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## KEY SETTLEMENTS MARKET PRACTICES FINALIZED AT ISITC'S 15TH ANNUAL INDUSTRY FORUM

- Three new Market Practices from the Settlements Working Group designed to improve efficiency and reduce risk

Boston, 7th April 2009 – ISITC (International Securities Association for Institutional Trade Communication), the industry trade group focused on standards in transaction processing and related communications, announced today that the Settlements Working Group has developed three new Market Practices for implementation. The Market Practices focus on settlement instructions and confirmation messages for repos and reverse repos, FX order confirmation and factored securities.

Genevieve Dimitrion, Chair of ISITC, says, "As the repo, FX, and factored securities markets grow, industry participants must focus on implementing settlement standards in order to address some of the most pressing issues. The Settlements Working Group has been working toward developing what we believe are a set of very important Market Practices."

At the ISITC 15th Annual Industry Forum in March this year, members of the Settlements Working Group were able to deliberate upon the primary needs for an industry standard. The Group finalized the three Market Practices for the repo, FX and factored securities markets, a culmination of the Group's work over the last six months.

In a statement, the Settlements Working Group said, "Utilizing these Market Practices, industry participants will be able to produce consistently formatted messages for instruction and confirmation of settlement. Specifically, this will create improved operational efficiencies and reduce error-related risks."

The three Settlements Market Practices are:

**U.S. Repo Market Practice:** This updated best practice for repos provides more clarity on the instruction and confirmation of repos and reverse repos for single or multiple pieces of collateral. The updated document provides a more detailed explanation of the business process and data requirements for repurchase agreements.

**U.S. Market Practice for FX Exchange Order Confirmations:** This provides clarification on the correct message usage for confirmation of FXs executed at the sub-custodian on behalf of the global custodian. The document also highlights usage clarification for the MT300 confirmation message, which is intended to be sent to confirm FXs executed at the request of the asset manager within the treasury department of a custodian bank, as well as for the MT900/910 confirmation, which is intended to confirm the individual cash movements associated with an MT304 third party FX instruction.

**U.S. Market Practice for Factored Securities:** This applies to the instruction of all applicable factored securities types and provides clarification of business and data element usage through

field recommendations and sample messages. The market practice has identified the list of applicable factored security types to include: asset-backed, mortgage-backed, collateralized mortgage obligations, corporate bonds with sinking fund provisions, and inflation-protected securities such as TIPs or Linkers.

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#### ABOUT ISITC

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Comprised of 1,500 individuals from 350 companies worldwide, ISITC provides members with the means to revolutionize the securities-trading process. ISITC brings together broker/dealers, custodians, investment managers, vendors/utilities and other industry professionals to develop proposed standards that are designed to enhance efficiencies in trade processing and related communications. Through collaboration, ISITC's members reduce inefficiencies, lower risk, and build shareholder value while developing and promoting the global securities industry. For more information on ISITC please visit our website: [www.isitc.org](http://www.isitc.org)