



CSDR

Buy-in reporting

March 2020

Mandatory Buy-in Process

Actors

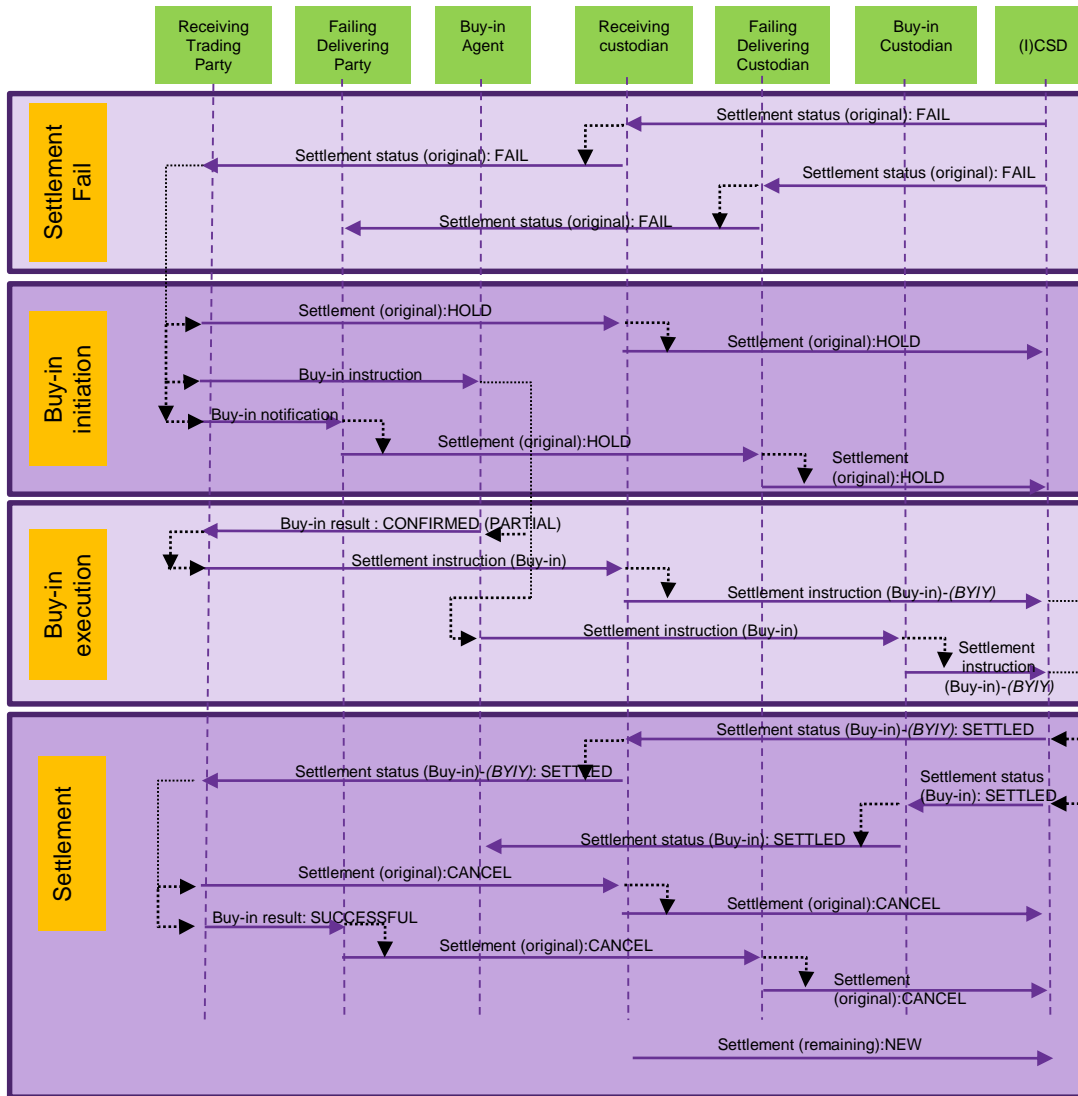
- Buyer = Receiver = Non Failing Party = Receiving Trading Party = RTP
- Seller = Delivery Failing Trading Party = FDP
- Buy-in Agent = BIA
- CSD
- Custodian (Global / Local)
- CCP (n/a)

Scenario

- Original transaction fails to settle on ISD
- At end of extension period (+4D / +7D / +15D), RTP triggers buy-in process and appoints BIA
 - Buy-in successful
 - Partial buy-in
 - Deferral
 - Buy-in cancelled (FDP delivers to BIA)
 - Buy-in unsuccessful
 - Cash compensation

Sequential Flow

1. Original instruction fails to settle
2. RTP appoints BIA (ISD+4 or ISD+7 or ISD+15)
3. BIA confirms to RTP
4. RTP informs FDP
5. FDP sets original instruction 'on-hold' at CSD - MT 530
..... buy-in period
6. BIA confirms execution to RTP
7. RTP informs FDP (quantity, price, cash compensation) not with MT 530
8. BIA send buy-in settlement instruction to CSD
9. RTP send buy-in settlement instruction to CSD
.... successful buy-in settlement
10. RTP cancel original instruction at CSD
11. FDP cancel original instruction (on-hold) at CSD
12. RTP sends new instruction for remaining quantity when partial buy-in
13. FDP sends new instruction for remaining quantity when partial buy-in
14. RTP informs CSD (quantity, price, cash compensation) with MT 530
15. FDP pays buy-in fees and charges to RTP



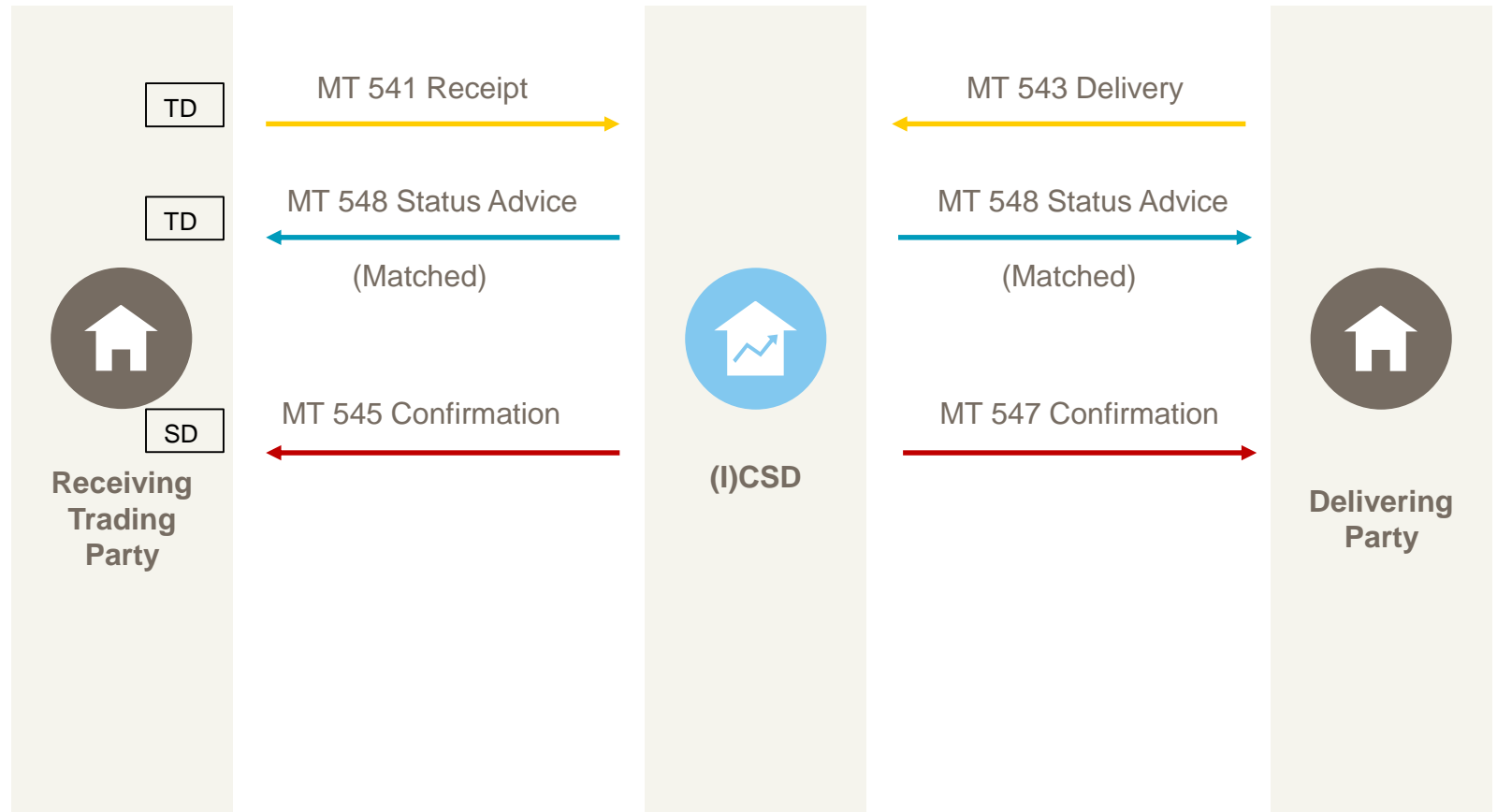
CR 001614 – MT 530 – Add qualifiers for CSDR buy-ins

1. Buy-in process indicator: New qualifier in 22F for reporting Buy-in processing indicator with three new codes (e.g. BYST)
 - successful, e.g. BSSY
 - unsuccessful, e.g. BSSN
 - partially successful, e.g. BSSP
2. Deferral indicator: New qualifier in 22F for reporting if the unsuccessful Buy-in was deferred (e.g. BDEF) with two new codes:
 - Buy-in deferred, e.g. DEFY
 - Buy-in not deferred, e.g. DEFN
3. Cash compensation amount:
 - field :19A: with a 4 char qualifier, e.g. BCAM
4. Quantity of securities bought-in
 - :36B: SETT present in MT 530
5. Price of the securities bought in
 - :90B: with a 4 char qualifier, e.g. BYIY

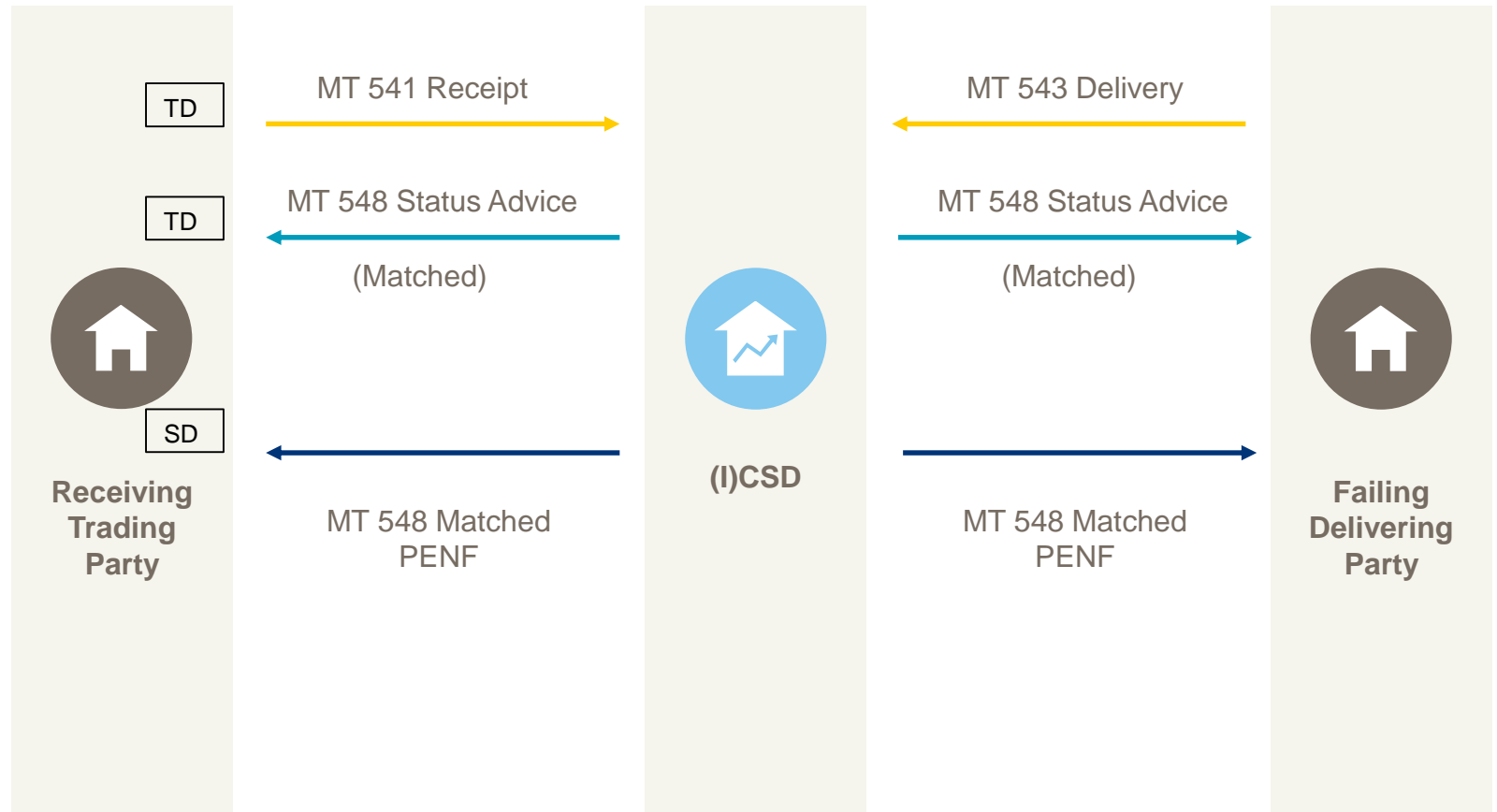
Back-up slides



Current Process – Successful Settlement (simplified)



Current Process – Unsuccessful Settlement (simplified)



Buy-in Initiation (simplified)

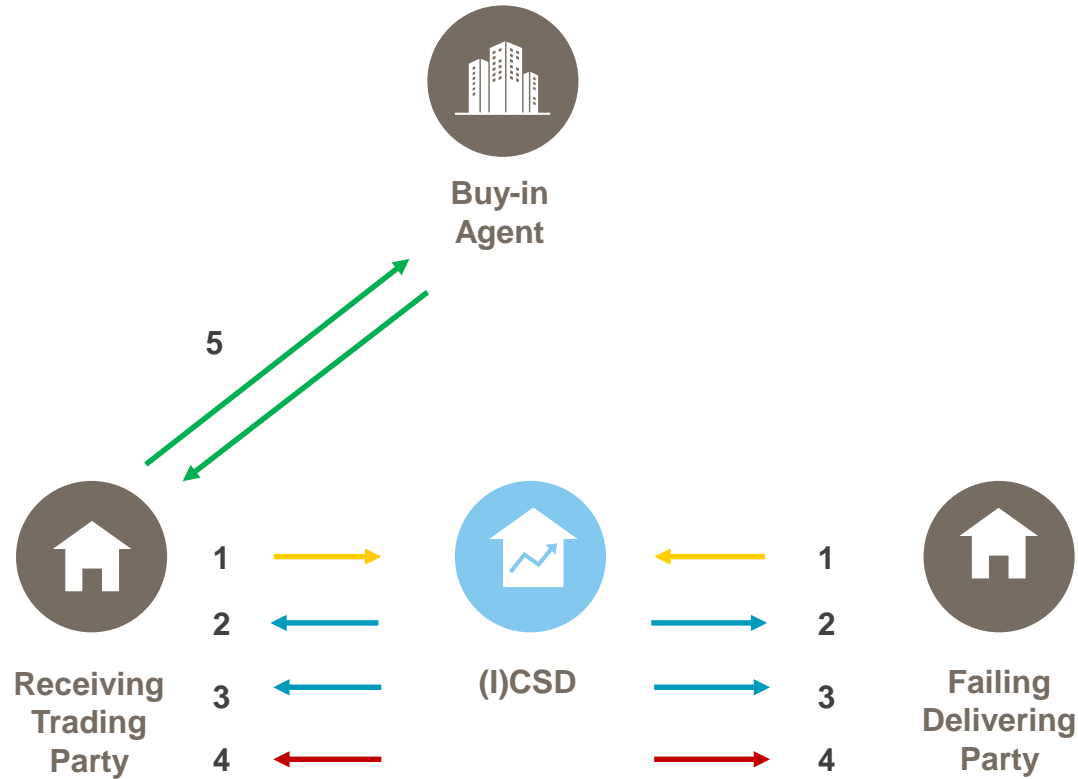
1 – Instruction TD
MT 540 / MT 541

2 – Status – Matching TD +1
MT 548

3 – Status – Settlement Fails on ISD
MT 548

4 – Status – Settlement Fails
MT 548

5 – Buy-in Initiated by the RTP



Buy-in Execution (simplified)

4 – Status – Original settlement fails
MT 548

5 – Buy-in Initiated by the RTP

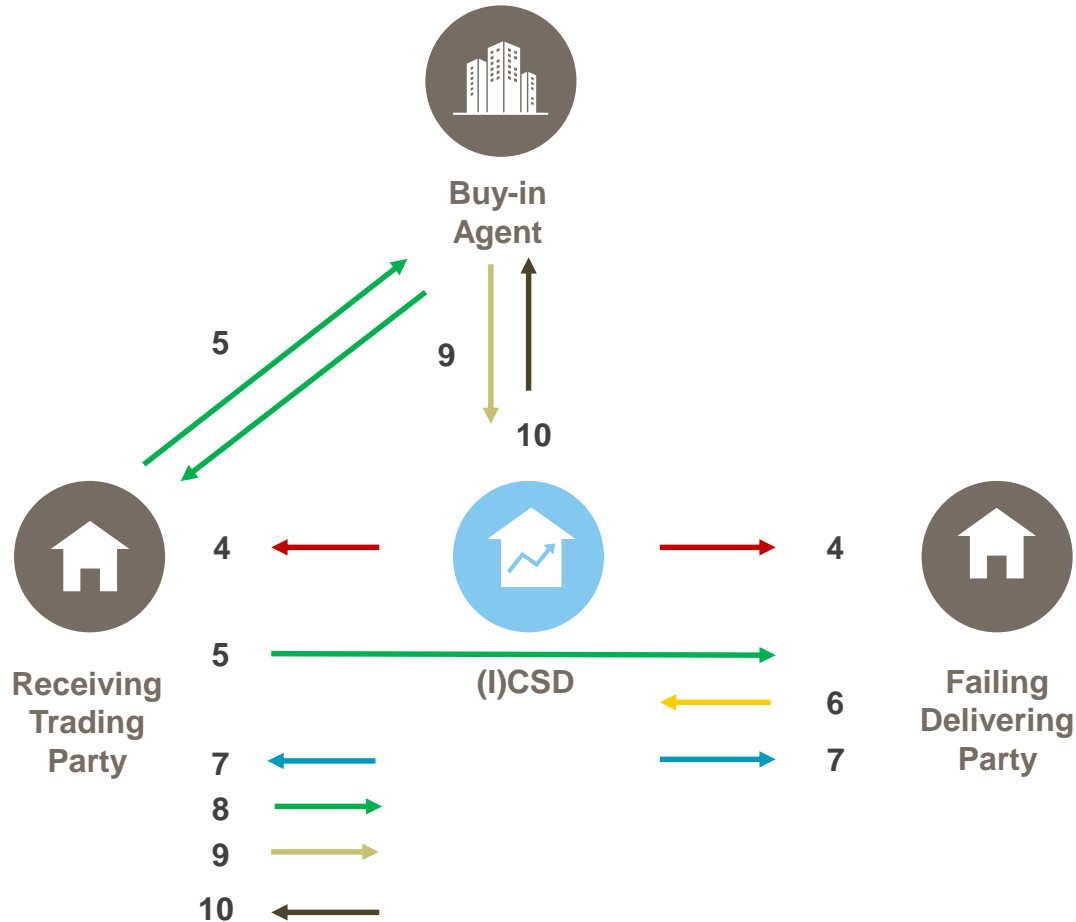
6 – Original Sett Inx on hold
MT 530

7 – Confirm status on hold (tbc)
MT 548

8 – Buy-in status and details
MT 530 (BYIY)

9 – Buy-in Sett Inx
MT 540 / MT 541

10 – Status on Buy-in Sett Inx
MT 548



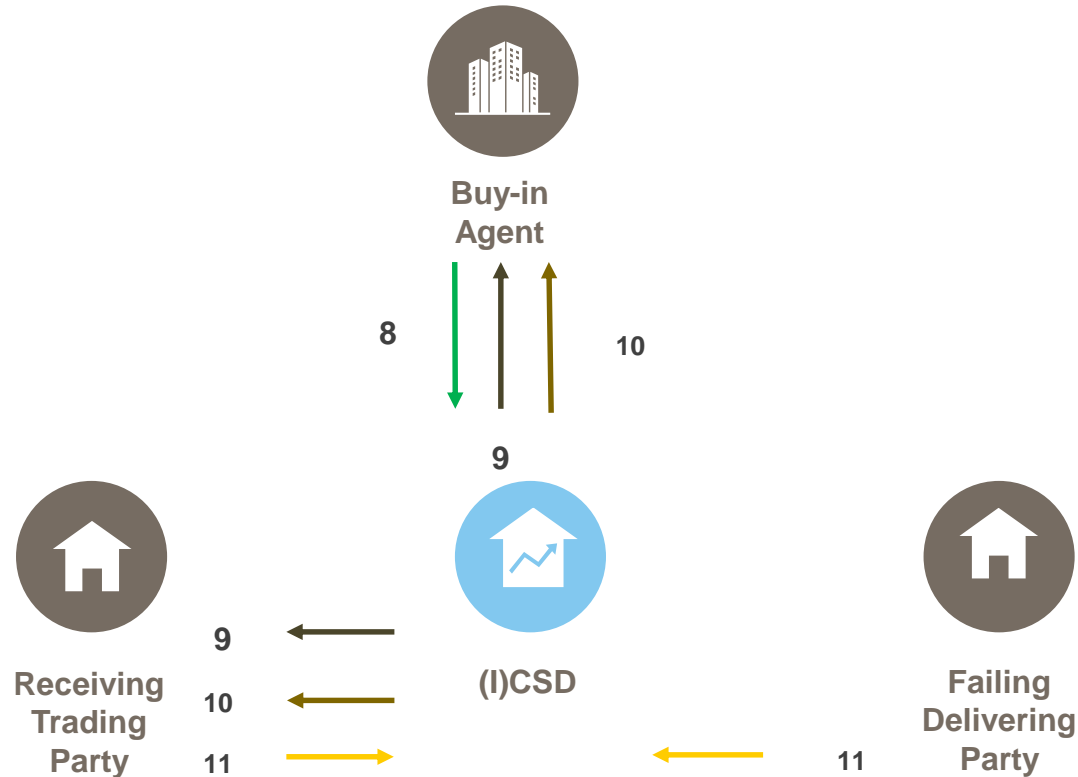
Buy-in Execution – Successful Settlement (simplified)

8 – Buy-in Sett Inx
MT 540 / MT 541

9 – Status on Buy-in Sett Inx
MT 548

10 – Buy-in Settlement
MT 548

11 – Cancel original instruction
MT 540 / MT 541 CANC



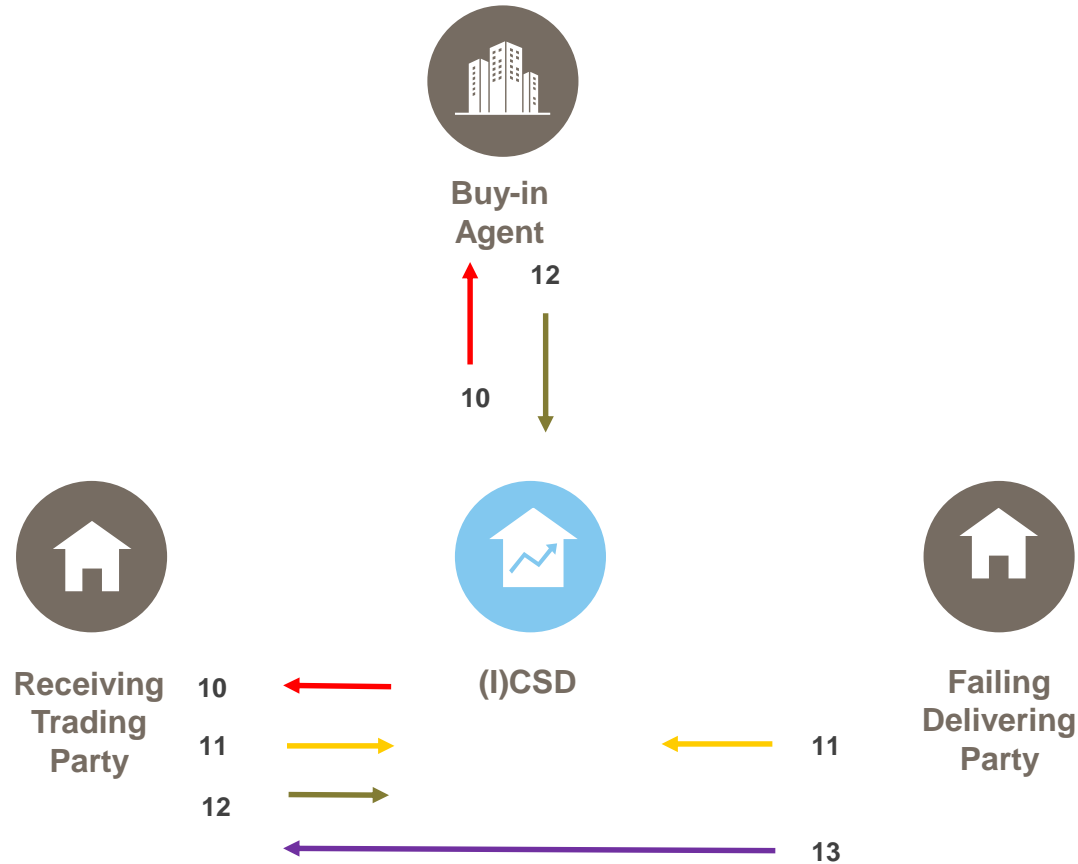
Buy-in Execution – Unsuccessful settlement -> Cash compensation (simplified)

10 – Buy-in settlement fails
MT 548

11 – Cancel original Inx
MT 540 / MT 541 CANC

12 – Cancel Buy-in Sett Inx
MT 540 / MT 541 CANC

13 – Cash compensation





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