

Sell/BuyBack Procedure (BDL CD's)

1. On the Day of the Sell-Buy back

i. Sell

Initiator Bank (seller) will send a DELIVERY AGAINST PAYMENT (MT543) (this is the original Sell Instruction) specifying in the SAFE:

Initiator Bank /Free Own Account Type/Shareholder-Bank Initiator

Purchaser Bank (buyer) will send a RECEIPT AGAINST PAYMENT (MT541) specifying in the SAFE:

Purchaser Bank/Free Own Account Type/Shareholder-Bank Purchaser

Debit: Initiator Bank/Free Own Account Type/ Shareholder-Bank Initiator

Credit: Purchaser Bank/Free Own Account Type/ Shareholder-Bank Purchaser

- These instructions will settle in the Midclear LOM like all other local operations and according to the rules. Please note that the last settlement cycle from Monday to Thursday is 1:45pm and on Friday is 11:45am.
- For the above DELIVERY AGAINST PAYMENT/RECEIPT AGAINST PAYMENT instructions, the following must be added to the SWIFT in addition to :22F::SETR//TRAD:
:22F::BENE//YBEN which indicates a change of beneficial ownership
- And, the maturity date of the Sell/Buyback agreement must be added to the SWIFT in the TRADDET Sequence in the 70E Field after the ISIN with qualifier SPRO in the following matter:
:SPRO//SBMATU//YYYYMMDD//SBSB//ORIG// eg. SPRO//SBMATU//20140525//SBSB//ORIG//

ii. Collateral

Initiator Bank will send a delivery Free No Matching (MT542) instruction to Midclear instructing Midclear to transfer the Collateral amount from his own account to a blocked account. The reference of the DELIVERY AGAINST PAYMENT of the original sell instruction must be sent in this SWIFT in the related reference.

Debit: Initiator Bank /Own Free Account/Shareholder-Bank Initiator

Credit: Initiator Bank /Own Blocked Account/Shareholder-Bank Initiator

The following must be added to the SWIFT for each collateral transfer in addition to :22F::SETR//OWNE:

:22F::COLA//SBSB which indicates a collateral movement due to a Securities Buy Sell Back

Or

The following must be added to the SWIFT for each collateral transfer:

:70E::SPRO//COLA//SBSB//

- iii. Midclear sends SWIFT confirmations for all of its transactions (a confirmation will be sent for the DELIVERY AGAINST PAYMENT, RECEIPT AGAINST PAYMENT and Collateral DELIVERY FREE). An MT599 confirming the block of the collateral will be sent to the purchaser bank containing its own RECEIPT AGAINST PAYMENT reference that it sent for the original Sell/Buyback operation and to the seller bank.

2. On the Day of Maturity of the Sell-Buy back

i. Buyback

Initiator Bank will send a RECEIPT AGAINST PAYMENT (MT541) specifying in the SAFE:

Initiator Bank/Free Own Account Type/Shareholder-Bank Initiator

The reference of the DELIVERY AGAINST PAYMENT of the original sell instruction must be sent in this SWIFT in the related reference.

Purchaser Bank will send a DELIVERY AGAINST PAYMENT (MT543) specifying in the SAFE:
Purchaser Bank/Free Own Account Type/Shareholder Purchaser Bank

Debit: Purchaser Bank/Free Own Account Type/Shareholder Purchaser Bank

Credit: Initiator Bank Invest/ Free Own Account Type/Shareholder-Bank Initiator

- These instructions will settle in the Midclear LOM like all other local operations and according to the rules. Please note that the last settlement cycle from Monday to Thursday is 1:45pm and on Friday is 11:45am.
- For the above DELIVERY AGAINST PAYMENT/RECEIPT AGAINST PAYMENT instructions the following must be added to the SWIFT in addition to :22F::SETR//TRAD:
:22F::BENE//YBEN which indicates a change of beneficial ownership
- For the above DELIVERY AGAINST PAYMENT/RECEIPT AGAINST PAYMENT instructions, the following must be added to the SWIFT:
:70E::SPRO//SBSB//REVR//

ii. Collateral

Initiator Bank will send a delivery Free No Matching (MT542) instruction to Midclear instructing the latter to transfer the Collateral amount from his blocked account back to his free account. The reference of the DELIVERY AGAINST PAYMENT of the original sell instruction must be sent in this SWIFT in the related reference.

Debit: Initiator Bank Invest/ Own Blocked Account/Shareholder-Bank Initiator

Credit: Initiator Bank Invest/ Own Free Account/Shareholder-Bank Initiator

- The following must be added to the SWIFT for each Collateral transfer in addition to :22F::SETR//OWNE:
:22F::COLA//SBSB which indicates a collateral movement due to a Securities Buy Sell Back
- Or
- The following must be added to the SWIFT for each collateral transfer:
:70E::SPRO//COLA//SBSB//

Example SWIFT Messages:

1. MT542 DELIVERY FREE – To be sent by Initiator Bank for collateral movement

:16R:GENL
:20C::SEME//MESSAGE-REFERENC
:23G:NEWM
:16R:LINK
:20C::RELA//Reference of the Original DELIVERY AGAINST PAYMENT
:16S:LINK
:16S:GENL
:16R:TRADDET
:98A::TRAD//20080526
:98A::SETT//20080528
:35B:ISIN LBCU12001220
ISIN Description
:16S:TRADDET
:16R:FIAC
:36B::SETT//FAMT/1,
:97A::SAFE//Market Code/ Initiator Bank Member Code/Account Type/Shareholder No
:16S:FIAC
:16R:SETDET
:22F::SETR//OWNE
:22F::COLA//SBSB
:16R:SETPRTY
:95R::REAG/MIDR/ Initiator Bank Member Code/Account Type
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//MIDRLBBE
:16S:SETPRTY
:16S:SETDET

2. MT543 DELIVERY AGAINST PAYMENT – Used by the Initiator Bank

:16R:GENL
:20C::SEME//MESSAGE-REFERENC
:23G:NEWM
:16S:GENL
:16R:TRADDET
:98A::TRAD//20080526
:98A::SETT//20080528
:35B::ISIN LBCU12001220
ISIN Description

The following line should only be present for the DELIVERY AGAINST PAYMENT sent by Initiator Bank on the date of the Sell:

:70E::SPRO//SBMATU//20090520//SBSB//ORIG//
:16S:TRADDET
:16R:FIAC
:36B::SETT//FAMT/1,
:97A::SAFE// Market Code/ Member Code/Account Type/Shareholder No
:16S:FIAC
:16R:SETDET
:22F::SETR//TRAD
:22F::BENE//YBEN
:16R:SETPRTY
:95R::REAG/ MIDR/Member Code
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//MIDRLBBE
:16S:SETPRTY
:16R:AMT
:19A::SETT//USD1,
:16S:AMT
:16S:SETDET

3. MT541 RECEIVE AGAINST PAYMENT – Used by the Purchaser Bank

:16R:GENL
:20C::SEME//MESSAGE-REFERENC
:23G:NEWM
:16S:GENL
:16R:TRADDET
:98A::TRAD//20080526
:98A::SETT//20080528
:35B:ISIN LB0000000000
ISIN Description

The following line should only be present for the RECEIPT AGAINST PAYMENT sent by Purchaser Bank on the date of the Sell:

:70E::SPRO//SBMATU//20090520//SBSB//ORIG//
:16S:TRADDET
:16R:FIAC
:36B::SETT//FAMT/1,
:97A::SAFE// Market Code/ Member Code/Account Type/Shareholder No
:16S:FIAC
:16R:SETDET
:22F::SETR//TRAD
:22F::BENE//YBEN
:16R:SETPRTY
:95R::DEAG/MIDR/ Member Code
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//MIDRLBBE
:16S:SETPRTY
:16R:AMT
:19A::SETT//USD1,
:16S:AMT
:16S:SETDET

4. MT543 DELIVERY AGAINST PAYMENT – Used by the Purchaser Bank

:16R:GENL
:20C::SEME//MESSAGE-REFERENC
:23G:NEWM
:16S:GENL
:16R:TRADDET
:98A::TRAD//20080526
:98A::SETT//20080528
:35B::ISIN LBCU12001220
ISIN Description

The following line should only be present for the DELIVERY AGAINST PAYMENT sent by Purchaser Bank on the date of the Sell:

:70E::SPRO//SBSB//REVR//
:16S:TRADDET
:16R:FIAC
:36B::SETT//FAMT/1,
:97A::SAFE// Market Code/ Member Code/Account Type/Shareholder No
:16S:FIAC
:16R:SETDET
:22F::SETR//TRAD
:22F::BENE//YBEN
:16R:SETPRTY
:95R::REAG/ MIDR/Member Code
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//MIDRLBBE
:16S:SETPRTY
:16R:AMT
:19A::SETT//USD1,
:16S:AMT
:16S:SETDET

5. MT541 RECEIVE AGAINST PAYMENT – Used by the Initiator Bank

:16R:GENL
:20C::SEME//MESSAGE-REFERENC
:23G:NEWM

The following sequence should only be present for the RECEIPT AGAINST PAYMENT sent by Initiator Bank on the maturity of the Sell-BuyBack:

:16R:LINK
:20C::RELA// Reference of the Original DELIVERY AGAINST PAYMENT
:16S:LINK
:16S:GENL
:16R:TRADDET
:98A::TRAD//20080526
:98A::SETT//20080528
:35B:ISIN LB0000000000
ISIN Description

The following line should only be present for the RECEIPT AGAINST PAYMENT sent by Initiator Bank on the date of the Sell:

:70E::SPRO//SBSB//REVR//
:16S:TRADDET
:16R:FIAC
:36B::SETT//FAMT/1,
:97A::SAFE// Market Code/ Member Code/Account Type/Shareholder No
:16S:FIAC
:16R:SETDET
:22F::SETR//TRAD
:22F::BENE//YBEN
:16R:SETPRTY
:95R::DEAG/MIDR/ Member Code
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//MIDRLBBE
:16S:SETPRTY
:16R:AMT
:19A::SETT//USD1,
:16S:AMT
:16S:SETDET

6. MT599

The following MT599 is sent to both counterparties only in the original sell and buy:

20: Transaction Reference Number

123456789

21: Related Reference

<Related Reference>

79: Narrative

We hereby confirm that the Collateral with Face Value of USD<AMOUNT>(US Dollars <AMOUNT IN TEXT>) representing the security issued by the <NAME OF ISSUER> (ISIN: LBXXXXXXXXXX – <SECURITY DESCRIPTION> has been debited from <SELLER NAME> Account with Midclear as a guarantee of the sell/buyback transaction, and has been deposited in <SELLER NAME> Blocked Account pending the settlement of the future purchase of the <SECURITY TYPE>. In the event <SELLER NAME> fails to buyback the <SECURITY TYPE>, Midclear shall receive a written confirmation from <BUYER NAME> stating the failure and therefore <BUYER NAME> will have the right (as a penalty which cannot be reduced even by the competent courts as it has been previously agreed upon between the parties) to assign, transfer or in general dispose of the Collateral as it solely deems fit. In the event <BUYER NAME> fails to deliver the above mentioned <SECURITY TYPE> on the agreed upon maturity date even though <SELLER NAME> has executed any and all its obligations under the sell/buy back transaction dated DD/MM/YYYY, Midclear will automatically release the <SECURITY TYPE> from the Blocked Account to <SELLER NAME> Free Account. Upon the successful settlement of the future buyback of the <SECURITY TYPE>, <SELLER NAME> shall be deemed relieved of its Collateral commitment and all <SECURITY TYPE> held in the Blocked Account shall be re-credited to <SELLER NAME> Account with Midclear.

*End of Message