

# Clearstream Banking Stock Exchange Transactions Go OTC (SET-GO)

Frequently asked questions



Clearstream Banking

Project Stock Exchange Transactions Go OTC (SET-GO)

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## Summary

The main objective of the project Stock Exchange Transactions Go OTC (SET-GO) is to use the standard OTC functionality also for non-cleared stock exchange instructions instead of keeping today's settlement functionality LION (Lieferfreigabe Online).

With the ICSD Migration (Phase 1), Clearstream Banking will ensure that the project SET-GO complies with regulatory requirements by offering real-time gross settlement (RTGS) for non-cleared stock exchange instructions. This implies that the lifecycle management on the settlement platform Creation of Clearstream Banking S.A., Luxembourg (CBL) has to be upgraded for the processing of trade confirmations from German stock exchanges in the custody type non-collective safe-custody (NCSC).

With implementation of CSD Migration (Phase 2), Clearstream Banking fulfils requests from international market members for harmonised settlement of instructions for both OTC and stock exchange transactions. The TARGET2-Securities (T2S) functionality currently offered for OTC instructions will be made available for settlement of stock exchange transactions in the custody type CSC and NCSC-T.

This document summarises the most frequently asked questions related to the SET-GO project that will be introduced in two phases:

- ICSD Migration (Phase 1) – 22 November 2021;
- CSD Migration (Phase 2) – 13 June 2022.

**Contents**

SET-GO Phase 1 (ICSD Migration) .....1  
Corporate Actions.....1  
Customer Connectivity .....2  
Customer Simulation .....3  
Instruction Management .....4  
Migration Procedure .....6  
Project Planning .....6  
Settlement Services.....7  
SET-GO Phase 2 (CSD Migration) .....8

# FAQ

## SET-GO Phase 1 (ICSD Migration)

### Corporate Actions

Internal Reference	Questions	Answers
SETGO-210	Will Clearstream provide further information on the underlying and resulting instruction being subject to a compensation in the related MT56x message types created by Custody?	Clearstream will harmonise the information provided in the linkage section for corporate action messages provided by Custody. That is, that the information provided in the "70E" narrative will be enhanced.
SETGO-212	For transformations processed via Custody, by when does Clearstream provide the required MT548 for the reinstruction covering the required references to release or amend the transformed instruction?	Corporate Action reorganisation events are processed during the night-time settlement (NTS). Therefore, the instructions will be available during the night, in line with the operational day.
SETGO-215	For redemptions, will the currently existing service for transformation in cash be kept by providing transaction price and redemption price claims?	This service will be kept by Clearstream irrespective of the custody type.

## Customer Connectivity

Internal Reference	Questions	Answers
SETGO-134	Must customers consider any changes in the Stock Exchange instructions reporting (MT537) because CBF will process all instructions in OTC like mode?	Yes, changes are expected. CBF is going to harmonise settlement reporting for Stock Exchange instructions and it will use the existing MT537 design for OTC instructions.
SETGO-169	At the moment, a customised message configuration can be set up for the product "LION". Will such an option, that is a dedicated configuration for Stock Exchange instructions, also be available via Xact?	In November 2020, for Stock Exchange instructions a new category (input media) was created for ClearstreamXact.
SETGO-170	Will the status messages / reporting (MT548) for the Stock Exchange transactions in NCSC be available via Xact in the future?	Yes, MT548 will be available for Stock Exchange instructions and can be transmitted, if the technical receiver is specified.
SETGO-171	Will the Third Party Management (RegÜberbeziehung), that is head office / branch concept (Zentrale / Filiale Konzept), be enabled in the future message setup and reporting for NCSC ISINs in the same way as today?	In Party Level 2, using the field ":95R:SELL" and DSS "DAKV", the CBF account master will be represented together with the corresponding CBF-i account of the Head Office or the CBF main account of the Branch in ":97A::SAFE".
SETGO-187	Does Clearstream support Stock Exchange instructions processed in OTC-like mode via Creation Online?	No, as of 22 November 2021 customers are requested to use Clearstream Xact functionality for SE instructions in custody type NCSC as they will be settled OTC-like. The Xact Web Portal usage will become mandatory for OTC instructions on 31 December 2021, the SET-GO project team recommends to be ready with the SET-GO Phase 1 (ICSD Migration) in November 2021.
SETGO-217	Why does the SEME contain a so-called leg type?	As on Creation no already matched functionality is available, the leg type will be introduced for the instruction management. This means that the trade number will be reused for the receiving and the delivering leg.
SETGO-269	Will the user and rights management in Xact Web Portal change because of the processing of Stock Exchange instructions?	No, today's user and access rights will be reused.
SETGO-306	Will MT537 report SE instructions in custody type NCSC between November 2021 and June 2022?	Starting November 2021, SE instructions in custody type NCSC will no longer be reported in CBF MT537. The related settlement reporting can be set up via Xact Web Portal.

## Customer Simulation

Internal Reference	Questions	Answers
SETGO-151	Does Clearstream support Stock Exchange transactions during customer simulation?	Trading platforms XETRA and XFRA will be connected to IMS23. For other Stock Exchange locations, files will be created by customer readiness team.
SETGO-275	Will the current customer account setup be available on the CBL simulation environment?	To participate in the simulation a registration will be necessary. For all registered accounts the required account setup will be made available in the test environment at CBL (named "OCCT").

## Instruction Management

Internal Reference	Questions	Answers
SETGO-123	What are the Clearstream applications for Stock Exchange instructions that are impacted for instruction management?	With SET-GO, Stock Exchange instructions are presented to CASCADE / T2S for custody type CSC and NCSC-T, Creation for custody type NCSC. The Clearstream Xact functionality will be used for instruction management.
SETGO-128	When does CBF (SETI) present Stock Exchange instructions to T2S or Creation settlement platform?	In future, SETI will forward Stock Exchange instructions once they are received from the Stock Exchange location immediately to respective settlement platform.
SETGO-130	After the implementation of SET-GO, does CBF provide Stock Exchange instructions in OTC mode only?	Yes, in future all Stock Exchange instructions will be managed like OTC instructions using content and format of OTC instructions.
SETGO-131	After the implementation of SET-GO, does CBF support Hold / Release functionality also for instructions applicable for Partial Settlement, that is supporting the Partial Release Request?	Yes, it will be supported for instructions which will settle via Creation and T2S.
SETGO-135	Would it be possible to request Teilbelieferung via MT530?	The "Teilbelieferung" will be replaced by the "T2S Partial Release". As Stock Exchange instructions become OTC-like, Partial Release request functionality for CSC and NCSC-T securities can be used. On Creation, a service for "Partial Release request" will be implemented in November 2021.
SETGO-162	With the implementation of the SET-GO Phase 1 (ICSD Migration), shall the information about "TRRF" be included in settlement confirmation presented via Xact?	With the introduction of the SET-GO Phase 1 (ICSD Migration), the Deal Reference shall be reported via ClearstreamXact (that is, via automated connectivity channels and Xact Web Portal). The "TRRF" will start with "LP", followed by the Input Date and Trade ID.
SETGO-163	After the implementation of SET-GO, both the seller and the buyer shall be in the equal position to modify the Hold / Release flag and require a cancellation using the SEME. Could CBF please confirm that this can be initiated via Xact and CASCADE / T2S?	The SET-GO implementation approach foresees that the modification or cancellation of Stock Exchange instructions in OTC-like mode can be carried out by both the buyer and the seller. The modification request can be transmitted via MT530 using the "SEME".
SETGO-164	Will CBF with SET-GO cause changes in the original data of the contract notes (Schlussnoten)?	SET-GO aims for a settlement of Stock Exchange instructions in OTC mode. This does not affect the interface / transmission of the Stock Exchange trade details.



Internal Reference	Questions	Answers
SETGO-168	Can MT530 be used for the modification of Stock Exchange instructions in NCSC via Clearstream Xact after the implementation of SET-GO Phase 1?	The scope of SET-GO covers the modification of Stock Exchange instructions (Hold, Release, Partial Settlement Indicator, Settlement Priority) via Xact by using MT530 and the Web Portal.
SETGO-177	Does CBL support dedicated static data for the Creation settlement period in securities accounts?	In the account settings, customers can apply for mandatory or optional settlement period as default value, unless otherwise specified in the instruction.
SETGO-206	Does CBL provide MT548 (Settlement Status and Processing Advise) in real-time mode?	Yes, MT548 can be transmitted in real-time mode.
SETGO-207	Can customers change the flag for the settlement period, that was initially presented for Stock Exchange instructions via the Stock Exchange Transaction Interface (SETI)?	Yes, the flag can be modified on customer demand. However, the modification is only allowed from the value "mandatory (NRTG)" to "optional (YRTG)".
SETGO-208	Is the account number presented in Party Level 2 using field "95R" for seller or buyer the 4-digit CBF account number stored in KUSTA?	The 4-digit CBF account number of the account owner / head office or branch will be transmitted to Creation respectively T2S.
SETGO-209	Will Clearstream list a pending Stock Exchange instruction related to Market Claims, Reverse Claims or Transformation in MT564 and MT568, if applicable?	In general, the reporting will be based on the custody type. That is, the existing KADI procedures and reporting will remain unchanged. For NCSC, NCSC-T and CSC (LMP) the reporting via Custody will be harmonised to comply with the reporting provided via KADI. However, via Custody for transformations on Stock Exchange instructions there will be no MT56x reporting.
SETGO-211	For transformations, as a reinstruction is set up only once the underlying instruction was successfully cancelled by Clearstream, which reference can be used to release the instruction created with a "hold"?	In general, information from the underlying instruction is copied. If the status of the underlying instruction is "on hold", the resulting instruction will also be "on hold". The release of such a hold can be performed by using the MITI (T2S related settlement) or the SEME (Creation related settlement).
SETGO-213	Stock Exchanges deliver the trade details to CBF on the trade date late in the evening. By when does CBF create the settlement instructions for Stock Exchange trades?	Irrespective of the settlement platform, SETI will create the instructions once the information was provided. Based on the predefined operational day, the process can start between 10 pm and 11 pm.
SETGO-311	Which SWIFT TAG is used by CBF to derive the "Input Date" for the generation of the SEME created by SETI?	The implementation approach defines, that the information "Börsentag" (field M20) of the trade confirmation will be used.

## Migration Procedure

Internal Reference	Questions	Answers
SETGO-158	On the migration weekend, all pending instructions will be cancelled and reinstructed. Could you define that instructions with a Partial Settlement Indicator (PSI) other than "PARQ" will be reinstructed with "PARQ"?	CBF is going to create a migration approach and will consider that the PSI for all pending instructions is set to a) "PARQ" for CSC and NCSC-T ISINs, b) "PART" for NCSC ISINs.
SETGO-214	Can customers assume that corporate action reorganisation events will be performed with the implementation of the SET-GO Phase1 (ICSD Migration) in November 2021?	This understanding is correct, Clearstream will transform pending Stock Exchange instruction with custody type NCSC with the introduction of Phase 1.

## Project Planning

Internal Reference	Questions	Answers
SETGO-205	Does the content of the planned Introduction Note provide information allowing customers initiating internal assessment for the development?	The Introduction Note will provide information regarding key functionalities delivered with the ICSD Migration (Phase 1) focusing on NCSC. Nevertheless, the document needs to be updated for the SET-GO CSD Migration (Phase 2) accordingly focusing on NCSC-T / CSC.

## Settlement Services

Internal Reference	Questions	Answers
SETGO-126	Shall all pending NCSC Stock Exchange instructions settle via Creation as of November 2021?	Yes, both pending and newly created instructions will be processed via Creation only. That is pending trades will be migrated to Creation.
SETGO-133	Does CBF continue to support Reg-Über (Third-Party) functionality?	In general, the Reg-Über Konzept (Third-Party Management) shall remain unchanged. However, the reporting functionality will be modified in an OTC-like mode.
SETGO-136	Is CBF going to support processing of "Kursdifferenzen"?	With the SET-GO project, all known cash management functionalities for price differences and broker commissions will be supported as of now.
SETGO-137	Does CBF intend to use already matched functionality for OTC like Stock Exchange instructions?	CBF will not change the instruction procedure for Stock Exchange instructions, i.e., already matched functionality will be used. However, this functionality will not be available via Creation which means two single legs (deliverer / receiver) will be created by SETI using the SWIFT TAG "COMM ID" to ensure a proper matching.
SETGO-141	Will existing LION positive / negative procedures be continued?	The scope of SET-GO covers the positive / negative procedure.
SETGO-156	Are price differences ("Kursdifferenzen") calculated by CBF?	The exchange locations and their providers provide the data on price differences to CBF for reporting, only.
SETGO-176	Are there any implications on the penalty calculation, if a NCSC security cannot be set up on Creation allowing the settlement and there is a stock exchange trade that cannot be created at Creation?	If an ISIN in custody type NCSC cannot be setup at Creation the incoming instruction is being recycled. There will be late matching fees, if the matching happens after the mandatory settlement periods.
SETGO-178	Which procedure could apply for penalties and / or buy-in, if one of the parties defines the flag "mandatory" and the other one "optional" and the instruction could have been settled in the "optional" period?	If the settlement of the SE instructions failed to settle in the mandatory period, and could have settled in the optional period but were not eligible, cash penalties shall apply (if eligible) based on the settlement status and fail reason at the end of the mandatory period.
SETGO-310	Will CBF generate settlement instructions for all trade confirmation delivered by the stock exchanges (börsliche und außerbörsliche Schlußnoten)?	Yes, except for Broker Notes.

## **SET-GO Phase 2 (CSD Migration)**

FAQ will be updated regularly and SET-GO Phase 2 (CSD Migration) FAQ will be added.

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Clearstream Banking  
[www.clearstream.com](http://www.clearstream.com)

Registered addresses  
Clearstream Banking S.A.  
42 Avenue JF Kennedy  
L-1855 Luxembourg

Clearstream Banking AG  
Deutsche Börse AG  
Mergenthalerallee 61  
65760 Eschborn  
Germany

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