

MT 558 Triparty Collateral Status and Processing Advice



Note

The use of this message type requires Message User Group (MUG) registration.

MT558 Scope

This message is sent by a triparty agent after the receipt of a collateral instruction from its client.

In this message, the Sender is the triparty agent and the Receiver is either the collateral taker or the collateral giver.

This message provides valuation results as well as the status of the collateral instruction and the status of the proposed collateral movements (cash and securities).

The message may also be used to:

- re-send a message previously sent (Subfunction of the message is DUPL)
- provide a third party with a copy of the message for information (Subfunction of the message is COPY)
- re-send to a third party a copy of the message for information (Subfunction of the message is CODU)

MT558 Format Specifications

The status and processing advice contains four sequences:

- Sequence A General Information provides general information about the instruction and collateral transaction the message refers to, that is, the function of the message, the identification of the collateral transaction, the references of the linked messages, the identification of the parties, the safekeeping account, the reason for which collateral is needed (the exposure type), the identification of the collateral action, the agent specific information, the required margin and the status and reason information.
- Sequence B Deal Transaction Details contains the deal transaction details.
- Repetitive sequence C Securities Movement contains the securities movements with their status.
- Repetitive sequence D Cash Movement contains the cash movements with their status.

Status	Tag	Qualifier	Generic Field Name	Detailed Field Name	Content/Options	No.
Mandatory Sequence A General Information						
M	16R			Start of Block	GENL	1
M	28E			Page Number/Continuation Indicator	5n/4!c	2
----->						
M	20C	4!c	Reference	(see qualifier description)	:4!c//16x	3

M	23G			Function of the Message	4!c[4!c]	4
----->						
M	98a	4!c	Date/Time	(see qualifier description)	A, C, or E	5

----->						
M	22a	4!c	Indicator	(see qualifier description)	F or H	6

----->						
O	13B	4!c	Number	(see qualifier description)	:4!c/[8c]/30x	7

-----> Mandatory Repetitive Subsequence A1 Collateral Parties						
M	16R			Start of Block	COLLPRTY	8
----->						
M	95a	4!c	Party	(see qualifier description)	P, Q, or R	9

O	97a	SAFE	Account	Safekeeping Account	A or B	10
M	16S			End of Block	COLLPRTY	11
----- End of Subsequence A1 Collateral Parties						
-----> Optional Repetitive Subsequence A2 Status						
M	16R			Start of Block	STAT	12
M	25D	4!c	Status	(see qualifier description)	:4!c/[8c]/4!c	13
-----> Optional Repetitive Subsequence A2a Reason						
M	16R			Start of Block	REAS	14
M	24B	4!c	Reason	(see qualifier description)	:4!c/[8c]/4!c	15
O	70D	REAS	Narrative	Reason Narrative	:4!c/6*35x	16
M	16S			End of Block	REAS	17
----- End of Subsequence A2a Reason						
M	16S			End of Block	STAT	18
----- End of Subsequence A2 Status						
O	17B	CAPP	Flag	Collateral Approved Flag	:4!c/[1!a]	19
----->						
O	19A	4!c	Amount	(see qualifier description)	:4!c/[N]3!a15d	20

----->						

O	70a	4!c	Narrative	(see qualifier description)	D or E	21

-----> Optional Repetitive Subsequence A3 Linkages						
M	16R			Start of Block	LINK	22
O	13a	LINK	Number Identification	Linked Message	A or B	23
M	20C	4!c	Reference	(see qualifier description)	:4!c//16x	24
M	16S			End of Block	LINK	25
----- End of Subsequence A3 Linkages						
M	16S			End of Block	GENL	26
End of Sequence A General Information						
Mandatory Sequence B Deal Transaction Details						
M	16R			Start of Block	DEALTRAN	27
M	98a	TERM	Date/Time	Closing Date/Time	A, B, or C	28
----->						
O	19A	4!c	Amount	(see qualifier description)	:4!c//[N]3!a15d	29

----->						
O	92a	4!c	Rate	(see qualifier description)	A or C	30

----->						
O	22a	4!c	Indicator	(see qualifier description)	F or H	31

M	16S			End of Block	DEALTRAN	32
End of Sequence B Deal Transaction Details						
-----> Optional Repetitive Sequence C Securities Movement						
M	16R			Start of Block	SECMOVE	33
M	22H	INOUE	Indicator	In/Out Indicator	:4!c//4!c	34
M	35B			Identification of Financial Instrument	[ISIN1!e12!c] [4*35x]	35
M	36B	QSEC	Quantity of Financial Instrument	Quantity of Securities	:4!c//4!c/15d	36

O	25D	MOVE	Status	Movement Status	:4!c/[8c]/4!c	37
----->						
M	17B	4!c	Flag	(see qualifier description)	:4!c/1!a	38

O	97a	SAFE	Account	Safekeeping Account	A or B	39
----->						
O	20C	4!c	Reference	(see qualifier description)	:4!c/16x	40

O	19A	MAGV	Amount	Margined Value Amount	:4!c/[N]3!a15d	41
O	70D	REAS	Reason Narrative	Reason Narrative	:4!c/6*35x	42
M	16S			End of Block	SECMOVE	43
----- End of Sequence C Securities Movement						
-----> Optional Repetitive Sequence D Cash Movements						
M	16R			Start of Block	CASHMOVE	44
M	22H	INOU	Indicator	In/Out Indicator	:4!c/4!c	45
M	19A	CASH	Amount	Cash Movement Amount	:4!c/[N]3!a15d	46
----->						
O	20C	4!c	Reference	(see qualifier description)	:4!c/16x	47

O	25D	MOVE	Status	Movement Status	:4!c/[8c]/4!c	48
----->						
M	17B	4!c	Flag	(see qualifier description)	:4!c/1!a	49

O	97a	CASH	Account	Cash Account	A or E	50
O	70D	REAS	Reason Narrative	Reason Narrative	:4!c/6*35x	51
M	16S			End of Block	CASHMOVE	52
----- End of Sequence D Cash Movements						
Optional Sequence E Additional Information						
M	16R			Start of Block	ADDINFO	53
----->						

O	95a	4!c	Party	(see qualifier description)	P, Q, or R	54

M	16S			End of Block	ADDINFO	55
End of Sequence E Additional Information						

MT558 Network Validated Rules

- C1** In sequence A, if field :20C::CLTR is not present, then field :20C::TCTR is mandatory, otherwise field :20C::TCTR is optional.

Sequence A if field:20C::CLTR is ...	Sequence A then field :20C::TCTR is ...
Not present	Mandatory
Present	Optional

- C2** In sequence A, the presence of sequence A2 depends on the value of field :23G:<Function> subfield 1 as follows:

Sequence A	
if value of field :23G:4!c[/4!c] subfield 1 is ...	then subsequence A2 is ...
ADVD	Not allowed
Not ADV	Mandatory

- C3** If sequence A field :22a::COLA// is other than SLEB, then sequence B field :19A::TRAA must be present.

Sequence A field :22a::COLA is ...	Then sequence B field :19A::TRAA is ...
SLEB	Optional
Not SLEB ⁽¹⁾	Mandatory

⁽¹⁾ if the Data Source Scheme is present in field :22F::COLA// then the conditional rule does not apply.

MT558 Usage Rules

Triparty Scenarios

The triparty collateral management service is used by two trading parties at the agreement of a business transaction (for example, a repo, a securities loan, ...) when they want to secure the transaction with collateral. The management of this collateral (that is, agreeing on quantity and type, marking to market, ...) is done by a third party, the triparty collateral manager.

Before starting to use these services, the three parties will first sign a contract in which they stipulate the rules of the agreement.

There are three types of triparty collateral management:

- collateral management without settlement,
- collateral management with settlement of the collateral on the books of the agent,
- collateral management with external settlement.

In the first scenario the triparty agent will calculate the necessary quantity of collateral and instruct the trading parties on which movements need to occur. For example, party A and party B closed a repo deal for 1,000,000 USD. They inform the triparty agent of the deal details. The agent will then calculate which pieces of collateral need to be moved to cover the 1,000,000 USD exposure and will inform the trading parties. Parties A and B then settle the movements as instructed by the agent.

In the second scenario the triparty agent will also execute the settlement. By servicing a safekeeping account for both parties, the agent will not only calculate the necessary movements but will also settle them internally on its books.

The third scenario is only a slight deviation from the second one. In this case the agent has the authority to move securities from party A's and B's safekeeping accounts with their respective subcustodians.

Tri-party Definitions

Collateral Management Transaction

The triparty agent will create this transaction on receipt of the deal information from the two trading parties. For example, when party A and B have agreed on a securities loan and have reported this information to the triparty agent, the agent will create a collateral management transaction to manage this securities loan on its internal systems.

A transaction is created, can be changed and is terminated.

Collateral Management Instruction

The trading parties will request the triparty manager to perform certain instructions on the collateral management transaction. An instruction can be to initiate a transaction, modify the terms of a transaction, or close a transaction (non-exhaustive list of instructions). The triparty agent will send feedback on the requested instruction.

Lifecycle of Collateral Management Transaction

When a transaction is initiated, agreed on by both parties, accepted and declared valid by the triparty agent, the lifecycle of the transaction starts. The transaction will normally last as long as the underlying deal. At the end of its lifecycle a transaction is closed.

Lifecycle of Collateral Management Instruction

The lifecycle of a collateral management instruction starts when the user of the triparty service sends an instruction message. At receipt of the instruction message, the triparty agent will process the instruction and assign a status (that is, valid or rejected). At each step in the lifecycle of an instruction a different status will be assigned. For example, an instruction can be valid for processing or rejected because it is incorrect. If an instruction needs to be matched (for example, two initiation- instructions from party A and B need to match) it can have a status matched or unmatched. Other statuses describe the sufficiency or eligibility of the collateral.

Allegation

When the MT558 is sent as an allegation/advice (:23G:ADVD), fields 25D Status, 24B Reason, 17B Collateral Approved Flag, 19A Required Margin Amount must not be used as they have no business meaning in an allegation. Sequences Securities Movement (C) and Cash Movement (D) must neither be used.