

CTM™ TARGET 2 SECURITIES - T2S

Frequently Asked Questions

Q. WHAT ARE THE T2S DEPOSITORY MATCHING FIELDS?

To improve the settlement process T2S have introduced several new fields as part of the settlement instruction matching. T2S also state that for these fields it has been assumed that the counterparties will make this information available to each other. Therefore the recommendation is to use central matching at the trade affirmation stage where clients wish to include these fields on their settlement instructions. There are three types of settlement depository matching fields:

a. Mandatory matching fields:

These fields must be present in the settlement instruction and the values should be the same in both counterparties settlement instructions. The exception is *settlement amount for delivery versus payment (DVP)* which typically allows a tolerance and *securities movement type Receiving/Delivering (RECE/DELI)* whose values match opposite.

b. Additional matching fields:

These are initially not mandatory but their values have to match when one of the counterparties provides a value for them in its instruction. Hence once an additional matching field is provided by one counterparty, the other counterparty also needs to provide it for the settlement instruction to match. An additional matching field cannot match with a field with no value.

c. Optional matching fields:

If populated the settlement instruction will still match if the counterparty has no value however when both parties provide a value, the values have to match.

All of the new T2S fields are either additional or optional fields.

Q. WHAT ARE THE T2S ADDITIONAL MATCHING FIELDS AND HOW DOES CTM SUPPORT THOSE?

■ Cum-Ex indicator:

Definition: It is a trade transaction condition code, which indicates whether the trade is *Excoupon (XCPN)* or *Cumcoupon (CCPN)*

■ Opt Out Indicator/Opt-out ISO indicator

Definition: The *No Automatic Market Claim (NOMC)* is a settlement transaction condition code, which indicates whether a claim should be automatically triggered outside T2S.

CTM Information: The CTM platform supports a set of *Trade Transaction Condition Indicator & Settlement Transaction Condition Indicator* values today that can be applied at the trade matching level. Both Cum-ex indicators CCPN & XCPN as well as the opt out indicator NOMC are supported.

Trade Transaction Condition Indicator	SWIFT Tag/Qualifier: :22F::TTCO Field Name: Indicator Example :22F::TTCO//CCPN :22F::TTCO//XCPN	TD	Source: TradeTransactionConditionIndicator
Settlement Transaction Condition Indicator	SWIFT Tag/Qualifier: :22F::STCO Field Name: Indicator Proposed :22F::STCO//NOMC	TD	Source: SettlementTransactionConditionIndicator

Q. WHAT ARE THE T2S OPTIONAL MATCHING FIELDS AND HOW DOES CTM SUPPORT THOSE?

■ 'Client of delivering CSD participant' or 'Client of receiving CSD participant'

Definition: It is the CSD Participant which delivers/receives the securities

■ Common Trade Reference: For customers who wish to indicate a reference agreed with the counterparty :20C::COMM

CTM Information: The Client of delivering / receiving CSD participant can be represented by the SWIFT fields :95P::SELL//BICCODEXXXX or :95P::BUYR// BICCODEXXXX. These values are populated from the CTM settlement instruction field called *Institution BIC*.

■ Common Trade Reference: The common trade reference value is supported on CTM Swift messages. The value is sourced from a new Allocation UTI.

Q. WHAT ARE THE T2S ADDITIONAL AREAS FOR PROCESS IMPROVEMENT AND HOW DOES THE CTM SOLUTION SUPPORT THOSE?

As well as the above matching field considerations T2S have identified other areas for process improvements. The following may be pertinent to your CTM processes:

■ T2S - BIC CODES

In T2S, all CSDs will be identified by their BIC11. The format for all BIC codes in T2S will need to be 11 digits. Customers are required to use 11 digit BICs as *Place of Settlement* for participants of BOGS, Monte Titoli and SIX SIS in their settlement instructions.

CTM Information: The CTM fields which hold SSI BIC data support the format “4!a2!a2!c[3!c] ” in terms of field length the value must be either 8 or 11 digits in length. However if a client is using our swift interfaces then messages out will pad 8 digit bics with XXX.

Note: ALERT® is updating the PSET values for the corresponding T2S European markets.

■ IDENTIFICATION OF SETTLEMENT PARTIES

In T2S, the CSD participants are identified by the combination of their home CSD (SWIFT: PSET) and their BIC11 (SWIFT: REAG/DEAG Receiving/Delivering Agent). Cross-CSD instructions between two In-CSDs are identified in T2S when the CSD of the instructing party and that of its counterparty are different.

CTM Information: Where a client is required to provide the place of safekeeping on a Swift message, the CTM platform will map this value if populated on the investment manager's CTM Trade Detail (Allocation message). 94F::SAFE//ICSD//MGTCBEBEXX

■ LINKAGE AND POOLING

Settlement instructions can be linked via an “indicator” or a “pool reference” specified by a T2S actor. The function aims to support the settlement of specific operations such as delivery-redelivery, pair-off instructions, lending and borrowing, etc.

CTM Information: To benefit from linkage you can instruct linked settlement instructions by populating: 20C RELA - Related Reference or 20C POOL - Pool Related Reference. These Swift fields source their information from the CTM Trade Detail references/types composites.

■ PRIORITISATION

CTM Information: Currently the CTM Swift messages always populate N (Normal) for the message priority.

■ HOLD AND RELEASE

CTM Information: Currently the CTM Swift messages are sent with the function of message NEWM (:23G:NEWM)

■ PARTIAL SETTLEMENT

CTM Information: The T2S markets intend to make partial settlement the default. Clients can override this by populating the STCO code of NPAR (No Partial Settlement Allowed).

Please see the Settlement Notification section in the CTM documentation section of www.dtcclearning.com for details on how to populate these fields.

FOR MORE INFORMATION

Please email us at solutions@dtcc.com
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