Proposal to incorporate Transfer events into FpML

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# Background

## Expand coverage of FpML business events

Following the goal to expand the coverage of business events in FpML, taking inputs from the CDM models but adapting them in order to be consistent with the overall FpML framework, this proposal introduces a new Transfer event.

The FpML Architecture Working Group (AWG) decided to publish this proposal as an FpML extension since it is not currently clear how to include this event into the overall FpML framework.

## Review CDM events and provide feedback

As previously discussed with observation and reset events, CDM is reviewed and feedback is given to improve the development of the CDM models. The goal of this proposal, then, is also to provide feedback on the CDM for transfer events.

Harry McAllister, from BNP Paribas, originally brought this proposal to the AWG.

# Implementation

The transfer event is modelled in a separate extensions namespace and it is integrated into FpML using the fpml:additionalEvent substitution group.

## TransferEvent

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The proposed transfer event in FpML is similar to the ISDA CDM transfer event. The FpML Architecture Working Group included a reference to the trade by embedding a partyTradeIdentifier structure and a transfer event within a new instructionNotificaiton message.

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TransferEvent would be used in this extension as an event included in a new instructionNotification message, of complexType InstructionNotification. This extends correctableRequestMessage, and includes partyTradeIdentifier of PartyTradeIdentifier type, transferEvent and PartiesAndAccounts.model.

TransferEvent contains a sequence with elements settlementDate, a choice between security transfer (with optional cashTransfer) and cashTransfer, and an optional settlementInstruction. settlementDate is a unique and mandatory element created with the xsd:date type. cashTransfer and securityTransfer are customized subevents with created CashTransfer and SecurityTransfer complexTypes. If securityTransfer appears in the transfer, then a deliveryMethod must be chosen, in order to specify the delivery method for the securities. This is an enumeration with two values: DeliveryVersusPayment and FreeOfPayment.

SecurityTransfer includes two group references: Deliverer.model and Receiver.model for deliverer and receiver parties and optionally accounts.

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SecurityTransfer adds a unique and mandatory security element of new complexType Security in the part of its choice, with the security being transferred as a TransferableAsset.model which includes an asset element representing the security of type GenericAsset and a choice between element quantity of type xsd:positiveInteger being the number of securities and an element nominalAmount of type Money being the collateral nominal amount and the optional previous quantity.

This part of the choice allows to specify optional elements: an element cashTransfer of type CashTransfer and a unitPrice of type PositiveDecimal that would be the single monetary price of the security transferred.

CashTransfer contains a unique and mandatory PayerReceiver.model, which includes Payer.model and Receiver.model. It also has a mandatory element paymentAmount, of type Money.

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settlementInstruction is of type SettlementInstructionSimple and appearing a maximum of twice, one possible for each of the parties involved in the transfer. SettlementInstructionSimple is a new type including the partyReference of type PartyReference and its settlementMethod of type SettlementMethod, and then the sendInstruction of type CanonicalBoolean, which is a flag to indicate if there is an instruction to send the message to the indicated party via an external settlement mechanism as SWIFT.

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# Examples

See transfer\_collateral\_cash\_sec\_inst\_not.xml