

The Depository Trust & Clearing Corporation

CORPORATE ACTIONS – DISTRIBUTIONS INSTRUCTIONS

Automating the Instructions Process for Certain Elective Dividend Events

The array of services the Depository Trust Company (DTC) offers for the processing of corporate action events include announcing details of upcoming events and providing clients with information about their entitlements, accepting and acting on their instructions, and collecting, allocating and reporting payments across various corporate action event types including distributions, redemptions and reorganizations.

Zeroing in on the risks associated with communicating instructions throughout the processing chain, DTC is now offering clients a way to reduce that risk and improve efficiency in the processing of corporate action instructions.

HOW ISO 20022 INSTRUCTIONS MESSAGING WORKS

- Client receives an automated ISO 20022 notification message (CANO) from DTC announcing the corporate action event. The message contains an indicator signaling that the event is eligible for ISO 20022 instruction messaging
- If necessary, DTC sends a follow up ISO 20022 message informing the client of the event's options and eligibilities
- Client submits an ISO 20022 instruction message (CAIN) to DTC
- DTC sends an ISO 20022 instruction status advice message (CAIS) back to the client
- DTC sends the client an ISO 20022 message (CAPA) indicating its projected payment/allocation
- After the client's instructions have been processed and funds / securities are received by DTC, an ISO 20022 message (CACO) confirming the payment/allocation of proceeds is sent to the client

BENEFITS OF AUTOMATING THE INSTRUCTIONS COMMUNICATIONS CHAIN WITH ISO 20022 MESSAGING

Efficiency Improvements

- Automating manual processes enables firms to re-deploy FTE resources elsewhere
- Clients can now participate in DTC's Voluntary DRIP program, as automation makes this high-volume election service more efficient
- Gains in timeliness through real-time messaging and straight through processing

- Events are easily tracked and linked using a unique corporate action identifier (CA ID / COAF) that stays with the event throughout its lifecycle
- Instructions messaging enables clients to fully maximize the DTC ISO 20022 messaging flow from announcement through to allocation
- Clients can deploy by service – TaxRelief*, DRIP (including Opt Outs), Optional Dividends, FCP – for a phased approach

Risk Reduction

- Automation results in fewer or the outright elimination of manual touches that could result in human error
- ISO 20022 offers the possibility of processing elections straight through from investment manager to custodian to DTC, without human intervention and without delay

ROBUST SUPPORT FOR EASE OF IMPLEMENTATION

- Award winning user guide aids clients in developing business and system requirements
- DTC can provide test cases and scripts to accelerate test planning and ease test execution
- Messages are simple and easy to construct, requiring a minimal number of data elements

LIVE IN PRODUCTION

Firms are utilizing ISO 20022 messaging for TaxRelief*, DRIP (Opt Out), Optional Dividend and FCP (Interest and Principal) events today, continuing to prove its value. Firms interested in adopting this innovative technology are invited to contact their relationship manager or DTC at catransformation@dtcc.com.

FOR MORE INFORMATION

Email catransformation@dtcc.com. Or visit the DTCC Learning Center at <https://dtcclearning.com/learning/assetservices/> If you need support accessing the Learning Center, please contact the Customer Support Center (CSC) via the hotline at (888) 382 2721 option 1, option 3 or email at csc@dtcc.com.

**Note: Not all TaxRelief events and jurisdictions are supported. Please consult with DTC for details about the service scope.*

