



Messaging Standards Corporate Actions



John Falk
SWIFT

Bucharest - November 2011





Need

Shared vision

Common understanding

Perceived benefit

Champion/s



Hurdles to jump over.....

Regulation pressure

Business risk mitigation

Operational risk mitigation

Business interoperability

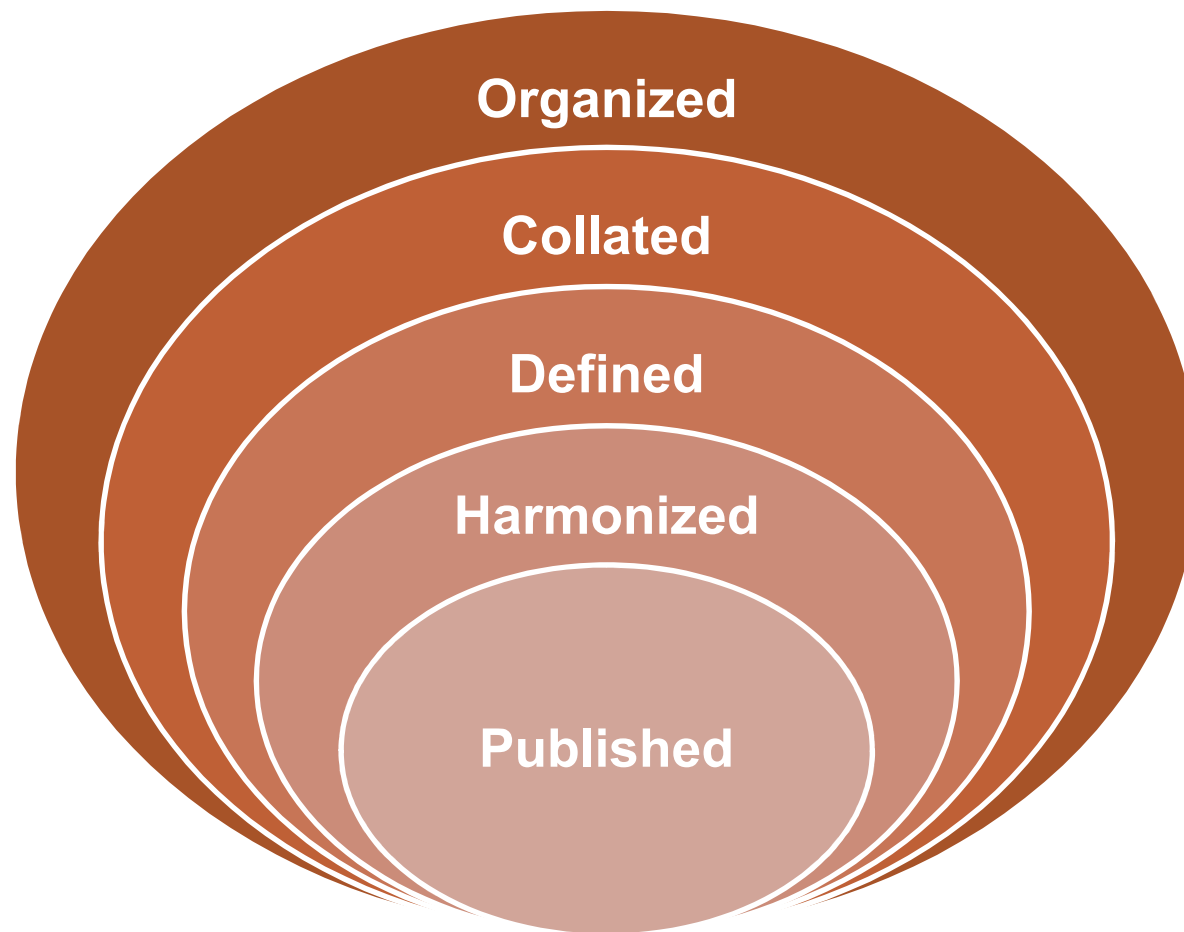
Cost efficiency

Innovation





Standards





Standards, Standards, Standards....!

FIX **XBRL** **ISO15022**
ISO20022 **FpML**

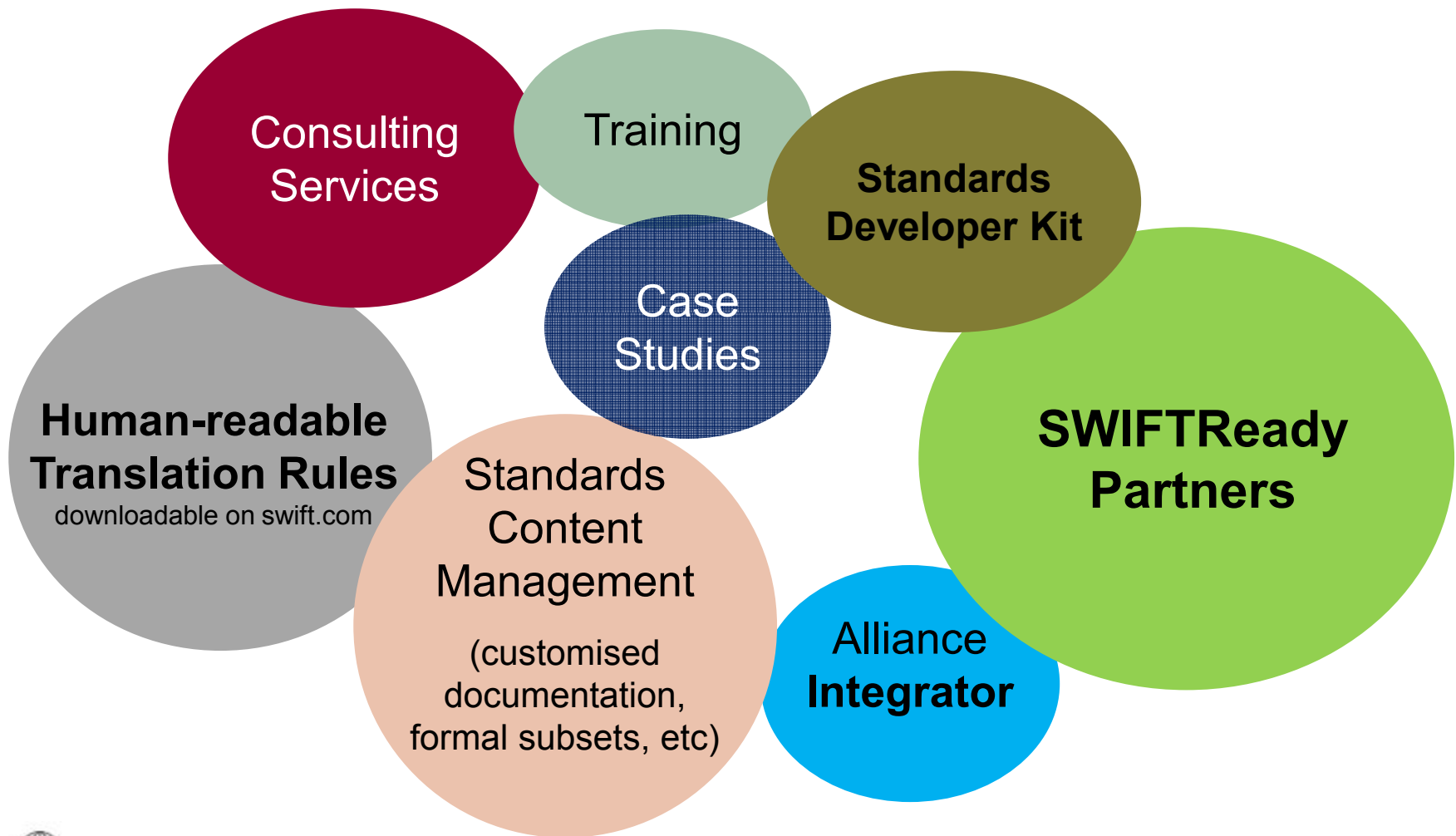


No forced big bang migration
across all business areas:
coexistence of multiple
standards/syntaxes

SWIFT is fully committed to
the harmonised financial
business model (ISO 20022)



How does SWIFT address coexistence challenges?



Standards Developer Kit

MT/MX Translation Testing Tool

*Test MT/MX
translation projects
and ensure
conformity with the
translation rules
published by SWIFT.*

Translation Testing Tool

File Options

Message List Message Instance

SWIFT Standards MT Message MT103 - Single Customer Credit Transfer	MT XML intermediate message MT103 - Single Customer Credit Transfer	SWIFT Standards MX Message pacs.008.001.02 - null
<pre>:20:ABCD123456789 :23B:CRED :32A:071016EUR10000000,50 :50K:Ilya Vanmusten Brugmannlaan 415 BE :59:I Vanmusten Brugmannlaan 415 BE/BRUSSELS :71A:SHA</pre>	<pre><?xml version="1.0" encoding="UTF-8"?> <FinMessage xmlns="urn:swift:xsd:mtmsg.2009"> <!--line=0--> <Block1> <ApplicationIdentifier>F</ApplicationIdentifier> <ServiceIdentifier>01</ServiceIdentifier> <LogicalTerminalAddress>SWHQBEBBXXX</LogicalTerminalAddress> <SessionNumber>0001</SessionNumber> <SequenceNumber>000001</SequenceNumber> </Block1> <!--line=0--> <Block2> <InputIdentifier>I</InputIdentifier> <MessageType>103</MessageType> <DestinationAddress>CHASUS33XXX</DestinationAddress> <MessagePriority>N</MessagePriority> </Block2> <!--line=0--> <Block4> <Document xmlns="urn:swift:xsd:fin.103.2009"> <MT103> <F20a> <F23a_1></pre>	<pre><?xml version="1.0" encoding="UTF-8"?> <mxmsg:Message xmlns:mxmsg="urn:iso:std:iso:20022" <ah:AppHdr xmlns:ah="urn:swift:xsd:ahv10"> <ah:MsgRef>ABCD123456789</ah:MsgRef> <ah:CrDate>9999-12-31T00:00:00</ah:CrDate> </ah:AppHdr> <mx:Document xmlns:mx="urn:iso:std:iso:20022:tag:mx:2007" <mx:FIToFICstmrCdtTrf> <mx:GrpHdr> <mx:MsgId>ABCD123456789</mx:MsgId> <mx:CreDtTm>9999-12-31T00:00:00</mx:CreDtTm> <mx:NbOfTxs>1</mx:NbOfTxs> <mx:SttlmInf> <mx:SttlmMtd>INDA</mx:SttlmMtd> </mx:SttlmInf> <mx:InstgAgt> <mx:FinInstnId> <mx:BIC>SWHQBEBBXXX</mx:BIC> </mx:FinInstnId> </mx:InstgAgt> <mx:InstdAgt></pre>

MT 103

MT/XML 103

MX pacs.008.001.02

Translate >> << Translate Validate Translate >> << Translate Validate



ISO 20022

FOR

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The common
standards platform
for the financial
industry



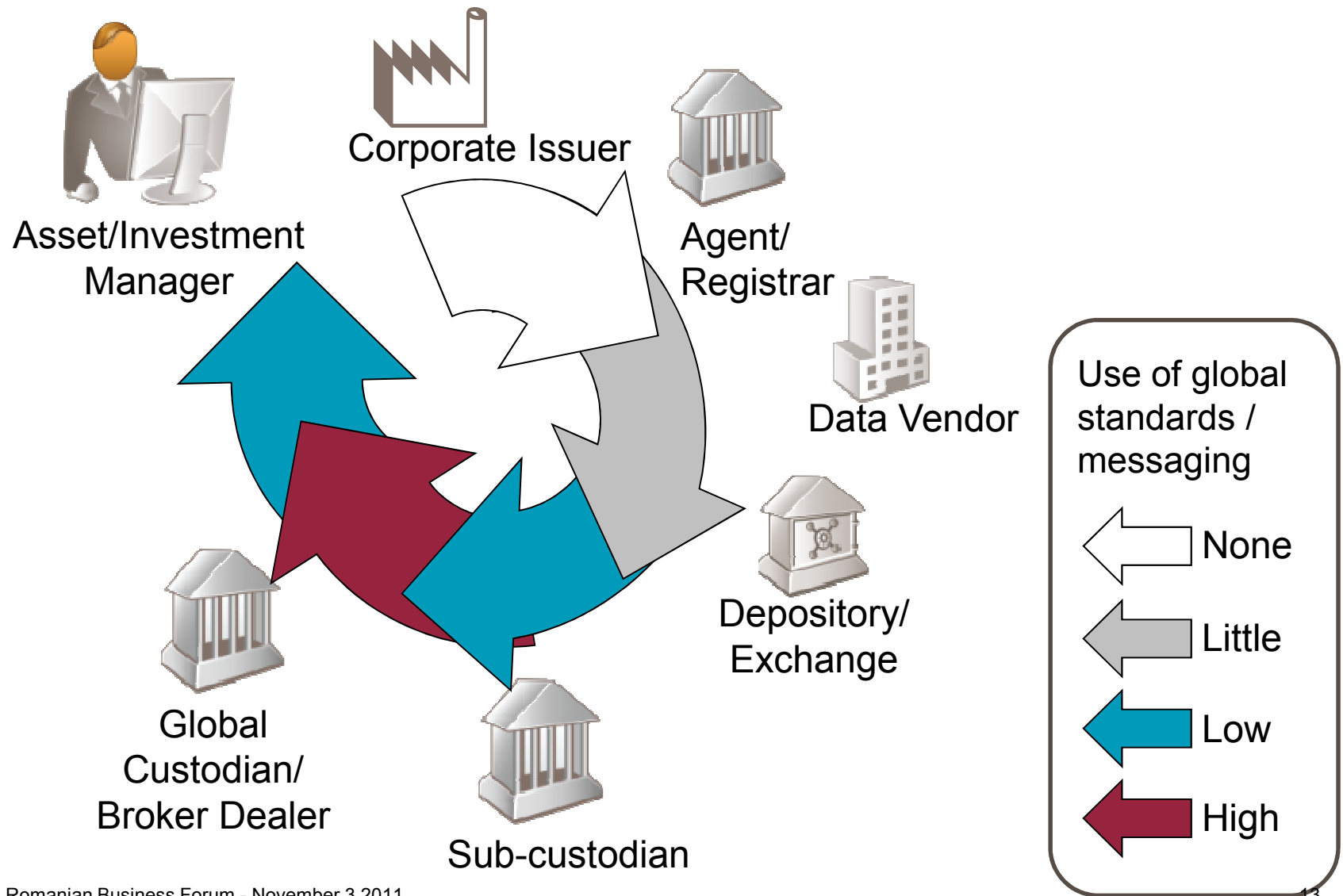
To request a copy
go to

www.iso20022.org

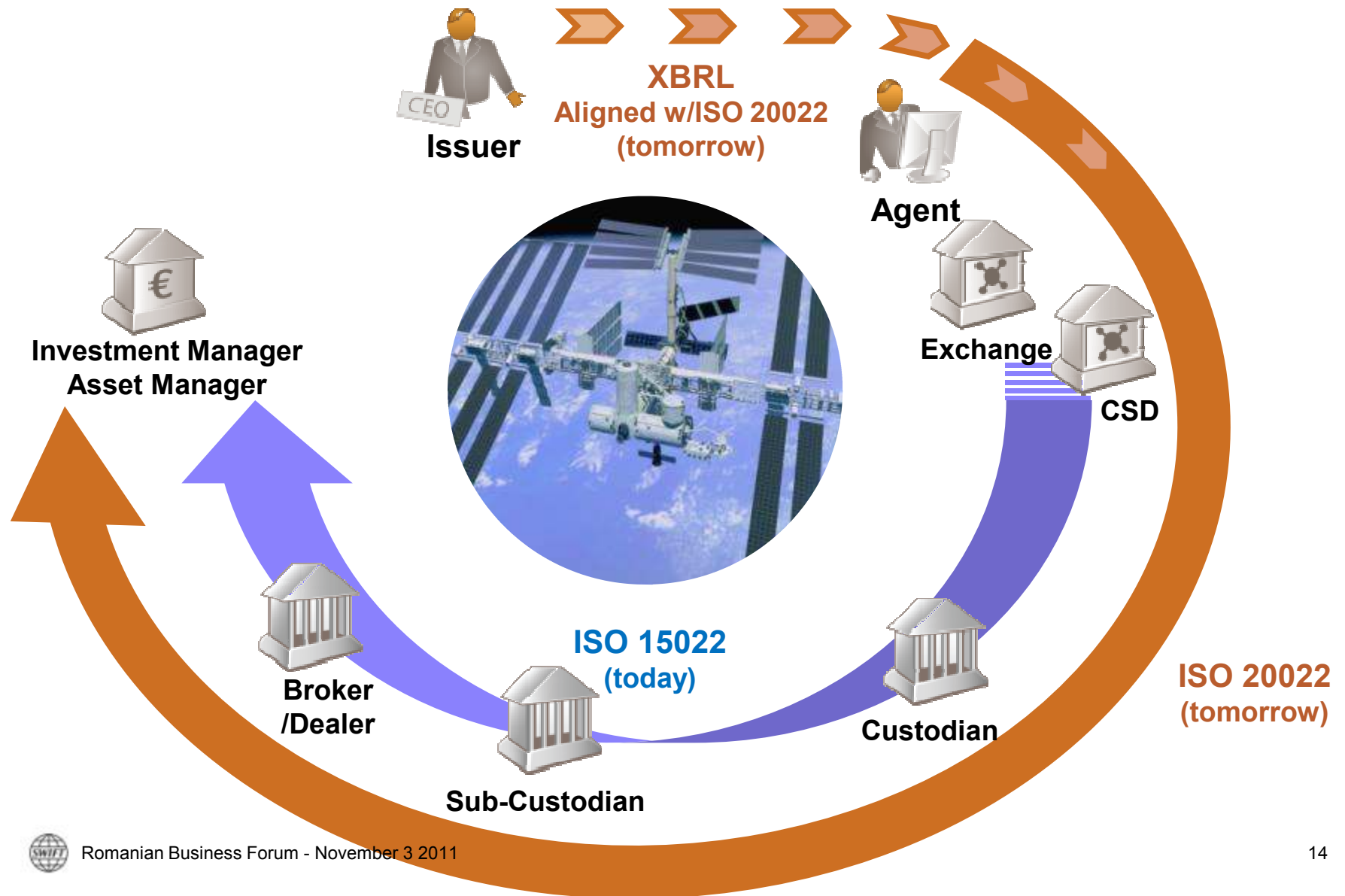
Corporate Actions



Corporate actions information flow



Issuer to Investor: Corporate Actions (I2I:CA)



Reconnecting issuers to investors

Business case published May 2010

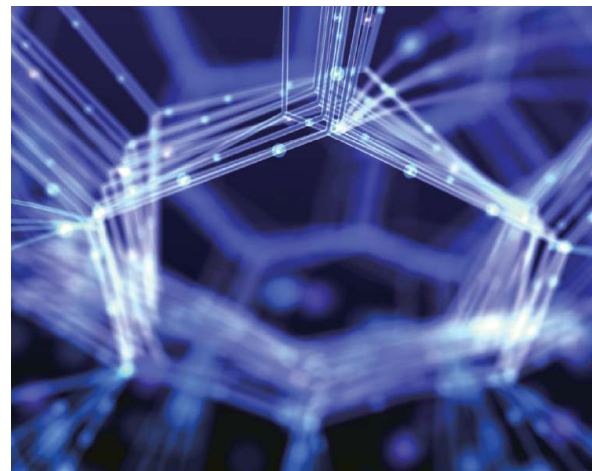
Issuers



Intermediaries



Investors



A Business Case to Improve
Corporate Actions Communications



Romanian Business Forum - November 3 2011

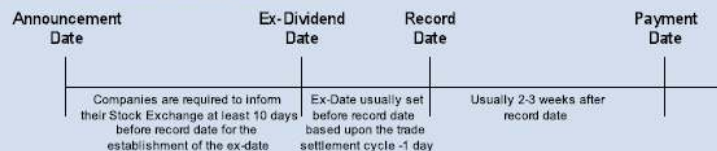
Issuer to Investor: Corporate Actions



xbrl.us

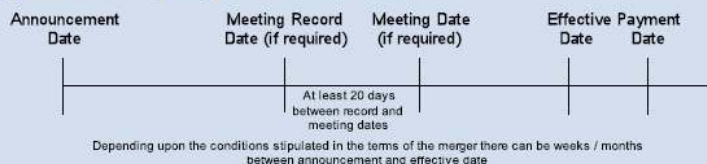
1. **Distributions:** The issuer makes a payment that is mostly in the form of additional shares (e.g., stock dividend or stock split) or cash (e.g., cash dividend or interest payment) (figure 1). Distributions usually have a timeline fixed near time of announcement.

Figure 1: Distribution with regular timeline



2. **Reorganizations:** The issuer undergoes a major restructuring (e.g., merger or consolidation), which can take months between announcement and effective dates (figure 2).

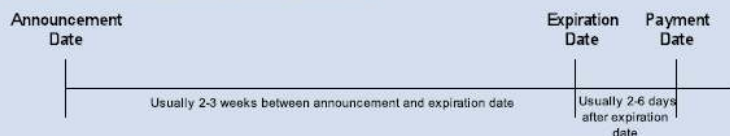
Figure 2: Mandatory Merger with extended timeline



In other reorganization events, the issuer or an offeror will offer to buy back securities from the investor rather than purchase on the open market (e.g., tender). These events are generally active for a shorter period of time and require participation instructions from the investor (figure 3). Short timelines for voluntary events are especially challenging as the information must be communicated to investors as quickly and accurately as possible. The timeline is usually fixed near time of announcement but can be extended if the issuer/offeror does not receive the required amount of shares tendered.

3. **Redemptions:** The bond holder receives a repayment of cash upon maturity date of the bond or earlier if the bonds are called by the issuer.

Figure 3: Tender usually has a short timeframe



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



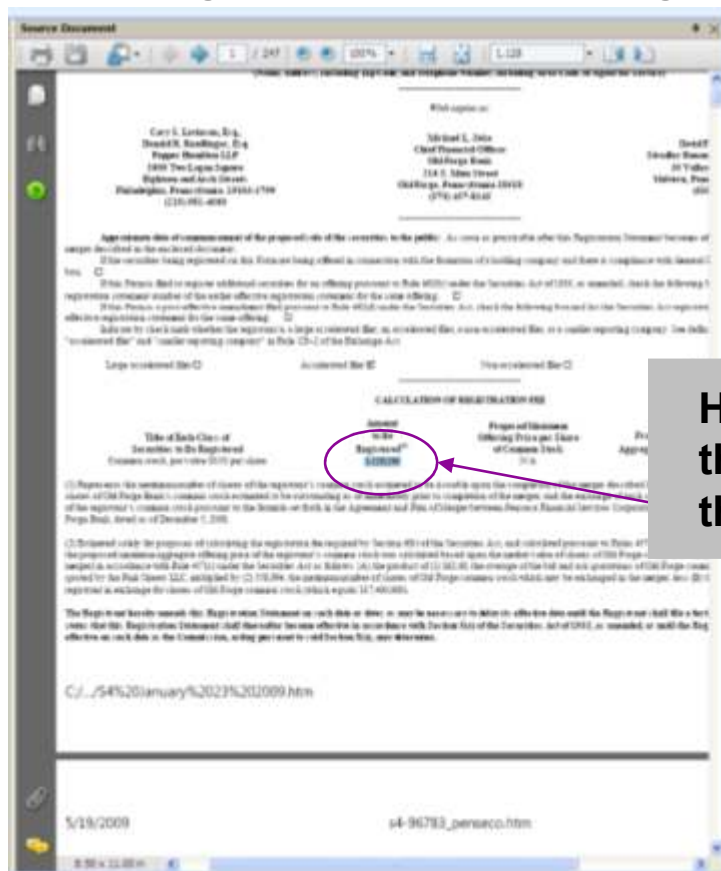
xbri.us

- 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'

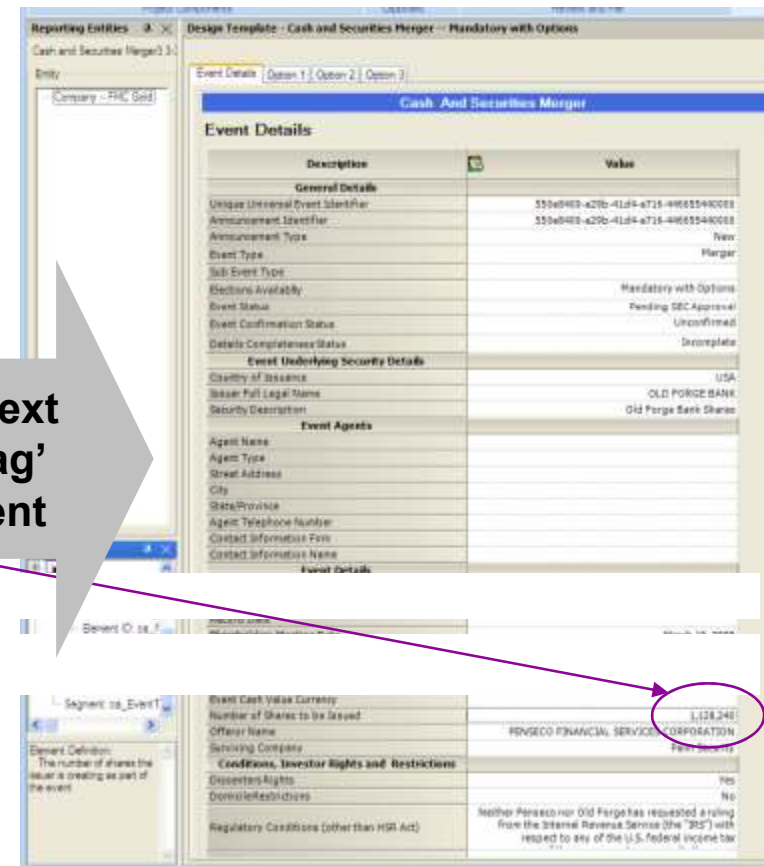
300 page S-4 SEC Paper Filing



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

Tagged and Structured Data



STP improvement

Table 3: Estimated STP rate improvement for US announcements

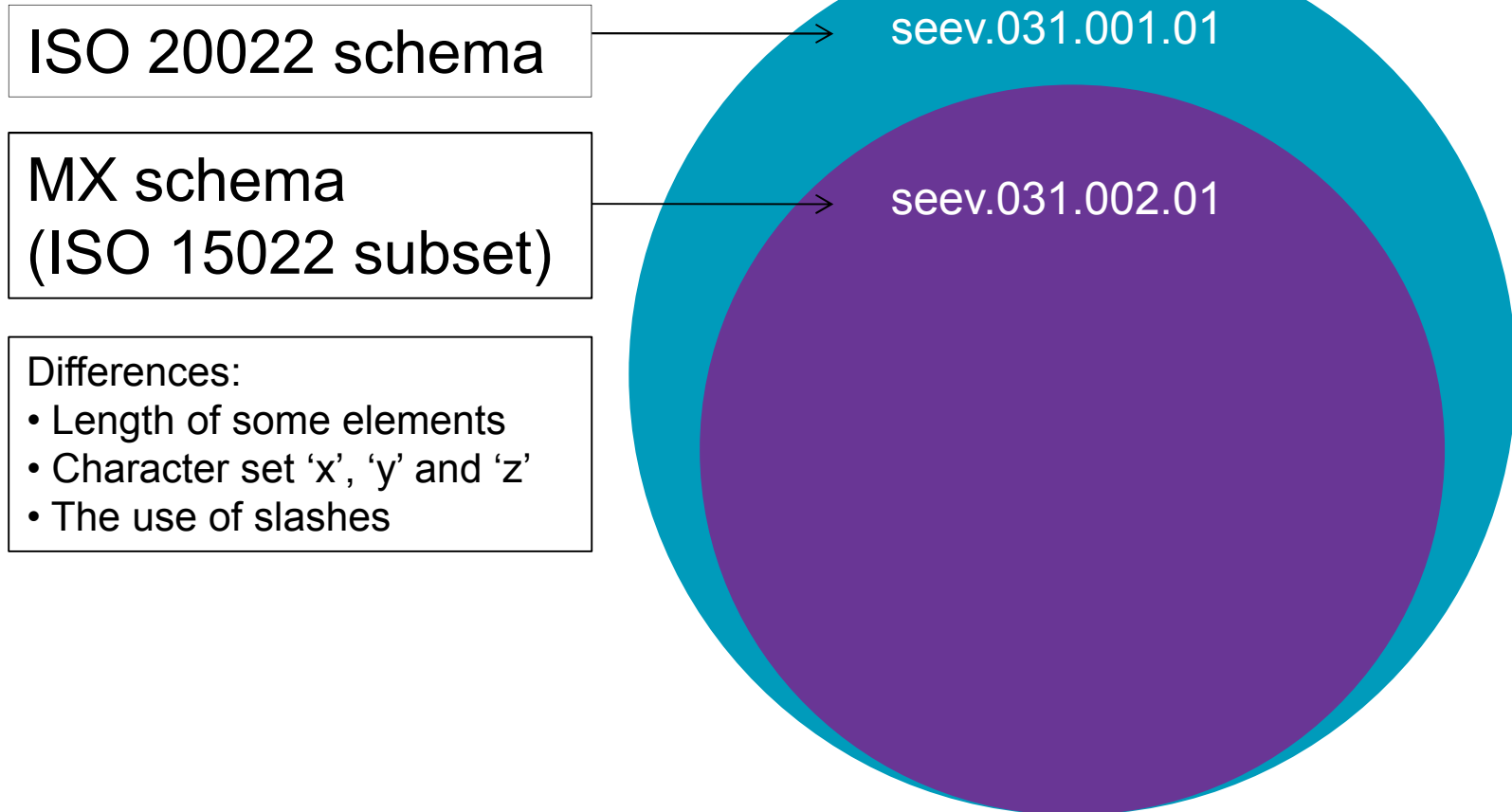
	Intermediary		Investment Manager	
	Mandatory US Events	Voluntary US Events	Mandatory US Events	Voluntary US Events
Current STP Rate	50%	1%	51%	16%
Future STP Rate	82%	60%	82%	31%
Volume per year	227,000	16,000	12,000	900

Source: DTCC/SWIFT corporate action survey

ISO 20022 Corporate Actions Messages

ISO 20022 Message – Corporate Actions	Equivalent ISO 15022 Message
Notification	MT564
Instruction	MT565
Movement Confirmation	MT566
Movement Reversal Advice	MT566
Cancellation Advice	MT564
Instruction Cancellation Request	MT565
Event Processing Status Advice	MT567
Instruction Status Advice	MT567
Instruction Cancellation Request Status Advice	MT567
Movement Preliminary Advice	MT564
Narrative	MT568
Instruction Statement Report	
Movement Preliminary Advice Cancellation Advice	MT564

CorporateActionNotification subset (seev.031)



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**

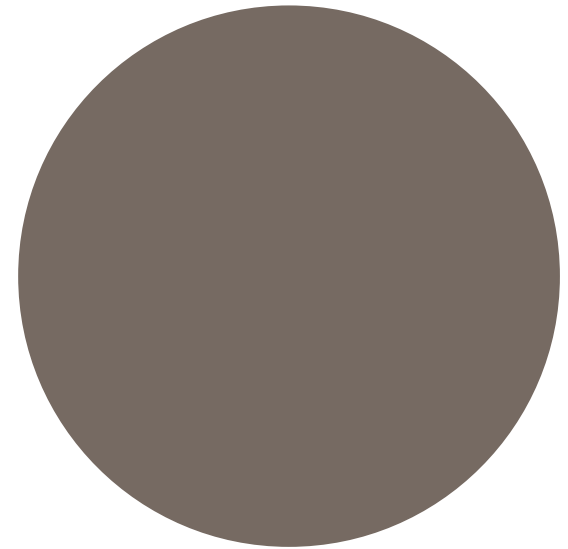
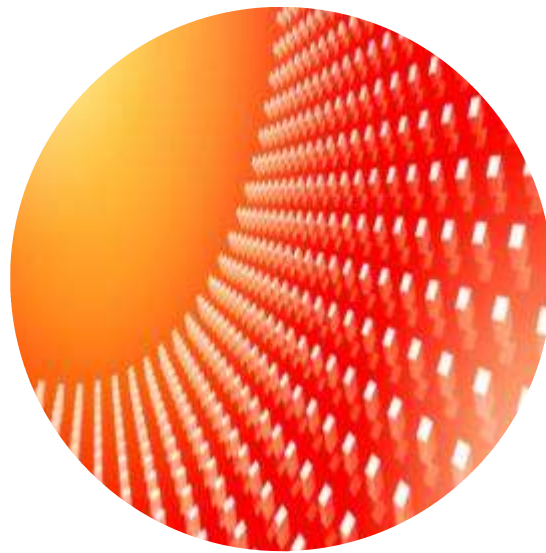
**ISO 20022
solution**

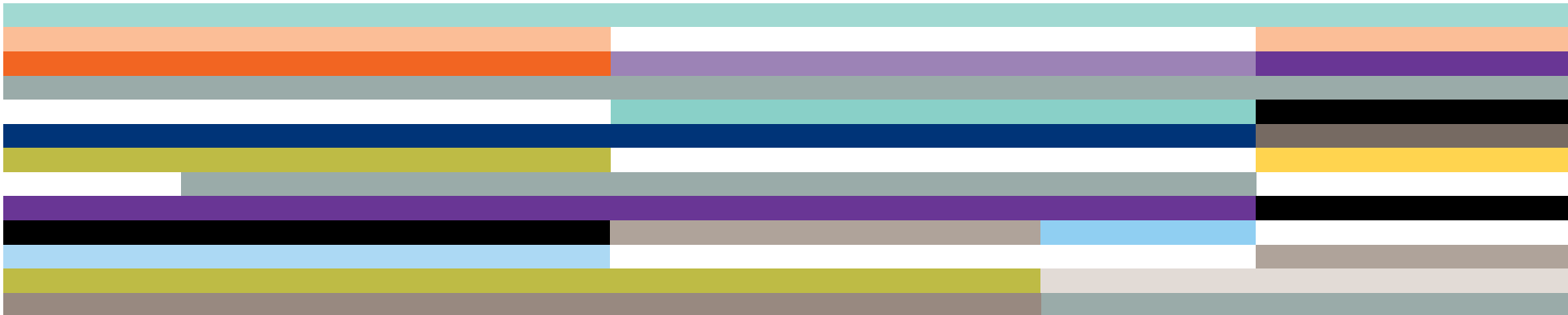
**Bench-
marking**

And more ...



Questions & Answers





Thank you



John Falk

*Director Securities Market Infrastructures
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

