



Standards

Category 3 - Treasury Markets - Foreign Exchange, Money Markets, and Derivatives

For Standards MT November 2015

Message Usage Guidelines

These usage guidelines provide information about Standards Category 3 messages. In particular, the document contains specific information about the MT 306. This document is for all users of Standards Category 3 messages.

26 June 2015

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Preface

Purpose of this document

These usage guidelines provide information about Standards Category 3 messages. In particular, the document contains specific information about the MT 306.

Warning This volume contains information effective as of the November 2015 Standards Release.

Intended audience

This document is for all users of Standards Category 3 messages.

First edition

This is the first edition of the document.

Related documentation

- Category 3 Message Reference Guides

1 Introduction

As part of Standards Release 2015 (SR 2015), several category 3 messages and especially the MT 306 have been enhanced to support a range of new derivative instruments.

This document provides both an overview of the new instruments as well as usage guidelines and example messages.

1.1 Background to the Enhancements

The SR 2015 derivatives enhancements were requested by the Global Financial Markets Association (GFMA) Global FX Division ([http://www.gfma.org/initiatives/Foreign-Exchange-\(FX\)/Foreign-Exchange-\(FX\)/](http://www.gfma.org/initiatives/Foreign-Exchange-(FX)/Foreign-Exchange-(FX)/)) in order to increase automated, electronic confirmation of exotic FX instruments that have been standardised by ISDA.

The drivers to increase automation of these instruments are both regulatory and operational.

See the International Swaps and Derivatives Association's (ISDA) website <http://www.isda.org/publications/fx-curr-annex-sup-user-guide.aspx> for details of the confirmation terms for these instruments.

It is anticipated that further such instruments will be added to category 3 messages, as and when ISDA develop standardised terms for them.

2 Non-Deliverable Options

2.1 Overview

As part of SR 2015, additional support has been added to the MT 305 and MT 306 for Non-Deliverable Options (NDO).

Vanilla NDOs should be confirmed in MT 305, but if they have a barrier or other construct that doesn't fit in the MT 305 they should be confirmed in the MT 306.

2.2 Vanilla NDO Enhancements

Field 14S Settlement Rate Source has been added to the MT 305 in sequence A General Information to allow one or more rate sources to be defined. This should be used when the option is cash settled, irrespective of whether the underlying currencies are deliverable or non-deliverable.

In field 26F Settlement Type in sequence A General Information the settlement type should be specified as NETCASH.

The settlement currency can either be specified explicitly in field 72 Sender to Receiver Information in sequence A General Information or assumed to be the counter-currency, as per definition of NETCASH in field 26F Settlement Type.

2.3 Non-Deliverable Barrier and Other Non-Vanilla NDOs

Although these can already be confirmed with the MT 306, updates have been made to improve support.

The format of field 14S Settlement Rate Source in sequence H Non Deliverable Option Block has been extended to include an optional time and location for the rate source. It has also been made repetitive in order to cater for cross-currency NDOs.

2.3.1 Example Non-Deliverable Barrier Option

The following example is for a non-deliverable cross-currency option that has a single knock-in barrier.

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI333214DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:VANI
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:Y
	Non Deliverable Flag (NDO)	:17F:Y
	Type of Event	:22K:CONF

	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002
	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR22500,
	Calculation Agent	:84A:CITIUS33
Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	:15C:
	Receiving Agent	:57A:CITIUS33
Sequence D - Vanilla Block	Vanilla Block	:15D:
	Settlement Type	:26F:NETCASH
	Put Currency and Amount	:32B:EUR1000000,00
	Strike	:36:3,214
	Call Currency and Amount	:33B:BRL3214000,00
Sequence F - Barrier Block	Barrier Block	:15F:
	Type of Barrier	:22G:SKIN
	Barrier Level	:37J:3,333
	Barrier Window Start and End Date	:30G:20150606/20151002
	Location and Time for Start Date	:29J:USCH/1600
	Location and Time for End Date	:29K:USCH/1600
Sequence H - Non Deliverable Option Block	Non Deliverable Option Block	:15H:
	Settlement Rate Source	:14S:BRL09
	Settlement Rate Source	:14S:EUR2/1000/GBLO
	Settlement Currency	:32E:EUR

3 Physically Fixed Deliverable Options

3.1 Overview

These are deliverable options that are "auto-exercised" based on an agreed rate source.

The agreement whether to auto-exercise is covered by a master agreement and is not recorded in the MT 305 or MT 306 itself.

It may be decided to include the agreement to auto-exercise explicitly in the confirmation in a future standards release.

3.2 Vanilla Options

For an MT 305

- 26F Settlement Type in sequence A General Information should be PRINCIPAL
- 14S Settlement Rate Source should be included in sequence A General Information. This field may be repeated if a cross-currency rate is required.

3.3 Barriers and Other Non-Vanilla Options

For an MT 306:

- 17F Non-Deliverable Indicator in sequence A General Information should be N
- 14S Settlement Rate Source should be included in sequence B Transaction Details. This field may be repeated if a cross-currency rate is required.

4 Knock-In Knock-Out Barrier Options

4.1 Overview

The MT 306 already supports single and double barrier options.

In SR 2015, the MT 306 is being extended to support options that have both a knock-in and knock-out barrier. This is a vanilla option that knocks-out if and when the knock-out barrier is hit, but can only be exercised if the knock-in barrier has been hit and it has not knocked-out.

4.2 Knock-In Knock-Out Changes

These are specified in the MT 306, sequence F Barrier Block, field 22G Type of Barrier with new codes KIKO or KOKI, with the code governing whether the upper barrier level in the message is the knock-in and the lower barrier level the knock-out or vice-versa.

In other respects, they are identical to other barrier options.

4.3 Example Knock-In Knock-Out Barrier Option

The following example is for a knock-in knock-out barrier option that knocks-in at a rate of 1,125 and knocks-out at a rate of 1,054. Since the knock-in rate is higher, it is specified as KIKO.

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI331095DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:VANI
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:Y
	Non Deliverable Flag (NDO)	:17F:N
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002
	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR22500,
Calculation Agent	:84A:CITIUS33	

Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	:15C:
	Receiving Agent	:57A:CITIUS33
Sequence D - Vanilla Block	Vanilla Block	:15D:
	Settlement Type	:26F:PRINCIPAL
	Put Currency and Amount	:32B:EUR1000000,00
	Strike	:36:1,095
	Call Currency and Amount	:33B:USD3214000,00
Sequence F - Barrier Block	Barrier Block	:15F:
	Type of Barrier	:22G:KIKO
	Barrier Level	:37J:1,125
	Lower Barrier Level	:37L:1,054
	Barrier Window Start and End Date	:30G:20150701/20150801
	Location and Time for Start Date	:29J:USCH/1600
	Location and Time for End Date	:29K:USCH/1600

5 Multiple Window Barrier Options

5.1 Overview

The MT 306 already supports specification of a window for barrier options.

In SR 2015, the MT 306 is being extended to support multiple windows, so that multiple periods can be defined during which the barriers are monitored.

5.2 Multiple Window Changes

Multiple windows are specified by repeating subsequence F1 Barrier Window Block within sequence F Barrier Block, for each window.

Multiple windows must be specified in increasing chronological order.

5.3 Example Multiple Window Barrier Option

The following example is for a single-knock-in barrier option whose barrier is monitored over three windows, during June, July, and August 2015.

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI333214DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:VANI
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:Y
	Non Deliverable Flag (NDO)	:17F:N
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002
	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR22500,
	Calculation Agent	:84A:CITIUS33

Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	:15C:
	Receiving Agent	:57A:CITIUS33
Sequence D - Vanilla Block	Vanilla Block	:15D:
	Settlement Type	:26F:PRINCIPAL
	Put Currency and Amount	:32B:EUR1000000,00
	Strike	:36:3,214
	Call Currency and Amount	:33B:BRL3214000,00
Sequence F - Barrier Block	Barrier Block	:15F:
	Type of Barrier	:22G:SKIN
	Barrier Level	:37J:3,333
	Barrier Window Start and End Date	:30G:20150606/20150620
	Location and Time for Start Date	:29J:USCH/1600
	Location and Time for End Date	:29K:USCH/1600
	Barrier Window Start and End Date	:30G:20150706/20150720
	Location and Time for Start Date	:29J:USCH/1600
	Location and Time for End Date	:29K:USCH/1600
	Barrier Window Start and End Date	:30G:20150806/20150820
	Location and Time for Start Date	:29J:USCH/1600
	Location and Time for End Date	:29K:USCH/1600

6 Discrete Barrier Options

6.1 Overview

The MT 306 already supports barrier options in which the barrier or barriers are monitored within a window, or from SR 2015 within multiple windows.

A discrete barrier is one for which the barrier event is considered at discrete times, rather than the normal continuous barrier case. The barrier is monitored based on an agreed rate-source.

6.2 Discrete Barrier Changes

Discrete barrier options are supported by the MT 306 in the same way as a standard multiple window barrier option (see previous section), with the addition of field 14S Settlement Rate Source in the repeating subsequence F1 Barrier Window Block within sequence F Barrier Block.

The discrete barrier is monitored from the rate source specified in field 14S Settlement Rate Source, optionally at the specified time and location.

Field 14S may be repeated for cross-currency rates.

6.3 Example Discrete Barrier Option

The following example is for a discrete double knock-in barrier option for a currency cross, whose barrier will be monitored on 6 June 2015 based on the BRL09 and EUR2 rate sources:

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI333214DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:VANI
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:Y
	Non Deliverable Flag (NDO)	:17F:N
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002
	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR22500,

	Calculation Agent	: 84A: CITIUS33
Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	: 15C:
	Receiving Agent	: 57A: CITIUS33
Sequence D - Vanilla Block	Vanilla Block	: 15D:
	Settlement Type	: 26F: PRINCIPAL
	Put Currency and Amount	: 32B: EUR1000000, 00
	Strike	: 36: 3, 214
	Call Currency and Amount	: 33B: BRL3214000, 00
Sequence F - Barrier Block	Barrier Block	: 15F:
	Type of Barrier	: 22G: DKIN
	Barrier Level	: 37J: 3, 333
	Lower Barrier Level	: 37L: 3, 001
	Barrier Window Start and End Date	: 30G: 20150606/20150606
	Location and Time for Start Date	: 29J: USCH/1600
	Location and Time for End Date	: 29K: USCH/1600
	Settlement Rate Source	: 14S: BRL09
	Settlement Rate Source	: 14S: EUR2/1000/GBLO

7 Discrete Binary/Digital/No-Touch Options

7.1 Overview

The MT 306 already supports exotic (or "non-vanilla") options in which a fixed pay-out is made if specific trigger conditions are met. These are known as binary, digital and no-touch options. Up until SR 2015, the trigger conditions are monitored continuously during the life of the option.

A discrete binary, digital or no-touch option is one for which the trigger event is monitored at discrete times, rather than the normal continuous trigger case. The trigger is monitored based on an agreed rate-source.

7.2 Discrete Trigger Changes

Discrete binary, digital and no-touch options are supported by the MT 306 in the same way as a continuously monitored binary, digital and no-touch options, with the addition of field 14S Settlement Rate Source in sequence G.

The discrete barrier is monitored from the rate source specified in field 14S Settlement Rate Source, optionally at the specified time and location.

Field 14S Settlement Rate Source may be repeated for cross-currency rates.

7.3 Example Discrete Trigger Option

The following example is for a single-trigger no-touch option which will be monitored against the EUR1 rate source:

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI331012DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:NOTO
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:N
	Non Deliverable Flag (NDO)	:17F:N
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
	Additional Conditions	:77D:/TRUP
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002

	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR22500,
	Calculation Agent	:84A:CITIUS33
Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	:15C:
	Receiving Agent	:57A:CITIUS33
Sequence E - Payout Amount Block	Payout Amount	:15E:
	Currency, Amount	:33E:EUR1000000,00
	Receiving Agent	:57a:/CITIUS33
Sequence G - Trigger Block	Trigger Block	:15G:
	Type of Trigger	:22J:SITR
	Trigger Level	:37U:1,012
	Currency Pair	:32Q:EUR/USD
	Settlement Rate Source	:14S:EUR1

8 Multi-Currency Binary/Digital/No-Touch Options

8.1 Overview

The MT 306 already supports definition of single or double triggers for exotic (binary, digital and no-touch) options.

In SR 2015 this is being extended to support multiple sets of triggers, based on different currency pairs.

For example, an option might have triggers in EUR/USD, EUR/AUD, EUR/JPY and EUR/CHF in order to trigger the pay-out based on more general underlying changes in EUR value.

8.2 Multiple Currency Trigger Option Changes

Multiple trigger currency pairs may be expressed in the MT 306 by repeating the entire sequence G Trigger block.

If sequence G Trigger Block is present more than once in the message then, in order to facilitate consistency between the two parties, it is recommended that the repetitions are ordered such that the values in field 37U Trigger Level are presented in increasing arithmetical order. Note also that field 37U, Trigger Level from the first occurrence of sequence G Trigger Block, is used to create the reference code for field 22C Common Reference in sequence A General Information of the MT 306.

Note that for a no-touch option, no triggers must be hit for the pay-out to occur and for digital and binary options all triggers must be hit for the pay-out to occur.

8.3 Example Multiple Currency Trigger Option

The following example is for a single trigger binary option being monitored against two currency pairs, EUR/USD and GBP/USD. The order of the trigger blocks is defined according to the lowest to the biggest value in field 37U. The trigger levels in the example are 1,520 and 1,012, so the trigger with rate 1,012 comes first, followed by the 1,520, (independently of the respective currency pairs).

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI331012DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:BINA
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:N
	Non Deliverable Flag (NDO)	:17F:N
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF

	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
	Additional Conditions	:77D:/TRUP
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002
	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR22500,
	Calculation Agent	:84A:CITIUS33
Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	:15C:
	Receiving Agent	:57A:CITIUS33
Sequence E - Payout Amount Block	Payout Amount	:15E:
	Currency, Amount	:33E:EUR1000000,00
	Receiving Agent	:57a:/CITIUS33
Sequence G - Trigger Block	Trigger Block	:15G:
	Type of Trigger	:22J:SITR
	Trigger Level	:37U:1,012
	Currency Pair	:32Q:EUR/USD
Sequence G - Trigger Block	Trigger Block	:15G:
	Type of Trigger	:22J:SITR
	Trigger Level	:37U:1,520
	Currency Pair	:32Q:GBP/USD

9 Average Rate and Strike Options and Forwards

9.1 Overview

9.1.1 Options

An average strike option gives the buyer the right, without the obligation, to buy a fixed amount of one currency for another on a specific future expiration date. The strike price of the option is derived from an average of currency exchange rates accumulated during the option term. In other words, the strike rate remains unknown until all observations have been collected.

An average rate option gives the buyer the right, without the obligation, to buy a fixed amount of one currency for another on a specific future expiration date. The value of the option at expiry and hence whether or not any payment is made and its size are based on exchange rate between the two currencies at various specified points during the life of the option. In other words, this option has a specific expiration date and a series of observation periods (a minimum of two) during its life which determine the option's value at maturity.

A double average option is a combination of average rate and average strike, such that both the exercise rate and the strike price are derived from average rates.

Average strike options may be deliverable or non-deliverable, but average rate options are always non-deliverable (cash-settled).

9.1.2 Forwards

Average forwards are broadly similar to average options, except that:

- They are a commitment to settle the profit or loss
- There is no premium
- In an average rate forward the payout is determined by the difference between the forward rate (or strike) set in the contract and the forward rate determined by the fixing dates

9.2 Average Option and Forward Changes

Codes for average options and forwards have been added to field 12F Option Style in sequence A General Information. A new conditional optional sequence J Averaging Options and Forwards has been added to the MT 306 in order to support average products.

Sequence J includes subsequences for average strike and average rate details, both of which must be used for double average products.

Each averaging date has an associated weighting factor, which defines how the average rate or strike is calculated.

Several other fields are present in the sequence that are used to define the method for defining the average. The precise usage of these fields must be in accordance with ISDA definitions that are currently under preparation.

Note It is expected that further updates will be made to this sequence as part of SR 2016

Sequence H Non-deliverable Option Block must also be present if the option is cash-settled.

9.3 Example Average Products

9.3.1 Average Rate Option

The following example is for a non-deliverable average rate option, where the average rate is calculated from the rate taken from four dates with equal weighting.

Sequences	Explanation	Format
Sequence A - General Information	New Sequence	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI330959DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:AVRO
	Expiration Style	:12E:ASIA
	Barrier Indicator	:17A:N
	Non-Deliverable Indicator	:17F:Y
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Type, Date, Version of the Agreement	:77H:ISDA/19921024
	Year of Definitions	:14C:1998
Sequence B - Transaction and Premium Details	New Sequence	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150210
	Expiration Date	:30X:20160109
	Expiration Location and Time	:29E:USNY/1000
	Final Settlement Date	:30a:20160109
	Premium Price	:37K:USD10,00
	Premium Payment Date	:30V:20150215
	Premium Currency and Amount	:34B:USD2250
	Calculation Agent	:84A:CITIUS33
Sequence C - Premium Payment Details	New Sequence	:15C:
	Delivery Agent	:53A:CITIUS33
	Intermediary	:56A:SOGIUS33
	Receiving Agent	:57A:UBSWCHZH
	Beneficiary Institution	:58A:DRESDEFF
Sequence D - Vanilla Block	New Sequence	:15D:
	Earliest Exercise Date	:30P:20160109
	Settlement Type	:26F:PRINCIPAL
	Put Currency and Amount	:32B:EUR104275,28

	Strike Price	:36:0,959
	Call Currency and Amount	:33B:USD1000000
Sequence H - Non Deliverable Option Block	Non Deliverable Option Block	:15H:
	Settlement Rate Source	:14S:EUR1
	Settlement Currency	:32E:USD
Sequence J - Averages Options & Forwards	New Sequence	:15J:
	Settlement Rate Source	:14S:EUR2/1000/USNY
	Decimal Places	:16C:5
	Number of Spot Averaging Dates	:18B:4
	Spot Averaging Date	:30M:20150630 :19Y:1 :30M:20150930
	Spot Averaging Weighting Factor	:19Y:1 :30M:20151230 :19Y:1 :30M:20160330 :19Y:1

9.3.2 Average Strike Option

The following example is for a deliverable average strike option, where the strike is calculated from the rate taken from four dates with equal weighting. The strike price in sequence D - Vanilla Block is 0, as it is not yet known. In this example, the put currency amount is also 0, as it will be calculated once the strike price has been determined.

Sequences	Explanation	Format
Sequence A - General Information	New Sequence	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI330000DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:AVSO
	Expiration Style	:12E:ASIA
	Barrier Indicator	:17A:N
	Non-Deliverable Indicator	:17F:N
	Type of Event	:22K:CONF
	Date of Trigger Hit	
	Location of Trigger Hit	
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Type, Date, Version of the Agreement	:77H:ISDA/19921024

	Year of Definitions	:14C:1998
Sequence B - Transaction and Premium Details	New Sequence	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150210
	Expiration Date	:30X:20160109
	Expiration Location and Time	:29E:USNY/1000
	Final Settlement Date	:30F:20160109
	Premium Price	:37K:USD10,00
	Premium Payment Date	:30V:20150215
	Premium Currency and Amount	:34B:USD2250
	Calculation Agent	:84A:CITIUS33
Sequence C - Premium Payment Details	New Sequence	:15C:
	Delivery Agent	:53A:CITIUS33
	Intermediary	:56A:SOGIUS33
	Receiving Agent	:57A:UBSWCHZH
	Beneficiary Institution	:58A:DRESDEFF
Sequence D - Vanilla Block	New Sequence	:15D:
	Earliest Exercise Date	:30P:20160109
	Settlement Type	:26F:PRINCIPAL
	Put Currency and Amount	:32B:EUR0,00
	Strike Price	:36:0,00
	Call Currency and Amount	:33B:USD1000000
Sequence J - Average Options & Forwards	New Sequence	:15J:
	Settlement Rate Source	:14S:EUR2/1000/USNY
	Average Strike Price Calculation	:14B:AD
	Decimal Places	:16C:5
	Number of Strike Averaging Dates	:18C:4
	Strike Averaging Dates Strike Averaging Weighting Factor	:30N:20150630 :19Z:1 :30N:20150930 :19Z:1 :30N:20151230 :19Z:1 :30N:20160330 :19Z:1
	Adjustment	:19C:0
	Calculation of Settlement Amount	:23C:NORMAL

9.3.3 Average Strike Forward

The following example is for a deliverable average strike forward for a BRL/EUR cross, where the strike is calculated from the rate taken from two dates with equal weighting.

Note The premium fields must be present in sequences B and C, but the premium amount is zero for forwards.

Sequences	Explanation	Format
Sequence A - General Information	General Information	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI330000DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:AVSF
	Expiration Style	:12E:EURO
	Barrier Flag	:17A:N
	Non Deliverable Flag (NDO)	:17F:N
	Type of Event	:22K:CONF
	Party A	:82A:DRESDEFF
	Party B	:87A:CITIUS33
	Terms and Conditions	:77H:ISDA
Sequence B - Transaction Details / Premium Details / Calc Agent	Transaction Details	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150606
	Expiration Date	:30X:20151002
	Expiration Location and Time	:29E:USCH/1600
	Final Settlement Date	:30F:20151006
	Premium Payment Date	:30V:20150609
	Premium Currency and Amount	:34B:EUR0,00
Calculation Agent	:84a:CITIUS33	
Sequence C - Settlement Instructions for Premium	Settlement Instruction for Payment of Premium	:15C:
	Receiving Agent	:57a:CITIUS33
Sequence D - Vanilla Block	Vanilla Block	:15D:
	Settlement Type	:26F:PRINCIPAL
	Put Currency and Amount	:32B:EUR1000000,00
	Strike	:36:0,00
	Call Currency and Amount	:33B:BRL0,00
Sequence J - Averaging Options and Forwards	Averaging Options and Forwards	:15J:
	Settlement Rate Source	:14S:BRL09
	Settlement Rate Source	:14S:EUR2/1000/GBLO
	Average Strike Price Calculation	:14B:AD

	Decimal Places	:16C:6
	Number of Strike Averaging Dates	:18C:2
	Strike Averaging Date	:30N:20150902
	Strike Averaging Weighting Factor	:19Z:1,00
	Strike Averaging Date	:30N:20151002
	Strike Averaging Weighting Factor	:19Z:1,00
	Adjustment	:19C:1,025
	Calculation of Settlement Amount	:23C:NORMAL

10 Optional Early Termination

10.1 Overview

An early termination clause can be built into an option, which gives either the buyer or the seller the right to terminate the option at a market price on specified dates during the option's life.

Early termination can be defined for any type of option that is supported by the MT 306.

10.2 Early Termination Changes

A new sequence, sequence I Early Termination, has been added to the MT 306 to allow optional early termination clauses to be included within the confirmation.

The early termination style can be:

- European – a single date on which the option can be terminated. In this case, a single early termination date is specified in field 30T Early Termination Date in sequence I Early Termination.
- American – a period during which the option can be terminated. In this case, a start date is specified in field 30Y Commencement Date and an end date in field 29L Expiry Details.
- Bermudan - a set of dates on which the option can be terminated. In this case, the first dates is specified in field 30T Early Termination Date, with the repeating frequency specified in field 22Y Frequency of Early Termination.

Details of how the early termination is settled may also optionally be specified in sequence I.

Note The early termination style is distinct from whether the underlying option is European, American, or Bermudan. Hence rules C24 and C25 are expected to be modified in a future standards release.

10.3 Example Early Termination

The following example is for a vanilla European option with a Bermudan style optional early termination clause that allows the buyer to early terminate on a monthly basis starting on a specified date during the life of the option.

Sequences	Explanation	Format
Sequence A - General Information	New Sequence	:15A:
	Sender's Reference	:20:656464
	Type of Operation	:22A:NEWT
	Common Reference	:22C:CITI330959DRESFF
	Contract Number Party A	:21N:FXC0526
	Option Style	:12F:VANI
	Expiration Style	:12E:EURO
	Option Type	:12D:CALLO
	Barrier Indicator	:17A:N
	Non-Deliverable Indicator	:17F:N
	Type of Event	:22K:CONF
	Party A	:82a:DRESDEFF

	Party B	:87a:CITIUS33
	Type, Date, Version of the Agreement	:77H:ISDA/19921024
	Year of Definitions	:14C:1998
Sequence B - Transaction and Premium Details	New Sequence	:15B:
	Buy (Sell) Indicator	:17V:B
	Trade Date	:30T:20150210
	Expiration Date	:30X:20160109
	Expiration Location and Time	:29E:USNY/1000
	Final Settlement Date	:30a:20160109
	Premium Price	:37K:USD10,00
	Premium Payment Date	:30V:20150215
	Premium Currency and Amount	:34B:USD2250
	Calculation Agent	:84a:CITIUS33
Sequence C - Premium Payment Details	New Sequence	:15C:
	Delivery Agent	:53a:CITIUS33
	Intermediary	:56a:SOGEUS33
	Receiving Agent	:57a:/309125-008UBSGMF55
	Beneficiary Institution	:58a:DRESDEFF
Sequence D - Vanilla Block	New Sequence	:15D:
	Settlement Type	:26F:PRINCIPAL
	Put Currency and Amount	:32B:EUR104275,28
	Spot Price	:36:0,959
	Call Currency and Amount	:33B:USD1000000
Sequence I - Early Termination	New Sequence	:15I:
	Early Termination Date	:30T:20150610
	Frequency of Early Termination	:22Y:MONTH
	Exercising Party	:85a:DRESDEFF
	Non-Exercising Party	:88a:CITIUS33
	Calculation Agent	:84a:DRESDEFF
	Cash Settlement	:17I:N

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