

# The Depository Trust Company

# IMPORTANT

**B#:** 1011-07

**DATE:** May 1, 2007

**TO:** All Participants

**CATEGORY:** Underwriting/Settlement

**FROM:** Product Management

**ATTENTION:** Settlement Manager/Managing Director/Cashier

**SUBJECT:** Settlement ISO 15022 Payment Order Message Formats

The Depository Trust Company (DTC) is expanding its use of 15022 message formats to include settlement-related transactions to increase standardization and to support the transition away from proprietary message formats. The new ISO 15022 messaging support for settlement related transactions will enable DTC to offer increased flexibility and functionality to the industry. This notice announces the availability of ISO 15022 formats to enable real-time transmission and receipt of both Premium Payment Orders (PPO's) and Security Payment Orders (SPO's) settlement transactions. Effective May 1, 2007, message layouts are available for payment orders, deliverer and receiver confirmation of payment order messages, settlement status and advice, settlement allegation (also known as receiver notification messages), and transaction commands such as RAD, authorizations, cancels, pend holds, promotions and exemptions. Existing proprietary messages and processes will continue to be supported without change. DTC will offer ISO 15022 formats for all settlement-related inbound and outbound interactive messages including deliver orders (DOs), pledges and memo seg and other settlement transactions. Input message lay-outs are anticipated to be available as follows:

<b>Targeted Availability</b>	<b>Settlement transaction type</b>	<b>ISO message type</b>
<b>Available as of May 1, 2007</b>	Payment orders	MT 545 (DVP)
	Deliverer confirmation	MT 546 (free) MT 547 (DVP)

	Receiver confirmation	MT 544 (free) MT 545 (DVP)
	Settlement status and advice	MT 548
	Settlement allegation	MT 578
	Transaction command	MT 530
	DTC Universal/CDTS hub	MT 598 (ACK/NAK)
<b>June 2007</b>	Deliver orders	MT 545 (free)
<b>October 2007</b>	Collateral Pledges Other accounting (e.g. Investment ID. Memo Seg. Etc.)	MT XXX (free) MT XXX (free)

The advantage of the ISO 15022 message format is that it uses a modular methodology so that information can be identified and programmed once and reused as needed. This global message standard enables a more interactive environment whereby DTC can provide outbound messages for every trade as it is received into DTC. Many participants view the opportunity to use ISO 15022 as a key element of their trading and settlement infrastructure offering their organization long-term cost advantages and performance improvement. Other benefits include:

- ISO 15022 offers an international standard format in which business items, such as the settlement notifications, activity and status, are always represented in the same way.
- The existing settlement transactions will accept ISO-formatted messages through a single MQ queue, eliminating the need to direct transaction input to different input queues.
- An internal reference number (Customer Transaction Identifier [CTID]), submitted by the participant, will be carried throughout the transaction and be provided on ISO output back to the participant. This feature, available only via ISO 15022 input, will allow participants to synchronize their systems with those of DTC.
- Participants will receive reject messages if they accept ISO output (currently DTC does not produce output for rejects with proprietary message formats).
- Free form text is replaced with structured fields promoting straight through processing.
- Certain current and future automated capabilities will only be available in the ISO 15022 format, e.g., promoting a transaction on the recycle queue, authorizing or exempting CNS transactions, etc.
- DTC will provide linking of messages to track processing of the transaction life cycle. Partial transactions are better managed because positions are classified based on currently settled, pending settlement, and to be settled positions.

Participants should contact their Relationship Manager for the “Getting Started with ISO 15022 for Settlement Messaging” documentation or the undersigned at [jlaremont@DTC.com](mailto:jlaremont@DTC.com) or (212) 855-2414.

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