

## Introduction of “Free-of-Payment Matching” for the German securities market

Effective

**23 November 2009**

the CASCADE function for automatic matching of specific match criteria for securities transfers (instruction type 01) and match instructions (instruction type 02) for securities transfers free of payment (hereinafter referred to as FOP) from will be enhanced.

This function is already in use for securities transfers against payment.

This announcement aims to provide customers with some advance information which will be complemented by a more detailed publication in March 2009.

### Scope of enhancement

#### Free-of-payment matching

A matching duty will be introduced for CASCADE instruction types “Securities transfer free of payment” and the sub-instruction type “issue start RS”.

In this context, the existing match instruction (instruction type 02) will be expanded for instructions free of payment. FOP instructions which are subject to this matching duty will only be settled after successful matching.

The settlement type (STD/SDS or RTS) of the delivery instruction (debit bank) will be applied, independent of the settlement type of the match instruction.

No match duty is applied to the following, amongst others:

- Transfers or retransfers of collateral to Eurex or CBF's collateral management system Xemac,
- CASCADE RS holding transfers, internal and external securities transfers in registered shares,
- CASCADE instruction types 03-99 free of payment.

#### New CASCADE passive matching service

To support market participants CBF will also provide a passive matching service which generates match instructions automatically in CASCADE.

For customers who instruct CBF (until further notice) to apply the passive matching service, the corresponding match instruction will be automatically generated by CASCADE directly after a FOP delivery instruction with match duty is entered in which the customer appears as credit account, and the instructions are matched in CASCADE.

Customers may order the passive matching service on the basis of their seven-digit CBF account which enables the service to be requested for specific sub-accounts.

The new CASCADE service can additionally be limited to retail or wholesale (FOP) transactions or used for both types of transactions.

Transactions are retail transactions if the field “BEGUENSTIGTE DEPOTBANK” of the securities transfer instruction is filled with “BLZ”; any other content in this field, such as KTO (Konto), ACC (Account) or MSC (Miscellaneous), indicates that the transaction is a wholesale transaction.

The exact requirements and the corresponding account form will be provided with publication of the detailed customer announcement.

## New CASCADE direct matching service

The new direct matching function enables CBF customers to uniquely specify the match instruction of his counterparty. The introduction of this service is scheduled for 29 June 2009 for securities transfers against payment (see separate customer announcement D09014) and will be enabled for FOP transactions as soon as FOP matching is in place. The appendix (message specification MT540) already reflects this new service.

## Connectivity

### CASCADE-Host/PC

The CASCADE-Host screens and CASCADE-PC will be enhanced accordingly. To enter instructions via "TRAN:KVEE FC:MI" the familiar screen can be used (the field equivalent amount (Gegenwert) need not be filled).

### File Transfer, SWIFT, IBM WebSphere MQ Series (ISO15022)

CBF supports all known connectivity channels in ISO15022 standard. The data exchange for FOP match instructions is based on the ISO15022 standard with message type "MT540 receipt free" and will be introduced in CASCADE/LIMA:

- Instruction entry/deletion: MT540 (see appendix)

The existing message types regarding CBF's pre/post-settlement services will be enhanced accordingly:

- Pre-settlement service: MT530, MT537, MT548 and MT578
- Post-settlement service: MT544 and MT536

**Note:** The new CASCADE service is only supported for the ISO15022 format. The ISO7775 format will not be enhanced.

## Next steps

### Detailed customer information at the end of March 2009

The exact functional and technical details that need to be covered to meet the technical requirements will be announced at the end of March in the form of a detailed customer announcement.

### Bilateral end-to-end tests

To support the necessary interface adjustments, CBF will provide explicit end-to-end test phases. CBF will publish a detailed description of the possible test-case contents and test phases in due time.

## Further information

For further information, please contact our Customer Service Domestic via:

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## Appendix 1. Message Specification MT 540 - Match Instruction (FOP)

Tag	Status	Field Name	Format
Mandatory Sequence A General Information			
16R	M	Start of Block	GENL
20C	M	Senders Reference	:SEME//16x
23G	M	Function of the Message	4!c
98A	O	Preparation Date	:PREP//8!n
Repetitive Optional Subsequence A1 Linkages			
16R	M	Start of Block	LINK
20C	M	Previous Message	:PREV//16
Or			
20C	O	Related Message	:RELA//16x
16S	M	End of Block	LINK
End of Subsequence A1 Linkages			
16S	M	End of Block	GENL
End of Sequence A General Information			
Mandatory Sequence B Trade Details			
16R	M	Start of Block	TRADEDET
98A	M	Settlement Date	:SETT//8!n
98A	O	Trade Date	:TRAD//8!n
90B	O	Deal Price	:DEAL//ACTU/3!a15d
35B	M	Identification of the Financial Instrument	[ISIN1!e12!c] [4*35x]
Optional Subsequence B1 Financial Instrument Attributes			
16R	M	Start of Block	FIA
98A	O	Coupon Date	:COUP//8!n
90B	O	Market Price -Currency -Amount	:MRKT//ACTU/3!a15d
16S	M	End of Block	FIA
End of Subsequence B1 Financial Instrument Attributes			
22F	O	Reporting Indicator	:RPOR/DAKV/4!c
22F	O	Priority Indicator	:PRIR/DAKV/4!c
16S	M	End of Block	TRADEDET
End of Sequence B Trade Details			
Repetitive Mandatory Sequence C Financial Instrument/Account			
16R	M	Start of Block	FIAC
36B	M	Quantity of FI to be settled	:SETT//4!c15d
97A	M	Safekeeping Account	:SAFE//35x
16S	M	End of Block	FIAC
End of Sequence C Financial Instrument/Account			
Mandatory Sequence E Settlement Details			
16R	M	Start of Block	SETDET
22F	O	Real-time Gross Settlement Indicator	:RTGS//4!c
22F	M	Type of Settlement Transaction	:SETR//4!c
Repetitive Mandatory Subsequence E1 Settlement Parties			
16R	M	Start of Block	SETPRTY
95P	M	Delivering Agent	:DEAG//4!a2!a2!c[3!c]
95R			:DEAG/8c/34x
95Q			:DEAG//4*35x
97A	O	Safekeeping Account	:SAFE//35x
or			
95C	M	Place of Settlement	:PSET//2!a
95P			:PSET//4!a2!a2!c[3!c]
95Q			:PSET//4*35x

or			
95P 95R 95Q	0	Receiving Agent	:REAG//4!a2!a2!c[3!c] :REAG/8c/34x :REAG//4*35x
97A	0	Safekeeping Account	:SAFE//35x
or			
95P 95R 95Q	0	Seller	:SELL//4!a2!a2!c[3!c] :SELL/8c/34x :SELL//4*35x
97A	0	Safekeeping Account	:SAFE//35x
or			
95P 95R 95Q	0	Buyer	:BUYR//4!a2!a2!c[3!c] :BUYR/8c/34x :BUYR//4*35x
97A	0	Safekeeping Account	:SAFE//35x
or			
95P 95R 95Q	0	Deliverer's Custodian	:DECU//4!a2!a2!c[3!c] :DECU/8c/34x :DECU//4*35x
97A	0	Safekeeping Account	:SAFE//35x
or			
95P 95R 95Q	0	Receiver's Custodian	:RECU//4!a2!a2!c[3!c] :RECU/8c/34x :RECU//4*35x
97A	0	Safekeeping Account	:SAFE//35x
70E	0	Declaration Details Narrative	:DECL//10*35x
70C	0	Party Contact Narrative	:PACO//4*35x
16S	M	End of Block	SETPRTY
End of Subsequence E1 Settlement Parties			
16S	M	End of Block	SETDET
End of Sequence E Settlement Details			

## Appendix 2. MT 540 - OTC Domestic transaction (Example)

SWIFT-Message Fields and Contents	Comments
�1:F01XXXXXXXXBXXX1113123477�	
�2:I540DAKVDEFFADOMN�	
�4:	
:16R:GENL	
:20C::SEME//TEST-MT540	Instruction Reference
:23G:NEWM	Function (PREA , NEWM or CANC)
:16S:GENL	
:16R:TRADDET	
:98A::SETT//20081202	Settlement Date
:98A::TRAD//20081201	Trade Date
:35B:ISIN DE0001234560	Securities Code
:16S:TRADDET	
:16R:FIAC	
:36B::SETT//UNIT/10,	Nominal
:97A::SAFE//12340000	Credit Account
:16S:FIAC	
:16R:SETDET	
:22F::RTGS//NRTG	Settlement Type
:22F::SETR//TRAD	Securities Delivery Type
:16R:SETPRTY	
:95P::DEAG//YYYYYYYYXXX	Delivery Agent's BIC
:97A::SAFE//43210000	Debit Account
:70E::DECL//CPRE KP43210112345670	Counterparty CASCADE reference
:16S:SETPRTY	
:16R:SETPRTY	
:95P::PSET//DAKVDEFF	Place of Settlement
:16S:SETPRTY	
:16S:SETDET	
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