



ISO15022

Cross Border Transactions

2007-07-20 ver. 1

Version history

Date	Version	By	Description
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Background

VPC offers the Swedish market an opportunity to hold foreign securities in the VPC system. The total holdings of the Swedish market are held in a CSD/Custodian in the country concerned and VPC maintains registers corresponding to the quantity of shares kept in the VPC system.

As a consequence of this offer, VPC makes it possible to transfer these securities between Sweden and the foreign country. When an AO is going to transfer securities “cross border”, an instruction is sent to VPC, which then instructs the CSD/Custodian in question.

Introduction

CBT

Cross Border Transactions (CBT) is a generic name for the system/the transactions that makes it possible to automate processing of cross border transactions.

Registrations in CBT can be made either by file transactions via MQ, by manual registration via VPC's regular interface (3270) or via an ISO15022-based interface. See the table below for possible formats and communication options.

	ISO15022	Proprietary
SWIFTNet	X	
MQ Extranet	X	X
3270 (terminal)		X

Status reporting is made via the same means of communication in which the instruction was registered. If the AO sent the instruction to VPC via ISO15022, the status reporting will be received via ISO15022.

Purpose

This document is intended for those who will be using CBT via the ISO15022-based interface. The flow is described here as well as templates for instructions and status reporting.

As far as field lengths, validation principles and similar matters are concerned, we refer you to the technical interface.

ISO15022

Via ISO15022, an AO can gain a more streamlined processing and the opportunity to obtain an STP chain from client to VPC and vice versa.

Note that this description does not give a detailed account of the terms, checks and abbreviations that are used in ISO15022. The standard is considered to be well known internationally and VPC refers you to www.swift.com and www.ISO15022.org. In the SWIFT User Guide there are explanations of all the concepts.

VPC intends to follow the guidelines drawn up for the Swedish market by the Swedish Market Practice Group. For more information, visit www.swift.se.

Local market practice

Each individual market sets different demands as regards the information required in order to settle an instruction. Just as we have “AO codes” in Sweden, in other countries proprietary codes are used in a different format. In Switzerland, for example, the Business Partner ID is used and in England the CREST ID.

On www.ncsd.eu there is a *Guide to Local Markets CBT* with information about what is required to settle an instruction in each respective market. Note that if the AO registers incorrect or incomplete information, the instruction will be rejected.

Valid securities

On www.ncsd.eu those securities are presented that may be transferred between Sweden and countries abroad by all AOs.

For information about which securities can be transferred where an AO has a Service Account agreement with VPC, please contact Cross Border Links.

Limitations regarding Swedish securities

Initially CBT processes transfers in foreign securities only. The definition of a foreign security is one where the first two characters in the ISIN, which make up the country code, are other than SE.

Note that the fax routine will continue to be used where transfers in Swedish securities are concerned. This applies, for example, to transfers between VPC and APK in Teliasonera, Ericsson and OMX. More information on this link can be found on www.ncsd.eu

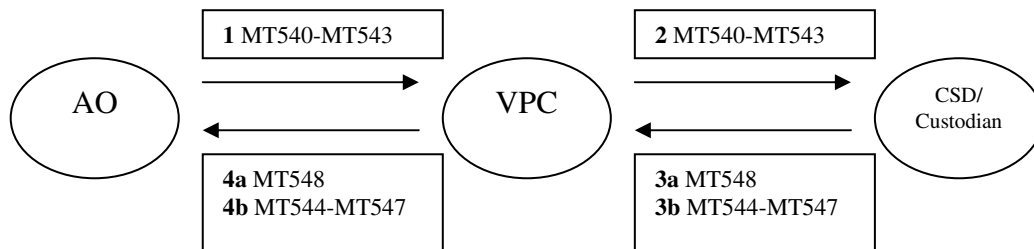
Limitations regarding ISO15022

An AO cannot send an MT549 Request for Statements/Status Advice to enquire about the status of a particular instruction. Enquiry transactions for this purpose are available via 3270.

Messages concerning Corporate Actions are not covered by this ISO25022 interface. Nor is status reporting in the form of an MT536 Statement of Transactions or an MT537 Statement of Pending Transactions.

VPC does not send an MT578 Settlement Allegements to inform about counterparty allegements.

Flow



1. AO sends an instruction (MT540-MT543) to VPC which generates one or more transactions in CBT.
2. VPC sends a corresponding instruction (MT540-MT543) to the CSD/Custodian in the foreign country
3. **a-b.** The CSD/Custodian may send a status message (MT548) to VPC, which is registered on the transactions in CBT, and an MT548 is sent to the AO.
4. **a-b.** The CSD/Custodian sends a confirmation (MT544-MT547) to VPC which settles the transactions in CBT and an MT544-MT547 is sent to the AO.

Step 3a and 3b are repetitive since the status may be changed several times.

The flow for cancellations is the same. A cancellation is confirmed via an MT548 instead of an MT544-MT547.

Instructions against payment, MT541 and MT543, may only be sent if the AO has a Service Account agreement with VPC.

Transaction logic

Proprietary, via VPC's normal interface, a complete transfer instruction to VPC consists of **two** transactions.

Generally speaking, one of the transactions is where the AO registers information as to the office in which the shares are to be deposited in the VPC system. The other is the transaction where the AO registers information needed for the instruction to be settled in the foreign country, in other words, information about the counterparty.

"The account instruction" is called a CBAT – Cross Border Account Transfer. "The counterparty instruction" is called a CBST - Cross Border Settlement Transaction.

For further information about a CBT and its transaction logic, we refer you to *User Description CBT*.

For each CBST, an AO can register a number of CBATs, which entails a netting functionality. The transactions are linked together by a common net ID allocated by the AO. A CBST is only given a net ID as a reference, whereas each CBAT, in addition to a net ID, is also given a unique transaction reference number.

Since, according to ISO15022, an instruction always contains both an account and a counterparty, an AO can choose to send just one message, which generates both a CBST and a CBAT at VPC. In a special "tag" (field) in the message, the AO must specify whether an instruction is to generate a counterparty instruction, an account instruction, or both. See the matrix below showing possible options.

	VPC TRANSACTION		
MT540 Receive Free of Payment	CBST+	CBST	CBAT
MT542 Deliver Free of Payment	CBAT		

A CBST governs the status of the underlying CBAT. Status messages and confirmations are therefore never sent out for a CBAT, but only for a CBST.

Foreign securities in a Service Account

The transactions are outlined below:

BTUV for a Customer Instruction Non Swedish Securities

BTUN for a Counterparty Instruction Non Swedish Securities

	VPC TRANSACTION		
MT540 Receive Free of Payment	BTUN+	BTUN	BTUV
MT541 Receive Against Payment	BTUV		
MT542 Deliver Free of Payment			
MT543 Deliver Against Payment			

Template MT540-MT543

The number of counterparty levels and the format with which the counterparty is to be identified depends on the security, see *Guide to Local Markets CBT*.

Appendix 1 shows how the instruction is converted to the appropriate VPC transaction.

SEQ	TAG	CONTENTS
A	:16R:GENL	
	:20C::SEME//	Message reference (transaction ref. no.)
	:23G:NEWM	
A1	:16R:LINK	
	:20C::COMM//	Instruction reference (Net ID)
	:16S:LINK	
	:16S:GENL	
B	:16R:TRADDET	
	:98A::SETT//	Settlement date
	:98A::TRAD//	Trade date
	:35B:ISIN	Security no. (ISIN)
	:16S:TRADDET	
C	:16R:FIAC	
	:36B::SETT//UNIT/	Quantity of shares
	:97A::SAFE//	VPC Account
	:16S:FIAC	
E	:16R:SETDET	
	:22F::SETR/NCSD/	Transaction(s) in VPC
E1	:16R:SETPRTY	
	:95P/R::DEAG ¹ /	Counterparty
	:16S:SETPRTY	
E1	:16R:SETPRTY	
	:95P/Q/R::SELL ² /	Counterparty's underlying client
	:97A::SAFE//	Underlying client's account with the counterparty
	:16S:SETPRTY	
E1	:16R:SETPRTY	

¹ DEAG for an MT540-MT541, REAG for an MT542-MT543

² SELL for an MT540-MT541, BUYR for an MT542-MT543

	:95P/Q::BUYR ³ /	AO's underlying client
	:16S:SETPRTY	
E1	:16R:SETPRTY	
	:95P::PSET//VPCSSESS	Settlement place
	:16S:SETPRTY	
E3	:16R:AMT	
	:19A::SETT//	Settlement amount (including currency)
	:16S:AMT	
E3	:16R:AMT	
	:19A::EXEC//	Courtage (including currency)
	:16S:AMT	
	:16S:SETDET	

Note that status reporting will be made to the reference given in Sequence A1, tag :20C::COMM//. The reason why the reference in Sequence A, tag :20C::SEME// is not the governing factor (which is normally the case) is that CBAT/BTUV and CBST/BTUN can be sent separately and that :20C::SEME// must be a unique reference.

Settlement Amount and Executing Broker's Amount in Sequence E3 can only be specified if the instruction is against payment and the AO has a Service Account agreement with VPC.

The AO must specify the type of transaction message referred to in Sequence E tag :22F::SETR/. Since the VPC transactions are proprietary a Data Source Scheme is used, which is called NCSD.

SWIFT	Qualifier	DSS	Data	VPC Transaction
MT540, MT542	SETR	VPCS	CBSA	CBST + CBAT
MT540, MT542	SETR	VPCS	CBST	CBST
MT540, MT542	SETR	VPCS	CBAT	CBAT
MT540-MT543	SETR	VPCS	BTNV	BTUN+BTUV
MT540-MT543	SETR	VPCS	BTUN	BTUN
MT540-MT543	SETR	VPCS	BTUV	BTUV

If an AO specifies :22F::SETR/NCSD/CBSA, it generates a CBST and a CBAT. If the AO specifies :22F::SETR/NCSD/CBST it generates a CBST.

Sequence C, tag :97A::SAFE// and Sequence E1, tag :95P/R:: are always mandatory in a SWIFT message, though in a CBST/BTUN or a CBAT/BTUV they are irrelevant. If an AO chooses to send the transactions separately, VPC will ignore what the AO has registered in these fields.

The ISO15022 standard contains a number of fields which are not included in the template that VPC publishes here. If the AO chooses to include additional fields, the instruction is accepted, but please note that the information in the additional tags has not been processed or archived and is excluded from status reporting.

³ BUYR for an MT540-MT541, SELL for an MT542-MT543

Template MT548

The number of counterparty levels that are included depends on how many counterparty levels the AO specified in the instruction to VPC.

SEQ	TAG	CONTENTS
A	:16R:GENL	
	:20C::SEME//	VPC's reference
	:23G:INST	
A1	:16R:LINK	
	:20C::RELA//	Linked reference Net ID (COMM in AO's instruction to VPC)
	:16S:LINK	
A2	:16R:STAT	
	:25D::	Status, e.g. :25D::MTCH//NMAT
A2a	:16R:REAS	
	:24B::	Reason, e.g.:24B::NMAT//CMIS
	:16S:REAS	
	:16S:STAT	
	:16S:GENL	
B	:16R:SETTRAN	
	:35B:ISIN	Security no. (ISIN)
	:36B::SETT//UNIT/	Quantity net
	:19A::SETT//	Settlement amount ⁴
	:97A::SAFE//	VPC Account
	:22F::SETR/NCSD/	Transaction(s) at VPC
	:22H::REDE//	DELI or RECE
	:22H::PAYM//	APMT or FREE
	:98A::SETT//	Contractual settlement date
	:98A::TRAD//	Trade date
B1	:16R:SETPRTY	
	:95P/R::DEAG ⁵ /	Counterparty
	:16S:SETPRTY	
B1	:16R:SETPRTY	
	:95P/Q/R::SELL ⁶ /	Counterparty's underlying client
	:97A::SAFE//	Underlying client's account with the counterparty
	:16S:SETPRTY	
B1	:16R:SETPRTY	
	:95P/Q::BUYR ⁷ /	AO's underlying client
	:16S:SETPRTY	
B1	:16R:SETPRTY	
	:95P::PSET//VPCSSESS	Settlement place
	:16S:SETPRTY	
	:16S:SETTRAN	

VPC does not send any status messages to confirm that an instruction or a request for cancellation has been accepted and registered. If, however, an AO's instruction does not fulfil the demands and guidelines set forth by VPC, the message is rejected. The message may be correct according to ISO15022, but not in compliance with the requirements set forth for a cross border transaction. It could also be the case that a

⁴ Will only be given if the instruction is against payment

⁵ DEAG for an MT540-MT541, REAG for an MT542-MT543

⁶ SELL for an MT540-MT541, BUYR for an MT542-MT543

⁷ BUYR for an MT540-MT541, SELL for an MT542-MT543

CSD/Custodian rejects the instruction because an invalid bank day has been registered or the counterparty has been incorrectly identified. In all these cases the AO is notified via an MT548.

Template MT544-MT547

The number of counterparty levels that are included depends on how many counterparty levels the AO specified in the instruction to VPC.

SEQ	TAG	CONTENTS
A	:16R:GENL	
	:20C::SEME//	VPC's reference
	:23G:NEWM	
A1	:16R:LINK	
	:20C::RELA//	Linked reference Net ID (COMM in AO's instruction to VPC)
	:16S:LINK	
	:16S:GENL	
B	:16R:TRADDET	
	:98A::ESET//	Settlement date (actual)
	:98A::SETT//	Contractual settlement date
	:98A::TRAD//	Trade date
	:16S:TRADDET	
C	:16R:FIAC	
	:36B::ESTT//	Quantity net
	:97A::SAFE//	VPC Account
	:16S:FIAC	
E	:16R:SETDET	
	:22F::SETR/NCSD/	Transaction(s) in VPC
E1	:16R:SETPRTY	
	:95P/R::DEAG ⁸ /	Counterparty
	:16S:SETPRTY	
E1	:16R:SETPRTY	
	:95P/Q/R::SELL ⁹ /	Counterparty's underlying client
	:97A::SAFE//	Underlying client's account with counterparty
	:16S:SETPRTY	
E1	:16R:SETPRTY	
	:95P/Q::BUYR ¹⁰ /	AO's underlying client
	:16S:SETPRTY	
E1	:16R:SETPRTY	
	:95P::PSET//VPCSSESS	Settlement place
	:16S:SETPRTY	
E3 ¹¹	:16R:AMT	
	:19A::ESTT//	Settlement amount (including currency)
	:16S:AMT	
	:16S:SETDET	

⁸ DEAG for an MT540-MT541, REAG for an MT542-MT543

⁹ SELL for an MT540-MT541, BUYR for an MT542-MT543

¹⁰ BUYR for an MT540-MT541, SELL for an MT542-MT543

¹¹ Settlement Amount in Sequence E3 will be given only if the instruction is against payment and the AO has a Service Account agreement with VPC. Any Executing Broker's Amount is not included in an MT544- MT547 since status reporting only occurs for a BTUN and the information is archived in a BTUV.

Cancellations

If an AO wants to cancel an instruction, it sends an MT540-MT543 with Sequence A, tag :23G:CANC. If the AO's original instruction was an MT540 the cancellation request is also an MT540, and so on.

All the data in the cancellation request is the same as in the instruction, but what is added is the above change (normally a 23G:NEWM) and a new field in Sequence A1, tag :20C::PREV// where the reference for the original instruction is entered (the reference in 20C::COMM//).

A cancellation request must not contain a separate field, 20C::COMM//.

An AO cannot send a cancellation request for an individual CBAT/BTUV. Such a request must be registered via VPC's proprietary interface.

Status reporting for a cancellation request is made via MT548.

If an instruction has not been settled within one month (28 calendar days), it is cancelled automatically, which generates an MT548 to the AO.

Appendix - Template MT540-MT543 VPC-transactions

SEQ	TAG	CBST/BTUN	CBAT/BTUV
A	:16R:GENL		
	:20C::SEME//	N/A	Transaction ref. no.
	:23G:NEWM	Action code New	Action code New
A1	:16R:LINK		
	:20C::COMM//	Net ID	Net ID
	:16S:LINK		
	:16S:GENL		
B	:16R:TRADDET		
	:98A::SETT//	Contractual settlement date	Contractual settlement date
	:98A::TRAD//	Trade date	Trade date
	:35B:ISIN	Security no.(ISIN)	Security no.(ISIN)
	:16S:TRADDET		
C	:16R:FIAC		
	:36B::SETT//UNIT/	Quantity net	Quantity
	:97A::SAFE//	N/A	Account no.
	:16S:FIAC		
E	:16R:SETDET		
	:22F::SETR/NCSD/		
E1	:16R:SETPRTY		
	:95P/R::DEAG ¹² /	Counterparty info 1 in the format P/R DEAG	N/A
	:16S:SETPRTY		
E1	:16R:SETPRTY		
	:95P/Q/R::SELL ¹³ /	Counterparty info 2 in the format P/Q/R SELL	N/A
	:97A::SAFE//	Counterparty info 3 in the format A SAFE	
	:16S:SETPRTY		
E1	:16R:SETPRTY		
	:95P/Q::BUYR ¹⁴ /	Client reference in the format P/Q BUYR	N/A
	:16S:SETPRTY		
E1	:16R:SETPRTY		
	:95P::PSET//VPCSS	N/A	N/A
	:16S:SETPRTY		
E3	:16R:AMT		
	:19A::SETT//	Settlement amount	Settlement amount client
	:16S:AMT		
E3	:16R:AMT		
	:19A::EXEC//	N/A	Courtage
	:16S:AMT		
	:16S:SETDET		

Settlement Amount and Executing Broker's Amount in Sequence E3 may only be entered if an instruction is against payment and the AO has a Service Account agreement with VPC.

¹² DEAG for an MT540-MT541, REAG for an MT542-MT543

¹³ SELL for an MT540-MT541, BUYR for an MT542-MT543

¹⁴ BUYR for an MT540-MT541, SELL for an MT542-MT543