

**DTCC**

Securing Today. Shaping Tomorrow.®

# GLOBAL TAX SERVICES

## TAX EVENT ANNOUNCEMENTS

VERSION 1.1

JUNE 22, 2017



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# SUMMARY

DTC started the Tax Event Announcements (“TEA”) production pilot phase on December 1st 2016 in the Corporation Actions Web (“CA WEB”) service. These include section 871(m) dividend equivalent payments (“DEP”) and section 305(c) deemed dividend announcements (“DDA”). This guide will provide a brief explanation of the necessary capabilities to locate DEP or DDA amounts and positions held in each security.

For DDAs, DTC will create events based on issuer's form 8937. Once these forms are provided from the issuer, DTC will store the forms in our Legal Notice System (“LENS”). For DEPs, issues that are in scope for 871(m), issuers are required to provide DEPs to DTC as they occur throughout the life of the security.

Topics discussed in this guide:

- Event Level Search
- Exporting Data to Excel
- Event Level Information
- Participant Level Information
- LENS
- ISO Messaging

# DTCC PORTAL

The DTCC Portal homepage lists various systems that participants could request access to. The two systems explained for purposes of this guide will be LENS and CA Web.



The screenshot shows a user interface for the DTCC Portal. At the top, a light blue header bar contains the text "Welcome, Test User". Below this is a section titled "My Access". Underneath, a yellow highlighted box contains the heading "Available Production Products". Below this heading, two items are listed: "CA Web - Corporate Actions application" and "LENS - Legal Notice System".

# CA WEB

CA Web allows you to view and work with corporate action event information in a variety of ways including allocations and the number of announcements created on a daily basis.

This section will show how to search for Tax Event announcement data.

Please start by going into the **Announcements --> Event Search**.

The screenshot shows the DTCC Asset Services Corporate Actions Web interface. The top navigation bar includes 'My Queues', 'Announcements', 'Instructions', 'Allocations', 'Adjustments', 'Security', and 'Referen'. The 'Announcements' menu is open, showing options for 'Dashboard', 'Overview', 'Event Search', and 'Watchlist'. A red box highlights the 'Event Search' option, with a mouse cursor pointing to it. Below the navigation bar, there are buttons for 'Distributions' and 'Redemptions'. The main content area features a section titled 'Instructions' with a table showing data for various services.

Service	Cut Off Today Apr-05-2017	Cut Off Apr-06-2017	Active
DRIP	0	45	0
DRIP Opt-Out	0	16	0
FCP	11	26	94

Under this section, click **Advanced Search**.

The screenshot shows the DTCC Asset Services Corporate Actions Web interface. The top navigation bar includes 'My Queues', 'Announcements', 'Instructions', 'Allocations', 'Adjustments', 'Security', 'Reference Data', 'Configuration', and 'Contact Us'. The 'Event Search' section is active, and the 'Advanced Search' tab is highlighted in red. The search criteria are as follows:

- Event Group:  All,  Distributions,  Redemptions,  Reorganizations
- CA Identifier:
- CUSIP:
- Asset Type:
- Event Security Description Starts with:
- Country of Incorporation:
- Event/Sub Type: Tax Event, 305(c) Deemed Dividend
- Composite Record Status:  AP,  CA,  CT,  IN,  NS,  PA,  PN,  PC,  PD,  PS,  CN,  DE,  All
- Last Validated By:
- Last Approved By:
- DTC Mandatory / Voluntary:  Mandatory,  Mandatory with Option,  Voluntary,  None Provided,  All
- Date Criteria (Select a date range):
- System Date Criteria (Select a date range): Create Date and Time, 12/01/2016, + 90 Days between  and  (Eastern Time)
- Limit to: Watchlist,  Modified Yesterday or Today,  Active,  Processed at DTC

The Search button is highlighted in red.

Enter the following parameters:

- Under Event Group, check Distributions
- Event/Sub Type --> Tax Event
  - » 305(c) Deemed Dividends.
  - » 871(m) Dividend Equivalent Payments.
  - » If either event is not chosen it will search for both types.
- System Date Criteria

The following are the most popular criteria used for Announcement searches:

- » "Create Date and Time" – Displays announcements that were initially created.
- » "Key Data Updated Date and Time" – Displays announcements that had one or more of key data fields updated. Some key data fields are Record Date, Payable Date, and Cash Rate.

- » “Updated Date and Time” – Displays announcements that had any of the fields updated. Ex. Comments, Ex-Date, Instruction Cutoff days etc.
- » Enter an appropriate date of interest | “+” days forward or “-“ days prior | 90 (Max Amount)

After entering these parameters, please press **Search**.

## SEARCH RESULTS

After locating the results, it will have all of the CA Web events located in the data range from your search criteria. The announcements search results will include all events, including those where you may not hold a position. By default, it will have all available columns. These can be filtered down to what you deem relevant by clicking **Customize Result Columns**.

The screenshot displays the DTCC Asset Services Corporate Actions Web interface. The top navigation bar includes the DTCC logo, "ASSET SERVICES Corporate Actions Web", a user login "Welcome user@test.com", and a "Log out" link. Below the navigation bar is a menu with options: My Queues, Announcements, Instructions, Allocations, Adjustments, Security, Reference Data, Configuration, Contact Us, and a timestamp "Wed Apr 05 2017 23:29:27 GMT-0400".

The main content area is titled "Event Search Results" and features a search bar with a "Quick Search" dropdown and a "CA ID" input field. Below the search bar, there are controls for "Filter", "Customize Result Columns", "Export to Excel", and "Page 1 of 5".

The search results are displayed in a table with the following columns: CA ID, CUSIP, Ticker, Event Security Description, Event Type, Sub Event Type, Asset Type, DTC M/V, Country of Incorporation, Event Status, and Match Date. The table lists several tax events, including dividends for companies like Brocade Communications Systems, Inc., Capital One Financial Corporation, Wells Fargo & Company, Anworth Mortgage Asset Corporation, EPR Properties, and Starwood Property Trust, Inc.

At the bottom of the table, there is a summary bar that includes "Displaying 1 to 50 of 223 items", "Filter", "Customize Result Columns" (highlighted with a red box), "Export to Excel", and "Page 1 of 5".

CA ID	CUSIP	Ticker	Event Security Description	Event Type	Sub Event Type	Asset Type	DTC M/V	Country of Incorporation	Event Status	Match Date
102871540	111621AQ1		BROCADE COMMUNICATIONS SYSTEMS, INC.	Tax Event	305(c) Deemed Dividend	572		US	DE	Sep-07-2017
103313674	14040H139	COFWS	CAPITAL ONE FINANCIAL CORPORATION	Tax Event	305(c) Deemed Dividend	720	M	US	AP	Feb-14-2017
103314013	949746119	WFCWS	WELLS FARGO & COMPANY	Tax Event	305(c) Deemed Dividend	720	M	US	AP	Feb-06-2017
103203959	037347309	ANHPRB	ANWORTH MORTGAGE ASSET CORPORATION	Tax Event	305(c) Deemed Dividend	022	M	US	AP	Jan-02-2017
103203971	26884U208	EPRPRC	EPR PROPERTIES	Tax Event	305(c) Deemed Dividend	022	M	US	AP	Jan-02-2017
102871536	111621AQ1		BROCADE COMMUNICATIONS SYSTEMS, INC.	Tax Event	305(c) Deemed Dividend	572	M	US	AP	Jan-01-2017
102871532	85571BAA3		STARWOOD PROPERTY TRUST, INC.	Tax Event	305(c) Deemed Dividend	572	M	US	AP	Dec-28-2016
102871534	85571BAB1		STARWOOD PROPERTY TRUST, INC.	Tax Event	305(c) Deemed Dividend	572	M	US	AP	Dec-28-2016
102871552	63633DAE4		NATIONAL HEALTH INVESTORS, INC.	Tax Event	305(c) Deemed Dividend	572	M	US	AP	Dec-28-2016
103203972	26884U307	EPRPRE	EPR PROPERTIES	Tax Event	305(c) Deemed Dividend	023	M	US	AP	Dec-28-2016



## EXCEL EXPORT

There is an option to export these events into an Excel workbook. The data will be in CSV format.

Click the **Export to Excel** to initiate the process.

Afterwards, the system will ask you to save the file to your local hard drive.

The exported data appears similar to the table below.

CA ID	CUSIP	Event Security Description	Event Type	Sub Event Type	Record Date	Declared Payable Date	DTC Rate
102871532	85571BAA3	STARWOOD PROPERTY TRUST, INC.	Tax Event	305(c) Deemed Dividend	Dec-27-2016	Dec-28-2016	5.92
102871534	85571BAB1	STARWOOD PROPERTY TRUST, INC.	Tax Event	305(c) Deemed Dividend	Dec-27-2016	Dec-28-2016	5.45
102871552	63633DAE4	NATIONAL HEALTH INVESTORS, INC.	Tax Event	305(c) Deemed Dividend	Dec-27-2016	Dec-28-2016	1.83

## CA WEB EVENT

Each CA Web event contains payment, entitlement, adjustments, and other related information about this single event. For the purpose of this guide, we will display examples from one TEA (Tax Event Announcement).

## EVENT LEVEL INFORMATION

Each event has a unique corporation action identifier under the CA ID column. For this example, we will look at CA ID 102871532.

- Event Type | Tax Event** - This is a new event type to distinguish 305(c) Deemed Dividends and 871(m) Dividend Equivalent Payments from other announcements at DTC. The Tax Event type will be used for certain corporate actions in which DTC is not allocating an entitlement.
- Sub Event Type** - 305(c) Deemed Dividend or 871(m) Dividend Equivalent Payment.
- Payable Date** - field used for the date of the deemed distribution.
  - Payable date field for 305(c) announcements will generally be equal to the date of the conversion rate adjustment and also the “date of action” box on the IRS Form 8937.
  - Payable date field is set to the timing of the DEP as provided for 871(m) announcements and will be provided to DTC by the issuer of the security.
- Record Date** - field used to capture which holders are deemed to receive the 305c deemed dividend or the 871(m) DEP.
  - Record date field for 305(c) announcements will be set to the day prior to the Payable Date.
- DTC Cash Rate** – field used for the amount of the 305(c) deemed distribution as generally provided on IRS Form 8937, or the Dividend Equivalent Amount as provided by the issuer of the “section 871(m) transaction.”
- 1042-S Income Code**
  - For deemed dividends under IRC 305(c), the 1042-S Income Code will generally be set to 06 “Dividends paid by U.S. corporations – general.”

- c. For dividend equivalent payments under IRC 871(m), the 1042-S Income Code will generally be set to 40 "Other dividend equivalents under IRC section 871(m) (formerly 871(l))."

**DTCC** | **ASSET SERVICES**  
**Corporate Actions Web**

Welcome user@test.com | Log out

My Queues | Announcements | Instructions | Allocations | Adjustments | Security | Reference Data | Configuration | Contact Us | Wed Apr 05 2017 23:35:49 GMT-0400

**Record Detail Page - 102871532**

[Return to Previous Page](#) | Print | Quick Search | CA ID

CUSIP: 85571BAA3 | Issue Description: STARWOOD PROPERTY TRUST, INC. 4.55% CONVERTIBLE SENIOR NOTES DUE 2018 | Issuer Description: STARWOOD PROPERTY TRUST, INC. | Asset Class: Corporate Debt | Asset Type: Convertible Corporate Debt | Event Group: Distributions | Event Type: Tax Event | Sub Event Type: 305(c) Deemed Dividend | Country of Incorporation: US | Queue: | Processed at DTC: Yes | DTC Eligible: Yes | Declared Mandatory / Voluntary: Mandatory | DTC Mandatory / Voluntary: Mandatory | ISO Core MV: MAND | ISO Event Code: OTHR

Workflow Status: Approved | XBRL Indicator: No | System Data

Event Details | Comments | Related Events | Entitlements

Expand All | Collapse All | Critical | Required

**Legacy Cross Reference**

FC	Option	Payout	Event CUSIP	Seq No.	DTC Disbursed CUSIP	RDP Reference Number	LID
24	Option 1 - Cash	Payout 1 - Dividend	85571BAA3	305		D2400085571BAA301612271612283056	156859039

**Event Level**

Cancelled Flag	No	Sub Event Type	305(c) Deemed Dividend
<b>Core Dates</b>			
Record Date	Dec-27-2016	Declared Payable Date	Dec-28-2016
<b>Interim Monitoring</b>			
Due Bill Redemption Date	Dec-27-2016		
<b>DTC Processing</b>			
Cut Off Days	0	DTC Late Indicator	Late Announcement
DTC Position Capture Date	Dec-27-2016	DTC Position Capture Flag	Yes

**Options/Payouts**

Options/Payouts

Option 1 - CASH Cash | Complete | Declared Default Option: Yes | DTC Default Option: Yes | Supported by DTC: Yes | Delete

Summary - (Option 001)

<input checked="" type="checkbox"/> Option Type •	Cash	<input checked="" type="checkbox"/> Issuer Supported Flag	Yes
<input checked="" type="checkbox"/> Issuer Default Option Flag	Yes	<input checked="" type="checkbox"/> DTC Supported Flag	Yes
<input checked="" type="checkbox"/> DTC Default Option Flag	Yes		

Payouts

Payout 1 | Dividend | Complete | Delete

<input checked="" type="checkbox"/> DTC NRA Tax Instruction Expiration Date	Feb-06-2017	<input checked="" type="checkbox"/> DTC NRA Tax Instruction Start Date	Feb-01-2017
---	-------------	--	-------------

Payout Summary - (Payout 001)

<input checked="" type="checkbox"/> Payout Type •	Dividend	<input checked="" type="checkbox"/> DTC Pay Method	Payment in U.S. Currency
<input checked="" type="checkbox"/> DTC Pay Order	No Special Payment Order	<input checked="" type="checkbox"/> Portfolio Interest Exemption Flag	No

Rates/Prices - (Payout 001)

<input checked="" type="checkbox"/> DTC Withholding Tax Rate	0	<input checked="" type="checkbox"/> Estimated Rate Flag	No
<input checked="" type="checkbox"/> DTC Withholding Tax Percentage	0	<input checked="" type="checkbox"/> DTC Cash Rate	5.92 USD - US Dollar

Allocations - (Payout 001)

<input checked="" type="checkbox"/> DTC Allocation Date and Time	Feb-01-2017 01:55:29 PM
--	-------------------------

Tax Treatment US Sourced Income - (Payout 001)

<input checked="" type="checkbox"/> 1042-S Income Code	06	<input checked="" type="checkbox"/> NRA Tax Reportable Flag	Yes
<input checked="" type="checkbox"/> IRS 1042 Reportable Flag	Yes		

# PARTICIPANT LEVEL INFORMATION

Under the **Entitlements** tab, this displays the participant position, DDA or DEP rate, and amount of the deemed dividend or DEP.

In the example below, Test Participant has 10,000 positions on a DDA. Since this is from a bond, it is based off per 1000ths.

- Position: 10,000
- Deemed Dividend Rate: 5.92
- Deemed Dividend/Cost Basis Amount: \$59.20

Calculation:  $(10,000 * 5.92)/1,000 = \$59.20$

## Example:

The \$59.20 represents the amount of the deemed dividend or cost basis adjustment that will be required to the participant to report on their clients.

CUSIP: 85571BAA3 | Issue Description: STARWOOD PROPERTY TRUST, INC. 4.55% CONVERTIBLE SENIOR NOTES DUE 2018 | Issuer Description: STARWOOD PROPERTY TRUST, INC. | Asset Class: Corporate Debt | Asset Type: Convertible Corporate Debt | Event Group: Distributions | **Event Type: Tax Event - Sub Event Type: 305(c) Deemed Dividend** | Country of Incorporation: US | Queue: | Processed at DTC: Yes | DTC Eligible: Yes | Declared Mandatory / Voluntary: Mandatory | DTC Mandatory / Voluntary: Mandatory | ISO Core M/V: MAND | ISO Event Code: OTHR

Workflow Status: Approved | XBRL Indicator: No

System Data

Event Details | Comments | Related Events | **Entitlements**

Select Client List

**Position Summary - 00000123 TEST COMPANY/DEDICATED PARTICIPANT #00**

Record Date Free Position	Record Date Stock Loan/Repo	Record Date	Declared Payable Date
10,000	0	Dec-27-2016	Dec-28-2016

+ Expand All - Collapse All

**Option 1 - Cash**

Net Position	Net Free Position	Net SLN/Repo Position	Net Fail Position	DTC Cash Rate	Total Cash Due
10,000	10,000	0	0	5.92	59.20

**Position (1)**

Displaying 1 to 1 of 1 items

Activity Date	Activity	Position	DTC Activity
Feb-01-2017	Late Record Date Position	10,000	N/A

Displaying 1 to 1 of 1 items

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In the example below, Test Participant has 1,000 positions on a DEP. Since this is from an Equity Derivative, the calculation is based on a per share basis.

- Position: 1,000
- Dividend Equivalent Payment: 0.0161
- Dividend Equivalent Amount: \$16.10

Calculation:  $(1,000 * 0.0161) = \$16.10$

**Example:**

The \$16.10 represents the amount of DEP that is generally subject to withholding and reporting for the Non-US holder.

CUSIP: 90274D432 | Ticker: MRRL | Issue Description: UBS AG LONDON BRANCH ETRACS MONTHLY PAY 2XLEVERAGED MORTGAGE REIT ETN SERIES B | Issuer Description: UBS AG LONDON BRH | Asset Class: Equity | Asset Type: Equity Derivative | Event Group: Distributions | Event Type: Tax Event - Sub Event Type: 871(m) Dividend Equivalent Payment | Country of Incorporation: CH | Queue: | Processed at DTC: Yes | DTC Eligible: Yes | Declared Mandatory / Voluntary: Mandatory | DTC Mandatory / Voluntary: Mandatory | ISO Core M/V: MAND | ISO Event Code: OTHR

Workflow Status: Approved | XBRL Indicator: No System Data

Event Details | Comments | Related Events | Entitlements

Select Client List

**Position Summary - 00000123 Test Company, Your State/Client Assets**

Record Date	Free Position	Record Date	Stock Loan/Repo	Record Date	Declared Payable Date
	1,000		0	Mar-29-2017	Mar-30-2017

+ Expand All - Collapse All

**Option 1 - Cash**

Net Position	Net Free Position	Net SLN/Repo Position	Net Fail Position	DTC Cash Rate	Total Cash Due
1,000	1,000	0	0	0.0161	16.10

**Position (1)**

Displaying 1 to 1 of 1 items Filter Page 1 of 1

Activity Date	Activity	Position	DTC Activity
Mar-30-2017	Late Record Date Position	1,000	N/A

Displaying 1 to 1 of 1 items Filter Page 1 of 1

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# LENS

LENS is a repository of legal notices related to various securities held at DTC. For the purpose of this guide, we will search for IRS tax form 8937s. Please note that if you have never used LENS, you should view the DTC fee schedule for more information about the billing structure.

From the DTCC Portal, please click LENS to enter the system.

Welcome, Test User

My Access

**Available Production Products**

[CA Web](#) - Corporate Actions application

[LENS](#) - Legal Notice System

## LENS DASHBOARD

The dashboard summarizes on a daily basis the new notices that have been added to the database. We will use a search filter to display all of the form 8937s in LENS.

Welcome, Testuser@dtcc.com

You last used this application on 02/13/2017 09:23:22 PM

Feb 14, 2017 - 10:40 AM EST

Type	Since Last Visit	Today	In Last E-mail Alert
LG: LEGAL	0	57	0
TA: TRANSFER AGENT	0	17	0
TX: TAX INFORMATION	0	1	1

Notice Download (Bulk) \* Please note that a per notice charge applies to all items in a bulk download

Select download notice type:  Select download criteria:

Notice Search

Select search type:  Enter specific search criteria:

CUSIP(s):

From:  To:

(Enter either one CUSIP or multiple CUSIPs, one per line, or a list of CUSIPs separated by a comma or semicolon. The default date is today's date. To search for notices within a range of dates, enter those dates in mm/dd/yyyy format.)

Under Notice Search, enter the following parameters:

- Select a **Search Type**: Notice Type/Subtype
- Notice type: LG (Legal)
- **Sub-type**: Cost Basis
- **Search Date**: Start 08/01/2016 | End Current Business day

---

**Note**

*DTC started the issuer outreach on form 8937s on August 1st 2016.*

---

Click **Search**.

The screenshot shows a web form titled "Notice Search". It contains several input fields and buttons. The following fields are highlighted with red boxes:

- "Select search type:" dropdown menu, currently showing "Notice Type/Subtype".
- "Notice type:" dropdown menu, currently showing "LG".
- "Sub-type:" dropdown menu, currently showing "COST BASIS".
- "From:" date field, showing "08/01/2016".
- "To:" date field, showing "02/14/2017".
- "Reset" button.
- "Search" button.

Other visible text includes "Enter specific search criteria:" and a note: "(Select notice type and/or subtype for search. The default date is today's date. To search for notices within a range of dates, enter those dates in mm/dd/yyyy format.)"

# RESULTS

As of 02/14/2017, there are 79 form 8937s. Please note that one form can represent multiple DDAs.

You can proceed to view individual notices or download multiple files at the same time.

Please note that there are fees associated with this. Please view DTC's fee guide if you are not a subscriber.

**Notices for notice type: LG - from 08/01/2016 to 02/14/2017.**

Feb 14, 2017 - 11:13 AM EST

Page: 1 Records Displayed: 10							Reset	Select All	Download
							<a href="#">Next &gt;</a>		
Search Results									
Download	E-mail	Document Number	Subtype	CUSIP	Description	Size (KB)			
<input type="checkbox"/>	send	LG20160819-001	COST BASIS	393657AH4	FORM 8937 - 08/15/2016 - FORM 8937 REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIES THE GREENBRIER COMPANIES INC 393657AH4	565			
<input type="checkbox"/>	send	LG20160822-040	COST BASIS	421924BL4	NOTICE TO HOLDERS DATED 08.18.16 NOTICE OF REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS OF SECURITIESHEALTH SOUTH 421924BL4	377			
<input type="checkbox"/>	send	LG20160830-034	COST BASIS	85571B105	NOTICE TO HOLDERS 08/26/2016. NOTICE REGARDING IRS FORM 8937 STARWOOD PROPERTY TRUST, INC 85571B105	72			
<input type="checkbox"/>	send	LG20160830-056	COST BASIS	13057QAG2	NOTICE TO HOLDERS 08/26/2016. NOTICE OF IRS FORM 8281 CALIFORNIA RESOURCES CORP 13057QAG2	388			
<input type="checkbox"/>	send	LG20160830-060	COST BASIS	U1303AAD8	NOTICE TO HOLDERS 08/26/2016. NOTICE OF IRS FORM 8281. CALIFORNIA RESOURCES CORP U1303AAD8	388			
<input type="checkbox"/>	send	LG20160908-012	COST BASIS	928298AG3	NOTICE TO HOLDERS 09/06/16 - FORM 8937 VISHAY INTERTECHNOLOGY, INC. 928298AG3	2075			
<input type="checkbox"/>	send	LG20160908-014	COST BASIS	928298AG3	NOTICE TO HOLDERS 09/06/16 - FORM 8937 VISHAY INTERTECHNOLOGY, INC. 928298AG3	2040			
<input type="checkbox"/>	send	LG20160908-026	COST BASIS	060505146	NOTICE TO HOLDERS DATED 09/07/16 - FORM 8937 BANK OF AMERICA CORPORATION 060505146	2293			
<input type="checkbox"/>	send	LG20161006-060	COST BASIS	595017	NOTICE TO HOLDERS 09/23/16. NOTICE OF COST BASIS FORM 8937 1545-2224 MICROCHIP TECHNOLOGY 595017AB0, AA2, AC8,	177			
<input type="checkbox"/>	send	LG20161013-017	COST BASIS	61750CAS6	NOTICE TO HOLDERS 10/11/16 - NOTICE OF EXERCISE OF OPTION MSCI 2006-HQ9 61750CAS6	1486			
							<a href="#">Next &gt;</a>		
Page: 1 Records Displayed: 10							Reset	Select All	Download
More Records Available									



# ISO 20022 MESSAGING

To get started with ISO 20022 messaging for your firm, contact the Corporate Actions Transformation mailbox at [catransformation@dtcc.com](mailto:catransformation@dtcc.com). While testing, clients may submit inquiries and/or comments to this mailbox as well. All production inquiries should be directed to the customer help center at 888 382 2721.

ISO 20022 messaging provides the most up to date process in order to receive real time data. This guide will provide a short preview and provide those that already have ISO 20022, the types of messages to look for relating to section 305(c) and 871(m) announcements.

## ABOUT ISO 20022 STANDARDS

The ISO 20022 standard format provides a common language with its own ever-growing dictionary, enabling businesses in the financial industry to communicate corporate action information quickly, easily, and precisely.

The format is used throughout the industry and around the globe, streamlining the standards and formats used to communicate corporate action information. On a more local scale, clients receive their data in a much more timely fashion, allowing them to manage their risk and streamline their processes.

## EVENT IDENTIFICATION

All events are identified by a single identification number (“CA ID,” or “COAF” as it is known in ISO 20022) that follows the event through its lifecycle. All subsequent messages and communications relating to this event are referenced by this number.

## CANO MESSAGES

The dataset that is used to announce a corporate action event is known as the Corporate Action Notification (or CANO) message. It contains all of the information known about a corporate action: event details, event status, security description and details, relevant dates, and more.

The identifying information for a CANO message is:

MX Identifier	ISO 20022 Message Names	Extension	Short Name	Equivalent ISO 15022	Equivalent DTCC Processes
seev.031.002.xx <sup>1</sup>	CA Notification	supl.001.001.xx	CANO	MT 564	Announcements

The CANO is the first message a client will receive regarding a corporate action of any type. As such, it contains identifiers such as the Corporate Action Event ID that remain with the event throughout its lifecycle.

---

<sup>1</sup> The last two digits in the MX Identifier and the Extension code signify the version number. The MX version number and/or the Supplementary version number may change during the SWIFT annual release based on mandatory or optional updates to the standards and extensions. Current schemas are available on [MyStandards](#), [DTCC.com](#), and [DTCC's Learning Center](#).

The message is sent per client account number regardless of whether the client has position in this security. The message contains event details only without account-related position or entitlement information.

## CANO MESSAGES FOR 305(C) AND 871(M) ANNOUNCEMENTS

- Tax Event announcements are communicated via CANO messages. Their identifying features include:
- Event Group. The value of this field is “DISN” (for Distribution).
- Event Type. The value of this field is “OTHR” (for other event type; not included in the list of codes).
- Option. The value of this field is “CASH.”
- Payout The value of this field is “DIVI” (for Dividend).
- Income Type Code / IRSX. The value of this field depends on the tax event being announced:
  - » “0006” for 305(c) Announcements
  - » “0040” for 871(m) Announcements

# ANNOUNCEMENT SCENARIOS

## SCENARIO 1

An IRS Form 8937 is received by DTCC from an issuer with the timing and the amount of 305(c) deemed distributions. DTCC creates a distribution event with a sub event type of “305(c) Deemed Dividend.”

### Note

*305(c) Deemed Dividend announcements do not allocate any cash entitlements.*

Scenario #1	Special Distribution – Deemed Distributions for Convertible Securities							
DTCC Event Type	ISO Event Code	Extended Event Type Code	DTCC Sub Event Type	Extended Sub Event Type Code	Mandatory/Voluntary			DTCC Option Type
					Issuer	DTC	ISO	
Distribution	OTHR	Tax Event	305(c) Deemed Dividend	-	MAND	MAND	MAND	Cash

*Scenario 1 continued*

DTCC Option Description	ISO Option Code	Extended Option Feature Code	Option Declared (Supported)		Default Option Flag	
			Issuer	DTC	Issuer	DTC
Holders will receive cash	CASH	-	Y	Y	Y	Y

*Scenario 1 continued*

DTCC Payout Type	Principal ISO Movement Rate Tag	DTC Function/ Activity Code	Income Type Code / IRSX
Dividend	Gross Dividend Rate / INCO Net Dividend Rate	AC-24	0006

## SCENARIO 2

An issuer provides a Dividend Equivalent Payment (DEP) to DTCC. DTCC creates a Tax Event with a sub event type of “871(m) Dividend Equivalent Payment.”

### Note

871(m) Dividend Equivalent Payments do not allocate any cash entitlements.

Scenario #2	Special Distribution – Dividend Equivalent Payments							
DTCC Event Type	ISO Event Code	Extended Event Type Code	DTCC Sub Event Type	Extended Sub Event Type Code	Mandatory/Voluntary			DTCC Option Type
					Issuer	DTC	ISO	
Distribution	OTHR	Tax Event	871(m) Dividend Equivalent Payment	-	MAND	MAND	MAND	Cash

### Scenario 2 continued

DTCC Option Description	ISO Option Code	Extended Option Feature Code	Option Declared (Supported)		Default Option Flag	
			Issuer	DTC	Issuer	DTC
Holders will receive cash	CASH	-	Y	Y	Y	Y

### Scenario 2 continued

DTCC Payout Type	Principal ISO Movement Rate Tag	DTC Function/ Activity Code	Income Type Code / IRSX
Dividend	Gross Dividend Rate / INCO Net Dividend Rate	AC-24	0040

## CANO-E MESSAGE

The Corporate Action Notification with Eligible Balance (CANOE) captures a customer's DTCC position on Record Date for a particular corporate action (announced in the original CANO). It determines whether a given customer is eligible to receive an allocation (of cash, stock, or both) on that event. The CANOE is also used to capture interim accounting activity between Record Date and Payable Date.

This message will determine whether a DTC participant has position in the associated section 305(c) or 871(m) announcement.

The identifying information for a CANOE message is:

<b>MX Identifier</b>	<b>ISO 20022 Message Name</b>	<b>Extension</b>	<b>Short Name</b>	<b>Equivalent ISO 15022</b>	<b>Equivalent DTCC Processes</b>
seev.031.002.xx <sup>2</sup>	CA Notification with Eligible Balance	supl.001.001.xx	CANO-E	MT 564	Record Date Entitlements

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<sup>2</sup> The last two digits in the MX Identifier and the Extension code signify the version number. The MX version number and/or the Supplementary version number may change during the SWIFT annual release based on mandatory or optional updates to the standards and extensions. Current schemas are available on MyStandards, DTCC.com, and DTCC's Learning Center.

## CLIENT RESOURCES AND DOCUMENTATION

### SETTING UP ISO 20022 MESSAGING

To set up ISO 20022 messaging for your firm, contact the Corporate Actions Transformation mailbox at [catransformation@dtcc.com](mailto:catransformation@dtcc.com).

### DTCC WEBSITE

The DTCC website ([dtcc.com](http://dtcc.com)) is the primary repository for general information and documentation concerning the transformation initiative. Clients can review the published documentation and use the website to stay up to date on new developments.

See: <http://www.dtcc.com/news/2013/september/12/corporate-actions-transformation.aspx>

### DTCC ASSET SERVICES LEARNING CENTER

The DTCC Asset Services Learning Center hosts a variety of training materials including webcasts, user guides, videos, recordings of live demonstrations, job aids such as quick tips and FAQs.

The Learning Center can be accessed at <https://dtcclearning.com/learning/assetservices/>.

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#### **Note**

*You will need to set up a login to view the contents of this site.*

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## FOR MORE INFORMATION

Email Learning group at:

[trainingadmin@dtcc.com](mailto:trainingadmin@dtcc.com)

or visit us on web at:

[www.dtcc.com/305c](http://www.dtcc.com/305c)

and

<http://dtcclearning.com/>