

## SETTLEMENT

### 4.08 SEGREGATION/MEMO SEGREGATION/INVESTMENT ID INPUT FILE (SEG1/SEG5): FUNCTION USER'S GUIDE

MAY 06, 2019



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**Doc Info:** May 06, 2019

**Publication Code:** SET 136

**Service:** Settlement

**Title:** 4.08 Segregation/Memo Segregation/Investment ID Input File (SEG1/SEG5): Function User's Guide

# DOCUMENT HISTORY

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- 5/3/99 Received change from A. Altman to section 2.2 Modes Of Transmission-to add a sentence concerning "Recovery Concerns for MDH Users".
- 5/8/19 Updated input cutoff times for the Settlement Optimization initiative.

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# 1. OBJECTIVES OF THIS CHAPTER

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The objectives of this chapter are to:

- Give an overview of Segregation/Memo Segregation/Investment ID Input functions
- Illustrate the formats of required records

## 2. SEGREGATION/MEMO SEGREGATION/INVESTMENT ID OVERVIEW

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Function SEG1 is used for MQ transmissions; SEG5 is used for CCF. The functionality is identical.

**Segregation** allows Participants to segregate securities from the Participant's General Free account and to release segregated securities. The segregated securities appear with a unique serial number (1 thru 5 or 100) on the Participant's Daily Activity Statement. Until the segregated securities are released to the Participant's General Free account they are unavailable for the following DTC services:

- Transfer
- Deliver Orders
- Withdrawals
- Pledges

The Participant can enter any number of segregation or release transactions through one transmission.

Account updating will occur dynamically, after the transmission has ended.

The dropped transactions will be provided via separate DTF functions throughout the day and a final DTF function at the end of the day. Please refer to DTF/SEGPART-Participant Account Return Transaction Function User's Guide.

The **Segregation** and **Investment ID** facilities physically segregate securities in a Participant's account from all DTC services, until instructions are received from the Participant to release either all or a portion of the segregated securities. This release instruction physically swings back the securities indicated, thereby availing this position to Participant-initiated activities.

**Investment ID** is the same as segregation except instead of sub-account trade date must be provided and type of investor (firm, partner or business) be indicated by the serial number. 0100001-0199999 for firm, 0200001-0299999 indicates partner and business is 0300001-0399999.

The purpose of **Memo Segregation** is to provide a facility which will monitor and control activities in issues which contain fully paid customer securities on deposit at the Depository. Participants are requested to supply MemoSEG entries only for those CUSIPs where a delivery requirement is anticipated that day or the following day's PDQ (night) cycle.

MEMO SEGREGATION is a service separate and distinct from the SEGREGATION facility currently provided at DTC, and is intended to further protect customer assets not fully safeguarded by the Segregation Systems.

MEMO SEGREGATION (MemoSEG) creates a "memo only" position (a note) within the free account. This "logical" separation allows DTC Participants to protect a designated security quantity, even if it is greater than the actual free account position in an issue. In this way, MemoSEG protects against the unintended delivery of fully paid securities that are in the free account, or that may be received during the daily processing cycle.

MemoSEG instructions can be transmitted via the Computer-to-Computer Facility (CCF), CCF-II, the Mainframe Dual Host (MDH) or the Participant Terminal System, and consist of a security quantity identified as fully paid customer securities and a CUSIP number. **The size of the protected position can be changed either by an eligible transaction, or by retransmitting the CUSIP number with an appropriate action code and security quantity to cover or overlay or adjust the "memo" segregated security quantity.**

Eligible transactions that decrement MemoSEG positions are Withdrawals-by-Transfer, Certificate-on-Demand Withdrawals, and free Deliver Orders that are not identified as stock loans or stock-loan returns. For these transaction types, DTC checks the free account, and, if there are sufficient securities, reduces it and the MemoSEG account by the same amount.

A free account "excess position" is calculated by subtracting the MemoSEG position from the free account security balance. The excess position is available for valued book-entry deliveries, free stock-loan deliveries and returns, syndicate deliveries, deliveries to the National Securities Clearing Corporation's Continuous Net Settlement system, and collateral loan pledges, all of which reduce only the free account.

If the "excess position" is insufficient for a transaction—even though the free account total position may be sufficient—these activities will recycle, except for loan pledges, which will drop.

The **Segregation/Memo Segregation/Investment ID** function will provide immediate validity editing of the transmission. The Participant will receive a return transmission indicating any errors found during the editing process.

## 2.1 Availability

The **Segregation/Memo Segregation/Investment ID** function is generally available 24 hours a day with the exception of Investment ID. It is also possible to process segregation and release, memo segregation, and investment ID transactions through the Settlement Web. See the cutoff times below.

Function	CCF Cutoff	MQ Cutoff	Settlement Web
Segregation	No cutoff	No cutoff	6:45 p.m.
Memo Segregation	No cutoff	No cutoff	No cutoff
Investment ID	1:15 a.m. to 6:30 p.m.	1:15 a.m. to 6:45 p.m.	6:30 p.m.

If the 6:30 P.M. cutoff time is reached during a INV ID transmission, processing will continue until the transmission is completed. In no event, however, will an INV ID transmission be accepted if it begins after the 6:30 P.M. CCF cutoff.

## 2.2 Modes of Transmission

The Segregation Input File function is available via CCF, CCF-II and MQ, where processing has been enhanced to provide interactive receipt and distribution of data.

## 3. SEGREGATION/MEMO SEGREGATION/INVESTMENT ID

Each application data record consists of:

- A transaction header that contains six communication-oriented fields, for a total of 26 characters
- The SEG/MemoSEG input (detail) file

If an input file does not meet edit criteria, DTC returns it to the submitter in an output record, preceded by a mailbox prefix and followed by an error block to identify the field(s) in error.

Potential errors are listed in Section 4. of this document. A full description of this processing is contained in the Chapter 2.03, Interface Control Manager (Transaction Input).

All fields indicated as DTC Validation = Yes are validated.

### 3.1 Segregation/Memo Segregation/Investment ID Input File Format

Position	Length	Format	Field Name	Validate	Field Description
<b>Positions 1 through 26: Transaction Header</b>					
1-1	1	Character X(1)	Feedback Indicator	N	* = If no errors ? = If record contains errors  This field is used by DTC to indicate the return of this record because of errors. A full description of this processing is available in a separate document <i>Interface Control Management</i> .
2-2	1	Character X(1)	Production/ Test Indicator	Y	Required Indicator: P = Production; T = Test
3-8	6	Character X(8)	Record Type	Y	Type of data contained in message: ICMSEG
9-10	2	Numeric 9(2)	Record Suffix	Y	Record number identifier: 01 = First Record
11-12	2	Numeric 9(2)	Version Number	Y	Version number of the input that defines the record format; incremented as fields are added or deleted from the format. Refer to the cover page or this document for version number.
13-18	6	Character X(6)	Record Sequence Number	N	Submitter of assigned transaction identifier (optional); returned only during interactive error reporting.



Position	Length	Format	Field Name	Validate	Field Description
19-26	8	Character X(8)	Addressee	–	Reserved for DTC use.
27-29	3	Character X(3)	SEG Activity Type	Y	Possible values: 036-SEG setup 045-SEG release 130-MemoSEG 034-Investment ID 044-Investment ID Release
30-37	8	Character X(8)	Participant Number	Y	Participant Number
38-46	9	Character X(9)	CUSIP Number	Y	CUSIP Number
47-55	9	Numeric 9(9)	Share Quantity	Y	Share Quantity
56-58	3	Character X(3)	Filler	N	spaces
59-59	1	Character X(1)	Action Code	Y	For <b>MemoSEG only</b> . The Action Codes have the following values: A-Add to existing shares S-Subtract from existing shares O-Overlay existing shares
60-66	7	Character X(7)	Serial Number	Y	Supplied by Participant on <b>Segregations and SEG/Releases and Investment ID/Investment ID releases only</b> .  For <b>Segregations and SEG/Releases</b> the permissible values: 000001-000005 (Reg.) or 0000100 (Foreign-ownership)  For <b>Investment ID/Investment ID releases</b> . The values are:  Firm            0100001-0199999 Partner        0200001-0299999 Omnibus       0300001-0399999
67-71	5	Character X(5)	Sequence Number	N	Alphanumeric field used by the Participant to identify or sequence these activities.
72-79	8	Character X(8)	Trade Date	Y	<b>Investment Id/Investment Id Release Only</b> A valid date equal or prior to current date Format YYYYMMDD

Position	Length	Format	Field Name	Validate	Field Description
80-159	80	Character X(80)	Comments	N	Comments
160-176	17	Character X(17)	Filler	N	spaces

## 4. SEGREGATION/MEMO SEGREGATION/INVESTMENT ID ERROR CODES

The machine-readable input error codes are a combination of the field in error (a 4-byte field code) and the error type (a 4-byte reason code). The resultant 8-byte error codes identify the specific fields and the types of errors that prevented an input message from being processed. Inputs containing one or more errors are returned to the submitter for correction. The following error code table is sorted alphabetically by field code (column one) and then by reason code (column two).

SEG/Memo SEG/INV ID Error Codes		
Field Code	Error Code	Explanation
CAAX	9AAF	<b>Participant</b> Not numeric
	9ABB	Not on master table
	9AAT	Ineligible
	9AAA	Depository
CAGZ	9AAF	<b>Serial Number</b> (SEG setup/release only) Not numeric
	9AAE	Not between 1 & 5 & not 100 ( <b>SEGREGATIONS/SEG RELEASES</b> ) or Not between 100001 & 399999 ( <b>INVID/INVID RELEASES</b> )
DAAA	9AAF	<b>Share Quantity</b> Not Numeric
	9AAE	If bond or odd lot indicator is not "D" and quantity > 999999
	9AAH	Quantity = 0 and either: <ul style="list-style-type: none"> <li>• MemoSEG add/subtract shares</li> <li>• Seg setup/release</li> <li>• investment id/release</li> </ul>
EA99	9AAE	<b>Action Code</b> (MemoSEG only) not "A", "S", or "O"
GAAA	9AAY	<b>CUSIP</b> SDFS CUSIP and Participant not SDFS eligible or SDFS locked
	9AAA	Invalid CUSIP or check digit
	9ABB	Not in the master table
	9ACK	Locked
	9ACN	Chilled & Seg setup/investment ID or Seg setup/Investment ID and Participant SDFS chilled
GACA	9AAL	<b>Activity code</b> Past cutoff for activity
	9AAE	≠ (036, 045, 034, 044 or 130)

SEG/Memo SEG/INV ID Error Codes		
Field Code	Error Code	Explanation
GAC6	9AAE	<b>Investment Type</b> (Investment ID/Investment ID Release only) ≠ (F, P or O)
BAAB	9AAE	<b>Trade Date</b> (Investment ID/Investment ID Release only) Invalid or Future date
JAAA	9AAL 9ABJ	<b>Function</b> Past cutoff Quiesced

## FOR MORE INFORMATION

Email DTCC at:

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or visit us on the web at:

<http://www.dtcc.com/client-center>