



Corporate Actions automation & XBRL

SWIFT Business Forum Romania

“20 Years of SWIFT in Romania”



John Falk
Securities Initiatives

October 2012

Corporate Actions



Corporate actions remain one of the most risky areas within financial services



Donald F. Donahue, ex DTCC chairman and CEO, a corporate action real-world horror story

- Many years ago, a merger in which Company A was acquiring Company B in a **four-for-one stock swap**.
- Everyone in the industry went through the 100-plus-page prospectus on the deal and consistently saw the terms “four-for-one” throughout the document. **We set up the merger as a four-for-one exchange.**
- When we got the new Company A shares, **we received a quantity that equaled three new Company A shares for every Company B share** – and we promptly got into a squabble with the agent about the shortfall. So Company B shareholders, in reality, would **only received three shares for every one they held.**
- We found, **buried in the prospectus** at about page 87, a one-paragraph statement regarding the escrow account and the withholding of the one share. It was absolutely the only reference to this throughout the entire prospectus. **Did it satisfy disclosure requirements? Probably. Did it effectively communicate to investors and the industry the actual terms of the offer, in a way that eliminated the risk of misunderstanding? Absolutely not!**
- The **write-off was somewhere north of \$1.5 million**, and we know the industry wrote off more than that. And, of course, that was **just one event during the course of one year.**

With the financial crisis, an increased focus on operational risks

Interpretation Risk

Issuer messages are written in “free text, e.g. news release and regulatory filing, that must be translated and rekeyed by the financial services industry

Timing Risk

Need for manual intervention results in delays in communicating information to the end investor

Accuracy Risk

Multiple players disseminating the same information results in uncertainty as to the accuracy of the result. Translation and manual rekeying increases the potential for errors

Significant Costs

The lack of straight-through processing throughout the corporate actions chain results in additional cost and liability being absorbed by the financial services industry

02 Octombrie 2012

COMUNICAT DE PRESA

Depozitarul Central va distribui dividende pentru IAR S.A.

Depozitarul Central informează investitorii ca, în perioada 18.10.2012 – 31.03.2013, va distribui dividende pentru acționarii S.C. IAR S.A. (simbol IARV).

“Pentru al treilea an consecutiv, compania IAR S.A. a ales serviciul național, dezvoltat de către Depozitarul Central, ca metoda de distribuire a dividendelor. Acest lucru confirmă preocuparea acestui emitent pentru ca propriii acționari să beneficieze de o soluție eficientă în ceea ce privește încasarea sumelor de bani cuvenite. Mulțumim pe acesta cale societății IAR SA pentru încrederea acordată Depozitarului Central și ne exprimăm totodată disponibilitatea de a colabora în proiectele viitoare”, a declarat Adriana Tanasoiu – Director General – Depozitarul Central.

Emitentul va plăti acționarilor, utilizând serviciul național lansat de către Depozitarul Central, dividendele aferente anului 2011. Valoarea dividendului brut pe acțiune este de 0.138126 lei.

Plata dividendelor către acționarii emitentului se va efectua astfel:

- în numerar la ghișeele și oficiile postale din întreaga țară, pentru acționarii persoane fizice. Acționarii arondați ghișeelor postale informatizate din mediul urban vor putea ridica suma aferentă dividendelor ce li se cuvin de la oricare dintre ghișeele și oficiile postale informatizate din țară.

Acționarii care beneficiază de dividende sunt cei înregistrați în registrul acționarilor emitentului la data de 31.05.2012.

Serviciul național de distribuire a dividendelor permite acționarilor ca, odată cu ridicarea sumelor respective, să poată depune solicitări cu privire la actualizarea datelor personale în registrul acționarilor.

04 Octombrie 2012

COMUNICAT DE PRESA

Depozitarul Central va distribui dividende pentru S.C. Prospektiuni S.A. București

Depozitarul Central informează investitorii ca, în perioada 25.10.2012 – 25.04.2013, va distribui dividende pentru acționarii SC PROSPECTIUNI S.A. București (simbol PRSN).

Emitentul va plăti acționarilor, utilizând serviciul național lansat de către Depozitarul Central, dividendele aferente anului 2011. Valoarea dividendului brut pe acțiune este de 0.00627 lei.

Plata dividendelor către acționarii emitentului se va efectua astfel:

- prin transfer bancar, în baza solicitărilor transmise de acționari;
- prin transfer bancar în contul participanților la sistemul RoClear, pentru acei acționari care au mandatat intermediarii să colecteze dividendele în numele acestora;
- în numerar la ghișeele și oficiile postale din întreaga țară, pentru acționarii persoane fizice. Acționarii arondați ghișeelor postale informatizate din mediul urban vor putea ridica suma aferentă dividendelor ce li se cuvin de la oricare dintre ghișeele și oficiile postale informatizate din țară.

Acționarii care beneficiază de dividende sunt cei înregistrați în registrul acționarilor emitentului, la data de 16.05.2012.

Serviciul național de distribuire a dividendelor permite acționarilor ca, odată cu ridicarea sumelor respective, să poată depune solicitări cu privire la actualizarea datelor personale în registrul acționarilor.

Asset Servicing players



Issuer



**Publication
/ Info Agent**



Regulator



**Data
Providers**



Registrar



**Transfer
Agent**



Courts



**Shareholders'
Meeting**



**Tabulator
/ Agent**



Exchange



CSD



**Tax
Authority**



**Proxy
Agent**



B/Ds



**Global
Custodians**



**Investment
& Funds Mgrs**



**Institutional
Investor**

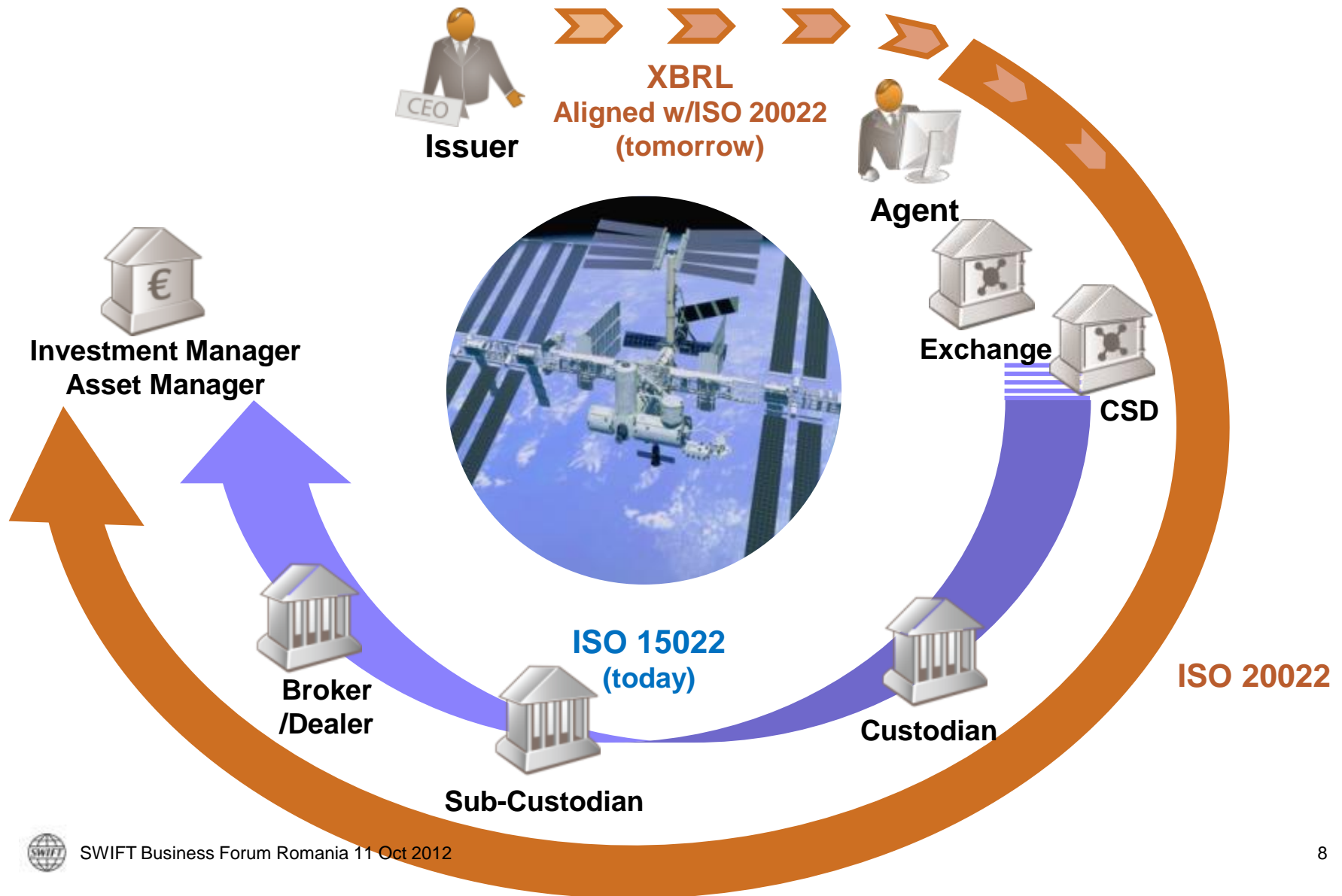


**Retail
Investor**

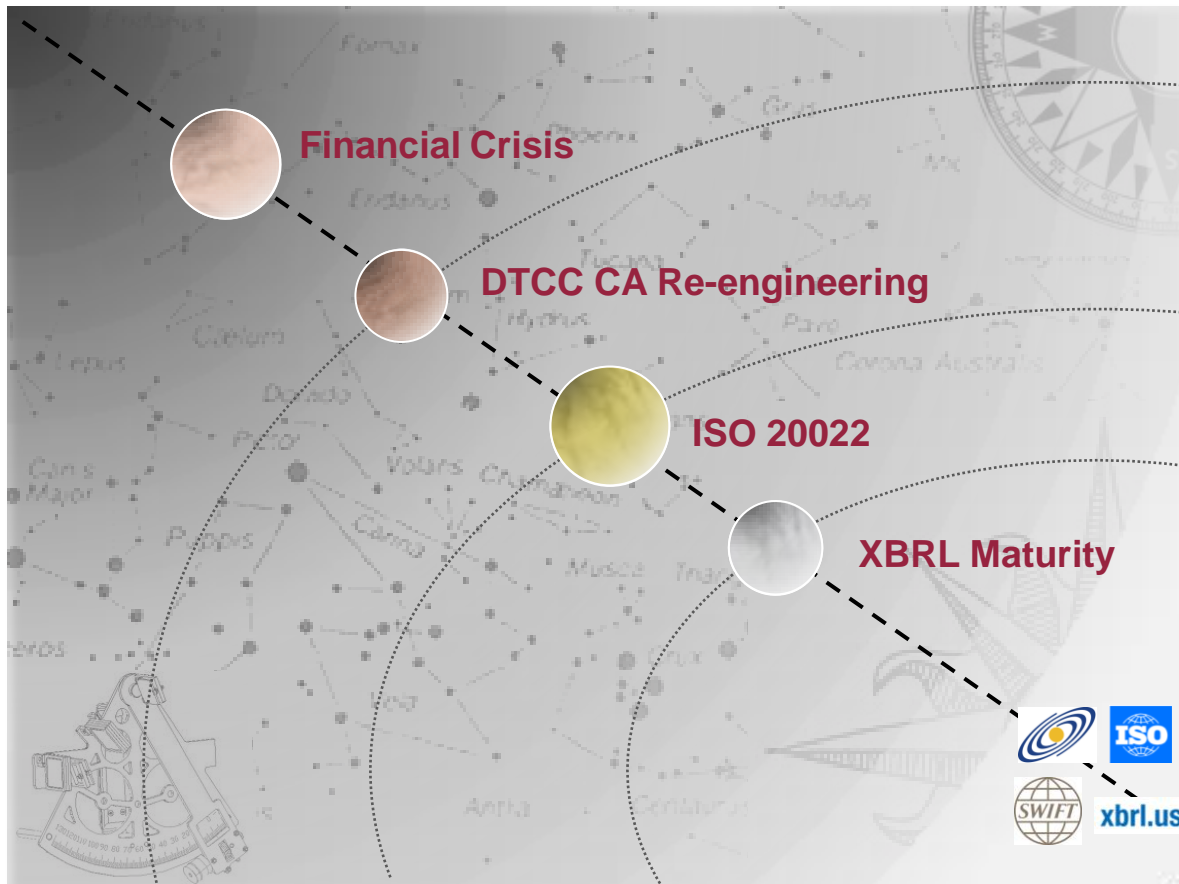


**Sub-
Custodians**

Issuer to Investor: Corporate Actions (I2I:CA)

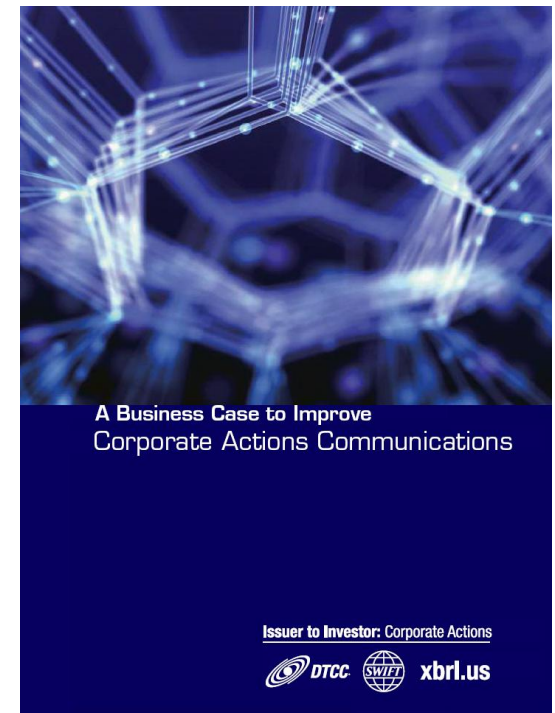
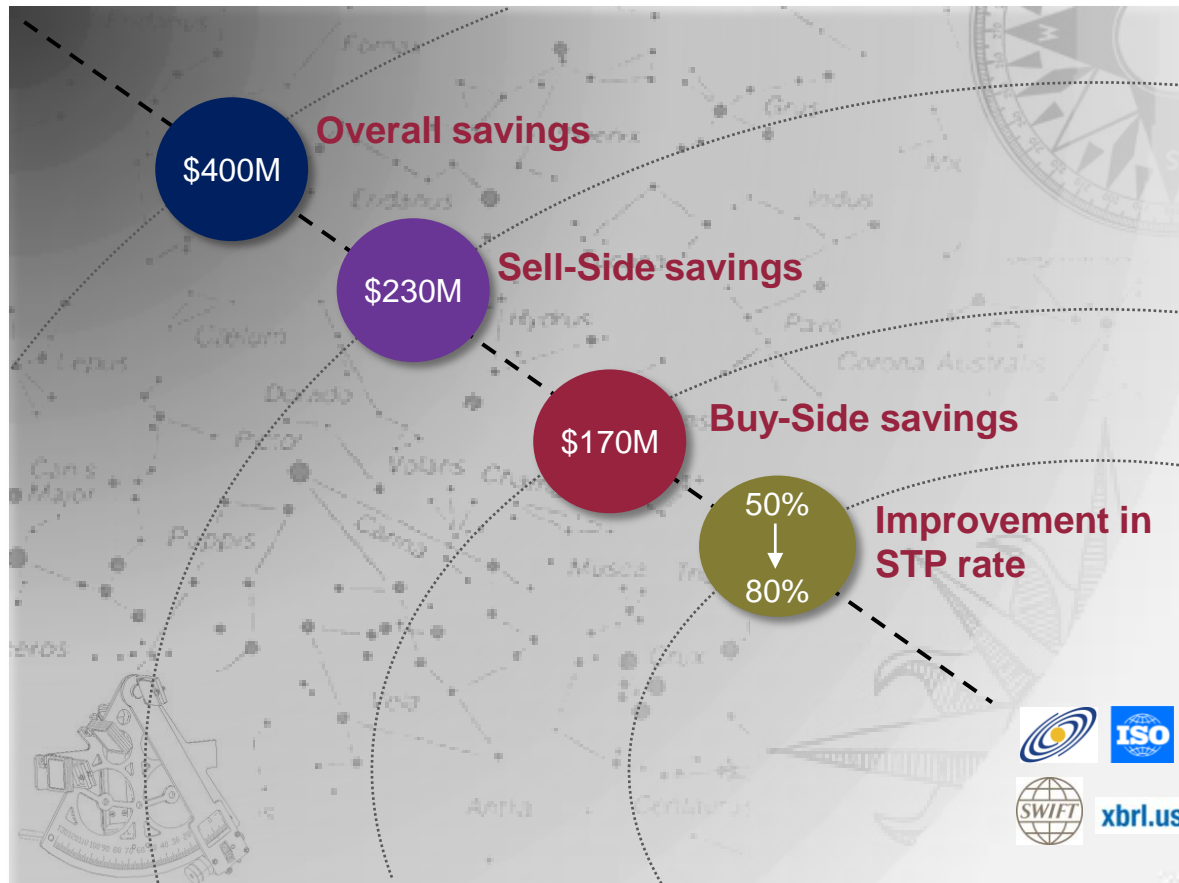


However, the planets have aligned to finally sort out the problem ... at least for the United States



The industry has **quantified** the expected gains in operational efficiency - the benefits are tangible

Quantitative Benefits



<http://xbrl.us/i2i/Pages/default.aspx>



Reconnecting issuers to investors

Business case published May 2010

Issuers



Intermediaries



Investors



A Business Case to Improve
Corporate Actions Communications

Issuer to Investor: Corporate Actions

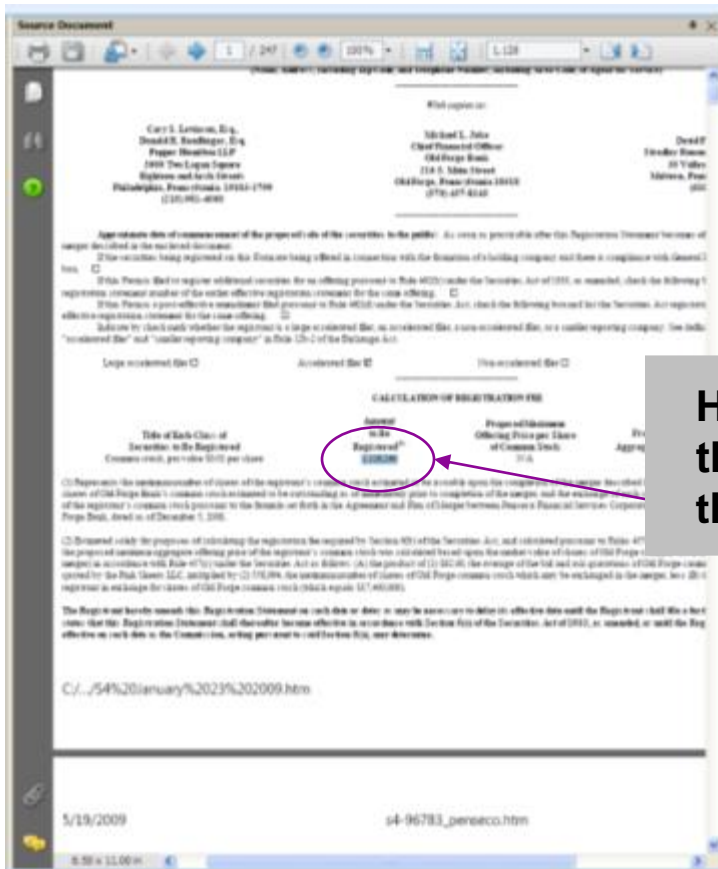


xbri.us

- Three recommendations:
 - All parties to adopt a **single global ISO standard** for corporate action processing
 - Issuers to **'tag'** data at the source
 - Tagged data to be **seamlessly disseminated** by intermediaries in near **real-time**

XBRL 'tagging'

300 page S-4 SEC Paper Filing



Tagged and Structured Data

Reporting Entities - Cash and Securities Merger	
Design Template - Cash and Securities Merger - Mandatory with Options	
Event Details	
Description	Value
General Details	
Unique Universal Event Identifier	550e9000-420b-41d4-a735-446554400000
Announcement Identifier	550e9000-420b-41d4-a735-446554400000
Announcement Type	New
Event Type	Merger
Sub-Event Type	
Electronic Availability	Mandatory with Options
Event Status	Pending SEC Approval
Event Confirmation Status	Unconfirmed
Details Completeness Status	Incomplete
Event Underlying Security Details	
Country of Issuance	USA
Issuer Full Legal Name	OLD FORGE BANK
Security Description	Old Forge Bank Shares
Event Agents	
Agent Name	
Agent Type	
Street Address	
City	
State/Province	
Agent Telephone Number	
Contact Information Firm	
Contact Information Name	
Event Details	
Event Cash Value Currency	USD
Number of Shares to be Issued	1,128,241
Offeror Name	PERSECO FINANCIAL SERVICES CORPORATION
Servicing Company	PERSECO
Conditions, Investor Rights and Restrictions	
Dispositive Rights	Yes
Dispositive Restrictions	No
Regulatory Conditions (other than HSR Act)	Neither Perseco nor Old Forge has requested a ruling from the Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax

Highlight the text then 'drag & tag' the data element

Brown Brothers Harriman Goes Live with DTCC Corporate Actions Messaging Solution over the SWIFT Network

Automation of corporate actions allows investors to make well-informed decisions on their portfolio holdings in a timely manner

Published on 13 Jun 2012

New York, June 13, 2012 — The Depository Trust & Clearing Corporation (DTCC) and SWIFT, the financial messaging provider for more than 10,000 financial institutions and corporations in 210 countries, today announced that Brown Brothers Harriman (BBH) has become the first financial institution to go live on the new corporate actions real-time messaging solution. The new solution, which DTCC launched late last year for corporate actions announcements, is part of a broader initiative by DTCC to reengineer its corporate actions platform and adopt the global ISO 20022 standard as part of the core service offering to its participants.

DTCC is offering its solution with a strategic feedback to help establish during the pilot, BBH implemented future phases. Reorganization and from using proprietary files to implement interpretational risk. It will also improve

"This is a significant milestone in reduce risk and streamline processes Harriman. "The level of granularity practice. This will give asset managers Pimental, Vice President, Brown B

BNY Mellon Goes Live with DTCC Corporate Actions Messaging Solution over the SWIFT Network

Solution improves timeliness and accuracy of corporate actions announcements through automation

Published on 16 Aug 2012

NEW YORK, August 16, 2012 — The Depository Trust & Clearing Corporation (DTCC) and SWIFT, the financial messaging provider for more than 10,000 financial institutions and corporations in 210 countries, today announced BNY Mellon is the latest financial institution to go live on DTCC's new corporate actions messaging solution over the SWIFT network. The solution, which the DTCC launched late last year for corporate actions announcements, is part of a broader initiative by DTCC to reengineer its corporate actions platform and adopt the global ISO 20022 standard as part of the core service offering to its participants.

BNY Mellon was an active member of the solution's pilot program, providing essential feedback that helped create global standards throughout both the testing and validation process. Based on the successful pilot, BNY Mellon is implementing mandatory corporate event announcements and will transition the remaining event types during future phases. The move from using proprietary files to implementing ISO 20022 real-time standard messaging eradicates the need for manual tasks, reducing risk and increasing accuracy of corporate action information.

"By going live with corporate actions and the ISO 20022 messaging standard, we are enhancing our client experience, reducing risk, and enabling greater straight through processing," said Calvin Holmquist, executive vice president and head of Global Securities Operations at BNY Mellon.

DTCC



SWIFT Business For

Asset Servicing players



Issuer



**Publication
/ Info Agent**



Regulator



**Data
Providers**



Registrar



**Transfer
Agent**



Courts



**Shareholders'
Meeting**



**Tabulator
/ Agent**



Exchange



CSD



**Tax
Authority**



**Proxy
Agent**



B/Ds



**Global
Custodians**



**Investment
& Funds Mgrs**



**Institutional
Investor**

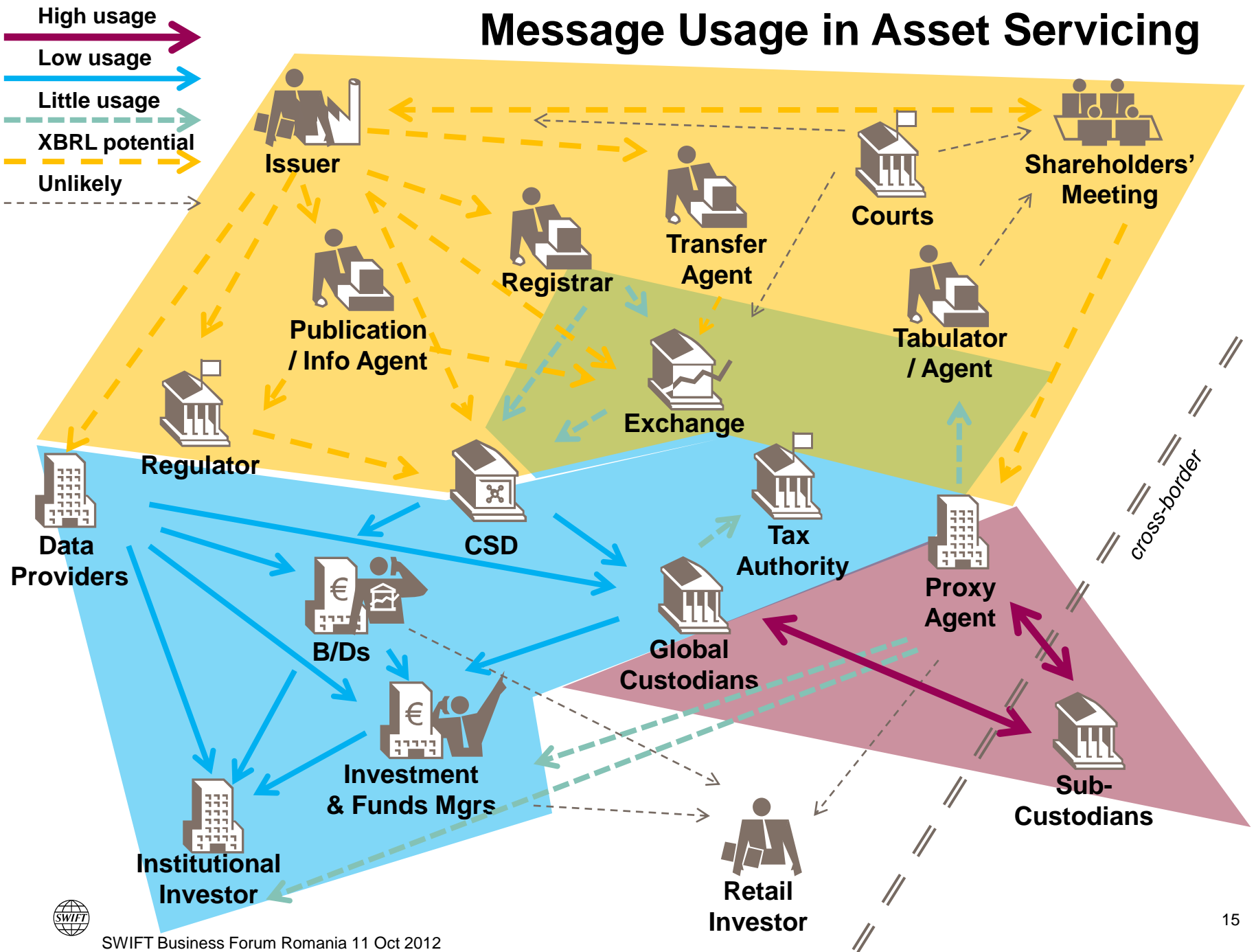


**Retail
Investor**



**Sub-
Custodians**

Message Usage in Asset Servicing

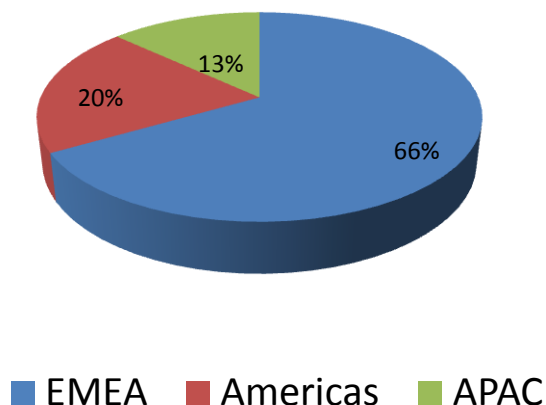


SWIFT Asset Servicing

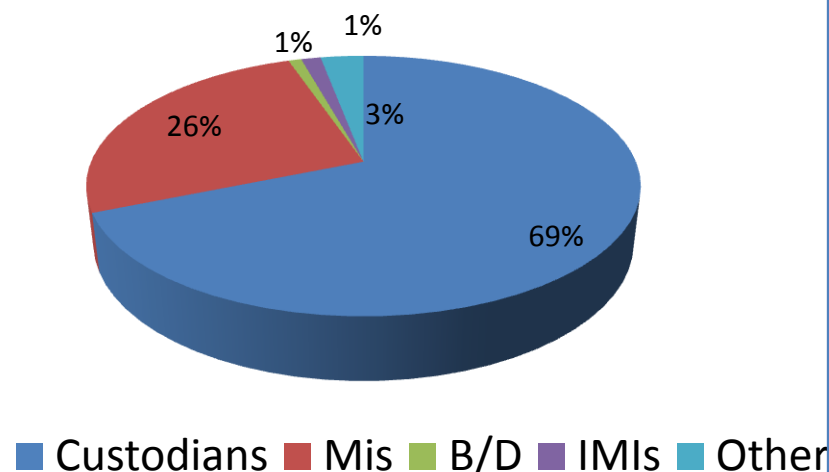
Where do we stand today?

- **105 Million CA messages in 2011 (Growth of 19% vs 2010)**
 - MT messages (87%) and MX messages for DTCC CA & Proxy Voting
- **Services** available include business consulting (new packages and a new report offered to any interested institution) and training
- **Products** include a testing tool for Market Practice compliance and Business Intelligence for Settlement & Reconciliation and Corporate Actions in 2013

Geographical split - Traffic sent



CA User by profile - traffic sent



Asset Servicing initiatives

Help Market Infrastructures migrate their flows from proprietary to ISO standards

**DTCC
Corporate
Actions MXs**

**ISO 15022
Implement-
ation support**

Provide enhanced services to support STP and market practice compliance

**Market
practice
compliance
assessment**

**CA
Business
Consulting**

**BI &
Peer Bench-
marking
(2013)**

**Proxy Voting
Transpa-
rency**

**UK
Investment
Managers for
CA group**

Attract additional traffic from large custodians onto the SWIFT network to reduce their TCO

**CA Data
Assurance
project
(Innotribe)**

**CA
Standardisa-
tion
Report
(ongoing)**

Improve data quality and data capture from the source



Grow traffic

STP & Traffic growth

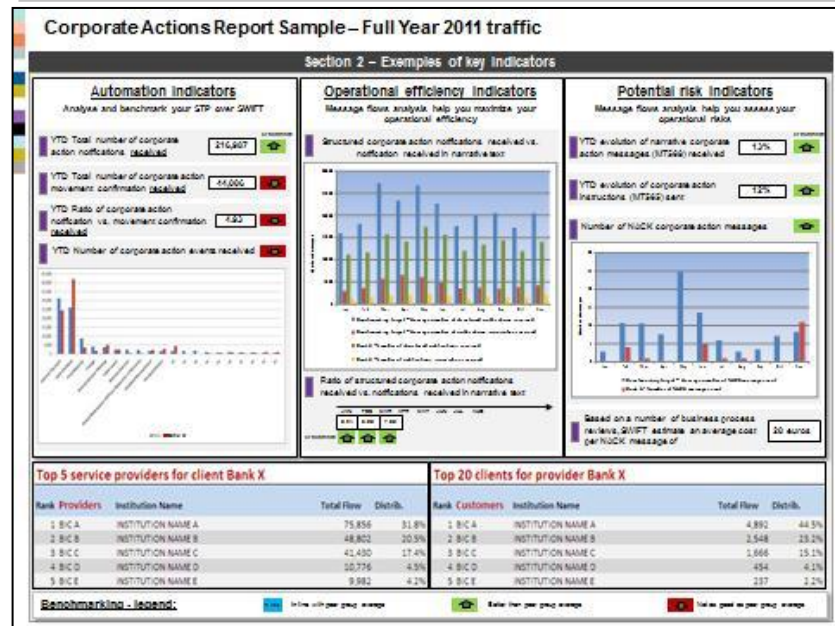
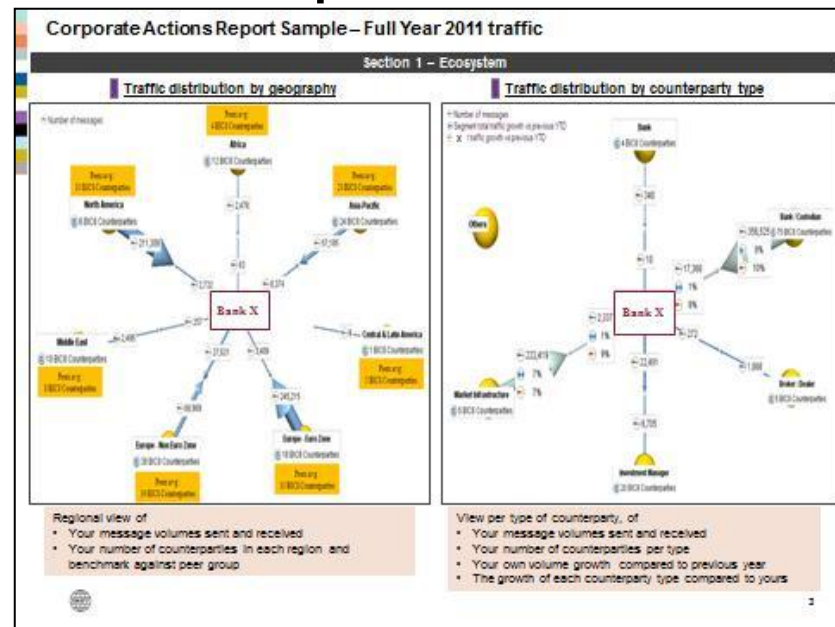
Reduce TCO

The Corporate Actions Operations report

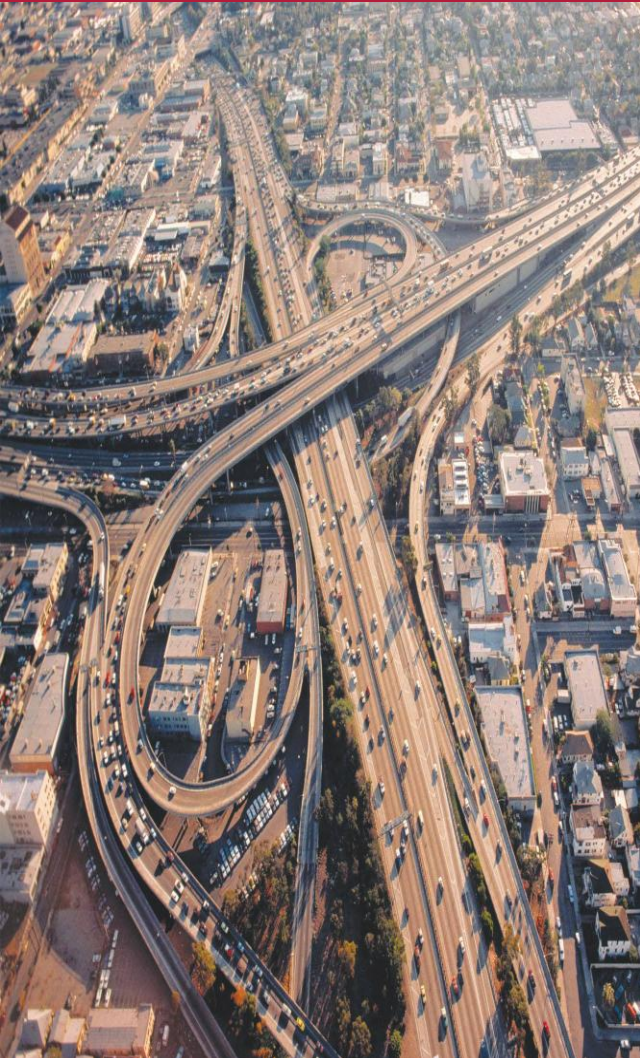
A free of charge report
putting your SWIFT traffic in perspective
with
high level operational indicators
and
benchmarking

A flavour of how SWIFT can support
you through business consulting and
training to improve operational
efficiency and reduce risks

Please contact your account manager
for a customized report



How can SWIFT help you with your automation projects for Corporate Actions



**Market
practice
conformance
tool**

Consulting

Training

**Partners &
Vendor
Management**

**Case
studies**

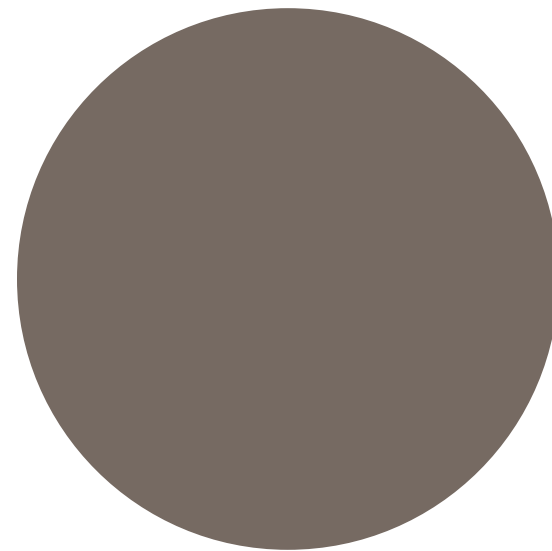
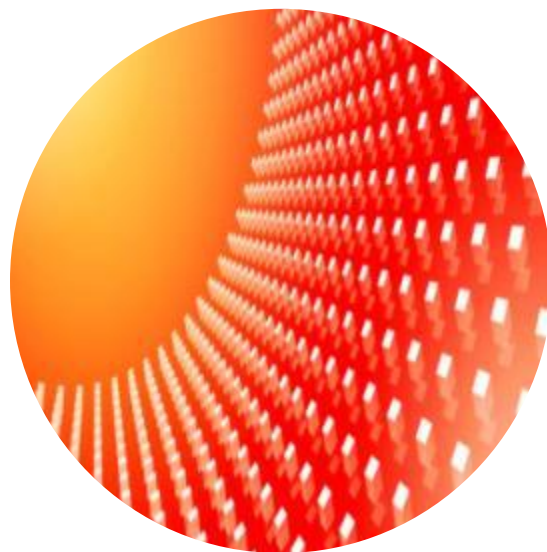
**ISO 15022
Solution**

**ISO 20022
solution**

**Bench-
marking**

And more ...

Questions & Answers



Thank you



John Falk

Securities Initiatives EMEA

SWIFT

Avenue Adele 1
B-1310 La Hulpe
Belgium

T +32 2 655 31 11
D +32 2 655 34 61
F +32 2 655 37 52
M +44 777 15 12 952
E john.falk@swift.com
W www.swift.com

