



Cash Reconciliation

(Formerly - MT950 Market Practices Guide)

Presented by the North America Reconciliation Working Group

DISCLAIMER

This market practice document has been developed by the International Securities Association for Institutional Trade Communication (ISITC) as a statement of professional practices recommended by ISITC. Institutions providing the information recommended in this document will benefit from the efficiencies inherent in a more automated transaction process. Although all institutions are encouraged to act consistently with this document, none are required to do so, and a failure to do so is not, in and of itself, evidence of negligent or inappropriate conduct.

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2.3	10/23/2002	C Dayton	Update document based on notes from September 2002 meeting (Beverly Hills).
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3.2.1	11/4/2004	D Scher	Added effective date of January 2004 to document.
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3.2.3	6/2/2005	D Buddecke, J Derrick	Additional clarification of language, format changes and additional appendices, examples added. Propose Final.
3.3	7/29/2005	D Buddecke, J Derrick	Updates made per feedback from working group on clarity of document. No market practice changes have been made.
3.4	7/21/2008	E. Choinski	Updated the Value date and Entry date to align with the SWIFT UHB definitions. Agreed on in Scottsdale 2008 conference.
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MT950 – Statement Message – SWIFT Layout

Field	Field Name	SWIFT TAG Presence
20	Transaction Reference Number	M
25	Account Identification	M
28C	Statement Number/Sequence Number	M
60a	Opening Balance	M
61	Statement Line	O
62a	Closing Balance	M
64	Closing Available Balance	O

ISITC US Market Practice – Assumptions

1. Message/page limit is 2000 characters (1 message = 1 page).
2. All MT950 messages are to be settlement date based.
3. There should be no sorting or bulking of entries/transactions in field 61.
4. Short Term Investment Fund (STIF) balances should NOT be included in the opening or closing balance of the MT950 statement. STIF transactions should however, be provided.
5. When reporting a Foreign Exchange transaction, both sides of the transaction are required on the MT950 statement message in field 61.
6. MT950 messages should be delivered everyday for all non-zero cash balances for each applicable currency or if there is any activity (even if the balances are zero).
7. If there is no activity with a zero opening and closing balance for a particular cash account, the Sender does not need to generate and send a message for that cash account. In the event that the statement was not produced when either there was a balance or activity, the Sender will contact the Recipient to notify them of the issue. It should also be noted that if the MT535 is provided daily, the statement would include STIF cash balances and therefore would highlight if an MT950 was missing.
8. Principal and Income should be combined for investment transactions (i.e.; purchases and sales) on a combined principal and income statement.
9. Principal paydowns and interest payments should be separated on all versions of the MT950.

ISITC US Market Practice Rules

Tag:	20	Transaction Reference Number (TRN)	Mandatory
Best Practice:		<p>ISITC conforms to SWIFT standard use rule, and further recommends that the TRN should provide for an unambiguous and distinct identification for each individual message.</p> <p>Specifically, if a statement contains more than one message, the TRN should NOT be the same across multiple messages. Each message should have a distinct identification number.</p>	

Tag:	25	Account Identification	Mandatory
Best Practice:		<p>ISITC Reconciliation Working Group recommends that only the account ID be present in this field unless otherwise directed by the client to perform principal and income only accounting & reconciliation.</p> <p>In such cases, ISITC Reconciliation Working Group recommends that the code/ATYP/ be used to indicate whether the statement is for a principal or income only account.</p> <p>Scenarios: Purchase Bond CUSIP 195872106 1,700,000 Carrying Value 1,731,476.56 Principal Paid 4,934.72 Accrued Interest Paid Sell Bond CUSIP 910197102 1,400,000 Carrying Value 1,442,988.00 Principal Received 4,433.33 Accrued Interest Received</p> <p><i>Example:</i> <u>Principal Only = 25:Account Identifier/ATYP/P</u> :20:1209582303412260 :25:ABC123/ATYP/P :28C:565/001 :60F:C050620EUR609398644,12 :61:0506200620D1731476,56S5414249435//745445984 /US/195872106/FMT/1700000, :61:0506200620C1442988,02S5434249436//030771574 /US/910197102/FMT/1400000, :62F:C050620EUR609110155,58</p> <p><u>Income Only = 25:Account IdentifierATYP/I</u> :20: 1209582303412261</p>	

	<p>:25:ABC123/ATYP/I :28C:565/002 :60F:C050620EUR132709865,79 :61:0506200620D4934,72S5414249435//745445984 /US/195872106/FMT/1700000, :61:0506200620C4433,33S5434249436//030771574 /US/910197102/FMT/1400000, :62F:C050620EUR132709364,4</p> <p><u>Principal & Income = 25:Account Identifier</u> :20:1209582303412260 :25:ABC123 :28C:565/001 :60F:C050620EUR742108509,91 :61:0506200620D1736411,28S5414249435//745445984 /US/195872106/FMT/1700000, :61:0506200620C1447421,35S5434249436//030771574 /US/910197102/FMT/1400000, :62F:C050620EUR741819519,98</p>
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Tag:	28c	Statement Number / Sequence Number	Mandatory
Best Practice:		<p>ISITC Reconciliation Working Group conforms to SWIFT tag usage rule and further recommends that a new statement number should be present for each currency if not held in separate accounts. The statement number (counter) for each currency is reset annually. If a message is resent, the statement number should be continued.</p> <p><i>Example: Account 12345 holds USD, MXN, and EUR.. January 1, the USD currency statement is 2 pages (messages) long, the MXN currency statement has zero pages(messages), and the EUR currency statement is one page (message) long. On January 2, there are 3 pages for the EUR currency, 0 pages for the MXN currency, and 0 pages for the USD currency. January 3, all currencies have 1 page (message).</i></p> <p>Day One (January 1) First Message (USD) = 28:001/1 Second Message (USD) = 28:001/2 Third Message (EUR) = 28:001/1</p> <p>Day Two (January 2) First Message (EUR) = 002/1 Second Message (EUR) = 002/2 Third Message (EUR) = 002/3</p>	

	<p>Day Three (January 3) First Message (USD) = 002/1 Second Message (EUR) = 003/1 Third Message (MXN) = 001/1</p>
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Tag:	60a	Opening Balance	Mandatory
Best Practice:	<p>ISITC Reconciliation Working Group conforms to SWIFT standard use rule as indicated in the example below:</p> <p><u>First Opening Balance</u>: Option F – The first statement message for a specific period must contain field 60F.</p> <p><u>Intermediate Opening Balance</u>: Option M – Additional statement messages for the same specific period must contain field 60M.</p> <p><i>Please refer to Appendix A for additional information surrounding the Opening Balance.</i></p>		

Tag:	61	Statement Line	Conditional
Best Practice:	<p>ISITC Reconciliation Working Group recommends that this field be considered mandatory when activity has occurred within a specific statement period and is being reported on the statement.</p> <p>Recommended usage for subfields is as follows:</p>		
<i>Subfield 1</i>	<u>Value Date:</u>	Mandatory	
	<p>The value date should be presented in YYMMDD format. Value date is the date the money has been debited or credited to the account. Note – This date can be in the past, present, or future.</p>		
<i>Subfield 2</i>	<u>Entry Date:</u>	Mandatory	
	<p>The entry date should be presented in MMDD format. Date on which entries are made in the records of the account.</p>		
<i>Subfield 3</i>	<u>Debit/Credit Mark:</u>	Mandatory	
	<p>D = Debit C = Credit RD = Reversal of Debit (Credit Entry) RC = Reversal of Credit (Debit Entry)</p>		
<i>Subfield 4</i>	<u>Funds Code:</u>	Optional	
	<p>This subfield represents the 3rd character of the ISO currency code. If you use the Debit / Credit Marks RD or RC in subfield 3, then subfield 4 is not to be populated.</p>		
<i>Subfield 5</i>	<u>Amount:</u>	Mandatory	
	<p>Amount of transaction presented in 15d format.</p>		

Definition for field 61 continued on next page...

Field 61 definition continued...

<p><i>Subfield 6</i></p>	<p>Transaction Type Identification Code:</p>	<p>Mandatory</p>
<p>Transaction Type Identification Code should be populated as follows with SWIFT Message Type (S), a SWIFT or ISITC Code (N) when entries were not instructed via SWIFTNet FIN (See appendix B for valid codes) or a SWIFT or ISITC code (F) when an entry is being first advised by the statement (items originated by the account servicing institution).</p> <p>Usage is as follows:</p> <p><u>Format Option S</u> – Populated with the specific SWIFT message type (i.e. – 541) that was used to instruct the original transaction being reported, with the exception of Foreign Exchange transactions.</p> <p><u>Format Option N</u> – Populated with SWIFT or ISITC codes (refer to appendix B) for transactions not instructed via SWIFT. Additionally, the sender may elect to utilise format option N to report transactions that have been reported via SWIFT previously in place of using format option S.</p> <p>Foreign Exchange transactions should always be reported using format option N, using code FEX, regardless of whether or not the IM instructed or advised the FX.</p> <p><u>Format Option F</u> – Populated with SWIFT or ISITC codes (refer to appendix B) for transactions that are being reported for the first time on the statement (items not instructed by the account owner).</p>		
<p><i>Subfield 7</i></p>	<p>Reference for Account Owner:</p>	<p>Mandatory</p>
<p>Client’s reference number from original instructing message if available (SWIFT, DTC or other). If no reference number is available, the value “NONREF” should be provided.</p>		
<p><i>Subfield 8</i></p>	<p>Account Servicing Institution’s Reference:</p>	<p>Mandatory</p>
<p>The account servicing institutions reference number should be provided.</p>		

Definition for field 61 continued on next page...

Field 61 definition continued...

Subfield 9	Supplementary Details:	Mandatory
	<p>ISITC Reconciliation Working Group recommends that subfield 9 be provided on all transactions in order to specifically and uniquely identify transactions and more specifically the security involved for securities related transactions.</p> <p>ISITC Reconciliation Working Group recommends that ISIN be used to properly identify securities in subfield 9 of field 61 using the code ISIN. If ISIN is not available, CUSIP, SEDOL, Ticker or proprietary security identifier should be provided as follows:</p> <p style="padding-left: 40px;">ISIN = /ISIN/</p> <p style="padding-left: 40px;">CUSIP = /US/</p> <p style="padding-left: 40px;">SEDOL = /GB/</p> <p style="padding-left: 40px;">Ticker = /TS/</p> <p style="padding-left: 40px;">Proprietary = /XX/</p> <p>Transactions where securities are identified by ISIN, CUSIP, SEDOL, Ticker, or Proprietary ID should be followed by a quantity type code of /SHS/ or /FMT/ and quantity. Please see Appendix C for further information regarding amount type use.</p> <p>Short-Term Investment Funds (STIF) should be identified using the code /ASTF/ regardless of whether or not the identifier is a street identifier or a dummy identifier. Transactions of STIF should be followed by quantity type code of /FMT/ and quantity as follows:</p> <p style="padding-left: 40px;">/ASTF/123456789/FMT/50000,</p>	

Definition for field 61 continued on next page...

Field 61 definition continued...

<p><i>Subfield 9 continued...</i></p>	<p><u>Foreign Exchange Transactions</u> – ISITC Reconciliation Working Group recommends that the opposite side of a reported FX transaction be included in subfield 9 of field 61 using the code AISO followed by the contra-currency code and contra-amount as follows:</p> <p style="text-align: center;"><i>/AISO/XXX150000, (Where XXX = Contra-Currency (ISO Country Code))</i></p> <p><u>Time Deposit Identification</u> – ISITC Reconciliation Working Group recommends that Time Deposits be properly identified in subfield 9 of field 61 using the code/ATD/ followed by the security identifier, quantity type /FMT/ and quantity as follows:</p> <p style="text-align: center;"><i>/ATD/Identifier/FMT/150000,</i></p> <p>(currency amount field limited to 15 characters, decimal comma included)</p> <p><u>Miscellaneous Identification</u> – ISITC Reconciliation Working Group recommends that non-security related cash transactions include transaction description as text.</p> <p>(The description field limited to 34 characters. In rare occasions, you may exceed the 34 characters following the recommendations in this section. If this is the case, you’ll need to setup an SLA with the recipient of the message.)</p> <p style="text-align: center;"><i>It should be noted that the use of code MSC should be avoided whenever possible.</i></p>
	<p><i>NOTE:</i> <i>Securities Lending Cash Collateral codes are awaiting evaluation by the working group to determine both need and best practice.</i></p>

Tag:	62a	Closing Balance (Booked Funds (F/M))	Mandatory
Best Practice:	<p>ISITC Reconciliation Working Group conforms to SWIFT standard use rule as indicated in the example below:</p> <p><u>Final Closing Balance</u>: Option F – The final statement message for a specific period must contain field 62F, representing the Final Closing Balance for the statement period.</p> <p><u>Intermediate Closing Balance</u>: Option M – All statement messages except for the last message for a specific period must contain field 62M representing the intermediate closing balance.</p> <p>It should be noted that “Booked Funds” are the result of the opening balance plus credits and debits passed to the account, irrespective of the value date associated with each entry.</p> <p><i>Please refer to Appendix A for additional information surrounding the Closing Balance.</i></p>		

Tag:	64a	Closing Balance (Available Funds)	Optional
Best Practice:	<p>ISITC Reconciliation Working Group conforms to SWIFT standard use and is considered optional.</p> <p>It should be noted that “Closing Balance” represents the available cash balance at the end of the day and is the sum of the opening balance plus or minus all entries for which the value date is equal to the statement date.</p> <p>When the value date is in the future, then this balance represents a projected balance, calculated from the statement elements with an equivalent value date, along with previous statements where entries held the same value date.</p> <p>However, since for the Securities Industry these are settle dated MT950's, there should not be any value dates in the future. Thus, this field is optional and is not recommended by ISITC.</p>		

APPENDIX A - Statement Number/Sequence & Opening/Closing Balances

Example 1 – One account, One Currency, Four Messages, One Statement

Message 1: 28: 230/1
60F: Opening Balance
62M: Intermediate Closing Balance

Message 2: 28: 230/2
60M: Intermediate Opening Balance
62M: Intermediate Closing Balance

Message 3: 28: 230/3
60M: Intermediate Opening Balance
62M: Intermediate Closing Balance

Message 4: 28: 230/4
60M: Intermediate Opening Balance
62F: Closing Balance

NOTE - Field 62F indicates that the message is the last page/sequence of the statement.

Example 2 – One account, One Currency, One Message, One Statement

Message 1: 28: 230/1
60F: Opening Balance
62F: Closing Balance

APPENDIX B – SWIFT & ISITC Transaction Codes

Code	Description	Definition
BNK	Bank Fees	Charges that a bank applies to an account for custody services provided.
BOE	Bill of Exchange	
BRF	Brokerage Fee	
CAR	Corporate Actions Related (Call, Put, Tender, etc...) Should only be used when no specific corporate action event code is available.	Any action taken by a corporation that affects the equity or debt securities held by shareholders and bondholders, e.g., corporate reorganizations, tender offers, stock splits, bond calls, etc.
CAS	Cash in Lieu	Cash paid in lieu of something else.
CHG	Charges and Other Expenses	
CHK	Cheques	
CLR	Cash Letter/Cheques Remittance	
CMI	Cash Management Item – No Detail	
CMN	Cash Management Item – Notional Pooling	
CMP	Compensation Claims	Claims paid to reimburse the client's account for losses incurred due to errors made by the investment manager or custodian bank.
CMS	Cash Management Item – Sweeping	
CMT	Cash Management Item – Topping	
CMZ	Cash Management Item – Zero Balancing	
COL	Collections (used when entering principal amount)	
COM	Commission	
CPN	Coupon payment	
DCR	Documentary Credit (used when entering principal amount)	
DDT	Direct Debit Item	
DIS	Gains Disbursement	Distributions that are paid to an investment company's shareholders out of the capital gains of the company's investment portfolio.
DIV	Dividend Warrants	
EQA	Equivalent Amount	
EXT	External transfer for own account	
FEX	Foreign Exchange	
INT	Interest	
LBX	Lockbox	
LDP	Loan Deposits	
MAR	Margin Payments/Receipts	The payment or receipt of cash to meet the minimum amount of equity that must be maintained in a margin account after an investor has bought securities on margin.
MAT	Maturity	The final payment to pay off the principal amount of a bond.
MGT	Management Fees	Charges that an investment manager applies to an account for services provided.
MSC	Miscellaneous	
NWI	New issues distribution	

ODC	Overdraft Charge	Fees charged an account when the cash is overdrawn..
OPT	Options	A Contract that, in Exchange for the option price, gives the option buyer the right, but not the obligation, to Buy (or sell) a financial Asset at the Exercise price from (or to) the Option seller within a specified time period, or On a specified date (expiration date).
PCH	Purchase (including STIF and Time Deposits)	Proceeds paid from a purchase of a security.
POP	Pair-Off Proceeds	A buyback to Offset and effectively liquidate a prior Sale of securities.
PRN	Principal Pay-down/Pay-up	Partial payment or receipt of principal on factored securities.
REC	Tax Reclaim	The amount of taxes paid that can be reclaimed by the client.
RED	Redemption/Withdrawal	The withdrawal of cash from an account or fund.
RIG	Rights	Privilege granted shareholders of a Corporation to subscribe to Shares of a new Issue of Common Stock before it is offered to the public. Such a right, which normally has a life of two to four weeks, is freely transferable and entitles the holder to Buy the new common stock below the Public offering price.
RTI	Returned Item	
SAL	Sale (including STIF & Time Deposits)	Proceeds received from a sale of a security.
SEC	Securities – DO NOT USE – USE PCH AND SAL instead of SEC.	
SLE	Securities Lending Related	Fees and income related to securities lending activity.
STO	Standing Order	
STP	Stamp Duty	Applies mainly to international equities. Taxes on foreign transactions, usually a percentage of total transaction amount, that can be unilateral or bilateral in nature.
SUB	Subscription	The funding of an account of fund.
SWP	SWAP Payment	An exchange of streams of payments over time according to specified terms. The most common type is an interest rate swap, in which one party agrees to pay a fixed interest rate in return for receiving a adjustable rate from another party.
TAX	Withholding Payment	A tax levied by a country of source on income paid, usually on dividends remitted to the home country of the firm operating in a foreign country.
TCK	Travelers Cheques	
TCM	Tripartite collateral management	
TRA	Internal transfer for account	
TRF	Transfer	
TRN	Transaction Fee	Fees associated with security settlement
UWC	Underwriting Commission	The fee investment bankers charge for underwriting a security issue.
VDA	Value Date Adjustment (to withdraw an incorrectly dated entry)	

WAR	Warrants	A certificate, usually issued along with a bond or preferred stock, entitling the holder to buy a specific amount of securities at a specific price, usually above the current market price at the time of issuance, for an extended period, anywhere from a few years to forever. In the case that the price of the security rises to above that of the warrant's exercise price, then the investor can buy the security at the warrant's exercise price and resell it for a profit. Otherwise, the warrant will simply expire or remain unused. Warrants are listed on options exchanges and trade independently of the security with which it was issued.
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APPENDIX C – Amount Type Codes

Description	Amount Type
Bankers Acceptance	FMT
Certificate of Deposit	FMT
Commercial Paper	FMT
Collateralized Loan Obligation	FMT
Collateralized Mortgage Obligation (includes sinking funds)	FMT
Commodities	SHS
Common Stock	SHS
Corporate Registered Bonds	FMT
Corporate Private Placements	FMT
Derivatives (Futures, Options, Swaps)	SHS
Discount Notes	FMT
Federal Housing Authority (FHA)	FMT
Federal Home Loan (FHLMC)	FMT
Federal National Mortgage Association (FNMA)	FMT
FX Forwards	FMT
Spot FX	FMT
Government National Mortgage Association (GNMA)	FMT
Miscellaneous Pass-Thru	FMT
Mortgage IOETTE	FMT
Municipal Bond	FMT
Mortgage Private Placement	FMT
Mortgage Principal Only	FMT
Mortgage Interest Only	FMT
Mutual Fund Holdings	SHS
Preferred Stock	SHS
Repurchase Agreement's (Repo's) and Reverse Repo's	SHS
Rights	SHS
Short Term Investment Funds	FMT
Strips	FMT
Student Loan	FMT
Time Deposit	SHS
Treasury Inflation Protected Security (TIPS)	FMT

Treasury Bills	FMT
Treasury Agency Debenture	FMT
Treasury Note/Bond (TNBD)	FMT
Warrants	SHS
Zoo (LION's, CAT's & TIGER's)	FMT

APPENDIX D – 950 Message Examples

Single Message Statement – Principal & Interest (Daily)

:20:1
:25:0356621A
:28C:18/1
:60F:C050315USD100000,
:61:0503150315C5000,S54126234//10503154321
/US/123456789/SHS/1000,
:61:0503150315D500,FINTNONREF//10513154322
/ISIN/US1234567890/SHS/1500000,
:61:0503150315C500,FPCHNONREF//10513154323
/ASTF/123456789/FMT/500,
:62F:C050315USD105000,

Multiple Message Statement – Principal & Interest (Daily)

Message 1 –

:20:2
:25:0356622B
:28C:18/1
:60F:C050315USD100000,
:61:0503150315C5000,S54126234//10503154321
/US/123456789/SHS/1000,
:61:0503150315D500,FINTNONREF//10513154322
/ISIN/US1234567890/SHS/1000000,
:61:0503150315C500,FPCHNONREF//10513154323
/ASTF/123456789/FMT/500,
:62M:C050315USD105000,

Message 2 –

:20:2
:25:0356622B
:28C:18/2
:60M:C050315USD105000,
:61:0503150315C25000,S54126235//10503154324
/ISIN/US1234567891/SHS/500,
:61:0503150315D500,FTRFNONREF//10513154325
TRANSFER TO ACCOUNT 150A
:62M:C050315USD129500,

Message 3 –

:20:2
:25:0356622B
:28C:18/3
:60M:C050315USD129500,
:61:0506200620D250000,NPCH2006175//4329487
/GB/5579107/SHS/185,
:61:0506200620C250000,NFEXQ3OMI11TO25EN16H//4938585
/AISO/EUR198313,54
:62F:C050315USD129500,