UNCLEARED MARGIN RULES

TRIPARTY AGENT SERVICE

Collateral Receiver Operational Set-Up Guide

➤BNY

Table of Contents

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.

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
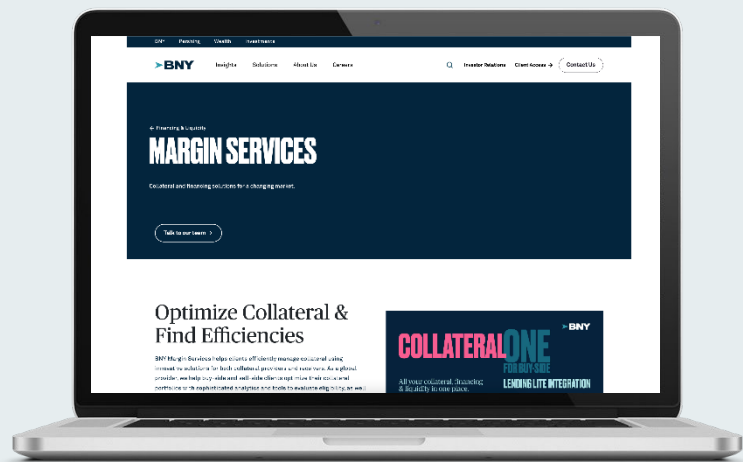
BNY POINT OF CONTACT

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 firms 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 - Receiver	Quick reference guide for navigating key AccessEdge screens
AccessEdge Price Report Guide	Field level spec for the values within the AccessEdge generated Price Report
Nexen Reporting Quick Reference Guide	Quick reference guide for users of Nexen Reporting
Nexen Price Report Guide	Field level spec for the values within the Nexen 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)

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

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

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

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.

Example Process Flow

BNY SEG IM TRIPARTY SERVICE

Counterparty (Provider)

Your Firm (Receiver)

1 — Longbox Top-Ups/Withdrawals

3 — 'RQV' Instruction

5 — Instruction status/ Asset breakdown

Provider Longbox account

Asset allocations

Receiver Segregated account

4

Eligibility checks   Optimisation rules

3 — 'RQV' Instruction

5 — Instruction status/ Asset breakdown

Margin Call

2 — Agreed amount (not assets)

Note that the flow above only covers the Counterparty's Pledge obligation i.e. not your firm's Pledge obligation

Daily Steps:

1.

At start of the business day, the Collateral Provider should behave proactively so that their Triparty Custodian Longbox account is pre-funded with sufficient assets to meet their IM pledge obligations across all counterparties.

2.

In this scenario, early in the business day, your firm (the Collateral Receiver) issues a margin call to its Counterparty (the Collateral Provider). Let's assume that the Counterparty agrees the margin call amount in full.

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 will then send a matching instruction to BNY for the overall collateral value, 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 9.

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 9 onwards within the AccessEdge Reporting, Nexen 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.

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).

BNY DOMESTIC PLATFORM

BNY GLOBAL PLATFORM

US Operating Hours

Global Operating Hours

Provider Longbox account

Provider Longbox account

US Securities Only

Global Securities (Incl. US)

Receiver Seg IM account

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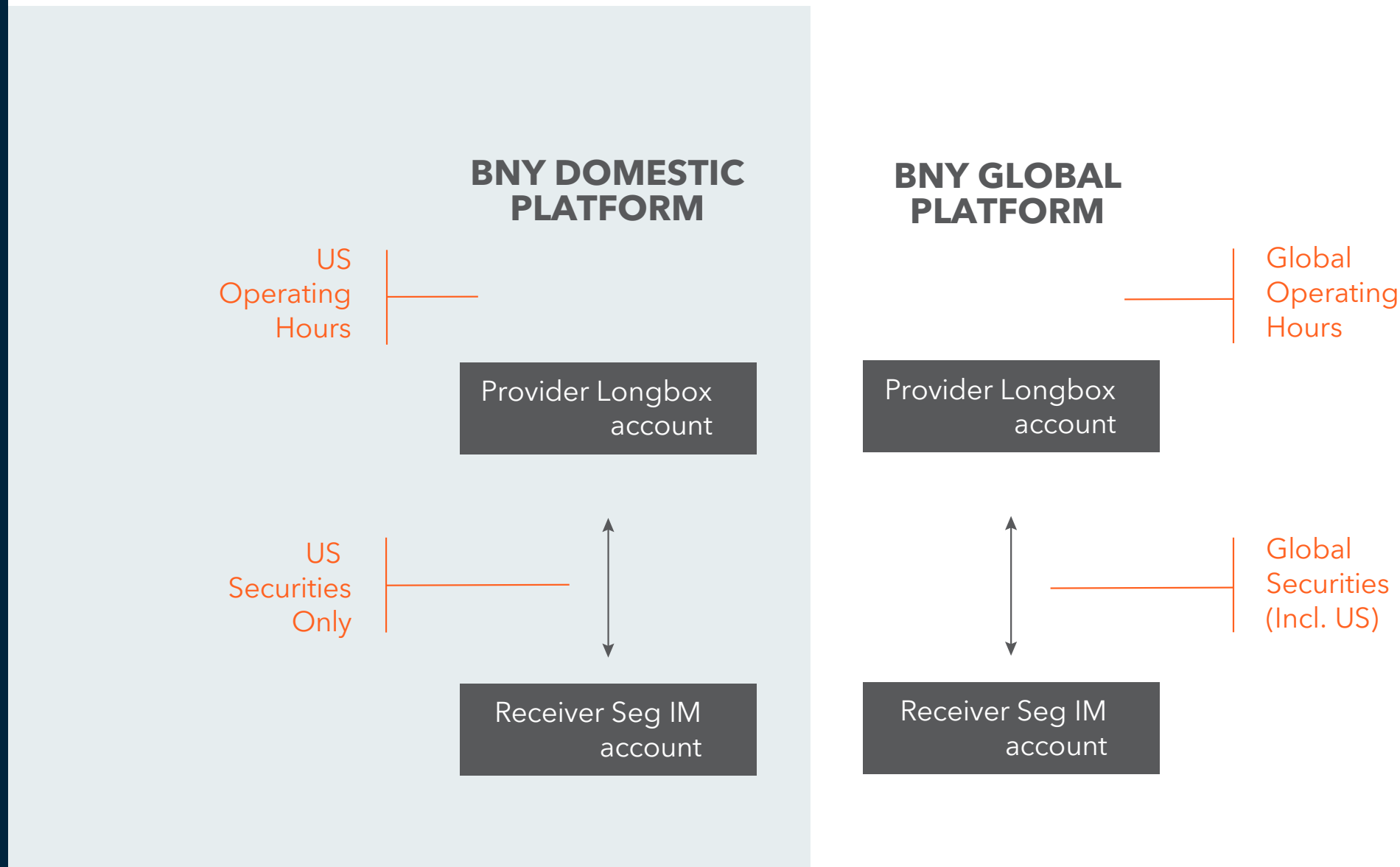
✓ KEY POINT –Note that clients can use the Global platform for US-issued securities, but non-US securities cannot be used on the Domestic platform.

So which platform does my Receiver firm need to set-up on for Seg IM?

As a Seg IM Collateral Receiver, the platform you will need to set-up on will be dependent on the platforms that your Collateral Provider counterparties' are pledging through i.e. where their accounts are held.

Therefore Collateral Receiver firms may need to set-up operationally on both the BNY Domestic and Global platforms, or just a single platform, depending on the location of their Collateral Providers' accounts.

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	ADD. INFORMATIOM
Domestic	US Securities	RE1 RE2	There is no material difference between the Client base or services offered on RE1 & RE2
Global	Global Securities	RE3	
	Asian Securities	RE4	

✓ KEY POINT – Please liaise with your <u>BNY point of contact</u> to confirm which sub-platform(s) your Collateral Provider counterparties are using and therefore you as Collateral Receiver will need to set-up on.
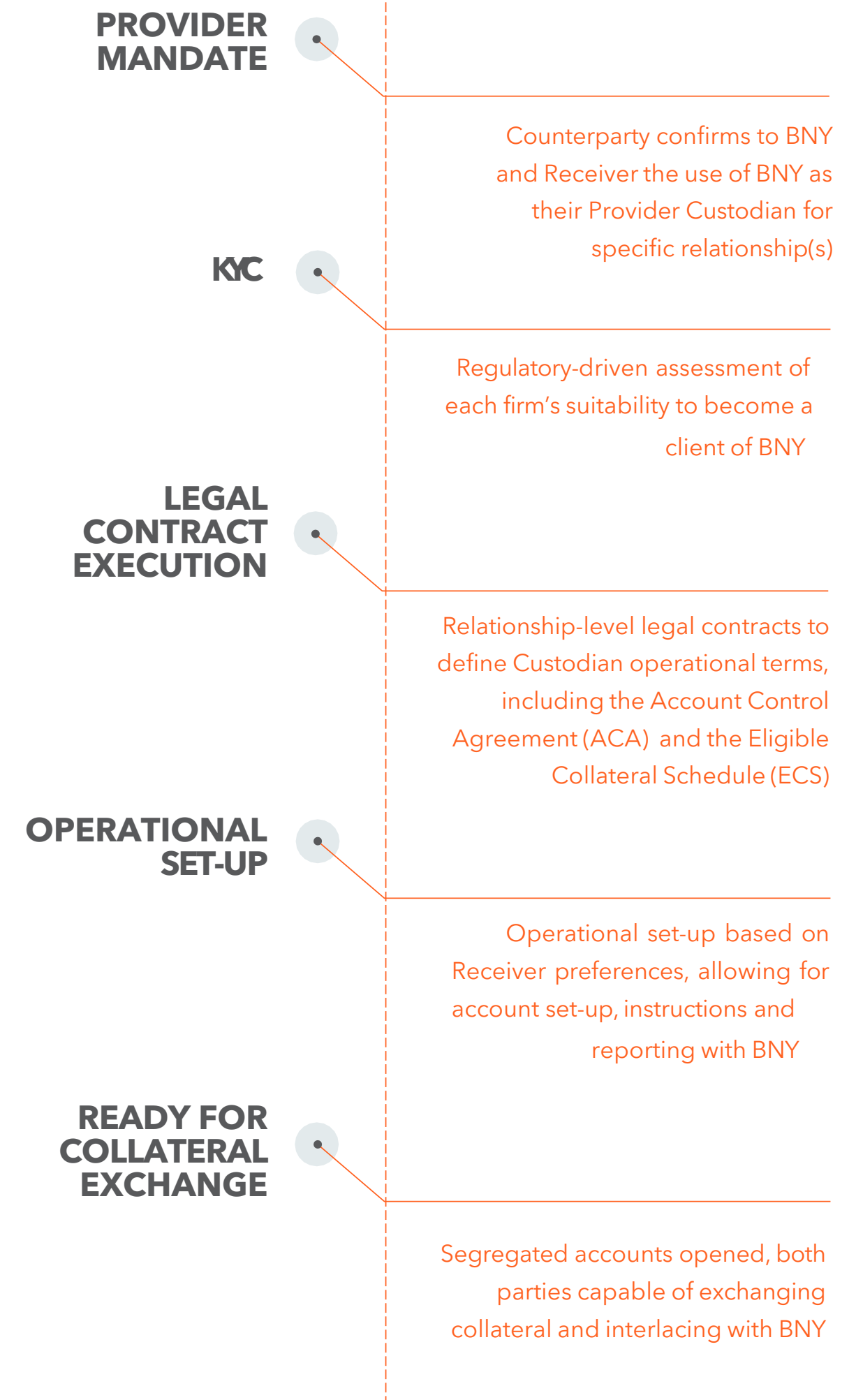
Seg IM Collateral Receiver Set-up – Summary

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

The visual to the right describes the key steps that Collateral Receiver 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 Receiver 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.

PROVIDER MANDATE

Counterparty confirms to BNY and Receiver the use of BNY as their Provider Custodian for specific relationship(s)

KYC

Regulatory-driven assessment of each firm's suitability to become a client of BNY

LEGAL CONTRACT EXECUTION

Relationship-level legal contracts to define Custodian operational terms, including the Account Control Agreement (ACA) and the Eligible Collateral Schedule (ECS)

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 interlacing with BNY

Collateral Provider Mandate

The first step of the BNY Onboarding process is for your counterparty to provide confirmation that it will use BNY's TriParty Seg IM service to segregate its pledged IM collateral for one or more of the trading relationships with your firm. We call this the *Provider Mandate.*

Once BNY has received the Provider mandate from your counterparty, the onboarding process for the Collateral Receiver can start.

PROVIDER MANDATE

KYC

LEGAL CONTRACT EXECUTION

OPERATIONAL SET-UP

READY FOR COLLATERAL EXCHANGE
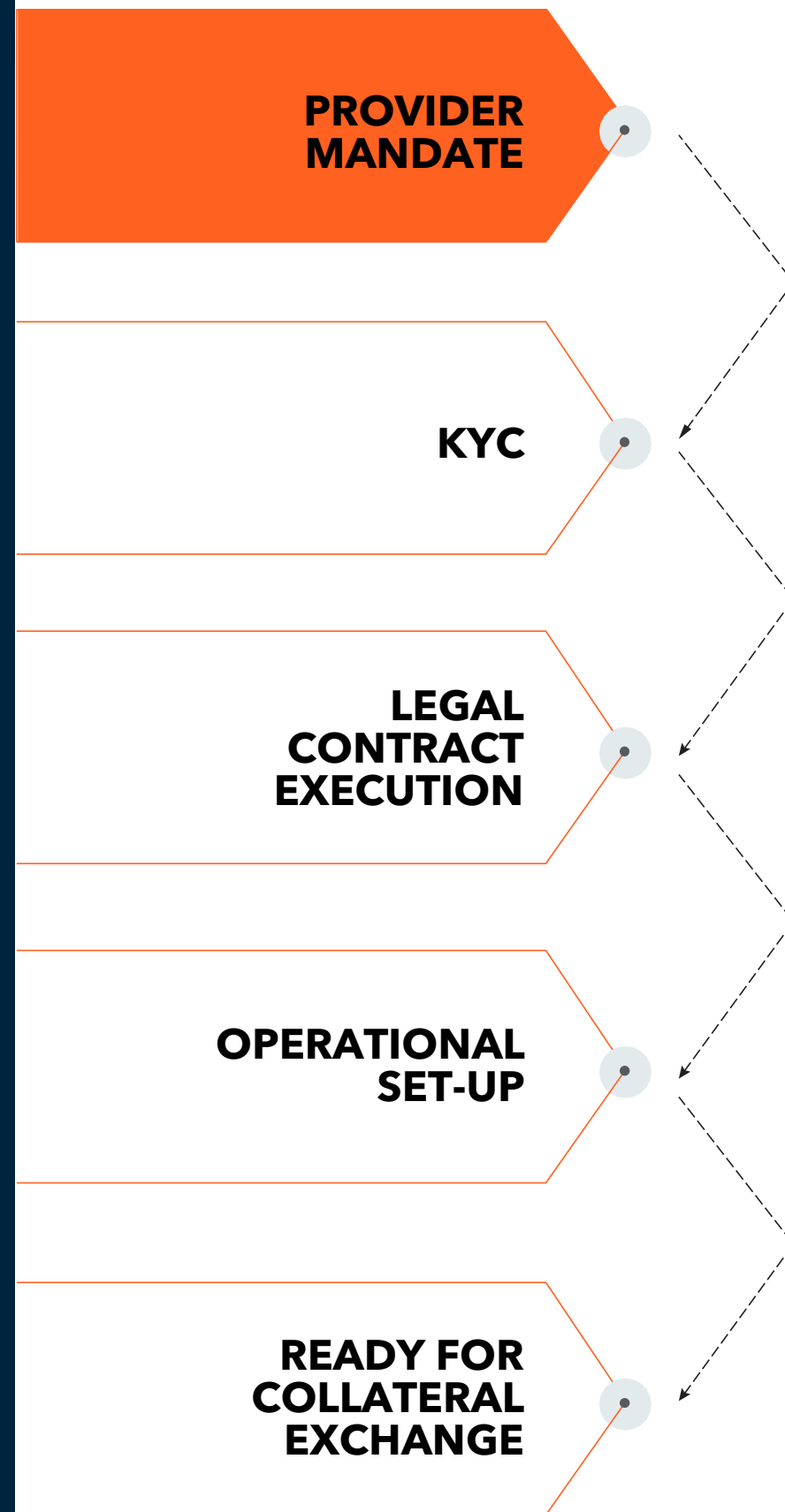
KYC

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 Collateral Receiver's entity for Seg IM has not previously onboarded at BNY, then the full set of KYC requirements will need to be performed.

✓ KEY POINT – If the Collateral Receiver'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.

PROVIDER MANDATE

KYC

LEGAL CONTRACT EXECUTION

OPERATIONAL SET-UP

READY FOR COLLATERAL EXCHANGE

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 once a Provider mandate has been given.

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.

Legal Contracts

Overview

PROVIDER MANDATE

KYC

LEGAL CONTRACT EXECUTION

OPERATIONAL SET-UP

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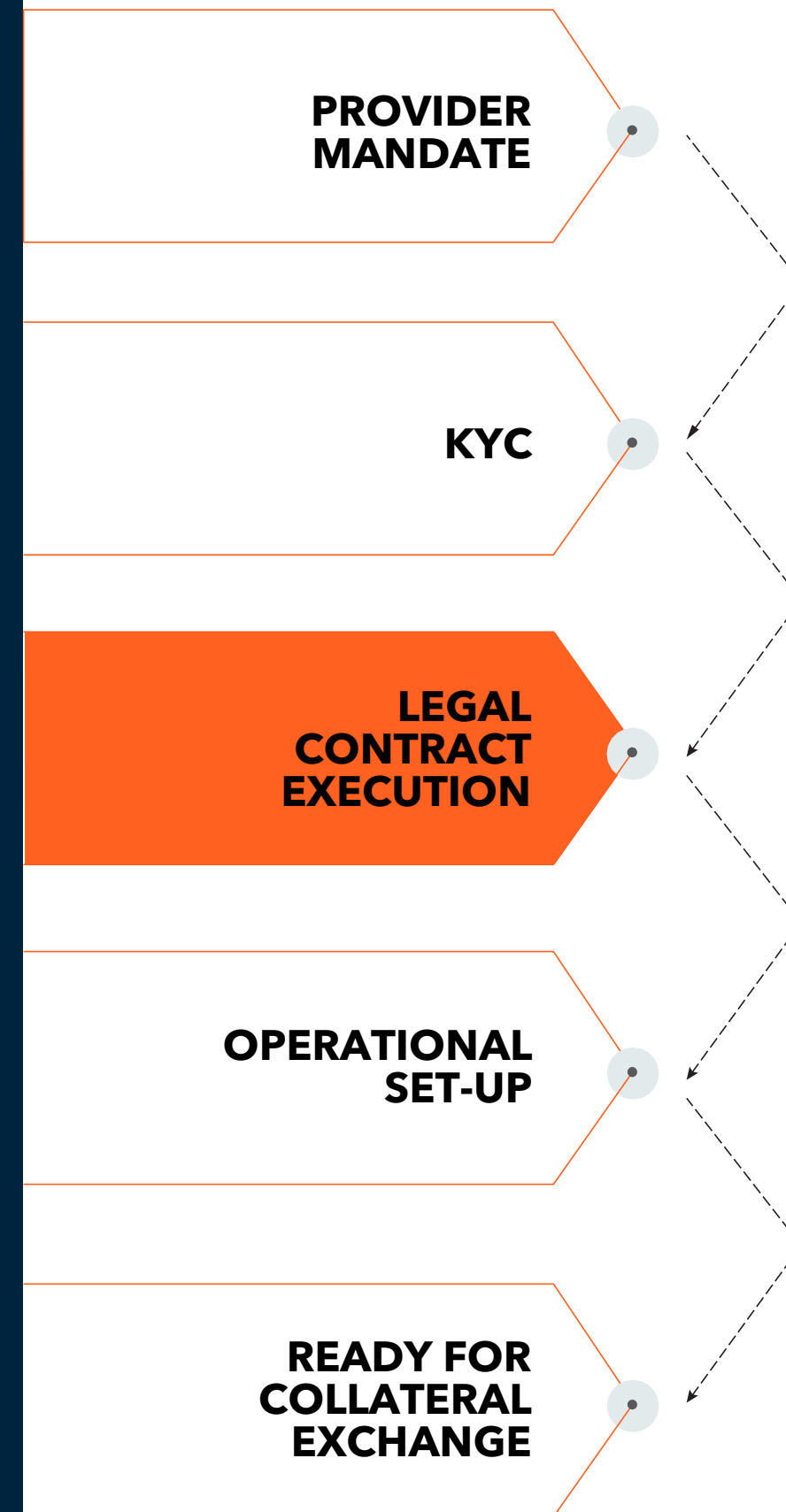
There are multiple Legal contracts that in-scope firms will need to execute with their counterparties for each IM relationship.

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)

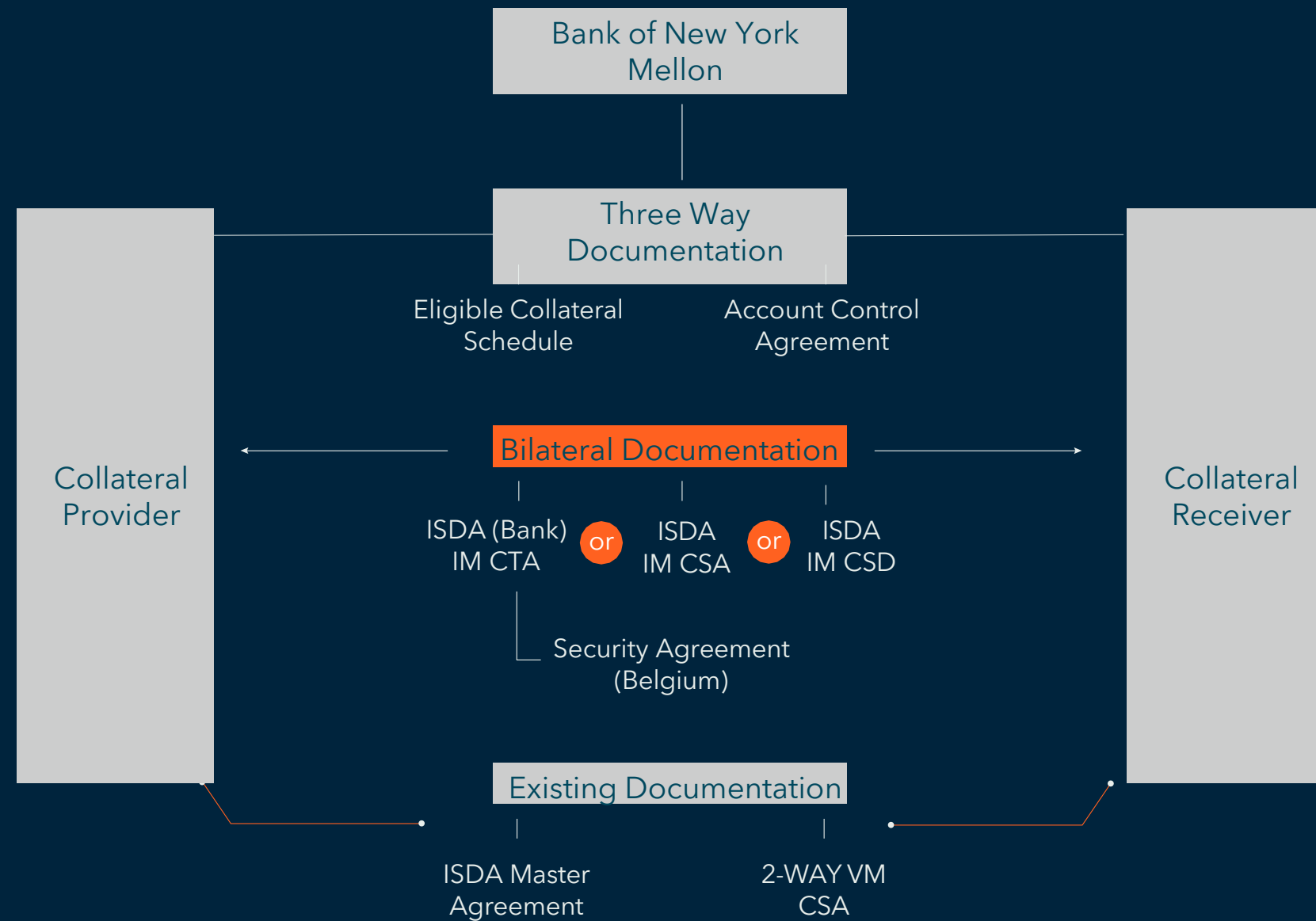See the table on the next page for a summary of the key IM contract types

Key IM Contract Types

Document	Bilateral contracts - Provider & Receiver only			Three-way contracts - Custodian, Provider & Receiver	
	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

Bank of New York Mellon

Three Way Documentation

Eligible Collateral Schedule

Account Control Agreement

Collateral Provider

Bilateral Documentation

Collateral Receiver

ISDA (Bank) IM CTA — or — ISDA IM CSA — or — ISDA IM CSD

Security Agreement (Belgium)

Existing Documentation

ISDA Master Agreement

2-WAY VM CSA

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).

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

Eligible Collateral Schedules

How do I specify the assets that I will accept 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?

The Collateral Provider will propose the initial draft ECS to the Collateral Receiver based on their preferred terms.

How can I negotiate the ECS with my Provider counterparties?

1. RULE – BNY's electronic ECS negotiation platform

2. Document-based negotiations – Use of BNY's ECS templates

Primary method	Fallback only
1. Electronic negotiations	2. Document-based negotiations

RULE

BNY ECS templates

Eligible Collateral Schedules (Cont'd)

Can you tell me some more information about RULE?

The most efficient way to prepare an ECS is electronically via RULE, BNY's electronic Elegible Collateral Schedule Manager.

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

So as Collateral Receiver, could I use a different ECS negotiation method to my Collateral Provider counterparty?

Yes, that's right. BNY has deliberately given flexibility to the ECS negotiation methodology so that participants can still employ RULE even when their counterparty doesn't.

The different combinations of ECS negotiation methods for Collateral Provider and Collateral Receiver are described in the table below.

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

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.

Please liaise with your BNY point of contact to be provided with your User ID and password.

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.

Your BNY point of contact should have provided you a copy of the RULE user guide which provides detailed instructions on how to perform all of these actions.

FOR FURTHER DETAILS ON RULE REACH OUT TO YOUR BNY POINT OF CONTACT

How do I know when my counterparty has proposed an Eligible Collateral Schedule for me to review?

Schedules that have been proposed by your Collateral Provider will be visible in the Dashboard within RULE. The schedules will be identifiable with a status of "Proposed".

Full details on how to access and navigate The Dashboard are described in the RULE User Guide.

✓ 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.

Document-based Negotiations

Collateral Providers and Collateral Receivers are all encouraged to employ RULE for their ECS negotiations and may incur additional fees if they decline to use this service.

If your firm, as Collateral Receiver, would still prefer to review a document schedule, your Collateral Provider may distribute a RULE generated ECS PDF of the terms that they have entered in RULE.

Any negotiated revisions must be entered in RULE by the Collateral Provider and a new RULE generated ECS PDF distributed. Once all parties are satisfied with the proposed terms an authorised signatory from your firm must execute the schedule and return to your BNY point of contact.

How do I interpret the eligible terms in the RULE generated ECS PDF that my Collateral Provider has sent me to review?

The RULE-generated ECS PDF is constructed from a number of sections:

- Cover Page - Identifies the parties to the agreement (Collateral Provider, Collateral Receiver, BNY) and the ACA that the ECS relates to

Terms of the schedule and the Disclaimers - Standard legal text

- Eligible Collateral - Identifies the eligible assets, rules and margins (haircuts) applicable.
  (The following page includes an example Eligible Collateral section from a schedule and includes a breakdown of each category)

- Exclusions - Specifies any assets excluded from the schedule, including any wrong-way risk provisions

- Signatures - Section for all three parties (Collateral Provider, Collateral Receiver, BNY) to execute the document

- Annex - Describes the BNY operating guidelines

✓ 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. Details of affected asset types will described in the appendix of the schedule and applicable tax documentation can be obtained from your BNY point of contact if required.

PROFILE ID: 1

ALL ELIGIBLE ASSETS

IM Seg OTC Bloomberg Classification
OCCA0D - CA OTC TYPE D, OCCA0E - CA OTC TYPE E, OCCA0F - CA OTC TYPE F, OCCA0G - CA OTC TYPE G

GENERAL TERMS

Termination currency: CAD
Issuer rating: S&P/Moody/Fitch; where the respective long term issuer ratings are not equivalent to each other, reference will be made to the lowest available rating; at least 1 rating agency to provide rating
Concentration limits apply: Across Trades per
Schedule Days to maturity are calculated as calendar
days to maturity.

RULES BY ASSETS

IM SEG OTC BLOOMBERG CLASSIFICATION

OCCA0D - CA OTC TYPE D, OCCA0E - CA OTC TYPE E, OCCA0F - CA OTC TYPE F, OCCA0G - CA OTC TYPE G

ELIGIBILITY:

Remaining Maturity: >= 6
days Country of
Incorporation:

CANADA	GERMANY	UNITED KINGDOM	UNITED STATES

Long Term Issuer Rating: >= BBB- / Baa3 / BBB-
(S&P/Moody/Fitch)
Exclusion: Coupon Rate: 0.00

MARGINS:

Long Term Issuer Rating:
(S&P/Moody/Fitch)

Position Currency	Long Term Issuer Rating	Remaining Maturity	Margin %
All eligible currencies other than CAD (Termination Currency)	>= BBB- / Baa3 / BBB- <= A+ / A1 / A+	>= 6 days <= 365 days	77%
All eligible currencies other than CAD (Termination Currency)	>= BBB- / Baa3 / BBB- <= A+ / A1 / A+	>= 366 days <= 1,827 days	77%
All eligible currencies other than CAD (Termination Currency)	>= BBB- / Baa3 / BBB- <= A+ / A1 / A+	>= 1,828 days	77%
All eligible currencies other than CAD (Termination Currency)	>= AA- / Aa3 / AA- <= AA+ / Aa1 / AA+	>= 6 days <= 365 days	79%
All eligible currencies other than CAD (Termination Currency)	>= AA- / Aa3 / AA- <= AA+ / Aa1 / AA+	>= 366 days <= 1,827 days	80%
All eligible currencies other than CAD (Termination Currency)	>= AA- / Aa3 / AA- <= AA+ / Aa1 / AA+	>= 1,828 days	81%
All eligible currencies other than CAD (Termination Currency)	>= AAA / Aaa / AAA	>= 6 days <= 365 days	80%
All eligible currencies other than CAD (Termination Currency)	>= AAA / Aaa / AAA	>= 366 days <= 1,827 days	81%

Profile ID

This identifies the ID assigned to the ECS.

All Eligible Assets

This section specifies any eligible asset types using the Bloomberg IM Seg OTC taxonomy.

An explanation of which asset types each Bloomberg classification represents will be included within an appendix of each schedule

General Terms

Termination Currency – The Collateral Provider specifies their chosen termination currency. Under the regulations an 8% FX haircut will be applied to any pledged assets that are not denominated in the termination currency.

Other general terms applicable to all eligible securities will also be specified in this section, such as the behaviour across differing ratings, Concentration Limits and the method for calculating days to maturity.

After the General Terms the ECS then prescribes the specific eligibility and treatment of each asset type or groups of asset types. The following sections are then repeated per asset type(s).

Rules by Assets

Specifies the asset types that the subsequent rules apply to. The assets are specified using the same IM Seg OTC Bloomberg classification.

Eligibility

Specifies the country or countries that the security must be issued from as well as other minimum terms e.g. residual maturity, minimum credit rating.

Margins (Haircuts)

The market value of the pledged collateral will be adjusted by a Margin percentage specified within this table. The applicable adjustment is determined based on the combination of asset type-credit rating-residual maturity-currency.

The margin percentage will also consider the currency of the asset vs the Termination currency for the additional 8% FX haircut.

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.
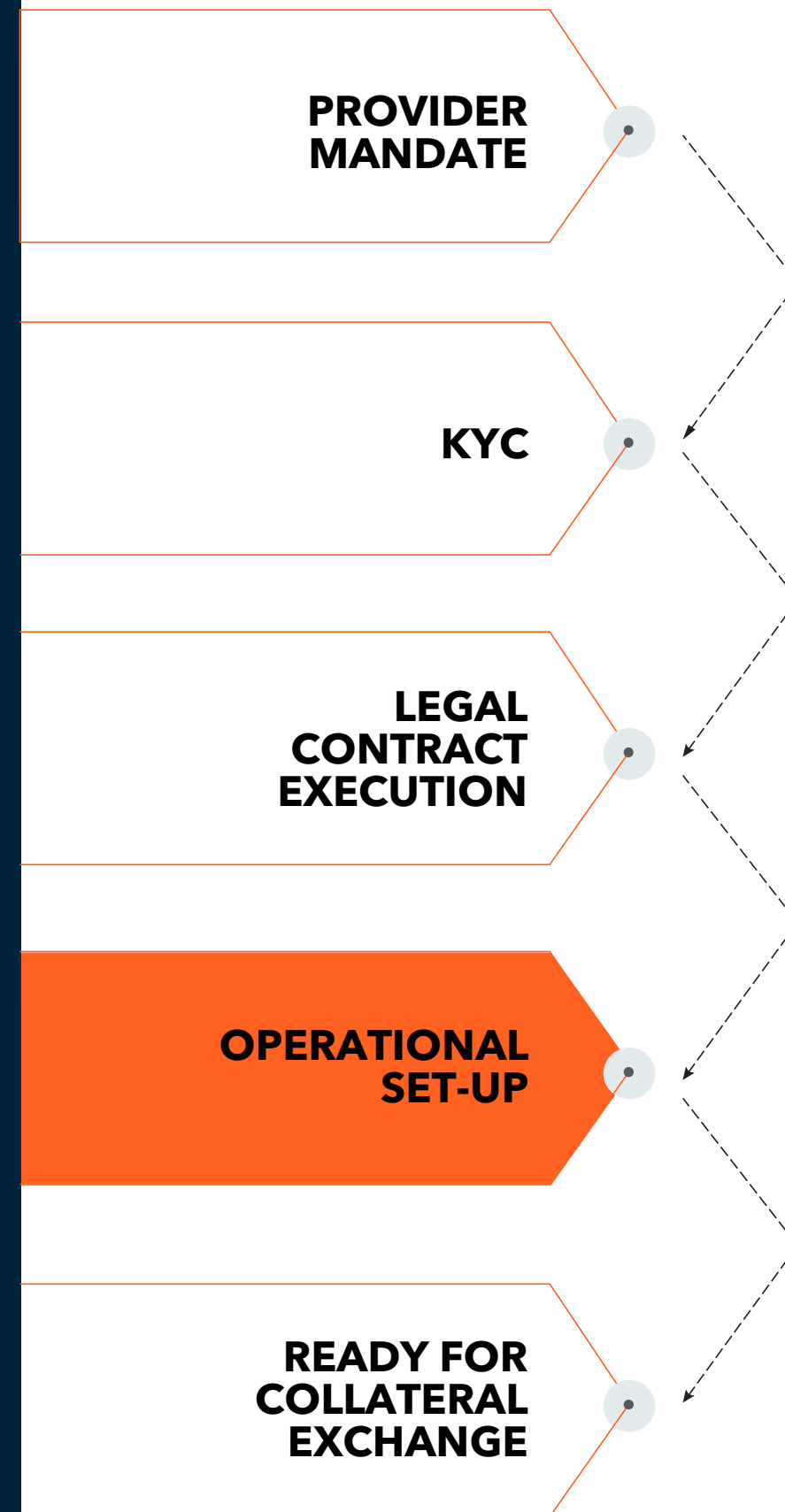
PROVIDER
MANDATE

KYC

LEGAL
CONTRACT
EXECUTION

OPERATIONAL
SET-UP

READY FOR
COLLATERAL
EXCHANGE

Operational Set-Up

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

ACCOUNT SET-UP

Account creation post-ECS execution

Account creation

↓

Receive Account IDs

RQV INSTRUCTIONS

Options for RQV instructions and their match status

Non-SWIFT User	SWIFT User

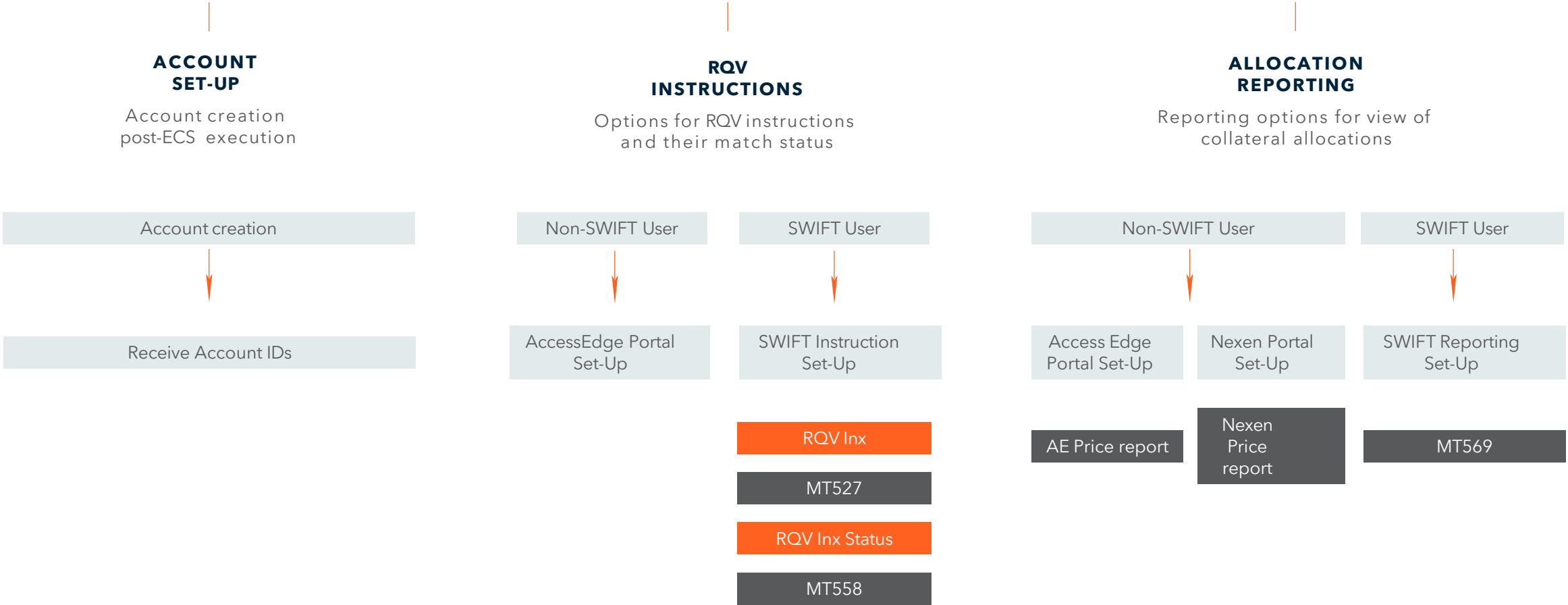↓   ↓

AccessEdge Portal Set-Up	SWIFT Instruction Set-Up

RQV Inx

MT527

RQV Inx Status

MT558

ALLOCATION REPORTING

Reporting options for view of collateral allocations

Non-SWIFT User		SWIFT User

↓   ↓

Access Edge Portal Set-Up	Nexen Portal Set-Up	SWIFT Reporting Set-Up

AE Price report	Nexen Price report	MT569

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.

Account Set-Up

What is account set-up?

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

Once the account is created on the relevant sub-platform (RE1-4) then the eligible collateral terms specified within the ECS are configured in BNY's systems and used to dictate any subsequent asset allocations.

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)

Is there anything else for my firm to do for account set-up?

No. Only to execute the ACA and ECS with your Collateral Provider counterparty and BNY.

Once done, BNY will take care of the account set-up and provide your firm with all IDs.
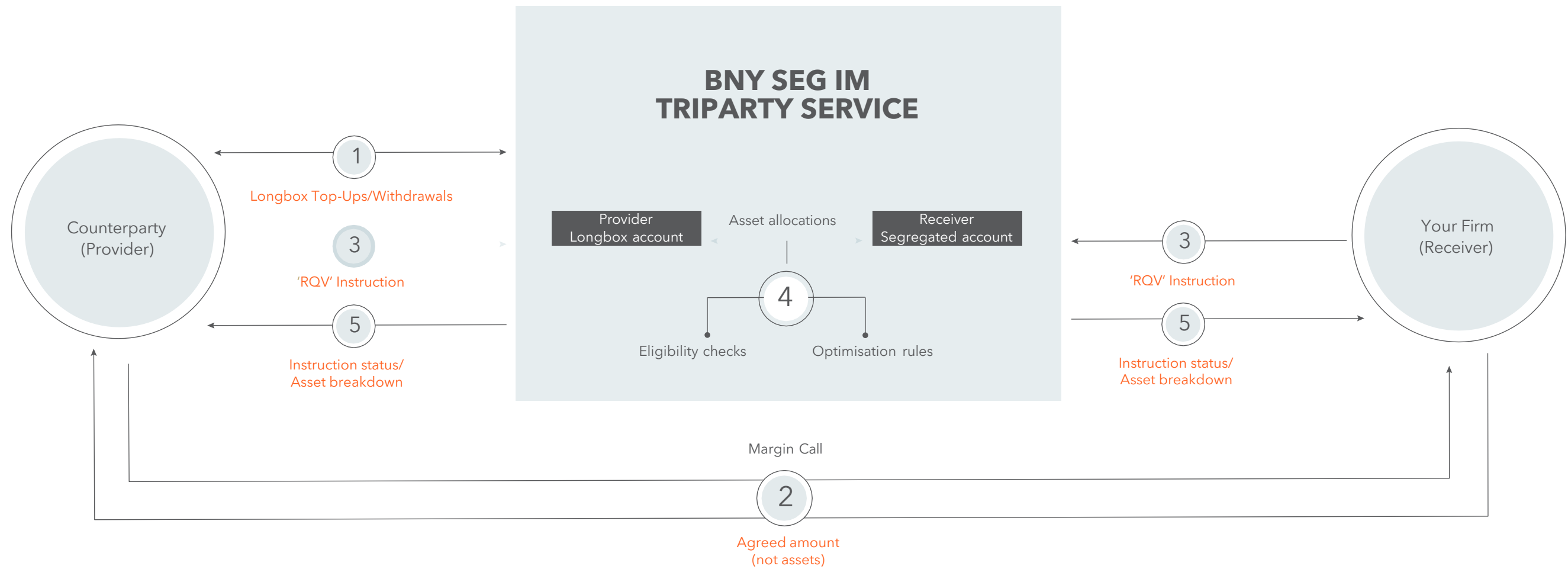
✓ KEY POINT– The IDs provided to the Collateral Receiver are key for the daily operational management of the segregated account. The Collateral Receiver will need these IDs for use of the BNY Portals, reporting and SWIFT messaging.

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.

BNY SEG IM TRIPARTY SERVICE

Counterparty (Provider)

Your Firm (Receiver)

1 — Longbox Top-Ups/Withdrawals

3 — 'RQV' Instruction

5 — Instruction status/ Asset breakdown

Provider Longbox account

Asset allocations

Receiver Segregated account

4

Eligibility checks

Optimisation rules

3 — 'RQV' Instruction

5 — Instruction status/ Asset breakdown

Margin Call

2 — Agreed amount (not assets)

Instructions

Why do we need to send 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:

Today's exposure (+10 mill)	− minus	Previous business day's RQV (+5mill)	= equals	Margin call amount (+5mill)
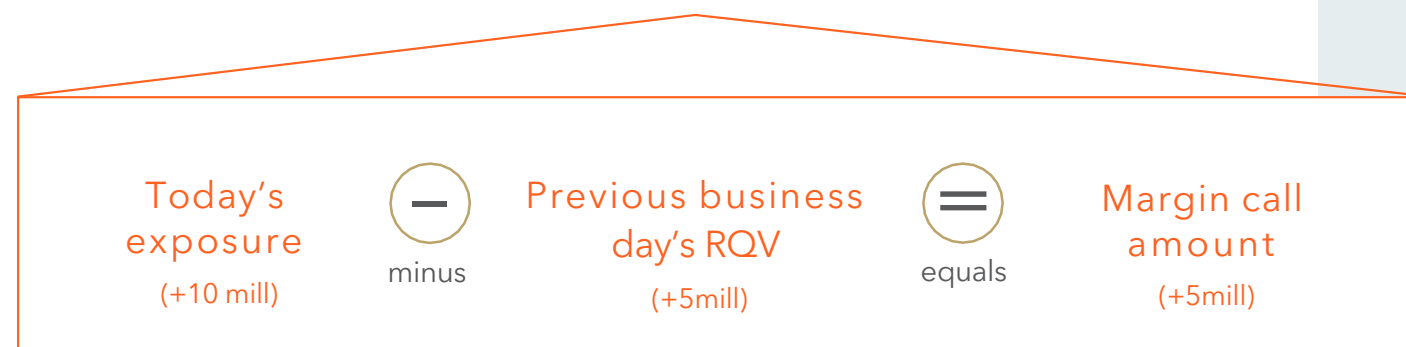
Are there other differences in the margin call process for Initial Margin held at a TriParty Custodian, compared to Variation Margin?

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:

Previous business days RQV or total collateral balance (+2 mill)	+ plus	Today's margin call agreed amount delta amount (+3 mill)	= equals	Today's RQV (+5 mill)

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 Blalance)	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 your Collateral Provider is using for their accounts.

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
08:00	15:00	19:30(T-1)	15:00	16:00 (T-1)	04:30
13:00	20:00	00:30	20:00	21:00 (T-1)	09:30
14:00	21:00	01:30	21:00	22:00 (T-1)	10:30
20:00	03:00)T+1)	07:30	03:00(T+1)	04:00	16:30
21:00	04:00(T+1)	08:30	04:00(T+1)	05:00	17:30

Row labels (leftmost column): US (EST), EMEA (GMT), EMEA (CET), APAC (SGT)**, APAC (JST)**

* 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 counter-party'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
			Allegement	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 SWIFT, Collateral Receivers have the choice to subscribe to either, or both, statuses via the MT558 SWIFT message.

For AccessEdge users, Collateral Receivers can see both the RQV status and whether they are fully allocated for each 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 then the Client should first check that they have instructed correctly to BNY. If not, then they should amend their instruction in line.

If the Client confirms that they have instructed correctly then they should liaise directly with their counterparty, without BNY's involvement, so that both sides instruct correctly going forwards.

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 the Client's responsibility to check their own Deal status and ensure that instructions are matched with their counterparties'.

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

Remember that an account will only be fully allocated if sufficient eligible collateral has been made available by the Collateral Provider.

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:

- Collateral Provider does not have sufficient eligible collateral

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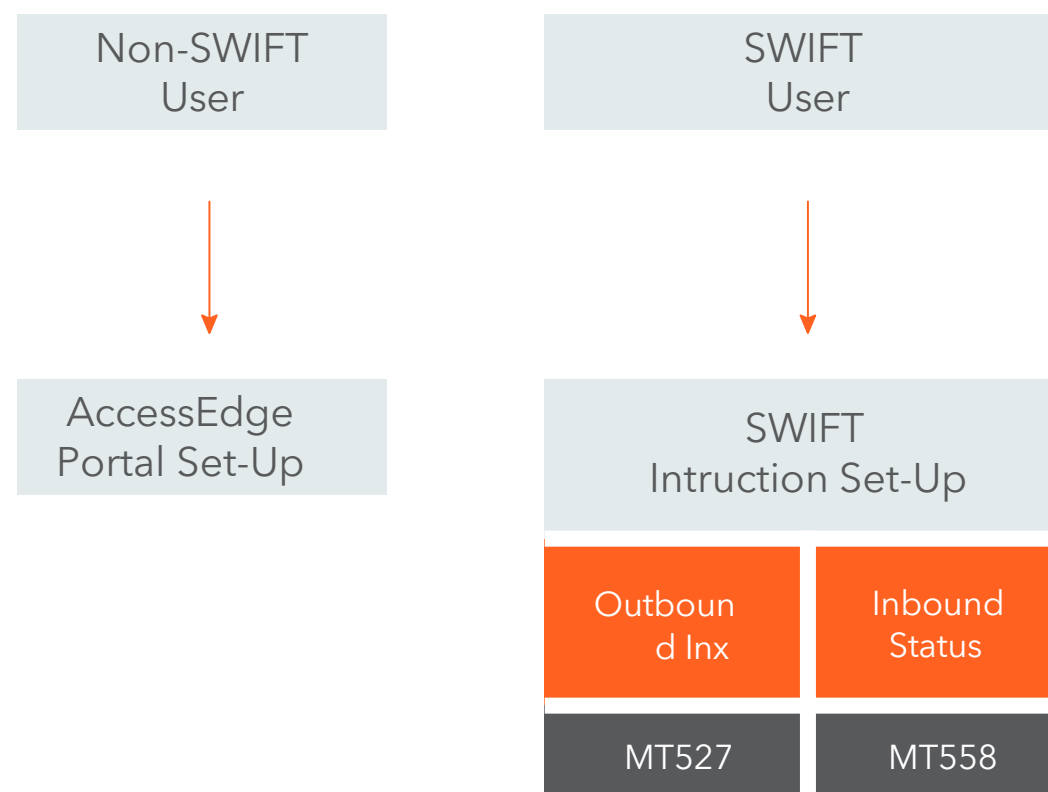
See the diagram to the right, which summarises the different methods Collateral Receivers can use at BNY.

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

✓ KEY POINT– Collateral Receivers will need to decide which reporting method is best for them to subscribe to.

RQV Instructions

RQV instruction options and corresponding match/allocation status

Non-SWIFT User	SWIFT User	
AccessEdge Portal Set-Up	SWIFT Intruction Set-Up	
	Outbound Inx	Inbound Status
	MT527	MT558

Allocation Reporting

Reporting options for view of collateral allocations

Non-SWIFT User		SWIFT User
Access Edge Portal Set-Up	Nexen Portal Set-Up	SWIFT Reporting Status
Inbound		
AE Price report	Nexen Price report	MT569
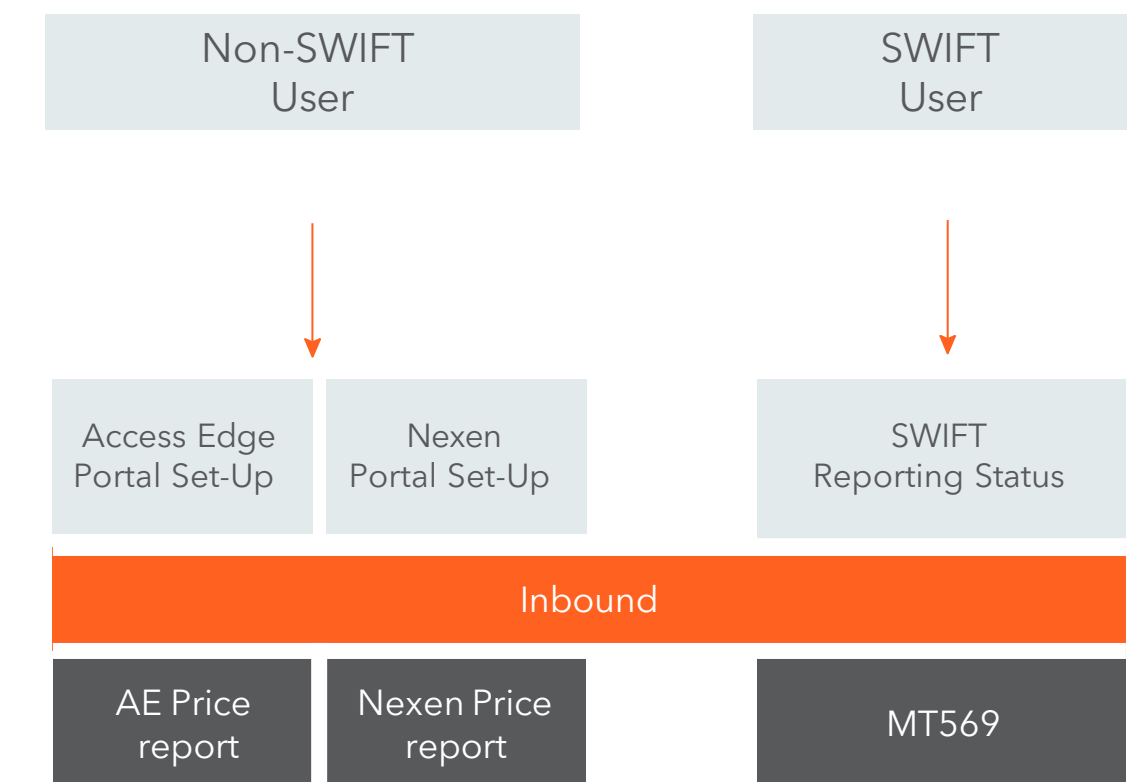
Firms should ask themselves key questions when choosing between SWIFT and BNY Portal options, such as whether they, or their Agent/Vendor solution(s):

a) support SWIFT messaging?

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

If firms answer no to either of these questions, it may make more sense for Collateral Receivers to instead deploy the BNY Portals. 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 Receivers showing the underlying collateral allocations. 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 dowload	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 dowload 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?

The sub-sections further below go into detail about the different methods available. There are separate sub-sections for SWIFT messaging and BNY's user portals:

- For the use of SWIFT – click here

- For the use of BNY Portals: o For

  AccessEdge – click here

  o For Nexen Reporting – 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 form, Collateral Receivers should first make sure they understand the SWIFT and Portal methods in more detail via the relevant subsections.

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:

• View your Seg IM accounts

• Instruct RQV

• Track RQV instruction status

• Update RQV instruction

• View collateral allocations reporting

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 have Collateral Provider counterparties who hold their accounts on different BNY sub- platforms (RE1 & 2/3/4), then you will be sent multiple different logins.

For example, see a dummy AccessEdge set-up for John Smith below. John works for a Collateral Receiver client Fund 123 who has relationships with Collateral Provider counterparties on both the Domestic and Global platforms, using RE1 and RE3 sub-platforms respectively. John therefore has a separate username and password per sub-platform.

✓ KEY POINT - To efficiently use the AccessEdge Portal, Collateral Receivers will need to keep track of which BNY sub-platforms (RE1-4) each of their Collateral Providers use. Collateral Receivers can then log into each environment as required.

RECEIVER NAME	PROVIDER NAME	BNY PLATFORM	ELIGIBLE SECURITIES	BNY SUB-PLATFORM	EXAMPLE USER NAME	EXAMPLE PASSWORD
Fund 123	US Bank ABC	Domestic	US securities Only	RE1 and RE2	John.smith12	Unique12
	German Bank DEF	Global	US and non-US securities	RE3	John.smith34	Unique34

Reporting

System Coverage

As a Seg IM Collateral Receiver, which AccessEdge allocations report will I use?

The Price report is the real-time AE report that Seg IM Collateral Receivers (and Providers) will use. It 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 ON REPORTING REACH OUT TO YOUR BNY POINT OF CONTACT

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

BNY Portals - Nexen Reporting

General

Reporting

What is Nexen Reporting?

Nexen Reporting is a key area of the Nexen portal, which is BNY's central reporting platform.

Nexen Reporting provides users with access to their reports across multiple BNY lines of business.

What can I do within Nexen Reporting?

There are a number of different reporting functions supported via the Nexen Reporting portal, including:

- Pre-defined collateral allocation reporting i.e. Price report

- Automated report scheduling – Daily/ monthly/ad-hoc

- Automated report distribution via email

- Multiple report formats (PDF and CSV)

As a Seg IM Collateral Receiver, which report will I use from Nexen Reporting?

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

Please contact your BNY point of contact for a detailed specification of the Nexen Price report.

✓ KEY POINT - A different Nexen Price report will be run for each RE1-4 sub- platform that a Client is set-up on (and therefore which your Collateral Providers are using).

FOR FURTHER DETAILS ON REPORTING REACH OUT TO YOUR BNY POINT OF CONTACT

Reporting Cont'd

When is the snapshot for the data showing the Nexen Price Report?

The Price report reflects an end of day snapshot for the previous business day. This is regardless of when the report is run.

How do I receive my reports from Nexen Reporting?

Most Clients will schedule Nexen reports to be distributed to their internal systems via email.

Nexen provides both secure email (requires one-time registration) and regular email (password protected output) options.

See the Nexen Reporting Quick Reference guide 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.

✓ KEY POINT - The data snapshot time for the Price report will differ for each RE1-4 sub-platform, based on the different end of day (EOD) timings.

Access

Who needs access to the Nexen Reporting portal?

If you are directly involved with the Custodian operational processes, either hands-on or supervisory, then we'd suggest gaining access to Nexen Reporting.

The Nexen Reporting portal can be used as a fall-back option for viewing Seg IM collateral allocations if reports are not distributed to the client's internal systems.

Ok, so how do I gain access to Nexen Reporting?

This is achieved by completing the Nexen tab of the GTBS Client Access Request form which 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 any preferences for file format (CSV/PDF) and email file distribution can be specified here.

Please fill in the relevant fields and pass back to your BNY point of contact.

Are there different access profiles for Nexen Reporting?

As Nexen Reporting will only provide reports, not instructions, the same access will be raised for all users.

Access Cont'd

System Coverage

Does Nexen Reporting show all Seg IM accounts held on both Domestic and Global platforms?

Yes, a user can have access to both Domestic and Global accounts under a single login. You do not need to submit a separate request for each platform or sub-platform (RE1-4), as you do for AccessEdge.

How will I know when my access to Nexen Reporting has been completed?

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

How do I then log onto Nexen Reporting?

First use the following URL to enter Nexen – https://nexen.BNY.com

Enter your username and password to log into the portal, which you'll need to change when you first logon.

Are there any systemic requirements to use Nexen Reporting?

We recommend that you use the latest version of Google Chrome to use Nexen Reporting. Please contact your internal technical support to determine if you are running the required browser version.

Nexen Reporting PDF documents are best viewed with Adobe Reader version 9.0 and higher.

When do I need to log onto Nexen Reporting?

If receiving emailed reports, there may be limited occasions that users will need to logon to Nexen Reporting directly.

However, some clients may prefer to log into Nexen to download and view any reporting. Clients will also need to log into Nexen to amend their reporting preferences.

How should I use the Nexen Reporting portal?

See the Nexen Reporting Quick Reference guide that will have been included in the accompanying documents. The guide explains how users should navigate and use Nexen Reporting – including running, scheduling and distributing reports.

What are the Nexen Reporting system coverage times?

Nexen is available from Sunday 8:00 p.m. through Friday 8:00 p.m. EST.

Who should I contact will any system issues or questions?

The contact is the support email group on support@BNY.com.

IF YOU NEED FURTHER GUIDANCE REACH OUT TO YOUR BNY POINT OF CONTACT

SWIFT Messaging

Access

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.

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.

✓ **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.

TO ARRANGE SWIFT KEY EXCHANGE REACH OUT TO <u>YOUR BNY POINT OF CONTACT</u>

ONE-OFF SWIFT EXCHANGE

| Collateral Receiver | → | RMA Key Exchange | ← | BNY |

DAILY SWIFT INSTRUCTIONS

| Collateral Receiver | | BNY |

Outbound SWIFT MT527 (RQV Instruction) →

← Inbound SWIFT MT558(s) (Instruction & Allocation statuses)

← Inbound SWIFT MT569(s) (Collateral Allocation breakdown)
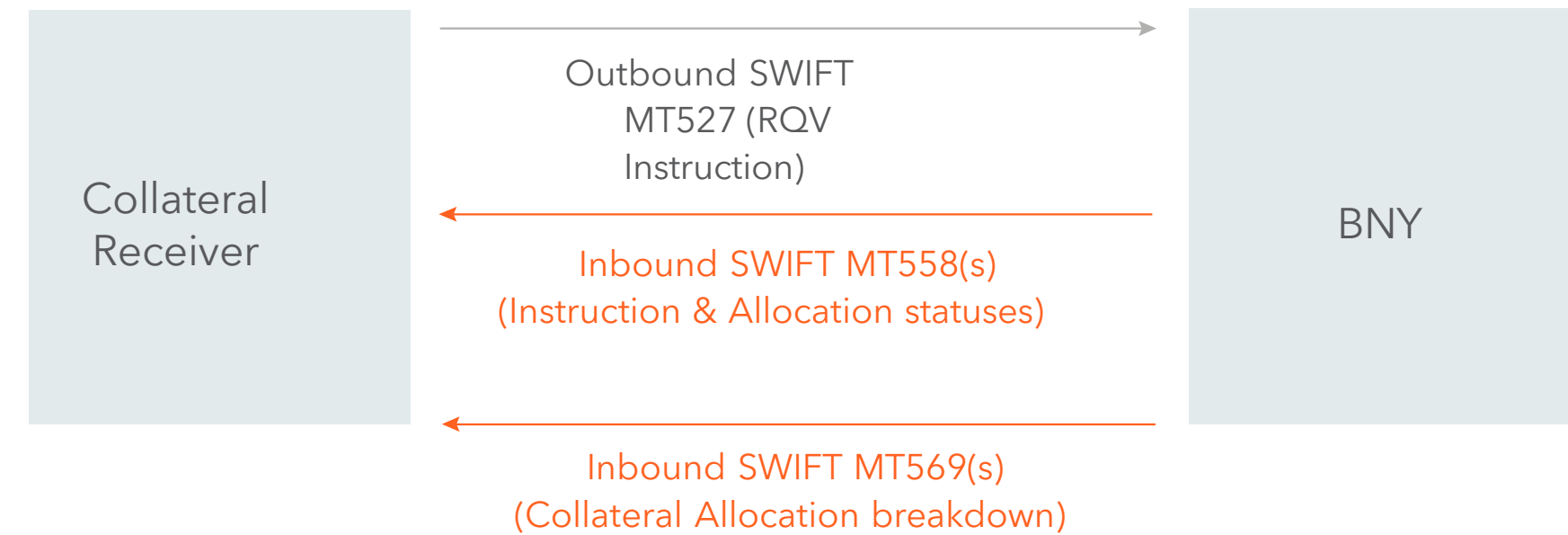
SWIFT – Message Instructions

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 intruction 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:COLLPRTY	Start of Block	16c	:16R:COLLPRTY
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::COLLPRTY	End of Block	16c	:16S:COLLPRTY
17	:16R::COLLPRTY	Start of Block	16c	:16R:COLLPRTY
18	:95P::PTYB/	Party B (Counterparty)	BNY/3!c/ BNY/3-6c	:95R::PTYA/BNY/PQP
19	:97A::SAFE//	Safekeeping account	3-6c	:97A::SAFE//RTR101
20	:16S:COLLPRTY	End of Block	16c	:16S:COLLPRTY
21	:16R:COLLPRTY	Start of Block	16c	:16R:COLLPRTY
22	:95P::TRAG//	Tri-Party Agent	4!a2!a2!c[3!c]	:95P::TRAG//IRVTUS3NBDS
23	:16S:COLLPRTY	End of Block	16c	:16S:COLLPRTY
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

ORANGE	Hard-coded fields
WHITE	Client static fields
NAVY	Transaction fields

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 for Collateral Receivers using SWIFT to identify which platform your Collateral Providers are instructing through and then configure your MT527 message templates accordingly.

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 –Note that firms may have different Purchaser IDs and Dealer IDs set up across Global and Domestic platforms (see Global vs. Domestic) i.e. a Collateral Receiver will not have the same Purchaser ID for all of their accounts

With that in mind, 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 instruct- ed (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 • 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

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.

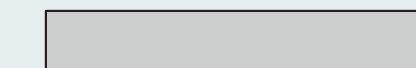There are two key objectives when consuming a SWIFT MT558 message;

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 intruction 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//	Preperation 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

Indentifying the Originating MT527 Instruction

Grey 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

Blue 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	✓	✓		

Allocation Status

Gold 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

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?

The MT569 message is designed to communicate the summary and asset level data across multiple products and accounts. Because BNY instruct the MT569 per PID, and so at individual Segregated IM account level, many sections of the MT569 message can be ignored.
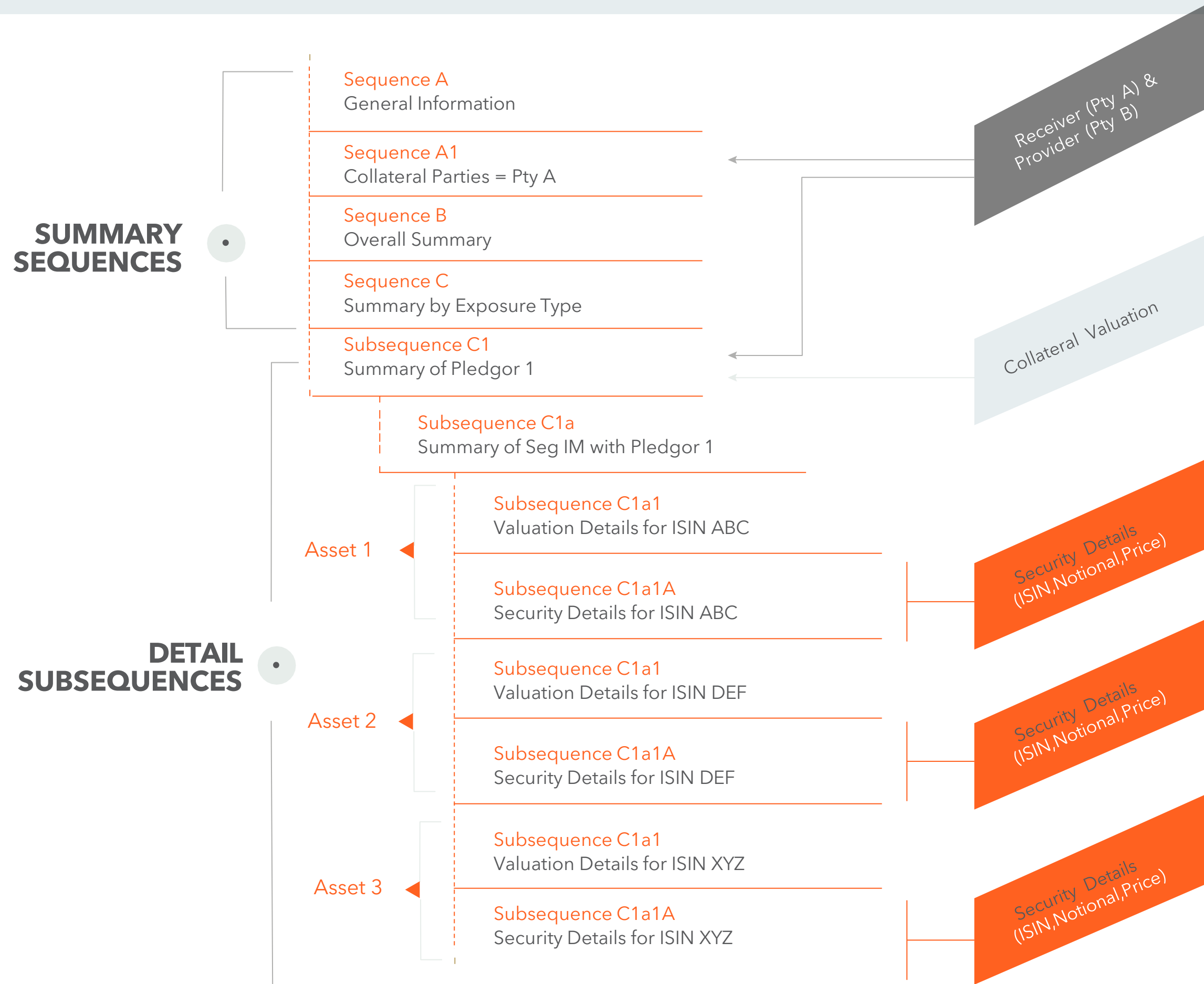
In the section that follows we will concentrate on the fields relevant to identifying assets allocated against Segregated IM accounts.

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.

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.

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 Figure 1. (Previous Page)

SUMMARY SEQUENCES

Sequence A
General Information

Sequence A1
Collateral Parties = Pty A

Sequence B
Overall Summary

Sequence C
Summary by Exposure Type

Subsequence C1
Summary of Pledgor 1

Subsequence C1a
Summary of Seg IM with Pledgor 1

Receiver (Pty A) & Provider (Pty B)

Collateral Valuation

DETAIL SUBSEQUENCES

Asset 1

Subsequence C1a1
Valuation Details for ISIN ABC

Subsequence C1a1A
Security Details for ISIN ABC

Security Details (ISIN,Notional,Price)

Asset 2

Subsequence C1a1
Valuation Details for ISIN DEF

Subsequence C1a1A
Security Details for ISIN DEF

Security Details (ISIN,Notional,Price)

Asset 3

Subsequence C1a1
Valuation Details for ISIN XYZ

Subsequence C1a1A
Security Details for ISIN XYZ

Security Details (ISIN,Notional,Price)

Global Platform

BNY issue an individual MT569 per Segregated IM relationship from the Global platform, therefore the only subsequences that will recur are those specific to the underlying assets;

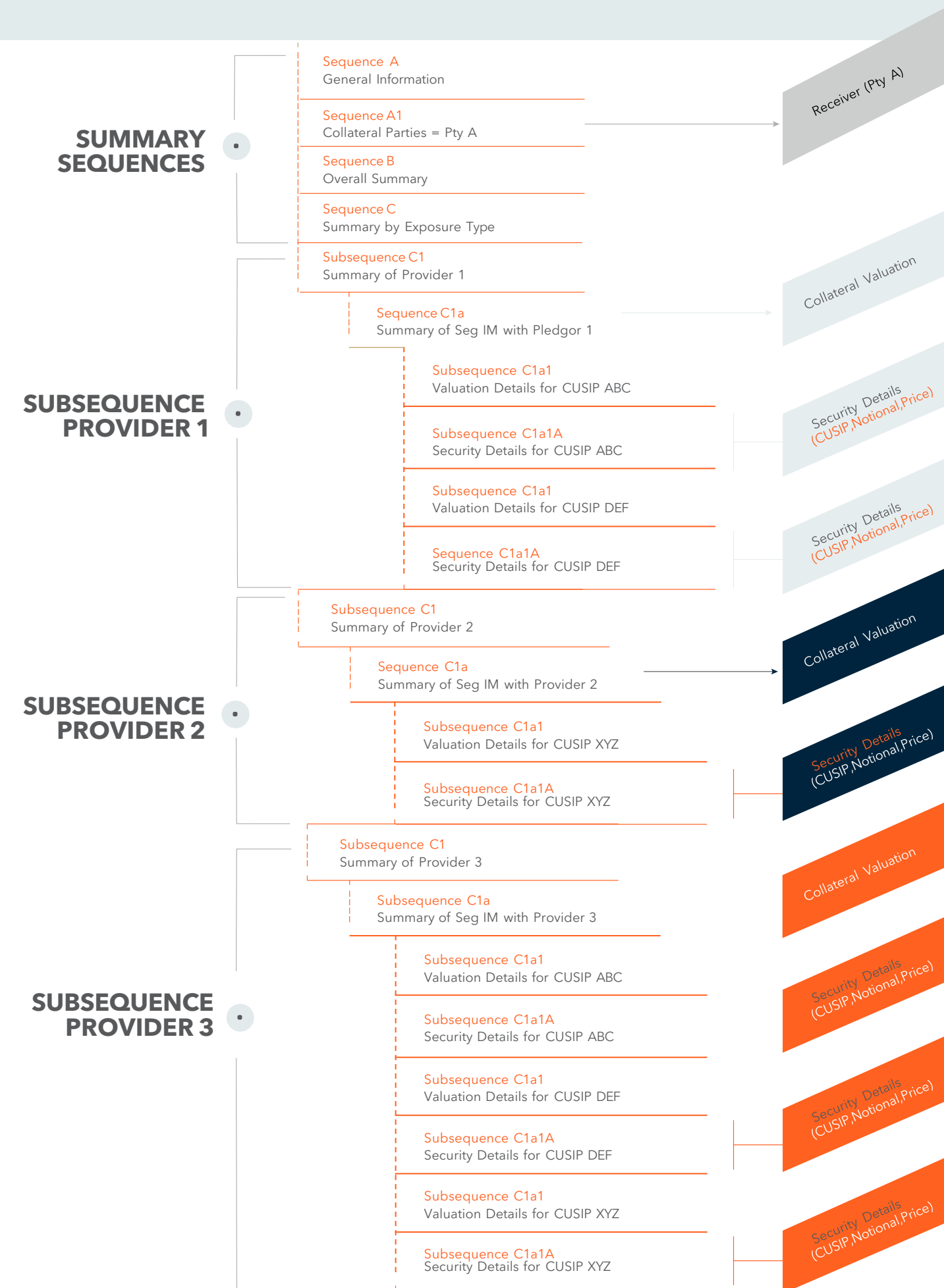- C1a1 – Valuation Details

- C1a1A – Securities Details

To the left is an example of the block construction for an MT569 message in the Global platform. In this example BNY has covered the agreed RQV using three assets from the Collateral Provider's Longbox.

Domestic Platform

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

SUMMARY SEQUENCES

Sequence A
General Information

Sequence A1
Collateral Parties = Pty A

Sequence B
Overall Summary

Sequence C
Summary by Exposure Type

Subsequence C1
Summary of Provider 1

SUBSEQUENCE PROVIDER 1

Sequence C1a
Summary of Seg IM with Pledgor 1

Subsequence C1a1
Valuation Details for CUSIP ABC

Subsequence C1a1A
Security Details for CUSIP ABC

Subsequence C1a1
Valuation Details for CUSIP DEF

Sequence C1a1A
Security Details for CUSIP DEF

Subsequence C1
Summary of Provider 2

SUBSEQUENCE PROVIDER 2

Sequence C1a
Summary of Seg IM with Provider 2

Subsequence C1a1
Valuation Details for CUSIP XYZ

Subsequence C1a1A
Security Details for CUSIP XYZ

Subsequence C1
Summary of Provider 3

Subsequence C1a
Summary of Seg IM with Provider 3

SUBSEQUENCE PROVIDER 3

Subsequence C1a1
Valuation Details for CUSIP ABC

Subsequence C1a1A
Security Details for CUSIP ABC

Subsequence C1a1
Valuation Details for CUSIP DEF

Subsequence C1a1A
Security Details for CUSIP DEF

Subsequence C1a1
Valuation Details for CUSIP XYZ

Subsequence C1a1A
Security Details for CUSIP XYZ

Receiver (Pty A)

Collateral Valuation

Security Details (CUSIP,Notional,Price)

Security Details (CUSIP,Notional,Price)

Collateral Valuation

Security Details (CUSIP,Notional,Price)

Collateral Valuation

Security Details (CUSIP,Notional,Price)

Security Details (CUSIP,Notional,Price)

Security Details (CUSIP,Notional,Price)

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 Receiver (PtyA) and Collateral Provider (PtyB).

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 Purchaser ID for Collateral Receivers.
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 *post-haircut* 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//NEUR1381689,02
C1a – Transaction Details	:25D::TRAN	Transaction Coverage Status	This field specifies the status of the transaction. Valid codes are • 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 • :35B:ISINUS0123456704 Or a CUSIP in the Domestic Platform • :35B:/US/012345670
C1a1A – Securities Details	:36B::SECV	Notional	The quantity of the collateral securities is reported using a type codes • 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 • 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*

13.0

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	

Checklist

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

☑ Complete KYC

☑ Execute Account Control Agreement (ACA) with your Collateral Provider 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

☑ Establish user login details for Nexen

☑ Perform SWIFT RMA key exchange (if required)

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	:16R:GENL	:16R:GENL		:16R:GENL	:16R:GENL
:28E:1/ONLY	:28E:1/ONLY	:28E:1/ONLY		:28E:1/ONLY	:28E:1/ONLY
:20C::SEME//collmove01	:20C::SEME//collmove02	:20C::SEME//collmove03		:20C::SEME//collmove04	:20C::SEME//collmove05
:20C::CLCI//collmove01	:20C::CLCI//collmove02	:20C::CLCI//collmove03		:20C::CLCI//collmove04	:20C::CLCI//collmove05
:20C::SCTR//BNYpledgor01	:20C::SCTR//BNYpledgor01	:20C::SCTR//BNYpledgor01		:20C::SCTR//BNYpledgor01	:20C::SCTR//BNYpledgor01
:23G:NEWM	:23G:NEWM	:23G:NEWM		:23G:NEWM	:23G:NEWM
:98A::EXRQ//20190624	:98A::EXRQ//20190625	:98A::EXRQ//20190626		:98A::EXRQ//20190628	:98A::EXRQ//20190701
:98A::TRAD//20190624	:98A::TRAD//20190624	:98A::TRAD//20190624		:98A::TRAD//20190624	:98A::TRAD//20190624
:22H::CINT//INIT	:22H::CINT//PADJ	:22H::CINT//PADJ		:22H::CINT//PADJ	:22H::CINT//PADJ
:22F::COLA/BNY/TRCS	:22F::COLA/BNY/TRCS	:22F::COLA/BNY/TRCS		:22F::COLA/BNY/TRCS	:22F::COLA/BNY/TRCS
:22H::REPR//RECE	:22H::REPR//RECE	:22H::REPR//RECE		:22H::REPR//RECE	:22H::REPR//RECE
:13B::ELIG//371494AS4	:13B::ELIG//371494AS4	:13B::ELIG//371494AS4		:13B::ELIG//371494AS4	:13B::ELIG//371494AS4
:16R:COLLPRTY	:16R:COLLPRTY	:16R:COLLPRTY		:16R:COLLPRTY	:16R:COLLPRTY
:95P::PTYA//TESTGB2L	:95P::PTYA//TESTGB2L	:95P::PTYA//TESTGB2L		:95P::PTYA//TESTGB2L	:95P::PTYA//TESTGB2L
:97A::SAFE//SP1	:97A::SAFE//SP1	:97A::SAFE//SP1		:97A::SAFE//SP1	:97A::SAFE//SP1
:16S:COLLPRTY	:16S:COLLPRTY	:16S:COLLPRTY		:16S:COLLPRTY	:16S:COLLPRTY
:16R:COLLPRTY	:16R:COLLPRTY	:16R:COLLPRTY		:16R:COLLPRTY	:16R:COLLPRTY
:95R::PTYB/BNY/PQP	:95R::PTYB/BNY/PQP	:95R::PTYB/BNY/PQP		:95R::PTYB/BNY/PQP	:95R::PTYB/BNY/PQP
:97A::SAFE//RTR101	:97A::SAFE//RTR101	:97A::SAFE//RTR101		:97A::SAFE//RTR101	:97A::SAFE//RTR101
:16S:COLLPRTY	:16S:COLLPRTY	:16S:COLLPRTY		:16S:COLLPRTY	:16S:COLLPRTY
:16R:COLLPRTY	:16R:COLLPRTY	:16R:COLLPRTY		:16R:COLLPRTY	:16R:COLLPRTY
:95P::TRAG//IRVTUS3NBDS	:95P::TRAG//IRVTUS3NBDS	:95P::TRAG//IRVTUS3NBDS		:95P::TRAG//IRVTUS3NBDS	:95P::TRAG//IRVTUS3NBDS
:16S:COLLPRTY	:16S:COLLPRTY	:16S:COLLPRTY		:16S:COLLPRTY	:16S:COLLPRTY
:70E::CINS///FRMT/2	:70E::CINS///FRMT/2	:70E::CINS///FRMT/2		:70E::CINS///FRMT/2	:70E::CINS///FRMT/2
/OPEN/Y	/OPEN/Y	/OPEN/Y		/OPEN/Y	/OPEN/Y
/PRJM/LIVE	/PRJM/LIVE	/PRJM/LIVE		/PRJM/LIVE	/PRJM/LIVE
/INTP/S	/INTP/S	/INTP/S		/INTP/S	/INTP/S
/BPTR/T	/BPTR/T	/BPTR/T		/BPTR/T	/BPTR/T
:16S:GENL	:16S:GENL	:16S:GENL		:16S:GENL	:16S:GENL
:16R:DEALTRAN	:16R:DEALTRAN	:16R:DEALTRAN		:16R:DEALTRAN	:16R:DEALTRAN
:98B::TERM//OPEN	:98B::TERM//OPEN	:98B::TERM//OPEN		:98B::TERM//OPEN	:98B::TERM//OPEN
:19A::TRAA//USD2000000,	:19A::TRAA//USD4500000,	:19A::TRAA//USD3500000,		:19A::TRAA//USD0,	:19A::TRAA//USD1000000,
:16S:DEALTRAN	:16S:DEALTRAN	:16S:DEALTRAN		:16S:DEALTRAN	:16S:DEALTRAN

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 matchng Instruction				(500k outstanding)	
Deal Matching Status	: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 /OPEN/Y /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 :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,

Domestic ECS

If your Collateral Provider is on the Domestic platform but does not employ RULE to create their ECS terms, you may need to negotiate an Excel template. Once all parties are satisfied with the proposed terms an authorised signatory from your firm must execute the schedule and return to BNY.

✓ KEY POINT – BNY has potentially different document based schedules for Global and Domestic accounts. It is important to understand your Collateral Providers' preferential method of negotiation.

How do I interpret the eligible terms in the Domestic Excel Schedule that my Collateral Provider has sent me to review?

The Excel template has a number of key sections:

- Parties to the ECS – The template specifies the parties to the ECS and the date that the applicable ACA was executed at the top of the template.

- Eligible Collateral – The template consists of a series of tables that describe the eligible assets and the applicable haircuts based on maturity/credit rating combinations (see the next page for an annotated screenshot that explains the key fields for Eligible Collateral).

- Additional Stipulations – Specifies any exclusions and other eligibility criteria not contained within the tables.

- Wrong Way Risk – Under the IM regulations 'wrong-way risk' is when assets issued by an entity within the Collateral Provider's group cannot be pledged (i.e. Collateral Provider and Issuer cannot have the same Ultimate Parent). BNY compares the Bloomberg Ultimate Parent ID for the Collateral Provider and the Issuer to exclude any wrong-way risk assets as eligible. The Bloomberg Ultimate Parent IDs for the Collateral Provider and Collateral Receiver are stipulated in this section.

- Signatures – The ECS requires execution by an authorised signatory from the Collateral Provider, Collateral Receiver and BNY.

Asset	Yes/No	AA-, Aa-, AA- or higher ISSUER RATING			BBB-,Baa3,BBB- or higher ISSUER RATING		
		< 1 year	>=1 ≤ 5 year	> 5 year	<1 year	>+1 ≤ 5 year	> 5 year
U.S. TREASURIES (rating can only be supported at ISSUER level)							
BILLS	Yes	99.50%	98%	96%	99%	97%	94%
BONDS	Yes	99.50%	98%	96%	99%	97%	94%
NOTES	Yes	99.50%	98%	96%	99%	97%	94%
STRIPS	Yes	99.50%	98%	96%	99%	97%	94%
SYNTHETIC TREASURIES	No	99.50%	98%	96%	99%	97%	94%
AGENCY DEBENTURES - concentration limit: no more than 15 % of trade amount (rating can be supported at ISSUE level not at ISSUER level)							
FAMC (Fed Agriculture Mtge Corp)	Yes	99.00%	96%	92%	98%	94%	88%
FCFAC (Farm Credit Finan. Asst.)	Yes	99.00%	96%	92%	98%	94%	88%
FFCB (Farm Credit System Banks)	Yes	99.00%	96%	92%	98%	94%	88%
FmHA (Farmers Home Admin.)	Yes	99.00%	96%	92%	98%	94%	88%
FHLB (Federal Home Loan Banks)	Yes	99.00%	96%	92%	98%	94%	88%
FHLMC (Federal Home Loan Mtge)	Yes	99.00%	96%	92%	98%	94%	88%
FICO (Financing Corporation)	Yes	99.00%	96%	92%	98%	94%	88%
FLBB (Federal Land Bank Bonds)	Yes	99.00%	96%	92%	98%	94%	88%
FNMA (Federal Nat'l Mtge Corp)	Yes	99.00%	96%	92%	98%	94%	88%
REFCO (Resolution Funding Corp)	Yes	99.00%	96%	92%	98%	94%	88%
SLMA (Student Loan Mtge Corp)	Yes	99.00%	96%	92%	98%	94%	88%
TVA (Tennessee Valley Authority)	Yes	99.00%	96%	92%	98%	94%	88%

1
2
3
4

1. Asset Type
The first column identifies the asset type

2. Asset Type Eligibility
The second column specifies whether this asset type is eligible or not under this ECS

3. Credit Rating ranges
The subsequent columns specify the acceptable credit rating ranges

4. Margin (Haircuts)
These columns specify the asset haircut based on the asset type-credit rating- residual maturity combination.

About the Author

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

We have defined and delivered the changes driven by the IM regulations to multiple firms across different phases, including Tier 1 banks, smaller banks and the buy-side.

Within our previous IM deliveries we have led the onboarding of multiple firms to Bank of New York's Seg IM Triparty service. So we're well-placed to give the Client viewpoint on the onboarding process and operational set-up that new in-scope firms will need to follow.

For more details on Margin Tonic, feel free to take a look at our website at **www.margintonic.com**, including our range of IM resources and related services.

Disclaimers & Disclosures