

## Corporate Actions

*Enabling and improving event communications between public companies and their stakeholders*



Reduce cost and mitigate risk with improved straight-through processing

### Benefits

- ISO as a global standard for corporate actions
- Efficient and timely processing capabilities
- Comprehensive coverage for event types
- Testing for global market practice compliance

The combination of ISO securities messaging standards and SWIFT connectivity offers an opportunity to standardise corporate actions communication flows between information sources, market infrastructures, local agents, global custodians and investment managers.

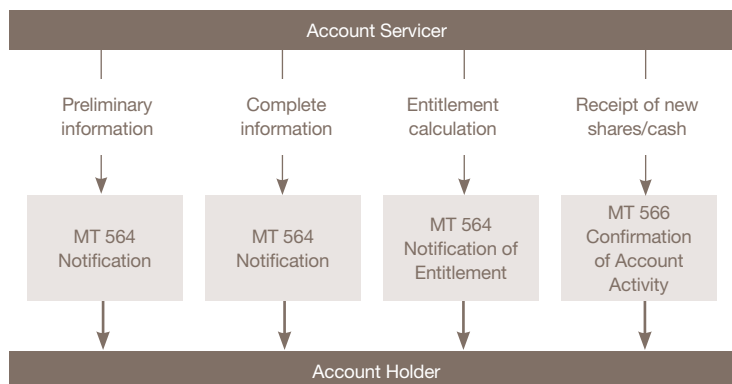
It's time to capitalise on your investment in ISO 15022 standards for securities settlement and reconciliation, trading or funds activities, to streamline other high-risk and manually intensive areas of your operations – of which corporate actions is one.

Alternatively, you can invest right now in ISO 20022 standards for Corporate Actions, if you are a direct participant of one of the first market infrastructures adopting it.

### Industry challenges

- Corporate events are increasingly frequent and complex. Corporate action processing has traditionally been highly manual and volume sensitive, with resourcing requirements greatly impacted by seasonal peaks and troughs. Manual processing is expensive and introduces the risk of misinterpreting the announcement. Operationally, this translates into a growing exposure to claims and reputational risk.
- As global investment continues to increase, service providers are relying on more sources of information to ensure early notification of corporate events. Each information source has its own proprietary data formats, codes and means of communication, for example fax, email, telex, VPNs *et cetera*. Obtaining accurate information quickly and efficiently is a considerable challenge.
- The withholding tax reclaim process is complex, expensive and predominantly manual for most market participants. The inefficient or ineffective reclamation of over-withheld tax on income from cross-border securities can result in significant monies being left on the table, and missed opportunities to maximise the value of portfolios. Efficient processing can add value to your clients' portfolios and be seen as a critical competitive benchmark service for custodial performance.

SWIFT can help you address these industry challenges.



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

## The benefits of using SWIFT

### Minimise risk, reduce costs

ISO standards, developed by market practitioners, eliminate ambiguity by providing structured formats and agreed business definitions that, in most cases, can be automated. This allows corporate actions staff to concentrate on necessary exception processing for more complex events and client-facing responsibilities.

### Increase straight-through processing (STP)

Achieve high levels of STP through the use of SWIFT connectivity and standardised messaging, making your operations less volume sensitive by automating straightforward events.

### Achieve scalability

By deploying SWIFT's open and scalable messaging platform you can, simply and quickly, support multiple counterparties through a single window. This removes the need to support proprietary communication links and data formats, such as fax, email and telex. It also means you benefit from using an accepted industry standard and single window connectivity to all your corporate action sources.

## ISO 15022 standard messages for Corporate Actions

### What are they?

Corporate actions, income reporting, and tax reclaim reporting functions can all be catered for:

- MT 564 – Corporate Action Notification  
Provides an account owner with details of a corporate action event along with possible elections and entitlements available to the account owner. It can be sent as a preliminary advice and subsequently replaced by another MT564 with complete or confirmed information.
- MT 565 – Corporate Action Instruction  
Provides custodians with instructions on how the account owner wishes to proceed with a corporate action or proxy voting event. Instructions include investment decisions on the exercising of rights issues and cash dividend reinvestments, and decisions on the conversion or tendering of securities.
- MT 566 – Corporate Action Confirmation  
Used to confirm to the account owner that securities and/or cash have been credited/debited to an account as the result of a corporate event.

- MT 567 – Corporate Action Status and Processing Advice

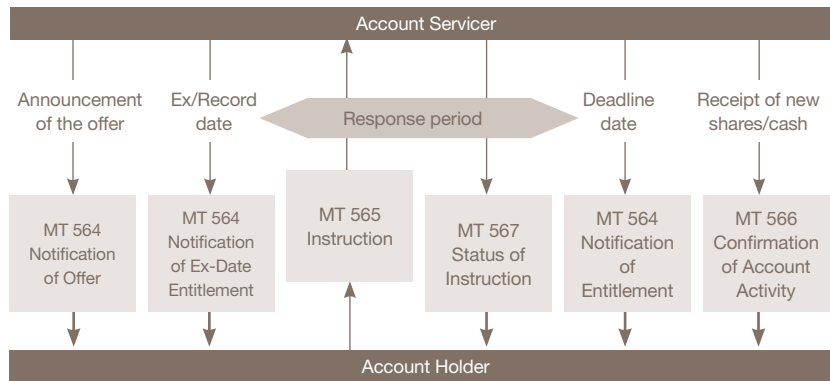
Used to advise on the status, or a change in the status, of a corporate action instruction that was executed on behalf of the account owner.

- MT 568 – Corporate Action Narrative  
Used to provide complex instructions or narrative details relating to a corporate action event.

### Market practice definition

The Securities Market Practice Group (SMPG), comprising representatives from the industry, continually reviews all ISO 15022 messages and publishes usage guidelines. The SMPG's Event Interpretation Grid (EIG) and other guidelines define market practice to help any firm implementing the corporate action messages.

Please visit [www.smpg.info](http://www.smpg.info) for more information.



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

## ISO 20022 standard messages for Corporate Actions

### A new standard ready for implementation

The ISO 20022 standards for corporate actions have been developed and designed to be backward-compatible with the ISO 15022 standards. The DTCC went live with the ISO 20022 MX announcement messages in November 2011 and added six additional ISO 20022 corporate action messages over the SWIFT network in November of 2012. This phase of the project addresses Distribution events only and covers announcements, eligible balance notification, projected payments and payment confirmations. Full live implementation of the distribution lifecycle messages is now complete and DTCC began testing the remaining distribution lifecycle instruction messages in September 2013. Timeframes for implementation of the Redemptions and Reorganization message lifecycles are planned for 2014 and 2015 respectively, with mandatory cut-over by 2015.

Voluntary	Mandatory	Mandatory with choice
Tender	Dividend	Dividend Option
Exchange	Interest	Dividend reinvestment
Conversion	Stock split	Instalment
Rights	Merger	Rights
Warrant Exercise	Name change	Remarketing agreement
Class Action	Redemption	Capital Reorg
Repurchase	Tax Reclaim	

▲ Some of the more than 60 CA event types that can be communicated using ISO standards

### Proxy Voting

SWIFT's Proxy Voting solution supports automation of the proxy voting process by implementing end-to-end, standardised messaging on a service that validates and delivers those messages with security and reliability for the benefit of all market participants. The new ISO 20022 proxy voting messages provide extended functionalities compared to the meeting-related event types in ISO 15022 MT 56x messages which they are designed to replace.

## SWIFT products and services to help you automate your Corporate Actions processing

### MyStandards — Standards made simple

MyStandards is an innovative collaboration platform that helps you manage yours and your counterparties' usage of corporate actions messages: centralize all standards-related information in a simple way, improve your standards release management, and streamline your management of market practice guidelines.

Visit [www.swift.com/MyStandards](http://www.swift.com/MyStandards) for more information.

### Training

Knowing how best to use a product or service is key to achieving greater efficiency. SWIFT offers a range of classroom and onsite training and e-learning products, specifically tailored to meet your business needs. We can help you select the most suitable training to match your institution's profile and transaction activities.

Visit [www.swift.com/training](http://www.swift.com/training) for a complete list of available courses.

### SWIFT Consulting Services

Our business consulting teams provide advice on business process optimisation, best practice adoption, channel rationalisation and better usage of existing SWIFT standards and services.

In addition to the standard corporate actions operational analysis, SWIFT Consulting Services offers further services, which add extra analysis of market practice compliance and peer benchmarking.

Visit [www.swift.com/consultingservices](http://www.swift.com/consultingservices) for more information.

### Partner Management

How can you be sure that the vendor product you are looking for is compliant with ISO Corporate Actions standards? Which are the best-in-class service bureaux that can operate the connection to SWIFT on your behalf? SWIFT's partnerships and certification programmes help you to answer these questions. In particular, the SWIFTReady Corporate Actions label is granted annually to business applications that have proved their full compliance with a list of SWIFT requirements, including extensive market practice support.

Visit [www.swift.com/partners](http://www.swift.com/partners) for more information.



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SWIFT account manager or visit  
[www.swift.com](http://www.swift.com).*