# DTCC | *Important Notice*
## National Securities Clearing Corporation

| A#: | 8917 |
|---|---|
| P&S: | 8490 |
| Date: | October 19, 2020 |
| To: | ALL MEMBERS AND LIMITED MEMBERS |
| From: | WEALTH MANAGEMENT SERVICES – MUTUAL FUNDS |
| Attention: | MANAGER MUTUAL FUND OPERATIONS, MANAGER DATA PROCESSING, MANAGER CASHIERS, MANAGER P&S DEPARTMENT |
| Subject: | MFPS I Price & Rate Enhancements – Negative Rate for Money Market Funds |

Effective **Monday, November 23, 2020**, National Securities Clearing Corporation (NSCC) will implement enhancements to **Mutual Fund Profile Service I – Price and Rate** (MFPS I) to support the potential delivery of a negative rate for a CNAV money market fund.

Due to the increased potential for a CNAV money market fund to incur a negative yield as a result of recent reductions in interest rates, these enhancements are being expedited to provide a solution for clients to systematically communicate a negative rate.

Below is a summary of the enhancements included in this release. Details illustrating the specific enhancements are included in the attached Appendix. *The Appendix is for informational purposes and may not represent the final record layouts. NSCC reserves the right to make additional changes prior to implementation.*

As part of this release, NSCC will:

1) **Add new 'Negative Rate Correction Indicator'** and '**Negative Rate**' fields to support the delivery of a negative rate for a money market fund.

2) **Modify** the **'Rate Correction Indicator' and 'Rate'** field requirements to provide the necessary information when communicating a negative rate.

3) Modify the "**Daily Dividend Day Count**" field to be required when communicating a negative rate.

## TESTING

Effective, **Wednesday**, **November 11, 2020,** members can begin testing in the Participant Services Environment (PSE) region.

Clients are encouraged to test and must contact their Relationship Manager before testing begins if access to the PSE region has not been previously established.

## DOCUMENTATION

Updated documentation will be available on DTCC's Learning website as follows:

Record layouts will be available on or about **November 2, 2020**. Best Practices covering scenarios, and population of fields when communicating a negative rate, will be available on or about **November 16, 2020**. An email notification will be sent when revised documentation has been posted.

Questions and comments regarding this Important Notice may be directed to your DTCC Relationship Manager, or Wealth Management Services at **212-855-8877** or WMSconnect@dtcc.com.

John Saxenian

Product Manager

Product Management

DTCC Wealth Management Services

# Appendix

## A.  MFPS I Price/Rate Enhancements – Non ISO Record Format

**Both fixed and variable record layouts will be modified for MFPS I.  However, for the purpose of illustration, the fixed record layouts are used below.**

### MFPS I Price/Rate Record (030) – Record # 2 or 4

1.  Add a **new optional 'Negative Rate Correction Indicator'** field.

    *This field will be utilized in conjunction with the new 'Negative Rate' field (see requirement # 2 below) to communicate a negative rate, or a correction to a negative rate.*

| Field Name | Start | End | Len | Type | Description | Opt/Req | Reject Code |
|---|---|---|---|---|---|---|---|
| Negative Rate Correction Indicator | 51 | 51 | 1 | A/N | Space = Negative Rate not provided<br><br>1 = Original Negative Rate<br>2 = Correction to Negative Rate | O | 0407 |

2.  Add a **new optional/conditional 'Negative Rate'** field.

    *This field will be required and utilized in conjunction with the new 'Negative Rate Correction Indicator' field to communicate a negative rate.*

| Field Name | Start | End | Len | Type | Description | Opt/Req | Reject Code |
|---|---|---|---|---|---|---|---|
| Negative Rate | 52 | 64 | 13 | N | 9,999.999999999<br><br>Required and must be greater than zero when 'Negative Rate Correction Indicator' = 1.<br><br>Required (but allowed to be zero) if 'Negative Rate Correction Indicator' = 2.<br><br>Not allowed if Negative Rate Correction Indicator = space. | OC | 0408 |

**3.** Modify **'Rate Correction Indicator'** field from **optional to optional/conditional.**

*This **field will be required** when passing an Original Negative Rate (Negative Rate Correction Indicator' =1).*

| Field Name | Start | End | Len | Type | Current Description | New Description | Opt/ Req |
|---|---|---|---|---|---|---|---|
| Rate Correction Indicator | 8 | 8 | 1 | A/N | Space = Rate not provided<br>1 = Original Rate<br>2 = Correction to Rate<br><br>(see Record Layouts Note 6c) | Space = Rate not provided<br>1 = Original Rate<br>2 = Correction to Rate<br><br>Required when 'Negative Rate Correction Indicator' = 1 (Original Negative Rate).<br><br>(see Record Layouts Note 6c) | ~~O~~<br>**OC** |

**4. Modify 'Rate' field to be required** and = 0 when passing an Original Negative Rate (Negative Rate Correction Indicator) = 1**.**

| Field Name | Start | End | Len | Type | Current Description | New Description | Opt/ Req |
|---|---|---|---|---|---|---|---|
| Rate | 9 | 26 | 18 | N | 999,999,999.999999999<br><br>Required (but allowed to be zero) if Rate Correction Indicator = 1 or 2.<br><br>Not allowed if Rate Correction Indicator = space.<br><br>For JPY Currency only, each of the last nine positions must be populated with a value of 0.<br>Example: A Rate of JPY 111 should be entered as 000000111000000000. | 999,999,999.999999999<br><br>Required (but allowed to be zero) if Rate Correction Indicator = 1 or 2.<br><br>Not allowed if Rate Correction Indicator = space.<br><br>Required and must be = 0 when 'Negative Rate Correction Indicator' is populated with a 1 (Original Negative Rate).<br><br>For JPY Currency only, each of the last nine positions must be populated with a value of 0.<br>Example: A Rate of JPY 111 should be entered as 000000111000000000. | OC |

**5.** Modify **'Daily Dividend Day Count'** field to be required when 'Negative Rate Correction Indicator' = 2 (Correction to Negative Rate) and 'Distribution Type' = 6 (Daily Accrual Dividend).

*The Daily Dividend Day Count field will now be required in all instances a rate is passed when 'Distribution Type' = 6 (Daily Accrual Dividend).*

<u>*Note:*</u> *Since the conditions in # 3 above require the 'Rate Correction Indicator' field be populated when the 'Negative Rate Correction Indicator field =1 (Original Negative Rate), the 'Daily Dividend Day Count' field will be required when either the 'Rate Correction Indicator' or 'Negative Rate Correction Indicator' field is populated **and** 'Distribution Type' = 6 .*

| Field Name | Start | End | Len | Type | Current Description | *New Description* | Opt/ Req |
|---|---|---|---|---|---|---|---|
| Daily Dividend Day Count | 27 | 29 | 3 | N | 999<br><br>Required if Rate Correction Indicator = 1 or 2 and Distribution Type = '6'.<br><br><br><br><br><br>Not allowed otherwise | 999<br><br>Required if Rate Correction Indicator = 1, or 2, and Distribution Type = '6'.<br><br><span style="color:red">Required if Negative Rate Correction Indicator = 2, and Distribution Type = '6'.</span><br><br>Not allowed otherwise | OC |

## Reject Codes

**6.** The following **new reject codes** will be added for the new 'Negative Rate Correction Indicator' and 'Negative Rate' fields.

### <span style="color:red">New Reject Codes</span>

| Reject Code | Description |
|---|---|
| 0407 | Negative Rate Correction Indicator is missing/invalid |
| 0408 | Negative Rate is missing/invalid |

# B. MFPS I Price/Rate Enhancements – ISO Record Format

## Message Types 55X and 55Y – New Data Elements

7. Add a **new optional 'Information Type (Negative Rate Correction Indicator)' Cash Type** field.

    *This field will be utilized in conjunction with the new 'Amount (Negative Rate)' Cash Amount field (see requirement # 8 below) to communicate a negative rate (DINO), or a correction to a negative rate (DINC).*

| M/O/ OC | Tag | SWIFT Field Name | Mutual Fund Profile Field Name | MFPS Format/Allowed Input Values/Input Edit Criteria | Example/Comment/MFPS Output (When Not Same as Input) |
|---|---|---|---|---|---|
| O | IT | Cash Type | Information Type (Negative Rate Correction Indicator) | 4a[/30x] or 4a[[/DS/1a/1a]/23x] or 4a[/30x/2n]  **DINO**  **DINC**    Edit: Must correspond to Date literal: If Date literal = DDRD, then Info Type = DINO or DINC  The /DS/ part of Sub field 2 is required if Info Type = DINO or DINC (if not provided, the system will enter/DS/6/3 and truncate the 30-byte description, if provided, to 23 bytes). It's not allowed otherwise. The two fields following/DS/, together with 35B:Security Issue and 04A:Effective Date constitute a unique key. A 35H:Amount can be sent per Security Issue, Effective Date and any combination of these fields. | :IT:DINO/DS/6/3   **Original Negative Rate**  **Correction to Negative Rate**    . |

**8.** Add a **new optional/conditional 'Amount (Negative Rate)' Cash Amount** field.

*This field will be required and utilized in conjunction with the new 'Information Type (Negative Rate Correction Indicator)' field to communicate a negative rate.*

| M/O/OC | Tag | SWIFT Field Name | Mutual Fund Profile Field Name | MFPS Format/Allowed Input Values/Input Edit Criteria | Example/Comment/MFPS Output (When Not Same as Input) |
|---|---|---|---|---|---|
| OC | 35H | Cash Amount | Amount (Negative Rate) | [N]3a19number<br><br>N = indicates a negative amount<br>3a = ISO currency<br>code: USD, EUR, GBP, AUD, CAD, CHF, CNY, HKD, JPY, NOK, SEK or SGD<br>19number = amount<br><br>Edit:<br>1. Amount not allowed to be negative (sub- field 'N' not allowed).<br>2. Max digits in amount must correspond to Info Type as follows:<br>Info Type (Negative Rate Correction Indicator) = DINO or DINC, then max digits = 4n.9n<br>3. Required and must be > 0 when Info Type (Negative Rate Correction Indicator) = DINO<br>4. Required (but allowed to be zero) if Info Type (Negative Rate Correction Indicator) = DINC<br>5. Not allowed if Info Type (Negative Rate Correction Indicator) DINO or DINC is not provided.<br><br>For JPY Currency, a decimal point (,) followed by nine 0's is required after the value. | This field will contain the actual Negative Rate<br><br>**Examples for USD Only:**<br><br>1. A negative rate of 0.0023 would be expressed as:<br>:IT:DINO<br>:35H:USD 0,0023<br><br>2. A negative rate of 0 would be expressed as:<br>:IT:DINO<br>:35H:USD 0,<br><br>**Examples for JPY Only:**<br>A negative rate of 2050 Yen would be expressed as:<br>:IT:DINO<br>:35H:JPY 2050,000000000 |

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## Message Types 55X and 55Y – Modified Data Elements

9. Modify **'Information Type' Cash Type** field for DIVO/DIVC to be required when Information Type (Negative Rate Correction Indicator) Cash Type = DINO (Original Negative Rate)**.**

   *This **field will be required** when passing an Original Negative Rate (DINO).*

| M/O/OC | Tag | SWIFT Field Name | Mutual Fund Profile Field Name | MFPS Format/Allowed Input Values/Input Edit Criteria | Example/Comment/MFPS Output (When Not Same as Input) |
|---|---|---|---|---|---|
| ~~M~~ **OC** | IT | Cash Type | Information Type | 4a[/30x] or 4a[[/DS/1a/1a]/23x] or 4a[/30x/2n] | :IT:PRCO :IT:DIVO/DS/6/3 :IT:PRMO/01 |
| | | | | PRCO | Single NAV Fund – Original Price |
| | | | | PRMO | Multiple NAVs Fund – Original Price |
| | | | | DIVO | Rate |
| | | | | CUMO | Cumulative Dividend Rate |
| | | | | PRCC | Single NAV Fund - Correction to Price (See Single (NAV) Fund) |
| | | | | PRMC | Multiple NAVs Fund – Correction to Price (See Multiple NAVs Fund) |
| | | | | DIVC | Rate Correction (See Dividend Rate) |
| | | | | CUMC | Cumulative Dividend Rate Correction (See Cumulative Rate) |

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|---|---|---|---|---|---|
| | | | | **Edit:**<br><br>1. Must correspond to Date literal:<br><br>If Date literal = PRCE, then Info Type = PRCO, PRCC, PRMO/2n, or PRMC/2n<br><br>2n – Required if Info Type is PRMO or PRMC. Numeric with valid values: 01, 02,…98, 99. This value will indicate whether a particular price is the 1st, 2nd, etc. price of the day.<br><br>Zero (0) is not a valid value.<br><br>**2. Required and must be DIVO or DIVC when Info Type (Negative Rate Correction Indicator) = DINO.**<br><br>Best Practice: For the last/end of day NAV strike, Funds should indicate a value of "98".<br><br>2n - Is not allowed for Info Types other than PRMO and PRMC.<br><br>If Date literal = DDRD, then Info Type = DIVO or DIVC<br><br>If Date literal = CUDR, then Info Type = CUMO or CUMC.<br><br>The /DS/ part of Sub field 2 is required if Info Type = DIVO or DIVC (if not provided, the system will enter/DS/6/3 and truncate the 30-byte description, if provided, to 23 bytes). It's not allowed otherwise.<br><br>The two fields following/DS/, together with 35B:Security Issue and 04A:Effective Date constitute a unique key. A 35H:Amount can be sent per Security Issue, Effective Date and any combination of these fields. | If Sub-field 2 starts with /DS/, it must be followed by two one-byte fields describing Rate as follows:<br><br>Distribution Type:<br><br>1 = Short Term Capital Gain<br><br>2 = Long Term Gain<br><br>3 = Gain on Collectables<br><br>4 = Section 1202 Gain<br><br>5 = Unrecaptured Section 1250 Gain<br><br>6 = Daily Accrual Dividend<br><br>7 = Equity Dividend<br><br>Distribution Indicator:<br><br>1 = Spillover<br><br>3 = Regular Distribution<br><br>It then can further define cash Type with up to 23 characters (30 if the /DS/ section is not included). |

**10.** Modify **Amount (NAV, Rate, or Cumulative Dividend Rate)' Cash Amount** field to be required and = 0 when passing an Original Negative Rate (Information Type Negative Rate Correction Indicator) = DINO**.**

| M/O/ OC | Tag | SWIFT Field Name | Mutual Fund Profile Field Name | MFPS Format/Allowed Input Values/Input Edit Criteria | Example/Comment/MFPS Output (When Not Same as Input) |
|---|---|---|---|---|---|
| ~~M~~ **OC** | 35H | Cash Amount | Amount (NAV, Rate or Cumulative Dividend Rate) | [N]3a19number<br><br>N = indicates a negative amount<br>3a = ISO currency<br>code: USD, EUR, GBP, AUD, CAD, CHF, CNY, HKD, JPY, NOK, SEK or SGD<br>19number = amount<br><br>Edit:<br>1. Amount not allowed to be negative (sub- field 'N' not allowed).<br>2. Max digits in amount must correspond to Info Type as follows:<br>If Info Type = PRCO, PRCC, PRMO, or PRMC, then max digits = 9n.9n<br>If Info Type = DIVO or DIVC, then max digits = 9n.9n<br>If Info Type = CUMO or CUMC, then max digits = 4n.9n<br>3. If Info Type = PRCO, PRCC, PRMO, or PRMC then amount must be positive. Otherwise, amount can be zero<br>**4. Required and must = 0 if Info Type (Negative Rate Correction Indicator) = DINO.**<br>For JPY Currency, a decimal point (,) followed by nine 0's is required after the value. | This field will contain the actual NAV, rate or cumulative dividend rate.<br><br>Examples for USD Only:<br>1. A price of 1.023 per share would be expressed as:<br>:IT:PRCO<br>:35H:USD 1,023<br><br>2. A zero rate would be expressed as:<br>:IT:DIVO<br>:35H:USD 0,<br><br>Examples for JPY Only:<br><br>1. A price of 111 Yen per share would be expressed as:<br>:IT:PRCO<br>:35H:JPY 111,000000000<br><br>2. A rate of 2050 Yen would be expressed as:<br>:IT:DIVO<br>3. A cumulative rate of 8431 Yen would be expressed as:<br>:IT:CUMO<br>:35H:JPY 8431,000000000 |

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**11.** Modify **'Dividend Day Count'** field to be required when 'Information Type (Negative Rate Correction Indicator)' = DINO (Original Negative Rate) or DINC (Correction to Negative Rate) **and** Distribution Type = 6 (Daily Accrual Dividend).

*The Dividend Day Count field will now be required in all instances a rate is passed when 'Distribution Type' = 6 (Daily Accrual Dividend).*

| M/O/OC | Tag | SWIFT Field Name | Mutual Fund Profile Field Name | MFPS Format/Allowed Input Values/Input Edit Criteria | Example/Comment/MFPS Output (When Not Same as Input) |
|---|---|---|---|---|---|
| OC | DD | | Dividend Day Count | <u>3</u>n <br><br> **Edit:** <br> Mandatory for the following: <br> 1. Info Type DIVO/DS/6 or DIVC/DS/6 (valid range: 001-365). <br> 2. Info Type CUMO or CUMC (valid range: 001-999). <br> 3. **Info Type (Negative Rate Correction Indicator) DINO/DS/6 or DINC/DS/6 (valid range: 001-365).** <br> Not allowed otherwise. | This field will contain the number of days of a daily accrual for dividend rate or cumulative dividend rate. <br> **Example:** <br> Accrual for 3 days would be expressed as: <br> :DD:003 |

## Message Types 55Z – New Data Elements

**12.** The new Information Type (Negative Rate Correction Indicator) and Amount (Negative Rate) fields will be added to Message Type 55Z.

| M/O/OC | Tag | SWIFT Field Name | Mutual Fund Profile Field Name | MFPS Format | Example/ Comment |
|---|---|---|---|---|---|
| O | IT | Cash Type | Information Type (Negative Rate Correction Indicator) | 4a[/30x] or <br> 4a[[/DS/1a/1a]/23x] or <br> 4a[/30x/2n] <br><br> **DINO** <br><br> **DINC** | :IT:DINO/DS/6/3 <br><br><br> **Original Negative Rate** <br><br> **Negative Rate Correction** |

| | | | | | | |
|---|---|---|---|---|---|---|
| | | | | Edit:<br><br>Must correspond to Date literal:<br><br>If Date literal = DDRD, then Info Type = DINO or DINC<br><br>The /DS/ part of Sub field 2 is required if Info Type = DINO or DINC (if not provided, the system will enter/DS/6/3 and truncate the 30-byte description, if provided, to 23 bytes). It's not allowed otherwise.<br><br>The two fields following/DS/, together with 35B:Security Issue and 04A:Effective Date constitute a unique key. A 35H:Amount can be sent per Security Issue, Effective Date and any combination of these fields. | . | |
| OC | 35H | Cash Amount | Amount (Negative Rate) | [N]3a19number<br><br>N = indicates a negative amount<br><br>3a = ISO currency<br><br>code: USD, EUR, GBP, AUD, CAD, CHF, CNY, HKD, JPY, NOK, SEK or SGD<br><br>19number = amount<br><br>Edit:<br><br>1. Amount not allowed to be negative (sub- field 'N' not allowed).<br><br>2. Max digits in amount must correspond to Info Type as follows:<br><br>Info Type (Negative Rate Correction Indicator) = DINO or DINC, then max digits = 4n.9n<br><br>3. Required and must be > 0 when Info Type (Negative Rate Correction Indicator) = DINO<br><br>4. Required (but allowed to be zero) if Info Type (Negative Rate Correction Indicator) = DINC<br><br>5. Not allowed if Info Type (Negative Rate Correction Indicator) DINO or DINC is not provided.<br><br>For JPY Currency, a decimal point (,) followed by nine 0's is required after the value. | This field will contain the actual Negative Rate<br><br>**Examples for USD Only:**<br><br>1. A negative rate of 0.0023 would be expressed as:<br><br>:IT:DINO<br><br>:35H:USD 0,0023<br><br>2. A negative rate of 0 would be expressed as:<br><br>:IT:DINO<br><br>:35H:USD 0,<br><br>**Examples for JPY Only:**<br><br>A negative rate of 2050 Yen would be expressed as:<br><br>:IT:DINO<br><br>:35H:JPY 2050,000000000 | |

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