



SWIFT Partners

SWIFTReady Corporate Actions

Label criteria 2009

Version 2.0

January 2009

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Preface

Purpose of this document

This document explains the criteria needed to obtain the SWIFTReady Corporate Actions 2009 label for your business application. The intended audience are Application Product Managers and Developers as well as SWIFT customers seeking to understand the SWIFTReady programme or being involved in the selection of 3rd party applications.

Please refer to the following set of documents for further information on the SWIFTReady label programme.

Related documents

- [SWIFTReady applications guide](#)

Explains the 'Why and How' on joining the SWIFT Partner Management framework and its related SWIFTReady Accreditation programmes.

- [SWIFTReady criteria portfolio](#)

Explains the 'What' in a generic yet detailed manner on the criteria of your SWIFTReady Application.

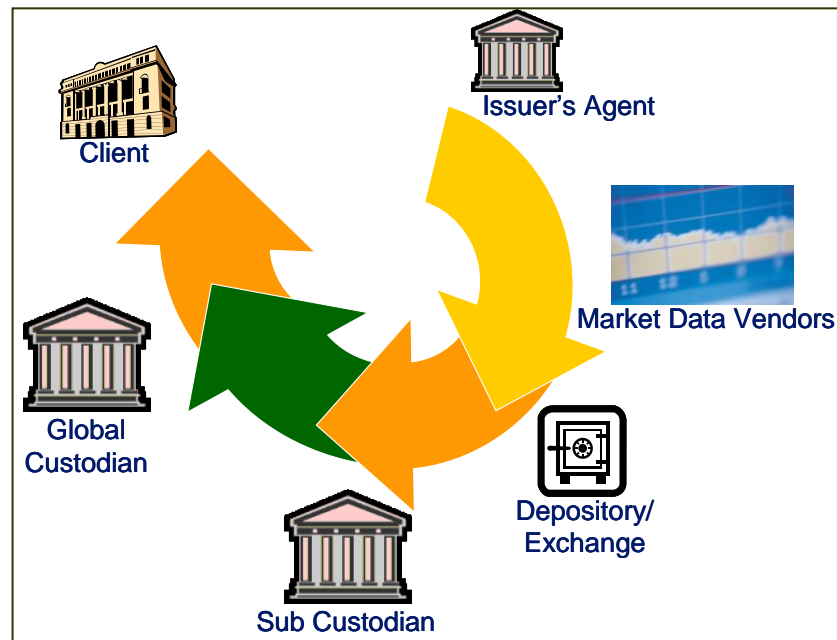
- [SWIFTReady technical validation guide for Corporate Actions](#)

Explains the 'How' in a detailed manner on how your application will be validated to become SWIFTReady Corporate Actions

1 The Corporate Actions solution - high level introduction

In the world of corporate actions, the transaction flows are initiated by market information gathered and distributed by local agents and data vendors.

There is a constant flow of external information and local market intelligence into the corporate action event chain, via the sub/global custodians and the market data providers. The result is that all parties receive, verify and add value to data from a previous link in the chain.



The corporate action messages are typically used to:

- Convey information from the Account Servicer to the Account Owner, regarding details of forthcoming corporate actions
- Enable the Account Owner to provide the Account Servicer with the necessary details and instructions to carry out transactions relating to the corporate event
- Confirm to the Account Owner that the Account Servicer has carried out the required transactions, with the appropriate adjustments (credits/debits) to the account
- Enable the account Servicer and the Account Owner to exchange narrative details, whether outlining the more complex event which may not be mapped into an MT564, or information regarding Annual General Meetings
- Enable the Account Servicer to provide the status of an ongoing corporate action, or the status of instructions sent by the Account Owner.

Refer to section 3.8. Business Workflows for more details.

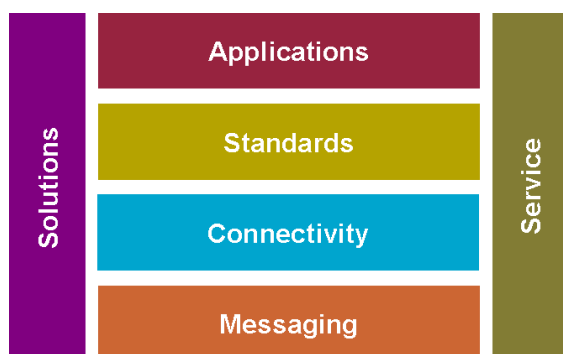
2 The SWIFTRReady Corporate Actions label

The SWIFTRReady Corporate Actions label aims at business applications that support message creation/understanding as well as corporate actions events processing (understanding notifications, calculation of entitlements, communication of decisions and impacts etc..).

Third-party software products, such as middleware product, whose primary objective is to reformat business data into SWIFT compliant messages to be released over SWIFT, should aim at the SWIFTRReady Financial EAI label.

This label is granted to business applications that adhere to a specific set of criteria linked to the support of SWIFT FIN messages, SWIFT connectivity and SWIFT functionality.

3 SWIFTRReady Corporate Actions criteria 2009



3.1 New criteria for 2009

As of 2009, we extend mandatory compliance of market practices support (refer to section 3.7. Market practices):

- from 6 to 10 different countries, unless otherwise justified by the application provider
- from 10 to 20 corporate actions events

An alternative connectivity option to Alliance Access is offered through the MQHA (the new WebSphere MQ Adapter for Alliance Access).

3.2 Installed Customer Base

The application must be used by a minimum of 3 live customers.

By 'customer' we mean separate financial institutions using the product to generate/receive FIN messages transported by SWIFTNet. Three live sites from the same customer are not enough to qualify for a label.

SWIFT reserves the right to contact the relevant customer to validate the functionality of the application submitted for SWIFTRReady certification. A questionnaire will be sent as the basis for the customer validation which can be in the form of a telephone interview, an e-mail or a discussion at the customer site. The information provided by the customer will be treated as confidential and will not be disclosed, unless explicitly expressed by the customer.

3.3 Messaging

The application should support the FIN protocol and its associated features (e.g. message validation).

3.4 Connectivity

The application should be able to connect directly or indirectly to Alliance Access.

An application which does not support a link to Alliance Access, even though it may support a link to a third-party SWIFT interface, will not be considered for a SWIFTRReady label.

3.4.1 Option 1: Direct connectivity

The direct business application to Alliance Access connection can be achieved using one of the Alliance Access adapters: MQSA (MQ Series SWIFTAlliance Access Adapter), the MQHA (the new WebSphere MQ Adapter for Alliance Access - available as of release 6.2) or AFT (Automated File Transfer).

The SWIFTRReady Corporate Action label requires support for both Automated File Transfer (AFT) and interactive link with MQSA or MQHA.

We encourage all SWIFTRReady vendors to plan for MQHA support in the coming years, or even offer it as of 2009 although not required to get the 2009 SWIFTRReady Corporate Actions label.

3.4.2 Option 2: Indirect connectivity

Alternatively, you can prove your application's compliance with the connectivity criteria by providing SWIFT with evidence of an indirect connectivity solution consisting of your business application and a middleware (EAI) solution. This is preferably one of the SWIFTRReady Financial EAI applications. The complete and up-to-date list of SWIFTRReady Financial EAI applications can be found on www.swift.com.

Indirect connectivity can be accepted only for business applications applying for a SWIFTRReady label. Furthermore, its combination with an EAI application needs to be proven through ITB testing or a customer implementation.

In the latter case, Partner Management reserves the right to contact the relevant financial institution for further information.

3.5 Standards

Only ISO15022 compliant message standards are taken into consideration for a SWIFTRReady Corporate Actions label. The application must be able to support all fields and all code words, mandatory and optional.

3.5.1 SWIFT MT incoming and outgoing:

The message types to be supported, for both incoming and outgoing flows (as appropriate for the target customer type) are the following:

Transaction Flow	Message Type
MT564 Notification (receive)	Provide the Account Owner with information concerning forthcoming corporate action event
MT565 Instruction (send)	Provide the Account Servicer with instructions on how the Account Owner wishes to proceed with a corporate action event
MT566 Confirmation (receive)	Confirm to the Account Owner that securities/cash have been credited/debited to an account as a result of a corporate action event
MT568 Narrative (receive)	Communicate information pertaining to shareholders or provide complex instructions relating to a corporate action event
MT567 Status advice (receive)	Communicate to the Account Owner the status of an ongoing corporate action event or the status of an instruction sent by the Account Owner

3.6 Message Validation (Syntax and Semantic)

FIN Central Services validate every FIN message against syntax and semantic rules. Messages that do not pass validation are rejected by the central system, incurring substantial cost for SWIFT users. To avoid this, applications should provide the same level of validation of the generated messages as the FIN central Service do.

3.6.1 Standards Release

All changes to existing and introduction of new message types must be supported by the application before live release date on the SWIFT Network. If new messages are introduced or a significant modification has been done on existing messages we expect the application provider to provide adequate testing time to its customers before these messages go live.

3.6.2 Network Validation Rules (Message Format Validation Rules (MFVR))

The Network Validation Rules are defined in the Message Format Validation Rules (MFVR) in SWIFT User Handbook. MFVR is updated on a regular basis, following the SWIFT Standards Release cycle.

3.6.3 MT Usage Rules

Usage Rules are not validated on the network, and do not generate error code. Usage rules are nevertheless mandatory for the correct usage of the MT field, as mentioned in the SWIFT User Handbook

3.6.4 STP Guidelines

STP Guidelines are not validated on the network and are not mandatory for the correct usage of message. An application generating messages is required to comply, wherever possible, with the

guiding principles for STP in a SWIFT environment. These include very generic principles, such as avoiding the use of full name and address for a financial institution.

3.7 Market practices

The industry has created Market Practice Groups with the objective work on globally harmonised market practices, which together with the ISO 15022 standards, will enhance STP at an industry level.

Technically speaking, Market Practices can be seen as an instance of a FIN message where some combination of optional fields, codes, or qualifiers become mandatory for a specific event type or unique for a national market.

The Securities Market Practice Group (SMPG), the international forum for all national Market Practice Groups in Securities, has published a set of principles related to Corporate Actions processing, regrouped in a series of documents including:

- **SMPG CA Global Document:** this document regroupes globally agreed market practices.
- **Event Interpretation Grid (EIG):** this document clarifies the usage of options per event, per event type (mandatory, mandatory with option, voluntary), with exceptions or clarifications on option use in markets covered as well as the preferred global practice. The EIG is applicable to the MT564.
- **D versus E Guidelines (DvE):** this document, now merged in the same spreadsheet as the EIG, summarizes the preferred "Data Element Placement for Date/Time, Period, Rate and Price Fields" that are available in a number of sequences. The DvE is applicable to MT 564 and to MT 566.

To be awarded the label in 2009, we expect the application to offer compliance with global practices for event types available within the partner's products offering. The application should be capable to support variations for a particular market as well.

This translates into the following requirements in term of market practices support against SR2008 (note that no changes will be brought to SWIFT MT Category 5 messages in 2009):

1° compliance to the SMPG CA Global document, including

2° compliance to the Global Grid of EIG for a minimum of twenty events including at least the following events: REDM, INTR, DVCA, DVSE, DVOP, RHDI, EXRI, TEND, EXOF, BONU and DRIP, PRII, CHAN, MRGR, RHTS, SPLF, EXWA, BIDS, CONV, BPUT (the last ten events have been added for 2009 label)

3° compliance to the market specific practice of the EIG for a minimum of twenty events for ten markets (it is recommended to include GB & US) of your choice per event. Exceptions will be considered on a case-by-case basis; with six markets as a minimum. SWIFT will publish the list of countries tested.

4° compliance to the DvE guidelines of the SMPG

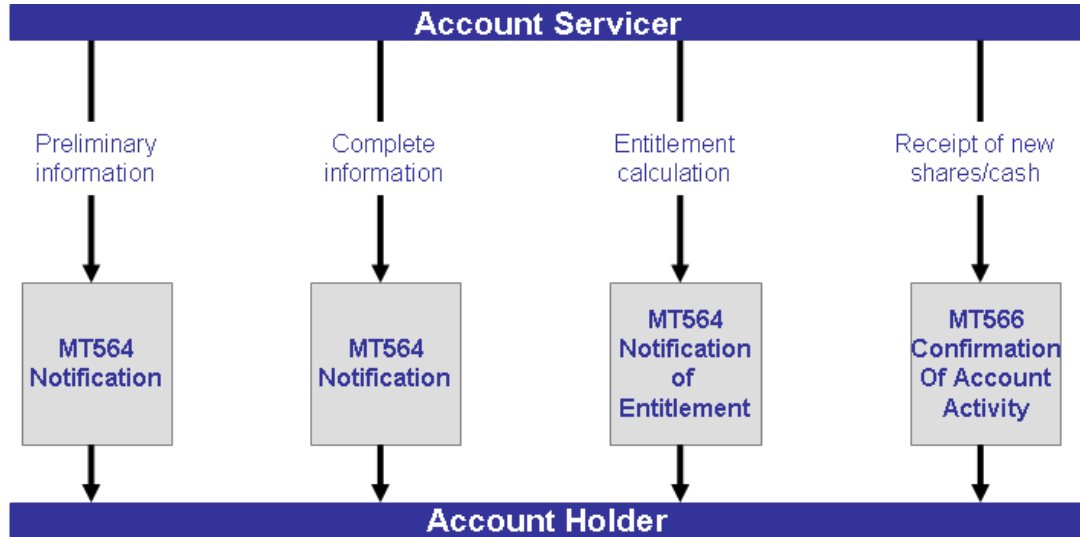
More details about technical validation process can be found in the document SWIFTRReady technical validation guide for Corporate Actions.

3.8 Business workflows - Corporate Actions processing automation

The application should be able to automate the processing of Corporate Actions events using the correct messages. The scenarios shown provide an overview of the process for announcing and processing a mandatory and voluntary corporate action event, however the applications must be able to support all Corporate Action Event Types (CAEV), as per ISO15022 and the SWIFT User Handbook.

3.8.1 Mandatory Corporate action event

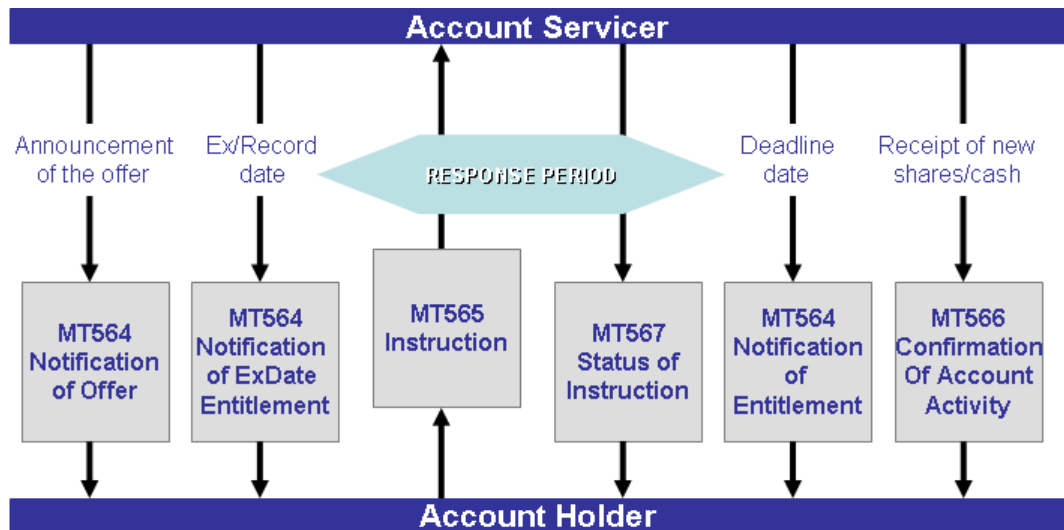
The mandatory corporate action event takes place between an account servicer and an account owner. The following example relates to a Cash Dividend:



Message flow example for a mandatory event type such as a Cash Dividend

3.8.2 Voluntary Corporate action event

The voluntary corporate action event takes place between an Account Servicer and an Account Owner. The following example related to a Warrant exercise:



Message flow example for any event with options such as a Warrant Exercise

3.9 Technical message reconciliation

SWIFT validates messages at different levels and provides notification relating to the validation and transmission results of the sent messages. The application should capture these notifications and ensure technical reconciliation, error handling, repair and retransmission.

Please refer to the 'SWIFTReady criteria portfolio' guide for further details.

3.10 Information Services Integration

SWIFT publishes a number of directories that are indispensable for improving the straight-through processing of payments or updating your customer database. The application must support the following directories:

3.10.1 BIC Directory

The BIC Directory is a file containing the exhaustive list of institutions connected on the SWIFT network, and integration of its data must be supported.

Monthly update of the BIC Directory

SWIFT provides monthly updates of the BIC Directory to all subscribers (swift.com download). It is the responsibility of the subscriber at all times to make sure he uses the latest update of the BIC. As such, we expect the application to provide the user with a comprehensive tool to allow this monthly update in an efficient manner without disrupting the customer operations.

If the BIC Directory database is not located within the application, the vendor must provide an interactive query and retrieve functionality to the database where the BIC Directory is located.

BIC search/retrieval capability

The BIC codes contained in the BIC Directory can be used in various fields of the SWIFT messages. The absence of BIC Codes in these fields is one of the major obstacles to STP and causes manual intervention on the recipient's side. SWIFT expects vendors to provide an integrated interface within their application to allow users to retrieve and input BIC's into the proper fields, correctly formatted. The user should be able to enter a number of search criteria, such as Bank Name or Location, perform a search and be presented with a list of results. From this window he should be able to select the correspondent BIC and to copy it into the message (i.e. transaction). If the search criterion returns no results, the user must be alerted that no BIC is available. If the user manually enters a non-existing BIC, the application must send an alert notifying the user that this BIC is not valid

3.11 Marketing and Sales

Collaboration in terms of administrative and marketing information is requested. In particular the Partner should provide SWIFT under non-disclosure agreement with customer related information.

- A list of all customers active in the finance sector. The list should provide institution names, locations, and an overview of the integration scope (domain, features, and sites) for the present and previous year.
- A product roadmap for 2009 and 2010 containing the plans for further developments, solutions support and new releases.
- A complete set of documentation, including features overview, where appropriate SWIFT adapters, workflow engine capability and user manuals.
- A dedicated web page on Partner web site for the SWIFTRReady label.

4 Related Documentation

- SWIFT User Handbooks for FIN MT Standards – on-line accessible through www.swift.com
- www.smpg.org to get the latest information about market practices

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