



MT304

THIRD PARTY SETTLEMENT CONTRACT FORMAT SPECIFICATION

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Document History

Version Number	Date	Who	Description
1.0	7/01	Genevy Dimitrion	Create FX Spot MP document
2.0	06/20/03	Genevy Dimitrion	Update to following fields: Use of account numbers in 57 vs. 58 Use of account number in 87A. Use of clearing codes in /USCH/, /CLRC/, /SSIS/.
3.0	6/28/04	Genevy Dimitrion	Update to document formats.
4.0	11/22/05	Leonora Everett	Define spot currency settlement contract
4.1	10/30/06	Jason Brasile	Update to field 57 to add codeword /ACCT/ which was omitted in error from previous version.

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I. Introduction

One of the current uses for the MT304 is to allow Investment Managers to communicate third party currency settlement contracts to Custodian Banks. These are often referred to as "spot" foreign exchanges as they settle immediately - generally in two business days or less.

A spot foreign exchange is a contract to exchange two currencies at an agreed exchange rate as individual or gross cash movements on a T+2 settlement basis. These transactions are generally executed to cover securities purchases, repatriation of sale proceeds into the base currency of an account, and to cover a short cash position in another currency. Spot transactions may also be executed as an investment opportunity in currencies other than the base currency of an account. They are also executed to close forward positions. There is no clear case in the MT304 usage guidelines for netting a spot trade.

A currency settlement contract also specifies that the foreign exchange is a physical settlement in which both the buy and the sell currencies move on the settlement (value) date.

II. Format Specifications

Status	Tag	Field Name	Content/Options	No.
Mandatory Sequence A General Information				
M	15A	New Sequence	(CrLf)	1
M	20	Sender's Reference	16x	2
O	21	Related Reference	16x	3
M	22A	Type of Operation	4!c	4
M	94A	Scope of Operation	4!c	5
M	83a	Fund	J	6
M	82a	Fund Manager	J	7
M	87a	Executing Broker	J	8

Mandatory Sequence B Forex Transaction Details				
M	15B	New Sequence	(CrLf)	9
M	30T	Trade Date	8!n	10
M	30V	Value Date	8!n	11
M	36	Exchange Rate	12d	12

Mandatory Subsequence B1 Amount Bought				
M	32B	Currency, Amount Bought	3!a15d	13
M	53a	Delivery Agent	J	14

Mandatory Subsequence B2 Amount Sold				
M	33B	Currency, Amount Sold	3!a15d	15
O	56a	Intermediary	J	16
M	57a	Receiving Agent	J	17
M	58a	Beneficiary Institution	J	18

III. Field Specifications

1. Field 15A: New Sequence

FORMAT	Option A	Empty Field
PRESENCE	Mandatory	
DEFINITION	This field specifies the beginning of mandatory sequence A General Information.	

2. Field 20: Sender's Reference

FORMAT	16x
PRESENCE	Mandatory
DEFINITION	This field specifies the reference number assigned by the Sender to unambiguously identify the instruction, ie, the number uniquely identifying the deal to the fund manager.

3. Field 21: Related Reference

FORMAT	16x
PRESENCE	Conditional
DEFINITION	This field contains the identification of the instruction to which the current message is related.

4. Field 22A: Type of Operation

FORMAT	Option A	4!c	(Function)
PRESENCE	Mandatory		
DEFINITION	This field specifies the function of the message.		
CODES	Below are a list of codes that are supported.		
CANC	Cancels a previously sent instruction. Used to cancel an MT 304 previously sent -or- to cancel an MT 304 which contains erroneous information.		
DUPL	Duplicates a previously sent instruction. Used to inform the custodian that an instruction was already sent		
NEWT	New advice/instruction. Used to send an instruction for the first time -or- to send a corrected MT 304 when the erroneous one was cancelled using an MT 304 with function CANC.		

5. Field 94A: Scope of Operation

FORMAT	Option A	4!c	(Scope)
PRESENCE	Mandatory		
DEFINITION	This field identifies the type of foreign exchange contract.		
CODES	Scope must contain one of the following codes:		
	ASET	Settlement contract - Indicates that the foreign exchange is a physical settlement in which both the buy and sell currencies will move on the settlement (value) day.	

6. Field 83a: Fund

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Mandatory		
DEFINITION	This field identifies the fund and name of the client in which the transaction was executed for.		
CODES	The following codes must be used:		
	/ACCT/	M	followed by the account number
	/NAME/	M	followed by the name

7. Field 82a: Fund Manager

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Mandatory		
DEFINITION	This field identifies the fund manager.		
CODES	The following codes must be used:		
	/ABIC/	M	Followed by the BIC
	/NAME/	M	Followed by the name

8. Field 87a: Executing Broker

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Mandatory		
DEFINITION	This field identifies the executing broker.		
CODES	The following codes must be used (Error Code T78):		
	/ABIC/	M	Followed by the BIC
	/NAME/	M	Followed by the name

9. Field 15B: New Sequence

FORMAT	Option B	Empty Field
PRESENCE	Mandatory	
DEFINITION	This field specifies the start of mandatory sequence B Forex Transaction Details.	

10. Field 30T: Trade Date

FORMAT	Option T	8!n	(Date)
PRESENCE	Mandatory		
DEFINITION	This field specifies the date the transaction was agreed between the fund manager and the executing broker.		

11. Field 30V: Value Date

FORMAT	Option V	8!n	(Date)
PRESENCE	Mandatory		
DEFINITION	This field specifies the value date of the transaction.		

12. Field 36: Exchange Rate

FORMAT		12d	(Rate)
PRESENCE	Mandatory		
DEFINITION	This field specifies the agreed exchange rate of the transaction. It is the rate as the deal was struck. The rate can be reflected in either format.		

13. Field 32B: Currency, Amount Bought

FORMAT	Option B	3!a15d	(Currency) (Amount)
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PRESENCE	Mandatory
DEFINITION	This field specifies the currency and amount bought.

14. Field 53a: Delivery Agent

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Mandatory		
DEFINITION	This field identifies the financial institution from which the payer will transfer the amount bought.		
CODES:	The following codes must be used depending on the type of settlement:		
Gross Settlement	/ABIC/	M	Followed by the BIC or UKWN if BIC is not known
	/NAME/	M	Followed by the name
	/ACCT/	O	Followed by the account number
OR			
Standing Settlement Instructions	/SSIS/	M	Standard settlement instructions are used

15. Field 33B: Currency, Amount Sold

FORMAT	Option B	3!a15d	(Currency) (Amount)
PRESENCE	Mandatory		
DEFINITION	This field specifies the currency and amount sold.		

16. Field 56a: Intermediary

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Optional		
DEFINITION	This field identifies the intermediary institution for the transfer of the funds.		
CODES:	The following codes must be used only for settlements if 3 parties for cash settlement exist. (ie. Pay to Bank A for the account of Account 1 for further credit Account 2 where this field would be populated with Bank A information). The use of USFW, USCH and GBSC information should be provided in this field when 3 parties exist in the settlement chain.		
Settlement	/ABIC/	M	Followed by the BIC or UKWN if BIC is not known
	/NAME/	M	Followed by the name
	/ACCT/	O	Followed by the account number
	/USFW/	O	followed by FedWire Routing Number
	/USCH/	O	followed by CHIPS UID
	/GBSC/	O	followed by CHAPS sort code

17. Field 57a: Receiving Agent

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Mandatory		
DEFINITION	This field identifies the financial institution and account where the payee will receive the amount sold.		
CODES:	The following codes must be used for settlement of 2 parties. (ie. Pay Bank A for the account of Account 1 where field 57 will be populated with the Bank A information.) The use of USFW, USCH and GBSC information should be provided in this field when 2 parties exist in the settlement chain.		
Settlement	/ABIC/	M	Followed by the BIC or UKWN if BIC is not known
	/NAME/	M	Followed by the name
	/ACCT/	O	Followed by the Account Number
	/USFW/	O	followed by FedWire Routing Number
	/USCH/	O	followed by CHIPS UID
	/GBSC/	O	followed by CHAPS sort code
OR			
Standing Settlement Instructions	/SSIS/	M	Standard settlement instructions are used

18. Field 58a: Beneficiary Institution

FORMAT	Option J	5*40x	(Party Identification)
PRESENCE	Mandatory		
DEFINITION	This field identifies the institution in favour of which the payment is done.		
CODES:	Field should be used along with field 57 to represent the beneficiary details. Should include both BIC, BIC Name and Account Number. (ie. Pay Bank A for the account of Account 1 where field 58 will be populated with the Account 1 information.) USFW, USCH and GBSC should not be used in this field.		
	/ABIC/	M	Followed by the BIC or UKWN if BIC is not known
	/NAME/	M	Followed by the name
	/ACCT/	O (preferred)	Followed by the account number

Appendix A: MT 304 Examples

Example 1 Settlement Contract

On July 7, 2004 Rothschild Asset Management (Fund Manager) and LLOYD Treasury, London (Executing Broker) agree on a forex deal with the following terms:

Rothschild buys 1,606,004.41 AUD against GBP at the rate of 2.0446. The value date is July 9, 2004. The amount in GBP is 785,485.87.

Rothschild advises its custodian, State Street, London of this deal and instructs them to settle it.

Rothschild executes this deal on behalf of fund XYZ with account number: 123. The AUD are expected from Westpac in Sydney and the GBP will be paid to Lloyds Treasury in London.

Explanation	Format
Sender	ROTHGB2A
Receiver	SBOSGB2X
Message Type	304
General Information	:15A:
Sender's Reference	:20:000159
Type of Operation	:22A:NEWT
Scope of Operation	:94A:ASET
Fund	:83J:/ACCT/123 /NAME/Fund XYZ
Fund Manager	:82J:/ABIC/ROTHGB2A /NAME/ Rothschild Asset Management
Executing Broker	:87J:/ABIC/LOYDGB22TSY /NAME/Lloyd Treasury
Forex Transaction Details	:15B:
Trade Date	:30T:20040707
Value Date	:30V:20040709
Exchange Rate	:36:2,0446
Currency, Amount Bought	:32B:AUD1606004,41
Delivery Agent	:53J:/ABIC/WPACAU2S /NAME/Westpac, Sydney /ACCT/LLY0001978
Currency, Amount Sold	:33B:GBP785485,87
Receiving Agent	:57J:/ABIC/LOYDGB22 /NAME/Lloyds Treasury /GBSC/301557
Beneficiary Institution	:58J:/ABIC/LOYDGB22 /ACCT/00001933 /NAME/Lloyds Treasury