
CBF SWIFT & Connectivity Changes ISO 15022

November 2016

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July 2016

Document number: F-CON38

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SWIFT & Connectivity Changes ISO 15022 in November 2016

Clearstream Banking Frankfurt (CBF) would like to present the changes concerning the SWIFT Standard Release 2016 in the following announcement. These changes will come into effect on 21 November 2016.

This summary refers to the CBF changes that are part of the SWIFT standard release, additional CBF connectivity changes, further implementations under the Securities Markets Practice Groups (SMPG) and standardisations of the various message types.

Each year SWIFT publishes specifications for the different ISO 15022 message types. These changed or enhanced specifications refer to the requirements of the National Market Practice Groups (NMPGs) and the SMPGs.

In the upgrade information, Clearstream Banking Frankfurt (CBF) will explain the technical background of the different changes/adjustments.

In principle, all requirements are binding and must be adopted by all SWIFT users. The optional changes may be adopted.

The changes described below will be implemented by Clearstream Banking Frankfurt within the framework of the SWIFT Release in November 2016.

These changes apply to messages in the ISO 15022 format which are received or sent through the SWIFT network, IBM WebSphere MQ or the File Transfer interface.

The corresponding changes for CBF are outlined below. The "network validation rules" changed by SWIFT are not presented in detail.

The information is divided into the following sections:

- Clearing and settlement services;
- Custody services.

Client Services Connectivity is available to answer questions relating to this release information at +49 (0) 69 2 11 11590.

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1. Clearing and settlement services

Due to the introduction of SWIFT Standard Release 2016, there will be no changes to CBF's ISO 15022 messages in the field of clearing and settlement.

1.1 Additional notice for file and MQ transfer customers

Currently, customer transfers are parked at CBF through the LIMA/SPOC file transfer interface when the deadline is reached.

Beginning with the CBF release in November 2016, this parking will no longer be carried out. The messages transmitted from the file transfers will be forwarded there on a best effort basis until the corresponding CBF processing begins. In addition, independently of the deadlines and the technical processing and the feedback, the TVF (MT599 - Technical Validation Feedback) will be promptly sent by CBF to the customers.

Furthermore, CBF only guarantees processing of file transfer messages that are received by the deadline and answered with a positive TVF.

Advantages:

- In future, it will be possible to receive and evaluate the TVF feedback for ISO messages earlier.
- Beginning with the November release, messages via File Transfer will be processed by CBF on a best effort basis after the deadline is reached.

Note:

- Customers who already use the current park function to read messages, for example, for the next settlement cycle, must adapt their File Transfer to the altered processing behaviour.
- The BVF (MT548 - Business Validation Feedback) file per application will only be available after all messages from the application blocks have been completely processed, even if some of the messages have been run in that settlement cycle and the remaining messages cannot be processed further until after the end of the settlement cycle.

2. Custody services

The changes for the CBF Custody Service, which will come into effect on 21 November 2016, are summarised in this chapter. The SWIFT reports MT564/566/568 from CBF are services that can be requested by the customer using order form number 83A/B.

2.1 SWIFT Standard Release 2016

2.1.1 MT564 Corporate Action Notification

Sub-sequence B1 Financial Instrument Attributes and E Corporate Action Options

:36B::MIEX//

The qualifier MIEX in the field :36B: is no longer used in the sequence B1. For event types 280 (Voluntary Exercise of Warrants) and 281 (Automatic Exercise of Warrants) the minimum amount upon exercise will in future be shown as :36B::MIEX// in sub-sequence E under the "EXER" option. Sequence B1 is no longer displayed.

Example TA280 Exercise of warrants:

```
+16R: FIA  
+36B: :MIEX//UNIT/1000,  
+16S: FIA  
:16R: ACCTINFO  
:97A: :SAFE//85xx0000  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :TSDT//20140129  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//EXER  
:17B: :DFLT//N  
:98A: :EXPI//20140129  
:69C: :PWAL//20140131/UKWN  
:36B: :MIEX//UNIT/1000,
```

Sub-sequence E2 Cash Movements

:19B::TAXR//

:19B::WITF//

:92A::TAXR//

:92A::WITF//

The qualifier WITF is no longer used in the fields :19B: and :92A:. In future, the display of the rate and the amount of tax withheld for ISINs where the depositary country does not equal Germany will be available at :92A::TAXR and :19B::TAXR, where they are already displayed for securities where the depositary country is Germany for income events.

Example sequence E2 TA120 Depository country France:

```
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//70xx0000
:19B: :ENTL//EUR2758,8
:19B: :GRSS//EUR2758,8
::19B: :TAXR//EUR919,6
:19B: :WITF//EUR919,6
:98A: :PAYD//20111018
:98A: :VALU//20111018
::92A: :TAXR//25,
:92A: :WITF//25,
:92F: :GRSS//EUR1,1
:16S: CASHMOVE
:16S: CAOPTN
:16R: ADDINFO
:95Q: :PAYA//CLEARSTREAM BANKING AG
      MERGENTHALERALLEE 61
      D-65760 ESCHBORN
:16S: ADDINFO
```

:92J::TAXE//WITL/

The qualifier TAXE in the field :92J: is no longer used in the sequence E2. The taxable portion of a dividend will continue to be displayed in the field :92J::GRSS//TXBL/.

Example sequence E2 TA120 Depository country Germany:

```
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//71xx0000
:19B: :ENTL//EUR5845,83
:19B: :GRSS//EUR7940,
:19B: :TAXR//EUR1985,
:19B: :ATAX//EUR109,17
:98A: :PAYD//20150928
:98B: :VALU//UKWN
:92A: :TAXR//25,
:92A: :ATAX//5,5
:92F: :GRSS//EUR2,
:92J: :TAXE//WITL/EUR2,000000000/ACTU
:92J: :GRSS//TXBL/EUR2,000000000/ACTU
:16S: CASHMOVE
```

2.1.2 MT566 Corporate Action Confirmation

Sub-sequence D2 Cash Movements

:19B::TAXR//

:19B::WITF//

:92A::TAXR//

:92A::WITF//

The qualifier WITF is no longer used in the fields :19B: and :92A: in the sequence D2 of MT566. In future, the display of the rate and the amount of tax withheld for ISINs where the depositary country does not equal Germany will also be available within the MT566 in fields :92A::TAXR and :19B::TAXR, where they are already displayed for securities and where the depositary country is Germany for income events.

:92J::TAXE//WITL

The qualifier TAXE in the field :92J: is no longer used in the sequence D2 of MT566. The display of the taxable portion of a dividend where the depositary country is Germany will continue to appear in the field :92J::GRSS//TXBL/.

2.1.3 MT565 Corporate Action Instruction

Sequence D Corporate Action Instruction

:36a::QREC//

:36a::QOVE//

:36a::QINS//

The qualifiers QREC and QOVE are no longer used in field :36a: in sequence D. Instead, in an EXRI event, the qualifier QINS is also used for the OVER option and interpreted as the number of shares to be subscribed. For the options EXER, SLLE, BUYA and LAPS, QINS is still interpreted as the number of subscription rights.

Example of EXER option:

```
:13A: :CAON//001
:22F: :CAOP//EXER
:35B: ISIN DE000A0JRV09
      BEZUGSRECHT
:36B: :QINS//UNIT/51, (number of subscription rights)
```

Example of OVER option:

```
:13A: :CAON//004
:22F: :CAOP//OVER
:35B: ISIN DE0002511243
      WKN BEZOGENER TITEL
:36B: :QREC//UNIT/200,
:36B: :QINS//UNIT/200, (number of subscribed shares)
```

Uniqueness of a MT565 instruction

To date, a unique customer reference (MT565.A.20C::SEME) has been required within an instruction regardless of the event.

It will be possible in future to provide instructions for different events with the same customer reference without the MT565 instruction being rejected by a MT567 REJT. In future, a MT565 instruction must be unique with respect to the following criteria to prevent a MT567 REJT:

- BIC sender of MT565
- MT565.A.20C::SEME (customer reference)
- MT565.A.20C::CORP (corporate action reference)
- MT565.D.35B ISIN or MT565.B.35B ISIN (instructed ISIN)

2.1.4 MT567 Corporate Action Status and Processing Advice

Sequence B Corporate Action Details

:36B::STAQ/

:36B::QREC/

The qualifier QREC is no longer used in field :36B: in sequence B. Instead, the qualifier STAQ is used for the OVER option and reported as the number of shares to be subscribed.

OVER option example:

```
:13A: :CAON//004
:22F: :CAOP//OVER
:97A: :SAFE//71xx0000
:35B: ISIN DE0002511243
      WKN BEZOGENER TITEL
:36B: :QREC//UNIT/200,
:36B: :STAQ//UNIT/200,
:19B: :GRSS//EUR1510,
:19B: :NETT//EUR1510,
```

2.2 Adjustments to market practice

2.2.1 Use of the Corporate Action Event Indicator “LIQU” for TA133

Up to now, the Corporate Action Event Indicator “REDM” has been used for payouts with a conversion reason (WM field UD008A) = 06 (“Liquidation”) which are processed with event type 133.

In future, for payments with this conversion reason, the Corporate Action Event Indicator “LIQU” will be used for all ISO 15022 messages.

2.2.2 Use of the Corporate Action Event Indicator “DVCA” or “INTR” in the case of participation certificates

Until now, the Corporate Action Event Indicator “INTR” was generally sent for distributions of participation certificates.

In future, depending on the content of the field “Dividend payment type” (WM field ED005), either the Corporate Action Event Indicator “DVCA” or “INTR” will be displayed for all ISO 15022 messages:

Dividend payment type (ED005)	CAEV
14 (“Interest payment”)	INTR
does not equal 14	DVCA

2.2.3 Use of the Corporate Action Event Indicator “CONV” for conversion reason “AW” – “Conversion right”

In future, for events based on a WSS conversion segment with the conversion reason “AW” - “conversion right”, Corporate Action Event Indicator “CONV” will be displayed instead of “OTHR”. This concerns MT564/MT566/MT536/MT537 for event type 232, MT564 for event type 280 (offerings) and MT564/MT566 Income for distributions with event type 125.

2.3 Display of the next pool factor for partial repayments

In future, for partial repayments with pool factor (event type 141), the next pool factor with qualifier NRFC// will be displayed in field 92A in addition to the previous pool factor (field :92A::PRFC// in sequence B1) in MT564 and MT566.

Example of sub-sequence B1 Financial Instrument attribute

```
:16R: FIA
:11A: :DENO//EUR
:92A: :PRFC//1,
:92A: :NWFC//0,5
:16S: FIA
```

2.4 Processing of capital increase type 89 – “reinvestment of dividends in shares” is a dividend option

Events based on the selection of a WSS capital increase segment with the value “Capital event type” = 89 (“Reinvestment of dividends in shares”) will no longer be processed as stock dividend, but as dividend option. The MT564/MT566 messages of the first events are sent with the Corporate Action Event Indicator “RHDI”, the MT564/MT566/MT536/MT537 messages of the second event with “DVOP”.

KADI event			1 st MT564 (TA210/211)		2 nd MT564 (TA280)	
Type	WM-KD005	Description	22F::CAEV	22F::CAMV	22F::CAEV	22F::CAMV
210	10-20, 26, 31, 39, 81-83, 85, 87, 90	Capital increase against payment with allocation of subscription rights	RHDI ^{*)}	MAND	EXRI	CHOS
211	1, 2, 3, 6, 68	Capital increase with allocation of bonus shares	BONU	MAND	EXOF	CHOS
211	28	Stock split	SPLF	MAND	EXOF	CHOS
211	84	Spin-off	SOFF	MAND	EXOF	CHOS
211	5, 7, 8, 32, 89	Dividend option	RHDI	MAND	DVOP	CHOS
211	4, 89	Stock dividend	DVSE	MAND	EXOF	CHOS
211	70	Pay in kind	PINK	MAND	EXOF	CHOS

For MT564 of event type 280, the format of the dividend option (“Dividend Option only”) is used with the additional option “CASH” as a default option. The measures specific to processing dividend options (processing of the Cash Line via TA120, write-off of the ISIN of the rights of the Cash Line with event type 222 with CAEV DVOP, TA232 for conversion) are performed accordingly.

2.5 Additional sending time MT564 Non Income

In addition to the previous sending times for the MT564 for non income events, another delivery will be introduced at 16:15 to provide information on new events, event changes and new portfolios. All MQ and SWIFT customers receive this report automatically at 16:15.

Customers who receive the MT564 Report via file transfer, please contact the CBF Client Services Connectivity Department to agree on the transfer parameters for this new file and to have this additional transfer time set up.

The job numbers for all reports are already available in our systems. Nevertheless, it may be that the necessary recipient data according to the new delivery time must be submitted by our customers. We therefore ask that customers contact their computing centre ahead of time. The previously selected versions are retained, and are changed only upon customer request.

2.6 Reporting of treatment of fractional shares

In future, for mandatory non income events, the treatment of fractional shares will be reported in the additional field :22F:DISF ("disposition of fractions") in sequence E1 (SECU) within the MT564 and in sequence D1 for event types 210, 211 and 232. The following values are shown:

- DIST ("distribution of fractions")
- RDDN ("round down of fractions")
- CINL ("round down of fractions and cash in lieu")

In the case of :22F::DISF//CINL the unit currency and the amount will additionally be reported in the field :90B::CINL//. The values shown are determined from the WSS fields (WM fields) as follows:

- Unit:
 - ACTU, if WSS field "Quotation Unit" = ST, otherwise
 - DISC
- Currency: WSS FIELD "Settlement proceeds currency" (WM fields UD015 or KD012)
- Amount per unit: WSS field "Settlement proceeds amount" (WM fields UD043A or KD062A)

The qualified portfolio displayed under :36a:ENTL//UNIT or :36a:ENTL//FAMT is presented taking into account the treatment of fractional shares.

For partial repayments with a reduction of the nominal amount (TA140), the repayment amount per unit is shown taking into account fractional shares under :90B::OFFR//ACTU.

Example MT564 sequence E1 rounding and settling in cash TA210 RHD1

```
:16R: SECMOVE
:22H: :CRDB//CRED
:35B: ISIN IT0005142937
      PRELIOS S.P.A.-ANR.-
:36B: :ENTL//UNIT/1834,
:22F: :DISF//CINL
:69A: :TRDP//20160208/20160218
:90B: :CINL//ACTU/EUR1,55
:92D: :ADEX//1,/1,
:98A: :PAYD//20160210
:16S: SECMOVE
```

Example MT564 sequence E1 rounding without settling in cash TA211 RHDI

```
:16R: SECMOVE
:22H: :CRDB//CRED
:35B: ISIN NL0011660477
      UNILEVER -ANR.-
:36B: :ENTL//UNIT/1000,
:22F: :DISF//RDDN
:92D: :ADEX//1,/1,25,
:98A: :PAYD//UKWN
:16S: SECMOVE
```

Example MT564 sequence E1 rounding TA232 PARI

```
:16R: SECMOVE
:22H: :CRDB//CRED
:35B: ISIN DE000A169SD9
      DEUTSCHE WOHNEN Z.UMT.
:36B: :ENTL//UNIT/34774,
:22F: :DISF//DIST
:92D: :NEWO//1,/2,
:98A: :PAYD//20160217
:16S: SECMOVE
```

Example MT566 sequence D rounding and settling in cash TA210 RHDI

```
:16R: SECMOVE
:22H: :CRDB//CRED
:35B: ISIN IT0005142937
      PRELIOS S.P.A.-ANR.-
:69A: TRDP//20160208/20160218
:36B: PSTA//UNIT/7,
:22F: :DISF//CINL
:90B: :CINL//ACTU/EUR1,55
:92D: :ADEX//1,/1,
:98A: :POST//20160210
:16R: RECDEL
:95P: :PSET//CEDELULL
:97A: :SAFE//63xxx
:16S: RECDEL
:16S: SECMOVE
```

Example MT566 sequence D rounding without settling in cash TA232 SPLR

```
:16R: SECMOVE
:22H: :CRDB//CRED
:35B: ISIN MT0000580101
      XANTHUS HOLDINGS PLC EO 1
:36B: PSTA//UNIT/3700,
:22F: :DISF//RDDN
:92D: :NEWO//0,1791081/1,
:98A: :POST//20160222
:98A: :PAYD//20160222
:16S: SECMOVE
```

2.7 Display of original sequence number with re-runs

In future, when processing re-runs that follow a cancellation, in MT566 the KADI sequence number of the original run will be sent for all event types in the text field :70E:TXNR//, in addition to the KADI sequence number of the cancellation or the re-run.

```
:70E: :ADTX//KADI-LFNR 00154  
:70E: :TXNR//ORIG-KADI-LFNR 00162
```

“:70E::TXNR//ORIG-KADI-LFNR 0” is sent for original runs.

2.8 Display of reference of MT565 in MT544/546/536

In future, in MT544/546 and MT536, which is created by the execution of a MT565 instruction, the reference of the underlying MT565 in the sequence A1 will be displayed under :20C::COMM//.

```
:16R: LINK  
:20C: :COMM//MT565-SEME-12345  
:16S: LINK
```

2.9 Change of the validation rule for “Instructed Quantity” for MT565 EXER in an EXRI event

In future, in an EXRI event, a MT565 EXER will be rejected if the instruction nominal is not an integer multiple of the denominator of 92D::NEWO.

2.10 Display subscription price quoted as a percentage in the text field MT566 Exercise of subscription rights

For MT566, the confirmation of the write-off, of the subscription rights upon exercise will display the currency, the subscription price and the text “Execution of subscription rights, delivery of subscribed ISIN open”.

In future, where a subscription price is quoted as a percentage, the text addition “PRCT” will also be displayed before the subscription price:

```
:70E: :ADTX//PRCT80,000000 IN EUR  
EXECUTION OF SUBSCRIPTION RIGHTS,  
DELIVERY OF SUBSCRIBED ISIN OPEN
```

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