



SWIFT Certified Application

Corporate Actions

Label Criteria 2017

This document explains the criteria required to obtain the SWIFT Certified Application - Corporate Actions 2017 label for your business application.

27 January 2017

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Preface

Purpose of the document

This document explains the criteria required to obtain the SWIFT Certified Application - Corporate Actions 2017 label for your business application.

Audience

This document is for the following audience:

- Application product Managers
- Developers
- SWIFT customers seeking to understand the SWIFT Certified Application Programme or involved in the selection of third-party applications

Related documentation

- [SWIFT Certified Application Programme Overview](#)

The document provides an overview of the SWIFT Certified Application Programme. It describes the benefits of the programme for SWIFT registered providers that have a software application they want to certify for compatibility with SWIFT standards, messaging services, and connectivity. This document also describes the application and validation processes that SWIFT uses to check such SWIFT compatibility. SWIFT's certification of an application is not an endorsement, warranty, or guarantee of any application, nor does it guarantee or assure any particular service level or outcome with regard to any certified application.

- [SWIFT Certified Application Technical Validation Guides](#)

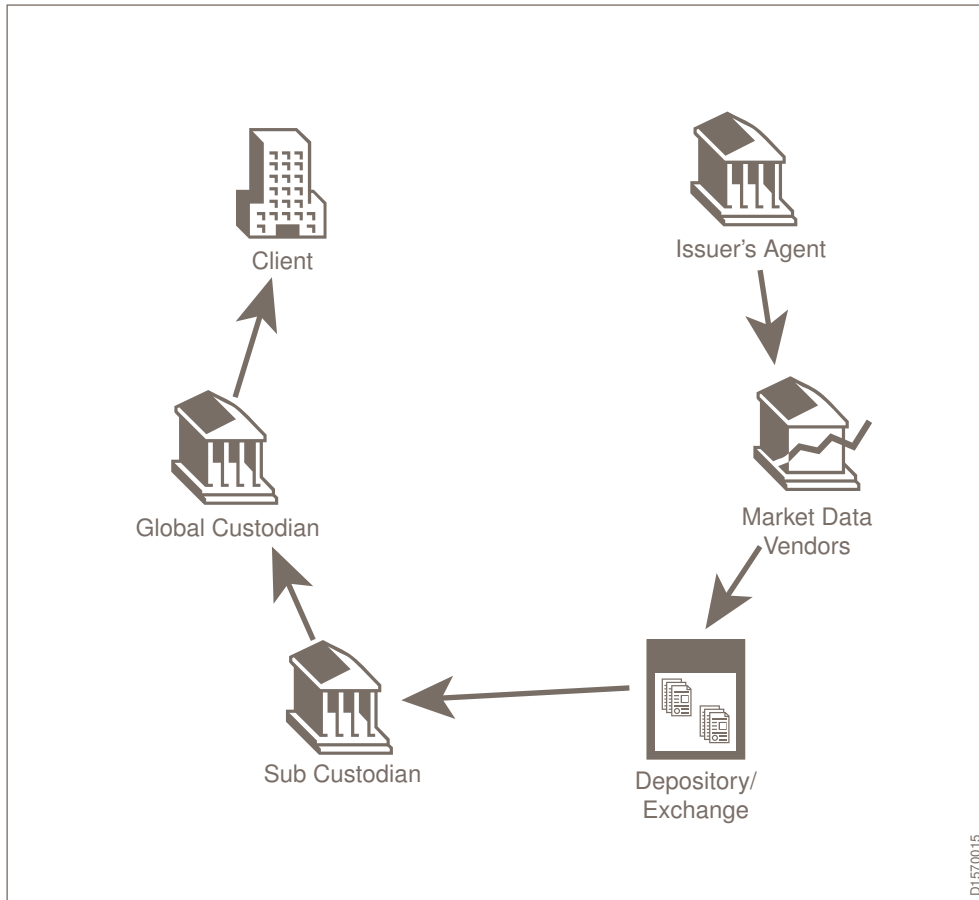
The documents explain in a detailed manner how SWIFT validates the application so that this application becomes SWIFT Certified.

- www.smpg.info for the latest information about market practices
- Documentation (User Handbook) on www.swift.com

1 The Corporate Actions Solution

In the world of corporate actions, local agents and data vendors gather and distribute market information that initiates the transaction flows.

There is a constant flow of external information and local market intelligence into the corporate action event chain, through the sub-custodians, the global custodians, and the market data providers. All parties receive, verify, and add value to data from a previous link in the chain.



The corporate action messages are typically used to:

- convey information from the account servicer to the account owner about details of forthcoming corporate actions
- enable the account owner to provide the account servicer with the necessary details and instructions to carry out transactions that relate to the corporate event
- confirm to the account owner that the account servicer has carried out the required transactions, with the appropriate adjustments (credits/debits) to the account
- enable the account servicer and the account owner to exchange narrative details, that outline the more complex event which may not be mapped into a Corporate Actions Notification message, or information regarding Annual General Meetings
- enable the account servicer to provide the status of an ongoing corporate action or the status of instructions sent by the account owner

For more information about business workflows, see section [Business Workflows - Corporate Actions Processing Automation](#) on page 12.

Much has been achieved during recent years through ISO standardisation and automation among financial intermediaries in the corporate actions chain. However, until the issuers are fully on-board with standardisation, there will always be a crucial gap that leads to operational risk and cost.

You can find more information about this initiative on www.swift.com.

2 **SWIFT Certified Application - Corporate Actions Label**

The SWIFT Certified Application - Corporate Actions label is aimed at business applications that support message creation and understanding as well as corporate action events processing. Some examples are understanding notifications, calculation of entitlements, communication of decisions, and impacts.

This label is granted to business applications that adhere to a specific set of criteria linked to the support of SWIFT FIN messages, SWIFT connectivity, and SWIFT functionality.

3 SWIFT Certified Application - Corporate Actions Criteria 2017

3.1 Certification Requirements

New label

Vendors applying for the SWIFT Certified Application - Corporate Actions label for the first time must comply with all criteria as defined in this document.

Label renewal

Vendors that have been granted the SWIFT Certified Application Corporate Actions label in 2016 are required to prove compliance with the Standards Release (SR) 2017.

Although ISO 20022 implementation is not mandatory to receive the 2017 SWIFT Certified Application label, SWIFT strongly encourages SWIFT Certified Application providers to plan for ISO 20022 adoption when relevant for their customer base.

If the vendor has upgraded its application, then SWIFT will request details of the new functionalities that the vendor must demonstrate (for example, new functional validation required).

3.2 Installed Customer Base

Live customer reference

A minimum of three live customers must use the application.

By customer, SWIFT means a distinct financial institution that uses the product to send and receive messages over SWIFTNet.

Three live sites from the same customer are not enough to qualify for a label.

SWIFT reserves the right to contact the relevant customer to validate the functionality of the application submitted for a SWIFT Certified Application label. A questionnaire is used as the basis for the customer validation. The questionnaire can be in the form of a telephone interview, an e-mail, or a discussion at the customer site. The information provided by the customer is treated as confidential and is not disclosed, unless explicitly agreed with the customer.

3.3 Messaging

FIN protocol

The application must support the FIN protocol and its associated features (for example, message validation).

3.4 Direct Connectivity

Requirements

For direct connectivity, the vendor application must integrate with Alliance Access. A business application that does not connect directly to Alliance Access cannot be considered for a SWIFT Certified Application label.

The direct connection from the business application to Alliance Access can be achieved using one or more of the Alliance Access adapters:

- MQ Host Adapter (MQHA)
- Automated File Transfer (AFT)
- SOAP Host Adapter

The vendor must develop and test SWIFT application integration using Alliance Access 7.0 or 7.2. Proper support of either Alliance Access Release 7.0 or 7.2 is mandatory for the 2017 label.

Mandatory adapters

Messaging service	Standards
FIN	MT
InterAct in store-and-forward mode	MX

Note *If the application supports several of the previously mentioned adapters, then the vendor may provide the appropriate evidence for some or all of them during the technical validation. SWIFT only publishes information for which evidence has been provided.*

SWIFTNet Release 7.2

A mandatory upgrade to the underlying technology behind SWIFT's interface products is planned for 2017. The aim of the release is to continue to provide a highly secure and efficient SWIFT service for our customers in the years ahead.

Note *Release 7.2 support will become a mandatory requirement in 2018. SWIFT recommends that you test, plan, and prepare for this change accordingly during the course of 2017. Customers will expect statements about your readiness soon after general availability.*

More details on the SWIFTNet Release 7.2 can be found on www.swift.com:

- [Release 7.2](#)
- [User Handbook](#)

Local Authentication (LAU)

Local Authentication provides integrity and authentication of files exchanged between Alliance Access and any application that connects through the application interface. Local Authentication requires that the sending entity and Alliance Access use the same key to compute a Local Authentication file signature. With the increased number of cyber-attacks on the financial industry, customers will expect message signing with LAU from their application providers.

Note *Although Local Authentication support is not mandatory to receive the 2017 SWIFT Certified Application label, SWIFT strongly encourages SWIFT Certified providers to plan for LAU support.*

3.5 Standards

ISO 15022-compliant message standards

Only ISO 15022-compliant message standards are taken into consideration for the SWIFT Certified Application - Corporate Actions label in 2017. The application must be able to support all fields and all mandatory and optional code words.

ISO 20022-compliant messages

Although ISO 20022 implementation is not mandatory to receive the 2017 SWIFT Certified Application - Corporate Actions label, SWIFT strongly encourages Certified Application providers to plan for ISO 20022 adoption.

Applications that support ISO 20022 must comply with the following:

- [ISO 20022 Harmonisation Charter](#)
- [ISO 20022 Version and Release Management - Best Practices](#)
- [Recommendations for Implementation of ISO 20022 Messages – Best Practices](#)

Amongst other requirements, this implies that applications must:

- support the latest or previous version of ISO 20022 messages as available
- align its maintenance cycle with the MX release cycle
- rely on the message specifications as published on MyStandards

For more information, see [ISO 20022 for Corporate Actions](#) on page 18.

ISO 20022 Corporate Actions messages for DTCC

A specific version of the ISO 20022 Corporate Actions messages, designed for DTCC and its participants in the United States, has been introduced on the SWIFT network and is currently available for use. For more information, see [ISO 20022 for Corporate Actions \(Specific to DTCC Service\)](#) on page 19.

Asset Services

Transaction Flow	In	Out
MT 564 Corporate Action Notification	Mandatory	Mandatory
MT 565 Corporate Action Instruction	Mandatory	Mandatory
MT 566 Corporate Action Confirmation	Mandatory	Mandatory
MT 567 Corporate Action Status and Processing Advice	Mandatory	Mandatory
MT 568 Corporate Action Narrative	Mandatory	Mandatory

Asset Holders/Investors

Application software that targets non-intermediaries (that act at the end of the chain), must demonstrate support of a limited set of incoming and outgoing MTs messages. For the equivalent MX messages, support will always be optional:

Transaction Flow	In	Out
MT 564 Corporate Action Notification	Mandatory	Optional
MT 565 Corporate Action Instruction	Optional	Mandatory
MT 566 Corporate Action Confirmation	Mandatory	Optional
MT 567 Corporate Action Status and Processing Advice	Mandatory	Optional
MT 568 Corporate Action Narrative	Mandatory	Optional

3.6 Message Validation (Syntax and Semantic)

Overview

FIN central services validate every FIN message against syntax and semantic rules. The central system rejects messages that do not pass validation. This rejection incurs substantial costs for SWIFT users. To avoid this, applications must provide the same level of validation of the generated messages as the FIN central service does.

Standards release

The application must support all changes to existing message types and the introduction of new message types before the live release date on the SWIFT network. If new messages are introduced or significant modification has been made to existing messages, then SWIFT expects the application provider to provide adequate testing time to its customers before these messages go live. Support of the Standards Release Guide 2017 is mandatory for the SWIFT Certified Application - Corporate Actions 2017 Criteria.

Network Validated Rules (Message Format Validation Rules)

Network Validated Rules are defined in the *Message Format Validation Rules (MFVR)* in the [User Handbook](#). The MFVR is updated on a regular basis, following the SWIFT Standards Release cycle.

MT Usage Rules

Usage Rules are not validated on the network, and do not generate error codes. It is mandatory to adhere to these rules when using MT fields, as mentioned *Category 5 - Securities Markets - Message Reference Guides* on the [User Handbook](#).

Straight-through processing (STP) guidelines

STP guidelines are not validated on the network and are not mandatory when using MT messages. An application that generates messages is required to comply, whenever possible, with the guiding principles for STP in a SWIFT environment. This includes very generic principles, such as avoiding the use of full name and address for a financial institution.

3.7 Market Practices

Technically speaking, market practices can be seen as an instance of a FIN message where a combination of optional fields, codes, or qualifiers become mandatory for a specific event type or unique for a national market.

The Securities Market Practice Group (SMPG), the international forum for all national Market Practice Groups in Securities, has published a set of principles related to Corporate Actions processing, regrouped in the following set of documents available on www.smpg.info:

- *Global Market Practice Part 1*

Covers the market practices for message fields usage, for various event-specific topics and non-event related topics, and for special processes (market claims, proxy voting)

- *Global Market Practice Part 2*

Includes the Extended Event Interpretation Grid (EIG+), which clarifies the usage of options per event and event type (mandatory, mandatory with option, voluntary). In 2010, the EIG was extended to include mandatory and optional dates, periods, rates, and prices (DPRP). The EIG+ is applicable to the MT 564.

- *Global Market Practice Part 3*

Covers the allowed combination of statuses and reason codes for the MT 567 message

To be awarded the label in 2017, the market practice must align with **Securities Market Practice Group information**.

The application must comply with global practices for event types available within the vendor product offering. The application must also be able to support variations for a particular market.

This translates into the following requirements in terms of market practices support of [Standards Release 2014](#) and compliance with the *SMPG CA Global* document:

1. Compliance with the 2014 global grid of EIG for a minimum of twenty events as follows:

- **at least these events**

REDM, INTR, DVCA, DVSE, DVOP, RHDI, EXRI, TEND, EXOF, BONU

- **preferably also these events**

DRIP, PRII, CHAN, MRGR, MCAL, SPLF, EXWA, BIDS, CONV, BPUT

Note *SWIFT allows event type substitution by other events more relevant to the vendor (considering its offering and customer base). However, it must be communicated up front by the vendor to SWIFT and its Validation Provider.*

2. Compliance to the market-specific practice of the 2014 EIG for a minimum of twenty events for ten markets of your choice per event. SWIFT strongly recommends including GB and US. Exceptions are considered on a case-by-case basis, with six markets as a minimum.

For more information, see *SMPG_CA_Global_Market_Practice_Part_2_SR2014_v1_1* on www.smpg.info.

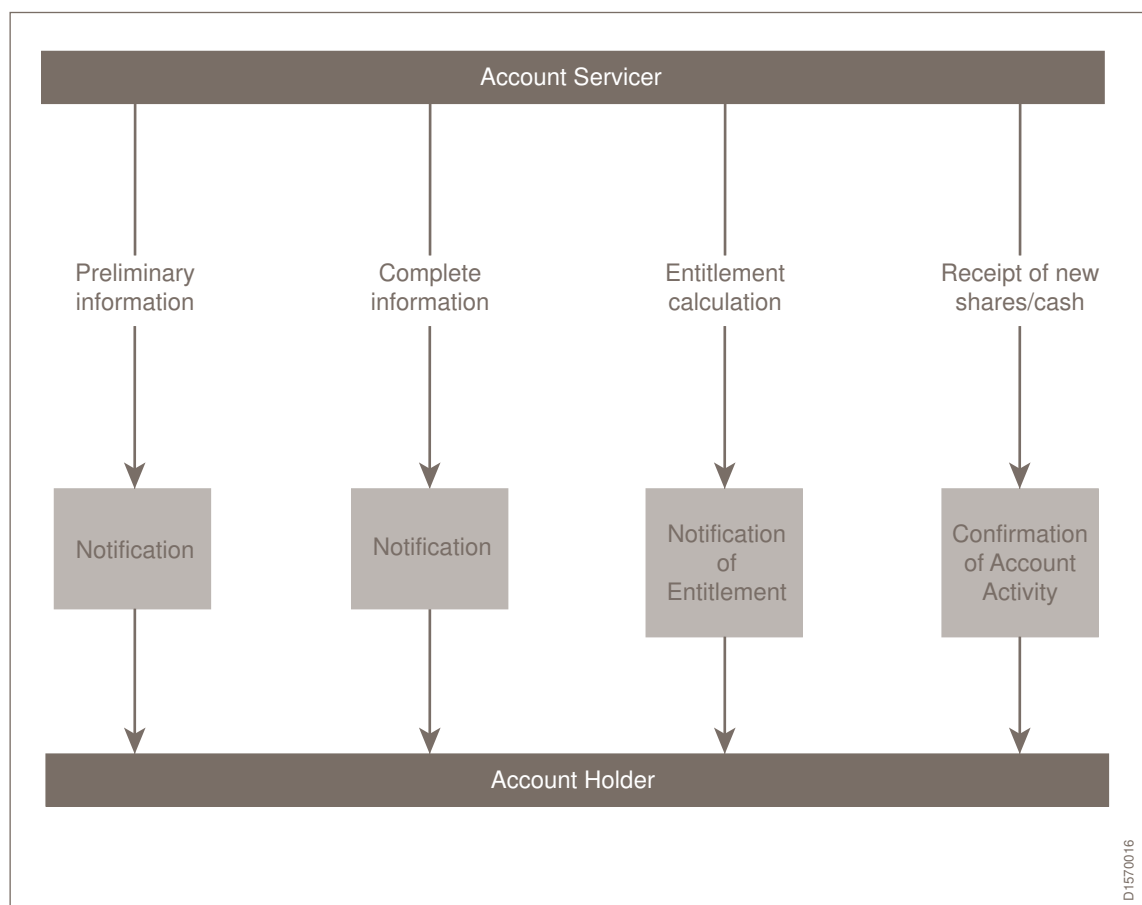
3.8 Business Workflows - Corporate Actions Processing Automation

The diagrams in the following sections provide an overview of the a high-level process to announce and process mandatory and elective corporate action events. However, the application must be able to support all Corporate Action Event Types as per the ISO 15022 [Securities Markets Message Reference Guide](#).

Applications that support ISO 20022 must be able to support specific ISO 20022 message scenarios. referred to as **BusinessTransactions**. For more information, see the [Corporate Actions Standards MX Message Definition Report](#).

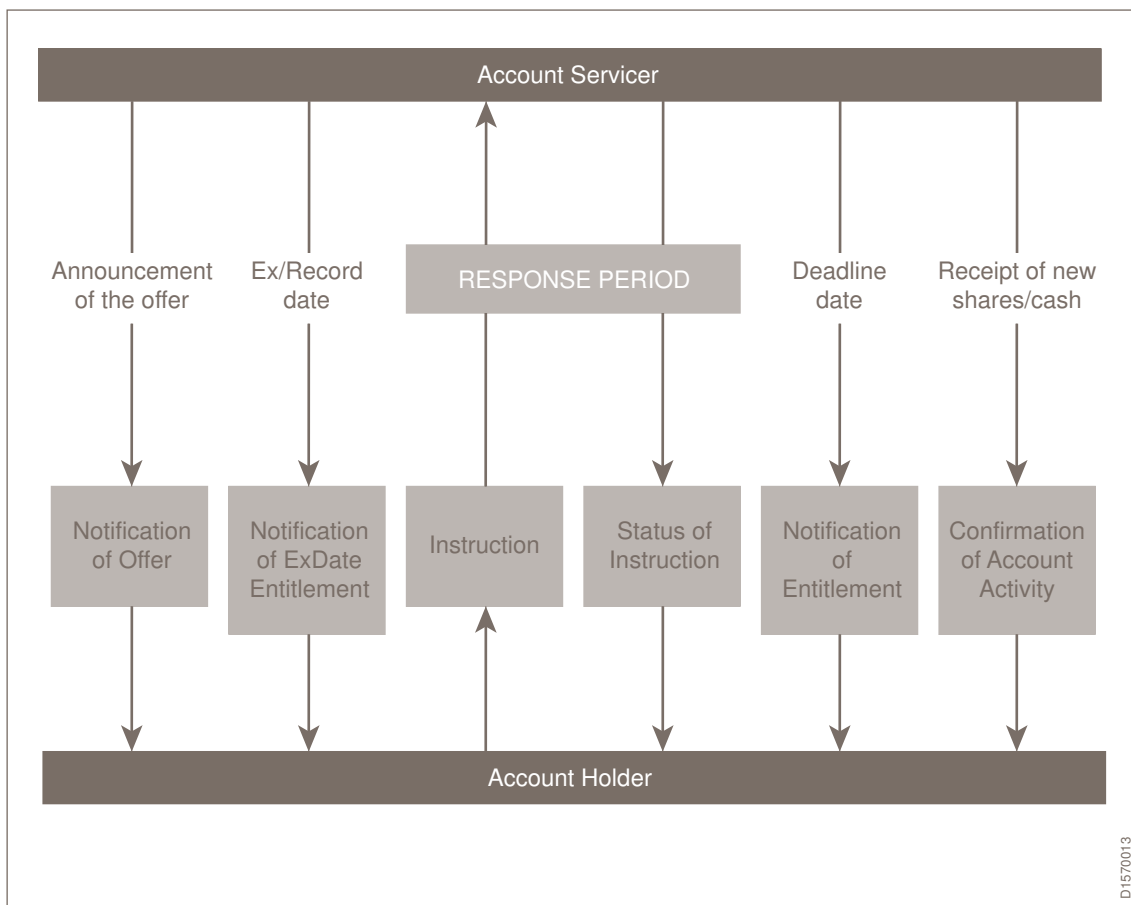
3.8.1 Mandatory Corporate Action Event

The mandatory corporate action event takes place between an account servicer and an account owner. The following example relates to a cash dividend.



3.8.2 Elective Corporate Action Event

The elective corporate action event takes place between an account servicer and an account owner. The following example relates to a warrant exercise.



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3.9 Technical Message Reconciliation

SWIFT validates messages at different levels and provides notification about the validation and the transmission results of the messages sent. The application must capture these notifications and ensure technical reconciliation, error handling, repair, and retransmission.

4 Reference Data Integration

The application must support the directories that are documented in this section.

Optional directories are clearly identified as such.

4.1 BIC Directory

Overview

The application must provide access to the BIC Directory (or the eventual replacements of the BIC Directory: BIC Plus or BIC Directory 2018) both for message validation and as a look-up function in the message creation and message repair stations.

It is the responsibility of directory subscribers at all times to make sure that they use the latest version of the BIC Directory. As such, SWIFT expects the application to support the BIC Directory monthly update in an efficient manner without disrupting customer operations.

Retrieval functionality during message composition

The BICs contained in the BIC Directory, BIC Plus, and BIC Directory 2018 can be used in various fields of the SWIFT messages. The absence of BICs in these fields is one of the major obstacles to straight-through processing (STP) and causes manual intervention on the recipient side. SWIFT expects vendors to provide an integrated interface within their application to make it possible for users to retrieve and input correctly formatted BICs into the proper fields.

Search functionality

The user must be able to enter a number of search criteria, such as bank name or address, to perform a search, and to get a list of results. From this result window, the user must be able to select the required BICs and copy these into the different bank identifier fields of the message (that is, the transaction).

If the search criteria return no results, then the user must be alerted that no BIC is available. If the user manually enters an invalid BIC, then the application must send an alert notifying the user that this BIC is not valid.

Available format and delivery

Flat file in XML or TXT format.

Delivery

The BIC Directory, BIC Plus, and BIC Directory 2018 are downloadable in a manual or automated manner from the [SWIFTRef Access Point](#) in full and delta versions. Upon request, they can also be delivered through FileAct.

The BIC Directory, BIC Plus, and BIC Directory 2018 must either be copied into the application repository system or stored in the back office for access by the vendor application through a defined interface.

4.2 Bank Directory Plus (Optional)

Content

Bank Directory Plus contains the following information:

- All BIC11s from the ISO registry (more than 200 countries), from connected and non-connected financial institutions and corporates active on FIN, FileAct, and/or InterAct.
- All LEI (Legal Entity Identifier) from the endorsed LOUs (Local Operating Units).
- Name and address details for each BIC
- FIN service codes
- National clearing codes (160+ countries), including CHIPS, TARGET, and EBA data. For a limited number of countries (10+), national codes are also provided with name and address in local language (for example, China, Japan, Russia).
- Bank hierarchy information
- Country, currency, and holiday information
- Timezone information

Available formats

Flat file in XML or TXT format

Delivery

The Bank Directory Plus is downloadable in a manual or automated manner from the [SWIFTRef Access Point](#) in full and delta versions. Upon request it can also be delivered through FileAct.

4.3 IBAN Plus (Optional)

Content

The IBAN Plus directory contains the following information:

- IBAN country formats
 - IBAN country prefix
 - IBAN length
 - Bank code length, composition, and position within the IBAN
- Institution name and country
- Institution bank and branch codes in the formats as embedded in IBANs
- Institution BICs as issued together with the IBANs to the account holders
- Data for the SEPA countries and the non-SEPA countries that adopted the IBAN
- Updates to the file when new IBAN country formats are registered with SWIFT in its capacity as the ISO IBAN registry

The directory is ideal for accurate derivation of BIC from IBAN, covering 68 IBAN countries (including all SEPA countries).

Available formats

Flat file in XML or TXT format

Delivery

The IBAN Plus is downloadable in a manual or automated manner from the [SWIFTRef Access Point](#) in full and delta versions. Upon request it can also be delivered through FileAct.

4.4 SWIFTRef Business Applications

Introduction

SWIFTRef offers a portfolio of reference data products and services. Data is maintained in a flexible relational database and accessible in a choice of formats and delivery channels matched to business needs.

Purpose

Application vendors are able to access BICs, National bank/Sort codes, IBAN data, payment routing data (including SEPA and other payment systems), Standard Settlement Instructions (SSIs), LEIs, MICs (Market Identification Codes), BRNs (Business Registration Numbers), GIINs (Global Intermediary Identification Numbers), and more. Through SWIFTRef, vendors can ensure that their applications support the most accurate and up-to-date reference and entity data for smooth payments initiation and processing.

Related information

Additional information about SWIFTRef for application vendors is available on swiftref.swift.com/swiftref-business-applications.

5 Marketing and Sales

Requirements

In order to maximise the business value of the SWIFT Certified Application - Corporate Actions label, collaboration between SWIFT and the vendor is expected. More specifically, the vendor must provide SWIFT, under a non-disclosure agreement, with the following information:

- A list of customers actively using the application in a SWIFT context
The list must contain the institution name, location, and an overview of the integration scope (domain, features, and sites) for the current and previous year.
- A list of all customers active in the financial sector
- A product roadmap for 2017 and 2018 containing the plans for further developments, SWIFT support, and new releases
- A complete set of documentation, including feature overview, SWIFT adapters, workflow engine capability, and user manuals

In addition, the vendor must dedicate a page of their web site to describe the SWIFT Certified Application used in a SWIFT context.

A ISO 20022 Messages Optional for SWIFT Certified Application - Corporate Actions

A.1 ISO 20022 for Corporate Actions

MT	MX	MX Description
MT564	seev.031.XXX.XX	CorporateActionNotification
	seev.035.XXX.XX	CorporateActionMovementPreliminaryAdvice
	seev.039.XXX.XX	CorporateActionCancellationAdvice
	seev.044.XXX.XX	CorporateActionMovementPreliminaryAdiveCancellationAdvice
MT565	seev.033.XXX.XX	CorporateActionInstruction
	seev.040.XXX.XX	CorporateActionInstructionCancellationRequest
MT566	seev.036.XXX.XX	CorporateActionMovementConfirmation
	seev.037.XXX.XX	CorporateActionMovementReversalAdvice
MT567	seev.032.XXX.XX	CorporateActionEventProcessingStatusAdvice
	seev.034.XXX.XX	CorporateActionInstructionStatusAdvice
	seev.040.XXX.XX	CorporateActionInstructionCancellationRequestStatusAdvice
MT568	seev.031.XXX.XX	CorporateActionNotification
Standalone MT568 for restricted functions only	seev.038.XXX.XX	CorporateActionNarrative
None	seev.042.XXX.XX	CorporateActionInstructionStatementReport

A.2 ISO 20022 for Corporate Actions (Specific to DTCC Service)

MT	MX	MX description
MT 564	seev.031.XXX.XX	CorporateActionNotification
	seev.035.XXX.XX	CorporateActionMovementPreliminaryAdvice
	seev.039.XXX.XX	CorporateActionCancellationAdvice
	seev.044.XXX.XX	CorporateActionMovementPreliminaryAdviceCancellationAdvice
MT 565	seev.033.XXX.XX	CorporateActionInstruction
	seev.040.XXX.XX	CorporateActionInstructionCancellationRequest
MT 566	seev.036.XXX.XX	CorporateActionMovementConfirmation
	seev.037.XXX.XX	CorporateActionMovementReversalAdvice
MT 567	seev.032.XXX.XX	CorporateActionEventProcessingStatusAdvice
	seev.034.XXX.XX	CorporateActionInstructionStatusAdvice
	seev.041.XXX.XX	CorporateActionInstructionCancellationRequestStatusAdvice
MT 568	seev.031.XXX.XX	CorporateActionNotification
None	seev.042.XXX.XX	CorporateActionInstructionStatementReport

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