

UNCLEARED MARGIN RULES

TRIPARTY AGENT SERVICE

Collateral Provider Operational Set-Up Guide

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Glossary

BNY Point of Contact	Your BNY contact for onboarding and operational set-up, assigned at the start of your onboarding process.
Collateral Provider	The party providing, or pledging IM collateral. Also known as the Pledgor or Payer.
Collateral Provider Mandate	Confirmation from the Collateral Provider counterparty that they will be using BNY to segregate its IM collateral. This is the trigger for the Collateral Receiver's onboarding and operational set-up at BNY.
Collateral Receiver	The party receiving IM collateral - also known as the Secured Party.
Dealer ID (DID)	The ID assigned by BNY to the Collateral Provider when a Seg IM account is created.
Domestic Platform	BNY's account platform for Clients who only use US-issued securities. Settlement coverage is limited to US hours. i.e. USD cash, US T-bills/T-notes/T-bonds/TIPS, US corporate bonds, etc.
Global Platform	BNY's account platform for Clients who extend to global securities (including US-issued securities). Settlement coverage is therefore extended beyond the Domestic US hours.
IM	Initial Margin
Longbox	The Collateral Provider's inventory pool of assets available to cover their IM obligations.
Purchaser ID (PID)	The ID assigned by BNY to the Collateral Receiver when a Seg IM account is created.
RQV	The RQV stands for the required (collateral) value. It can be defined as the total agreed exposure that must be collateralised at that point in time for IM held at a Triparty Custodian.
Seg IM	The name for BNY's Segregated IM services, supporting the exchange of IM collateral into segregated accounts.
Segregated Account	An account that is created for the purpose of allocating assets that are for the benefit of the Collateral Receiver in the event of the Collateral Provider's default
Third Party Custodian service	A service allowing firms to take a more direct role in the management of their collateral. Third Party Custodian services align to the process used for bilateral collateral management. At BNY this service is more commonly known as 'MarginDirect'. For Third Party services, the bilateral parties will be responsible for processes such as asset selection, eligibility checks, optimisation and pricing.
Triparty Custodian service	A low-touch segregation service. It maximises efficiency and flexibility for Collateral Providers by outsourcing many of the day-to-day segregation responsibilities to the Custodian.

YOU MAY NEED

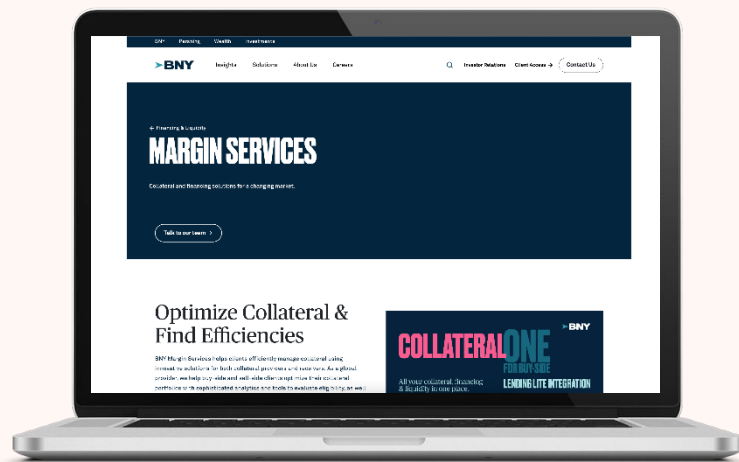
Related Documents

This user guide is supplemented by a number of detailed specifications and user guides. Your BNY point of contact should have included these reference documents when communicating this guide to your firm.

If you do not have access to the below documents, please contact your BNY point of contact.

In addition to the supplementary documentation, BNY provides a high level guide to prepare for the Uncleared Margin Rules at:

unclearedmargin.BNY.com



BNY POINT OF CONTACT

Throughout the onboarding process your firm will need to engage with BNY at multiple stages.

Your BNY point of contact will be responsible for coordinating with your firm to configure operational preferences and answering any queries that you may have that are not contained within this guide.

If you do not have a BNY point of contact, please email MarginSeg@BNY.com

DOCUMENT NAME	DESCRIPTION
GTBS Client Access Form	Specifies user details for access to portal(s)
GTBS Reporting Request Form	Specifies the requested report types and timing
GTBS Messaging Request Form	Specifies preferences when instructing via SWIFT
BNY Electronic Access Form	Terms and Conditions for your firm's electronic access to BNY portals
RULE User Guide	User guide for negotiating Eligible Collateral Schedules through BNY's RULE platform
AccessEdge tutorials	Online demo of the key AccessEdge functionality for Seg IM Collateral Receivers
AccessEdge Quick Reference Guide	Quick reference guide for navigating key AccessEdge screens
AccessEdge Price Report Guide	Field level spec for the values within the AccessEdge generated Price Report
SWIFT MT527-MT558 Format Specification	Field level format specification for SWIFT message construction (Includes example messages)
SWIFT MT569 Format Specification	Field level format specification for SWIFT message construction. (Includes example messages)
Allocation Extract V4 Specification	Field level format specification for V4 Allocation Extract

How to Use this Guide

What is the purpose of this document?

The purpose of this guide is to describe the key steps that Collateral Receivers, or Agents that Collateral Receivers have outsourced to, will have to go through to onboard and set-up operationally at BNY's Segregated IM Triparty service.

What is Regulatory IM?

Regulatory IM compliance is rolled out across multiple phases between September 2016 and September 2022. The scope of entities caught in-scope for each phase is driven by a respective set of AANA (average aggregated notional amount) thresholds.

See the IM phase scope summary below.

COUNTRY	INITIAL MARGIN PHASES					
	PHASE 1 Sept-16	PHASE 2 Sept-17	PHASE 3 Sept-18	PHASE 4 Sept-19	PHASE 5 Sept-21*	PHASE 6 Sept-22*
US	\$3tn	\$2.25tn	\$1.5tn	\$0.75tn	\$50bn	\$8bn
EU	€3tn	€2.25tn	€1.5tn	€0.75tn	€50bn	€8bn
Japan	JPY 420tn	JPY 315tn	JPY 210tn	JPY 105tn	JPY 7tn	JPY 1.1tn
Canada	CAD 5tn	CAD 3.75tn	CAD 2.5tn	CAD 1.25tn	CAD 75bn	CAD 12bn
Switzerland	CHF 3tn	CHF 2.25tn	CHF 1.5tn	CHF 0.75tn	CHF 50bn	CHF 8bn
Singapore	SGD 4.8tn	SGD 3.6tn	SGD 2.4tn	SGD 1.2tn	SGD 80bn	SGD 13bn

*On April 3rd 2020, in response to the global COVID-19 pandemic, BCBS-IOSCO recommended a deferral of the final implementation phases by a year. The deferral needs to be adopted into law by the local regulators to be effective.

For in-scope firms, the IM rules impose that any IM exchanged must be segregated in a manner that protects it from the default or insolvency of the collecting counterparty. Custodians have been chosen by the industry as the solution to the segregation of IM collateral.

As the IM rules demand gross two-way margin calls and collateral exchange (both Pledge and Receive requirements), each firm will appoint their own Custodian to segregate their pledged collateral. However, there is no requirement for both firms in a bilateral trading relationship to choose the same Custodian.

This means that in-scope firms will need to onboard and complete operational set-up at both their own Custodian and the Custodians appointed by their counterparties.

✓ **KEY POINT** –Further information on the changes firms must make under the IM rules can be found in BNY's 'Your Guide to the Uncleared Margin Rules,' which you can find [here](#)

1.0

BNY's Seg IM Triparty Service

BNY provides a market-leading Seg IM Triparty Custodian service.

This is a low-touch Triparty segregation service. It maximises efficiency and flexibility for collateral pledgors by outsourcing many of the day-to-day segregation responsibilities such as:

- Automated selection and allocation of assets
- Asset eligibility checks (e.g. credit rating checks, wrong-way risk, concentration limits)
- Asset optimisation rules
- Collateral asset pricing

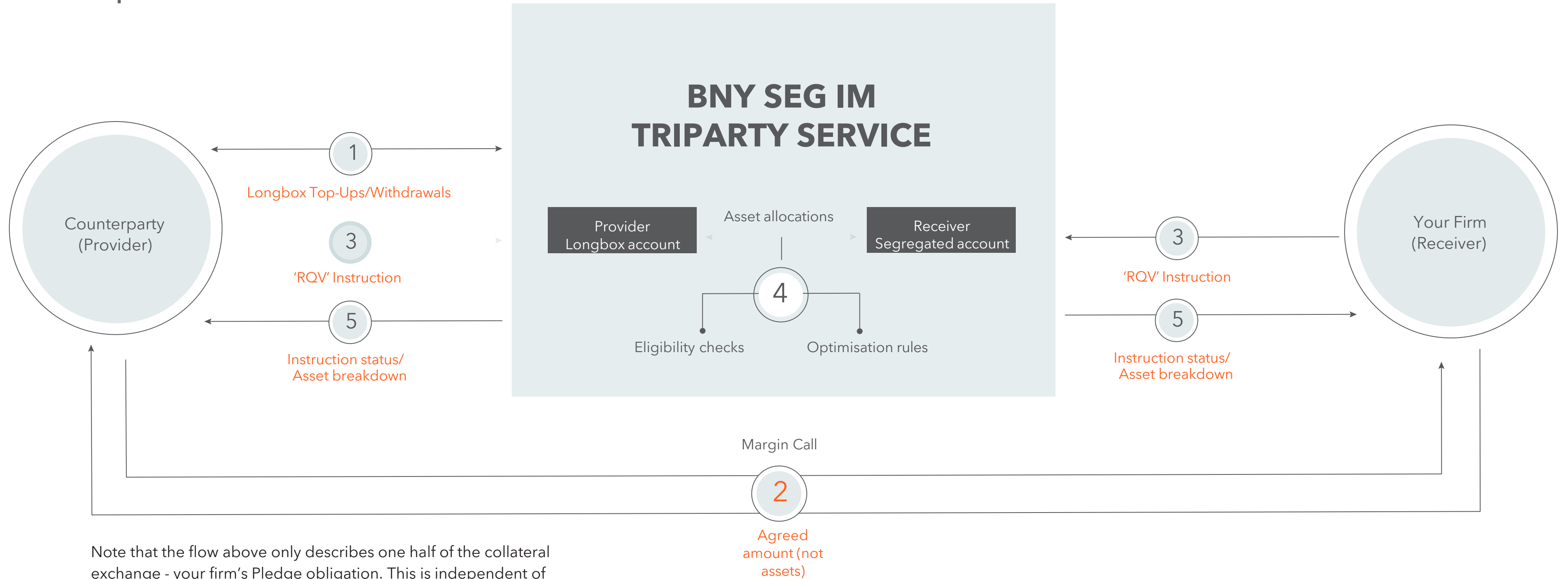
Note that BNY also provides a Third Party Custodian service (known as Margin Direct), which should not be confused with BNY's Triparty service.

This is a simpler service that adopts a similar model to that used for Variation Margin. In Margin Direct the bilateral parties – the Collateral Provider

and Collateral Receiver – are responsible for the selection of any collateral assets, plus any associated eligibility checks and pricing. Those assets are then physically delivered into BNY, who will be responsible for the segregation of those asset(s) on behalf of the Collateral Receiver.

This guide only covers BNY's Seg IM Triparty Custodian service, not the Third Party (MarginDirect) service.

Example Process Flow



Note that the flow above only describes one half of the collateral exchange - your firm's Pledge obligation. This is independent of your counterparties Pledge arrangements.

Daily Steps:

1.

In advance of agreeing any margin calls you must ensure that you have sufficient assets within your Longbox to cover the agreed exposures across all counterparties

2.

A margin call is issued in the standard manner for uncleared OTC derivatives, ie for the difference between the Exposure and the previously settled Collateral Balance. The parties will review the margin call and agree the undisputed amount.

Note that no collateral assets are agreed at this stage (which is the Triparty Custodian's responsibility)... we'll come back to this later.

3.

Each party must instruct BNY the agreed total exposure that must be collateralised, known as the 'required value' or 'RQV'.

There are multiple methods to instruct RQVs to Triparty Agents and this guide covers the methods acceptable to BNY later in Section 10.

4.

Upon receipt of matched RQV instructions BNY will allocate assets from the Collateral Provider's Longbox account into the segregated account created on behalf of the Collateral Receiver, such that the post- haircut value of the allocated assets equals or exceeds the agreed RQV.

The criteria that BNY follows to allocate assets are specified by the parties to the agreement in an Eligible Collateral Schedule (ECS).

Terms include asset types, minimum credit ratings, concentration limits, wrong-way risk (WWR) provisions, haircuts and other asset-level criteria.

BNY performs regular asset allocation runs so that the segregated collateral in each account is eligible and optimized.

Since the assets are allocated through books and record movements (i.e. the assets do not actually need to settle in the market) this means that BNY is able to support extended Settlement Coverage.

5.

BNY will publish details of the RQV instruction statuses in real-time and a breakdown of the allocated assets at prescribed frequencies throughout the business day.

Details of the methods and frequency of reporting are covered from section 10 onwards within the AccessEdge Reporting, and SWIFT Reporting sections of the guide.

-
- ✓ KEY POINT -The RQV can be defined as the total agreed exposure that must be collateralised at that point in time. The term RQV comes from the legacy Repo services offered by the Triparty Custodians, which has often acted as the foundation for their Seg IM services. Click [here](#) for more details of the RQV (and margin call) calculation.
 - ✓ KEY POINT -No asset details are instructed by either party to the Triparty Custodia.
 - ✓ KEY POINT -To verify that the allocated assets comply with the regulatory obligations, firms must confirm that they negotiate regulatory-compliant terms in their ECS.
 - ✓ KEY POINT -Remember that if the overall RQV has reduced (i.e. a Pledge Return), then assets will actually be returned from the segregated account back to the Longbox account.

2.0

Global vs. Domestic BNY Platforms

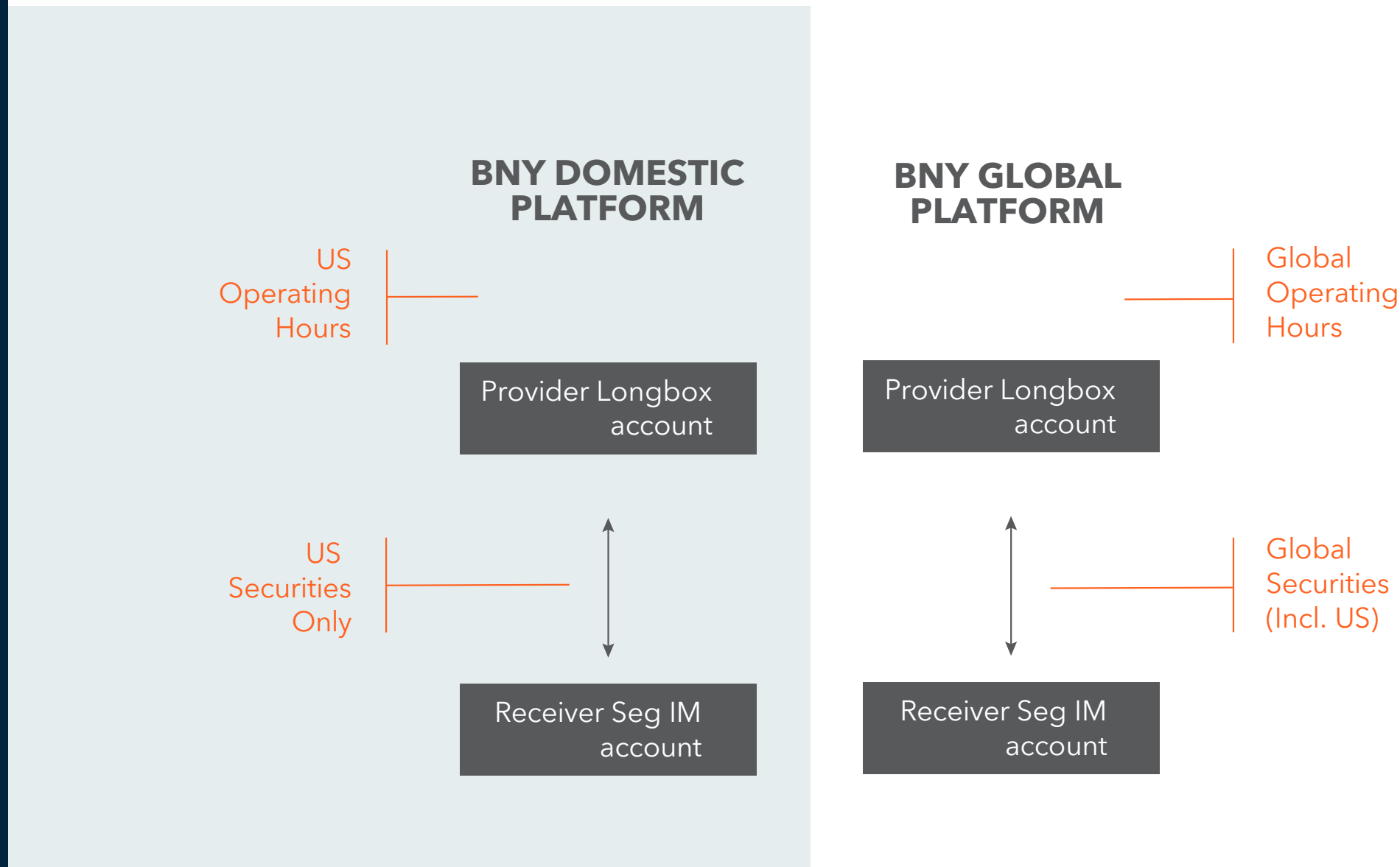
Why does BNY have two separate account platforms?

BNY has two different account platforms, depending on the scope of securities used by its clients.

- The Domestic platform is deployed for clients who only use US-issued securities

i.e. USD cash, US T-bills/T-notes/T-bonds/TIPS, US corporate bonds, etc. The Domestic platform is therefore limited to US operating hours.

- The Global platform is deployed for clients who want to extend beyond US-issued securities to global securities issued by any other supported country. It therefore supports extended operating hours vs. the Domestic platform. This also means that the Global platform is often used by clients who have cross-jurisdictional counterparties (i.e. not just confined to the US).



✓ KEY POINT -Note that clients can use the Global platform for US-issued securities, but non-US securities cannot be used on the Domestic platform.

Will my Pledge accounts all be on the same platform?

Yes, all of your pledge accounts will be on a single platform – this is specific to the BNY entity with whom your firm has executed the contract.

What platform must the Collateral Receivers set-up through?

Your clients will likely be receiving segregated IM from multiple Pledgors through BNY Segregated Triparty service. There is no guarantee that all accounts will be on the same platform and so Collateral Receivers must liaise with their [BNY point of contact](#) to identify all in-scope platforms from their account population.

Similarly, where your firm is also a Collateral Receiver through BNY you must confirm which platform your counterpart will be pledging through, and ensure that your firm is set-up operationally in all platforms as required.

Are there any differences between the Domestic and Global platforms?

There are some minor differences between the set-up required on both platforms (e.g. Portal logins), which we'll describe in more detail later on within this guide.

Anything else I should know about BNY's platforms?

There are sub-platforms under both of the Domestic and Global platforms, named RE1 through to RE4. The sub-platforms actually hold the underlying accounts. See the table to the right for more details of the four sub-platforms.

PLATFORM	SECURITY SCOPE	SUB-PLATFORM
Domestic	US Securities	RE1 RE2
Global	Global Securities	RE3
	Asian Securities	RE4

✓ **KEY POINT** – Please liaise with your [BNY point of contact](#) to confirm which sub-platform(s) your Collateral Provider counterparties are using and therefore you as Collateral Receiver will need to set-up on.

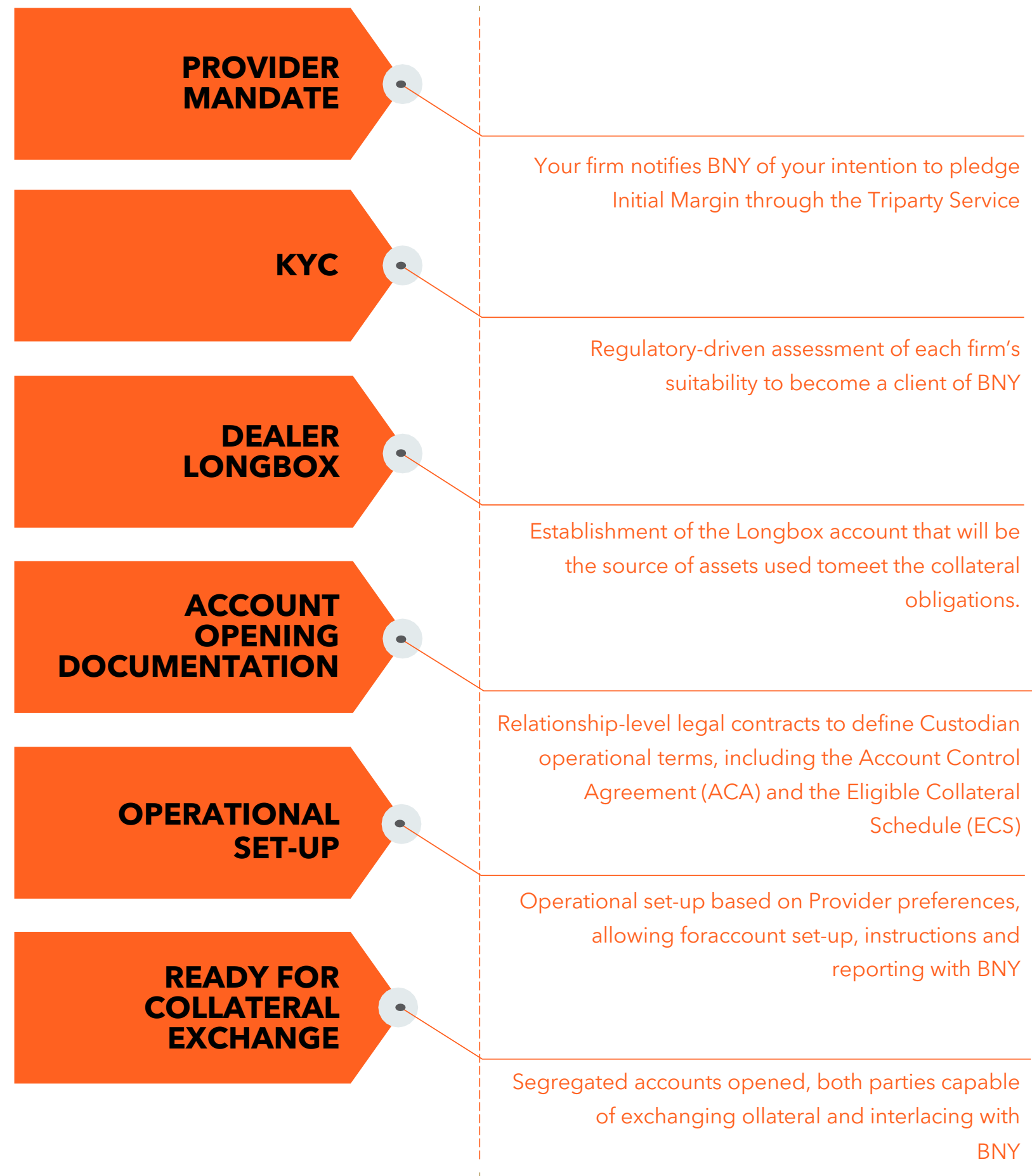
Seg IM Collateral Provider Set-up – Summary

There are multiple stages involved in the onboarding and operational set-up of a Collateral Provider to BNY’s TriParty Seg IM service.

The visual to the right describes the key steps that Collateral Provider firms will need to move through until they are fully set-up and in a position to exchange collateral.

✓ **KEY POINT** - The high-level steps for Seg IM Collateral Provider set-up are sequential, with the previous stage having to be completed before the next step commences.

This guide has been structured in the same way as the flow to the right, with separate sub-sections for each of the different stages that Collateral Receiver firms will need to complete.



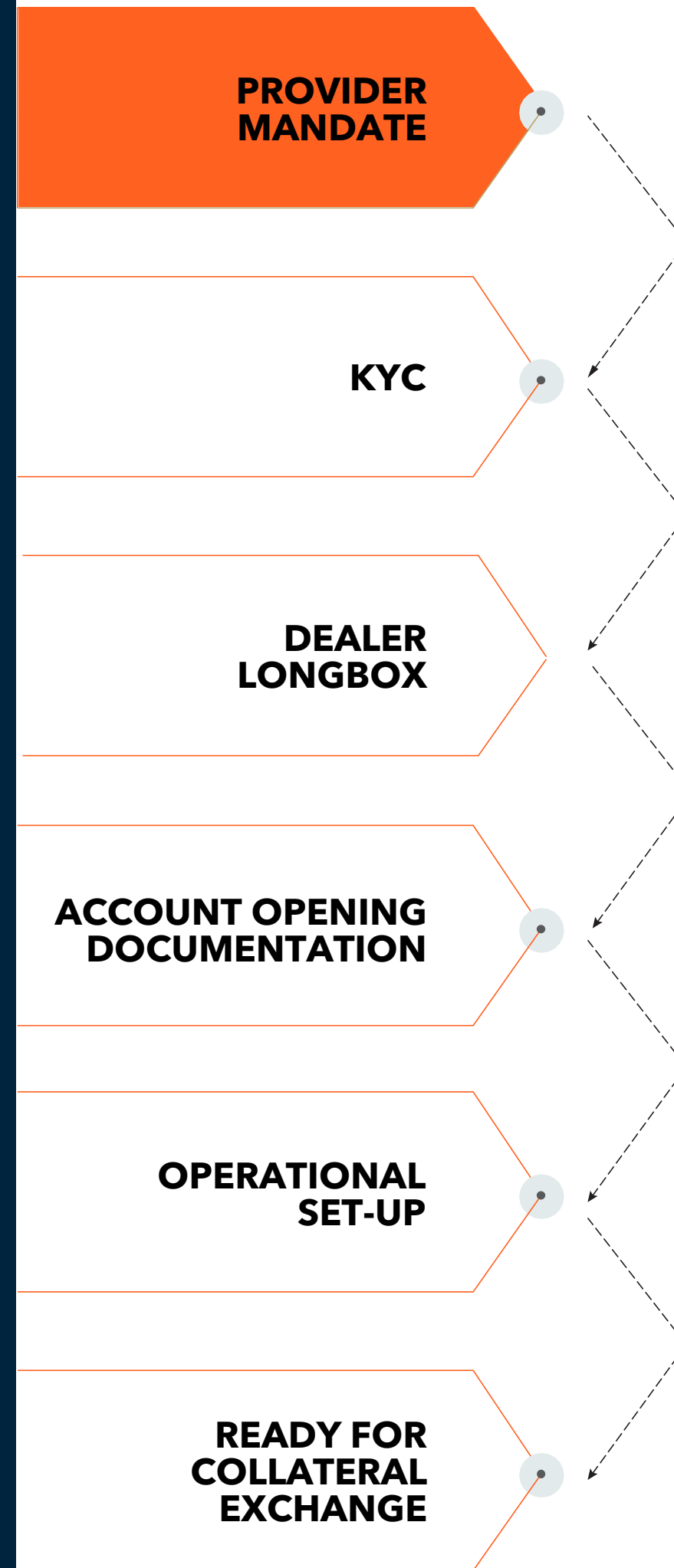
4.0

Collateral Provider Mandate

The journey begins when you appoint BNY as your Triparty Agent.

The first step will be to work with your BNY Sales representative and Relationship Manager to complete and return a number of contracts

- Custody Agreement
- Security Interest
- Rule User Agreement
- Fee Schedule



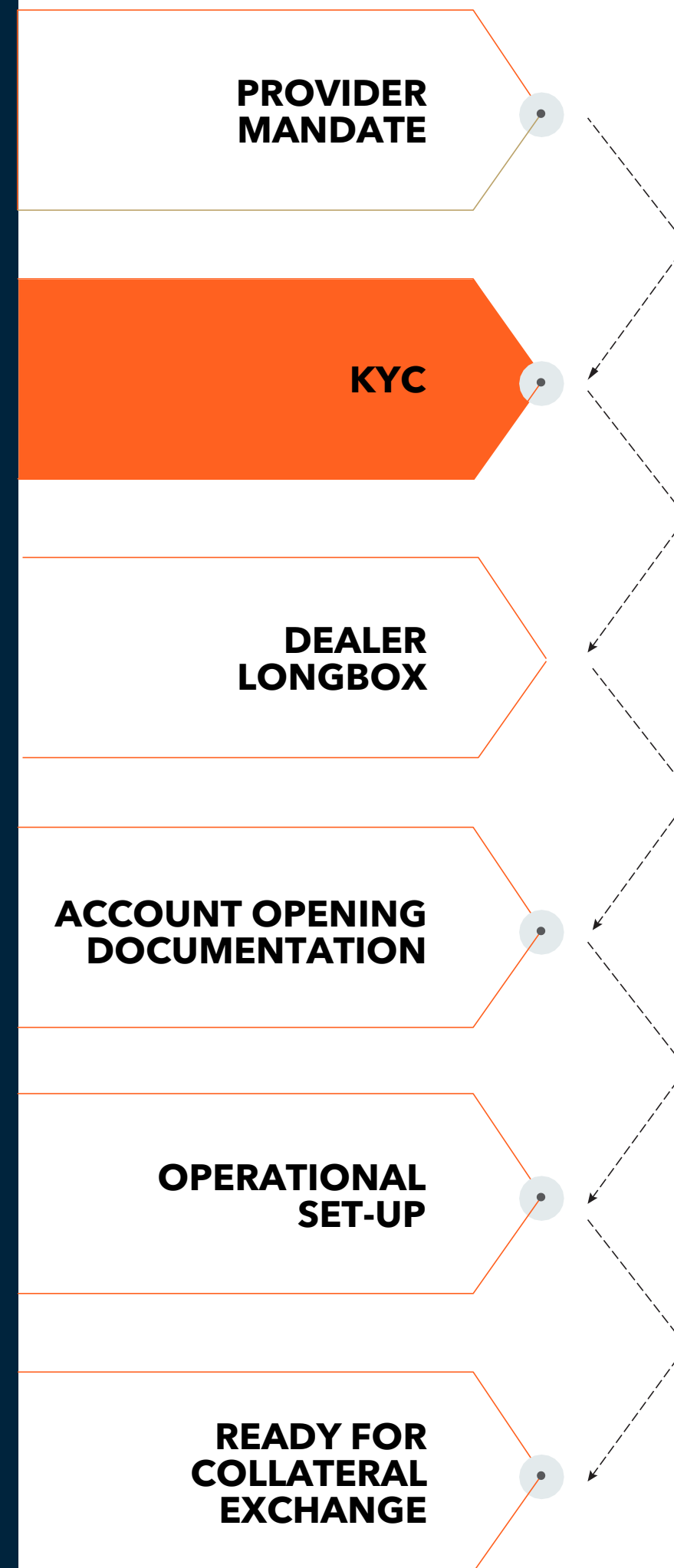
KYC

What is KYC?

Know-Your-Customer, more commonly known as KYC, is the due diligence process all Custodians use to make sure that each new legal entity passes any regulatory and internal checks to onboard as a client

For BNY this involves your firm submitting key documents, as requested by BNY.

- ✓ KEY POINT- KYC is completed at legal entity-level. This means that if the in-scope entity for Seg IM has not previously onboarded at BNY, then the full set of KYC requirements will need to be performed.
- ✓ KEY POINT - Even if the Collateral Provider's legal entity has previously onboarded at BNY, albeit for a different product or a different service, there may still be additional KYC requirements specific to the Seg IM service.



What documentation is necessary to complete KYC?

All firms will need to provide a common set of documents or information, including:

- Company Name
- Company Address
- Tax Identification Number
- Nature of the Business
- Company Formation Document (e.g. Articles of Association)
- Country and Year of Formation

Firms will need to provide additional documentation, depending upon:

1. Factors specific to your individual firm
2. The BNY entity that your Collateral Provider has elected to pledge IM through

✓ KEY POINT – Collateral Receivers must liaise with their assigned BNY point of contact to confirm the full suite of documentation required to complete KYC for Triparty Seg IM.

When do I need to complete KYC?

KYC should be completed as soon as possible.

Receiving KYC approval is a prerequisite for firms to move onto legal contract execution (i.e. ACA, ECS) and the subsequent operational set-up tasks, so should not be delayed.

Your BNY point of contact will create a case for your firm and help determine the specific requirements applicable to you.

How do I know when KYC is complete?

Your BNY point of contact will inform you when you have completed the KYC process and therefore can move onto legal contract execution.

6.0

Dealer Longbox

What is the Dealer Longbox?

The longbox is linked to one or more underlying custody accounts and is specified in the account opening documentation as the Collateral Provider's source of assets that will be allocated to meet their collateral obligations.

Can we use an existing Dealer Longbox?

If your firm has an existing relationship with BNY for other Triparty products, it may be possible to use an existing Longbox to meet your requirements for Segregated Initial Margin (subject to requirements that you must discuss with your BNY point of contact).

In this configuration all products would be employing the same source of collateral assets and so internal coordination will be important to ensure sufficient assets are always present to meet all of your obligations across products.



Dealer Longbox

How do we set-up a new Dealer Longbox?

If your firm is new to BNY or your preference is to establish a new Longbox specific to Segregated IM activity, your BNY point of contact will request the following from you;

- Details of all in-scope markets for the assets you intend to pledge as collateral
- A completed tax questionnaire (see related documents)
- Tax contacts for your firm
- Corporate Action contacts for your firm
- Cash SSIs - for any income proceeds

- Instruction SSIs - in the event that BNY is required to instruct securities on your behalf
- Your firm's Euroclear account details
- Intended method of instructing assets to the longbox - SWIFT and / or Nexen Portal
- If SWIFT you must provide the BIC code that instructions will be sent from
- If via the portal, a list of users who will require access must be provided

Depending upon the markets that are identified as in scope, additional tax forms specific to certain jurisdictions may also be required. Your BNY point of contact will advise if this requirement is applicable upon review of your submissions.

How will we know when the Dealer Longbox is ready?

Depending on the markets that you have specified in scope, more than one custody account (also referred to as a GSP account) may be required per Longbox. BNY will open on your behalf,

- A single custody account for all assets, excluding APAC
- A single custody account for APAC, excluding Japan
- An auxiliary custody account for Japan

Once the accounts have been opened and linked to the Dealer Longbox your BNY point of contact will notify you of the Dealer Longbox account number also known as the Dealer ID or DID.

BNY will also notify you of the custody account number(s) and provide SSIs for all applicable markets.

- ✓ KEY POINT- You will require the DID to perform the collateral RQV instructions versus your Collateral Receiver(s)
- ✓ KEY POINT - You will require the custody account numbers and SSIs to settle assets into the Dealer Longbox for use as segregated Initial Margin

Populating the Dealer Longbox

How do I deliver assets to my Dealer Longbox to meet my IM collateral obligations?

Assets are delivered into the Longbox by instructing a Free of Payment Receipt to BNY using the SSIs provided during the account opening stage.

How do I recall assets from my Dealer Longbox?

To recall assets from the Longbox a Free of Payment Delivery must be instructed to BNY. BNY can only release the assets, if there are sufficient alternative eligible assets available in the Longbox to cover any collateral obligations.

How do I communicate the Receipt / Delivery / Instructions to BNY?

There are 2 methods available to instruct BNY,

- Through the SWIFT network
- ICO - an application within BNY's Nexen online portal platform

Upon successful receipt of instruction BNY will release the Receipt / Delivery instruction to the market which must match with a corresponding instruction from your firm's sub-custodian.

- ✓ **KEY POINT**-Even if your sub-custodian is BNY the transaction will settle through the market and requires your firm to instruct both sides of the transaction.

SWIFT Instructions

There are two types of SWIFT message depending on the intention of the instruction:

- MT540 - Receive Free - to be instructed when delivering assets into the Longbox
- MT542 - Deliver Free - to be instructed when recalling assets from the Longbox

Both message types must abide by the industry standard template specific to the market of the asset being delivered. The Longbox SSIs that must be included within the instructions, including the BIC that the message must be instructed to, will be provided for each in-scope market when the Longbox account is opened.

For further details on how to construct SWIFT MT540/542 messages please refer to the SWIFT ISO Standards website

<https://www.iso20022.org/15022/uhb/finmt540.htm>

<https://www.iso20022.org/15022/uhb/finmt542.htm>

ICO Instructions

Instructions may also be entered via the ICO application within Nexen.

When a user successfully enters an instruction in ICO, the corresponding SWIFT instruction will be generated and released to the market to match with your sub-custodian.

For further details on how to instruct in / out of the longbox through ICO please refer to the Nexen Instructions User Guide in the related documents section (Deliver Free p79 & Receive Free p85).

- ✓ **KEY POINT**-Until the assets have settled in the market they will be unavailable to collateralise any agreed exposure. It is important to monitor your longbox balance to ensure sufficient assets remain available to cover all collateral obligations.
- ✓ **KEY POINT**- We recommend that all firms planning to employ ICO speak to their BNY point of contact and arrange a demonstration of how to use the portal.

Asset Usage

Which assets will BNY use to cover the collateral exposure?

Assets are allocated per the terms of the underlying Eligible Collateral Schedules using the 'Better Margin' methodology. Under this logic BNY will allocate eligible assets with the lowest margin adjustment (smallest haircut) applicable as a priority.

Should you wish to implement any bespoke allocation criteria based on parameters beyond margin levels, please liaise with [your BNY point of contact](#).

How frequently are assets allocated?

BNY perform automated allocation runs on an hourly basis by default to ensure all agreed RQVs are collateralised and assets are distributed in the most efficient manner

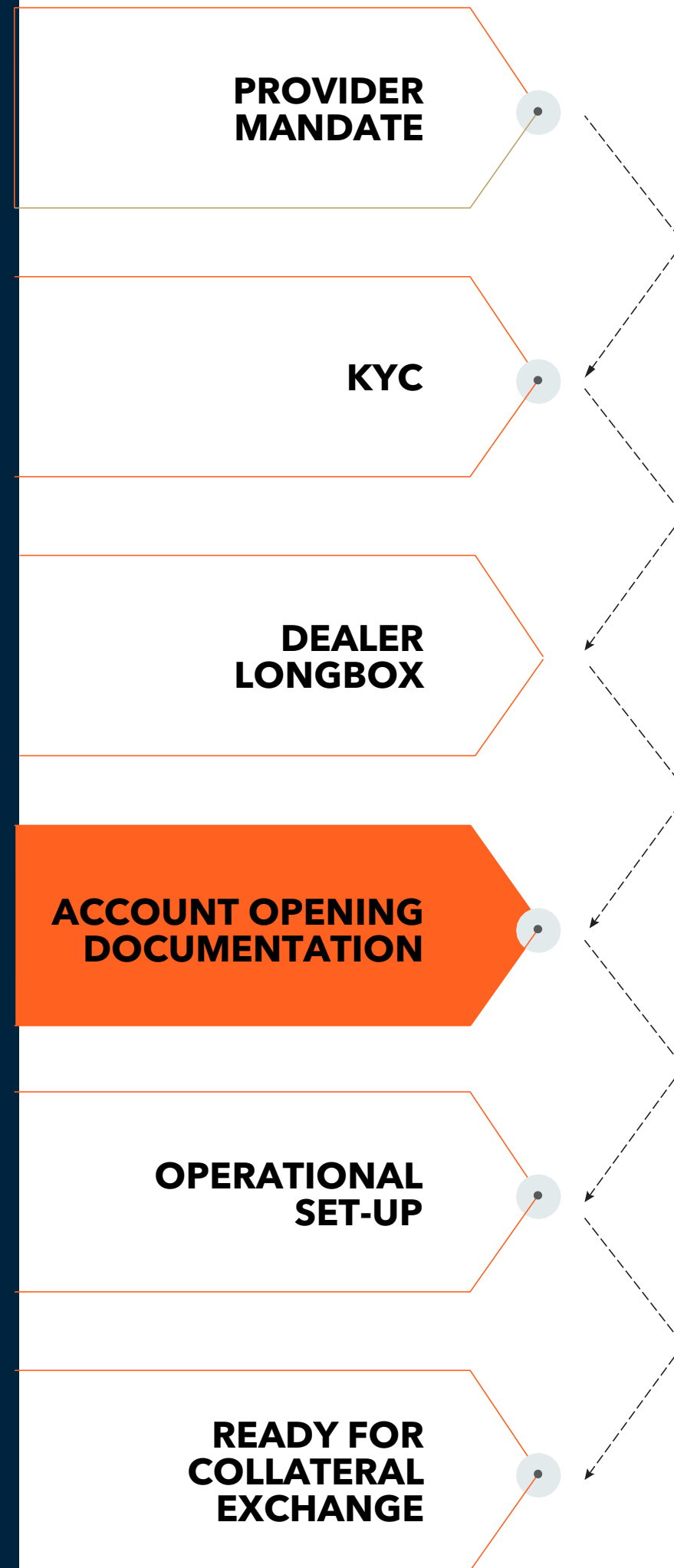
What happens in the event of a corporate action?

On the Record date BNY will remove assets from segregated accounts and place into a 'record date lock-up account' that prevents them from being included in any allocations. The positions are released from the record date lockup account on the next business day.

The proceeds are received into the Pledgor's cash account before being distributed to the SSIs on record.

7.0

Account Opening Documentation



7.1

Overview

There are multiple Legal contracts that in-scope firms will need to execute with their counterparties for each IM relationship.

BNY's Domestic platform (US securities only) and Global platform (global securities) have slightly different sets of contracts that need to be executed. This is based on both platforms having different jurisdictional requirements.

There are two key contract types that Receivers at BNY will need to execute:

1. Bilateral contracts - Must be executed directly between the two bilateral parties, without BNY involvement (i.e. Provider and Receiver)

e.g. ISDA CSA/CSD/CTA, ISDA Security Agreement

2. Three-way contracts - Must be executed between the Provider, Receiver and BNY

e.g. BNY Account Control Agreement (ACA), Eligible Collateral Schedule (ECS)

See the table on the next page for a summary of the key IM contract types

Key IM Contract Types

	Bilateral contracts - Provider & Receiver only			Three-way contracts - Custodian, Provider & Receiver	
Document	ISDA CSA/CSD	ISDA CTA	ISDA Security Agreement	Account Control Agreement (ACA)	Eligible Collateral Schedule (ECS)
Description	Specifies the calculation and collateral operational terms per relationship		Gives the non-defaulting party first rights to any collateral pledged, compatible with the ISDA CTA	Defines the conditions under which the custodian will operate the segregated account	Specifies the assets eligible to be pledged as collateral; including margins and any other restrictions
BNY Domestic	✓			✓	✓
BNY Global (London Branch)	✓			✓	✓
BNY Global (New York)	✓			✓	✓
BNY Global (SA/NV)		✓	✓	✓	✓

✓ KEY POINT - The BNY Global Service supports multiple ISDA IM bilateral contract types (CSA/CSD/CTA). The supported contract type will be dependent on which BNY entity the segregated account is opened through.

The BNY Domestic Service supports the ISDA IM bilateral CSA only



Key BNY Contracts

The key IM contract templates provided by BNY are the Account Control Agreement (ACA) and the Eligible Collateral Schedule (ECS).

Both are three-way contracts that need to be executed by the Custodian, the Collateral Provider and the Collateral Receiver.

What is an Account Control Agreement (ACA)?

At a high-level, the ACA defines the terms and conditions under which BNY will operate the segregated account on behalf of the parties.

The diagram to the left illustrates an example of the full set of documents that firms would need to execute (and the parties to each document).

Eligible Collateral Schedules

What is the Eligible Collateral Schedule (ECS)?

The ECS specifies the assets eligible to be pledged as collateral into the Collateral Receiver's segregated account, including any restrictions (e.g. eligible asset types, eligible issuers, minimum credit ratings, wrong-way risk, concentration limits, etc) and the corresponding margins (haircuts).

✓ KEY POINT - The ACA is distributed to clients and counterparties on a strictly 'non-negotiable' basis

How do I specify the assets that I will pledge as collateral?

The Eligible Collateral Schedule (ECS) specifies the assets that both parties agree are eligible to be pledged by the Collateral Provider to cover any agreed exposure. The ECS will specify the following:

- Eligible Assets - Asset type, issuer type, country of issue
- Haircuts / Margin Percentages - Based on asset type, ratings, residual maturity, any cross-currency adjustments (FX haircuts)
- Other Restrictions - Concentration limits, Wrong-Way risk (WWR) provisions

Who starts the ECS negotiation process?

As Collateral Provider it will be your firm's responsibility to propose the eligible terms to the Collateral Receiver. This is achieved by creating a Ruleset in BNY's electronic Eligible Collateral Schedule Manager, RULE.

Eligible Collateral Schedules (Cont'd)

Can you tell me some more information about RULE?

RULE is a web-based portal that enables parties to electronically negotiate and create eligible collateral schedules, directly within BNY's systems, therefore reducing negotiation timescales.

If both parties are RULE users, then benefits include

- Quicker negotiations (RULE avoids the need for the long email trails often seen for document-based negotiations)
- Lower resource burden across legal negotiation teams (through employment of bulk negotiation and processing functionality)
- Quicker operational usage of ECS terms once executed (no manual data input)

The RULE system allows the user to electronically perform the tasks below on their schedules:

- Create
- Edit
- Delete
- Approve
- Search
- View existing terms
- View and manage pending documents

Does the Collateral Receiver need to be on RULE as well?

If both parties are RULE users the process to negotiate and activate terms will be accelerated.

However BNY has deliberately given flexibility to the Collateral Receiver negotiation methodology. If your counterpart is not a RULE user you may generate a locked PDF of the terms you have created in RULE and share with the client. Any negotiated revisions must be amended in RULE until all parties are satisfied at which point a final PDF template should be sent for the Collateral Receiver to execute.

As Collateral Provider you must authorise in RULE as normal while the Receiver returns the executed paper version to BNY. Upon successful validation of signatures BNY will then activate the Ruleset against the segregated account.

ECS EXECUTION SCENARIO		ECS NEGOTIATION METHOD	
		Provider	Receiver
1	Both use RULE	RULE	RULE
2	Collateral Provider only uses RULE	RULE	RULE generated PDF

7.3

Electronic Negotiations via RULE

How do I access the RULE system?

If your firm employs RULE, then follow the steps below to access the environment.

1. Go to <https://my360.BNY.com>
2. Enter your User ID and Password
3. Click Login
4. The first time you login to RULE you are asked to change your password for security purposes.

How do I Create, Edit or Approve an Eligible Collateral Schedule in RULE?

BNY have published a comprehensive standalone user guide for the RULE system.

PLEASE REACH OUT TO YOUR BNY POINT OF CONTACT FOR A COPY OF THE RULE USER GUIDE AND TO BE PROVIDED WITH YOUR RULE USER IDS AND TEMPORARY PASSWORDS

- ✓ KEY POINT - Certain asset types will require both parties, Collateral Receiver and Provider, to provide applicable tax documentation before they can be used if deemed eligible collateral. RULE will identify any in-scope assets and prompt the user to complete the applicable tax documentation, which can be obtained from your BNY point of contact if required.

Operational Set-up

Overview

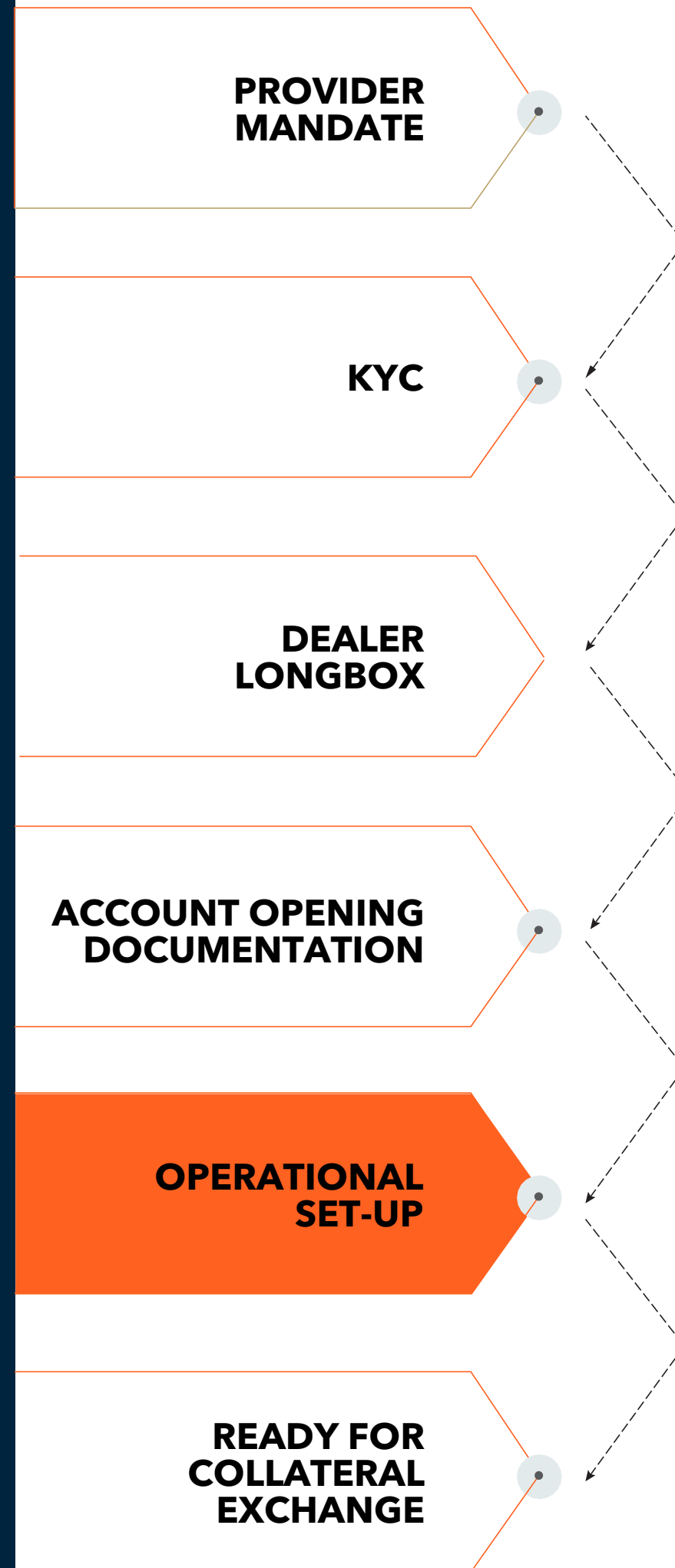
There are three key operational processes requiring set-up for Seg IM Collateral Receivers at BNY.

- Account Set-Up
- RQV Instructions
- Allocation Reporting

See the visual on the next page for the operational set-up processes and the key steps under each. These are then covered in more detail within the subsequent sections.

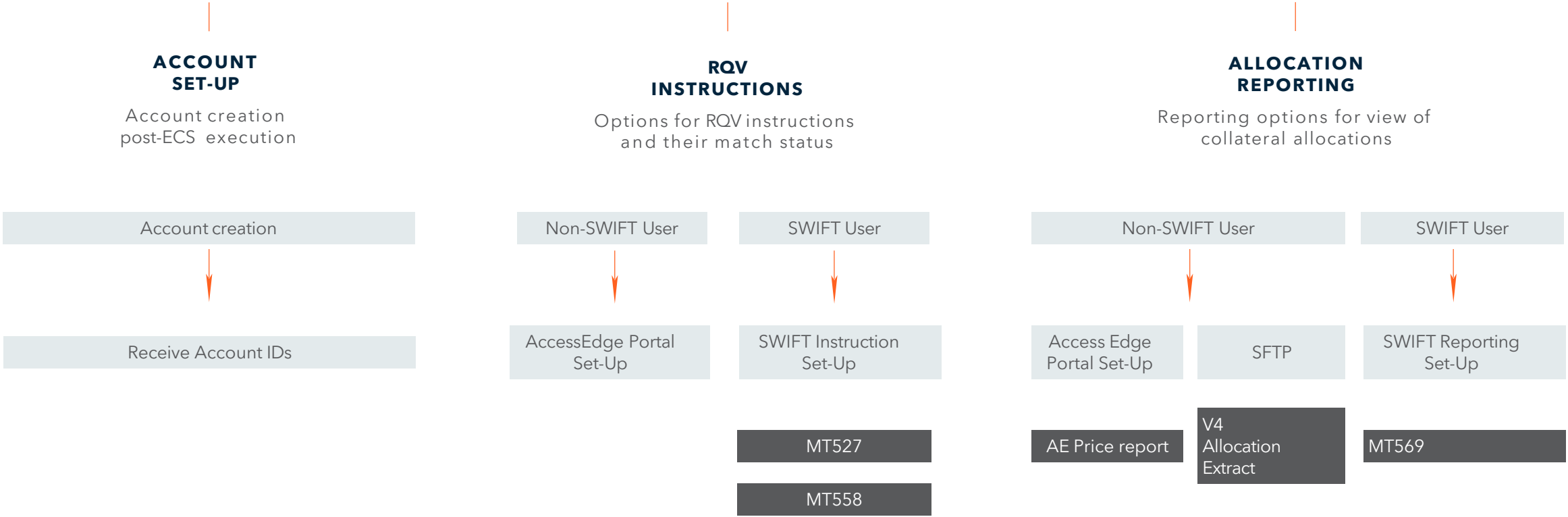
KEY POINTS

- ✓ KEY POINT - The different Operational set-up processes are completed in parallel, due to the number of steps involved.
- ✓ KEY POINT -If your firm outsources some or all of your operational processes to an Agent, then we would expect the Agent to own the operational set-up described.



Operational Set-Up

Operational set-up based on Receiver preferences, allowing for account set-up, instructions and reporting with BNY



Ready for Collateral Exchange

Segregated accounts opened, both parties capable of exchanging collateral and interacting with BNY

See the corresponding sub-sections and hyperlinks below for navigation.

1. [Account Set-Up](#)
2. [Background to RQV Instructions & Allocation Reporting](#)
3. [SWIFT vs Portal Comparison](#)
4. [RQV Instructions & Allocation Reporting via Portal](#)
5. [RQV Instructions & Allocation Reporting via SWIFT](#)

Account Set-Up

What is account set-up?

Account set-up is the process within BNY to create and activate the Segregated IM account, following the execution of the necessary legal contracts i.e. the ACA and ECS.

Once created, the eligible collateral terms must be configured on the account. BNY will activate the terms of the agreed ECS (Ruleset) once they have been approved by all parties in RULE.

How do I know that account set-up is complete?

BNY will send an implementation notification, via email, that account set-up is complete.

This email will contain all relevant IDs required for the daily operational exchange of collateral into the segregated account, including:

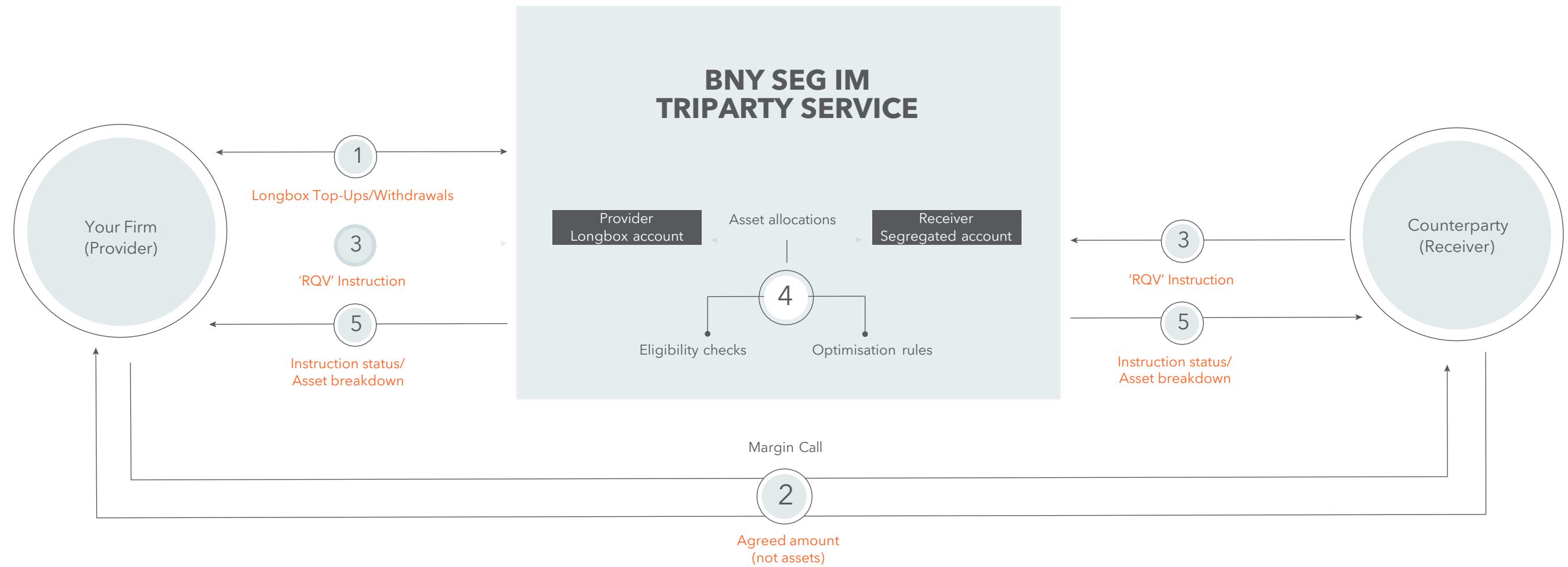
- **Purchaser ID ('PID')** - This is the Collateral Receiver's ID
- **Dealer ID ('DID')** - This is the Collateral Provider's ID
- **Account number** - This is the account number for the new segregated account
- **Ruleset ID** - This is the ID for the eligible collateral terms assigned to the account (which have been agreed via the ECS)

✓ **KEY POINT-** The IDs provided are key for the daily operational management of the segregated account. Your firm will need these IDs for use of the BNY Portals, reporting and SWIFT messaging.

RQV Instructions and Allocation Reporting - The Basics

This section gives an overview of the RQV instructions and reporting used within BNY's TriParty Seg IM service. The aim here is to help your firm to understand the relevant processes before getting operationally set-up.

We start with a reminder of the TriParty Custodian IM flow.



Instructions

Why do we need to send RQV instructions to a TriParty Custodian?

All TriParty Custodian services for Initial Margin require both bilateral parties to instruct their collateral requirements to the Custodian, containing what is called an overall required value (RQV). The process is referred to as Matching Instructions.

But what is an RQV?

The RQV can be defined as the total agreed exposure that must be collateralised at that point in time. The term RQV comes from the legacy Repo services offered by the TriParty Custodians, which has often acted as the foundation for their Seg IM services.

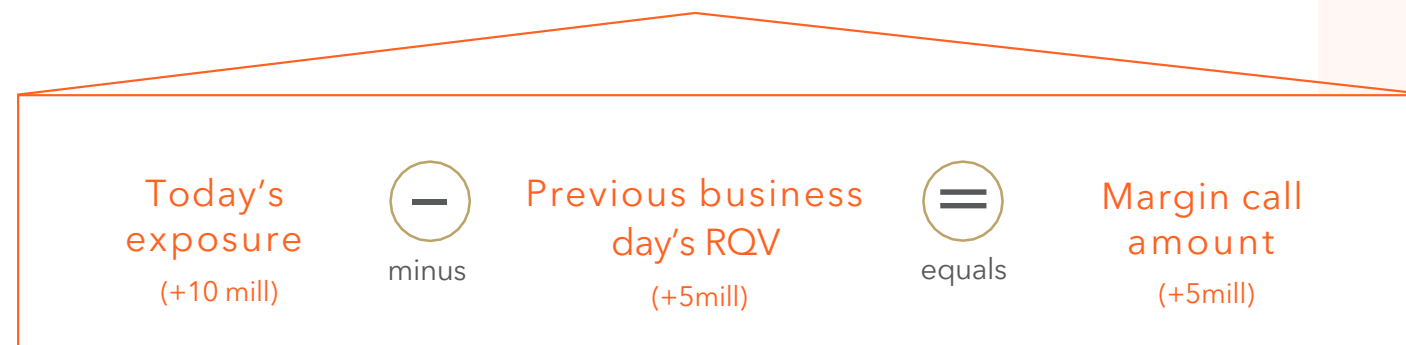
Ok, but what is the margin call amount that we agree with our counterparties?

For Variation Margin (VM), bilateral parties agree the 'delta amount' within their margin calls i.e. the difference between today's exposure and current collateral balance.

For Initial Margin, the majority of in-scope firms have continued to adopt the same approach, in an attempt to maintain similar processes for VM and IM.

This means IM firms generally agree the delta amount for their IM margin calls, by comparing today's exposure to the previous business day's RQV.

A simple IM margin call example would be:



Are there other differences in the margin call process for Initial Margin held at a TriParty Custodian, compared to Variation Margin?

Yes, there are a couple of other key differences.

Unlike VM, for IM segregated at a TriParty Custodian no underlying assets are specified when agreeing the margin call (or instructing an RQV). Instead only a notional amount in base currency is agreed with your counterparty.

Also, we must remember that IM is a two-way requirement. So your firm will need to agree margin calls and instruct collateral, if required, for both the Pay and Receive legs.

So what should we instruct to the TriParty Custodian for Initial Margin?

It's important that the RQV, rather than the delta amount, is instructed to the TriParty Custodian. The Custodian only wants to know the overall collateral requirement, so they know the amount of assets to be allocated.

This means that if both firms choose to agree the delta amount for their IM margin calls, they will need to convert the delta amount into the RQV before sending their instructions to the TriParty Custodian.

In simple terms the typical daily RQV calculation is:



9.1

See the example RQV scenarios below, showing amounts for both the bilateral IM margin calls and the Custodian RQV instructions.

DAY	IM EXPOSURE	PREVIOUS RQV (Collateral Balance)	MARGIN CALL (Delta Amount=IM Exposure - Previous RQV)	AGREED AMOUNT (With Counterparty)	RQV INSTRUCTION (Previous Rqv + Agreed Amount)	EXPLANATION
1	\$2,000,000	\$0	\$2,000,000	\$2,000,000	\$2,000,000	First instruction - RQV equals the margin call agreed amount
2	\$5,000,000	\$2,000,000	\$3,000,000	\$2,500,000	\$4,500,000	RQV increase- RQV equals previous RQV plus today's margin call agreed amount
3	\$3,500,000	\$4,500,000	-\$1,000,000	-\$1,000,000	\$3,500,000	RQV decrease - RQV equals previous RQV minus today's margin call agreed amount
4	\$4,000,000	\$3,500,000	\$500,000	\$0	N/A	No RQV to instruct - Full dispute
5	\$0	\$3,500,000	-\$3,500,000	-\$3,500,000	\$0	RQV equals zero - Full return of collateral
6	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$1,000,000	RQV increase - RQV equals previous RQV plus today's margin call agreed amount

Does my Provider also need to instruct the RQV to BNY's TriParty Seg IM service?

BNY's TriParty service operates on matched instructions, which means that both the Collateral Provider and Collateral Receiver must instruct the same information before BNY can allocate eligible assets to cover the exposure.

When do we need to instruct our RQV so that we match with our counterparty and have updated asset allocations by close of business?

There are different RQV instruction cut-off timings for each of BNY's sub-platforms, both for Portal instructions and SWIFT. These are shown below.

✓ KEY POINT - Instruction cut-off timings will depend on the sub-platform (RE1 to RE4) which you are pledging Initial Margin through.

BNY SUB-PLATFORM						
RE1 & 2		RE3		RE4		
US Securities		Global Securites		Asian Securites		
Open time	Inx Deadline	Open time	Inx Deadline	Open time	Inx Deadline	
US (EST)	08:00	15:00	19:30(T-1)	15:00	16:00 (T-1)	04:30
EMEA (GMT)	13:00	20:00	00:30	20:00	21:00 (T-1)	09:30
EMEA (CET)	14:00	21:00	01:30	21:00	22:00 (T-1)	10:30
APAC (SGT)**	20:00	03:00(T+1)	07:30	03:00(T+1)	04:00	16:30
APAC (JST)**	21:00	04:00(T+1)	08:30	04:00(T+1)	05:00	17:30

* Correct as of July-2019. Please check latest timings with your BNY point of contact.

** Please add one hour to Singapore (SGT) and Japanese (JST) timings between November and March each year for US daylight savings change

Will my RQV instruction still match if I send it after the cut-off timing?

No. This is because the matching window will have passed.

The RQV instruction will still be live when the system re-opens the next business day, however the settlement date on the instruction will no longer match with the actual date. This means that the instruction will need to be cancelled and re-booked for the new settlement date.

Do we need to instruct our RQV if there is no margin call agreed amount?

No. If no margin call is due or any call has been fully disputed with your counterparty, then no RQV needs to be instructed to BNY.

BNY will continue to use the previous matched RQV for its asset allocations until an amended RQV is received from both parties.

✓ KEY POINT - BNY cannot accept a new RQV instruction if a previous instruction remains unmatched (as there is no option to modify an unmatched instruction). Therefore you will need to cancel the original instruction before submitting the revised RQV instruction.

RQV Instruction Status

What should we do after we've sent an RQV instruction?

Once RQV instructions have been issued by one or both parties, then firms may want to find out the match status with the counterparty's equivalent instruction.

What types of message instruction status does BNY provide?

BNY supports the same set of RQV instruction statuses, regardless of which reporting medium is used (SWIFT or AccessEdge portal).

There are two different types of instruction status:

1. **RQV Match Status** - BNY calls this the 'Deal Match status', which is assigned via the Automated Deal Matching (ADM) service. This reflects the match status of the original RQV instruction with the counterparty's corresponding instruction.
2. **Allocation Status** - BNY calls this the 'Trade Status'. This reflects the asset allocation status once RQV instructions from both parties have been matched.

✓ **KEY POINT** - Only after the RQV Match Status shows as 'Matched' will the parties be able to see the corresponding Allocation Status. This is because no asset allocations will be triggered until both sides have matching instructions.

See the table to the right for details of the underlying RQV Match and Allocation status values

STATUS GROUP			STATUS VALUE	
Status Type	BNY Name	Description	Name	Description
RQV Match Status	Deal Match Status	Reflects the match status of the message instruction vs the counterparty's instruction	Unmatched	Instruction has been processed successfully, but is unmatched because no corresponding instruction has been received from the counterparty
			Mismatched	There is a corresponding instruction from the counterparty but there is a discrepancy (i.e. field) does not match
			Matched	Instruction has successfully matched with the corresponding instruction from the counterparty
			Rejected	The instruction fails to process e.g. due to an issue with the instruction template or message contents
			Allegation	Notification that your counterparty has issued an instruction, although no corresponding instruction from your firm.
Allocation Status	Trade Status	Reflects the asset allocation status once both RQV instructions have been matched	Deal Created	An exposure (deal) has been created for the RQV specified in the matched instruction.
			Partially Allocated	Assets have been allocated from the Collateral Provider to the Collateral Receiver's account to cover some of the exposure (RQV)
			Fully Allocated	Sufficient assets have been allocated from the Collateral Provider to cover the full exposure in the Collateral Receiver's account
			Rejected	If an instruction is successfully processed but a deal fails to create or allocations could not be performed

RQV Instruction Status (Cont'd)

Can we subscribe to both the RQV Match & Allocation statuses?

For are fully allocated for eSWIFT, your firm will have the choice to subscribe to either, or both, statuses via the MT558 SWIFT message.

In AccessEdge, users can see both the RQV status and whether they ach account (which is the equivalent of the Trade Status).

See the relevant sections on [SWIFT](#) and [AccessEdge](#) for more details on status tracking.

What action do we need to take if our RQV instruction is not matched?

If an RQV instruction is not matched, the first step is to ensure that you have instructed BNY correctly - the format and agreed terms. If not, you will need to amend your instruction as appropriate.

If you have instructed successfully the next step is to liaise with your counterparty directly to ensure they have or will submit the necessary corresponding instruction.

Can we also receive a status when our counterparty has instructed but we haven't?

Yes. In addition to instruction statuses, firms may also track Allegements. Allegements are available both via the Access Edge portal and SWIFT instructions (MT558 message).

✓ KEY POINT - It is your firm's responsibility to check your own Deal status and ensure that instructions are matched with your counterparties'.

After instructions have been matched BNY own any subsequent action to allocate assets to cover the full RQV.

Remember that an account will only be fully allocated if you have provided sufficient eligible collateral assets to your BNY longbox to cover all agreed RQV exposures.

Allocations

What is the allocation process?

The allocation process is the function by which collateral assets are allocated from the Collateral Provider's Longbox inventory account to the Collateral Receiver's segregated account, subject to the eligibility criteria defined in the ECS and any optimisation rules set up by the Collateral Provider.

When does the allocation process take place?

Once matching instructions are received from both Collateral Provider and Collateral Receiver the allocation process starts i.e. Deal Status = Matched.

Post-matching, the next allocation run launched will attempt to collateralize the RQV subject to sufficient, eligible collateral being held by the Collateral Provider. Regular allocation runs will take place during the day.

Each time a matched instruction is received the RQV and allocated assets will be updated in line, via the next allocation run.

Why is my RQV not fully collateralised when instructions have matched?

There could be multiple reasons why the RQV is not fully collateralised, including:

- You have not provided sufficient eligible collateral in your longbox
- Allocation run is yet to start or is in progress

What happens if no RQV is submitted (i.e. when no margin call is agreed)?

If no RQV is submitted on a given business day then BNY will continue to allocate assets to cover the previously matched RQV. Assets will be allocated/returned as necessary as a result of any collateral value changes.

What happens if we submit multiple RQVs on the same day?

Although a less likely scenario for Seg IM, if multiple RQVs are submitted throughout a day then they will be treated in the chronological order that they match. The end-of-day allocation will then be equivalent to the last of the matched RQV instructions.

RQV Instructions and Reporting - SWIFT vs BNY Portal

BNY offers more than one way to send settlement instructions and receive any related reporting.

So what are the different ways I can send settlement instructions and receive asset allocations reporting at BNY?

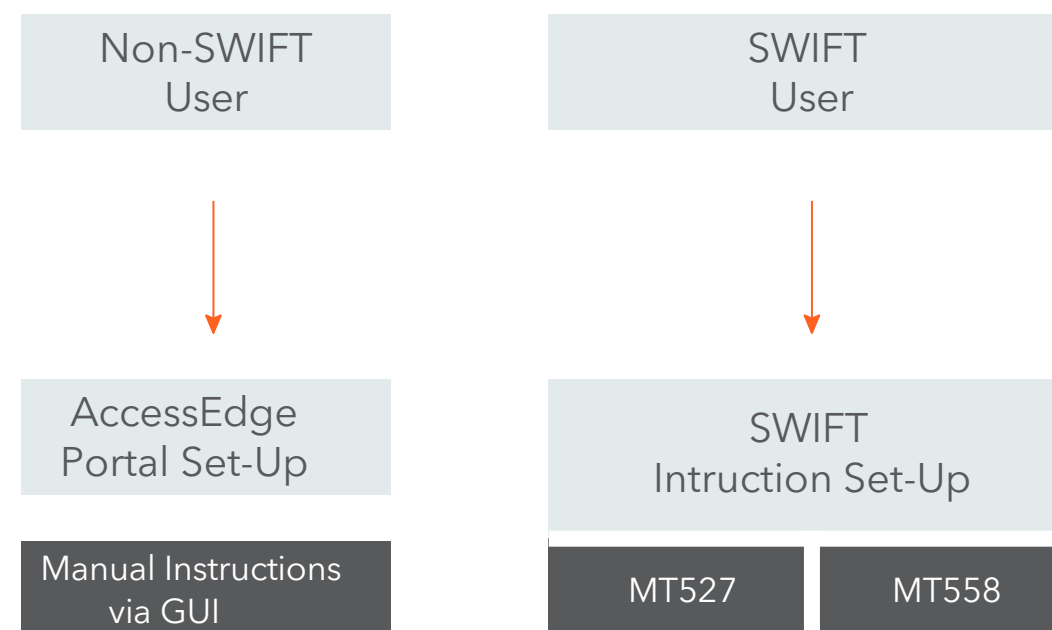
See the diagram to the right, which summarises the different methods Collateral Receivers can use at BNY.

In summary, Collateral Receivers can choose either of the methods below to gain all information they need:

1. SWIFT - The industry standard for electronic settlement messaging, or
2. BNY's Portals - Website interfaces that users can logon to process RQV instructions and download reports from

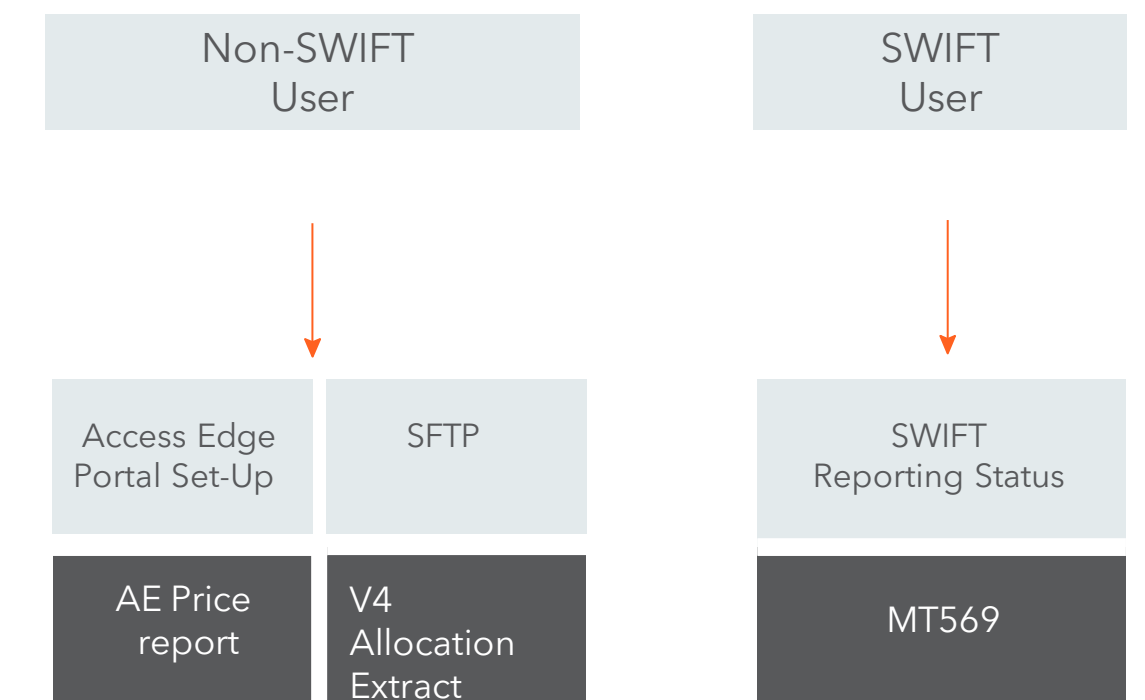
RQV Instructions

RQV instruction options and corresponding match/allocation status



Allocation Reporting

Reporting options for view of collateral allocations



Firms should ask themselves key questions when choosing between SWIFT and BNY Portal options, such as whether they, or their Agent/Vendor solution(s):

- a) support SWIFT messaging?
- b) support the key SWIFT message types used for TriParty Custodian-held collateral (i.e. MT527, MT558, MT569)?

If you answer no to either of these questions, it may make more sense for your firm to instead deploy the BNY portal. The Portals are also well-suited for Clients who have a low volume of collateral instructions and therefore don't require the overhead of the full SWIFT messaging suite.

Can you tell me more about the different message instruction options available from BNY?

To instruct the Seg IM RQV to BNY and receive the message instruction status back (if required), firms have two main options.

Instruction Option	Summary
Access Edge Portal	Log in and instruct directly through the BNY AccessEdge portal. RQV instruction match status can also be monitored here.
SWIFT	Secure market-standard electronic messaging via SWIFT format, for outbound RQV instructions (MT527) and inbound status (MT558) consumption into Client's systems.

And what are the different reporting options available from BNY?

BNY provides multiple reporting methods to its Collateral Providers. These are summarised within the table below.

Reporting Option	Summary	Report Distribution	Report Format	Data Snapshot	Report Distribution Frequency
AccessEdge Portal	Standard real-time reporting available direct from the AccessEdge Portal	Via Portal download	UI and CSV download	Real-time (current snapshot only)	Client-driven, based on portal download
Nexen Reporting Portal	BNY's central reporting portal offering a single comprehensive Seg IM allocations report	Via Portal download or send to email	UI and CSV/pdf downloads	End of day	Flexible scheduling on the day after the report is run
SWIFT	Secure market-standard electronic messaging via SWIFT format, for consumption into Client's systems	Via SWIFT network	MT569	As per scheduling	Configurable scheduling

How do I gain more information about the different instruction and allocation reporting methods that BNY offer?

This document goes into further detail on the instruction / reporting methodology that BNY offer

- For the use of AccessEdge - click [here](#)
- For the Allocation Extract report - [click here](#)
- For the use of SWIFT - click [here](#)

Do I need to submit my instruction and reporting preferences to BNY?

Yes, this is key.

BNY will need to perform different Seg IM set-up based on your instruction and reporting preferred methods. Without submitting your preferences BNY won't be able to commence the set-up for your firm.

How can I submit my instruction and reporting preferences to BNY?

Via the forms below, which should be submitted to [your BNY point of contact](#).

Your firm must submit your preferences through three Excel based forms that will have been included in the accompanying documents.

If you do not have copies of these forms, please reach out to [your BNY point of contact](#) as necessary.

But, before submitting the forms, please make sure that you understand the methods you intend to adopt by reviewing the detailed sections of this guide.

FORM	PURPOSE
GTBS Client Access Form	Specifies user details for access to portal(s)
GTBS Reporting Request Form	Specifies the requested Allocation report types and timing
GTBS Messaging Request Form	Specifies preferences when instructing RQVs via SWIFT

BNY Portals - AccessEdge

General

What is AccessEdge?

AccessEdge is the BNY web-based portal application that can be used by Clients for operational tasks related to RQV instructions and allocations reporting.

What can I do within AccessEdge?

There are a number of different collateral Receiver functions supported via the AccessEdge portal, including the following:

- Instruct RQV
- Track RQV instruction status
- Update RQV instruction
- View collateral allocations reporting
- View assets available in your longbox

How do I log onto AccessEdge?

Use the following URL to enter AccessEdge - <https://next.accessedge.com/>

Enter your username and password to log into the portal. The first time you log in you will need to change the temporary password assigned to you.

How should I use AccessEdge on a day-to-day basis?

The scenarios relevant to Segregated IM for Collateral Receivers are described in the AccessEdge Quick Reference Guide.

- View Accounts & Statuses
- View Eligible Collateral
- Instruct RQV
- Monitor statuses
- Review Collateral Allocations

If you do not have a copy of the Quick Reference Guide please contact your [BNY point of contact](#)

Access

How up-to-date is the information showing in AccessEdge?

AccessEdge reflects a real-time snapshot of all information related to accounts, instructions and collateral allocations.

Who needs access to AccessEdge?

If you are directly involved with the Custodian operational processes, either hands-on or supervisory, then we'd suggest gaining access to AccessEdge. Even if your firm intends to instruct RQVs using SWIFT, then the AccessEdge portal can be used as a fallback option, so it is recommended that access is raised.

Ok, so how do I gain access to AccessEdge?

For access to the Global platform (RE3 and RE4), the first step is to complete the Electronic Access form. This gives your firm authority to use electronic instructions via AccessEdge.

The Electronic Access form will have been included in the accompanying documents. If you do not have a copy, please reach out to [your BNY point of contact](#) for a copy.

Note that for the Electronic Access form is not required for the Domestic platform (RE1 and RE2).

The next step is to raise which Users should be given access to AccessEdge for both the Domestic and Global platforms (RE1 to RE4).

This is achieved by completing the AccessEdge tab of the GTBS Client Access Request form which will also have been included in the accompanying documents. Again, if you do not have a copy, please reach out to [your BNY point of contact](#) for a copy.

Once you fill in the relevant fields, it should be returned to [your BNY point of contact](#).

How do I raise access for different user profiles (e.g. an inputter vs a reviewer vs read-only)?

There are two different levels of access that can be raised per user, shown within the 'Access Type' column of the Client Access

Request form:

- **Standard** - Only required if the user will be instructing RQVs or updating RQV instructions.
- **Read-only** - Access limited to the read-only functions of AccessEdge, including RQV status tracking and viewing collateral allocations. No ability to create or update RQV instructions.

What are AccessEdge's systemic requirements?

AccessEdge can be supported via the latest versions of Internet Browser and Chrome.

Access (Cont'd)

How will I know when my access to AccessEdge has been granted?

You will receive an email from the BNY Helpdesk with your AccessEdge login and temporary password, which you must change when you first login.

Does AccessEdge show all segregated accounts held on both Domestic and Global platforms?

Yes, AccessEdge will give you a view of all Collateral Receiver segregated accounts held across all platforms (Domestic/Global) and sub-platforms (RE1-4).

However, you will be provided with a separate login and password for each BNY sub-platform that you require access to (note that RE1 and RE2 share the same login details).

This means that if you pledge through one platform, but face a counterparty who is pledging to your firm through a different platform, you will be sent multiple logins.

For example your firm is pledging through the BNY Global platform (RE3), but your counterparty, Bank ABC, has appointed BNY Domestic service (RE1/2), your employee(s) will have a separate username and password for each environment. See the table below

✓ KEY POINT -To efficiently use the AccessEdge Portal your employees will need to track which BNY sub-platforms the segregated accounts are established under and log into the respective environments as required.

PROVIDER	RECEIVER	BNY PLATFORM	BNY SUB-PLATFORM	EXAMPLE USERNAME	EXAMPLE PASSWORD
Your Firm	Bank ABC	Global	RE3	John.Smith12	Unique12
Bank ABC	Your Firm	Domestic	RE1/2	John.Smith34	Unique34

11.3

Reporting

Which AccessEdge Report shows my collateral allocations?

The Price report is the real-time AE report that can be downloaded from the Positions screen.

The Price report contains a breakdown of collateral allocations - aggregated at asset-level - and exposures per account.

FOR FURTHER DETAILS PLEASE REFER TO THE ACCESSEGE PRICE REPORT GUIDE THAT SHOULD HAVE BEEN INCLUDED WITH THE RELATED DOCUMENTS

11.4

System Coverage

What are the AccessEdge system coverage times?

AccessEdge is open for system use Monday to Friday. The system is open at different times for the different sub-platforms, see below:

SUB-PLATFORM	EST	CET	JST
RE1 & RE2	8:00 to 19:00	14:00 to 01:00	22:00 to 12:00
RE3	19:30 to 18:30	01:30 to 00:30	08:30 to 07:30
RE4	16:00 to 06:00	22:00 to 12:00	05:00 to 19:00

✓ KEY POINT - The system coverage times specified above should not be confused with the RQV instruction cut-off timings which have been detailed separately in this guide. The RQV instruction cut-off timings are narrower than the system coverage timings.

Who can I reach out to with any system issues or questions?

You should contact the AccessEdge Helpdesk on CTDS_Connect_Help@BNY.com.

See below for the contact details of the Helpdesk regional teams.

- AMERICAS: +1 (855) 284 9065 (Toll Free) +1 615-457-5589
- EUROPE, MIDDLE EAST, AFRICA: +44 (0) 20 7964 6161
- ASIA PACIFIC: +800 2265 6369 (Toll Free) +65 6432 0314

12.0

Allocation Extract Report

What is the Allocation Extract Report?

The Allocation Extract Report provides comprehensive data for Collateral Providers with respect to the holding and allocation of collateral.

What is the Allocation Extract Report?

The Allocation Extract Report is a comma separated value (csv) format file.

How do we receive the Allocation Extract Report?

BNY will deliver the Allocation Extract Report by SFTP. You will need to liaise with your BNY point of contact to arrange the SFTP configuration.

When will the Allocation Extract Report be sent?

The Allocation Extract Report is produced and distributed on an end-of-day basis. If you would like to receive on a different frequency, please discuss possible configuration with your BNY point of contact.

How do we interpret the Allocation Extract Report?

Please refer to the Allocation Extract V4 Specification Guide in the related documents that should have been included in the materials you received with this guide. If you do not have a copy, please reach out to your BNY point of contact.

SWIFT Messaging

BNY accept and send instructions through the electronic SWIFT message network for their Seg IM Triparty services.

Within this section we'll describe the different SWIFT message types used by BNY and its Clients for different scenarios. See the table below for a summary of the different message types.

	TRIPARTY SEG IM SCENARIO	SWIFT MESSAGE TYPE	MESSAGE INITIATOR
1	RQV instruction	MT527	Receiver & Provider
2	RQV instruction status	MT558	BNY
3	Breakdown of Collateral Asset allocations	MT569	BNY

Access (Cont'd)

SWIFT Keys

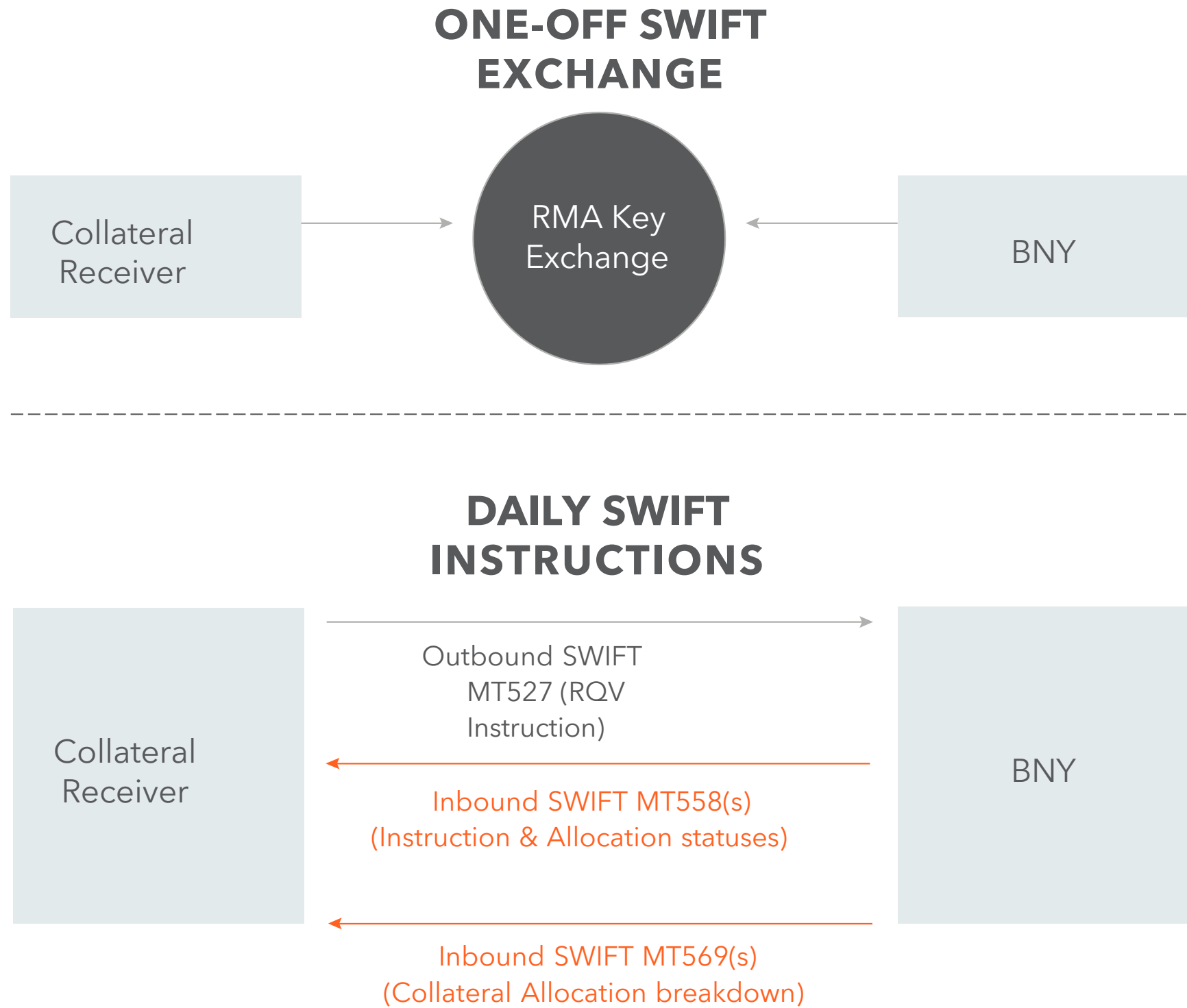
Before we go into the details of the different SWIFT message types, firms will need to test and confirm that they are set-up to send and receive SWIFT messages to and from BNY.

✓ **KEY POINT** - We recommend performing the SWIFT key exchange with BNY as soon as practically possible, so as not to delay your firm's ability to send and receive SWIFT messages.

Has my firm previously sent SWIFT instructions to BNY?

If yes, then a SWIFT key exchange must already have been performed and will not need to be repeated.

If no previous SWIFT instructions, then your firm will need to perform a SWIFT key exchange to authorise the BIC relationship, via the Relationship Management Application (RMA). This must be performed in advance of the first collateral instruction being sent.



TO ARRANGE SWIFT KEY EXCHANGE REACH OUT TO YOUR BNY POINT OF CONTACT

13.2

SWIFT – Message Instructions

The SWIFT MT527 is the first message in the Triparty Seg IM lifecycle with BNY. It is used to instruct the RQV that the bilateral parties have already agreed to collateralise.

MT527 Message Template

To the right is the SWIFT MT527 message template, or schema, for instructing to BNY.

A description of the different SWIFT Tags, and how the message should be populated, can be found below the table.

ROW	SWIFT TAG	FIELD DESCRIPTION	FORMAT*	EXAMPLE
1	:16R:GENL	Start of Block	16c	:16R:GENL
2	:28E:1/ONLY	Number of messages	4!c	:28E:1/ONLY
3	:20C::SEME//	Sender's reference	16x	:20C::SEME//collmove01
4	:20C::CLCI//	Client's collateral instruction reference	16x	:20C::CLCI//abcdef12
5	:20C::SCTR//	Sender's collateral transaction reference	16x	:20C::SCTR//bnyclient01
6	:23G:	Function of the message	4!c	:23G:NEWM
7	:98A::EXRQ//	Execution requested date	8!n	:98A::EXRQ//20181004
8	:98A::TRAD//	Trade date	8!n	:98A::TRAD//20181004
9	:22H::CINT//	Collateral instruction type indicator	4!c	:22H::CINT//INIT
10	:22H::COLA//	Exposure type indicator	4!c	:22F::COLA/BNY/TRCS
11	:22H::REPR//	Collateral receiver/provider indicator	4!c	:22H::REPR//RECE
12	:13B::ELIG//	Elegibility set profile number	30x	:13B::ELIG/371494AS4
13	:16R:COLLPTY	Start of Block	16c	:16R:COLLPTY
14	:95P::PTYA//	Party A (Message Sender)	4!a2!a2!c[3!c]	:95P::PTYA//TESTGB2L
15	:97A::SAFE//	Sender's safekeeping account	3!c or 3-6c	:97A::SAFE//011
16	:16S::COLLPTY	End of Block	16c	:16S:COLLPTY
17	:16R:COLLPTY	Start of Block	16c	:16R:COLLPTY
18	:95P::PTYB/	Party B (Counterparty)	BNY/3!c/ BNY/3-6c	:95R::PTYA/BNY/POP
19	:97A::SAFE//	Safekeeping account	3-6c	:97A::SAFE//RTR101
20	:16S:COLLPTY	End of Block	16c	:16S:COLLPTY
21	:16R:COLLPTY	Start of Block	16c	:16R:COLLPTY
22	:95P::TRAG//	Tri-Party Agent	4!a2!a2!c[3!c]	:95P::TRAG//IRVTUS3NBDS
23	:16S:COLLPTY	End of Block	16c	:16S:COLLPTY
24	:70E::CINS//	Coll Instruction Narrative	/4!c/1!n	:70E::CINS//FRMT/2
25	/OPEN/	Open Indicator	1!c	/OPEN/Y
26	/PRJM/	Projected Mode Indicator	4!c	/PRJM/LIVE
27	/INTP/	Interest Type Indicator	1!c	/INTP/S
28	/BPTR/	Bi-Party / TriParty Indicator	1!c	/BPTR/T
29	:16S:GENL	End of Block	16c	:16S:GENL
30	:16R::DEALTRAN	Start of Block	16c	:16R:DEALTRAN
31	:98A::TERM//	Closing date	8!n	:98B::TERM//OPEN
32	:19A::TRAA//	Transaction amount (RQV)	[N]3!a12n,2n	:19A::TRAA//EUR8000000,
33	:16S:DEALTRAN	End of Block	16c	:16S:DEALTRAN

*For a detailed explanation on the SWIFT format convention please refer directly to the SWIFT website

<https://www.swift.com/our-solutions/compliance-and-shared-services/mystandards/how-to-define-an-mt-format>

- Hard-coded fields
- Client static fields
- Transaction fields

Domestic vs Global MT527s

The MT527 specifications for the Global and Domestic service are identical with one exception.

Domestic platform counterparties will require the 13B field to be included with a default value:

```
:13B::ELIG//371494AS4
```

However, the 13B field is subject to matching criteria, so should you report this field and your counterpart not, or vice versa, the instruction will fail.

✓ **KEY POINT-** It is important that all parties understand which BNY platform the segregated accounts are established through to ensure any MT527 messages are configured appropriately.

Populating MT527 SWIFT Fields

What are the different types of field within the MT527 message?

The fields within the MT527 SWIFT message fall under three key categories:

1. Hard-coded fields

These fields contain values that will remain the same for all Triparty Seg IM SWIFT MT527 instructions, regardless of the facing counterparty or scenario.

2. Client static fields

These fields are specific to the bilateral parties to the instruction and contain values that will be the same for all instructions sent for a particular relationship (i.e. for each IM CSA counterparty), regardless of the scenario.

3. Transaction fields

These fields have values that will change for each individual MT527 instruction, as they hold information specific to each RQV.

How do we populate the different types of field in the MT527 message?

Below are the guidelines for how to populate the different field types for the MT527.

Hard-coded Fields

Please refer to the 'Example' column of the 'MT527 Message Template' table for the exact values to be used for any hard-coded fields.

These are the simplest fields to populate as they will never change.

For the TRAG (Triparty Agent) field, should we always use the same BNY value for both Domestic and Global services?

Yes. The same BIC code will always be used for both Global and Domestic services, which is IRVTUS3NBDS.

Client Static Fields

Upon the successful opening of segregated accounts, BNY will notify firms of a number of key IDs related to the account that will be required to construct the SWIFT message (see Account Set-Up).

- Purchaser ID ('PID') - Collateral Receiver's ID
- Dealer ID ('DID') - Collateral Provider's ID
- Account number -Account number for the new segregated account

These IDs become key fields used within the MT527 message template, combined with several other fields. More details in the table to the right.

✓ **KEY POINT** - Firms must record the static data (PID/DID/Account number) within their systems at an individual account-level in order that it can be populated in SWIFT messages when required.

If instructions have previously been entered via AccessEdge the value recorded in the Client Reference field must be recorded in the SCTR field of any subsequent SWIFT MT527 messages.

Firms will also need to record the date that they receive collateral for the first time as static data -this value must be available to populate in all future instructions.

ROW	TAG	VALUE	DESCRIPTION
5	:20C::SCTR//	Transaction Reference	This field is used to assign a unique Client reference to the collateral position (this value is generated by the message sender, not BNY). All instructions for a given relationship must contain the same value. This is the Client Reference field in AccessEdge
8	:98A::TRAD//	Trade Date	This field reports the day that the collateral position was created i.e. the day that the original INIT message was instructed (and matched).Therefore for an INIT message it will be the same as the Instruction date in the above field. For all subsequent messages it must be populated with the same value as the previous instructions.
14	:95P::PTYA//	Sender (BIC)	This field should be populated with the message sender's 11 digit BIC code.
15	:97A::SAFE//	Dealer ID/ Purchaser ID	As Collateral Receiver you will populate this field with your Purchaser ID
18	:95R::PTYB//	Dealer ID/ Purchaser ID	As Collateral Receiver you will populate this field with your counterparty's Dealer ID
19	:97A::SAFE//	Account number	The segregated account number is reported in the PTRYB safekeeping field.

Transaction Fields

The table to the right describes how to populate the transaction specific values in an MT527 instruction

Collateral Instruction Type (SWIFT Tag 22H::CINT//)

The Collateral Instruction Type field, or 'CINT' field, identifies the instruction scenario and is therefore the starting point for your MT527 instruction.

The CINT field is a 'matching' field, which means that both parties must instruct the same value for the instructions to be matched and processed successfully.

There are 3 possible values to report in this field

- **INIT** - This value is used the first time that the exposure exceeds the exchange threshold and there is an agreed collateral exchange.

- **PADJ** - This value is used to report any adjustments to the RQV (increase/decrease) as a result of any agreed margin calls.

Should the exposure drop below the threshold and both parties agree to a full return of collateral to the Collateral Provider, the instruction should be sent as a PADJ with an RQV of 0

- **TERM** - Parties should only instruct this value when if the relationship is being terminated

✓ **KEY POINT** - The market practise to instruct a PADJ with a 0 notional instead of a TERM is a different to Repo instructions.

ROW	TAG	BNY VALUE	DESCRIPTION	SET FIELD VALUE	FORMAT REQUIRMENTS
3	:20C::SEME//	Sender Reference	A message-level reference. This reference must be unique for every message sent.		Free-text up to 16 characters
4	:20C::CLCI//	Client Reference	Another message-level reference. This message must be unique for every message sent (note that this can be the same as the SEME reference).		Free-text up to 16 characters
6	:23G:	Function of the message	This field identifies whether this instruction is a new message or a request to cancel a previously sent message. Should be reported with value NEWM for all instructions or CANC in the event of a cancellation.	NEWM CANC	
7	:98A::EXRQ//	Execution Requested Date	This is the settlement date of the collateral instruction.		YYYYMMDD
9	:22H::CINT//	Instruction Type	This field is used to report the purpose of the message, using one of the following options <ul style="list-style-type: none"> • NIT • PADJ • TERM See below for further explanation on when to use which value To determine the applicable value please refer to the section above.	INIT PADJ TERM	
11	:22H::REPR//	Collateral Provider/ Receiver	The value indicates the role of the message sender in the transaction. As Collateral Receiver you will populate this field as RECE	PROV RECE	
32	:19A::TRAA//	Transaction Amount (RQV)	This field is used to instruct the RQV. The notional RQV is preceded by the currency of the agreement.		3 digit ISO curren- cy code + Notional using a comma decimal
					eg. USD20000,00

Cancellations

How do we cancel an MT527 instruction?

In order to cancel an MT527 instruction, the instruction should be re-sent with the same values as the original instruction with two key changes:

1. The function of the message should be updated to :23G:CANC
2. The message reference fields, SEME and CLCI, should be unique to each message and so must be different to the original instruction.

Additionally, the following rules must be applied to any cancellation instructions:

- Both parties must send matching cancellation instructions for the original instructions to be cancelled
- The date of the instruction to be cancelled must not be in the past

And what is the outcome when the cancellation instructions for both parties are matched?

When cancelling a 'PADJ' instruction the RQV for the collateral account will revert to the previously agreed RQV.

- ✓ KEY POINT - BNY cannot accept a new instruction if a previous instruction remains unmatched (as there is no option to modify an unmatched instruction). Therefore you will need to cancel the original instruction before submitting the revised MT527 instruction.

SWIFT MT527 Examples and Technical Specification

Please refer to Appendix 1 for example SWIFT messages across the range of scenarios.

Additionally the full format specification for MT527 SWIFT Triparty messages will have been included in the accompanying documents (SWIFT MT527-558 Format Specification). If you do not have a copy, please reach out to your BNY point of contact for a copy.

SWIFT Hours of Operation

What are BNY's coverage times for MT527 receipt and matching?

SWIFT messages can be instructed and matched between the hours specified in the table to the right.

As stated earlier on, firms will need to understand which sub-platforms their Collateral Provider counterparties are using to dictate the relevant settlement timings.

What happens after platform cut-off?

The BNY system date is reset during the shutdown window. This means that any instructions that fail to match before the cut-off will be rejected because the Execution Requested Date will be in the past once the system restarts (remember that Seg IM instructions typically need to be booked for same business day settlement).

What should we do if we, or our counterparty, instructs after platform cut-off?

Parties will need to re-instruct and match the RQV once the system restarts with a revised Execution Requested Date.

BNY SUB-PLATFORM						
RE1 & 2		RE3		RE4		
US Securities		Global Securites		Asian Securites		
Open time	Inx Deadline	Open time	Inx Deadline	Open time	Inx Deadline	
US (EST)	08:00	15:00	19:30(T-1)	15:00	16:00 (T-1)	04:30
EMEA (GMT)	13:00	20:00	00:30	20:00	21:00 (T-1)	09:30
EMEA (CET)	14:00	21:00	01:30	21:00	22:00 (T-1)	10:30
APAC (SGT)**	20:00	03:00(T+1)	07:30	03:00(T+1)	04:00	16:30
APAC (JST)**	21:00	04:00(T+1)	08:30	04:00(T+1)	05:00	17:30

13.3

Message Instruction Status

BNY can communicate the status of all collateral instructions to its Collateral Providers and Collateral Receivers via the SWIFT MT558 message template.

MT558 Construction

The MT558 messages are responses to individual MT527 RQV instructions and the construction of the MT558 status message follows a similar format.

There are two key objectives when consuming a SWIFT MT558 message;


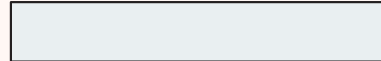


1. Identifying the Collateral instruction that the MT558 relates to
2. Interpreting the status itself

✓ **KEY POINT** - Each MT558 message relates directly to an individual Collateral instruction

TAG	FIELD	FORMAT*	EXAMPLE
:16R:GENL	Start of Block	16c	16R:GENL
:28E:1/ONLY	Number of messages	4!c	:28E:1/ONLY
:20C::SEME//	BNY message reference	16x	:20C::SEME//status01
:20C::CLCI//	Client's collateral instruction reference	16x	:20C::CLCI//abcdef12
:20C::CLTR//	Collateral transaction reference	16x	:20C::SCTR//bnyclient01
:23G:	Function of the message	4!c	:23G:ADVD
:98C::PREP//	Preparation Date/Time	8!n6!n	:98A::PREP//20181004093622
:98A::EXRQ//	Execution requested date	8!n	:98A::EXRQ//20181004
:98A::TRAD//	Trade date	8!n	:98A::TRAD//20181004
:22H::COLA//	Exposure type indicator	4!c	:22F::COLA/BNY/TRCS
:22H::CINT//	Collateral instruction type indicator	4!c	:22H::CINT//INIT
:22H::REPR//	Collateral receiver/provider indicator	4!c	:22H::REPR//RECE
:13B::ELIG//	Elegibility set profile number	30x	:13B::ELIG/371494AS4
:16R:COLLPRTY	Start of Block	16c	:16R:COLLPRTY
:95P::PTYA//	Party A	4!a21a21c[3!c]	:95P::PTYA//TESTGB2L
:97A::SAFE//	Sender's safekeeping account	3!c or 3-6c	:97A::SAFE//O11
:16S:COLLPRTY	End of Block	16c	:16S:COLLPRTY
:16R:COLLPRTY	Start of Block	16c	:16R:COLLPRTY
:95R::PTYB/	Party B	BNY/3-6c	:95R::PTYB/BNY/PQP
:97A::SAFE//	Safekeeping account	3-6c	:97A::SAFE//RTR101
:16S:COLLPRTY	End of Block	16c	:16S:COLLPRTY
:16R:COLLPRTY	Start of Block	16c	:16R:COLLPRTY
:95P::TRAG//	Tri-Party Agent	4!a2!a2!c[3!c]	:95P::TRAG//IRVTUS3NBDS
:16S:COLLPRTY	End of Block	16c	:16S:COLLPRTY
:16R:STAT	Start of Block	16c	:16R:STAT
:25D::XXXX//	Status (see further details below)	4!c	:25D::MTCH//NMAT
:16R:REAS	Start of Block	16c	:16R:REAS
:24B::NMAT//	Reason	BNY/4!c	:24B::NMAT/BNY/CMIS
:70D::REAS//	Reason Narrative	5*35x	
:16S:REAS	End of Block	16c	:16S:REAS
:16S:STAT	End of Block	16c	:16S:STAT
:70E::CINS//	Collateral Instruction Narrative	5*35x	
:19A::RMAG//	Required Margin Amount	[N]3!a12n,2n	:19A::RMAG//EUR8000000,
:19A::ALAM//	Collateralised Amount	[N]3!a12n,2n	:19A::ALAM//EUR8000042,8
:16S:GENL	End of Block	16c	:16S:GENL
:16R:DEALTRAN	Start of Block	16c	:16R:DEALTRAN
:98A::TERM//	Closing date	8!n	:98B::TERM//OPEN
:19A::TRAA//	Transaction amount (RQV)	[N]3!a12n,2n	:19A::TRAA//EUR8000000,
16S:DEALTRAN	End of Block	16c	:16S:DEALTRAN

*For a more detailed explanation on the SWIFT format convention please refer directly to the SWIFT website -

<https://www.swift.com/our-solutions/compliance-and-shared-services/mystandards/how-to-define-an-mt-format>

-  MT527 ID Fields
-  Instruction Status fields
-  Allocation Status fields MT527
-  Replayed fields

Identifying the Originating MT527 Instruction

MT527 ID Fields

BNY will report the client's Collateral Instruction Reference in the MT558 under the 20C::CLCI tag.

The MT527 message contains two instruction references, held within the CLCI and SEME fields (although firms may report the same value under both fields).

The instruction reference that BNY reports in the MT558 20C::CLCI tag can be configured to be either of these references, based on the subscriber's preference.

In addition the MT558 message contains the Collateral Transaction assigned in the MT527 instruction. This reference is reported in the 20C::SCTR tag of the MT527 and replayed in the MT558 20C::CLTR tag.

Interpreting the Status

Instruction Status Fields

The MT558 reports the status of the instruction in the Reason sub-sequence, highlighted green and identified by the block reference 'STAT'.

SWIFT tag 25D is present in all MT558 messages and describes the status of the instruction using a four-digit code.

The table below details the codes for each status. It also describes the expected field combinations in MT558 messages for each status.

SWIFT TAG

STATUS TYPE	BNY CATEGORY	STATUS	TAG 25D	24B	70D	70E	19A
Instruction Status	ADM	Unmatched	:25D::MTCH/NMAT	✓			
		Mismatched	:25D::MTCH/NMAT	✓			
		Matched	:25D::MTCH/MACH				
		Rejected	:25D::IPRC/REJT	✓	✓		
Allocation Status	Trade	Deal Created	:25D::IPRC/PACK			✓	
		Partially Allocated	:25D::ALOC/AOLP				✓
		Fully Allocated	:25D::ALOC/AOLF				✓
		Rejected	:25D::IPRC/REJT	✓	✓		

Collateral Allocations

Allocation Status Fields

For allocation status messages the Required Margin Amount (equivalent of the RQV) and actual Collateralised value allocated to the trade (post-haircut value of allocated assets) will be reported as two additional fields:

- Required Margin Amount - reported under the SWIFT tag :19A::RMAG//
- Collateralised Amount - reported under the SWIFT tag :19A::ALAM//

MT527 Replayed fields

White Fields

All remaining fields are inherited from the original MT527 instruction and replayed back within the MT558 message.

MT558 - Allegement Status

If your firm subscribes to Allegement messages, BNY will issue an MT558 message in the event that your counterparty has instructed BNY but there is no corresponding instruction issued from your firm.

The MT558 Allegement messages are constructed in the same format as the MT527. The distinction being that the function of the message will be reported as :23G:ADVD.

SWIFT MT558 Examples and Technical Specifications

Please refer to Appendix 2 for example SWIFT messages across the range of scenarios.

Additionally the full format specification for MT558 SWIFT Triparty messages will have been included in the accompanying documents (SWIFT MT527-558 Format Specification). If you do not have these documents, please reach out to [your BNY point of contact](#) for a copy.

Allocation Reporting

BNY publishes allocation data through the SWIFT network via the MT569 message.

MT569 Triparty Collateral and Exposure Statement

The MT569 report provides details of collateral valuation and agreed exposure, including the following,

- Exposure (Agreed RQV)
- ISIN / CUSIP of pledged collateral
- Notional
- Market Value
- Adjusted Value

✓ **KEY POINT** - The MT569 report details the assets that have been allocated to cover agreed RQVs into segregated accounts. It will not include details of assets that remain in the longbox

BNY offer two versions of the report - a Summary MT569 and a Detailed MT569. Each message is constructed from the following sections:

BLOCK	DESCRIPTION	SUMMARY	DETAILED	BEHAVIOUR
Sequence A	General Information	✓	✓	Once per MT569
Sequence A1	Collateral Parties	✓	✓	Once per MT569
Sequence B	Overall Summary	✓	✓	Once per MT569
Sub Sequence C	Summary by ExposureType	✓	✓	Once per MT569
Subsequence C1	Summary by Counterparty	✓	✓	Repeatable per cpty
Subsequence C1a	Transaction Details	✓	✓	Repeatable per product
Subsequence C1a1	Valuation Details		✓	Repeatable per asset
Subsequence C1a1A	Securities Details		✓	Repeatable per asset

How do I read an MT569 message to understand allocated assets?

In the section that follows we will concentrate on the fields relevant to identifying assets allocated against Segregated IM accounts.

For a full specification of all fields within the MT569 SWIFT format, please refer to the SWIFT MT569 Format Specification that will have been included in the accompanying documents. If you do not have a copy, please reach out to your [BNY point of contact](#) for a copy.

Summary Sequences

The first four sequences of the MT569 message are general information and summary data. For the purpose of consuming collateral allocations, the only relevant fields in these sections are contained within the Collateral Parties Block which identifies the party that this report is applicable to.

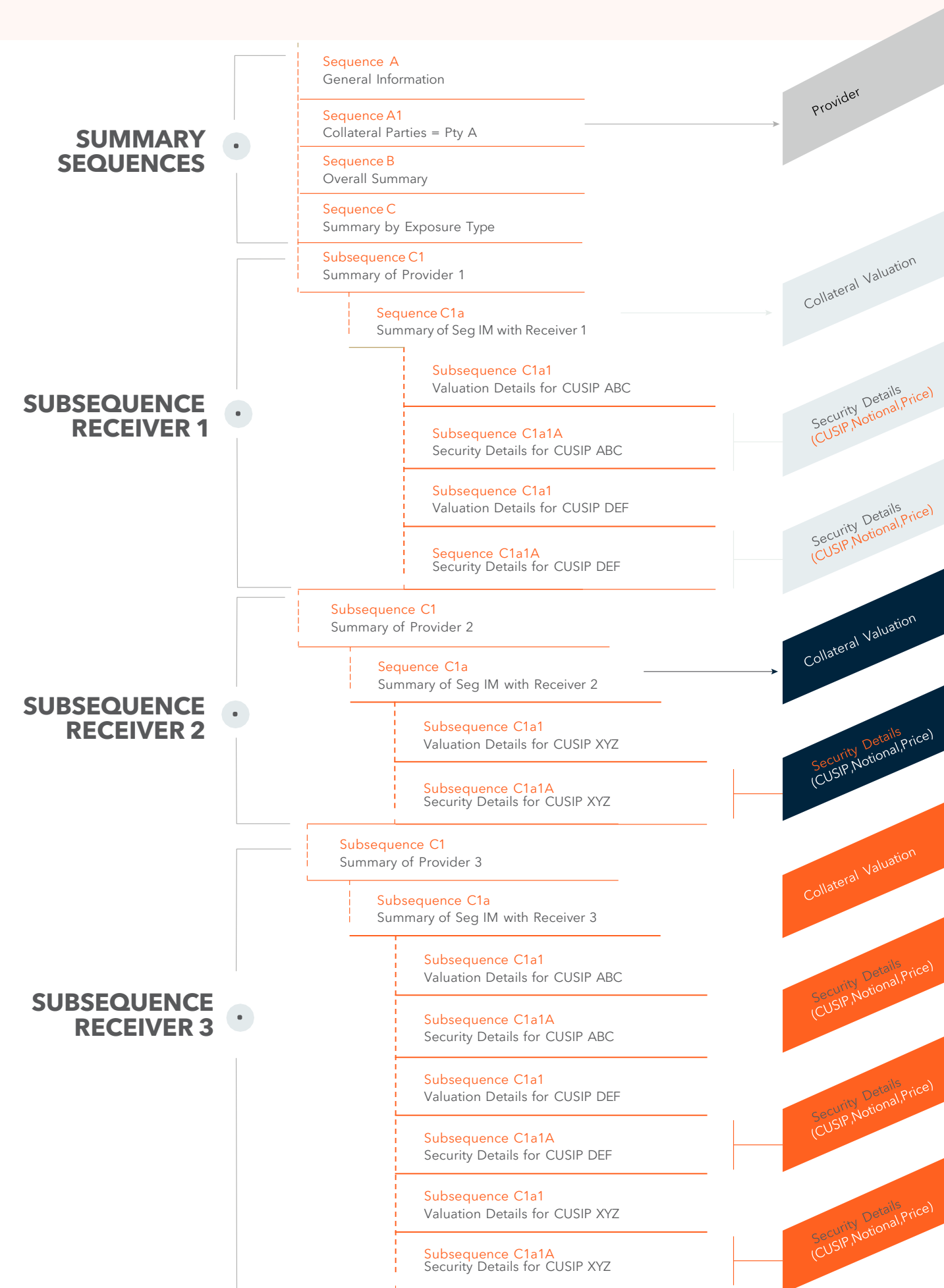
Detailed Subsequences

The four subsequences are recurring data blocks that are designed to repeat as applicable depending on the number of counterparts faced, products traded, and collateral breakdown according to the hierarchy in the table on the previous page.

BNY issue an MT569 that includes all Segregated IM relationships in the same message from the Domestic platform. Therefore subsequences C1 to C1a1A will repeat in the SWIFT message for each relationship.

To the right is an example of the block construction for an MT569 message in the Domestic platform. In this example there are 3 different parties pledging IM to the Collateral Receiver whose exposures have been covered with a variety of assets.

✓ KEY POINT - Securities are reported under the CUSIP in the Domestic platform



Which fields do I need to consume from each block?

All firms will need to identify and consume certain fields, such as who the report relates to, ie the Collateral Provider (Pty A) and Collateral Receiver(s) (Pty B).

The remaining fields will vary based upon the objective for firms processing the allocation data, and whether they want to consume simple ISIN/CUSIP and notional or the underlying market and adjusted valuations.

The MT569 SWIFT standard serves multiple purposes and product classes. The table on the next page concentrates on the fields relevant to identifying assets allocated against Segregated IM accounts and their collateral value.

For a full specification of all fields within the MT569 SWIFT format, please refer to the SWIFT MT569 Format Specification that will have been included in the accompanying documents.

IF YOU NEED FURTHER GUIDANCE PLEASE REACH OUT TO [YOUR BNY POINT OF CONTACT](#)

BLOCK	SWIFT TAG	VALUE	DESCRIPTION
Identifying the Pledgor / Receiver (account details)			
A1 - Collateral Parties	:97A::SAFE	Party A	This field will be reported with the Dealer ID for your firm as Collateral Provider.
C1a - Transaction Details	:20C::CLTR	Collateral Transaction Reference	This field will be reported with the reference that is described in the SCTR field of the MT527 collateral instructions. (or field ... when instructing through AccessEdge GUI).
C1a - Transaction Details	:20C::TCTR	Account ID	This field will be reported with the Account ID of the Segregated IM relationship.
Agreement Level Data			
C1a - Transaction Details	:19A::TCOR	Required Collateral	The total collateral required (ie the last matched RQV). This can be configured to be reported in the transaction currency or USD.
C1a - Transaction Details	:19A::COVA	Collateral Held	The <i>post-haircut</i> value of collateral held
C1a - Transaction Details	19A::TRAA	Transaction Amount	This is also the last matched RQV but will always be reported in the ccy of the RQV
C1a - Transaction Details	:19A::MARG	Margin Amount	This is the difference between the total collateral value and the total collateral required. If there is a collateral deficit the figure is represented as a negative value by the insertion of a "N" before the currency, eg. :19A::MARG//EUR1381689,02
C1a - Transaction Details	:25D::TRAN	Transaction Coverage Status	This field specifies the status of the transaction. Valid codes are <ul style="list-style-type: none"> • DEFI = Shortage of Collateral • EXCS = Excess of Collateral • FLAT = Collateral covers Exposure

Asset Level Data: Repeating per instrument Allocated			
C1a1 - Valuation Details	:19A::MKTB	Market value (pre-haircut)	This is the pre-haircut market value of the asset in the agreement currency
C1a1 - Valuation Details	:19A::MVBF	Market value (pre-haircut)	This is the pre-haircut market value of the asset in the denomination currency of the asset
C1a1 - Valuation Details	:19A::MKTP	Market value (post-haircut)	This is the post-haircut value of the asset in the agreement currency
C1a1 - Valuation Details	:19A::MVPF	Market value (pre-haircut)	This is the post-haircut value of the asset in the denomination currency of the asset
C1a1 - Valuation Details	:92B::EXCH	Exchange Rate	The exchange rate used between the asset denomination currency and the agreement currency
C1a1 - Valuation Details	:92A::VAFC	Valuation Factor	The adjustment factor applied to the market value of the collateral to calculate the post-haircut value of the asset
C1a1A - Securities Details	:35B:	Security Identifier	The security will be reported as an ISIN if the transaction is in the Global platform <ul style="list-style-type: none"> • :35B:ISINUS0123456704 Or a CUSIP in the Domestic Platform <ul style="list-style-type: none"> • :35B:/US/012345670
C1a1A - Securities Details	:36B::SECV	Notional	The quantity of the collateral securities is reported using a type codes <ul style="list-style-type: none"> • FAMT = Debt Instruments • UNIT = Equities
C1a1A - Securities Details	:11A::DENO	Currency	The currency of denomination of the assets
C1a1A - Securities Details	:90A::MRKT :90B::MRKT	Market Price	The Market price for Debt Instruments is reported using Tag 90A and Equities using Tag 90B. Both collateral types employ type codes again <ul style="list-style-type: none"> • PRCT = Debt Instruments • ACTU = Equities

When are the SWIFT reports sent?

BNY send EOD SWIFT reporting as standard upon shutdown of each environment as specified in the table. Please refer to [Global vs. Domestic BNY Mellon Platforms](#) section for an explanation on the respective BNY environments.

Intraday MT569 Distribution

In addition to the EOD messages, firms may also subscribe to receive MT569 messages throughout the business day. Recipients must specify:

- The frequency of their intra-day MT569 messages (e.g. every 30mins/hour/2 hours).
- The operating hours within which they wish to receive MT569s (e.g. hourly between 9am and 5pm CET).

	BNY SUB-PLATFORM		
	RE1 & 2	RE3	RE4
	US Securities	Global Securites	Asian Securites
	MT569 per Collateral Receiver	MT569 per Relationship	MT569 per Relationship
US (EST)	22:00	20:00	07:00
EMEA (GMT)	03:00 (T+1)	01:00 (T+1)	12:00
EMEA (CET)	04:00 (T+1)	02:00 (T+1)	13:00
APAC (SGT)**	10:00 (T+1)	08:00 (T+1)	19:00
APAC (JST)**	11:00 (T+1)	09:00 (T+1)	20:00

* Correct as of July-2019. Please check these timings with your BNY point of contact.

** Please add one hour to Singapore (SGT) and Japanese (JST) timings between November and March each year for US daylight savings change

14.0

Post Set-Up Operational Processes

Once we are live on BNY's Seg IM service, who should we contact with any questions?

See to the right for the Client Service team coverage for the different platforms.

PLATFORM	REGION	HOURS OF OPERATION	GROUP EMAIL
Domestic	All	08:00 - 19:00 EST	bdstriparty@BNY.com
Global	Singapore	09:00 - 17:00 SGT	CollateralManagement@BNY.com
	EMEA	09:00 - 17:00 CET	
	Americas	10:00 - 18:00 EST	

15.0

Checklist

By now you should understand the steps that need to be completed in order to be operationally ready to pledge IM collateral through BNY.

- Complete KYC
- Execute contracts with BNY
- Establish your Dealer Longbox
- Execute Account Control Agreements (ACAs) with your counterparts and BNY
- Execute Eligible Collateral Schedule
- Record all static data associated with the accounts Submit Electronic Access form (for Global accounts)
- Submit Operational Preferences
- Establish user login details for AccessEdge
- Configure SFTP details if applicable
- Perform SWIFT RMA key exchange (if required)

APPENDIX 1

SWIFT MT527 Examples

To the right are example SWIFT MT527 instructions that correspond to the RQV example scenario from earlier in the guide.

DAY	IM EXPOSURE	PREVIOUS RQV (Collateral Balance)	MARGIN CALL (Delta Amount = IM Exposure - Previous RQV)	AGREED AMOUNT (With Counterparty)	RQV INSTRUCTION (Previous Rqv + Agreed Amount)	EXPLANATION
1	\$2,000,000	\$0	\$2,000,000	\$2,000,000	\$2,000,000	First instruction - RQV equals the margin call agreed amount
2	\$5,000,000	\$2,000,000	\$3,000,000	\$2,500,000	\$4,500,000	RQV increase- RQV equals previous RQV plus today's margin call agreed amount
3	\$3,500,000	\$4,500,000	-\$1,000,000	-\$1,000,000	\$3,500,000	RQV decrease - RQV equals previous RQV minus today's margin call agreed amount
4	\$4,000,000	\$3,500,000	\$500,000	\$0	N/A	No RQV to instruct - Full dispute
5	\$0	\$3,500,000	-\$3,500,000	-\$3,500,000	\$0	RQV equals zero - Full return of collateral
6	\$1,000,000	\$0	\$1,000,000	\$1,000,000	\$1,000,000	RQV increase - RQV equals previous RQV plus today's margin call agreed amount

DAY 1	DAY 2	DAY 3	DAY 4	DAY 5	DAY 6
Initial Exchange	Exposure Increase	Exposure Decrease	No Movement	Exposure<Threshold	Exposure Increase
INIT (2m)	PADJ (4.5m)	PADJ (3.5m)		PADJ (0)	PADJ (1m)
:16R:GENL :28E:1/ONLY :20C::SEME//collmove01 :20C::CLCI//collmove01 :20C::SCTR//BNYpledgor01 :23G:NEWM :98A::EXRQ//20190624 :98A::TRAD//20190624 :22H::CINT//INIT :22F::COLA/BNY/TRCS :22H::REPR//RECE	:16R:GENL :28E:1/ONLY :20C::SEME//collmove02 :20C::CLCI//collmove02 :20C::SCTR//BNYpledgor01 :23G:NEWM :98A::EXRQ//20190625 :98A::TRAD//20190624 :22H::CINT//PADJ :22F::COLA/BNY/TRCS :22H::REPR//RECE	:16R:GENL :28E:1/ONLY :20C::SEME//collmove03 :20C::CLCI//collmove03 :20C::SCTR//BNYpledgor01 :23G:NEWM :98A::EXRQ//20190626 :98A::TRAD//20190624 :22H::CINT//PADJ :22F::COLA/BNY/TRCS :22H::REPR//RECE		:16R:GENL :28E:1/ONLY :20C::SEME//collmove04 :20C::CLCI//collmove04 :20C::SCTR//BNYpledgor01 :23G:NEWM :98A::EXRQ//20190628 :98A::TRAD//20190624 :22H::CINT//PADJ :22F::COLA/BNY/TRCS :22H::REPR//RECE	:16R:GENL :28E:1/ONLY :20C::SEME//collmove05 :20C::CLCI//collmove05 :20C::SCTR//BNYpledgor01 :23G:NEWM :98A::EXRQ//20190701 :98A::TRAD//20190624 :22H::CINT//PADJ :22F::COLA/BNY/TRCS :22H::REPR//RECE
:13B::ELIG//371494AS4	:13B::ELIG//371494AS4	:13B::ELIG//371494AS4		:13B::ELIG//371494AS4	:13B::ELIG//371494AS4
:16R:COLLPTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPTY :16R:COLLPTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPTY :16R:COLLPTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPTY :70E::CINS//FRMT/2 /OPEN/Y /PRJM/LIVE /INTP/S /BPTR/T :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN	:16R:COLLPTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPTY :16R:COLLPTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPTY :16R:COLLPTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPTY :70E::CINS//FRMT/2 /OPEN/Y /PRJM/LIVE /INTP/S /BPTR/T :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD4500000, :16S:DEALTRAN	:16R:COLLPTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPTY :16R:COLLPTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPTY :16R:COLLPTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPTY :70E::CINS//FRMT/2 /OPEN/Y /PRJM/LIVE /INTP/S /BPTR/T :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD3500000, :16S:DEALTRAN		:16R:COLLPTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPTY :16R:COLLPTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPTY :16R:COLLPTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPTY :70E::CINS//FRMT/2 /OPEN/Y /PRJM/LIVE /INTP/S /BPTR/T :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD0, :16S:DEALTRAN	:16R:COLLPTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPTY :16R:COLLPTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPTY :16R:COLLPTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPTY :70E::CINS//FRMT/2 /OPEN/Y /PRJM/LIVE /INTP/S /BPTR/T :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD1000000, :16S:DEALTRAN

APPENDIX 2

SWIFT MT558 Examples

To the right is an example of the MT558 status messages that would be sent at the different possible stages.

	MT527 Instruction	MT558	MT558		MT558	MT558	MT558
	Initial Exchange	Unmatched	Matched		Deal Created	Partially Allocated	Fully Allocated
	INIT (2m)	CMIS = No matching Instruction				(500k outstanding)	
	:16R:GENL :28E:1/ONLY :20C::SEME//collmove01 :20C::CLCI//collmove01 :20C::SCTR//BNYpledgor01 :23G:NEWM :98A::EXRQ//20190624 :98A::TRAD//20190624 :22H::CINT//INIT :22F::COLA/BNY/TRCS :22H::REPR//RECE :13B::ELIG//371494AS4 :16R:COLLPRTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPRTY :16R:COLLPRTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPRTY :16R:COLLPRTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPRTY :70E::CINS//FRMT/2 /OPENY /PRJM/LIVE /INTP/S /BPTR/T :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN	:16R:GENL :28E:1/ONLY :20C::SEME//12340001 :20C::CLCI//collmove01 :20C::CLTR//BNYpledgor01 :23G:INST :98C::PREP//20190624093622 :98A::EXRQ//20190624 :98A::TRAD//20190624 :22F::COLA/BNY/TRCS :22H::CINT//INIT :22H::REPR//RECE :13B::ELIG//371494AS4 :16R:COLLPRTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPRTY :16R:COLLPRTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPRTY :16R:COLLPRTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPRTY :25D::MTCH//NMAT :16R:COLLPRTY :24::NMAT/BNY/CMIS :16S:REAS :16S:STAT :16R:STAT :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN	:16R:GENL :28E:1/ONLY :20C::SEME//12340002 :20C::CLCI//collmove01 :20C::CLTR//BNYpledgor01 23G:INST :98C::PREP//20190624103622 :98A::EXRQ//20190624 :98A::TRAD//20190624 :22F::COLA/BNY/TRCS :22H::CINT//INIT :22H::REPR//RECE :13B::ELIG//371494AS4 :16R:COLLPRTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPRTY :16R:COLLPRTY :95R::PTYB/BNY/PQP :95P::TRAG//IRVTUS3NBDS :97A::SAFE//RTR101 :16S:COLLPRTY :16R:COLLPRTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPRTY :16R:STAT :25D::MTCH//NMAT :16S:STAT :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN,	Trade Status	:16R:GENL :28E:1/ONLY :20C::SEME//12340003 :20C::CLCI//collmove01 :20C::CLTR//BNYpledgor01 :23G:INST :98C::PREP//20190624105513 :98A::EXRQ//20190624 :22F::COLA/BNY/TRCS :22H::CINT//INIT :22H::REPR//RECE :16R:COLLPRTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPRTY :16R:COLLPRTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPRTY :16R:COLLPRTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPRTY :16R:STAT :25D::IPRC//PACK :16S:STAT :70E::CINS//Deal Success :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN	:16R:GENL :28E:1/ONLY :20C::SEME//12340004 :20C::CLCI//collmove01 :20C::CLTR//BNYpledgor01 :23G:INST :98C::PREP//20190624110243 :98A::EXRQ//20190624 :22F::COLA/BNY/TRCS :22H::CINT//INIT :22H::REPR//RECE :16R:COLLPRTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPRTY :16R:COLLPRTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPRTY :16R:COLLPRTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPRTY :16R:STAT :25D::ALOC//AOLP :16S:STAT :19A::RMAG//USD2000000, :19A::ALAM//USD1500000, :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN	:16R:GENL :28E:1/ONLY :20C::SEME//12340005 :20C::CLCI//collmove01 :20C::CLTR//BNYpledgor01 :23G:INST :98C::PREP//20190624125537 :98A::EXRQ//20190624 :22F::COLA/BNY/TRCS :22H::CINT//INIT :22H::REPR//RECE :16R:COLLPRTY :95P::PTYA//TESTGB2L :97A::SAFE//SP1 :16S:COLLPRTY :16R:COLLPRTY :95R::PTYB/BNY/PQP :97A::SAFE//RTR101 :16S:COLLPRTY :16R:COLLPRTY :95P::TRAG//IRVTUS3NBDS :16S:COLLPRTY :16R:STAT :25D::ALOC//AOLF :16S:STAT :19A::RMAG//USD2000000, :19A::ALAM//USD2000042,8 :16S:GENL :16R:DEALTRAN :98B::TERM//OPEN :19A::TRAA//USD2000000, :16S:DEALTRAN

About the Author

Margin Tonic is a specialist consultancy focused on accelerating change within Collateral and related domains.

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