



Standardization of Message Items Related to DVP Settlement

Overview of Message Items

ABMF SF2 proposes to standardize the essential (minimum) message items to effect DVP settlement in ASEAN+3. Examples of messages are shown in Figure 8.

Table 2 presents a proposal for further discussion of how ISO 20022 messages might correspond to the reference DVP flow.

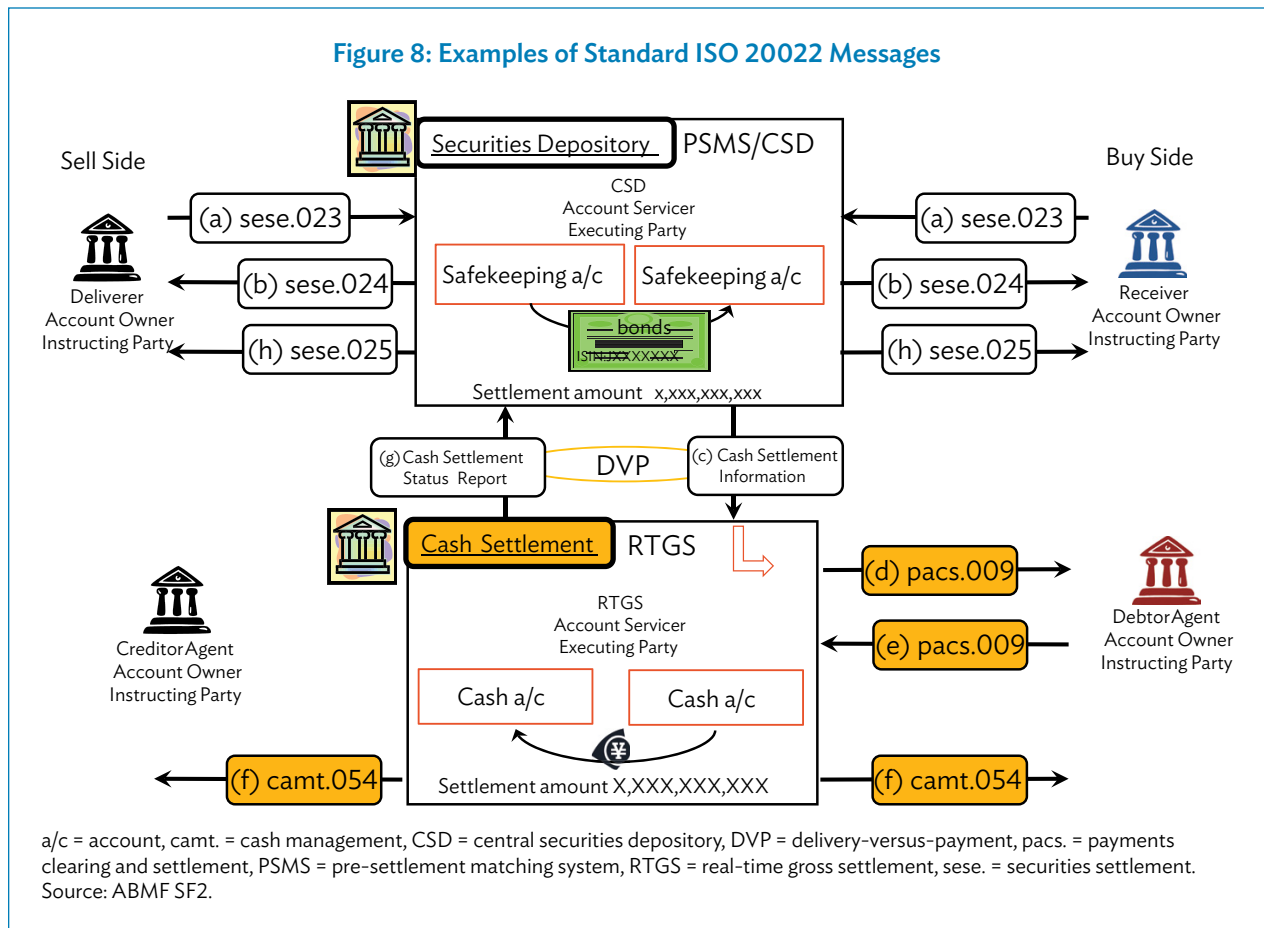


Table 2: ISO 20022 Messages Corresponding with Reference DVP Flow—Proposal

ISO 20022 Messages	Messages Correspond to Reference DVP Flow
sese.023 Securities Settlement Transaction Instruction	(a) Bond settlement instruction
sese.024 Securities Settlement Transaction Status Advice	(b) Matched results
sese.025 Securities Settlement Transaction Confirmation	(h) Bond settlement confirmation
pacs.009 Financial Institution Credit Transfer	(d), (e) Cash settlement information/instruction
camt.054 Bank to Customer Debit Credit Notification	(f) Cash settlement confirmation

DVP = delivery-versus-payment, ISO = International Organization for Standardization.

Note: For messages between the central securities depository and real-time gross settlement, (c) and (g), please refer to Progress Report on Establishing Regional Settlement Intermediary and Next Steps, published in May 2015.

Source: ABMF SF2.

The definitions of each message based on ISO 20022 as shown in Table 2 are given below:

sese.023. An account owner sends a Securities Settlement Transaction Instruction (sese.023) to an account servicer to instruct the receipt or delivery of financial instruments with payment by book-entry. The account owner is a CSD participant and the account servicer is the CSD.

sese.024. An account servicer sends Securities Settlement Transaction Status Advice (sese.024) to an account owner to advise on the status of a Securities Settlement Transaction Instruction previously sent by the account owner, or the status of a settlement transaction existing in the books of the servicer for the account of the owner. The status may be either processing, pending processing, internal matching, matching, or settlement. The status advice may or may not be sent in response to the request of the account owner.

sese.025. An account servicer sends a Securities Settlement Transaction Confirmation (sese.025) to an account owner to confirm the delivery or receipt of financial instruments against payment by book-entry.

pacs.009. The Financial Institution Credit Transfer (pacs.009) is sent by a debtor financial institution to a creditor financial institution, directly or through other agents and/or a payment clearing and settlement system. It is used to move funds from a debtor's account to a creditor's account, where both the debtor and creditor are financial institutions.⁴

The Financial Institution Credit Transfer can be used

1. if it is exchanged between agents and contains one credit transfer instruction where debtor and creditor are both financial institutions;
2. if the message does not allow for grouping—a Credit Transfer Transaction Information block must be present for each credit transfer transaction; and
3. the message can be used in domestic and cross-border scenarios.

⁴ The Financial Institution Credit Transfer (pacs.009) can also be used for transferring information to move funds.

camt.054. The Bank to Customer Debit Credit Notification is sent by the account servicer to an account owner or to a party authorized by the account owner to receive the message. It can be used to inform the account owner, or authorized party, of a debit and/or credit entry reported to the account.

The Bank to Customer Debit Credit Notification message

1. provides information for cash management and/or reconciliation,
2. can be used to notify debit entries and credit entries,
3. can include underlying details of transactions that have been included in the entry,
4. can be received by someone who is not the account owner but a party entitled by the account owner to receive the account information (also known as a recipient), and
5. does not contain balance information (needs to be discussed).

Conventional messages such as ISO 15022 that correspond to ISO 20022 messages are shown in Figure 9.

Figure 9: Conventional Messages (ISO 15022) Corresponding to ISO 20022 Messages

	ISO 15022 Messages		ISO 20022 Messages	
Bond Settlement Instruction	MT541 Receive against Payment	NEWM	sese.023 Securities Settlement Transaction Instruction	APMT, RECE
	MT543 Deliver against Payment	NEWM	sese.023 Securities Settlement Transaction Instruction	APMT, DELI
Bond Settlement Confirmation	MT545 Receive against Payment Confirmation		sese.025 Securities Settlement Transaction Confirmation	
	MT547 Deliver against Payment Confirmation		sese.025 Securities Settlement Transaction Confirmation	
Matched Result	MT548 Transaction Status Advice		sese.024 Securities Settlement Transaction Status Advice	
Cash Settlement Instruction	MT202 Credit Transfer Instruction		pacs.009 Cash Settlement Transaction Instruction	
Cash Settlement Status Report	MT900 Confirmation of Debit		camt.054 Bank to Customer Debit Credit Notification	Debit
	MT910 Confirmation of Credit		camt.054 Bank to Customer Debit Credit Notification	Credit

camt. = cash management, ISO = International Organization for Standardization, MT = message type, pacs. = payments clearing and settlement, sese. = securities settlement.
 Source: ADB Consultant for ABMF SF2 modifications to National Bank of Belgium. 2012. *NBB-SSS Adaptation Plan to T2S Phase1: Harmonisation and New IT Platform*. Brussels.

Essential and minimum items transferred between market infrastructures (CSD and RTGS systems) and their participants are shown in Table 3–7 for sese.023, sese.024, sese.025, pacs.009, and camt.054, respectively.

Bond Settlement Instruction

An account owner (CSD participant) sends a Securities Settlement Transaction Instruction (sese.023) to an account servicer (CSD) to instruct the receipt or delivery of financial instruments with payment or by book-entry, respectively. Table 3 shows message items that are extracted from sese.023 as essential and minimum items to effect DVP settlement. These message items are the key items for harmonization of bond settlement. SF2 recommends that all bond settlement infrastructures adopt these message items when current systems are being reconstructed. This does not necessarily mean other items are not to be added to instructions.

Table 3: Message Items for Bond Settlement Instruction (sese.023)

Message Items	Definition
Transaction Identification	Unambiguous identification of the transaction as known by the instructing party
Securities Movement Type	Specifies if the movement on a securities account results from a deliver or a receive instruction (such as DELI or RECE)
Payment	Specifies how the transaction is to be settled, for example, separate settlement or against payment (such as FREE or APMT)
Settlement Date	Date and time at which the securities are to be delivered or received.
Financial Instrument Identification	Financial instrument representing a sum of rights of the investor vis-a-vis the issuer (such as International Securities Identification Number)
Settlement Quantity	Total quantity of securities to be settled (such as face value)
Safekeeping Account	Account to or from which a securities entry is made
Securities Transaction Type	Identifies the type of securities transaction (such as REPU for repo and TRAD for settlement of trade)
Delivering Settlement Parties	Identifies the chain of delivering settlement parties (such as Business Identifier Code)
Receiving Settlement Parties	Identifies the chain of receiving settlement parties (such as Business Identifier Code)
Debtor and/or Debtor Agent	Party that owes an amount of money to the (ultimate) creditor (such as Business Identifier Code); debtor agent (financial institution servicing an account for the debtor)
Creditor and/or Creditor Agent	Party to which an amount of money is due (such as Business Identifier Code); creditor agent (financial institution servicing an account for the creditor)
Settlement Amount	Total amount of securities to be paid or received in exchange for the securities (amount of money in the cash entry)
Credit Debit Indicator	Indicate an entry is a credit or debit (such as CREDIT or DEBIT)

Source: ABMF SF2.

Message items which are not essential items to effect DVP may also be included as a “standard message items.” One example may be “trade date.” Trade date is an important item from a market practice perspective, in particular from cross-border transaction evidenced by the fact that Global SMPG recommends trade date as one of 10 common elements for securities settlement instruction and other messages.

Matched Results

Sese.024 defines Securities Settlement Transaction Status Advice. An account servicer (CSD) sends sese.024 to an account owner (CSD participant) to advise on the status of a Securities Settlement Transaction Instruction (sese.023) previously sent by the account owner or the status of a settlement transaction existing in the books of the servicer for the account of the owner. The status is the matched result (either matched or unmatched). Table 4 shows essential items to be informed as matched results.

Bond Settlement Confirmation

Sese.025 defines Securities Settlement Transaction Confirmation. An account servicer (CSD) sends sese.025 to an account owner (CSD participant) to confirm the delivery or receipt of financial instruments against payment by book-entry. The minimum items comprising bond settlement confirmation are shown in Table 5.

Table 4: Message Items for Matched Result Advice (sese.024)

Message Items	Definition
Transaction Identification	Provides unambiguous transaction identification information
Matching Status	Provides the matching status of the instruction (matched or unmatched)
Safekeeping Account	Account to or from which a securities entry is made
Financial Instrument Identification	Financial instruments representing a sum of rights of the investor vis-a-vis the issuer (such as International Securities Identification Number)
Settlement Quantity	Total quantity of securities to be settled (such as face value)
Settlement Date	Date and time at which the securities are to be delivered or received
Securities Movement Type	Specifies if the movement on a securities account results from a deliver or a receive instruction
Payment	Specifies how the transaction is to be settled, for example, against payment (APMT)
Receiving Settlement Parties	Identifies the chain of receiving settlement parties (such as Business Identifier Code)
Delivering Settlement Parties	Identifies the chain of delivering settlement parties (such as Business Identifier Code)

Source: ABMF SF2.

Table 5: Message Items for Bond Settlement Confirmation (sese.025)

Message Items	Definition
Transaction Identification	Unambiguous identification of the transaction as known by the instructing party
Securities Movement Type	Specifies if the movement on a securities account results from a deliver or a receive instruction (such as DELI or RECE)
Payment	Specifies how the transaction is to be settled, for example, separate settlement or against payment (such as FREE or APMT)
Effective Settlement Date	Date and time at which the securities are to be delivered or received
Financial Instrument Identification	Financial instrument representing a sum of rights of the investor vis-a-vis the issuer (such as International Securities Identification Number)
Settlement Quantity	Total quantity of securities to be settled (such as face value)
Safekeeping Account	Account to or from which a securities entry is made
Securities Transaction Type	Identifies the type of securities transaction (such as REPU for repo and TRAD for settlement of trade)
Delivering Settlement Parties	Identifies the chain of delivering settlement parties (such as Business Identifier Code)
Receiving Settlement Parties	Identifies the chain of receiving settlement parties (such as Business Identifier Code)
Debtor and/or Debtor Agent	Party that owes an amount of money to the (ultimate) creditor (such as Business Identifier Code); debtor agent (financial institution servicing an account for the debtor)
Creditor and/or Creditor Agent	Party to which an amount of money is due (such as Business Identifier Code); Creditor agent (financial institution servicing an account for the creditor)
Settlement Amount	Total amount of securities to be paid or received in exchange for the securities (amount of money in the cash entry)
Credit Debit Indicator	Indicate an entry is a credit or debit (such as CREDIT or DEBIT)

Source: ABMF SF2.

Cash Settlement Information and Instruction

Pacs.009 defines Cash Settlement Information and Instruction. It is used to move funds from a debtor account to a creditor account, where both the debtor and creditor are financial institutions. The minimum items comprising Cash Settlement Information and Instruction are shown in Table 6.

Cash Settlement Confirmation

Camt.054 defines Cash Settlement Confirmation. It is sent by the account servicer to an account owner or to a party authorized by the account owner to receive the message. It can be used to inform the account owner, or authorized party, of debit or credit entries reported to the account. The minimum items comprising Cash Settlement Confirmation are shown in Table 7.

Table 6: Message Items for Cash Settlement Instruction (pacs.009)

Message Items	Definition
End to End Identification	Unique identification, as assigned by the initiating party, to unambiguously identify the transaction
Transaction Identification	Unique identification, as assigned by the first instructing agent, to unambiguously identify the transaction that is passed on, unchanged, throughout the entire interbank chain
Interbank Settlement Amount	Amount of money moved between the instructing agent and the instructed agent
Debtor and/or Debtor Agent - BICFI	Financial institution that owes an amount of money to the (ultimate) financial institutional creditor
Creditor and/or Creditor Agent - BICFI	Financial institution that receives an amount of money from the financial institutional debtor

BICFI = Business Identifier Code for Financial Institutions.
Source: ABMF SF2.

Table 7: Message Items for Cash Settlement Confirmation (camt.054)

Message Items	Definition
Notification Identification	Unique identification, as assigned by the account servicer, to unambiguously identify the account notification
Creation Date Time	Date and time at which the message was created
Account	Unambiguous identification of the account to which credit and debit entries are made
Amount	Amount of money in the cash transaction
Credit Debit Indicator	Indicates whether the entry is a credit or a debit entry
Status	Status of an entry on the books of the account servicer
Bank Transaction Code	Set of elements used to fully identify the type of underlying transaction resulting in an entry

Source: ABMF SF2.

More detailed message items for bond settlement instructions, matched results, bond settlement confirmations, cash settlement instructions (including information), and cash settlement confirmations are shown in Appendix 3.