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# Market Notice

6 August 2015

## Portfolio Transfer - operational guidelines for the use of the "Deal Price" field and the special character '/'

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Dear Client,

During the National User Group meeting, on June 19<sup>th</sup> 2015, and PT-TUG meetings, on July 3<sup>rd</sup> and 7<sup>th</sup> 2015, Monte Titoli confirmed functionalities management regarding the so-called **"Portfolio Transfer"**, as required by the technical documentation that has been already shared with the system and published on the documentary section of the MT-X platform. This document is to summarize the main operating procedures that participants have to apply for a proper use of the "Deal Price" and the special character "/".

### 1. Deal Price – management of decimals

Monte Titoli confirms that the X-TRM Service will handle a maximum of three (3) decimals into the "Deal Price" field when it's expressed as value, that is, when the currency is reported into the appropriate field Currency Code Deal Price, and a maximum of five (5) decimals as it's expressed as ratio; it should be noted that Monte Titoli current procedures do not perform on that field any logic control. Therefore, it's responsibility of the participant the correct and consistent compilation of the same.

T2S platform enables "Directly Connected Parties" (DCP) to use a maximum of 11 decimal places to populate the carrying value of a transfer portfolio; however, note that, when the DCPs operate with counterparties that are indirectly connected to T2S (ICP), the "*allegement*" that is posted by T2S to X-TRM is truncated by the latter to the third decimal, for shares in unit, or fifth decimal place, for face-amount (FAMT) shares.



**London**  
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It follows that, only in the case of transactions among DCP participants, you can use up to 11 decimals. For operations with ICP as counterpart and whenever the deal price is expressed as value, at the present, it is not possible to use more than 3 decimals while whenever the deal price is expressed as ratio, it will not be possible to use more than 5 decimals. Indirect participants must, therefore, take into account these technical constraints during their operations with respect to the Settlement Service.

In this regard, as it was agreed during the above mentioned meetings, Monte Titoli will work to adapt its own messages after T2S go-live.

Below, it's reported the extract from the Standard for Users:

### **Type**

It specifies the type of Deal Price.

This information is required if the Deal Price is populated.

It admits the following values:

- 'YYLD': the price is expressed as yield;
- 'NYLD': the price is expressed as not yield;
- 'DISC': the price is expressed as the number of percentage points under the par, for example, a discount of 2.0% implies a price of 98 if the parameter is 100 (discount);
- 'PARV': the face amount (par);
- 'PUSH': the price is expressed as the number of percentage points over the par, for example, a premium of 2.0% implies a price of 102 if the parameter is 100 (award).

### **Price**

It represents the deal price as value (if the currency is populated, see Reference Rate Deal Price) or as a ratio (e.g. a percentage).

#### **- Value**

For Entry Request messages (File Transfer G50, G52 Message Switching):

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it admits the format: integer part max 11 bytes, comma 1 byte, decimal part **max 3 bytes**.

For the Continuous Update Flow message (File Transfer G56):

the format is: the integer part 11 bytes, decimal part **3 bytes**.

### - Ratio

For Entry Request messages (File Transfer G50, G52 Message Switching):

it admits the format: integer part max 3 bytes, 1 byte comma, decimal part 5 bytes max.

For the Continuous Update Flow message (File Transfer G56):

the format is: 3 bytes integer part, fractional part 5 bytes.

## 2. Special character ('/' - bar) into the RNI Messaging - message switching

As reported into the Portfolio Transfer Market Practice, arranged by the system and published into the MT-X documentary section, of May 4<sup>th</sup> 2015, it is confirmed that the management of the special character '/' (bar) is supported. This character, in fact, is used by the RNI channel - message switching as a separator of multiple fields.

Using the bar, as reported by Market Practice, is allowed except for RNI-message switching users who will have to define the operative procedures through bilateral agreements.

Participants, who do not use the RNI - message switching, that want to use the '/' (bar) instead of '-' (dash), will proceed, through bilateral agreements, with the exchange of information using '/' (bar).

To facilitate information exchange among financial community, Monte Titoli has provided associations (ABI / Assosim) the list of participants that use the RNI - message switching and agreed with the same the circularization of such information into the system.

Below, it's reported the extract from the Standard for Users:

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The characters : and /, though present into the table, are not allowed within the fields of content x, because : and / are applicative characters, in particular the "/" bar is used to separate multiple fields.

For example, the DEAL PRICE (GS3) is a multiple field:

TYPE "4"b

PRICE /15b

CURRENCY CODE (/ "3"b)

so you can use the "/" bar to separate TYPE, PRICE and the possible CURRENCY CODE.

The PARTY3 COUNTERPARTY DESCRIPTION (GTQ) is not a multiple field:

PARTY3 COUNTERPARTY DESCRIPTION 140x

so you CANNOT use the "/" bar inside. The same applies to the GTT and GS7 fields.

For further information please refer to the Italian Settlement & X-TRM office to [helpdesk.settlement@lseg.com](mailto:helpdesk.settlement@lseg.com) or +39 02 33635387.

Best regards.