Standards

Standards MT Release 2020

Discussion paper and Minutes

Settlement and Reconciliation

Distribution: Settlement & Reconciliation Maintenance Working Group

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# Introduction

|  |  |  |
| --- | --- | --- |
| **Maintenance working group members:** | **Representing:** | **SR2020** |
| Hiroaki Okumura - Mitsubishi bank | Japan | X |
| Annemie Loose/Quentin de Saint-Aubert – Euroclear | ICSD | X |
| Jason Brasile – Statestreet | United States of America | X |
| Robin Leary – Citibank | United Kingdom | X |
| Denis Andrejew – DB | Germany | X |
| Ton Van Andel – ABN Amro | Netherlands | X |
| Stephan Schuetter – UBS | Switzerland | X |
| Jennifer Chan - HSBC | Hong Kong | X |
| Jurgen Van De Velde - KBC | Belgium | X |
| Axelle Wurmser  – BNPParibas | France | X |
| Arnaud Jochems – Clearstream | ICSD / Luxembourg | X |

# Overview of User Change requests

## CR 001519: Modify Penalties sequence

|  |  |
| --- | --- |
| **Origin of request** | |
| Requesting Group: | Euroclear Group, Clearstream, SMPG |
| **Sponsors** | |
| Euroclear Group, Clearstream, SMPG | |
| **Message type(s) impacted** | |
| MT 537 / MT548 | |
| **Complies with regulation** | |
| Regulation (EU) no 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (“EU CSD-Regulation”).  Delegated Regulation (DR) 2018/1229, supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on the settlement discipline regime (SDR)2.  RTS: Regulatory Technical Standard, which are endorsed by the European Commission by means of a delegated act supplementing an EU Regulation or a Directive | |
| **Business impact of this request** | |
| low | |
| **Commitment to implement the change** | |
| Number of messages sent and received: /  Percentage of messages impacted: /  Commits to implement and when: Euroclear Group, SMPG in 2020 | |
| **Business context** | |
| The regulation will come in effect in September 2020. As the regulation is very descriptive and complex to implement, ECSDA, ECB/4CB have set-up a taskforce and hold regular workshops to agree on how CSDs have to implement the regulation. The ECSDA Settlement Fails Penalties Framework describes the practical implementation of the regulation. To implement the required reporting T2S will use the new ISO 20022 message semt.044. For SR2019 the ISO 15022 messages MT 548 and MT 537 have been created. Due to the timing constraints and ongoing discussions, the current message MT 537 message is no longer in line with the requirements as described in the ECSDA Framework. Moreover, the MT 537 is not 100% in line with the definition of the semt.044, the message that will be used by T2S.  The changes described in the change request are needed to ensure reporting in line with the regulation and compatibility between the ISO 20022 message and the ISO 15022 messages. | |
| **Nature of change** | |
| There are 3 types of changes:  - new fields, qualifiers or codes  - updates of definitions  - some changes to the structure of the message.   |  |  |  |  | | --- | --- | --- | --- | | **New fields, qualifiers or codes required in MT537/MT548:** | | | | | **Sequence** | **Field, qualifier or code in MT537/MT548** | **Change requested** | **Comment** | | D1 | :19A: | Add a new qualifier  GBNT Global Net Amount The global net amount for a party is the sum of all cash penalties in this currency that this party is entitled to receive minus the sum of all cash penalties in this currency that are imposed to the party.  A positive amount indicates that the party will be credited with this amount; a negative amount indicates that the amount will be debited.  Please remove the usage rule, the use of the sign is in the definition. | Evolution of the ECSDA Framework. The 2 existing qualifiers should not be deleted as they may still be needed in some scenarios. | | D1 | :22F::TRCA | Add a new code  NAPI Natural person Provided when the failing or non-failing party of the penalty/claim is neither a CSD nor a CCP but is a CSD Participant that is a natural person.   The code CSDP could be updated to indicate  Provided when the failing or non-failing party of the penalty/claim is neither a CSD nor a CCP but it is legal entity that is CSD Participant. | In the UK natural persons can also open an account in EUI. Where they have settlement penalties calculated against them, we will include them in the bilateral net per counterparty but not in the global net, as these natural persons do not have the possibility to pay the penalty (they work via a custodian). So the processing is similar as for a CCP: we report the details of the penalty, the amount to be paid or received, is also included in the bilateral net calculation and reporting but is not included in the global net calculation and the cash is not collected via the CSD. | | D1a1 | :20C: | Add 2 new qualifiers:   PPCM Previous Penalty Common Reference If the penalty for which the details are provided was created from a re-allocation, this field provides the common identification of the penalty that is re-allocated. This is the penalty that existed previously but was removed when the re-allocated penalty was created.   PPRF Previous Penalty Reference If the penalty for which the details are provided was created from a re-allocation, this field provides the ~~common~~ identification of the penalty that is re-allocated. | To be in line with semt.044: | | D1a1 | :24B::REMO | Add new codes:  INSO Insolvency Penalty was removed because insolvency proceedings are opened against the failing participant.  SESU Settlement Suspended Penalty was removed because ISIN is suspended from settlement due to a reconciliation issue.   TECH used TEIM Technical Impossibilities Penalty was removed because there were technical impossibilities at the CSD level that prevent settlement, such as: a failure of the infrastructure components, a cyber-attack, network problems.  SUSP Trading Suspended Penalty was removed because of ISIN suspension from trading. | New codes provided by ESMA | | D1a1A1 | :17B: | New qualifier  OKPE - Security subject to penalties.  This flag indicates if the security is subject to penalties. It is used to indicate an exceptional situation. Absence of the flag indicates a value Yes, meaning that the security is subject to penalties | Field present in semt.044 | | D1a1A1 | :92B::EXCH | Field should become repetitive | Exchange rate has to be provided with respect to the EUR, e.g. USD => GBP has to be provided as USD => EUR, EUR => GBP | | D1a1A2 | :20C: | New qualifier:   NESP - Netting Service Provider Reference Identification assigned by the netting service provider to identify the net transaction resulting from the netting process. | Code present in semt.044 | | D1a1A2a | :22F::TRAN | New qualifier, with 2 codes SETT and CORP | Field present in semt.044 | | D1a1A2a | :22F::CAEV | New qualifier, with Same event code as in field 32 22F of subsequence B2b | Field present in semt.044 | | D1a1A2a | :22F:? :20C:? | New field:  Business Day Event ~~identification~~ Code identifying the event that is responsible for the relevant cut-off.  *ECB provided the following list of event post MWG:*  *o    EDVP - End of DVP cut-off*  *o    EBAT - End of BATM cut-off*  *o    ECBO - End of CBO cut-off*  *o    EFOP - End of FOP cut-off* | Field present in semt.044 | | D1a1A2a | :98C: | New qualifier:   SCTS - Scheduled cut-off timestamp  Scheduled cut-off timestamp | Field present in semt.044 |  |  |  |  | | --- | --- | --- | | **Updated definitions:** | | | | **Field** | **Current definition** | **New definition** | | :22F::CODE in sequence D | Complete/Updates Indicator Specifies whether the statement is complete or contains changes only. | Penalty List Type Specifies the type of information held in the report: new penalties, amendments only or both new and amended penalties. | | :22F::CODE//CURR | CURR Current  It is used by those securities settlement systems that report the new penalties and the modified penalties in one single message/report. | CURR Current  It is used by asset servicers or securities settlement systems that report the new penalties and the modified penalties in one single message/report. | | :22F::CODE//FWAM | FWAM ForwardAmend  The message is used to report a penalty list that has been amended (that is, the penalty list contains only updated and/or removed penalties that have already been previously reported in a FWIS Penalty List). | FWAM The message reports a penalty list that contains only updated and/or removed penalties. | | :22F::CODE//FWIS | FWIS Forward Initial Submission The message is used to report a Daily Penalty List created for the first time (that is, the penalty list ontains only new computed penalties). | FWIS  The message is used to report a penalty list that contains only new computed penalties. | | :98a::DACO | DACO Computation Date/Time  The date on which the instruction fails to settle and for which a penalty is calculated. This date does not change through the life of the penalty. Updates are still reported with this date even if the update took place on another day. | DACO Penalty Detection date/time  It is the day for which the penalty was computed.  It is:  -The date on which the instruction matched for LMFP.  -The date on which an instruction fails to settle for SEFP.  Note: This date is not updated upon re-calculation of the penalty and always relates to the business day for which the penalty was initially computed | | :22F::TRCA//CSDP (in sequence D1 and D1a) | Provided when the failing or non-failing party of the penalty/claim is neither a CSD nor a CCP and its party type is CSD Participant. | ~~Indicates that the failing or non-failing party of the penalty/claim is a regular CSD Participant.~~ | | :22F::TRCA//ICSD (in sequence D1 and D1a) | Provided when the ICSD itself is the failing or non-failing party of the penalty/claim. This is used to differentiate between the ICSD as account servicer/depository and the ICSD as participant of itself and is mainly relevant in cross-CSD settlement. The AccountServicer/Depository of the party provided in the message is the BIC of the ICSD of the party, not the parent BIC of the party. | Provided when the ICSD itself is the failing or non-failing party of the penalty/claim. This is used to differentiate between the ICSD as account servicer/depository and the ICSD as participant and is mainly relevant in cross-CSD settlement. | | :22F::TRCA//NCSD (in sequence D1 and D1a) | Provided when the CSD itself is the failing or non-failing party of the penalty/claim. This is used to differentiate between the CSD as account servicer/depositary and the CSD as participant of itself. The AccountServicer/Depository of the party provided in the message is the BIC of the CSD of the party, not the parent BIC of the party. | Provided when the CSD itself is the failing or non-failing party of the penalty/claim. This is used to differentiate between the CSD as account servicer/depositary and the CSD as participant. | | :17B::CMPU | CMPU Amount Computed Flag Indicate if the amount computed will be added to the bilateral net or not. The amount computed will not be added to the bilateral net if one of the parties to the instruction is a CCP or is insolvent. | CMPU Amount considered for aggregation flag  Flag indicates whether or not the amount calculated for the reported penalty will be added to the aggregated amounts at global level. There could be several reasons for not considering the penalty amount. The flag is used to indicate an exceptional situation. If the flag is not reported in the message this means that the penalty is considered for the calculation of aggregated amounts. | | :25D::PNST//NCOM | NCOM Not Computed  For penalties that could not be computed (for example, in case of missing reference data). | ~~NCOM Not Computed  This code is used for penalties where the ISIN is out of scope of the securities subject to penalties as per static data for all of the relevant business days of the penalty, but where the penalty is anyway reported to the party.~~ | | :24B::REMO | REMO Remove Reason  Specifies the reason why the instruction is cancelled. | REMO Remove Reason  Specifies the reason why the penalty is removed. | | :24B::ACTV | UPDT Not Computed Reason  Reason for the status Active (ACTV) provided when the penalty has been updated by T2S due to the change in the relevant reference data or after the re-inclusion of the penalty. It also includes the situation of a penalty that is re-included (every time a penalty is re-included, T2S recalculates it to ensure latest data is taken). | UPDT Update Reason  This reason for the status Active (ACTV) is provided when the penalty has been updated due to the change in the relevant reference data or after the re-inclusion of the penalty. | | :24B::ACTV//RALO, :24B::REMO//RALO | RALO Reallocated Reason  Re-allocation of a Late Matching Fail Penalty (LMFP) from the instructing party to the delivering/receiving party. | RALO Reallocated Reason  Re-allocation of a Late Matching Fail Penalty (LMFP) from the instructing party to the delivering/receiving party, or from the failing party to the non-failing party, or vice versa. | | :19A::AMCO | Amount of the penalty calculated based on the security and instruction characteristics and the reason for the fail. For a Late Matching Fail Penalty (LMFP) that spans several business days, this amount is the sum of the amounts calculated for each applicable business day. | Amount of the penalty calculated based on the security and instruction characteristics and the reason for the fail. For a Late Matching Fail Penalty (LMFP) that spans several business days, this amount is the sum of the amounts calculated for each applicable business day.  A positive amount indicates that the party is entitled to the penalty whereas a negative amount indicates that the penalty is due to the counterparty. | | :98a::PEDA | PEDA  Penalty Date/Time  Date/time on which the penalty is calculated. In case of an update,this is the date on which the new values are calculated. | PEDA Penalty Date/Time  Date that composes the penalty.  For LMFP, there will be as many penalty dates as business days where a transaction fails to settle due to the late matching. The penalty date can be in the past compared to the penalty detection date. For SEFP there is only 1 penalty date. | | :17B::MRED | Information provided for penalties where there is missing reference data on this business day. | Information provided for penalties where there is missing reference data on this business day.  The flag is used to indicate an exceptional situation and the value Y~~N~~ indicates that the penalty is detected but missing reference data prevented the calculation of the penalty amount. If the flag is not reported in the message this means that the reference data is available to calculate the penalty. | | :17B::LIQU | LIQU Liquid  The Liquidity is a binary classification of securities that applies for shares, that is, when the Financial Instrument Type of the security is "SHRS" and that specifies whether the security is "Liquid" or "Illiquid". | LIQU Liquid The Liquidity is a binary classification of securities that applies for shares, that is, when the Financial Instrument Type of the security is "SHRS" and that specifies whether the security is "Liquid" or "Illiquid". Absence of this flag indicates that liquidity is not relevant for the ISIN reported, e.g. because the financial instrument is not a share. | | :17B::SMEM | SMEM SME Growth Market  Binary classification that specifies whether the security was traded in a SME Growth Market or not. According to the CSDR regulation, the SME Growth Market is not a characteristic of the ISIN but it is based on the value of the place of trade (Market Identifier Code) of the underlying transaction. The list of SME Growth Markets is a static list, maintained by ESMA for the CSDR regulation. | SMEM SME Growth Market  Binary classification that specifies whether the security was traded in a SME Growth Market or not. According to the CSDR regulation, the SME Growth Market is not a characteristic of the ISIN but it is based on the value of the place of trade (Market Identifier Code) of the underlying transaction. The list of SME Growth Markets is a static list, maintained by ESMA for the CSDR regulation. Absence of this flag indicates that the place of trade is not known or is not relevant for the ISIN reported. | | :19A: | CASH Cash Side  Penalty based on the amount of cash failed to be delivered and the discount rate of the relevant currency.  SECU Securities Side  Penalty based on the quantity of securities failed to be delivered and penalty rate of the ISIN. | CASH Cash Side  Penalty based on the amount of cash failed to be delivered and the discount rate of the relevant currency. A positive amount indicates that the party is entitled to the penalty whereas a negative amount indicates that the penalty is due to the counterparty.  SECU Securities Side  Penalty based on the quantity of securities failed to be delivered and penalty rate of the ISIN (or the discount rate of the currency in case the calculation method is MIXE). A positive amount indicates that the party is entitled to the penalty whereas a negative amount indicates that the penalty is due to the counterparty.  Please also remove the usage rule. |   **Changes to the structure of the message**  1) The field :92B::EXCH in sequence D1a1A1 FIA should become repetitive. According to the ECSDA Framework the exchange rate has to be provided with respect to the EUR, e.g. USD => GBP has to be provided as USD => EUR, EUR => GBP  2) The sequence D1a1A2a Transaction Details contains 2 fields :98a: (index 113 and index 119). All :98s: fields should be grouped in one position.  3) The sequence D1a1A2a TRANSDET and the subsequences of this sequence should be brought one level up, to bring the message better in line with the structure of the semt.044  Instead of   * Sequence D1a1 PENDET PenaltyDetails   + Sequence D1a1A CALDET Calculation Details     - Sequence D1a1A1 FIA     - Sequence D1a1A2 TRAN     - Sequence D1a1A2a TRANSDET       * D1a1A2a1 STAT       * D1a1A2a1A REAS   The structure should be   * Sequence D1a1 PENDET PenaltyDetails   + Sequence D1a1A CALDET Calculation Details     - Sequence D1a1A1 FIA   + Sequence D1a1B TRAN     - Sequence D1a1B1 TRANSDET       * D1a1B1a STAT       * D1a1B1a1 REAS | |
| **Workaround** | |
| The MT537 PENA sequence and subsequences contain a number of :70E::ADTX narratives that can be used to report information that cannot be reported in a structured field. | |
| **Examples** | |
| As the regulation is not yet effective and the MT537 is not yet used, it is not possible to provide detailed scenario examples. | |

**Standards Illustration**

Please see attached the illustration in the MT537 of the implementation of the CR.



The implementation of this CR in the MT 548 will be similar to the MT 537 presented here.

**SWIFT Comment**

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| Additional request provided during the consultation period.   1. Addition of the Acknowledge Timestamps and Matched Timestamps.   As those two timestamps are triggering the penalty for the transaction, those timestamps should be present in the MT 548, MT 536 and MT536. Those timestamps are already present in the ISO20022 corresponding messages used by T2S.   1. To avoid other type of penalties, the DSS should be removed from the field 22: Penalty Type Indicator: Penalty Type. The format should be updated from F to H. 2. To avoid other Calculation Method the DSS should be removed from the field 22: Calculation Method Indicator: Calculation Method. The format should be updated from F to H. 3. The CSDR Article 7 reporting requires the information which led to the penalties for the securities i.e. Total, Fails and Settled. The current information should then be added:  - The number of securities in value which could not be settled - The number of securities in volume which could not be settled - The safekeeping account (outside of the transaction details). |

**Working Group Meeting**

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| --- |
| **Discussion** |
| **New fields, qualifiers or codes required in MT537/MT548:**  The group went through all requested fields and only the ones that were discussed are reported below.  Field 19A GBNT – As the global net amount for a party is the sum of all aggregated amounts, why should this field be added?  *Submitter response: Initially the ECSDA Framework mentioned that we needed to report the aggregated credits and the aggregated debits separately, that is why we have asked, for SR 2019, for 2 amounts.  Afterwards ECSDA changed its mind and now they stipulate that we have to report the global net amount, so we need a new field. We have not asked to remove the other 2 amounts, as there are scenarios (e.g. for the penalties on bridge activity) where it is necessary or handy to have to 2 amounts.*  *---------------------------------------------------------------------------------------------------------------------------*  Field 20C PPRF Previous Penalty Reference the group requested to use the below definition (removing the word common).  “If the penalty for which the details are provided was created from a re-allocation, this field provides the identification of the penalty that is re-allocated.”  *---------------------------------------------------------------------------------------------------------------------------*  Field :22F::TRCA//NAPI  - Why make  an exception for this capacity participants. ECSDA framework states that this should be an exception so why is this required?  The code is not present in the semt.044 therefore its presence in ISO 15022 is questioned by the MWG.  Argument provided for this addition is that it is required when external CSDs must transfer their data to their participants.  Concerning the definition:  “Where they have settlement penalties calculated against them, we will include them in the bilateral net per counterparty but not in the global net, as these natural persons do not have the possibility to pay the penalty”  Point was raised that settlement penalties should not be included neither in in the global net **NOR** in the bilateral net per counterparty. If the penalties are not computed why should they should not be included in the global net but in the bilateral net per counterparty?  *Submitter response: Natural persons will be treated similarly to CCPs: the penalties involving them will be calculated and reported, but the CSD will not collect or distribute the penalties. A code is required to indicate this.  Note that EUI will continue to service the Irish market for a while after the BREXIT and the start of the CSDR regulation. Moreover, other EU markets could have a need for this code.*  *---------------------------------------------------------------------------------------------------------------------------*  Field :17B::OKPE  The presence was questioned. Depending on the timing, some securities are not included in the system; therefore this info should be available not only in the semt.044 but also in MT.  *---------------------------------------------------------------------------------------------------------------------------*  Field :98C::SCTS  The presence was questioned. The cut off of time can be delayed in the system and therefore this field allows informing of the new deadline to allow the correct calculation of the fees.  The group requested that the name of the field should be “ACTUAL Scheduled cut-off time” for more clarity.  *Question from SWIFT, should we foresee two codes, one for the actual and one for the scheduled ?*  *---------------------------------------------------------------------------------------------------------------------------*  Field :17B::MRED  The group raised the fact that the field might be optional as most of the time, there will no missing data. But as the regulators do not want to assume anything, the flag must always be present to avoid any ambiguity.  *---------------------------------------------------------------------------------------------------------------------------*  The business case behind the addition of the Acknowledged Status Time Stamp and the Matched Status Time Stamp was well understood by the MWG. However the group requested to have the list of impacted messages. As those timestamps are currently present into the sese.024, semt.017 and semt.018 we would not deviate from the coexistence rules and add the time stamps only in the MT 548, MT 536 and MT 537.  *---------------------------------------------------------------------------------------------------------------------------*  The addition of data for the CSDR Article 7 reporting was not questioned and will be added in the PENA section of the MT537 and MT548. A requested will be made to reflect this addition into the semt.044.  **Update of definitions:**  The group went through all requested definition updates and only the ones that were discussed are reported.  :22F::TRCA//CSDP (in sequence D1 and D1a)  The new definition was rejected and the old one is kept: “Provided when the failing or non-failing party of the penalty/claim is neither a CSD nor a CCP and its party type is CSD Participant.”  :25D::PNST//NCOM  The new definition was rejected and the old one is kept: “For penalties that could not be computed (for example, in case of missing reference data).”  :17B::MRED  The new definition proposed need to be updated as follow: “Information provided for penalties where there is missing reference data on this business day. The flag is used to indicate an exceptional situation and the value Y indicates that the penalty is detected but missing reference data prevented the calculation of the penalty amount. If the flag is not reported in the message this means that the reference data is available to calculate the penalty.”  Field :17B::CMPU  Issue here is on what should be included or not.  The definition stays:” Indicate if the amount computed will be added to the bilateral net or not. “  The MWG raised some concerns as if the amount is present in the penalty file, it should always be added.  If insolvency means not computed either does not calculate so just remove the amount completely.  The group proposed an addition of a Field :24B:: with addition of reason code NOT COMPUTED instead of change of definition in :25D::PNST//NCOM  **Changes to the structure of the message**  The group accepted the removal of the DSS (from format 22F to 22H) in the following fields “Penalty Type Indicator: Penalty Type” and “Calculation Method Indicator: Calculation Method”  The group agreed to move the transaction detail (Sequence D1a1A2 TRAN) out of the calculation details sequence (Sequence D1a1A CALDET Calculation Details) |
| **Decision** |
| APPROVED |

**Final decision of the Securities SEG regarding ISO 20022 messages:**

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| --- | --- |
| Approve the MWG decision | approved |

Comments:

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| --- | --- |
| Reject the MWG decision |  |

Reason for rejection:

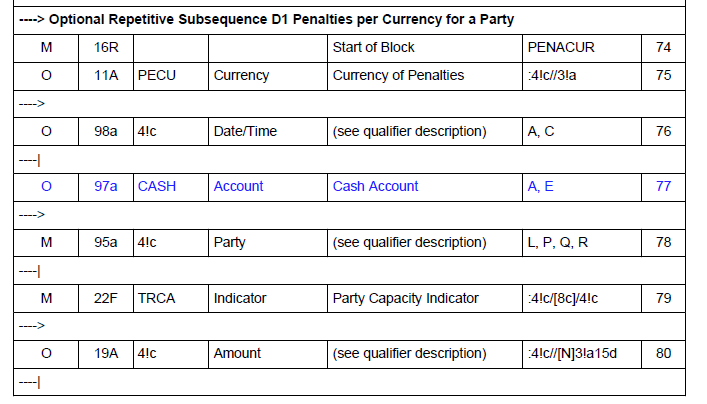
## CR 001520: Add qualifiers for CSD-R buy-ins – WITHDRAWN BY SUBMITTER

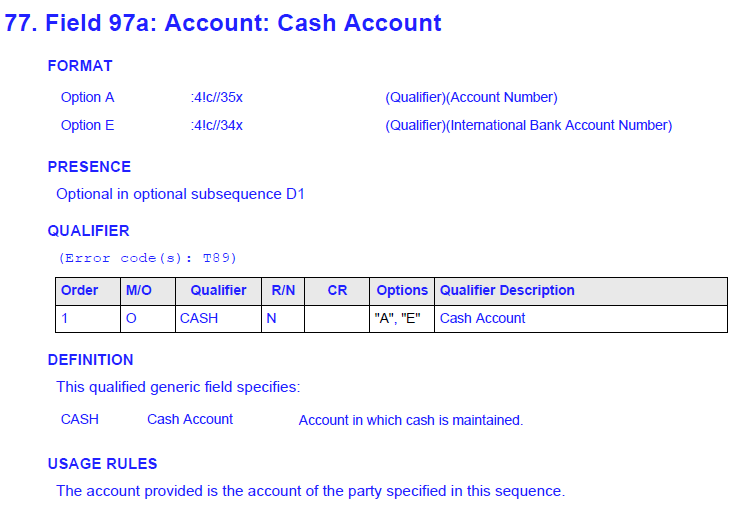
|  |
| --- |
| **Reason for withdrawal from the submitter** |
| To respect the Swift milestone to file change requests for SR2020, Euroclear has drafted previously 2 change requests related to the topic of reporting buy-in information to the CSD (i.e. MT530/sese.030 including buy-in details and MT537 to report back on the updates done to the instruction using the MT530).  Upon finalization of the analysis on buy-in reporting, Euroclear decided to withdraw both change requests, for the following reasons:  The Euroclear CSD’s are not involved in the buy-in process (i.e. trading activity); they only have a reporting and record keeping responsibility. We are, however, of the opinion that this responsibility should be removed. Requesting changes to the messages and thus catering for a Swift solution de facto means that the CSD’s accept the responsibility for the reporting of the final buy-in information. As we could not find support for the CRs with ECSDA, we consider that other CSDs share the same opinion.  Several parties commented on the use of the MT530/sese.030. The MT530/sese.030 is an ‘incorrect’ message to report buy-in information :  o The buy-in information is 'post event' (i.e. trade details relate to a trade that is completed), whereas the MT530/sese.030 message is meant to update processing parameters on an instruction that is not yet end-of-life.  o The buy-in information has as purpose to ‘report’, whereas the MT530/sese.030 has as purpose to ‘process’.  o The buy-in information is about ‘trading’, whereas the MT530/sese.030 is about ‘settlement’.  o The buy-in information is about another trade than the one referred to in the message MT530/sese.030.  As the CRs only consider the reporting responsibility, other parties involved in buy-in processing may have needs that are not covered by the proposed change requests.  To cater for all messaging needs around buy-in instructions and reporting new ISO20022 messages will be needed, but these should be defined by the parties involved in these processes.  It is technically currently possible to use the MT530 but it requires the use of (and request of) DSS. However, since the MT530 only will cover for such a marginal part of the buy ins process it is simply not a good idea to build upon this specific message. |

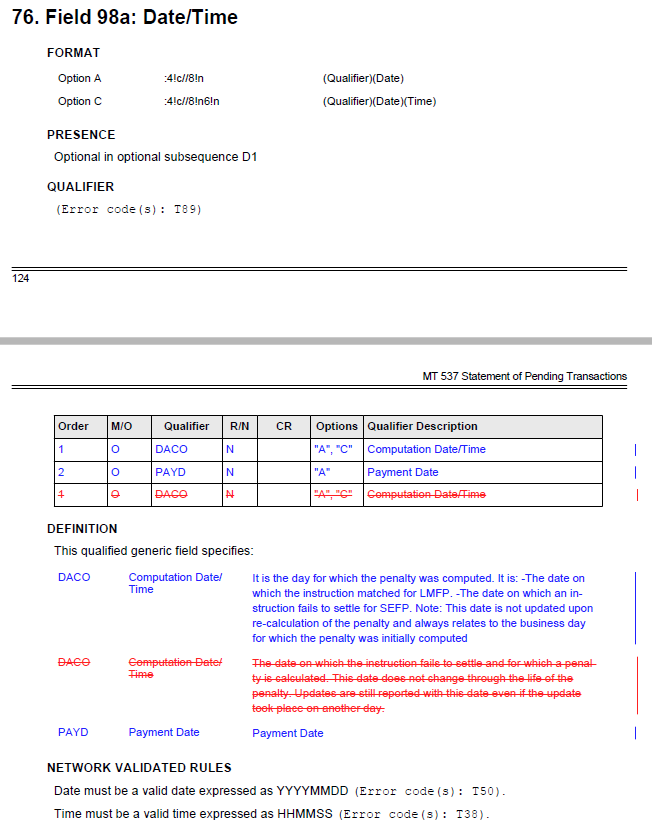
## CR 001521: Add fields to allow use as payment pre-advice message for CSDR Settlement Penalties

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| --- | --- |
| **Origin of request** | |
| Requesting Group: | Euroclear Group |
| **Sponsors** | |
| Euroclear Group | |
| **Message type(s) impacted** | |
| MT 537 | |
| **Complies with regulation** | |
| Regulation (EU) no 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (“EU CSD-Regulation”).  Delegated Regulation (DR) 2018/1229, supplementing Regulation (EU) No 909/2014 of the European Parliament and of the Council with regard to regulatory technical standards on the settlement discipline regime (SDR)2.  RTS: Regulatory Technical Standard, which are endorsed by the European Commission by means of a delegated act supplementing an EU Regulation or a Directive | |
| **Business impact of this request** | |
| low  This change is required for new business processes related to settlement penalties processing. | |
| **Commitment to implement the change** | |
| Number of messages sent and received: /  Percentage of messages impacted: /  Commits to implement and when: EU in 2020 | |
| **Business context** | |
| According to the regulation and the ECSDA Settlement Penalties Framework the CSDs have to send a 'preadvice of payment' informing their participants of the amount that will be credited or debited from their account in the frame of the settlement penalties processing. | |
| **Nature of change** | |
| CR1519 for the MT537 already contains the request for a new field to contain the global net amount, the amount that will be debited or credited to the party that will receive the report.  Additional fields that are required are :  cash account to be debited or credited  payment date  These optional fields can be added in the sequence where the party is reported, ie in sequence D1 Penalties per currency for a Party. | |
| **Workaround** | |
| Use narratives available on the message. | |
| **Examples** | |
|  | |

**Standards Illustration**







**SWIFT Comment**

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| --- |
| No comment on the CR.  The CR concerns the MT 537 and SWIFT is wondering if those fields should be added in the ISO20022 corresponding message (semt.018) as the semt.044 will transport the penalty from the CSD. |

**Working Group Meeting**

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| --- |
| **Discussion** |
| The group agreed to add those two fields and requested ECSDA to submit a CR for the addition of those fields into the semt.044. |
| **Decision** |
| APPROVED |

**Final decision of the Securities SEG regarding ISO 20022 messages:**

|  |  |
| --- | --- |
| Approve the MWG decision | approved |

Comments:

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| --- | --- |
| Reject the MWG decision |  |

Reason for rejection:

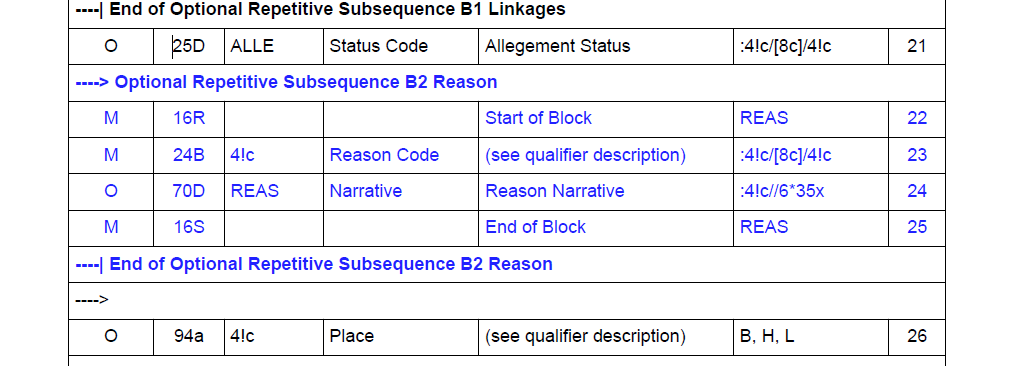
## CR 001522: New fields for follow-up of buy-in process – WITHDRAWN BY SUBMITTER

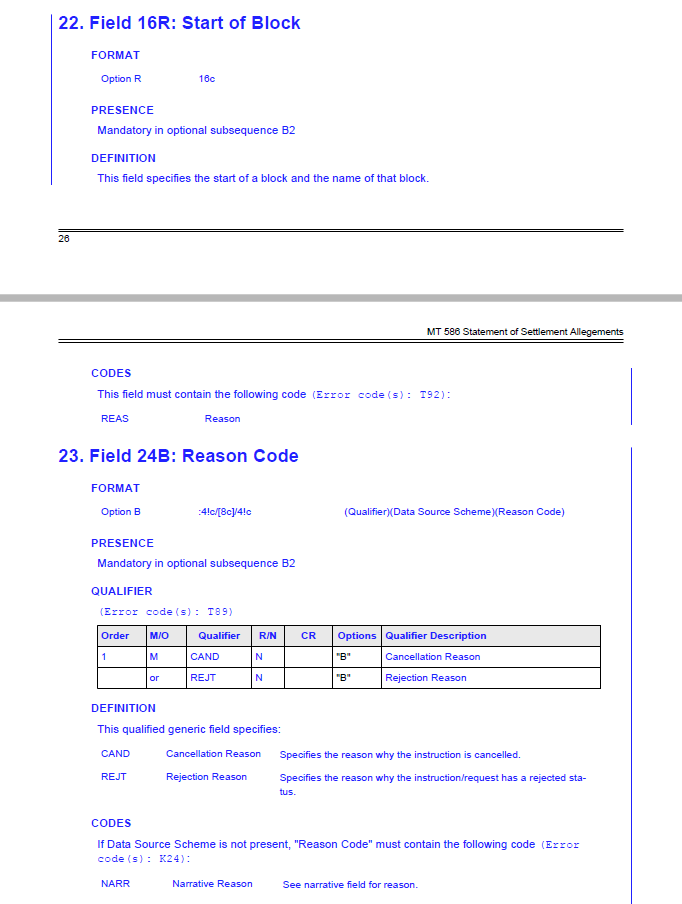
|  |
| --- |
| **Reason for withdrawal from the submitter** |
| To respect the Swift milestone to file change requests for SR2020, Euroclear has drafted previously 2 change requests related to the topic of reporting buy-in information to the CSD (i.e. MT530/sese.030 including buy-in details and MT537 to report back on the updates done to the instruction using the MT530).  Upon finalization of the analysis on buy-in reporting, Euroclear decided to withdraw both change requests, for the following reasons:  The Euroclear CSD’s are not involved in the buy-in process (i.e. trading activity); they only have a reporting and record keeping responsibility. We are, however, of the opinion that this responsibility should be removed. Requesting changes to the messages and thus catering for a Swift solution de facto means that the CSD’s accept the responsibility for the reporting of the final buy-in information. As we could not find support for the CRs with ECSDA, we consider that other CSDs share the same opinion.  Several parties commented on the use of the MT530/sese.030. The MT530/sese.030 is an ‘incorrect’ message to report buy-in information :  o The buy-in information is 'post event' (i.e. trade details relate to a trade that is completed), whereas the MT530/sese.030 message is meant to update processing parameters on an instruction that is not yet end-of-life.  o The buy-in information has as purpose to ‘report’, whereas the MT530/sese.030 has as purpose to ‘process’.  o The buy-in information is about ‘trading’, whereas the MT530/sese.030 is about ‘settlement’.  o The buy-in information is about another trade than the one referred to in the message MT530/sese.030.  As the CRs only consider the reporting responsibility, other parties involved in buy-in processing may have needs that are not covered by the proposed change requests.  To cater for all messaging needs around buy-in instructions and reporting new ISO20022 messages will be needed, but these should be defined by the parties involved in these processes.  It is technically currently possible to use the MT530 but it requires the use of (and request of) DSS. However, since the MT530 only will cover for such a marginal part of the buy ins process it is simply not a good idea to build upon this specific message. |

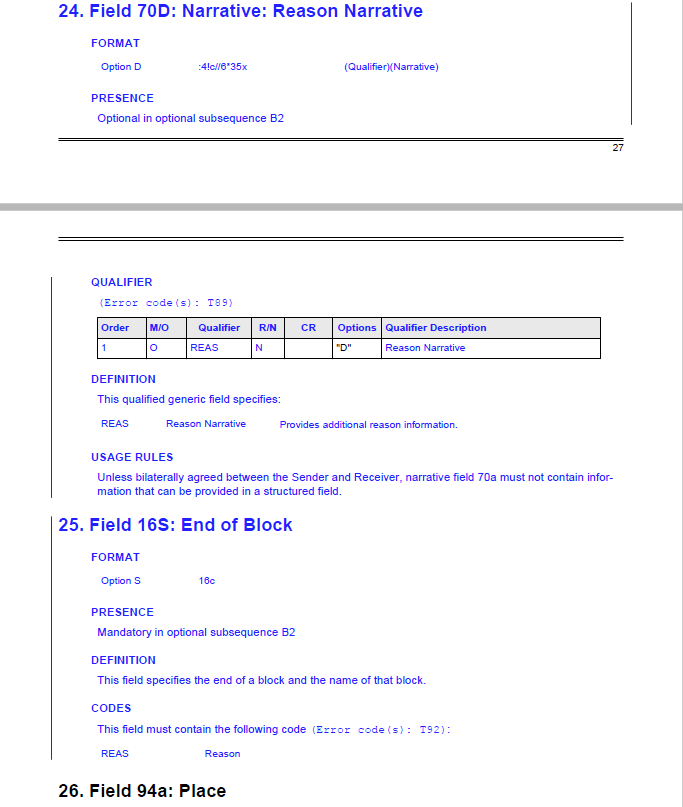
## CR 001532: Add new narrative field

|  |  |
| --- | --- |
| **Origin of request** | |
| Requesting Country: | BE Belgium |
| **Sponsors** | |
| Febelfin WG MT586 (portfolio transfers) | |
| **Message type(s) impacted** | |
| MT 586 | |
| **Complies with regulation** | |
| None | |
| **Business impact of this request** | |
| MEDIUM | |
| **Commitment to implement the change** | |
| Number of messages sent and received: /  Percentage of messages impacted: /  Commits to implement and when: BE Belgian Febelfin WG transfers MT586 2020 | |
| **Business context** | |
| 1. All banks who use the MT586 for portfolio transfers  2. The status code field 25D in subsequence B contains the reject code when transfers are not accepted for whatever reason. There is no narrative field underneath this field to describe the actual reject reason. | |
| **Nature of change** | |
| Addition of a narrative field 70E underneath the field 25D status code in Sequence B. | |
| **Workaround** | |
| Field 70E only exists underneath certain fields in Sequence B, eg field 35B (Identification of the financial instrument), so this can be used to add a narrative concerning the reject reason. But since this field belongs to field 35B, this is not adequate when the reject reason concerns some other particular field. | |
| **Examples** | |
| No actual example available, if field 70E is added underneath field 25D, it can serve as free field for explaining the reject reason, eg:  - account not known in our books  - blocked security because of… | |

**Standards Illustration**







**SWIFT Comment**

|  |
| --- |
| Instead of adding a single narrative reason, Swift proposes to implement the regular ISO15022 structure using a 24B under the 25D. This structure involves a narrative reason.  Should you have already a standardised list of reason?  Should the ISO20022 (sese.037) also be updated? |

**Working Group Meeting**

|  |
| --- |
| **Discussion** |
| The group agreed with the swift proposal to have the regular ISO15022 status / reason structure (the combination of a 25D with a 24B). The group requested also to have the reason codes list and it was provided as below (translated from French):  (01) Account owner : Unmatch Name  (02) Account Number : Unknown account owner  (03) Isin : Unknown ISIN  (04) Quantity : Issue with decimals  (05) SSI : SSI unknown or invalid  (06) Duplicates  (07) Ongoing Corporate Action  One concern was raised after the MWG concerning the addition of those reason in the corresponding ISO20022 message (sese.037) and since we need to ensure coexistence, the reason code will also be added as optional to the sese.037. |
| **Decision** |
| APPROVED |

**Final decision of the Securities SEG regarding ISO 20022 messages:**

|  |  |
| --- | --- |
| Approve the MWG decision | approved |

Comments:

|  |  |
| --- | --- |
| Reject the MWG decision |  |

Reason for rejection:

# Overview of SWIFT Change requests

None

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