RECE</SctiesMvmntTp> |  <SctiesMvmntTp>DELI</SctiesMvmntTp> |
|  <Pmt>FREE</Pmt> |  <Pmt>FREE</Pmt> |
| </SttlmTpAndAddtlParams> | </SttlmTpAndAddtlParams> |
| <NbCounts> | <NbCounts> |
|  <TtlNb> |  <TtlNb> |
|  <CurInstrNb>001</CurInstrNb> |  <CurInstrNb>002</CurInstrNb> |
|  <TtlOfLkdInstrs>002</TtlOfLkdInstrs> |  <TtlOfLkdInstrs>002</TtlOfLkdInstrs> |
|  </TtlNb> |  </TtlNb> |
| </NbCounts> | </NbCounts> |
| <Lnkgs> | <Lnkgs> |
|  <Ref> |  <Ref> |
|  <PoolId>ABC</PoolId> |  <PoolId>ABC</PoolId> |
|  </Ref> |  </Ref> |
| </Lnkgs> | </Lnkgs> |
| <TradDtls> | <TradDtls> |
|  <TradId>loan12345</TradId> |  <TradId>loan12345</TradId> |
|  <TradDt> |  <TradDt> |
|  <Dt> |  <Dt> |
|  <Dt>2007-11-05</Dt> |  <Dt>2007-11-05</Dt> |
|  </Dt> |  </Dt> |
|  </TradDt> |  </TradDt> |
|  <SttlmDt> |  <SttlmDt> |
|  <Dt> |  <Dt> |
|  <Dt>2007-11-05</Dt> |  <Dt>2007-11-05</Dt> |
|  </Dt> |  </Dt> |
|  </SttlmDt> |  </SttlmDt> |
| </TradDtls> | </TradDtls> |
| <FinInstrmId> | <FinInstrmId> |
|  <ISIN>US4592001014</ISIN> |  <ISIN>US4592001014</ISIN> |
| </FinInstrmId> | </FinInstrmId> |
| <QtyAndAcctDtls> | <QtyAndAcctDtls> |
|  <SttlmQty> |  <SttlmQty> |
|  <Qty> |  <Qty> |
|  <Unit>25000</Unit> |  <Unit>25000</Unit> |
|  </Qty> |  </Qty> |
|  </SttlmQty> |  </SttlmQty> |
|  <SfkpgAcct> |  <SfkpgAcct> |
|  <Id>98765</Id> |  <Id>12345</Id> |
|  </SfkpgAcct> |  </SfkpgAcct> |
| </QtyAndAcctDtls> | </QtyAndAcctDtls> |
| <SttlmParams> | <SttlmParams> |
|  <SctiesTxTp>SLRE</SctiesTxTp> |  <SctiesTxTp>SLRE</SctiesTxTp> |
| </SttlmParams> | </SttlmParams> |
| <DlvrgSttlmPties> | <RcvgSttlmPties> |
|  <Dpstry> |  <Dpstry> |
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|  <AnyBIC>DTCYUS33</AnyBIC> |  <AnyBIC>DTCYUS33</AnyBIC> |
|  </Id> |  </Id> |
|  </Dpstry> |  </Dpstry> |
|  <Pty1> |  <Pty1> |
|  <Id> |  <Id> |
|  <AnyBIC>NCSDXXXX</AnyBIC> |  <AnyBIC>NCSDXXXX</AnyBIC> |
|  </Id> |  </Id> |
|  </Pty1> |  </Pty1> |
|  <Pty2> |  <Pty2> |
|  <Id> |  <Id> |
|  <AnyBIC>NCSDXXXX</AnyBIC> |  <AnyBIC>NCSDXXXX</AnyBIC> |
|  </Id> |  </Id> |
|  </Pty2> |  </Pty2> |
| </DlvrgSttlmPties> | </RcvgSttlmPties> |
| </SctiesSttlmTxInstr> | </SctiesSttlmTxInstr> |

|  |  |  |
| --- | --- | --- |
| **Many to Many Securities Lending Reallocation vs. Free Example (SR2007)** |   |   |
| **sese.023 (Loan Return)** | **sese.023 (Loan Return)** | **sese.023 (Loan Open)** | **sese.023 (Loan Open)** |
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Tracking Instructions

#### Message 1. Initiation of the lending/borrowing settlement operation

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## Third Party Block Lending

#### Message 1 - from the account owner to its block trade account servicer

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| --- |
| FUNDGB22’s sese.033 MESSAGES to CUSTUS33 |
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**Question: Should the termination amount be present for a block trade and if so, what's the value?? Or should the sese.023 be used?**

#### Message 2 - from the block trade account servicer to its local custodian.

|  |
| --- |
| CUSTUS33’s sese.033 MESSAGE to SUBCXX21 |
| sese.033 |
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## Third Party Block Borrowing

#### Message 1 - from the account owner to its block trade account servicer

|  |
| --- |
| FUNDGB22’s sese.033 MESSAGES to CUSTUS33 |
| Parent sese.033 | Children 1 sese.033 | Children 2 sese.033 | Children 2 sese.033 |
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**Question: Should the termination amount be present for a block trade and if so, what's the value?? Or should the sese.023 be used?**

#### Message 2 - from the block trade account servicer to its local custodian.

|  |
| --- |
| CUSTUS33’s sese.033 MESSAGE to SUBCXX21 |
| sese.033 |
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#### Additional Examples

##### Re-Allocations

Example 1 -Security 450295AC4 - Assume Custody Acct 12345 is an internal account(not a client account) and Custody Acct 98765 is a 3rd party client account (Assumes we manage multiple accounts for the client acting as the non discretionary 3rd party lending agent)

We have a mandate to maintain an overall minimum outstanding balance for Client XYZ at 100,000. After the loan was originally booked the overall outstanding loan balance for Client XYZ subsequently falls from 100,000 to 75,000. A reallocation is done out of our internal account (12345) to increase the outstanding loan balance for Client XYZ into account 98765.

**At the time the loan is booked:**

Client XYZ.

Custody Acct 98765 20,000 on loan

Custody Acct 87654 50,000 on loan

Custody Acct 76543 30,000 on loan

**Prior to the realignment**

Custody Acct 12345

Ownership 1,000,000

Out on Loan 50,000

Custody Account 98765

Ownership 100,000

Out on Loan 20,000

**Two days after the loan is booked:**

Client XYZ.

Custody Acct 98765 20,000 on loan

Custody Acct 87654 25,000 on loan

Custody Acct 76543 30,000 on loan

**After the realignment**

Custody Acct 12345

Ownership 1,000,000

Out on Loan 25,000

Custody Account 98765

Ownership 100,000

Out on Loan 45,000

Client XYZ.

Custody Acct 98765 45,000 on loan

Custody Acct 87654 25,000 on loan

Custody Acct 76543 30,000 on loan

Example 2 - Assume a pending sale on 450295AC4 for 975,000 out of Custody Acct 12345

**Prior to the realignment**

Custody Acct 12345

Total Ownership 1,000,000

Qty in the Vault 950,000

Out on Loan 50,000

Custody Account 98765

Total Ownership 100,000

Qty in the Vault 80,000

Out on Loan 20,000

**After the realignment**

Custody Acct 12345

Total Ownership 1,000,000

Qty in the Vault 975,000

Out on Loan 25,000

Custody Account 98765

Total Ownership 100,000

Qty in the Vault 55,000

Out on Loan 45,000

By moving 25,000 on loan position from Custody Acct 12345 to Custody Acct 98765, the Vault amount increases in Acct 12345 to 975,000. This will satisfy the sale without having to initiate a callback with the counterparty.

##### Tracked Example

Tracked example:

Client – 200 shares in Custody.

Lender instructs a Loan trade on behalf of the client with the Tracked Indicator for 50 shares.

Borrower instructs a Borrow trade with the Tracked Indicator for 50 shares.

Client’s Custodian –

150 shares in Custody.

50 shares lent as tracked.

Borrower –

50 shares borrowed as tracked.

Untracked example:

Client – 200 shares in Custody.

Lender instructs a Loan trade on behalf of the client with the Untracked Indicator for 50 shares.

Borrower instructs a Borrow trade with the Untracked Indicator for 50 shares.

Client’s Custodian –

150 shares in Custody.

50 shares lent as untracked.

Borrower –

50 shares borrowed as untracked.

1. The parent instruction is settlement instruction number “000” [↑](#footnote-ref-1)
2. The account to be used in the parent instruction’s safekeeping account field of sequence B will depend on the account structure of the account servicer. It will generally be a dummy account. [↑](#footnote-ref-2)
3. The parent instruction is settlement instruction number “000” [↑](#footnote-ref-3)
4. The account to be used in the parent instruction’s safekeeping account field of sequence B will depend on the account structure of the account servicer. It will generally be a dummy account. [↑](#footnote-ref-4)