

# FUNCTIONAL DESCRIPTION

## SERVICES

Version - 12



**INTERBOLSA**

A EURONEXT COMPANY

## Functional Description - Contents

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## ACRONYMS

AWAS - Available With no Additional Status

BATM - Bilaterally Agreed Treasury Management

BdP - *Banco de Portugal* (Bank of Portugal)

BIC - Business Identifier Code

CAEV - Corporate Action Event Indicator

CBO - Central Bank Operations

CCP - Central Counterpart

CET - Central European Time

CGD - *Caixa Geral de Depósitos*

CFI - Classification of Financial Instruments

CMB - Credit Memorandum Balance

CMVM - *Comissão do Mercado de Valores Mobiliários* (Portuguese Securities Market Commission)

CoSD - Conditional Securities Delivery

CSD - Central Securities Depository

CSDR - Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July

DCA - Dedicated Cash Account

DCP - Directly Connected Party

DFP - Delivery free of payment

DVP - Delivery versus payment

DWP - Delivery with payment

EOD - End-of-Day

FISN - Financial Instrument Short Name

FGD - *Fundo de Garantia de Depósitos* (Deposit Guaranty Fund)

FOP - Free of payment

GUI - Graphical User Interface

ICP - Indirectly Connected Party

IPSC - *Entidade Prestadora de Serviços de Custódia* (Institution Provider of the Custody Service)

ISD - Intended Settlement Date

ISIN - International Securities Identification Number

ISO - International Organization for Standardization

LTO – Liquidity Transfer Operations

MTF - Multilateral Trading Facility

NCB - National Central Bank

NNA – National Numbering Agency

NTS - Night-Time Settlement

OPA - *Oferta Pública de Aquisição* (Takeover Bid)

OPS - *Oferta Pública de Subscrição* (Public/Private Offering for Subscription)

OPV - *Oferta Pública de Venda* (Public/Private Offering)

PFoD - Payment Free of Delivery

RD - Record Date

RFP - Receive free of payment

RVP - Receive versus payment

RWP - Receive with payment

S.A. - *Sociedade Anónima* (Limited Liability Company)

SD - Settlement Day

SFI - *Sistema de Fundos de Investimento* (Investment Fund System)

SII - *Sistema de Indemnização ao Investidor* (Investor Compensation Scheme)

SLME - *Sistema de Liquidação em Moeda Estrangeira* (Non-Euro Currency Settlement System)

SLrt - *Sistema de Liquidação em Tempo Real* (Real Time Settlement System)

SPME - *Sistema de Pagamentos em Moeda Estrangeira* (Non-Euro Currency Payment System)

SSS - Securities Settlement System

STD - *Sistema de Transferência de Dados* (Data Transfer System)

SWIFT - Society for Worldwide Interbank Financial Telecommunication

TARGET - Trans-European Automated Real-time Gross Settlement Express Transfer system

TDN - Trade Date Netting

T2S - TARGET2-Securities

UDFS - User Detailed Functional Specifications

WET - Western European Time



## 1. INTRODUCTION

### 1.1 OBJECTIVE

The aim of this document is to present a general functional description of the activities, such as custody and settlement services and all other services, provided by INTERBOLSA.

### 1.2 OVERVIEW OF THE FUNCTIONS

**INTERBOLSA – *Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.***

With the publication and coming into force of the Decree-Law No 394/99, of October 13 <sup>(1)</sup>, INTERBOLSA – *Associação para a Prestação de Serviços às Bolsas de Valores*, a not-for-profit civil association, was transformed into INTERBOLSA - *Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.*, assuming the form of a public limited company.

#### **Purpose**

The purpose of INTERBOLSA - *Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* (hereinafter referred to as INTERBOLSA) is the management of securities settlement systems and of centralised securities systems.

According to the applicable legislation, INTERBOLSA, while acting as a Management Company for centralised securities systems, cannot render services of securities markets management.

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<sup>(1)</sup> Decree-Law no. 394/99, of October 13 was revoked by Decree-Law no. 357-C/2007, of October 31.

## Legal regime

Currently, INTERBOLSA is ruled by its By-Laws, by the Law No 35/2018, of 20<sup>th</sup> July, by the Regulation (EU) No. 909/2014, of 23<sup>rd</sup> July (abbreviated CSDR), by the Portuguese Securities Code (Código dos Valores Mobiliários) and by the Portuguese Commercial Companies Code (Código das Sociedades Comerciais).

## Share capital and Shareholders

The share capital of INTERBOLSA is five million and five hundred thousand Euros represented by five million and five hundred thousand registered dematerialised shares with nominal value of one euro. This capital is wholly owned by its sole shareholder, Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.

## Functions

INTERBOLSA, as a Central of Securities Depository (CSD), has the following functions:

(a) The organisation and management of centralised securities systems with the aim to ensuring the main services referred to in the Annex to Regulation (EU) No 909/2014 of July 23 (CSDR) for:

- a1) the provision of services related to the initial registration of securities in a centralised registration system ("account-taking service");
- a2) the structuring and administration of centralised securities systems (1st registration level) ("centralised registration system administration service").

(b) The organisation and management of securities settlement systems with the aim to ensure the provision of the main services referred to in the Annex to Regulation (EU) No. 909/2014 on the management of securities settlement systems ("settlement service"), in particular, the transfer of money associated with the transfer of securities or the inherent rights and guarantees relating to transactions in securities.

According to Regulation (EU) No 909/2014, INTERBOLSA may also provide auxiliary non-banking services which do not involve any credit or liquidity risks, as well as ancillary banking services foreseen in Section B of the Annex, under the terms of the authorisation granted by the Competent Authority. Among the auxiliary services related to account registration services and administration of centralised registration systems it is to be noted its function as the National Numbering Agency for the assignmen of ISIN codes, as defined by the ISO (International Organization for Standardization) in its ISO 6166 standard, as well as CFI (Classification of Financial Instruments) codes, according to ISO 10962 and Financial Instrument Short Name (FISN) codes, ISO standard 18774.

### **1.3 OPERATING DAYS AND HOURS**

The closing days of INTERBOLSA's services are disclosed annually in INTERBOLSA's web site (<http://www.interbolsa.pt>) and are currently the same as of TARGET2 (Trans-European Automated Real Time Gross Settlement Express Transfer System) closing days, except for May 1.

The closing days (timetable) and the operating hours of INTERBOLSA's services are available in INTERBOLSA's web site ([link](#)).

### **1.4 CURRENCY**

INTERBOLSA accepts payments in Euro (EUR) and in other currencies eligible in the SLME (Non-Euro Currency Settlement System).

The eligible currencies are listed in INTERBOLSA's web ([link](#)).

The non-Euro currency settlement system uses a foreign currency payment system, the Non-Euro Currency Payment System (SPME), operated by Caixa Geral de Depósitos S.A. (CGD), for the financial settlement of transactions and corporate action payments that use other currencies than euro, configuring a "Commercial Bank Money" settlement.

## 2. SECURITIES

### 2.1 IDENTIFICATION OF SECURITIES

The securities issued at INTERBOLSA are identified in the systems of INTERBOLSA by a local code (known as CVM code or “*Código da Central*”) and an ISIN code. The securities issued in other depositories that can be transferred to INTERBOLSA through investor-CSD links do not have a local code and are identified only by the ISIN code. The local code is a nine-character mnemonic code.

#### Format of the local code

The local nine-character code has several sub-fields, each with a specific meaning as described by the following figure.

**E E E Y T T D I S**

- |       |   |
|-------|---|
| E E E | - Three-character code identifying the issuer (the first is an alpha character and the rest are alphanumeric characters)  |
| Y     | - One alphanumeric character identifying the issue or series within an issue. May also be blank                           |
| T T   | - The first character is alphanumeric and the second is an alpha character, that define the type and form of the security |
| D     | - Currently not in use; filled with blank   |
| I     | - One alpha character identifying bonus rights processing status ('D' or blank)   |
| S     | - One alpha character identifying subscription rights status ('D' or blank)   |

### 2.2 ELIGIBLE SECURITIES

The securities eligible for the systems managed by INTERBOLSA are fungible, materialised or dematerialised securities issues, as follows:

- Shares;
- Rights issues;

- Warrants and other structured and detachable securities;
- Investment fund units;
- Certificates;
- Deb instruments:
- Government debt;
- Private bonds;
- Participation bonds;
- Reverse convertibles (by issuer’s option);
- Securities with mandatory conversion;
- Commercial Paper.

The registration of securities holdings in the accounts is done in units (UNIT) for shares and other equity instruments and in amount (FAMT) for bonds and other debt instruments. Debt instruments are always registered in the originally issued amount and a pool factor is used to indicate the value of the holding when partial redemptions have occurred.

### 2.3 TYPE AND FORM

The types of securities handled by INTERBOLSA’s systems are:

<b>Equities</b> (including ordinary shares, preferred and preference shares, convertible shares, redeemable preferred shares, non-voting preferred shares) – Securities representing an ownership interest in an entity or pool of assets.
<b>Debt instruments</b> (including private and public bonds, cash bonds, participation bonds, convertible bonds, bonds with warrants attached, medium term notes, money market instruments, structured instruments, mortgage-backed and asset-backed securities) – Securities evidencing monies owed by the issuer to the holder on terms as specified.
<b>Collective Investment vehicles</b> (including standard/vanilla investment and mutual funds, exchange traded funds, capital venture funds) – Securities representing a portion of assets pooled by investors run by a Management Company whose share capital remains separate from such assets.
<b>Entitlements</b> (including bonus rights, subscription rights, splitting rights, merger rights, reduction rights, certificates, warrants) – Securities providing the holder with the privilege to subscribe or to receive specific assets in specified terms.

The form of representation of securities can be one of the following:

<b>Dematerialised securities</b>	Securities which exist only in a dematerialised form. This type of securities represents more than 90% of all the securities issues held in the Central Securities Depository, excluding warrants and certificates.
<b>Certificated securities</b>	Securities issued in certificate form. Unless forbidden by law or by the company's statutes, an issuer of certificated securities may decide to dematerialise them, but the period of time for conversion must not exceed one year.

The form of registration of ownership of the securities can be one of the following:

<b>Bearer securities</b>	Securities for which ownership need not be notified to the issuer. Currently, in Portugal, bearer securities are not allowed. The only exception is the Portuguese public debt, see Decree-Law no. 81-B / 2017, of July 7).
<b>Registered securities</b>	Securities for which the issuer has the right to be informed of the identity of the beneficial owners.

INTERBOLSA is the Securities Maintaining Entity (SME) in the T2S platform for all securities issued at INTERBOLSA, being responsible for the maintenance of the static data.

A special form of entitlement can exist in some situations, like in subscriptions, where the subscribed securities in a capital increase are not yet true securities until the legal steps have been completed. This entitled position, resulting from the exercising of the subscription rights, is registered in the participant's securities accounts as provisional certificates ("cautelas" – entitlement notes) under an ISIN code. The provisional certificates are identified by INTERBOLSA in the T2S platform with a Market Specific Attribute (MSA).

Each day, after the End of Day (EOD), INTERBOLSA makes available to its participants a file with the static data and attributes of the securities, including the identification of the provisional certificates ("cautelas") that will be available for next settlement day - VM-SOD (Securities Information - Start of Day) file. After the EOD, INTERBOLSA also provides the VM-VAL file with the securities valuation, which is used for the purpose of calculating the maintenance fees.

### ISIN codes

INTERBOLSA, acting as the National Numbering Agency (NNA) for Portugal, assigns ISIN, CFI and FISN codes for all the securities under its codification responsibility.

Detailed information on NNA services is available in INTERBOLSA's Web site, section "Services" and in the chapter 13 of this document.

For detailed information on ISIN codification, please, consult INTERBOLSA Regulation No. 10/2003 and section 13 - National Numbering Agency, of the present document.

### 3. PARTICIPANTS

In order to access the systems managed by INTERBOLSA the financial intermediaries and other entities must become participants, or affiliates, which is done by applying for affiliation in accordance with the rules set forth in the INTERBOLSA Regulation No. 1 / 2016.

The requirements to be fulfilled by applicants to become affiliates of INTERBOLSA (Article 4 of the Regulation) are the following:

- Possess the technical and operational conditions, as well as human resources, determined by INTERBOLSA, necessary to access to the Systems managed by INTERBOLSA and to the platforms to which INTERBOLSA has established a connection, as is the concrete case of T2S platform, and to ensure their functioning in conditions of efficiency and safety;
- Enter into an agreement with INTERBOLSA according to the standard agreement annexed to INTERBOLSA'S Regulation No. 1/2016;
- Be registered, being the case, at the CMVM – *Comissão do Mercado de Valores Mobiliários* (the Securities Market Commission, abbreviated as CMVM), or obtain the necessary and adequate recognition to operate in Portugal;
- Communicate to INTERBOLSA, one cash account opened in TARGET2 platform, and one or several cash account(s) opened in the T2S platform (those designated T2S *Dedicated Cash Accounts*);
- Pay the affiliation fee.

The requirements mentioned above are considered prerequisites for obtaining and maintaining the quality of INTERBOLSA's affiliate.

For the purposes of submitting an application to become a participant, INTERBOLSA provides the requesting entities with a complete and detailed dossier containing the various required documents and information that is needed. The provided information must contain, particularly, the company's statutes and annual reports on the participant's activity. INTERBOLSA also provides the necessary forms that must be filled in by a participant, either in the quality of a Directly Connected Party (DCPs) or as an Indirectly Connected Party (ICPs) of the T2S platform, as specified below.

In the context of the management of the securities settlement systems by INTERBOLSA and of the participation of this managing entity in the TARGET2-Securities (T2S) platform, INTERBOLSA's securities settlement systems participants, can assume the quality of a participant with a direct connection (DCP - Directly Connected Party) or an indirect connection (ICP - Indirectly Connected Party) to the referred settlement platform, being both participants subject to the supervision and oversight of INTERBOLSA.

- **Indirectly Connected Parties (ICPs)**

Participants with an indirect technical connection to the T2S platform (ICPs) that use the current connection to the local systems of INTERBOLSA, through the communication channels provided by this managing entity, to access the T2S platform through those systems.

- **Directly Connected Parties (DCPs)**

Participants with a direct technical connection to the T2S platform (DCPs) that have an access to communicate with the referred platform to access the settlement services and other related services. The contractual relationship in respect of the participation in INTERBOLSA's systems, including the participation in the T2S platform, continues to be exclusively with INTERBOLSA. DCPs must also keep a direct technical connection to INTERBOLSA local systems for specific services.

To obtain the authorisation to act as a participant with a direct connection to the T2S platform (DCP), the requesting participant should perform the following:

- Obtain and maintain the quality of affiliate in INTERBOLSA's systems, under the terms of the Regulation No. 1/2016;
- Establish and maintain a technical connection for the communication with the T2S platform, through one of the service providers selected for this effect;
- Obtain from the Eurosystem the necessary certification as a participant that is technically capable to communicate directly with the T2S platform;
- Obtain from Interbolsa the necessary authorisation to act as DCP, as well as the configuration of the necessary access rights to the referred platform and the type of authorised services;
- Maintain a connection to Interbolsa's local systems for other CSD services such as corporate actions and other complementary settlement related services.



Both DCPs and ICPs are configured by INTERBOLSA in the T2S platform, which are distinguished by having different access rights, roles and privileges.

Entities in other European Union member states, as well as entities of non-European Union countries, may become INTERBOLSA's participants as long as they fulfill the above mentioned requirements for membership.

A participant may be suspended (see Article 9 of that Regulation) on its own initiative or by INTERBOLSA, and the affiliation may be terminated (see Article 10 of the Regulation) in the following situations:

- Failure to comply with the obligations imposed on the members;
- At the request of the affiliate;
- If, at the end of a suspension period, the reasons that determined it still remain;
- If affiliation requirements are no longer met.

INTERBOLSA discloses in its Internet portal (<http://www.interbolsa.pt>) the various informations related to the admission, suspension and cancellation of a participant.

### **Participants' identification**

INTERBOLSA identifies its participants within its systems by a local code, a three-digit numeric code ("nnn") and also by a BIC code.

In T2S platform, INTERBOLSA's participants are identified by two BIC codes, the participant's BIC-11 in combination with INTERBOLSA's BIC-11 (IBLSPTPPXXX - Parent BIC).

ICPs communicating through STD using proprietary messages and/or files may use the INTERBOLSA's three-digit local code or the BIC-11 to identify itself and the counterparties, as both codes are accepted by STD. ICPs using ISO 15022 messages through SWIFT network must use the BIC-11 to identify itself and the counterparties.

On the other hand, DCPs, communicating directly with T2S through ISO 20022 messages (A2A) or via T2S GUI (U2A) using an approved network provider, SWIFT or SIA/COLT, have to indicate the two BIC-11 codes (participant BIC-11 plus parent BIC-11), to identify itself and the counterparties.

Since the DCPs communicate directly with the T2S platform for settlement services, INTERBOLSA will need information of the chosen network service provider (SWIFT or SIA/COLT) as well as the technical destination addresses used for communication of the messages sent to the T2S platform as part of the participant static data. This data is needed for the correct configuration of the connectivity with T2S platform.

In order to collect the necessary static data related to the DCPs and ICPs, INTERBOLSA makes available specific forms to be filled in by the participants:

- Form 001 - Parties (ICP);
- Form 002 - Parties (DCP).

These forms have a common section of information for the identification of the Party:

- Party Identification Code;
- Party Name;
- Party Address;
- Party Contacts.

The Form 002 has additional information related to DCPs:

- Connection to T2S (A2A/U2A; Value-Added Network Service Provider);
- Technical Address;
- Default Routings;
- Administrator User (Login Name; Name; System User Reference);
- User's Distinguished Name (Certificate Distinguished Name; Default);
- Access Rights Management - Roles to be granted by INTERBOLSA.

## 4. SECURITIES ACCOUNTS

### 4.1 SECURITIES ACCOUNTS

Each participant must request INTERBOLSA to open securities accounts, as many as necessary for the execution of its activity and to abide with the segregation needs.

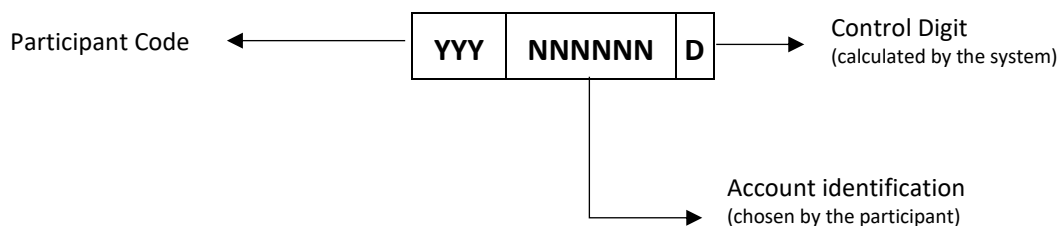
The participant shall also request INTERBOLSA to open direct holding accounts in relation to the securities belonging to the entities referred to in Article 35 of CMVM Regulation No. 14/2000 on Securities Registration Systems.

INTERBOLSA is responsible for the configuration of the securities account structure, including the opening, updating and deletion of its participants' securities accounts in accordance with the request of and the information provided by its participants. Therefore, for any maintenance of their securities accounts, INTERBOLSA's participants must send a request by e-mail to INTERBOLSA's Operations team, filling up for that purpose a form that is made available by INTERBOLSA (Form 003 – Securities Accounts).

#### Participants' Securities Account numbering

Participants' securities accounts at INTERBOLSA are identified by a 10-digit account number that has the following format: **nnnxxxxxy** that contains:

- Three-digit participant code (**nnn**);
- Six-digit account identification number (**xxxxxx**); and
- One check digit (**y**).



The account **YYY 9 9 9 9 9 5 d** (default account) is used in the registration of the securities and other services.

In the T2S platform, the securities account numbers are composed of 35 characters: the first four represent the BIC-4 code of the participating CSD ('IBLS' for INTERBOLSA), and the remaining 31 positions are free text.

INTERBOLSA has adopted the following T2S account number structure:

- CSD Identification: INTERBOLSA's BIC-4 ('IBLS') (4 characters);
- Participant's identification: Participant's BIC-11 (11 characters);
- Account type: 'SA' – Securities Account (2 characters);
- Unused positions filled with zeros (8 digits); and
- Participant's securities account number at INTERBOLSA (10 digits).

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35
IBLS				Participante BIC-11											SA		Zeros								YYY.NNNNNN.D									

\*SA – Securities Account

**Example:**

INTERBOLSA's participant code:	<b>999</b>
Participant's BIC-11:	<b>ABCDEFGHIHXXX</b>
Participant's securities account number at INTERBOLSA:	<b>9999999950</b>
Participant's securities account number at T2S:	<b>IBLSABCDEFGHIHXXXSA000000009999999950</b>

All the participants' securities accounts opened at INTERBOLSA are mapped one-to-one into accounts in T2S platform using the above mentioned T2S account numbering scheme. Daily INTERBOLSA makes available the "Securities Accounts (SACs)" file, via STD application, with the information of the participant's securities accounts.

ICPs communicating with Interbolsa using ISO 15022 messages through the SWIFT network have to indicate in the messages the account numbering adopted by INTERBOLSA (10 digits).

DCPs communicating directly with T2S using ISO 20022 messages have to indicate in the messages the T2S account numbering adopted by INTERBOLSA (35 digits).

## Tax Classification of Securities Accounts

The accounts opened at INTERBOLSA may contain tax classification information attached to them. This is mandatory for accounts that hold issuers' own securities (Class E accounts). All other situations are used in a voluntary way by the participants to segregate its clients. INTERBOLSA maintains the tax classification information of the participants' securities accounts in the local system. Therefore, no tax classification information is created in T2S.

The following tables present the classification of the participant's securities accounts, by account type and tax situation.

### A - Account type:

Account Type	Resident in Portugal	Foreign citizen for the purpose of privatisations	Tax exempt according to the Law Decree no. 193/05
0	Yes	No	No
1	Yes	Yes	No
2	No	Yes	No
3	No	Yes	Yes
4	No	No	Yes
5	No	No	No

### B - Tax situation:

Tax Situation	Income tax (IRS/IRC)	Other taxes (IE)
A (*)	Not Exempt	Exempt
C	Exempt	Exempt
E	No income payment (**)	No income payment (**)
G	Not Exempt	Not Exempt
I	Exempt	Not Exempt
L	80% - IRS (***)	Exempt
M	70% - IRC (***)	Exempt
N	80% - IRS (***)	Not Exempt
O	70% - IRC (***)	Not Exempt

(\*) Default situation

(\*\*) Own securities held by the issuer

(\*\*\*) For residents in the Autonomous Region of Azores (Regional Legislative Decree no. 33/99/A)

### Segregation Account Type

INTERBOLSA maintains records and securities accounts that allows, in accordance with article 38 of the CSDR (Protection of Securities of participants and their clients), the segregation of the securities of the participant (OW - Own Account) from those of the participant's clients - mandatory segregation, as well as the voluntary segregation:

- Hold securities owned by different customers in a same securities account opened in the centralised system, (OM - Omnibus Client Account);
- Segregate in different securities accounts opened in the centralised system for individual clients, if and when requested by the participant (IS - Individual Client Account).

Segregation Account Type	Description
OW	CSD participant's own account
IS	CSD participant's client individual account
OM	CSD participant's clients omnibus account

On the other hand, INTERBOLSA's participants should also give to their clients, at least, the possibility to opt between omnibus client segregation and individual client segregation and inform them of the costs and risks associated with each option.

Segregation of individual customer assets:

- Assures an adequate level of segregation of securities between participant's own assets and assets of the participant's clients, and between the assets of the several clients of the participants;
- Recognises the effect of asset segregation, especially in a scenario of insolvency of a participant of the systems managed by INTERBOLSA, without prejudice to the procedures to be adopted in the event of insolvency of a participant;
- Facilitates the identification process and, where appropriate, the transfer of the securities to another participant, particularly in the event of insolvency, without prejudice to the provisions in the following paragraph and to the procedures to be followed in case of insolvency of a participant;

- Does not grant to the participant's client any rights, legitimacy or capacity to give direct instructions to INTERBOLSA in relation to any individual account maintained in his name or related to the securities held in it, even in the situation of participant's insolvency.

The opening, maintenance and closing of the securities accounts, either using "omnibus client segregation" or "individual client segregation", is the responsibility of the participant. The participant is responsible for the creation and operation of the securities accounts opened in the centralised system, based on the client's instructions and the mentions contained in the individual registration account opened in the participant's books. INTERBOLSA does not assume any type of responsibility namely towards the participant's client, nor gives any kind of guarantee.

In the event of insolvency of a participant, and taking into account the account segregation by client, INTERBOLSA only acts according to the instructions of the insolvency administrator, namely in what regards to the transfer of the securities registered in the client's accounts with 'individual client segregation' from the insolvent participant to another participant.

### **T2S Dedicated Cash Accounts**

For transactions with cash movement in a T2S eligible currency, the cash legs are settled in a Dedicated Cash Accounts (DCAs) opened by the National Central Bank (NCB) in the T2S platform. The NCBs are responsible for the opening, maintenance and cancellation of these T2S DCAs. These accounts are denominated in a specific T2S settlement currency and for Euro they must be linked to a RTGS account opened in the TARGET2 (T2) system (main RTGS account) for the End of Day (EoD) cash sweep. At the end of the day, any existing cash account balance is automatically transferred by T2S to the T2 RTGS account linked to the DCA, so that all DCAs have a zero cash balance at the close of each day.

INTERBOLSA will link every securities account with a T2S DCAs for the settlement of the instructions with a cash leg. Each participant must provide INTERBOLSA with the information of the DCA(s) opened in its name or in the name of another participant. The DCAs used for the cash settlements are opened at the Portuguese Central Bank (Banco de Portugal) or at another Central Bank participating in T2S. For that purpose, the participants must fill and send by email to INTERBOLSA's Operations team the Form 004 - Link - Securities Account (SAC) and Dedicated Cash Account (DCA).

For the cash settlement each securities account must be linked with at least one DCA:

- It is possible to link several securities accounts with one single DCA;
- It is possible to link one securities account with several DCAs; however, one DCA has to be defined as the default DCA (the DCA that will be used in case the DCA is not indicated in the settlement instruction);
- It is possible to link each securities account with one specific DCA (one specific securities account to a specific DCA);
- INTERBOLSA allows its participants to indicate a specific DCA to be used for Corporate Actions on Stocks and Corporate Actions on Flows. In this case, the proceeds of a cash distribution, in a T2S eligible currency, is credited or debited in the indicated DCA.

If a participant is acting as a paying agent for a corporate action and requires that the debit or credit of cash should take place in a specific DCA, it should request INTERBOLSA to link its default securities account (YYY999995x) to that specific DCA for such purpose. This is due to the fact that INTERBOLSA uses the default securities account in the corporate action settlement instructions for the paying agent.

## 4.2 SECURITIES ACCOUNTS POSITIONS

The securities positions in a securities account opened in INTERBOLSA' systems may be held in different situations within that same securities account, namely, available for settlement or blocked for specific purpose.

The following table contains the complete list of the different situations that can be used.

Situation	Description
AWAS	Available securities without additional status
BL02	Blocked for pending withdrawal
BL03	Blocked for pledge
BL04	Blocked for guarantee
BL09	Generic blocking
BL10	Judicial blocking
BL11	Blocked for settlement
BL24	Pledged to Investor Compensation Scheme (SII)
BL25	Pledge Execution in favour of Investor Compensation Scheme (SII)
BL26	Blocked for Corporate Actions (rights)
BL27	Blocked for FGD pledge
BL29	Blocked for funds redemption (order routing)



Situation	Description
COLL	Collateralised
COSP	Conditional Securities Delivery blocking
EA40	Earmarked for settlement
EA43	Earmarked Corporate Action outturn security
EXXX	Earmarked for Auto-collateralisation (all other currencies)
EEUR	Earmarked for Auto-collateralisation (EURO)
RE35	Reserved for settlement
AGGR	Aggregated - Total of the securities balances (AVAI, NAVL)
AVAI	Available (AWAS; EA40; EA43; EXXX; EEUR)
NAVL	Not-available (BL02; BL03; BL04; BL09; BL10; BL11; BL24; BL26; BL27; BL29; COLL; COSP; RE35)

Participants of INTERBOLSA will have access, whenever necessary, to the position of its securities accounts in real time, as follows:

- DCPs: have access to the balance of their securities accounts directly from T2S using ISO 20022 (A2A) messages or by using T2S-GUI (Securities/Securities Accounts/Securities Positions);
- ICPs: have access to the balance of their securities accounts through the STD (query POSqry).

INTERBOLSA provides its participants with information regarding the position of the securities accounts at two different times during the day:

- At the end of T2S settlement day (EOD), based on the information received from the settlement platform;
- After the physical settlement of the corporate actions occurred in the night-time-settlement (NTS) period of the T2S platform.

INTERBOLSA's participants may receive their securities accounts positions:

- **By downloading a file using STD:**
  - File POS-EOD - File with the securities account balances at the end of the previous settlement day;
  - File POS-CA - File that contains the changes in the positions of the securities affected by the physical settlement of corporate actions during the NTS;
  - File POSZ - File with the securities account balances for securities which were not migrated to T2S, namely debt instruments with maturity date before the migration

date (29/03/2016) and which were not redeemed by the insolvent Issuer;

- **By receiving ISO 15022 messages:**
  - MT535 (Statement of Holdings) message, if subscribed;
- **By receiving ISO 20022 messages:**
  - semt.002 message, sent directly by T2S to the DCPs, if subscribed.

## 5. CUSTODY SERVICES

### 5.1 ISSUE REGISTRATION

INTERBOLSA provides the service of issue registration to the issuer companies. This service is available to all issuers that are planning to integrate their securities in INTERBOLSA's systems in order to benefit from the services provided. This registration is generally optional but mandatory if the securities are to be listed on a regulated market.

The issuer (or the Issuer's legal representative) requests the registration of an issue by sending the necessary documentation to INTERBOLSA to identify the issuer and the securities issue in question. INTERBOLSA will analyse the provided information and assigns a security identification code (ISIN).

In some cases, the registration is carried out automatically, such as in the case of securities resulting from a corporate action on a securities issue already registered at INTERBOLSA or in the case of rights detached from an existing securities issue.

In case of a new registration, INTERBOLSA opens an issuer account in the centralised securities system in the name of the issuer with the quantity of securities issued. INTERBOLSA maintains this account, according to the information received from the issuer and as a result of corporate events that modify the characteristics or the quantity of the issued securities.

If the securities are issued in certificate form, safekeeping services are provided by INTERBOLSA. In each securities deposit the numbering of the certificates being deposited is validated against the valid bounds of the issue informed by the issuer, the list of securities already deposited in order to detect duplicate numbers, and also against a list of lost and stolen securities informed by the issuer or by the participants.

INTERBOLSA opens a sub-account of the issuer account that will register the quantity of securities not deposited or registered in the participants' accounts, which are, therefore, out of INTERBOLSA's control. This allows an automatic auditing of the issued securities by a daily checking that the total quantity issued is equal to the sum of the positions registered in the participants' securities accounts plus the quantity registered as not being under control of INTERBOLSA.

Dematerialised securities can also be recorded in the above mentioned sub-account of securities out of INTERBOLSA's control. This may result from a withdrawal for the purpose of listing in another foreign market

where certificates are needed or from a dematerialisation of a physical securities issue that was not totally deposited at INTERBOLSA when the conversion took place.

The issuers of registered securities integrated in the INTERBOLSA's centralised system can benefit from other services provided by INTERBOLSA, such as reporting of beneficial ownership information or automated corporate actions processing, besides the control of total quantity issued.

The registration of foreign securities issued in other CSDs (Issuer CSDs) is possible in the accounts at INTERBOLSA as long as a link, or other similar procedure exists that allows the transfer of securities between INTERBOLSA and the other depositories. This link can be either a direct link, a relayed link or an indirect link in case of an investor CSD not in T2S using an interlinking participant for the operability of the transfer of securities. The use of links is described in chapter 12 - Links with other CSDs and SSSs - and in other documentation specifically written for the links.

Direct links and relayed links are made operationally possible by the T2S platform. In a direct link INTERBOLSA becomes a participant of an investor CSD where an omnibus account is opened to hold the securities that are reflected in the securities accounts of participants at INTERBOLSA. The control of the circulation of foreign securities in Portugal is done by creating a mirror account at INTERBOLSA, which reflects the quantity of securities registered in the omnibus account at the investor CSD. Any cross-CSD transfer of securities is instructed directly by the intervening participants and T2S will automatically perform the realignment of the omnibus and mirror accounts.

For indirect links an interlinking participants will be required that will assume the responsibility of the control of the securities through this link by immobilising in an account at the investor CSD the securities that were transferred to Portugal and for the correct information given to INTERBOLSA for the securities movement. A special account, known as "Registration and control account" will be opened in the name of the interlinking participants and it will mirror the quantity of securities registered in a securities account at the foreign depository for the purpose of circulation in Portugal. Only INTERBOLSA can perform the securities movement in this account, according to the instructions given by the interlinking intermediary. The total of securities in the participant's securities accounts at INTERBOLSA must always be equal to the balance of this special account.

## 5.2 ISSUE CANCELLATION

The cancellation of securities issues registered in the Centralised Systems managed by INTERBOLSA can take place automatically, for example, in a corporate action processing when the maturity date is reached, or by issuer's or issuer agent's request. In the latter case the cancellation may be partial or total.

In the event of total cancellation INTERBOLSA sends to the T2S platform first a security restriction to block the ISIN code and requests information about all the positions in the securities accounts of its participants.

For dematerialised securities the settlement instructions are automatically generated and sent in real time to the T2S platform in order to cancel the securities positions in the securities accounts of the participants.

For physical securities vault procedures (detailed in the next section of the document) have to be completed in order to remove the securities from the vault and to cancel the securities positions. The centralised securities system generates automatically the settlement restrictions, which are sent in real time to the T2S platform to block the positions in the participants' securities accounts (BLO2) until the vault procedures are completed. The removed securities certificates are either destroyed by INTERBOLSA (in the event of extinction of the issue or a category of securities) or delivered to the participants with positions (in the event the issue or category of securities is just removed from the centralised system).

Information of all securities movements regarding the registration or cancellation of securities is provided to the participants through the STD – in a message "ISSUANC" (inscription of securities/credit and cancellation of securities/debit).

## 5.3 PHYSICAL SECURITIES - DEPOSITS AND WITHDRAWALS

The following documents that regulates the deposit and withdrawal processes are available at INTERBOLSA's web portal:

- INTERBOLSA Regulation No. 2/2016 - General operational rules of the centralised securities systems and of the securities settlement systems managed by INTERBOLSA
- INTERBOLSA Circular No. 2/2016 – Procedures of deposit and withdrawal of securities in certificate form

### 5.3.1 GENERAL

All services related to the safekeeping of physical securities are provided through INTERBOLSA's systems. The debits and credits in the participants' securities accounts related to settlement triggered by safekeeping operations are processed in the T2S settlement platform.

To ensure the safekeeping, deposit and withdrawal of certificates and control of physical securities INTERBOLSA operates a Central Vault, where the securities certificates are immobilised.

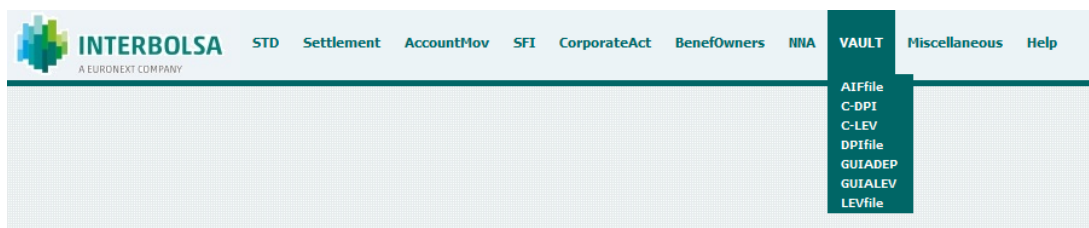
Pursuant to paragraph 2 of article 1 of INTERBOLSA Circular No. 2/2016, Banco Comercial Português (BCP) was contracted for acting as an Institution for the Provision of Custody Service (IPSC), and thus to carry out the provision of services and procedures for the safekeeping of physical securities.

However, INTERBOLSA continues to ensure:

- The management of the Central Vault;
- The procedures and handling of certificates related to the verification and updating of those certificates.

The handling of securities certificates in the process of deposit or withdrawal will be carried out at the Central Vault counters set up for this purpose and advertised by INTERBOLSA by Notice.

Deposits and withdrawals requests of securities certificates are entered in the system through the Data Transfer System (STD), using functions under the menu "Vault".



### 5.3.2 DEPOSIT OF CERTIFICATES

The deposit of securities certificates in the centralised securities systems can begin from the date of registration of the securities issue in the centralised system. According to the type of the certificates two different procedures are available:

- Deposit of a securities of an issue represented by multiple securities certificates;
- Deposit of a securities issue represented by a single Global Note.

**a) Deposit of a securities of an issue represented by multiple certificates:**

The participant enters through the STD the deposit instruction of the securities certificates - **Deposit of certificates - DPIfile**. This file is validated in real time as for the security identification and securities numbering (duplicates and out of bounds). Following a successful validation, the system issues a deposit note in two copies. If and whenever any irregularity is detected during the validation, the system issues a report to the participant with the information of the occurrence.

Once the deposit note has been received, the participant must immediately verify the information against the corresponding certificates. If any irregularity is detected by the participant, he must immediately cancel the the deposit instruction by sending, in the same day, another STD file with cancellation instruction.

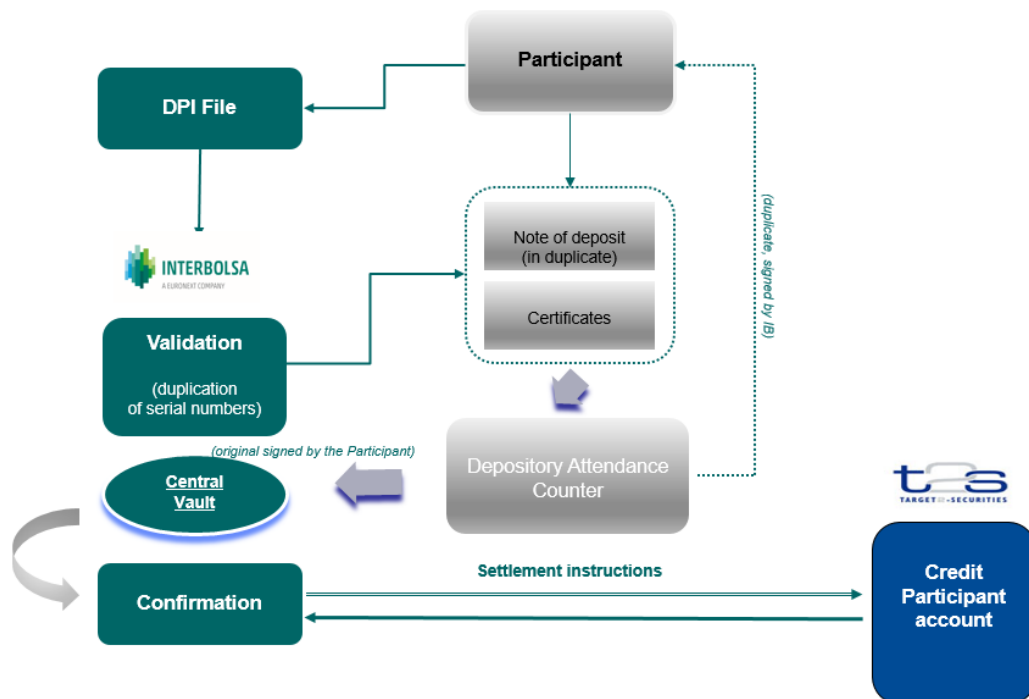
In case no irregularities were detected the participant must attach the certificates to the respective deposit note and deliver them at INTERBOLSA's Depository Attendance Counter (located both in Porto and in Lisbon), which will then forward the securities being deposited to the Central Vault.

The delivered certificates must be up to date, especially in what concerns the inherent patrimonial rights and indication of their entry to the deposit system, showing clearly the code of the participant, the date of deposit and the number of the securities account where those securities have been deposited.

Upon having received the securities certificates and a corresponding two copies of the deposit note, the Depository Attendance Counter must immediately forward them to the Central Vault.

The Central Vault verifies that the securities are in accordance to the deposit note, paying particularly attention to the serial numbers and patrimonial rights details, checking also the correct stamping regarding their integration into the deposit system. If no irregularities have been detected, the Central Vault will then confirm their reception in the system and deliver a copy of the deposit note to the participant. After confirmation a settlement instruction is generated and sent to T2S in order to credit the participant's securities account for the deposited securities.

## Deposit of Securities in Certificate Form



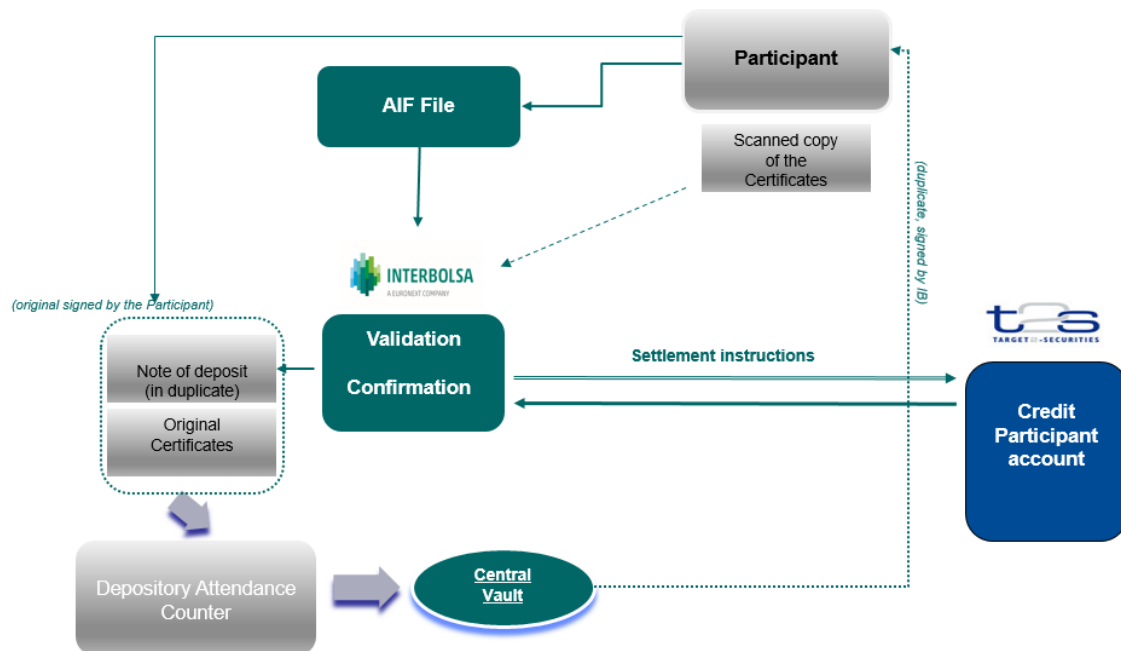
### b) Deposit of an issue represented by a single Global Note

For the deposit of securities represented by a Global Note the same procedures mentioned above are applied with the following modification:

- i) The delivery of the Global Note in the attendance counter of INTERBOLSA may be preceded by its submission in digitised format in order to allow its verification and validation by INTERBOLSA;
- ii) Following the reception of the **AIFfile** (global certificate deposit instruction) and a successful verification and validation, the system issues a deposit note in two copies. The system then generates settlement instructions and sends them to the T2S in order to credit the participant's securities account;
- iii) The delivery of the global certificate to the Depository Attendance Counter of INTERBOLSA (located in Porto and in Lisbon) may occur afterwards.



## Deposit of Securities in Certificate Form (Global Note)



### 5.3.3 WITHDRAWAL

The withdrawal of certificates deposited in the centralised securities systems is done by entering a withdrawal instruction into the system using the STD – **Withdrawal of certificates - LEVfile**, indicating: the participant identification code, the securities account, the securities code and the quantity of securities to withdraw.

After a successful validation of the security identification and of the account number, INTERBOLSA generates the corresponding withdrawal note, in two copies. A settlement instruction is generated and sent to the T2S in real-time in order to debit the securities in the participant’s account in the AWAS situation - Available With no Additional Status, and credit the account in a BL02 situation - Blocked for pending withdrawals.

Whenever the securities account does not have enough securities to settle the restriction instruction, INTERBOLSA sends a cancellation instruction to the T2S platform cancelling the withdrawal operation.

Once the withdrawal note has been issued the Vault must act accordingly by withdrawing the certificates from the Vault and sending them to the Depository Attendance Counter of INTERBOLSA (located in Porto and in Lisbon), accompanied with the necessary documents, which must include the withdrawal note and the securities certificates indicated in the withdrawal instruction, duly updated, namely regarding:

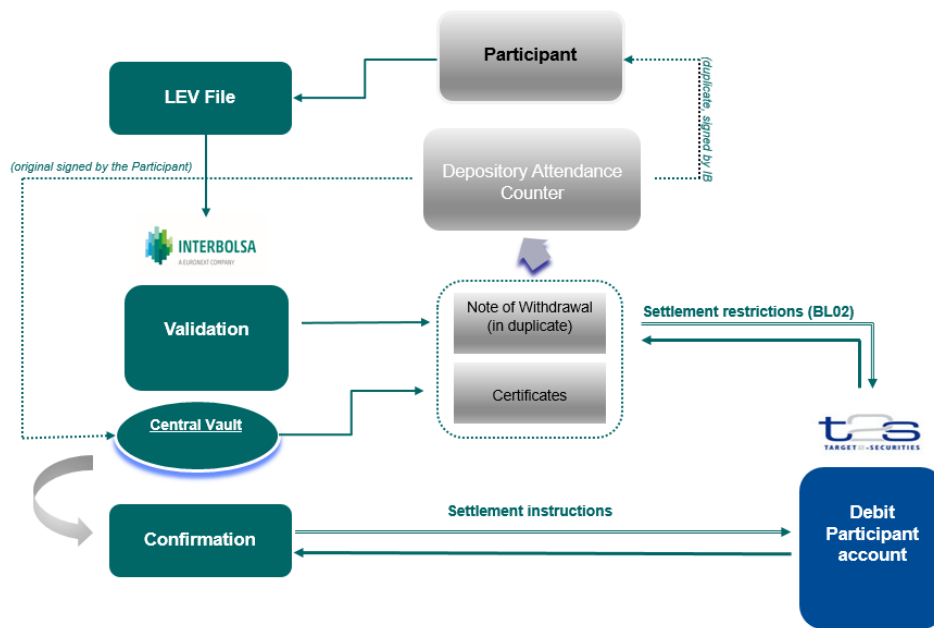
- The existing coupons or stamping valid at the time of the issuance of the withdrawal note:

- The correct stamping regarding their withdrawal from the deposit system

The withdrawn certificates are made available to the participant through the Depository Attendance Counter within seven working days after the withdrawal note has been received at the Vault. When receiving the withdrawn certificates, the participant must verify the certificates against the respective withdrawal note. If no irregularity is detected the participant confirms the reception of the certificates by signing the withdrawal note which is then sent to the Vault that will confirm the withdrawal in the INTERBOLSA’s system. The system will generate a settlement instruction and send it to the T2S in order to debit the restricted securities position (in BL02) in the participant’s securities account.

In case of irregularities the participant must attach the certificates to the respective withdrawal note and deliver them at the Depository Attendance Counter of INTERBOLSA which then forwards the documents to the Central Vault in order to correct the situation.

### Withdrawal of Securities in Certificate Form



## 6. CORPORATE ACTIONS

INTERBOLSA provides a set of services for processing of corporate actions for the issues registered at the centralised securities systems. All processing is completely automated as long as proper parameters are set up.

According to international standards, the "corporate actions on stocks" processed by INTERBOLSA can be subdivided into the following categories:

- **Distributions**

The distribution is an operation that does not affect the characteristics of the underlying security. The distributions could be in cash and/or securities. Currently, INTERBOLSA processes cash distributions (e.g., dividends, interests and other income payments) and securities distributions (e.g., bonus issues, rights detachment);

- **Reorganisations**

A reorganisation is an operation that changes the position held of the underlying security and/or the characteristics of that same security, including operations in which the underlying security is replaced by another, with different characteristics and/or by cash. The reorganisations can be:

- mandatory, when processed according to the definition of the Issuer, without the possibility of the investor to choose to participate or not in the corporate action;
- voluntary, when the investor elects to participate in the exercise;
- mandatory with options when the investor have the chance to choose several options.

INTERBOLSA assures the exercise of rights and other events related to the securities under its management. It also ensures the disclosure of these same events and related information, through queries, files, reports and messages.

### **Common procedures for all corporate actions:**

Following is a detailed description of the common procedures for all corporate actions processed by INTERBOLSA as an issuer CSD:

- Fifteen working days before the record date, INTERBOLSA shall receive the details of the corporate action, including all the key dates and informations, from the issuer or issuer agent. This communication should be done electronically using the communication channel available through INTERBOLSA's Portal, which

was set up specifically for the purpose of communication with the issuers. Alternatively, although not recommended, this information can be sent via e-mail.

- Until Record Date, INTERBOLSA shall communicate the details of the event to all its participants, including any investor CSD, using the following communication channels:
  - Electronic reporting – **CA notice**;
  - SWIFT messages – **MT564** – Corporate Action Notification;
  - STD messages – **NOTEVT** – Corporate Action Notification;
  - Through the STD file – **EDC**;

Note that, for debt securities, INTERBOLSA makes information available about the securities that is expected to have interest or redemption in the next month (PCJ file – STD); this information does not indicate the amounts to pay, only the record dates and payment dates.

- If static data is changed, INTERBOLSA updates the static data in the local system and in T2S;
- On Record Date, INTERBOLSA, based on the end-of-day (EOD) securities account positions calculates the corporate action entitlements.
- The rules used at domestic level for corporate action processing on securities issued at INTERBOLSA are also applicable in a cross-CSD situation where the Investor CSD holds securities in an omnibus account at INTERBOLSA, similarly to any domestic participant. After the Investor CSD receives the outcome it has to redistribute it to its participants, according to their positions.
- On payment date, participants receive confirmation about the settlement of the corporate action in the:
  - STD messages - CORP and CONFVT (if subscribed);
  - Via SWIFT - MT566 message (if subscribed).

When INTERBOLSA acts as the investor CSD the following procedures apply:

- For corporate actions processed in another CSD where INTERBOLSA has an account as an investor CSD, the procedure for receiving the details depends on the functionalities offered by the Issuer CSD, but normally SWIFT messages (**MT564** – Corporate Action Notification) are used;
- Based on the corporate action details received and the Issuer CSD rules, INTERBOLSA redistributes the proceeds from its omnibus account at the investor CSD to its participants that have holdings on the underlying security.

## 6.1 EVENT NOTIFICATION SERVICE

The Event Notification service is a service performed through real-time messages from the STD - Data Transfer System and/or via SWIFT.

This service is paid, so it is voluntary and requires previous subscription by the interested participants.

The communication of the events to INTERBOLSA, by the issuer or by the participants that represents the issuer, should preferably be done through the INTERBOLSA Portal (free of charge), filling in the forms available (see the Portal manual). The Portal also allows the inclusion of narrative text, in Portuguese and English, and the inclusion of files.

The identification of the corporate events is done through the code COAF - Official Corporate Actions Event Reference, assigned by INTERBOLSA. This code of up to 16 alphanumeric characters contains a two-character prefix, which identifies the coding entity ('PT', in the Portuguese case).

The events to be announced are classified as follows:

CAEV	Description
<b>BMET</b>	Bond Holder Meeting
<b>BONU</b>	Capital Increase by Distribution of Bonus Issue, without an Intermediate Security (Rights)
<b>CAPG</b>	Capital Gains Distributions
<b>CONV</b>	Conversions from Physical Certificates to Dematerialised Form and vice-versa Conversions from Bearer to Registered Form and vice-versa Conversions from Common Shares to Preferred Shares and vice-versa Exercise of convertible securities
<b>DECR</b>	Capital Reduction by Reduction of Nominal Value or Quantity
<b>DVCA</b>	Cash Dividends
<b>DVSE</b>	Stock Dividend
<b>EXRI</b>	Exercise of Rights in a Capital Increase or Subscription
<b>INCR</b>	Bonus Issue by Changing the Nominal Amount
<b>INTR</b>	Interest Payments
<b>MCAL</b>	Early Redemption
<b>MEET</b>	Annual General Meeting
<b>MRGR</b>	Merger
<b>OMET</b>	Ordinary General Meeting
<b>OTHR</b>	Other (for narrative messages in the maturity of warrants) Registry cancellation of securities in certificate form

CAEV	Description
<b>PARI</b>	Conversion from Provisional Certificates to Definitive Securities and Assimilation of Securities
<b>PCAL</b>	Partial Redemption with Reduction of Nominal Value
<b>PRED</b>	Partial Redemption with Pool Factor
<b>REDM</b>	Final Maturity
<b>RHDI</b>	Distribution of Rights on a Capital Increase by bonus Issue or by subscription
<b>SHPR</b>	Share Premium Dividend
<b>SOFF</b>	Demerger
<b>SPLF</b>	Stock Split
<b>SPLR</b>	Reverse Stock Split
<b>XMET</b>	Extraordinary or Special General Meeting

After the reception and validation by INTERBOLSA, the corporate action information is disclosed to the participants affiliates of INTERBOLSA's system through the Event Notification Service.

Any cancellation of corporate actions or changes cannot be performed through the portal and, therefore, must be communicated directly to INTERBOLSA (through the email: [centraldi@interbolsa.pt](mailto:centraldi@interbolsa.pt)). INTERBOLSA will then cancel or change the information in its system and proceed with its disclosure.

## 6.2 GENERAL MEETINGS NOTIFICATION

With the implementation of the Shareholders Rights Directive II, INTERBOLSA started to send to its participants, according to the currently existing subscription for the notification messages of corporate actions events, the notification messages of General Meetings notices, as following:

- STD: message NOTEVT - Notification of Events, according to the layout available in the document Data Transfer System – STD, Appendix A1 - Layout of the mnemonics available to the Financial Intermediaries;
- ISO 15022:
  - MT 564 - Corporate Actions – General Meetings; and
  - MT 568 - Corporate Actions Narrative – General Meetings.
  - The layout of these messages is available in ISO 15022 Messages - Specifications.

The notification begins with the receipt, by INTERBOLSA, of the communication from the issuing entity, made through [My INTERBOLSA](#), which is subsequently sent to the INTERBOLSA participants:

- On the day of receipt of the request; or
- On the next business day, until 10 am, if the request was received after 4pm.

### **6.3 CORPORATE ACTIONS ON STOCKS**

#### **6.3.1 DIVIDEND, SHARE PREMIUM, INTEREST AND OTHER INCOME PAYMENTS**

Dividends, share premium, interests and other income payments are classified as cash distributions. These types of corporate actions are processed, settled and reported separately, by security and from other types of corporate actions affecting the same security, namely final or early redemptions and partial redemptions, detailed in the next section of the document.

On every occasion the issuer pays income regarding securities registered at the centralised securities system must:

- a)** Inform INTERBOLSA expressly about those facts, at least fifteen (calendar) days before to the payment date.
- b)** Send to INTERBOLSA a declaration of acceptance by the participants responsible for the respective payment (paying agent).

For securities registered in units, the issuer/paying agent must inform INTERBOLSA of the unitary amount to be paid. For securities registered in nominal amount the issuer/paying agent must inform the percentage (up to 3 integers and 12 decimals) to be applied to the securities accounts positions, regardless of having or not pool factor, for the calculation of the outcome to be paid.

Regarding securities admitted to regulated markets, the trading is done without the entitlements two days before the payment date. The securities movements through the INTERBOLSA's systems are possible with entitlements until the record date, business day (P-1) before the payment date (P).

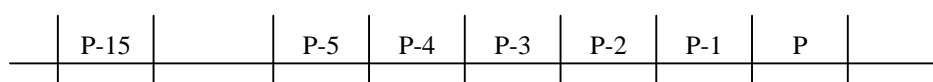
Cash distribution calculations are carried out by INTERBOLSA at the end of the last working day before the payment date (i.e. record date), according to the issuer information (distribution factor) and based on the balances of the participants accounts where the respective securities are registered. The method used for the distribution is the top-down. INTERBOLSA calculates the amount to be distributed at the first level distribution per securities account rounded to the nearest minor currency unit (two decimal places in case of EUR, nearest integer for Japanese yen, as JPY has no decimals). After this calculation has been completed, INTERBOLSA generates the related payment free of delivery instructions that are sent in the morning of the payment date (9:30 CET), as already matched instructions, to the T2S platform for settlement of the cash distributions in currencies eligible in T2S. The settlement of these instructions is done in an “all-or-none” basis, in order to debit the DCA of the issuer’s paying agent and credit the DCA of the INTERBOLSA’s participants, including Investor CSDs.

After the entitlement has been received by the participants, they should complete the second level distribution by redistributing the income through to their clients that hold the positions, using the same calculation and rounding rules that were used in the first level distribution.

The DCA used for the cash payments is the default DCA linked to the securities account that has the positions entitled to the cash distribution. Notwithstanding, INTERBOLSA allows its participants to indicate a specific DCA (per securities account) for corporate actions cash processing. In this case the proceeds of the cash distribution are credited or debited in the DCA indicated for that purpose.

For cash distributions in a currency not accepted in T2S, INTERBOLSA sends the payment instructions to the foreign currency payment system - SPME - managed by Caixa Geral de Depósitos, S.A., at 10:30 CET on the payment date. More information on SPME is provided in section 7.5 - Non-Euro Currency Settlement System of this document.

Following is presented the timeline for income payments:



P-15 Last day for the issuer to inform INTERBOLSA of the event.

P-4 Last day for reception of the declaration of the paying agent assuming the responsibility for the payment of interest.

P-3 Last day for trading with entitlement at the exchange.



Last day for reception of the declaration of the paying agent assuming the responsibility for the payment of dividends.

P-2 Start of trading at the exchange without the entitlements.

P-1 Last day for transfers between accounts with entitlements.

Record Date – After the EOD INTERBOLSA calculates the amounts to be paid.

P Payment date of the income.

First day the securities are at INTERBOLSA without the entitlement.

A report containing a list of the amounts paid to each participant who have securities is sent to the issuer entity after the payment has been completed. If the issue in question is represented by physical certificates a listing of the numbers of all certificates kept at the depository at the moment of payment is also sent to the issuer.

### **6.3.2 REDEMPTIONS**

These corporate actions include final maturity (REDM), early redemption (MCAL) and partial redemption without reduction of nominal value (PRED), which are mandatory reorganisations with cash distribution.

Mandatory reorganisations with cash distribution are processed, settled and reported separately, by security and from other types of corporate actions affecting the same security, namely dividends, interests and capital gains payments, described in the above section.

The information to be provided by the Issuer/Paying Agent is as following:

- Securities registered in units: the issuer/paying agent must inform only the unitary amount to be paid per security;
- Securities registered in nominal amount, with or without pool factor: the issuer/paying agent must inform the percentage (up to 3 integers and 12 decimals) to be applied to the accounts positions in order to calculate the outcome to be paid;
- At the end of record date:
  - INTERBOLSA calculates the redeemed amounts to be paid to the participants, including Investor CSDs that have a direct holding;
  - If there is a partial redemption, INTERBOLSA calculates and informs the current and future pool factor;

- In case of partial redemption, INTERBOLSA updates the static data in its systems (only) with the new pool factor.

The calculations are made per securities account/restriction type/restriction reference, rounded to two decimal places (except for JPY securities, in which no decimals apply), using the top-down method.

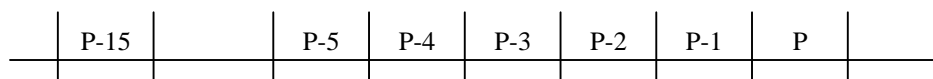
If there is a total redemption, INTERBOLSA generates and sends to T2S, before the night-time settlement period, “already matched” free of payment (FOP) settlement instructions, linked by an “all-or-none” basis, in order to debit the securities positions from the participants’ securities accounts, including Investor CSD’s omnibus accounts.

In the morning of payment day (at 9:30 CET), and if the currency is eligible, INTERBOLSA sends to T2S “already matched” payment free of delivery (PFOD) settlement instructions linked by an “all-or-none” basis, in order to debit the DCA of the issuer’s paying agent and credit the DCA of the INTERBOLSA’s participants, including Investor CSDs.

Regarding redemptions in currencies not eligible in T2S, on payment date (at 10:30 CET) INTERBOLSA sends the cash payment instructions to the SPME.

When a physical issue is redeemed INTERBOLSA destroys all the certificates of that issue in the safekeeping system.

Following is presented the timeline for redemption payments:



P-15 Last day for the issuer to inform INTERBOLSA of the corporate action

P-4 Last day for reception of the declaration of the paying agent assuming the responsibility for the payment of redemptions

P-3 Last day for trading with entitlement at the exchange.

P-2 Start of trading at the exchange without the entitlements.

P-1 Last day for transfers between accounts with entitlements.

Record Date – After the EOD INTERBOLSA calculates the amounts to be paid.

P Payment Date of the principal.

The securities are removed from the securities accounts of the participants.

### **6.3.3 CAPITAL CHANGES**

#### **6.3.3.1 Capital increase by bonus issues**

Whenever an issuer wishes to increase the capital of the company by incorporating reserves, the details of this corporate action must be communicated to INTERBOLSA at least fifteen working days before the start of the corporate action. This information includes, among others, the amount of the capital increase, starting date for the process and the attribution factor.

The underlying securities can be transferred with entitlement attached until the date fixed by the issuer and, if the securities are traded in regulated markets the trading without entitlements starts two days before that date.

The capital increase can be done by issuing new shares, either with or without intermediate securities (rights), or just by increasing the nominal value of the existing securities.

If the capital increase is done by increasing the nominal amount this is done during the night-time settlement period on the settlement date fixed by the issuer as a simple change of static data related to the registration of the issue at the depository.

If the capital increase is done by issuing new shares, this can be done with or without intermediate securities (bonus rights) and the new shares are distributed according to the attribution factor given by the issuer. In this case the capital increase is executed during the night-time settlement period on the settlement date fixed by the issuer by distributing the new shares to the shareholders according to the positions held in the securities accounts and the attribution factor.

##### **6.3.3.1.1 Capital increase by bonus shares, without intermediate rights issue**

This corporate action is a securities distribution. The method used for the distribution of securities is the top-down method. The first level of the distribution consists of calculating and distributing the entitlement at the level of the accounts at INTERBOLSA. The calculation is based on the distribution factor given by the issuer and the quantity of securities held on the securities accounts and it is rounded down to the nearest whole number, taking into account the SUM – Settlement Unit Multiple.

On record date the calculations are made by INTERBOLSA based on the attribution factor informed by the Issuer and the quantity of securities held in the accounts of the participants. INTERBOLSA generates already matched DFP (delivery free of payment) instructions, which are then sent to the night-time settlement in T2S. These

instructions are settled in an “All-or-None” basis in order to credit the outcome securities (AWAS balance) in the participant’s securities accounts, including any Investor CSDs’ accounts. The securities related to fractions must be credited to the securities account of a participant indicated by the issuer (or issuer agent) or in the issuer’s securities account denominated as non-distributed securities open directly at INTERBOLSA, so that the sum of the distributed securities and non-distributed balance equals the total of the capital increase.

A second level distribution is performed by the participants that, after receiving the information and confirmation of the first level distribution, can complete the process by redistributing the entitlement to their clients based on their holdings, according to the same rules used by INTERBOLSA for the first level distribution. The remaining securities that cannot be allocated due to the fractions should be used for the compensation of the fractions.

### **Compensation of fractions**

The issuer has the option of compensating the fractions with cash payments and this option has to be announced to the market (namely the unitary price for compensation and the paying agent) together with the corporate action details. The paying agent will receive the non-distributed securities in the first level distribution done by INTERBOLSA and from the second level distribution done by the participants and will keep them in a securities account opened in its books in the name of the issuer, and pays the price indicated by the issuer.

If the issuer compensates fractions, INTERBOLSA generates and sends to T2S in the morning of the Payment Date (9:30 CET) already matched PFOD (payment free of delivery) instructions to be settled on an “all-or-none” basis, in order to debit the DCA of the issuer’s agent and credit the cash accounts (DCA) of the INTERBOLSA’s participants, including any Investor CSD.

A third-party can also provide the service of compensation of fractions as a compensation agent. The market entity effectively buys the non-distributed securities and keeps them in its own portfolio. The cash paid by the agent should be used to compensate the beneficial owners.

Another option is the internal compensation processed by INTERBOLSA’ participants for their clients (it should be noted that this process is also used by the participants regarding the processing of distributions of foreign securities).

If a compensation of fractions is not offered, the non-distributed securities should be transferred to a specific account of non-distributed securities at the issuer agent or at INTERBOLSA, if there is no issuer agent.

Due to the top-down distribution method and the fraction compensation scheme, there are no remaining rights. The existing DDSs declarations (Declarações de Direitos Sobrantes - declarations of remaining rights) issued in

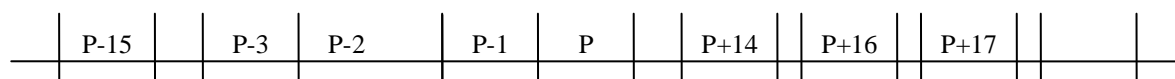
the past remain valid until 20 years after their issuance and they can be presented to the issuer in order to be exchanged for outcome securities.

### 6.3.3.1.2 Capital increase by bonus shares, with intermediate rights issue

Capital increase using intermediate securities is a corporate action that contains two events. The first is a one-to-one distribution of securities, where rights are distributed to the accounts with a position on underlying securities. The second event is an exercising of the rights where outcome securities are distributed, and the rights are debited. The intermediate securities (bonus rights) may be traded during a fixed period, after which INTERBOLSA proceeds to the distribution of the new shares according to the rights position and the attribution factor given by the issuer.

The intermediate securities are distributed one-to-one based on the holding of underlying securities on the day before the start of the exercise period (record date of the rights distribution). INTERBOLSA creates the rights in the participants' securities accounts, based on the positions held, creating as many rights as the shares registered in the securities accounts (1:1) applying the procedures set forth in article 10 of the INTERBOLSA Circular 1/2016.

Following is presented the timeline for capital increase by bonus issue, with detachment of rights:



- P-15 Last day for the issuer to inform INTERBOLSA the details of the corporate action
- P-3 Last day for trading the shares with rights attached,
- P-2 Start of trading of the shares with the rights detached
- P-1 Distribution record date - Last day for securities transfers at INTERBOLSA with the entitlements attached. During the night-time settlement period the intermediate securities are distributed (rights are detached)
- P Start of the exercising period. Start trading the detached rights. First day the shares are at INTERBOLSA with the rights detached

P+14 Last day for trading the rights

P+16 Conversion of the rights by applying the attribution factor, the rights are deleted from the securities accounts and the new shares are created

P+17 Payment day for the fractions, in case of compensation of fractions

### **6.3.3.2 Capital increase by subscription**

Capital increase by subscription is a mandatory reorganisation with options which is preceded by an intermediate securities (rights) distribution.

Whenever an issuer wishes to increase the capital of the company by means of a subscription reserved for the current shareholders the issuer must inform INTERBOLSA of the details of the corporate action at least fifteen working days before the start of the event, presenting the required information concerning the total amount of the capital increase, subscription period, subscription price and attribution factor.

The subscription rights are created one-to-one during the night-time settlement period of the day before the subscription period begins (intermediate securities distribution record date), based on the balances of the participants securities accounts where the respective securities are registered.

If the securities issue is in certificate form, INTERBOLSA sends to the issuer a file containing the numbers of all certificates currently deposited in the vault of INTERBOLSA.

In these events the calculations are carried out by INTERBOLSA using the bottom-up method and rounded down to the nearest whole number. However, only the “available” (AWAS) securities can be exercised; so, if a participant holds some rights/securities not available in an account (restricted positions) and wants to exercise them, it previously needs to make them available.

During the subscription period, participants must send their elections instructions or cancellations requests to INTERBOLSA (by the beneficial owners). The daily deadline for receiving these requests at INTERBOLSA is 17:00 CET. The requests can be sent by using:

- STD: by sending an ISI file (or VCIfile) or an ISImsg (or VCImsg); the ISImsg/VCImsg should only be sent to a restricted number of records; or
- ISO 15022 via SWIFT: by sending a MT565 message:

For each request to be made, the participant will have to send two MT565 messages, one with the subscription request and the other with the oversubscription request, if applicable. The two messages must be linked together. An MT567 message will be received for each subscription request and for each

oversubscription request. To cancel a subscription request with an associated oversubscription request, must be cancel the two instructions. If only the oversubscription request is change/cancel, it can be done without cancelling the corresponding subscription request.

The instructions must include, among other things, the instruction number, the reference code of the beneficial owner, the number of subscription rights (or securities) to be exercised and the number of securities requested for the surplus allotment (oversubscription), if applicable. The number of subscription rights (or securities) to be exercised and the number of securities requested for the surplus allotment (oversubscription) must be sent on separate messages.

On a daily basis the system transfers the rights to be exercised from the available position (AWAS) to a “Blocked for Corporate Actions” restricted position (BL26) within the participant’s securities accounts, by sending to T2S, in real time, the correspondent settlement restrictions.

If the securities are available, the instruction settles immediately, and the participants is informed through "CPS" message. In case there are not enough securities in the securities account:

- If the request has been sent by ISImsg / VCImsg the instruction will remain pending for settlement and the participants will be informed through "CPS" message. In this case, the instruction will settle as soon as sufficient securities become available in the securities account. The instruction can be cancelled by a cancel instruction sent by the participant, or automatically at the conversion date (EoD), if the instruction has not settled;
- If the request has been sent by ISIfile / VCIfile the instructions will be cancelled and the participants will be informed via "CPS" message. In this case, the participants should check the file sent and make the necessary changes so that the instructions can settle.

During the subscription period, participants receive information about all the requests exercised until then through the “PSA” message.

At the end of the last day of the subscription period INTERBOLSA calculates the amounts to be paid, according to the issuer’s information and the accepted requests.

INTERBOLSA will then send settlement instructions to T2S, for the NTS, in order to:

- Debit the rights positions (both blocked and available) from the participants’ securities accounts;

- Credit in the participants' securities accounts with the outcome securities in a restricted position (EA43 - Earmarked CA outturn security), until the subscription, including the distribution of the surplus securities, is wholly paid.

In a subscription two payment dates may exist based on the decision of the Issuer – the subscription payment date and the surplus allotment payment date. There may exist only one payment date with the payment of the subscription deferred to the surplus allotment payment date.

If applicable, in the morning of the subscription payment date (at 9:30 CET), INTERBOLSA sends to T2S the cash settlement instructions, in order to:

- Debit the participants DCAs; and
- Credit the Issuer Agent's DCA for the subscription payment.

On this very day, until the third day after the subscription period has ended, INTERBOLSA sends to the Issuer/Issuer's Agent the results of the corporate action elections (PSS file) for the allotment of the surplus securities, if applicable.

After receiving the allotment result (RSS file in T day, until 17:00 CET), INTERBOLSA immediately informs the participants, including Investor CSDs, of the subscription surplus allotment result (identification of all the allotment resulting securities per holder) by sending them the ISA file; this includes information about the payment date (credit of the allotted securities and cash payment). The allotted securities will be credited only on the cash payment date. On this day INTERBOLSA sends to T2S:

- Settlement instructions for the NTS, in order to credit the surplus allotment securities positions on the participants' securities accounts (blocked - EA43);
- Cash settlement instructions, in the morning (at 9:30 CET), in order to:
  - Debit the participants' DCAS, for the surplus allotment payment (and subscription payment, if applicable);
  - Credit the Issuer Agent's DCA with the respective payment.

Immediately after the payment has been made, INTERBOLSA generates and sends intra-position movements to T2S in order to cancel the EA43, resulting in available securities in the participants' securities accounts. On the date the Issuer makes the securities representing the capital increase available or, in case the securities are book-entry, it has fulfilled all the necessary formalities, INTERBOLSA converts the provisional securities ("cautelas") into a definitive security, through the PARI -PASSU event.



If the provisional securities (“cautelás”) becomes definitive securities, without changing the ISIN code, INTERBOLSA only sends an instruction to T2S to cancel the Market Specific Attribute (MSA). In this case, INTERBOLSA sends to participants an MT564 (narrative) message to inform about the cancellation of the MSA.

This same procedure applies to the exercise of VMOCs/VMCs - securities mandatorily convertible and convertible bonds before the maturity (optional periods of exercise). In this case only the securities exercised are debited. If it is the last exercising period of exercise, all the securities are then debited. If there are fractions and the Issuer compensates them, INTERBOLSA calculates the amount to be paid and sends the corresponding settlement instructions, free payment instructions ("PFOD") to T2S, in order to:

- Debit the Issuer Paying Agent's account; and
- Credit the accounts of INTERBOLSA's participants, including the Investor CSDs accounts.

#### **6.3.3.3 Capital reduction**

Capital reduction is processed according to the same principles as capital increase by bonus issues, with the necessary adaptations to this type of event.

#### **6.3.3.4 Capital increase and reduction by changing the nominal value**

Capital increase and capital reduction by changing the nominal value are processed simply by changing the unitary nominal value or issue value of the securities. This is done by updating the static data of the securities in INTERBOLSA's system and at T2S platform and by sending a MT564 message and NOTEVT file to all participants, including Investor CSDs, if applicable. In this case, the MT566 is not sent.

The Issuer must inform INTERBOLSA of all the necessary information for the timely processing of the event in accordance with established operating procedures; namely: the date on which it intends to process the nominal value/issue value, the new nominal value/issue value, the amount of the capital increase/reduction, and, in the event that the capital reduction is for the release of excess of capital and there is a payment, must indicate the paying agent, as well as the unitary price defined for payment.

### **6.3.4 EXERCISE OF WARRANTS**

The procedures for the exercising of detachable warrants are identical to the exercising of the subscription rights - mandatory reorganisation with options.

The exercising of autonomous warrants is similar to redemptions. There are two types of autonomous warrants, which are processed by INTERBOLSA:

- European warrants - these warrants can have two types of exercise: maturity and knock out; the conversion takes place on the 2nd business day after the maturity date or knock out date and the procedures are identical to a redemption;
- American warrants - in addition to the exercise at maturity (identical to European warrants), the holder may request its exercise on any date until its maturity. In this case, the participants wishing to exercise the warrants must transfer the securities to the securities account informed by the participant, mandated by the Issuer to carry out the respective financial settlement. In order to carry on this transfer of securities, the participants have access to the necessary information through the STD, EDC - WEC file. In this case, the participants mandated by the Issuer is responsible for the financial settlement and shall, on the settlement date, request to INTERBOLSA the cancellation of the exercised warrants.

### **6.3.5 OTHER EVENTS**

#### **6.3.5.1 Conversions**

INTERBOLSA processes: conversion of the convertible securities on the maturity date, conversion from provisional to definitive securities and assimilation of securities; conversions from physical certificates to dematerialised form and vice-versa; conversions from bearer to registered form and vice-versa; conversions from common shares to preferred shares and vice-versa. These corporate actions are mandatory reorganisations with securities distribution.

For this type of events the mandatory reorganisation standards are followed and the outcome is calculated using the top-down method, i.e., directly based on the end-of-day holdings on record date by applying a distribution factor, given by the issuer/issuer's agent, to the securities accounts and rounding down to the nearest whole number. Depending on the type of the event, the calculations of the outstanding securities are made by the participant request, if there is the case, or by the total account position (aggregate) or by restriction type / restriction reference:

- Calculations made by the aggregate: conversion of the convertible securities on the maturity date; in this case, the outstanding securities are AWAS;
- Calculations made by restriction reference: conversion from provisional to definitive securities and assimilation of securities, conversions from physical certificates to dematerialised form and vice-versa,

conversions from bearer to registered form and vice-versa and conversions from common shares to preferred shares and vice-versa; in this case the restriction type will be maintained.

Any securities related to the fractions resulting from the corporate action processing are registered in an issuer securities account opened with a participant chosen by it or open with INTERBOLSA. The issuer has the option of compensating the fractions, or not, with cash payments. Therefore, when communicating the corporate action details, the issuer must also (i) identify a participant chosen as agent for the fractions; (ii) whether or not the issuer will compensate them; and (iii), if applicable, the respective price.

On record date, INTERBOLSA generates and sends to T2S, for the night-time settlement period, “already matched” free of payment instructions, linked in order to settle in an “All-or-None” basis, in order to:

- Remove the old securities from the participants’ securities accounts, including any Investor CSD’s omnibus accounts;
- Credit the resulting securities (definitive or provisional certificates) in the respective securities accounts; and
- If applicable, credit the securities related to the fractions, in the account of the participants indicated by the issuer or in INTERBOLSA issue account denominated as non-distributed securities.

If the issuer compensates fractions, INTERBOLSA also generates and sends to T2S, in the morning of Payment Date (9:30 CET), already matched PFOD (payment free of delivery) instructions to be settled on an “all-or-none” basis, in order to:

- Debit the cash account (DCA) of the issuer’s agent for fractions; and
- Credit the cash accounts (DCA) of the participants, including the Investor CSD’s cash accounts.

In case the provisional certificate (“cautelás”) becomes a definitive security, with no change of the ISIN code, INTERBOLSA sends, before the SOD on payment date, an instruction to T2S to cancel the Market Specific Attribute (MSA). INTERBOLSA then sends a MT564 (narrative) to the participants to inform about the cancelation of the MSA.

For conversions from physical certificates to dematerialised form, on the conversion date, the Issuer is informed about the quantity of securities that were deposited in INTERBOLSA and the numbering of the respective

securities. INTERBOLSA will subsequently destroy the certificates, according to the provisions of paragraph 5 of article 50 of the Portuguese Securities Code.

The participants who, after the deadline established for deposit at INTERBOLSA, receive certificated securities, shall request their conversion to the Issuer, which in turn shall notify INTERBOLSA, for the purpose of crediting the securities account of the participant. In the communication to INTERBOLSA, the Issuer must inform: the number of securities to be dematerialised, the identification of the participants to be credited and the final balance of the securities not yet dematerialised. INTERBOLSA, on the basis of the information provided by the Issuer, sends to the T2S platform the necessary settlement instructions in order to credit the dematerialised securities in the securities account of the participant.

### **6.3.5.2 Merger and Demerger**

Mergers and demergers are processed according to the same principles as capital increase by bonus issues, with the necessary adaptations to this type of event (mandatory reorganisation).

### **6.3.5.3 Change of nominal value (Split and Reverse Split)**

The operations of increase or decrease in value are processed at INTERBOLSA by simply changing the unitary nominal value or issue value of the securities. This is done by updating the static data of the securities in INTERBOLSA's system and at T2S platform and by sending a MT564 narrative message and NOTEVT file to all participants, including Investor CSDs, if applicable. In this case, the MT566 is not sent.

Until the business day before the date of the change in the nominal value and in the quantity of securities, all the movements in the securities accounts at INTERBOLSA are made based on the old nominal value. From the 1st day of the change, the movements are made based on the new quantities and the new nominal value.

If the securities are admitted to trading, since the 2nd business day prior to the date informed for the split/reverse split, the transactions in the Regulated Market are made based on the new nominal value and the new quantity of securities, since the respective settlements will be done after the event.

On the conversion date (record date), INTERBOLSA calculates the outturns based on the attribution factor informed by the Issuer and the securities positions held in the accounts of the participants. The method used for the distribution of securities is the top-down, i.e, directly based on the end-of-day positions at the conversion date, applying a distribution factor, informed by the Issuer/Issuer Agent, to the securities accounts rounding down to the whole lower number. The calculation of the resulting securities is made by reference of restriction and the type of restriction is maintained.

The first level of the distribution consists of calculating and distributing the resulting securities at the level of the securities accounts opened by the participants at INTERBOLSA. INTERBOLSA will then generate payment free delivery (DFP) instructions that are sent to the T2S platform, to be settled on an "all-or-nothing" basis, during the night settlement period in order to:

- Remove the securities with the old nominal value from the participants' securities accounts, including the omnibus accounts of the Investor CSDs; and
- To credit the securities already with the new nominal value, in the respective securities accounts.

A second level of distribution will be carried out by the participants/Investor CSDs after receiving the information and confirmation of the first level distribution, so that they can complete the process, redistributing the securities by their clients based on their positions, according to the same rules used by INTERBOLSA, in the first level distribution. The remaining securities that cannot be allocated (resulting from the fractions) must be used to compensate the holders of the fractions.

For these corporate actions events the Issuer has the possibility to compensate fractions with cash payments and this option has to be announced to the market and informed to INTERBOLSA (namely, the unit price of the compensation and the paying agent). If the Issuer compensates the fractions, INTERBOLSA generates and sends to T2S, in the morning of the payment date (9:30 CET), the PFOD instructions to be settled on an "all-or-nothing" basis, debiting the agent's DCA and crediting the DCAs of INTERBOLSA'S participants, including any CSD Investor, as detailed above.

Securities resulting from fractions must be credited to the Securities account of the participants indicated by the Issuer or in the Securities account of the Issuer, denominated as undistributed securities, opened directly in INTERBOLSA, so that the balance of the securities distributed and non-distributed is equal to the total of the distribution event.

#### **6.3.5.4 Conversion of book-entry into certificated securities for trading abroad**

Only for the purposes of trading abroad, the investors may request INTERBOLSA, through the participants where the securities are registered, to convert book-entry securities into certificated securities. Following the request, INTERBOLSA:

- Requests the Issuer to issue the securities, according to the law;

- After receiving the securities, transfers the securities from the book entry account informed by the participants to a general account of "Outstanding Securities for Trading Abroad"; updating both the INTERBOLSA's local systems and the data on the T2S platform;
- Sends the securities to the participant, through the Central Vault, so that they can be delivered to the client.

### **Conversion from certificated securities into book-entry**

Following the materialisation process referred in the previous point, the investor may, at any time, request the conversion of the certificated securities in book entry. To this end, the following procedures should be followed:

- The investor delivers the securities to the participants with which holds a securities account;
- The participants submit to INTERBOLSA the request for reconversion. After verifying its regularity, the participants sends the securities to INTERBOLSA, through its Vault, as a normal deposit of securities (the securities to be deposited must be delivered with all regularised rights – for more details see Chapter 5.3 - Physical securities - Deposit and Withdrawal);
- After receiving the securities, INTERBOLSA destroys the certificates and transfers the securities position from the general account of "Outstanding Securities for Trading Abroad" to the book entry securities account informed by the participant, updating both the INTERBOLSA's local systems and the data on the T2S platform.

## **6.4. CORPORATE ACTIONS ON FLOWS**

Corporate actions on flows, also known as transaction management, include the procedures that are needed in order to guarantee that the participant with the right to the entitlements does receive them. Corporate actions on pending instructions, denominated Corporate Actions on Flows, include market claims, transformations and buyer protection.

INTERBOLSA detects and generates all types of market claims and transformations in the securities settlement system, in order to be fully compliant with the standards on Corporate Actions on Flows.

### 6.4.1 MARKET CLAIMS

A market claim is the process of reallocating the proceeds of a distribution to the contractually entitled party. It applies to pending instructions for cash distributions and securities distributions. The detection and creation of market claims is processed by INTERBOLSA for settlement instructions registered in INTERBOLSA's settlement systems and for non-guaranteed stock exchange operations.

Market claims are automatically generated by INTERBOLSA (without intervention of the counterparties) and consists of the creation of a securities instruction and/or payment instruction corresponding to the underlying event. Settlement takes place in T2S platform.

For the creation of market claims, INTERBOLSA takes into consideration:

- i) The key dates: ex-date, record date and payment date, defined in the corporate action;
- ii) The pending instructions at the end of record date and the settlement instructions matched during the detection period;
- iii) The "opt-out" indicator; and
- iv) "Ex-cum" indicator or the trade date.

INTERBOLSA creates market claims at the end of record date and after successful matching of instructions has occurred during the detection period.

Market claims are detected during 20 business days after record date.

No market claims are generated for the following types of instructions (ISO Transaction Code): OWNI - *Internal Account Transfer*; OWNE - *External Account Transfer*; COLI - *Collateral In*; COLO - *Collateral Out*; AUTO - *Autocolateralisation*; CORP - *Corporate Actions*; PORT - *Portfolio Transfer*.

Market claims processing:

Process	Description
Creation	<p>End of Record Date (RD) or Immediately after matching during the market claim detection period.</p> <p>Market Claims are created with the same status of the underlying transaction (on "Hold" or "Released").</p>

Process	Description
	<p>The Trade Date of the Market Claim is the same as the Trade Date of the underlying transaction.</p> <p>The Settlement Date is equal to the payment date of the underlying corporate action.</p>
Detection criteria	<p>Status of settlement instruction: Matched</p> <p>Opt-out indicator: No or blank</p> <p>Market Claims are created based on:</p> <ul style="list-style-type: none"> <li>Intended Settlement Date (ISD), for securities registered in nominal (e.g. debt securities);</li> <li>Ex-cum indicator or Trade Date, for securities registered in units (e.g. shares).</li> </ul>
Detection period	20 business days after Record Date (RD)
Settlement	<p>The settlement of market claim instructions is independent from the settlement of the underlying transaction.</p> <p>The market claims instructions attempt to settle:</p> <ul style="list-style-type: none"> <li>- In the Night-time Settlement period if generated at the end of RD in “released” status; the instructions not settled will attempt to settle in the Real-time Settlement period;</li> <li>- In the Real-time Settlement period if generated immediately after matching during the market claim detection period or when “released” by the participants if generated in “hold” status.</li> </ul>
Corporate actions	<p>Cash Distributions</p> <p>Securities Distributions</p> <p>The corporate action related to these distributions is informed in the instruction field COAF</p>
Cross-border operations	<p>Market claims are detected and instructions are generated by the IOCs (Instruction Owner CSD<sup>2</sup>)</p> <p>Matching of the market claim instruction generated by the IOCs is done in the T2S platform</p>

## Scenarios for detection of market claims

### Detection of market claims - securities registered in nominal amount

Scenario reference No.	ISD<= Record Date	Actual settlement date <= Record Date	Ex/cum indicator	Market Claim is created	Direction
1	Y	N	N/A	Y	From the seller to the buyer

<sup>2</sup> Instruction Owner CSD (IOC): is defined as the CSD that provides the securities accounts on which the participant has sent an underlying instruction.



### Detection of market claims – securities registered in quantities

Scenario reference No.	Trade Date < Ex-Date (N means TD=>Ex-Date but TD<=RD)	Actual settlement date <= Record Date	Ex/cum Indicator	Market Claim is created	Direction
2	Y	N	Blank/Cum	Y	From the seller to the buyer
3	N	N	Cum	Y	From the seller to the buyer
4	N	Y	Blank/Ex	Y	From the buyer to the seller
5	Y	Y	Ex	Y	From the buyer to the seller

When Opt-out indicator is not specified<sup>3</sup>:

#### 1. For securities registered in nominal amount:

a) Market Claim will be generated transferring Corporate Action proceeds from the seller to the buyer:

- If the Intended Settlement Date is on or before Record Date but there is a Pending Transaction at close of business on Record Date;

#### 2. For securities registered in quantities:

a) Market Claim will be generated transferring Corporate Action proceeds from the seller to the buyer:

- If trade date < Ex-date, transaction is still pending on RD, and Ex/Cum indicator is equal to "CUM" or BLANK;
- If trade date >= Ex-date, the transaction is still pending on RD, and Ex/Cum indicator is equal to "CUM";

b) Market Claim will be generated transferring corporate action proceeds from the buyer to the seller:

- If the trade date >= Ex-Date, the actual settlement date <= Record Date (RD), and Ex/Cum indicator is equal to "EX" or BLANK;

<sup>3</sup> STD: BLANK or "N"; ISO 15022: not specified

- If the trade date < Ex-Date, the actual settlement date <= Record Date (RD), and Ex/Cum indicator is equal to “EX”;

When Opt-out indicator is specified (“Opt-out”):

- No market claims will be generated, irrespective of the Ex/Cum indicator or trade date/settlement date of the settlement instruction.

INTERBOLSA identifies the underlying transaction eligible for market claims:

- After the close of business on record date; and
- During the remaining market claims detection period for the matched settlement instructions.

INTERBOLSA calculates the market claim and creates settlement instructions, with the transaction type code “CLAI”, the T2S reference of the underlying transactions and the corporate action reference (“COAF”) assigned by INTERBOLSA or by the issuer CSD, for foreign securities. These instructions are independent from the underlying transaction and are sent to T2S:

- For intra-CSD transactions: instructions to be matched at T2S (sent by INTERBOLSA with a common reference);
- For cross-CSD transactions: instructions to be matched at T2S (instructions are generated and sent to T2S by INTERBOLSA and by other CSD).

Market claims are generated by INTERBOLSA:

- At the end of Record Date and are sent to T2S in order to settle during the night-time settlement period. If they are still pending after the night-time settlement period, they will be recycled for the day-time settlement period until settlement or bilateral cancellation by the involved participants.
- Immediately after matching, during the detection period and are sent to T2S in order to settle in the real-time settlement period;
- For cash market claims there is no partial settlement.

In what concerns securities market claims, partial settlement indicator is set with the same value as the one of the underlying settlement instruction.

## 6.4.2 TRANSFORMATIONS

Transformation is the process through which the pending transactions (on or after record date/market deadline) are cancelled and replaced by new transactions, in accordance with the terms of the underlying reorganisation.

In line with CAJWG standards the mandatory reorganisations, mandatory reorganisations with options and voluntary reorganisations can lead to the transformation of pending transactions.

The detection and creation of a transformation is processed by INTERBOLSA, taking into consideration:

- i) The underlying corporate action details as key dates: record date/market deadline and payment date;
- ii) The pending instructions at the end of the corporate action record date or the market deadline and the settlement instructions matched during the detection period; and
- iii) The relevant settlement instruction details, such as the “opt-out” indicator.

Transformation instructions are created by INTERBOLSA at the end of the record date / market deadline and for 20 business days after record date and sent to T2S for settlement during the night settlement period (NTS).

The instructions with 'Y' indicator in the 'Opt-out' field are not transformed and are only canceled by INTERBOLSA.

The new instructions (resulting from the transformation) are created with the same information contained in the indicators of the original instruction: 'partial settlement' indicator; indicator 'EX-cum'; Opt-out indicator; etc

INTERBOLSA sends two separate instructions to T2S in order to cancel the original transaction and create new instructions.

Process	Description
Creation	<p>End of Record Date (RD) / Market Deadline, or Immediately after matching during the transformation detection period.</p> <p>Transformations are created with the same status as the underlying transaction (on “Hold” or “Released”).</p> <p>The Trade Date of the Transformation is the same as the Trade Date of the underlying transaction.</p> <p>The Settlement Date (SD) of the new transaction is the latest date between:</p> <ul style="list-style-type: none"> <li>• The Payment Date; and</li> <li>• The Settlement Date of the underlying transaction.</li> </ul>
Detection criteria	<p>Status of settlement instruction: Matched</p> <p>Opt-out indicator: No or blank</p>
Detection period	20 business days after RD/market deadline

Process	Description
Settlement	<p>The new instructions (resulting from transformation), will attempt to settle:</p> <ul style="list-style-type: none"> <li>- In the Night-time Settlement period if generated at the end of RD in “released” status; the instructions not settled will attempt to settle in the Real-time Settlement period;</li> <li>- In the Real-time Settlement period if generated immediately after matching during the market claim detection period or when “released” by the participants if generated in “hold” status.</li> </ul>
Corporate actions	<p>Mandatory Reorganisations</p> <p>Mandatory Reorganisations with Options (currently not provided by INTERBOLSA)</p> <p>Voluntary Reorganisations</p> <p>The corporate action related to these reorganisations is informed in the instruction field COAF</p>
Cross-border operations	<p>Transformations generated by the IOC (Instruction Owner CSD)</p> <p>Matching needed between the instructions generated by each CSD</p>

### Special procedures after maturity

- During the 20 business days following the maturity date (inclusive), designated the market claims / transformation period, participants may submit Instructions with an Intended Settlement Date (ISD) less than or equal to Record Date, in order to be detected and processed, during the said period, the corresponding operations of market claims or transformations;
- In specific and duly justified cases, such as the sending of market claims and transformation instructions by Central Counterparties (CCPs), instructions with a contracted settlement date (ISD) higher than or equal to the maturity date can be sent during the detection period;
- At the end of the detection period, INTERBOLSA cancels any pending instructions.

### Transformations processing

INTERBOLSA identifies the underlying transaction eligible for transformation:

- After the close of business on record date or market deadline; and
- During the remaining of the transformation detection period, for the matched settlement instructions.

INTERBOLSA calculates the transformation and creates separate settlement instructions to cancel the original transaction and to create the new transaction, with the same data as the original transaction, except for the case of "Total Redemption" where the quantity is changed to zero.

Additionally, the following information is made available in the instruction created by transformation:

- The T2S reference of the underlying transaction;

- The corporate action reference (“COAF”).

These instructions are independent from the underlying transaction and are sent to T2S:

- For intra-CSD transactions: instructions to be matched at T2S (sent by INTERBOLSA with a common reference);
- For cross-CSD transactions: instructions to be matched at T2S (instructions generated by each CSD).

Transformations are generated by INTERBOLSA at the end of Record Date/Market Deadline and sent to T2S for settlement during the Night-time settlement period. During the detection period, when applicable, transformations are generated by INTERBOLSA immediately after matching and sent to T2S to settle in the Real-time settlement period (in the applicable cases).

Instructions with “opt-out” indicator “Y” are not transformed and are cancelled by INTERBOLSA (in the applicable cases).

The new instructions (resulting from a transformation) are created with the same information contained in the indicators of the underlying transaction: Partial indicator; Ex-Cum indicator; Opt-Out indicator.

### 6.4.3 MARKET CLAIMS AND TRANSFORMATIONS PROCESSING

In the following table the treatment of pending settlement instructions is presented in case of a corporate actions event:

CA Category	CA Type	CAEV	Description
Distribution	Interest payment	INTR	<p><u>Market Claim:</u></p> <ul style="list-style-type: none"> <li>• The Market Claims instructions (PFOD) are created after the end of record date or immediately after matching during the market claim detection period;</li> <li>• The Market Claims instructions are created according to the rules applied for securities in nominal, i.e., based on the record date;</li> <li>• Adjustment instructions are created in the currency of the event payment (Euro);</li> <li>• Calculation of the Market Claims: the quantity (in face amount) of the instruction that originated the market claim is multiplied by the percentage to be paid;</li> <li>• In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul>

CA Category	CA Type	CAEV	Description
Distribution	Dividend payment	DVCA	<u>Market Claim:</u> <ul style="list-style-type: none"> <li>The Market Claims instructions (PFOD) are created after the end of record date or immediately after matching during the market claim detection period;</li> <li>The Market Claims instructions are created according to the rules applied for securities in units, i.e., based on the <i>trade date and the ex-date</i> (normally = <i>record date - 1</i>);</li> <li>Calculation of the Market Claims: the quantity (in units) of the instruction that originated the market claim is multiplied by the unitary value to be paid;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul>
	Share Premium Dividend	SHPR	
	Income payment	CAPG	
Distribution	Capital Increase by bonus issue - without intermediate security	BONU	<u>Market Claim:</u> <ul style="list-style-type: none"> <li>The Market Claims instructions (FOP) are created according to the rules applied for securities in units, i.e., based on the trade date and the ex-date (normally = record date - 1);</li> <li>Calculation of the Market Claims - instruction on the new shares: the quantity (in units) of the instruction that originated the market claim is multiplied by the attribution factor;</li> <li>In case there is compensation of fractions it will be created PFOD instructions; Calculation: quantity (in units) of the fraction is multiplied by the unitary value of the fraction;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul>
	Stock Dividend	DVSE	
Distribution followed by reorganisation	Capital Increase by bonus issue - with intermediate security	RHDI	<u>Market Claim:</u> <ul style="list-style-type: none"> <li>The Market Claims instructions (FOP) are created according to the rules applied for securities in units, i.e., based on the <i>trade date and the ex-date</i> (normally = <i>record date - 1</i>); record date = date of the detachment of rights</li> <li>Calculation of the Market Claims - instruction on the rights: the quantity (in units) of the instruction that originated the market claim is multiplied by the attribution factor (normally 1);</li> </ul>
		EXRI	

CA Category	CA Type	CAEV	Description
			<p>multiplied by the attribution factor;</p> <ul style="list-style-type: none"> <li>In case there is compensation of fractions it will be created PFOD instructions; Calculation: quantity (in units) of the fraction is multiplied by the unitary value of the fraction;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims/Transformations) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>Conversion of cautions to definitive securities</p> <p>In the case of a capital increase by incorporation with and without highlighting of rights in which the final value resulting from the operation are cautious and become definitive securities:            If the ISIN code of the cautions is different from the ISIN code of the definitive securities, the system performs a transformation by canceling the instruction of the cautions and creating a new instruction of the definitive securities to proceed with the settlement.</p>
<b>Distribution</b>	<b>Capital Increase by subscription</b>  <i>rights distribution</i>	<b>RHDI</b>	<p><u>Market Claim:</u></p> <ul style="list-style-type: none"> <li>The Market Claims instructions (FOP) are created according to the rules applied for securities in units, i.e., based on the <i>trade date and the ex-date (normally = record date - 1)</i>;</li> <li>Calculation of the Market Claim - instruction on the rights: the quantity (in units) of the instruction that originated the market claim is multiplied by the attribution factor (normally 1);</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul>
<b>Mandatory Reorganisation with options</b>	<b>Capital Increase by subscription</b>  <i>shares distribution</i>	<b>EXRI</b>	<p>The Manual Buyer Protection should be applied, according to the Corporate Actions Standards.</p> <p>All pending instructions (unmatched and matched) transactions over the original security with intended settlement date less than or equal to the outstanding rights date remain in the system after the date of cancellation of the rights. The respective adjustment will have to be made bilaterally between the buyer and seller since INTERBOLSA has not implemented the automatic Buyer Protection process.</p> <p>The instructions on pending rights in Record Date (RD) * are treated as follows:</p> <ul style="list-style-type: none"> <li>Matched (DVP) instructions, with Intended Settlement Date (ISD) less than or equal to Record Date (RD), that are pending on record date or that match during Transformation Detection Period are transformed, ie are canceled and created new instructions with the same data as the original instructions, but with an amount equal to zero. In the case of FOP operations there is no transformation, only the cancellation of the pending instructions;</li> </ul>

CA Category	CA Type	CAEV	Description
			<ul style="list-style-type: none"> <li>All pending unmatched and matched instructions after the end of the market claims / transformation period are canceled.</li> </ul> <p>* Date of cancellation of rights not exercised</p>
<b>Mandatory Reorganisation</b>	<b>Total Redemption</b>  (for securities registered in face amount)	<b>REDM</b>  <b>MCAL</b>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>In case of DVP matched instructions with ISD on or before Record Date new instructions are created (by transformation) with quantity = zero and with the original amount;</li> <li>The respective Market Claims instructions are created.</li> </ul> <p><u>Market Claim:</u></p> <ul style="list-style-type: none"> <li>The Market Claims instructions are created according to the rules applied for securities in nominal, i.e., based on the record date;</li> <li>Calculation of the Market Claims: the quantity (in face amount) of the instruction that originated the market claim is multiplied by the percentage to be paid for the redemption;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims/Transformation) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions that are pending at the end of the market claims / transformation period are canceled.</p>
<b>Mandatory Reorganisation</b>	<b>Partial Redemption</b>  (for securities registered in face amount)	<b>PRED</b>	<ul style="list-style-type: none"> <li>As the quantity of the matched instructions doesn't change (due to the Pool factor application) there is no Transformation.</li> </ul> <p><u>Market Claim:</u></p> <ul style="list-style-type: none"> <li>The Market Claims instructions are created according to the rules applied for securities in nominal, i.e., based on the record date;</li> <li>Calculation of the Market Claims: the quantity (in face amount) of the instruction that originated the market claim is multiplied for the percentage to be paid for the redemption;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul>



CA Category	CA Type	CAEV	Description
<b>Mandatory Reorganisation</b>	<b>Warrants - Exercise at Maturity</b>	<b>REDM</b>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>In case of DVP matched instructions with ISD on or before the end of the business day before the maturity date new instructions are created (by transformation) with quantity = zero and with the original amount;</li> <li>The respective Market Claims instructions are created.</li> </ul> <p><u>Market Claim:</u></p> <ul style="list-style-type: none"> <li>The Market Claims instructions are created after the end of business day before the maturity according to the rules applied for securities in units , i.e., based on the record date;</li> <li>Calculation of the Market Claims: the quantity (in units) of the instruction that originated the market claim is multiplied for the unitary value to be paid (if there is payment);</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions that are pending at the end of the market claims / transformation period are canceled.</p>
<b>Mandatory Reorganisation</b>	<b>Warrants - Knock-out</b>	<b>MCAL</b>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>In case of DVP matched instructions with ISD on or before the end of record date new instructions are created (by transformation) with quantity = zero and with the original amount;</li> <li>The respective Market Claims instructions are created.</li> </ul> <p><u>Market Claim:</u></p> <ul style="list-style-type: none"> <li>The Market Claims instructions are created according to the rules applied for securities in units, i.e., based on the record date;</li> <li>Calculation of the Market Claims: the quantity (in units) of the instruction that originated the market claim is multiplied for the unitary value to be paid (if there is payment);</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (Market Claims) to be</li> </ul>

CA Category	CA Type	CAEV	Description
			<p>matched in T2S (Common Reference = T2S Matching Reference).</p> <p>All instructions that are pending at the end of the market claims / transformation period are canceled.</p>
<b>Mandatory Reorganisation</b>	<p>Conversion of securities from certificate form into book-entry form and vice-versa</p> <p>Conversion from ordinary form into preferred form and vice-versa</p> <p>Exchange of certificates</p>	<p><b>CONV</b></p> <p><b>PARI</b></p>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>• Cancellation of instructions (unmatched and matched) in the old ISIN;</li> <li>• Creation (by transformation) of instructions in the new ISIN, maintaining the rest of the characteristics of the cancelled (transformed) instructions;</li> <li>• In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (by transformation) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions in the old ISIN that are pending at the end of the transformation detection period are canceled.</p>
<b>Mandatory Reorganisation</b>	Stock Split	<b>SPLF</b>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>• For matched instructions, creation (by transformation) of instructions in the new ISIN, maintaining the rest of the characteristics of the cancelled (transformed) instructions, being the quantity modified to the correct quantity;</li> <li>• In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (by transformation) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions in the old ISIN that are pending at the end of the transformation detection period are canceled.</p>
<b>Mandatory Reorganisation</b>	Reverse Stock Split	<b>SPLR</b>	<p><u>Transformation:</u></p> <p>Matched instructions with <math>ISD \leq RD</math> are transformed:</p> <ul style="list-style-type: none"> <li>• For matched instructions, creation (by transformation) of instructions in the new ISIN, maintaining the rest of the characteristics of the cancelled (transformed) instructions, being the quantity modified to the correct quantity;</li> <li>• If fractions are to be paid, a new PFoD instruction is created regarding the amount of the fraction;</li> <li>• In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (by transformation) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions in the old ISIN that are pending at the end of the transformation detection period are canceled.</p>

CA Category	CA Type	CAEV	Description
<b>Mandatory Reorganisation</b>	Capital Reduction by changing the unitary nominal value  With payment	<b>DECR</b>	<p><u>Transformation:</u></p> <p>Creation (by transformation) of the instructions, keeping the characteristics of the instructions canceled (transformed), being the quantity changed to the correct quantity;</p> <p>In the case of domestic (intra-CSD) instructions, INTERBOLSA creates settlement instructions (adjustments) to match in T2S (common reference = matching T2S reference).</p> <p>In the case of Reduction of the quantity to zero, all instructions that are pending at the end of the transformation detection period are canceled</p>
<b>Mandatory Reorganisation</b>	Demerger	<b>SOFF</b>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>For matched instructions, creation (by transformation) of instructions in the new ISIN, maintaining the rest of the characteristics of the cancelled (transformed) instructions, being the quantity modified to the correct quantity;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (by transformation) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions in the old ISIN that are pending at the end of the transformation detection period are canceled.</p>
<b>Mandatory Reorganisation</b>	Merger	<b>MRGR</b>	<p><u>Transformation:</u></p> <ul style="list-style-type: none"> <li>For matched instructions, creation (by transformation) of instructions in the new ISIN, maintaining the rest of the characteristics of the cancelled (transformed) instructions, being the quantity modified to the correct quantity;</li> <li>In case of domestic instructions (intra-CSD) INTERBOLSA creates settlement instructions (by transformation) to be matched in T2S (Common Reference = T2S Matching Reference).</li> </ul> <p>All instructions in the incorporated ISIN that are pending at the end of the transformation detection period are canceled.</p>

#### 6.4.4 BUYER PROTECTION

According to the Market Standards for Corporate Actions Processing further detailed by the CASG Buyer Protection is defined as follows:

*Buyer protection is a method to the effect that a buyer who has acquired the right to elect on a Corporate Action (CA) but does not hold the securities yet (i.e. party to a pending transaction), receives the outturn of his choice, by instructing the seller specifying the option(s) chosen. (CASG)*

There are two ways of performing Buyer Protection. One is based on an institutionalised and automatic service provided by market infrastructures: the Automatic Buyer Protection. The other is a bilateral agreement between the parties to a trade: the Manual Buyer Protection. There is no Automatic Buyer Protection service in place in Portugal, so Buyer Protection has to be done bilaterally in a manual fashion by the trade counterparties.

Buyer Protection applies to all elective corporate actions where the holder of the securities has to indicate to the issuer, to the issuer's agent or to the market infrastructure that processes the event, which options are to be exercised ('EXRI' and 'CONV', mandatory reorganisation with options or voluntary reorganisation for the exercise of convertible securities). Buyer protection is only applicable on matched settlement instruction pending for settlement.

INTERBOLSA only informs the key dates for the buyer protection:

- Guaranteed Participation Date: Last date to buy the Underlying Security with the right attached to participate in an Elective Corporate Action;
- Buyer Protection Deadline: Last day and time by which a Buyer Protection instruction can be given;
- Market Deadline - Date/Time (CET): is the record date (payment date-1), the last day for the participants send the requests to INTERBOLSA.

Following is described the Manual Buyer Protection process, as detailed by the CASG, as a harmonised procedure that should be used when needed.

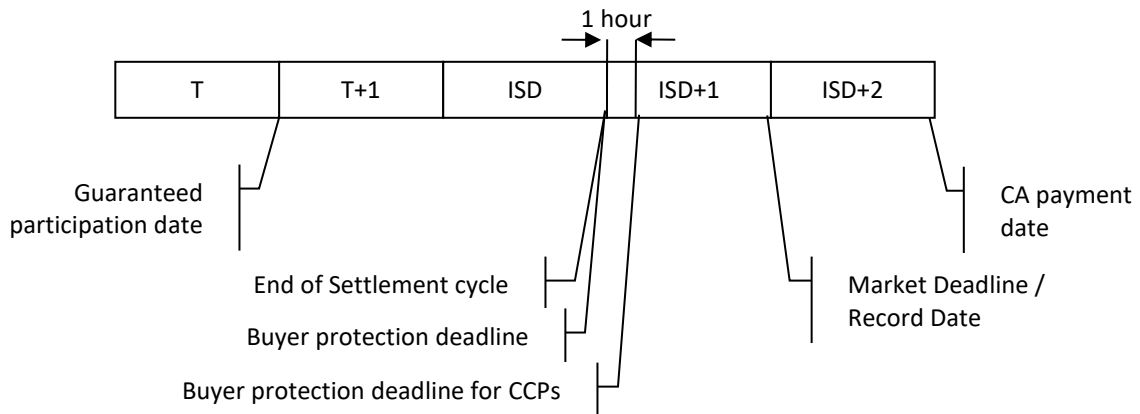
### **Manual Buyer Protection Procedure**

In a Manual Buyer Protection procedure the buyer of a pending trade will send a Buyer Protection Instruction to the seller specifying which option of the event are to be exercised. The procedures should be based in the T2S Corporate Actions Standards – Buyer Protection, that include the following:

- Buyer Protection Process shall be initiated by the buyer by issuing an instruction to the seller;
- If the buyer does not initiate the Buyer Protection, the default rules for the election shall be applied;

- All transactions on securities subject to corporate action eligible for Buyer Protection that are still pending on Buyer Protection Deadline can be subject to a Buyer Protection;
- The seller should acknowledge the receipt of the Buyer Protection Instruction;
- If the pending transaction settles before the Buyer Protection deadline the manual BP instruction is void;
- If the transaction does not settle before the Buyer Protection deadline, the transaction should be bilaterally cancelled and re-instructed in accordance with the Buyer Protection instruction at the market deadline.

In case a pending transaction does not settle before the Buyer Protection deadline, the transaction must be cancelled bilaterally and re-instructed at the Market Deadline according to the Buyer Protection instruction.



**Timeframe of the Buyer Protection process**

### Buyer Protection Instruction

In a manual process the Buyer Protection instructions have a free format but should contain the following information:

**Buyer Protection Instruction (BPI)**

BPI Reference  
Date of issuance (dd-mm-yy)  
Security name  
ISIN  
Market Deadline Date and Time  
CA Event Type (CAEV)  
Official Corporate Action Reference (COAF)  
CSD

**Corporate Action details**

Option 1  
Option definition (ISO definition)  
Ratio/amount/Qty (per share)  
Default option indicator (Y/N)

Option 2

...

...

**Pending Transaction details**

Transaction 1  
RVP / FOP  
Transaction reference  
Quantity  
Cash amount  
Trade Date  
Intended Settlement date

Transaction 2

...

...

**Election details**

Election 1  
Entitled nominal/quantity  
Transaction reference  
Election quantity  
Option number  
Total unelected amount  
Expected outturn  
ISIN  
Quantity Cash/Stock

Election 2

...

...

On the INTERBOLSA website ([www.interbolsa.pt](http://www.interbolsa.pt)) an Excel form ([link](#)) is available, as an example, which also includes information on how to fill in the form. In a manual process, this form can be sent by email to the seller, who must confirm its reception.

## 7. SETTLEMENT SYSTEMS

INTERBOLSA provides settlement services to its participant's, in accordance with its Regulations and rules and according with the operational documents of TARGET2-Securities (T2S).

Settlement and other related services are provided using the T2S platform. T2S is a technical platform owned by the Eurosystem that provides core, borderless and neutral settlement services for CSDs that have signed the Framework Agreement and are outsourcing part of their services to the T2S platform. It provides a harmonised and commoditised free-of-payment and delivery-versus-payment securities settlement in central bank money.

The settlement of operations in euro or in other currency accepted by the T2S is processed in the mentioned platform in the securities accounts and dedicated cash accounts (DCAs) of the participants of INTERBOLSA.

The physical settlement of operations in currencies other than the euro, not accepted by T2S, is processed in the T2S platform, being the financial settlement processed in the Non-Euro Currency Payment System (SPME) managed by Caixa Geral de Depósitos (CGD).

Therefore, for the INTERBOLSA's settlement systems the physical settlement takes place in T2S platform (in the participant' securities accounts) and financial settlement takes place in:

- T2S platform, for operations in Euro and in other currencies accepted in T2S, in the Dedicated Cash Accounts (DCAs);
- SPME (Non-Euro Currency Payment System), for operations in currencies not accepted in T2S.

The INTERBOLSA's Settlement System processes, in particular, instructions related to:

- Settlement of guaranteed and non-guaranteed operations, carried out in regulated markets and multilateral trading system;
- Settlement of operations carried out over-the-counter (OTC);
- Settlement of all movements between accounts of the same and of different participants, including the realignment instructions of account positions;
- Settlement instructions regarding the processing of corporate actions;
- Settlement instructions related to operations carried out by Central Banks;
- Settlement instructions regarding settlement restrictions (intra-positions).

INTERBOLSA's systems allows settlement of Delivery versus Payment (DVP), Free of Payment (FOP), Delivery with Payment (DWP) and Payment Free of Delivery (PFOD) instructions. DWP and PFOD instructions are used

mostly for netted stock-exchange operations and for corporate actions adjustments and compensations. INTERBOLSA creates PFOD instructions for corporate actions on stocks and corporate actions on flows (adjustments/market claims).

The settlement process has in T2S platform a night time settlement period and a day-time (real time) settlement period, as mentioned in section 1.3 - Operating days and hours. INTERBOLSA's settlement system, according to T2S platform schedule is available from 18:45 CET (Start of Day) of the previous calendar day until 18:00 CET (End of Day), with a DVP cut-off at 16:00 CET, a FOP cut-off at 18:00 CET. There is a mandatory maintenance period occurring between 2:30 CET on Saturday and 2:30 CET on Monday. On the other days of the week there may be an (optional) maintenance period between 3:00 CET and 5:00 CET, only in those cases in which the T2S platform operator considers it necessary to implement an urgent development on the platform. In this case, T2S will duly inform Interbolsa and, consequently, Interbolsa will inform its participants regarding the interruption for maintenance.

## **7.1 SETTLEMENT OF STOCK EXCHANGE OPERATIONS**

Transactions in a regulated market and in a multilateral trading system (MTF) can be guaranteed or non-guaranteed transactions.

These operations are settled in the settlement systems managed by INTERBOLSA using the necessary procedures according to the transaction type, guaranteed or non-guaranteed, or any other that may be defined for the settlement of those transactions.

Trades carried out in Euronext Lisbon are currently subject to clearing in the system operated by LCH.

Securities issued in non-Euro currencies and debt instruments traded and registered in face amount that use a pool factor are traded in Euronext Lisbon in a group of non-clearable securities and therefore are not processed by LCH. In order to allow the settlement of these transactions, Euronext discloses the information to the counterparties who then are responsible to instruct bilaterally the settlement system.

The operating calendar of the systems and the respective timetables are in INTERBOLSA's web site (<http://www.interbolsa.pt>).



## 7.1.1 GUARANTEED OPERATIONS IN EURO

### 7.1.1.1 Settlement procedures

For guaranteed operations that are netted by LCH S.A., it is used the Trade Date Netting (TDN) model.

In order to settle the resulting netted positions, LCH sends already matched settlement instructions to T2S at the end of the trade date (TD), in order to be settle on TD+2 (ISD = TD+2) having LCH as counterparty.

These instructions are sent by LCH to T2S with:

- top priority – level 2;
- payment settlement type “AMPT” (Against Payment).

The financial information of the instructions sent by LCH, S.A., in the case of fixed income securities, in addition to the transaction value, may include accrued interest and other remunerations of a similar nature corresponding to the legally prescribed period.

The settlement instructions may settle partially. When partial settlement occurs the partial cash amount is calculated by applying the ratio of the quantity of settled securities to the quantity of securities instructed to the intended cash amount (including accrued interest), both for DVP and DWP Instructions.

### 7.1.1.2 Fails management

If, during the night time settlement period, there is insufficient securities in the securities accounts or cash in the participant's DCAs, the unsettled instructions are subjected to further settlement attempts during the real time settlement period, according to T2S rules until they settle.

If the Intended Settlement Date (ISD) has been exceeded, i.e. if the instruction has not settled in ISD, the pending settlement failing on intended settlement date (PENF) status is reported.

- For ICPs, the 'PENF' status is reported:
  - via STD: in mnemonics: SLRT and SLRT-PND;
  - via ISO 15022: in messages MT548 and MT537.
- For DCPs: The status “pending settlement failing on intended settlement date” is reported in the messages:

- sese.024 - Settlement Instruction Status Advice;
- semt.014 - Intra Position Movement Status Advice;
- semt.018 - Securities Transaction Pending Report.

The market claims and transformations are detected by INTERBOLSA and the corresponding settlement instructions are created and sent to T2S.

#### **7.1.1.3 Buy-in procedures**

Pending instructions will be resubmitted until the buy-in on ISD + 4 or ISD + 7 is triggered according to the buy-in rules set by LCH, SA, in which case the original instruction will be canceled by LCH, SA and a new buy-in instruction will be sent.

#### **7.1.1.4 Settlement information**

DCPs receive the settlement information directly from T2S in ISO 20022 messages:

- Status information of the settlement instructions - "Securities Settlement Transaction Status Advice" - **sese.024**;
- Settlement confirmation - "Securities Settlement Transaction Confirmation" - **sese.025**.

All participants (ICPs and DCPs) receive the following information from INTERBOLSA (via STD):

- A file, which is available before the beginning of the T2S Night-time Settlement with the instructions to be settled in the business day - "**SLRT-PND**";
- Messages that are sent from the beginning of the Night-time Settlement period until the end of the Real-time Settlement period that contain the settled/unsettled/cancelled/rejected instructions - "**SLRT**";
- File that is available after the end of day (EOD) - "**SLRT-RES**", which contains the settled/cancelled instructions during the settlement day.

Participants that subscribe the ISO 15022 messages receive through the SWIFT network the following messages:

- MT536 (Statement of Transactions);
- MT537 (Statement of Pending Transactions);

- MT544 / MT545 / MT546 / MT547 (Settlement confirmations);
- MT548 (Settlement Status and Processing Advice).

## **7.1.2 NON-GUARANTEED OPERATIONS**

### **7.1.2.1 Non-guaranteed operations in euro**

#### **7.1.2.1.1 Settlement procedures**

Non-guaranteed operations are sent by LCH directly to T2S, with the information necessary for its physical and financial settlement in TD + 2 (ISD = TD + 2), with settlement top priority – level 2.

Non-guaranteed instructions are sent “already matched” containing information on the counterparties of each transaction.

Settlement takes place through the T2S platform during the night-time settlement period of the second business day following the trade date, in accordance with the market rules.

The pending settlement instructions of non-guaranteed stock exchange transactions are managed by INTERBOLSA:

- The settlement of pending instructions will be attempted until they are settled or bilaterally cancelled by the counterparties;
- The market claims and transformations are detected by INTERBOLSA and the corresponding settlement instructions are created and sent to T2S.

Partial Settlement of the instructions is allowed during the last cycle in the night-time settlement period and during the real time settlement period at the times defined in the T2S rules and in INTERBOLSA's notice, both in the first settlement attempt and in the subsequent settlement attempts.

The maintenance instruction functionalities are allowed according to T2S rules and according the terms regulated by INTERBOLSA.

#### **7.1.2.1.2 Fails management**

If during the night-time settlement period there are insufficient securities or cash the unsettled instructions are subject to further settlement attempts during the real-time settlement period that follows, or in the following

days, according to T2S rules, until they are settled or bilaterally cancelled by the counterparties or by INTERBOLSA or T2S.

If the Intended Settlement Date (ISD) has been exceeded, i.e. if the instruction has not settled in ISD, the pending settlement failing on Intended Settlement Date (**PENF**) status is reported.

- For ICPs, the 'PENF' status is reported:
  - via STD: in mnemonics: SLRT and SLRT-PND;
  - via ISO 15022: in messages MT548 and MT537.
- For DCPs: The status “pending settlement failing on intended settlement date” is reported in the messages:
  - sese.024 - Settlement Instruction Status Advice;
  - semt.014 - Intra Position Movement Status Advice;
  - semt.018 - Securities Transaction Pending Report.

#### **7.1.2.1.3 Instruction management**

For non-guaranteed trades INTERBOLSA’s participants, both DCPs and ICPs, are able to change the settlement instructions according to the T2S instruction maintenance rules:

- Change the Hold/Release indicator value of the settlement instructions;
- Amend the settlement instructions (partial settlement indicator, instruction linking and settlement priority indicator);
- Cancel the pending settlement instructions, subject to confirmation by the counterparty (bilateral cancellation).

The maintenance instructions have to be sent:

- Via STD, through the message/file **EXCHmsg/EXCHfile**;
- Via SWIFT, through ISO 15022 messages:
  - MT530 (to change the hold/release indicator; change the partial settlement indicator, link/unlink instructions, change the settlement priority indicator);
  - MT540-543 (to cancel instructions);

- Via SWIFT, through ISO 20022 messages sent directly to T2S platform - **sese.020** and **sese.030** or via T2S GUI (only for DCPs).

The "Release" of the instructions may be total or partial:

- Total Release: Use the function "R" (Release) and include " " (blank) in the "Hold" field of EXCHmsg / EXCHfile mnemonics.
- Partial Release: Partial release is possible for securities delivery instructions (DVP, DFP, DWP):
  - ✓ Matched and not canceled;
  - ✓ Pending settlement in Hold by the participant;
  - ✓ Allowing partial settlement;
  - ✓ Where the ISD (Intended Settlement Date) has been reached (i.e. a partial release request can only be submitted from SoD on ISD, which occurs at 18:45 CET).
- The amount to be released must be less than the original amount of the settlement instruction;
- If there is an indication of non-authorization for partial settlement (NPAR) in at least one of the instructions ('delivery' or 'receive'), the request for partial release will not be accepted;
- The partial release process only has a life cycle during the 'Release Day', ie if a partial release of a quantity occurs and it does not settle by the end of its settlement cut-off, the process is automatically canceled by T2S, ie the instruction returns to its original state (Hold of initial quantity);
- Partial Release is allowed for instructions with ISD in the past;
- If the receive instruction is in Hold, the Partial Release request is rejected.

The partial release process is activated by submitting a change order by selecting the 'Release' function, filling in the desired amount to be released:

- DCPs:
  - ✓ via ISO 20022 message: sese.030 - "Securities Settlement Condition Modification Request";
- ICPs:
  - ✓ via STD: EXCHmsg / EXCHfile;
  - ✓ via ISO 15022: MT530 message "Transaction Processing Command" (field "Quantity of Financial Instrument to be settled": 36B :: SETT //);

The reply to a partial release of an accepted quantity shall be sent to:

- DCPs (via ISO 20022 messages):
  - ✓ sese.031 - “Securities Settlement Condition Modification Request”, informing the acceptance of the request with the status “completed”;
  - ✓ sese.024 - “Securities Settlement Transaction Status Advice” - reporting the partial amount released and the remaining amount in ‘Hold ‘;
- ICPs:

In the case of a partial release, the partially released quantity and the remaining amount in hold are informed in the following fields:

- ✓ via STD: SLRT message - informs the partial amount released and the remaining amount in 'Hold' in the field 'Mot-Descr'\*;
- ✓ via ISO 15022 message: MT548 “Settlement Status and Processing Advice” - reports the partial quantity released and the remaining amount in Hold in the new field:: 70E :: SPRO // (Partially Released Quantity and Remaining on Hold);

\* Format of the field: R999999999999.99 H999999999999.99

Example: R123456789012.99 H123456789012.99

- R = quantity released
- H = amount remaining in Hold

The process of 'Partial Release' can be canceled by the participant, putting again the instruction on Hold.

Multiple simultaneous Partial Release are not allowed for the same instruction; only one new Partial Release can be made after the previous order has been settled.

#### 7.1.2.1.4 Settlement information

DCPs receive the settlement information directly from T2S in ISO 20022 messages:

- Status advice of Settlement instructions - “Securities Settlement Transaction Status Advice” - **sese.024**;
- Settlement Confirmation - "Securities Settlement Transaction Confirmation" - **sese.025**.

All participants, ICPs and DCPs, receive the following information from INTERBOLSA:

- A file, which is available before the beginning of the T2S Night-time Settlement period with the instructions to be settled in the business day - “**SLRT-PND**”;
- Messages that are sent from the beginning of the Night-time Settlement period until the end of the Real-time Settlement period that contain the settled/unsettled/cancelled/rejected instructions - “**SLRT**”;
- File that is available after the end of day (EOD) - “**SLRT-RES**”, which contains the settled/cancelled instructions during the settlement day.

Participants that subscribe ISO 15022 messages receive through the SWIFT network the following messages:

- MT536 (Statement of Transactions);
- MT537 (Statement of Pending Transactions);
- MT544 / MT545 / MT546 / MT547 (Settlement confirmations);
- MT548 (Settlement Status and Processing Advice).

### **7.1.2.2 Non-clearable operations**

#### **7.1.2.2.1 Settlement procedures**

Securities issued in non-Euro currency and debt instruments registered in face amount using a pool factor are traded at Euronext Lisbon in a group of non-clearable securities and therefore not processed by LCH. In order to allow the settlement of these transactions, Euronext discloses the information to the counterparties who then are responsible to instruct bilaterally the settlement system.

The counterparties of a trade are responsible for the entering of the correspondent instruction in the settlement system. The same rules for instructions and settlement mentioned below in the section 7.2 - SLrt - Real Time Settlement System are applicable.

The physical settlement of securities in non-Euro currency takes place in T2S and the payment instructions in non-Euro currency are generated and sent to the SPME (Non-Euro Currency Payment System), managed by Caixa Geral de Depósitos (CGD), i.e., the cash settlement takes place outside T2S using commercial bank money. The settlement of these instructions is done on a gross basis (operation by operation).

The settlement of DVP instructions in non-Euro currency (currencies not accepted by T2S) use the T2S Conditional Securities Delivery (CoSD) functionality:

- The securities are blocked in the delivering securities account, the delivering instruction is put on hold and a notification message is sent to INTERBOLSA that initiates the foreign currency cash settlement outside T2S, in SPME (CGD);
- Once the confirmation of the cash settlement is received, INTERBOLSA sends a release of the settlement instruction to T2S and the blocked securities in the delivering securities account are released and transferred to the receiving securities account.

#### 7.1.2.2.2 Settlement of guaranteed and non-guaranteed operations – Inputs / Outputs

Date	T2S Procedures
<b>End of TD (Trade Date)</b>	<p>LCH, S.A. sends T2S information with instructions to settle.</p> <p>Messages made available via the 'SLRT' mnemonic via STD, with information regarding instructions sent by LCH to T2S</p>
<b>SD (Settlement Date)</b>  <b>SD = TD+2</b>	<p>Between the end of the day (EOD), prior to SD, and the start of night processing (19h00 WET), information is available via STD via the 'SLRT' mnemonic and 'SLRT-PND' file, with information on all instructions to be settled in SD.</p> <p>During night processing of the T2S platform, the debts and credits provided for in the settlement instructions are processed.</p> <p>If there is insufficient balance in the securities and / or cash accounts, the instructions are pending awaiting settlement or cancellation.</p>
<b>End of SD</b>	<p>After the end of the settlement day, the system makes available the files "SLRT-RES" and "SLRT-PND" with the information of all transactions settled and not settled.</p>

The settlement information is also available through the STD application, menu 'Settlement':

- in the messages "SLRTinfo" and "SLRTdet" (which is invoked by the query "SLRTqryS");
- in the 'LIQ-RES' file, available on the next business day following the day of the settlement.

System	Interface	Input	Outputs	Layouts
INTERBOLSA	STD menu "Settlement"	EXCHmsg/EXCHfile	SLRT	STD manual "Anexo A1"



System	Interface	Input	Outputs	Layouts
	SWIFT - ISO 15022	MT530 MT540 MT541 MT542 MT543	MT544 MT545 MT546 MT547 MT548	"Mensagens ISO 15022" manual
T2S	T2S GUI	Settlement Instructions		T2S: UHB - User Handbook
	SWIFT - ISO 20022	sese.020 sese.030	sese.024 sese.025	T2S: UDFS - User Detailed Functional Specifications

### Settlement of Guaranteed and non-guaranteed operations - Queries

System	Interface	Queries		
		Instructions accepted, rejected, settled, and canceled during the day.	Pending Settlement Instructions Available after EOD / Change of Business Day	Settled Instructions Available after EOD / Change of Business Day
INTERBOLSA	STD menu "AccountMov"	SLRT	SLRT-PND	SLRT-RES (also includes canceled ones) LIQ-RES
	SWIFT - ISO 15022	MT548 MT544 MT545 MT546 MT547	MT537	MT536
T2S	T2S GUI	Settlement Instructions	Settlement Instructions	Settlement Instructions

System	Interface	Queries		
		Instructions accepted, rejected, settled, and canceled during the day.	Pending Settlement Instructions Available after EOD / Change of Business Day	Settled Instructions Available after EOD / Change of Business Day
	SWIFT - ISO 20022	sese.024 sese.025	semt.018	semt.017

## 7.2 SLrt - REAL TIME SETTLEMENT SYSTEM

The real-time settlement system allows the input, matching and settlement of instructions entered by INTERBOLSA’s participants, namely:

- Operations carried out over-the-counter (OTC);
- Transfer between accounts of the same and of different participants, including realignment instructions (internal movements);
- Instructions related to operations carried out by Central Banks;
- Non-guaranteed operations carried out in regulated markets or multilateral trading system over securities in non-Euro currency or over debt instruments registered in face amount using a pool factor.

### 7.2.1 SETTLEMENT INSTRUCTION INPUT AND VALIDATION

The introduction of the settlement instructions, settlement restrictions and maintenance instructions in the settlement systems managed by INTERBOLSA is performed:

- By the DCPs: directly in the T2S platform, according to the due authorization for this purpose, including CCPs (*Central Counterparties*);

- By the ICPs and, in certain cases, the DCPs: to the local systems of INTERBOLSA, which perform a pre-validation (ISIN, party, etc.) and incorporates the necessary information compliant with T2S requirements, being the definitive and final validation conducted in the T2S platform.

T2S platform performs the complete set of checks and validations of the instructions, which includes technical and business validations, such as duplicate check, privilege checks, instructing party, static data checks, etc. T2S also performs additional business validations regarding specific restrictions and/or market specific attributes (MSA) as defined by INTERBOLSA.

The validation procedures are triggered upon the reception of the instructions by the T2S platform and all recycled instructions are revalidated at the Start of Day or when any change occurs in the static data, in order to check whether these instructions are still valid.

SLrt accepts Delivery versus Payment (DVP), Free of Payment (FOP), Delivery with Payment (DWP) and Payment Free of Delivery (PFOD) instructions.

The settlement instructions can be inserted into the system on the intended settlement date for real time same-day settlement, before the contractual settlement date for forward settlement and with intended or contractual settlement date (ISD) in the past.

ISO Transaction Codes (Transaction types) available:

- BYIY (for buy-in)
- BSBK (for buy sell back)
- CLAI (for market claim) - only Cancellation and Hold/Release is allowed
- COLI (for collateral in)
- COLO (for collateral out)
- INSP (for move of stock)
- MKDW (for mark down) - only for CSDs
- MKUP (for mark up) - only for CSDs
- NETT (for netting)
- NSYN (for non syndicated)
- OWNE (for external account transfer)
- OWNI (for internal account transfer)
- PAIR (for pair off)
- PLAC (for placement)
- PORT (for portfolio move)
- REPU (for repo)
- RODE (for return delivery without matching)
- RVPO (for reverse repurchase agreement)
- SBBK (for sell buy back)
- SBRE (for borrowing reallocation)
- SECB (for securities borrowing)

- SECL (for securities lending)
- SLRE (for lending reallocation)
- SWIF (Switch From)
- SWIT (Switch To)
- SYND (for syndicate underwriters)
- TBAC (for TBA closing)
- TRAD (for trade)
- TRPO (for triparty repo)
- TRVO (for triparty reverse repo)
- ETFT (for exchange trade funds)
- TURN (for turnaround)

Settlement instructions can be entered using:

- File transfer or real-time messages sent through the private communications network (STD - *Sistema de Transferência de Dados* - Data Transfer System); the information about STD is available in the document “STD – External User Manual” available in INTERBOLSA’s web site [link](#)
- ISO 15022 messages through SWIFT;
- ISO 20022 messages through SWIFT (only for DCPs).

DCPs send settlement instructions directly to T2S. In order to monitor and control all the instructions sent by the DCPs directly to T2S, INTERBOLSA receives a copy of all the settlement instructions initiated by INTERBOLSA’s participants with direct connectivity to T2S on the securities accounts opened in INTERBOLSA books.

## 7.2.2 MATCHING PROCEDURES

INTERBOLSA and the DCPs send settlement instructions, settlement restrictions and maintenance instructions directly to the T2S platform, which performs all the technical and business validations, such as duplicate check, privilege checks, instructing party, static data checks, etc. T2S also perform additional business validations regarding specific restrictions and/or market specific attributes (MSA) as defined by the CSDs.

The matching of settlement instructions is performed in T2S platform. When a new settlement instruction is accepted by the settlement platform it searches for a counterpart instruction that matches, according to the matching criteria. The fields that are part of the matching criteria are indicated in the table below and they must match exactly in both buy and sell instructions, except for the type of instruction and the settlement amount.

Matching rules defined in the settlement platform are as follows:

- In case there is more than one potential matching settlement instruction, the one with the smallest settlement amount difference is choosed;
- If there is more than one potential matching settlement instruction with the same settlement amount, the one with the oldest entry time in T2S is choosed;
- When there is a difference in the settlement amount that is less than the matching tolerance amount, the instruction settle using the seller's settlement amount.

## Matching Criteria

Settlement instructions match according to their type:

- DVP (Delivery Versus Payment) matches with RVP (Receive Versus Payment);
- DFP (Delivery Free of Payment) matches with RFP (Receive Free of Payment);
- DWP (Delivery with Payment) matches with RWP (Receive with Payment);
- For PFOD (Payment Free of Delivery) the instruction PFD (debit indicator) matches with PFD (credit indicator).

In the settlement amount field a matching tolerance is used. If there is a difference in the amount that is less than the matching tolerance, the amount indicated by the seller will be used in the subsequent settlement of the trade.

INTERBOLSA adopts the matching tolerances defined by T2S, according to CSDR and in line with the rules of ECSDA.

The matching tolerances are available in INTERBOLSA's website ([link](#)) (item *Matching*).

The matching fields are presented in the following table:

Settlement instruction data	Mandatory field	Matching criteria
Function: Include (I), Exclude (E), Hold (H), Release (R), Amendment (A), Link (L), and Unlink (U)	Yes	No
Instruction Reference	Yes	No
	Yes	No
Type of instruction ISO Transaction Code	Yes	Yes
Trade Date	Yes	Yes
Intended Settlement date	Yes	Yes
Identification of the financial instrument (ISIN or local code)	Yes	Yes
Quantity type	Yes	No
Settlement Quantity	Yes	Yes
Settlement Amount	Yes	Yes

Settlement instruction data	Mandatory field	Matching criteria
Currency	Yes	Yes
Credit or Debit Indicator (DVP / DWP / PFoD instructions only)	Yes	Yes
Delivering Party	Yes	Yes
Delivering Client	No	Yes
Receiving Party	Yes	Yes
CSD of the Receiving Party	Yes	Yes
Receiving client	No	Yes
<b>Additional Matching Fields</b>		
Opt-out indicator	No	Yes
CUM/EX Indicator	No	Yes
<b>Optional Matching Fields</b>		
Common Trade Reference	No	Yes
Client of the delivering party	No	Yes
Client of the receiving party	No	Yes
Securities account of the delivering party	No	Yes
Securities account of the receiving party	No	Yes

T2S platform detecting two corresponding settlement instructions, automatically matches the instructions that will attempt to settle in the settlement platform. When two settlement instruction match T2S assigns a matching number, Matching Reference.

### 7.2.3 AVAILABLE FUNCTIONALITIES

Some of the functionalities available in the settlement system are:

- Suspension of settlement (Hold);
- Release of the suspension of settlement (Release), total or partial;
- Partial Settlement (in the night settlement cycle and during the day, at the defined times);
- Link of settlement instructions;
- Identification of settlement priority;
- Amendment: partial settlement indicator, priority indicator and link between instructions;
- Cancellation of settlement instructions.

#### 7.2.3.1 Hold/Release mechanism

INTERBOLSA allows the holding of settlement instructions impeding their immediate settlement and subsequently the total or partial release of the instructions for the settlement process. The settlement instructions can be put in a Hold status:

- When they are entered into the system (in a held situation);

- After registration, for matched or unmatched instructions, before the settlement procedure starts, by changing the Hold/Release indicator.

It is also possible to put in hold status the pending part of a partially settled instruction. The participants of INTERBOLSA may manage the Hold/Release indicator:

- using STD:
  - At registration: by sending a SLRtmsg/SLRtfile (“I” - inclusion function) with the field “Hold” filled in with “H”;
  - After registration: amending the settlement instruction by changing to “H” in the “Hold” field;
- using ISO 15022 messages: by sending a MT530 message;
- using ISO 20022 messages (only for DCPs): by sending a sese.030 message.

The release may be total or partial:

- ✓ Total release:
  - The total release of the Hold quantity may be effected before matching, after matching, during the settlement day or after ISD;
  - In STD registration, the “R” (release) function should be used and “ ” (blank) should be included in the “Hold” field;
- ✓ Partial release:
  - In STD registration, the “R” (release) function should be used and “ ” (blank) should be included in the “Hold” field;
  - Partial release is possible for instructions:
    - Matched and not canceled;
    - Pending Hold by Participant;
    - Which allow partial settlement
    - Where ISD (Intended Settlement Date) has been reached (i.e. a partial release request can only be submitted from SoD on ISD at 18:45 CET).
  - The Partial release is only allowed for securities delivery instructions (DVP, DFP, DWP);

- Partial release can only be done on the hold statement of delivery, if both statements (delivery or receiver are on hold), the partial release attempt is rejected;
  - A new partial release can be made only when the first partial release has settled;
  - Only partial release instructions (partial settlement indicator PARQ, PART, PARQ or “blank” may only be partially released);
  - In case the PARQ (quantity) partial settlement indicator has not been included, and the instruction involves cash (DVP, DWP), the minimum limit of EUR 10,000 for shares and EUR 100,000 for debt for partial settlement should be respected;
  - The partial release process only has a life cycle during the release day, i.e. in case of partial release of the quantity and it is not settled by the end of the settlement cut-off, this process is automatically canceled by T2S, ie the instruction returns to its original state (Hold of total quantity);
  - The partial release process is activated by submitting a change order by selecting the 'release' function and filling in the desired amount to be released:
    - DCPs: via sese.030 - “Securities Settlement Condition Modification Request”;
    - ICPs:
      - via STD: SLRTmsg / SLRTfile;
      - via SWIFT: ISO15022 MT530 message “Transaction Processing Command” (“Quantity of Financial Instrument to be settled” field: 36B :: SETT //)
  - The answer to a partial release of the accepted amount is provided to:
    - DCPs: via Sese. 031 - “Securities Settlement Condition Modification Request”, informing the acceptance of the order with the status 'completed' and via sec. in 'Hold'
    - ICPs: In the case of a partial release, the amount released partially and the remaining amount in Hold will be reported in the following fields:
      - via STD: SLRT message - reports the partial quantity released and the remaining quantity in 'Hold' the partial quantity \*;
      - via ISO 15022 message: MT548 “Settlement Status and Processing Advice” - reports the partial quantity released and the remaining amount in 'Hold'old to the quantity:: 70E :: SPRO //
- \* Format of the field: R999999999999.99 H99999999999999.99



Example: R123456789012.99 H123456789012.99

R = quantity released

H = amount remaining in Hold

- The partial release process can be canceled by the participant, putting the instruction back in hold;
- When an instruction is partially released, the instruction will attempt to settle for the amount released in the next partial settlement window.
- Multiple partial releases are not allowed for the same statement, only a new partial release can be made after the previous one has been settled;
- If the receive statement is hold, the partial release request is rejected.

INTERBOLSA informs the instructing participant and the counterparty participant on the status of the instruction as well as any status changes (from hold to release and vice-versa).

The counterparty participant is informed on:

- The Hold status of the instruction on ISD - Intended Settlement Date (at start of day) if the instruction is still on Hold;
- The Release status of the instruction in case the Intended Settlement Date has been reached and if no other hold status remains.

### **7.2.3.2 Amendment**

The participants of INTERBOLSA may amend settlement instructions already registered in its systems with status unmatched or matched.

Participants are allowed to perform the amendment of the following process indicators in a settlement instruction and settlement restriction:

- Partial settlement and threshold type (only for settlement instructions);
- Linking of instructions;
- Settlement priority.

Amending process indicators can be done using maintenance instructions until an instruction settles partially or fully, or until its cancellation occurs. It is possible to change only one processing indicator per instruction.

The process indicators may be amended, depending on the instruction type and the settlement status. Therefore, the amendment will be possible if:

- The settlement instruction or settlement restriction has not settled or been cancelled;
- The settlement instruction is not identified as CoSD (Conditional Securities Delivery);
- The settlement instruction or settlement restriction is partially settled, in which case the amendment instruction may only act on the “Priority” indicator.

The participants of INTERBOLSA may amend a settlement instruction:

- Using STD: through the “A” (amendment) function;
- Using ISO 15022 messages: by sending a MT530 message;
- Using ISO 20022 messages (only for DCPs): by sending a sese.030 message, in which case in the original settlement instruction the field “Allowed Modification Flag” must have been set to the “YES” value.

### **7.2.3.3 Allegement**

The allegement process consists in sending a message to a participant to inform the account owner that a counterpart has instructed a settlement or cancellation instruction against it, whereas the account owner has not yet sent the corresponding instruction.

The allegement message is triggered:

- For the unmatched instruction if the counterparty has subscribed to receive allegement messages;
- From the first unsuccessful matching attempt and if the previous allegement message is no longer valid (so called “Allegement Removal”, applied when the underlying instruction matches).

The allegement process is applied for unmatched settlement instructions and unmatched cancellation instructions that require matching.

If a settlement instruction does not match after the first matching attempt, the counterparty is informed by an allegement message, after a predefined period of time has elapsed:

- Standard delay period: one-hour delay period from the first unsuccessful matching attempt of a settlement instruction;
- Before cut-off: five-hour period measured backwards from the FOP cut-off time (18:00 CET) on the intended settlement date.

If a cancellation instruction does not match after the first matching attempt, the counterparty is immediately informed through an allegement message (without any delay period).

Therefore, cancellation allegement messages are received:

- After 1 hour: if the instruction is registered before the intended settlement date (ISD) or on ISD until 13:00 CET;
- Immediately: on the intended settlement date if the instruction is registered after 13:00 CET and in case a cancellation instruction needs to be matched (bilateral cancellation).

The participants of INTERBOLSA receive allegement instructions:

- Trough STD: "SLRT" message;
- Trough ISO 15022 messages: MT578 message;
- Trough ISO 20022 messages (only for DCPs): sese.028 message.

The participants with direct technical connectivity to T2S, DCPs, may also subscribe to receive the removal of the allegement messages from T2S. This message is sent by T2S to the counterparty in case the counterparty sends its corresponding settlement instruction to T2S, and if both instructions are matched.

T2S also provides, by subscription, the cancellation of the allegement. Therefore, the DCPs will receive this message if the unmatched settlement instruction that generated the allegement is cancelled. INTERBOLSA informs the ICP counterparts when the unmatched settlement instruction that generated the allegement is cancelled:

- Immediately after the cancellation of the instruction, in case of an instruction between INTERBOLSA's participants;
- Immediately after receiving the cancellation of the allegement message from T2S, in case of an instruction registered by a participant of another CSD, having as counterpart an INTERBOLSA participant (cross-CSD settlement).

### 7.2.3.4 Linked Instructions

The functionality for linking settlement instruction(s) and/or settlement restriction(s) together is provided to INTERBOLSA's participants DCPs and ICPs. Linked instructions are subject to specific rules during business validation, eligibility and settlement processes in T2S.

DCPs will be able to apply the T2S linking instructions rules and may:

- Link two Settlement Instructions;
- Link two Settlement Restrictions;
- Link one Settlement Instruction with one Settlement Restriction;
- Link one Settlement Instruction or Settlement Restriction and an existing pool;
- Create a Pool Reference.

For the ICPs, INTERBOLSA only allows the linking of settlement instructions, one-by-one, or by a Pool Reference.

In line with T2S INTERBOLSA allows the following types of links between settlement instructions:

- Information (INFO) – for information purposes only, with no impact on the settlement processing;
- Before (BEFO) – which means that a settlement instruction or settlement restriction settles before or, at least, at the same time as the linked settlement instruction or settlement restriction;
- After (AFTE) – in this case the settlement instruction or settlement restriction settles after or, at least, at the same time as the linked settlement instruction or settlement restriction;
- All-or-none (WITH) – with this link a settlement instruction or settlement restriction settles at the same time as the linked settlement instruction or settlement restriction. This can also be achieved by creating a Pool of Linked Instructions;
- Pool of Linked Instructions specifying the Pool Reference in each instruction (Linked type WITH or not informed);
- A settlement instruction can be linked (BEFO; AFTE; WITH) to a settlement instruction that belongs to a pool.

The link type "INFO" and "Pool of Linked Instructions" is only permitted when registering new instructions.

Furthermore, T2S automatically creates links for the following instructions, to be settled in an all-or-none basis:

- Cross CSD realignment instructions;
- Auto-collateralisation instructions;
- Instructions for substitution of collateral;

- Instructions for collateral relocation at the end of the day;
- Additional liquidity transfer instructions;
- Liquidity rebalancing instructions.

### **7.2.3.5 Cancellation of Instructions**

Settlement instructions may be cancelled:

- Unilaterally: by participants for unmatched instructions or by INTERBOLSA or CCPs through a matched settlement instruction; or
- Bilaterally: for matched instructions.

After matching the cancellation can only be made by mutual agreement of the counterparties, which is done by both parties instructing the cancellation that must be matched by the system.

The pending unmatched instructions are kept in the settlement system during 20 business days, after the intended settlement date or the date of the last status change, depending on which date is the latest. After the mentioned period, the instructions are automatically cancelled by the T2S platform.

### **7.2.4 SETTLEMENT PROCESS**

Once the match of instructions has occurred the resulting settlement instruction is sent immediately to the settlement process. If the contractual settlement day is equal to the current date or in the past and the instruction has a “released” status the instruction queued for immediate settlement processing. If the contractual settlement date is in the future, for forward settlement, the instruction is kept in the system, and subject to revalidation at SOD, until the settlement date arrives and the instruction becomes eligible for settlement. If a transaction is eligible for settlement then the system checks the position of the seller’s securities account and if enough securities are available they are moved to the buyer’s securities account, in case no cash movement is associated (FOP transactions). In case of DVP transactions, if there are securities and cash to settle the instructions, T2S, taking into account the information contained in the instructions, settles the instructions.

The settlement instructions not settled due to lack of securities or cash are submitted to new settlement attempts until they are settled or cancelled, according to the rules detailed in section 7.2.3.5 Cancellation of Instructions.

The settlement of the failed instructions will be retried in the T2S platform whenever new securities and/or cash are received at the involved securities accounts/DCAs, as well as at the beginning of the next business days and whenever the static data changes.

When one of the T2S eligible currencies is not available for cash settlement (i.e. closing day for this currency only), securities transactions can nevertheless be settled in T2S either free of payment (FOP) or against payment denominated in other T2S Settlement currencies.

After the End of day and before before the beginning of the Night-time Settlement period INTERBOLSA makes available several reports:

- Through STD: the settlement instructions to be matched/settled - “**SLRT-PND**”, the settled/cancelled instructions during the settlement day - “**SLRT-RES**”
- Through ISO 15022 messages (SWIFT), for participants that subscribe it: MT536 (Statement of transactions); MT537 (Statement of pending transactions).

#### 7.2.4.1 Fails management

- Securities:
  - The transaction is pending and is automatically resubmitted when there are sufficient securities. This can happen in real time, in the night settlement processing or during one of the partial settlement windows, if allowed.
- Cash:
  - In the case of settlement in Euro, or in a T2S eligible currency, the transaction is pending and is automatically resubmitted when sufficient cash is available.
  - In the case of a cash failure, this can be overcome using the auto-collateralisation functionality, if it's authorized, permitted and parameterized.

If the Intended Settlement Date (ISD) has been exceeded, i.e. if the instruction has not settled in ISD, the pending settlement failing on intended settlement date (PENF) status is reported.

- For ICPs:
  - the status 'PENF' and reason 050 ( 'Instruction can no longer settle in ISD' ) is reported via STD in the SLRT ( 'PENF', '050' 'and SLRT-PND ('PENF') mnemonics
    - ✓ For an instruction registered after ISD, or in ISD after its cut-off, it is informed: NMAT - “001; 050”

- ✓ For an instruction that matches after ISD, or on ISD after its cut-off, it is reported: MACH - “003; 050”
- 'PENF' status is informed via SWIFT - ISO 15022 in messages MT537 and MT548.
- For DCPs, the status “pending settlement failing on intended settlement date” is reported in the messages:
  - ✓ sese.024 - Settlement Instruction Status Advice
  - ✓ semt.014 - Intra Position Movement Status Advice
  - ✓ semt.018 - Securities Transaction Pending Report

#### 7.2.4.2 Partial Settlement

Partial settlement procedures apply to all eligible settlement instructions, when full settlement is not possible due to a lack of securities, in the following window periods:

- Night-time settlement period: in the last night-time settlement cycle;
- Day-time settlement period: between 8:00 and 8:30, 10:00 and 10:15, 12:00 and 12:15, 14:00 and 14:15, 15:30 and 16:00 CET.

A settlement instruction is partially settled, whenever there are insufficient securities to settle the full quantity and the following conditions are met:

- The partial settlement window is running;
- The settlement instructions are eligible to settle partially;
- The partial settlement threshold is fulfilled.

INTERBOLSA participants are able to send the following partial settlement indicators, using STD or SWIFT messages (ISO 15022):

- NPAR - No Partial Settlement;
- PART - Partial Settlement allowed, **the default threshold type will be applied (threshold in cash)**;
- PARC - Partial settlement allowed, threshold in cash;
- PARQ - Partial settlement allowed, threshold in quantity;
- Blank - the default partial settlement rules will be applied (if partial settlement is allowed, the default threshold will be applied).

The resulting applicable threshold type is “Quantity” only if the indicator in both matched settlement instructions is set to “Quantity” (PARQ); in other cases (PARC and PART) the threshold type will be “Cash value”.

Once a partial settlement has been invoked, only the change of the priority of the instructions and the hold/release status or the cancellation of the pending part of a partially settled instruction is allowed.

When an instruction is partially settled, the original instruction is not automatically cancelled. The original instruction is kept and the pending part and the status of the instruction are updated according to the partially settled volumes.

Partial settlement is conditioned by thresholds, below which it may not be applied. These thresholds are determined by:

- The instruction type (FOP or DVP or DWP);
- The instruction threshold type;
- The underlying ISIN;
- The currency of the cash amount of the settlement instruction.

The following types of partial settlement thresholds are possible:

- A threshold in “quantity”: meaning the partial settlement cannot take place for a quantity lower than an applicable value;
- A threshold in “cash value”: meaning the partial settlement cannot take place if the amount corresponding to the quantity of securities to be settled partially is lower than an applicable value.

When submitting an unsettled transaction for partial settlement, the T2S platform attempts to settle the maximum amount of securities available on the seller’s securities account, taking into account the threshold type chosen by the counterparties.

The part of the transaction that settles is referred to as the “settled leg”, whereas the part of the transaction that may not be settled is referred to as the “pending leg”.

Thresholds applicable to partial settlement must be expressed in value (threshold in cash value) or in quantity (threshold in quantity). The threshold determines the numeric value or the quantity of the underlying security under which no partial settlement should take place.

Default threshold in cash, for instructions involving cash (DVP, DWP):

- Over 10.000 EUR for equity instruments;



- Over 100.000 EUR for debt instruments.

Default threshold in quantity, for instructions not involving cash (FOP):

- Minimum settlement unit and settlement unit multiple.

Regarding settlement restrictions, partial settlement applies to reservation and earmarking instructions. The partial settlement window and thresholds does not apply to settlement restrictions.

Partial settlement is not applicable to settlement restrictions generated by T2S for conditional settlement (CoSD) and set-up, increase or decrease of a blocking.

#### 7.2.4.3 Prioritisation

INTERBOLSA allows its participants to choose between diferents levels of priority to the settlement instructions and settlement restrictions, as follows, from the higgest to the lowest priority:

- **Level 3 – High priority;**
- **Level 4 – Normal priority.**

T2S applies the level of priority based on the highest value of the settlement instructions/settlement restrictions.

The T2S platform also allows the use of two more levels of priority for specific situations:

- **Level 1 – Reserved priority** – may only be assigned by INTERBOLSA and other CSDs and central banks to their settlement instructions and settlement restrictions and prevails over any other level of priority in T2S;
- **Level 2 – Top priority** – may only be assigned by trading platforms (MTFs, stock exchanges, etc...) and CCPs to their settlement instructions and settlement restrictions, defined automatically by the priority defaults set for the involved trading platforms or CCPs.

The priority level is taken into account when ranking the settlement instructions or settlement restrictions whenever the optimisation process is in use, at the night-time settlement cycles and during the day-time settlement for the recycling of pending instructions. Therefore, the priority level is considered in such a way that if several instructions compete in the use of the same securities and/or cash resources, in the night-time or real-time settlement optimisation process, preference is given to the settlement instruction with the highest level of

priority. If the matched settlement instructions do not indicate a level of priority, the lowest level of priority (i.e. "Normal") is used. If an additional choice has to be made between settlement instructions or settlement restrictions with the same level of priority, the preference is given to the oldest ones based on the Intended Settlement Date.

The level of priority of a settlement instruction or a settlement restriction may be modified by the participants through an instruction maintenance (see section 7.2.3.2 Amendment), until its full settlement.

#### **7.2.4.4 Auto-collateralisation**

Auto-collateralisation is an automatic mechanism provided by T2S for central banks and payment/settlement banks to supply intraday credit secured with eligible collateral.

The auto-collateralisation operations are triggered when a buyer does not have sufficient funds to settle a settlement instruction: trading-related delivery versus payment (DVP) or payment free of delivery (PFoD) settlement instructions or corporate actions related delivery versus payment (DVP) or payment free of delivery (PFoD) instructions. The liquidity obtained is then immediately used to settle the underlying securities transaction.

The types of auto-collateralisation available are:

- Central bank collateralisation: intraday credit provision where the central bank is the credit provider and the payment bank is the credit consumer;
- Client collateralisation: intraday credit provision where the payment bank is the credit provider and its client is the credit consumer.

The collateral provided by the payment/settlement banks and the payment/settlement banks' clients to secure the intraday credit could be the securities that are being purchased (auto-collateralisation on flow) and/or other securities already held by the buyer at a securities account (auto-collateralisation on stock).

When generating the auto-collateralisation operations, T2S uses the collateral on flow first and collateral on stock next. Therefore, if a settlement instruction indicates that the securities being purchased could be used as collateral on flow in an auto-collateralisation operation with a central bank or with a payment/settlement bank, then, in the event of insufficient funds, these securities will be used as collateral to obtain the intraday credit to settle the instruction. When the collateral value of the securities on flow is not sufficient to cover the amount of credit to be granted, T2S complements the collateral on flow with collateral on stock. When several securities may be selected, the T2S collateral mechanism starts by selecting the lowest amount.

T2S supports several procedures for central bank collateralisation: repo, pledge<sup>4</sup> and pledge sub account<sup>5</sup> (Sub-Pledge).

The most usual procedure for intraday credit provision used by central banks is the repo procedure, as is the case with Banco de Portugal. Therefore, the securities used as collateral for intraday credit operations are transferred from the securities account of the participant receiving the credit to the securities account of central bank that provides the credit.

Repo is the only procedure available for client collateralisation; securities used as collateral for intraday credit are transferred to the securities account of the payment bank providing the credit.

### **Limits**

Regarding the intraday credit provision, T2S allows central banks, as credit providers, to define the amount of credit they provide to each payment bank. Payment/settlement banks may also limit the amount of credit they are willing to provide to their clients. However, payment/settlement banks may define three different types of limits: the external guarantee limit, the client auto-collateralisation limit and the unsecured credit limit.

The intraday credit provided through auto-collateralisation by a payment/settlement bank to its clients (client auto-collateralisation) will cover insufficient external guarantee headroom. Therefore, the client auto-collateralisation is triggered only after the external guarantee limit has been reached.

Credit consumers and credit providers may monitor the maximum amount of intraday credit, the amount of credit already provided by the credit provider, and the remaining amount, through the monitoring tool Credit Memorandum Balance (CMB).

During the settlement day, at any moment, central banks or payment/settlement banks may increase or decrease the auto-collateralisation limit of an eligible payment/settlement bank or payment/settlement bank's client, thus reflecting the amount of credit that may be granted.

### **Auto-collateralisation reimbursement**

Whenever T2S generates and settles an auto-collateralisation operation, T2S creates on hold the reimbursement of that auto-collateralisation operation, corresponding to the exact reverse operation (i.e. same amounts, same

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<sup>4</sup> Transfer of securities from the securities account of the bank receiving the credit to another account of this bank (the securities account being pledge to the central bank providing the credit).

<sup>5</sup> Securities blocking in the securities account of the bank receiving the credit (the securities are blocked in favour of the central bank providing the credit and may not be used while blocked).

accounts, etc). The reimbursement operations may then be released for settlement at any time of the day by the payment banks or the payment/settlement banks' clients.

T2S has an automated reimbursement procedure at the end of the day for central bank auto-collateralisation:

- If, at the end-of-day cut-off time for intraday credit reimbursement in T2S, a payment/settlement bank has not reimbursed all its pending intraday credit operations with a central bank, T2S automatically uses all the liquidity available on the T2S dedicated cash account(s) held with the relevant central bank to reimburse the pending intraday credit operations;
- If, at the end-of-day cut-off time, the liquidity available on the T2S dedicated cash accounts is insufficient to fully reimburse the pending auto-collateralisation operations with central banks, T2S automatically creates a new credit operation (via one or more securities settlement instruction(s)) for the lacking amount of cash. T2S settles the new credit operation on an all-or-none basis along with the reimbursement of the auto-collateralisation operation.

Regarding client collateralisation the reimbursement instructions need to be released manually.

### **Automated substitution of collateral**

T2S auto-collateralisation processes the automated substitution of collateral. When T2S is attempting the settlement of a set of transactions that would result in lack of securities, it checks whether the lack of securities may be resolved with the settlement of pending auto-collateralisation reimbursement operations. If such pending auto-collateralisation reimbursement operations do resolve the lack of securities, then T2S releases them replacing them with other eligible securities and submits the several instructions to settlement on an all-or-none basis with the underlying set of transactions.

### **Configuration in T2S**

The management of auto-collateralisation in T2S requires the definition and configuration of the static data of central banks or payment banks as credit providers and payment banks or clients of payment banks as credit consumers. Parameters to be defined are:

- Securities account for receiving collateral;
- Cash accounts to be used for providing credit;
- List of eligible collateral;
- Collateral valuation;
- Close links that define whether a security may be used by the credit consumer for auto-collateralisation based on its proximity to the issuer (the close links will be updated by central

banks. It is expected that for the release 1 of T2S this functionality will not be used by the Eurosystem central banks);

- Maximum amount which may be provided per credit consumer (for client auto-collateralisation, the definition of the various limits);
- Collateralisation procedure (repo, pledge or sub-pledge for central bank auto-collateralisation; for client auto-collateralisation only repo procedure is available).

Parameters to be defined by payment banks or clients of payments banks as credit consumers are:

- Links that their CSDs will set up between the DCAs and the securities accounts used to supply the needed collateral;
- Securities positions which may be used for auto-collateralisation. Credit consumers can choose between:
  - Earmarking at the level of securities accounts;
  - Earmarking at the level of securities positions.

INTERBOLSA creates all the required static data at T2S, such as opening securities accounts and creating links between the securities accounts and the cash accounts for auto-collateralisation.

DCPs send/receive the settlement related ISO 20022 messages directly to/from T2S.

ICPs could send the instructions through STD or SWIFT (ISO 15022) to INTERBOLSA that will then forward them to T2S. INTERBOLSA also forwards to the ICPs the auto-collateralisation messages received from T2S.

Participants of INTERBOLSA receive information related to the generation of settlement instructions (opening and reverse/reimbursement transactions) and the respective settlement operations.

## **Information**

Status advice and settlement confirmation is obtained from T2S:

- Through STD: using mnemonic SLRT;
- Through SWIFT communications using ISO 15022 messages: MT548 (status advice) and MT545/MT547 (RVP/DVP settlement confirmation);

- Through ISO 20022 messages: sese.032 (transaction generation notification), sese.024 (status advice) and sese.025 (settlement confirmation) - only for DCPs.

**Reconciliation:**

- Through STD: mnemonic SLRT-RES, LIQ-RES;
- Through ISO 15022 messages: MT536;
- Through ISO 20022 messages: semt.017 - only for DCPs.

The release of the reverse transaction (reimbursement) has to be done by the participants:

- Through STD: mnemonic SLRTmsg/SLRTfile (status advice - mnemonic SLRT);
- Through ISO 15022 messages: MT530 (status advice - MT548);
- Through ISO 20022 messages: sese.030 (status advice - sese.031) - only for DCPs.

### **7.3 INTERNAL SECURITIES MOVEMENTS - FREE OF PAYMENT**

Internal movements are transfers between the securities accounts of the same participant or within the same securities account of a participant (intra-position movements or settlement restrictions).

#### **7.3.1 SECURITIES MOVEMENTS BETWEEN PARTICIPANT'S ACCOUNTS**

In this type of transfers the origin and destination participant is the same, and they can be used to record:

- Transfers between the same holders: transfers of securities between different securities accounts of the same holder, in the same participant;
- Internal regularisation transfers: transfers of securities regarding the distribution of an initial balance credited by INTERBOLSA in the default securities account (YYY999995) of the participant or in any other situation of reorganisation of a participant's securities accounts or realignment between securities accounts.

The transfers of securities (Free of Payment instructions) between securities accounts of the same participant may be registered using:

- STD:

- **TRFfile/TRFmsg** - in this case the instructions are sent by INTERBOLSA to T2S as already matched instructions;
- **SLRTmsg/SLRTfile** - in this case the instructions are sent by INTERBOLSA to T2S as to be matched instructions;
- ISO 15022 messages, via SWIFT: MT540/MT542;
- ISO 20022 messages, via SWIFT (only for DCPs): sese.023.

The participants of INTERBOLSA can send transfer instructions between securities accounts with settlement date (ISD) on the same day or with settlement date (ISD at a future date (via STD: within the following 2 business days) :

- If the settlement date (ISD) is the same day, the transfer is immediately settled, if there are securities available in the securities account, within the cut-off time for FOP (Free of Payment) operations;
- If the settlement date (ISD) is a future date, the settlement will be done on the Night-Time Settlement (NTS) of the settlement day, if there there are securities available in the securities account.

Partial settlement is allowed for these movements.

### **7.3.2 MOVEMENTS WITHIN THE SAME SECURITIES ACCOUNT OF THE PARTICIPANT**

Settlement restrictions are instructions related to intra-position movements, i.e., movements within the same securities account of the participant, used for blocking, reservation and earmarking of securities. Blocking, reservation and earmarking allow the transfer of securities into a specific securities position in the securities account. These operations can be used to make the securities unavailable or available for a particular purpose (e.g. blocked securities for Conditional Securities Delivery, earmarked securities for auto-collateralisation, reserved/blocked securities for a dedicated aim with the use of a restriction reference in the Settlement Instruction, etc.).

INTERBOLSA allows its participants to enter blocking, reservation and earmarking instructions to move securities positions within the participant's securities account from an available situation to other situations, such as:

- **Blocking:**
  - **BL03** - Blocked for pledge;
  - **BL04** - Blocked for guarantee;

- **BL09** - Generic blocking;
- **BL10** - Judicial blocking.

INTERBOLSA also allows the securities blocking for settlement purposes (**BL11**) - the balance in this situation can be used for settlement, in this case the “Restriction Type” BL11 must be indicated in the settlement instruction;

- **Reservation:** securities positions are moved from an available (AWAS - Deliverable) situation to a reserved situation for settlement purposes (**RE35**) – the balance in this situation can be used for settlement, in this case the “Restriction Type” RE35 must be indicated in the settlement instruction;
- **Earmarking:** securities positions may be moved from an available (AWAS - Deliverable) situation to a earmarked situation for settlement purposes and for auto-collateralisation, according to the situations below:
  - **EA40** - Earmarked for settlement - the balance in this situation can be used for settlement, in this case the “Restriction Type” EA40 must be indicated in the settlement instruction;
  - **EEUR** - Earmarked for Auto-Collateralisation (EUR currency);
  - **EXXX** - Earmarked for Auto-Collateralisation (All other currencies).

Earmarking is also possible at the securities account level (example: for auto-collateralisation); in this case it will not be possible to earmark for a different purpose at the position level. INTERBOLSA does not allow this functionality.

For the set-up of blocking and reservation of securities positions a Restriction Reference is generated by T2S, which must be indicated in the settlement restriction messages:

- To decrease the securities positions blocked or reserved;
- To increase the securities positions already blocked or reserved (if no Restriction Reference is indicated a new Restriction Reference is generated by T2S).

#### **Remarks on partial settlement:**

- Partial settlement is not allowed for the **blocking** of securities positions - the securities position is blocked only if and when there is sufficient quantity in the securities account; the unsettled settlement restriction is recycled for further attempts;



- Partial settlement is allowed for the **reservation** of securities positions - it is possible to reserve more securities than the ones available at the securities account position; the securities position is reserved for the available quantity and the quantity of securities received further are automatically reserved, until the full quantity of securities to be reserved is reached;
- Partial settlement is allowed for the **earmarking** of securities positions; the securities position is earmarked for the available quantity in the securities accounts; the unsettled settlement restriction is not recycled for further attempts.
- Intra-position movements/settlement restrictions may be registered using:
  - STD - mnemonics **TRFfile/TRFmsg**;
  - ISO 15022 message: **MT524 - Intra-Position Instruction**
  - ISO 15022 message: **MT540/MT542 - Securities Settlement Transaction Instruction**
  - ISO 20022 message: **semt.013 - Intra-Position Movement Instruction** (only for DCPs)
  - ISO 20022 message: **sese.023 - Securities Settlement Transaction Instruction** (only for DCPs)

### 7.3.3 SETTLEMENT

Participants may register internal account movements for the same settlement day or for future settlement day (via STD: within 2 business days):

- If the intended settlement date (ISD) is the day itself, the transaction settles immediately, if there is an available balance in the securities account, within the FOP (Free of Payment) settlement time;
- If the intended settlement date (ISD) is a forward settlement date or if, despite the settlement date (ISD) being the day itself, the transaction was recorded / accepted after the FOP settlement cut-off, the transaction settles on the Night-Time Settlement (NTS) of the intended settlement day if there is an available balance in the securities account.
- If the Intended Settlement Date (ISD) has been exceeded, i.e. if the instruction has not settled in ISD, the pending settlement failing on intended settlement date '**PENF**' status (pending settlement failing on intended settlement date) is reported.

Immediately, after registration through the INTERBOLSA systems and validation of movement between accounts of the same participant, INTERBOLSA sends the instructions as already matched to the T2S platform.

### 7.3.4 SETTLEMENT INFORMATION

System	Interface	Input	Output	Layouts
INTERBOLSA	STD menu "AccountMov"	TRFmsg/TRFfile Reason code 376 - Internal Regularization	MVI	STD Manual "Annex A1"
	SWIFT - ISO 15022	MT524	MT508	Manual "Messages ISO 15022"
	SWIFT - ISO 15022	MT540	MT542	Manual "Messages ISO 15022"
T2S	T2S GUI	Intra-position movement		T2S: UHB - User Handbook
	SWIFT - ISO 20022	semt.013	semt.014 semt.015	T2S: UDFS - User Detailed Functional Specifications
T2S		Securities Settlement Transaction Instruction		T2S: UHB - User Handbook
	SWIFT - ISO 20022	sese.023	semt.014 semt.015	T2S: UDFS - User Detailed Functional Specifications

#### ➤ Via STD

- File available after the end of day (EOD) and before the beginning of the Night-time Settlement period, that contains the settlement instructions/settlement restrictions to be settled - "**MVI-PND**";
- Message which is available during the day and that contains the settled/unsettled/cancelled/rejected instructions - "**MVI**";
- File that is made available after the end of day (EOD) - "**MVI-RES**" that contains the settled/cancelled instructions during the settlement day.

#### ➤ Via ISO 15022 messages: Participants that subscribe ISO 15022 messages may receive (via SWIFT) the following messages:

- Movements between securities accounts of the participant (settlement instructions):
  - MT536 (Statement of transactions);
  - MT537 (Statement of pending transactions);
  - MT544 / MT545 / MT546 / MT547 (Settlement confirmations);
  - MT548 (Settlement Status and Processing Advice).
- Movements within the same securities account of the participant (settlement restrictions - blocking, reservation, earmarking):
  - MT508 (Intra-Position Advice);

- MT538 (Statement of Intra-Position Advice).

DCPs may receive the settlement information directly from T2S (ISO 20022 messages):

- Transfers between participant's securities accounts (settlement instructions):
  - Status advice of Settlement instructions - "Securities Settlement Transaction Status Advice" - **sese.024**;
  - Settlement Confirmation - "Securities Settlement Transaction Confirmation" - **sese.025**;
- Movements within the same securities account of the participant (settlement restrictions – blocking, reservation, earmarking):
  - Intra Position Movement Status Advice - **semt.014**;
  - Securities Settlement Restriction Confirmation - **semt.015**;
  - Intra Position Movement Posting Report - **semt.016**.

#### **7.4 SETTLEMENT OF SPECIAL OPERATIONS - PUBLIC AND PRIVATE OFFERS/BIDS AND PRIVATISATIONS**

The results of special operations (Takeover Bid, Public/Private Offering, Initial Public/Private Offering and Exchange Offer) may be determined in a special stock exchange session or by a participant (who represents the entity that has launched the offer).

On the day agreed (until SD-1, being SD the Settlement Date), INTERBOLSA needs to receive the necessary information to process the physical and financial settlement of public and private offers is sent to INTERBOLSA:

- From Euronext Lisbon, in case the operation is carried out in a special exchange session;
- From the Issuer/Offerer or from the participant that represents the Issuer/Offerer, in case the operation is not carried out in a special exchange session.

The information to process the physical and financial settlement is received through the STD file "LOEfile". The "LOEfile" have to be sent until 15:00 CET on the day before the settlement date - SD -1 (SD - Settlement Date).

If, in exceptional cases, the file is sent after 15:00 CET, INTERBOLSA will not guarantee the availability of the information on pending settlement instructions to the participants.

The quantity of the operations in debt instruments have to be in nominal amount (face amount).

INTERBOLSA then generates the corresponding settlement instructions (already matched **sese.023** messages) which are sent to the T2S platform for settlement in the night-time settlement period.

#### **Characteristics of settlement instructions sent to T2S:**

- Types of settlement instructions (Type of transaction) received by INTERBOLSA and sent to T2S:
  - DVP (Delivery Versus Payment);
  - FOP (Free of Payment);
  - PFOD (Payment Free of Delivery);
- ISO Transaction Code: TRAD (Trade);
- Place of Trading: SLRT - if the file was sent by Euronext Lisbon or “Blank” if the file was sent by a participant;
- Settlement priority:
  - INTERBOLSA applies a high priority to these instructions (priority 1 - Reserved Priority), in order to settle before the on-exchange operations that have priority 2 - Top priority;
- Partial Settlement Indicator: NPAR (No Partial Settlement);
- Opt-out indicator: Yes (Without Market Claims).

#### **Settlement:**

- Settlement of the securities and/or cash in the participants’ securities accounts and dedicated cash accounts is booked in the T2S platform;
- Settlement is processed in the first night time cycle (20:00 CET);
- No partial settlement is allowed;
- Unsettled operations in the Night-time Cycle will attempt to settle in the Day-time Settlement until settlement or cancellation by INTERBOLSA, if needed.

#### **Settlement Process for each operation type:**

- **OPA - Takeover Bid**

INTERBOLSA sends to T2S:

- DVP instructions, in order to:

- Debit the “default” securities accounts of the participants and credit the securities account of the leader participant; and
- Debit the dedicated cash account of the leader participant and credit the dedicated cash accounts of the participants.

▪ **OPV - Public/Private Offering**

INTERBOLSA sends to T2S:

- DVP instructions, to:
  - Debit the securities account of the leader participant (normally the “default” account) and credit the “default” securities accounts of the participants; and
  - Debit the dedicated cash accounts of the participants and credit the dedicated cash account of the leader participant.

▪ **OPS - Public/Private Offering for Subscription**

INTERBOLSA sends to T2S (each pair linked to settle all-or-none - Linked Type “WITH”):

- FOP instructions, to:
  - Debit the “Issuance Account at T2S” and credit the participants’ securities accounts;
- PFOD instructions, to:
  - Debit the dedicated cash accounts of the participants and credit the dedicated cash account of the leader participant.

▪ **OPT - Exchange Offer**

**A - Exchange of securities (securities to be received already exists) without any payment**

INTERBOLSA sends to T2S (each pair linked to settle all-or-none - Linked Type “WITH”):

- FOP instructions, to:
  - Debit the “default” participants’ securities accounts and credit the securities account (normally the “default” account) of the leader participant, with the quantity of securities to be delivered;

- Debit the securities account (normally the “default” account) of the leader participant and credit the “default” participants’ securities accounts with the quantity of securities to be received.

#### **B - Exchange of securities (securities to be –received are new) without any payment**

INTERBOLSA sends to T2S (each pair linked to settle all-or-none - Linked Type “WITH”):

- FOP instructions, to:
  - Debit the “default” participants’ securities accounts and credit the securities account (normally the “default” account) of the leader participant with the quantity of securities to be delivered;
  - Debit the “Issuance Account at T2S” and credit the “default” participants’ securities accounts with the quantity of securities to be received.

#### **C - Exchange of securities (securities to be received already exist) with payment**

INTERBOLSA sends to T2S (each pair linked to settle all-or-none - Linked Type “WITH”):

- DVP instructions, to:
  - Debit the “default” participants’ securities accounts and credit the securities account of the leader participant with the quantity of securities to be delivered; and
  - Debit the dedicated cash account of the leader participant and credit the participants’ dedicated cash accounts with the correspondent amount of cash.
- FOP instructions, to:
  - Debit the securities accounts (normally the “default” account) of the leader participant and credit the “default” participants’ securities accounts with the quantity of securities to be received.

#### **D - Exchange of securities (securities to be –received are new) with payment**

INTERBOLSA sends to T2S (each pair linked to settle all-or-none - Linked Type “WITH”):

- DVP instructions, to:
  - Debit the “default” participants’ securities accounts and credit the securities account of the leader participant with the quantity of securities to be delivery; and
  - Debit the dedicated cash account of the leader participant and credit the participants’ dedicated

cash accounts with the correspondent amount of cash;

- FOP instructions, to:
  - Debit the “Issuance Account at T2S” and credit the “default” participants’ securities accounts with the quantity of securities to be received (include the default securities account in the settlement instructions).

### **Information made available to participants**

Before the Night-time Settlement period, on SD (Settlement Date), INTERBOLSA provides information to its participants of the settlement instructions to be settled, through:

- ISO 15022: MT537 (Statement of Pending Transactions), via SWIFT (only for participants that subscribed it);
- STD - **LOE-PND**.

After the Night-time Settlement period and during the Day-time Settlement period, INTERBOLSA provides information to its participants with the pending settlement instructions, settled instructions and cancelled instructions, through:

- STD – **LOE**.

After the end of Day-time Settlement processing (after 18:00 CET), INTERBOLSA provides information to its participants, with settled instructions and cancelled instructions during the settlement day (including night-time period), through:

- ISO 15022: MT536 (Statement of Transactions), via SWIFT (only for participants that subscribed it);
- STD - **LOE-RES**.

## **7.5 NON-EURO CURRENCY SETTLEMENT SYSTEM (SLME)**

The Non-Euro Currency Settlement System (SLME - *Sistema de Liquidação em Moeda Estrangeira*) processes the settlement of all operations carried out in debt securities and Exchange-Trade Funds (ETFs) denominated in currencies other than euro, not supported by T2S platform, in particular settlement of operations carried out

over-the counter (registered in the real-time settlement system), settlement of the cash leg of corporate actions (interest and redemption payments and income payments) and settlement of non-guaranteed (“non-clearable”) stock exchange operations.

Non-Euro settlement instructions, in currencies not eligible for T2S, are processed as follows:

- The physical settlement is processed in T2S, conditioned to its financial settlement outside T2S;
- Payment instructions are processed by the SPME – *Sistema de Pagamento em Moeda Estrangeira* (Non-Euro Currency Payment System), managed by Caixa Geral de Depósitos (CGD).

Therefore, non-Euro settlement instructions are settled in commercial bank money (CoBM).

DVP settlement instructions in non-Euro Currency (currencies not eligible by T2S) are settled in the T2S platform using the T2S Conditional Securities Delivery (CoSD) functionality, configured by INTERBOLSA in order to have the non-Euro currency settlement instructions detected during the T2S validation procedures. When such instructions are detected at T2S, the securities are blocked in the delivering (seller) securities account, the delivering instruction is put on hold, and a notification message is sent to INTERBOLSA, which initiates the foreign currency cash settlement outside T2S, in the SPME (CGD). Once the confirmation of the cash settlement is received, INTERBOLSA sends to the T2S the release of the settlement instruction (the blocked securities in the delivering (seller) securities account are unblocked and transferred to the receiving (buyer) securities account).

In the T2S platform, the instructions in currencies not eligible for DVP in Euro are treated as FOP instructions, regardless of their original type, whether FOP or DVP. Currently, for FOP settlement instructions, T2S considers as additional matching fields the Currency, the Settlement Amount and the Credit/Debit Indicator. Notwithstanding, in order to prevent cross-matching INTERBOLSA recommends to use a bilaterally agreed common reference in the non-Euro settlement instruction.

Partial settlement is not applicable to settlement restrictions (blocking) generated by T2S for Conditional Securities Delivery (CoSD); consequently, partial settlement is not applicable to non-Euro currency settlement.

### **Matching tolerances**

INTERBOLSA adopts the matching tolerances in line with the EUCSDA rules.

The matching tolerances per currency are configured in the T2S platform and are available on INTERBOLSA website ([link](#)) (item Matching).



These tolerance levels correspond to be the equivalent amounts of EUR tolerance levels based, on the official exchange rate of the ECB, where available, and are usually updated in the T2S platform once a year.

### **7.5.1 CURRENCIES**

Usable currencies in SLME are all convertible currencies that can be handled by the Payment System (SPME) operated by CGD. Information on usable currencies is available on the INTERBOLSA website under "Services" / " Non-Euro Currency Payment System" ([link](#)). Financial amounts are always presented with the number of decimal places corresponding to the minimum transferable amount. For calculations made in foreign currency the same rounding rules as in the corresponding Euro calculations apply, however, taking into account the number of decimal places usable in each currency.

The cash amounts are recorded in the SLME and SPME systems with two decimal places, with the exception of the Japanese Yen (JPY), which has no decimal places.

### **7.5.2 SECURITIES**

The SLME accepts settlement for debt securities (with the exception of convertible securities) and Exchange-Trade Funds (ETFs).

Securities in non-Euro currency and debt instruments registered in face amount with pool factor are traded at Euronext, in a group of "non-clearable" securities and therefore not processed by LCH. In order to enable settlement, Euronext discloses the counterparties of the trades, who are responsible to instruct directly the INTERBOLSA's settlement system.

### **7.5.3 PARTICIPANTS**

The SLME is available to all participants affiliated to INTERBOLSA's systems that either directly or indirectly have access to the Non-Euro Payment System (SPME).

Participants with direct access to the SPME system must open one cash account per currency and inform INTERBOLSA. Those with indirect access must indicate to INTERBOLSA the identification of the participants with direct access and with whom they have established an agreement (with a declaration confirming that the mentioned intermediary accepts to settle the cash payments). The participants must also have the means and the technical abilities to interact with the systems operated by INTERBOLSA, and either directly or indirectly, with the SPME operated by CGD in order to be able to execute transfer operations in the non-euro currencies used in the system.

Participants should indicate the following information to INTERBOLSA and keep it up-to-date:

- Identification of the account opened for each currency in the SPME system, either directly or indirectly through another direct participant;
- Identification of the Correspondent Bank (BIC code according to ISO 9362) for each currency and the identification of the non-euro currency account opened in this bank.

#### **7.5.4 FAILS FOR NON-COMPLIANCE OF THE PARTICIPATION RULES**

In order to be able to settle operations in the SLME system on securities issued in currencies other than Euro, the participants must inform INTERBOLSA, in advance, a cash account, per currency, opened in the SPME for the several currencies needed. This account(s) can be held either directly or indirectly through another direct participant.

In case the above mentioned requirement is not fulfilled and a financial settlement takes place, the following procedures are adopted:

- a) In case of a cash debit, the system treats the operation as a financial default (due to non-existence of the amount to be debited and/or the cash account opened in the system), and CGD immediately informs INTERBOLSA ;
- b) Whenever there is a cash credit, CGD opens for that purpose, in the payment system, a default account to credit the correspondent amount, giving immediate notice to INTERBOLSA.

The amounts credited to the default accounts of the participants must be withdrawn as soon as possible, and INTERBOLSA is responsible for the supervision of such situation.

In the case of failure for non-compliance of the participation rules, INTERBOLSA charges a penalty fee to the defaulting participant.

In case of insufficient provision in the accounts to be moved with CGD, the instruction will be recycled for further settlement attempts, during the same day and on the following days until it is settled or canceled by INTERBOLSA at the request of both parties.

In the case of payment of exercise of rights and / or mandatory reorganization with cash distribution (e.g., depreciation), INTERBOLSA sends to the SPME, at 9:30 WET on the payment date, the information necessary to settle the payment instructions.

## 7.6 INVESTMENT FUND SYSTEM (SFI) - ORDER ROUTING

The Investment Fund System (SFI) is a platform, run by INTERBOLSA, that allows participants to submit subscription and redemption orders for open end investment funds, using real-time messaging, to the entity responsible for their acceptance and execution, by the Custodian Bank or the Managing Company.

If the Managing Company decides to be the “Approving Entity” for subscription and redemption orders of open investment funds registered with INTERBOLSA:

- The Managing Company has access to the Data Transfer System (STD) for accepting / rejecting the funds' subscription / redemption orders, as well as information regarding the monitoring of subscription / redemption requests and distribution the funds it manages;
- The Custodian Bank / Managing Company has access to the necessary information to follow up on the redemption and redemption orders and to settle the respective redemption and redemption orders as the cash settlement will be made to your Dedicated Cash Account (DCA).

The Custodian Bank or Managing Company shall provide INTERBOLSA with the information necessary for the operation of automatic order routing, including the cut-off time for acceptance of subscription and redemption orders for each order.

The subscription and redemption orders can only be sent directly to INTERBOLSA, through the STD.

The Custodian Bank or the Managing Company's confirmation of the subscription and redemption orders can also be managed by INTERBOLSA's order routing. The settlement instructions of the subscription/redemption operations are sent to T2S, as the participants' securities accounts must be updated in the settlement platform and – for cash settlement – in the corresponding DCAs.

The settlement of subscription and redemption requests is made at 13:00 CET on the settlement day in T2S platform.

In case of a financial failure, the payment instruction will remain in T2S to be recycled for further settlement attempts until the cut-off of the DVP on the settlement day and, if it does not settle on that day, will attempt to settle on the following business days.

Subscription and Redemption order routing has the following features:

- The registration and control of investment funds shares (open-end and closed-end), including ETFs, with whole or fractional quantities;
- The settlement of operations, carried out inside or outside the market over investment funds

shares/ETFs;

- The processing of corporate actions associated to investment funds shares/ETFs;
- The automated treatment of subscriptions and redemptions of investment funds shares of. This feature is embodied in an order routing mechanism which allows the sending of orders, placed by the participants, to the entity whose function is the acceptance and execution of these orders, normally a Custodian bank;
- The quantity of fund shares, when allowed by the fund regulation, may be specified with decimal digits;
- The number of decimal digits may vary from fund to fund, and the system supports quantities up to a maximum of five decimals. The record of the quantities in the reports and files are done with a maximum number of fourteen whole digits and five decimals

### **7.6.1 REGISTRATION**

The registration of fund shares is carried out by INTERBOLSA according to the procedures defined in the INTERBOLSA's Regulation No. 2/2016 for all the securities. For that purpose, the fund Managing Company, or the entity that it represents, should request the registration to INTERBOLSA, by sending all the necessary information, namely:

- Identification of the securities and whether their representation is made by whole or decimal digits and if such, the number of decimal digits accepted;
- Identification of the Managing Company, its by-laws and the commercial registration certificate of the company (or the access code);
- Identification of the Custodian bank;
- Management regulation of the fund;
- Initial subscription price and respective currency;
- Tax number of the fund.

In case of open-end investment funds, the Managing Company, or the one that it represent, must also inform the deadline/cut-off-time for the acceptance of subscription and redemption orders.

- In this case, the total quantity registered in INTERBOLSA is updated according to the successive subscription and redemption movements;
- Daily reconciliation information is made available to the Custodian Bank, which includes:

- The detail of all the movements carried out during the day, both concerning order routing and settlement operations of subscription and redemption;
- The total quantity registered in INTERBOLSA for each investment fund/ETF.
- As usual, the system ensures, at any given time, that the total registered in INTERBOLSA is equal to the sum of the positions held by the participants.

## **7.6.2 CORPORATE ACTIONS**

The corporate actions concerning fund shares are:

- Income Payment;
- Redemption of the Fund (Partial or Total).

More information related with the processing of these Corporate Actions is available in chapter 6 - Corporate Actions of the present document.

## **7.6.3 AUTOMATED TREATMENT OF SUBSCRIPTIONS AND REDEMPTIONS - OPEN-END INVESTMENT FUNDS**

### **7.6.3.1 Order routing**

The feature denominated as order routing allows the participants to send, using real time messaging (through STD), their clients' subscription and redemption orders to the entity responsible for their acceptance and execution, normally the Custodian Bank or the Managing Company.

The registration and routing of orders are available every day during which INTERBOLSA operates, in the following hours:

- Registration of subscription and redemption orders: from 9:30 to 17:45 CET;
- Confirmation of subscription and redemption requests: from 9:30 to 17:45 CET), being the deadline 12:00 CET) of the intended settlement date;
- The cut-off time (the last hour for the orders to be considered for the very same day) is indicated by the Managing Company or Custodian Bank, which cannot be later than 17:45 CET);
- All the orders not confirmed by the Custodian Bank until 12:00 CET of the intended settlement date are cancelled by INTERBOLSA;

**Process of order routing:**

- Subscription and redemption requests must be recorded in the system by the participants indicating the number of units or their amount to be subscribed or redeemed of the securities account and the ISD, by sending a message (SFImsg mnemonic) or a file (SFIfile mnemonic). After registration, the system immediately validates, in particular, the form and content of the system;
- The system validates, in real time, the requests, namely with respect to the Entity making the Registration, Security (ISIN/CVM code), Quantity (number of decimal places), Securities Account (in 10-digit format), Settlement Date and cut-off time. Following the successful validation process, the requests are accepted and numbered, and the Management Company and the Custodian Bank, as well as the participants, receive in real time, through SFId / SFI mnemonics, the information on the registration of requests and their order number assigned by the system;
- In the case of redemption requests, the system verifies the existence of a balance in the indicated securities account. If there is a balance in the securities account, the request is registered, and the system blocks the securities (BL29) in T2S by sending the corresponding block instruction. In case that there is no sufficient amount in the securities account to satisfy the request, the Management Company and the Custodian Bank, as well as the participants, receive, in real time, through the SFId / SFI mnemonics, information on rejection and redemption request cancelled by the system;
- Requests for confirmation / rejection relating to increases (subscription) or decreases (redemption) of the quantity registered for each Fund accepted by the system are sent to the approving entity (Custodian Bank or Management Company) via STD / menu SFI, mnemonic SFId.
- The Approving Entity can reply (confirmation / rejection) to requests received via STD / SFI menu, through the mnemonics:
  - ✓ SFIfile file - "SFI Response Depository / Management Company - Subscription / Redemption (File)"; or
  - ✓ SFIdmsg message - "SFI Response Depository / Management Company - Subscription / Redemption"; or
  - ✓ SFIORqry query - "SFI Order Ordering" / SFIdgest - "SFI Order Routing - Management Company."
- The Approving Entity may send in the acceptance request for settlement date and an amount to settle different than those indicated in the participant's request.
- In the option to confirm / reject subscription / redemption requests via the SFIORqry / SFIdgest mnemonic, the Management Company or the Custodian Bank must perform the following procedures:

Step 1 - perform the search: if filter is not indicated, by default it lists all pending requests for confirmation (SFIdgest)

Step 2 - in the list with the pending confirmation requests (SFIdgest), tick the orders and choose the desired button: ACCEPT or REJECT.

- If the option ACCEPT is chosen, the fields must be filled in:
  - the "Amount" - if the request for subscription / redemption was made in "Amount", or
  - the "Amount" and "Currency" - if the subscription / redemption request was made in "Amount"
  - The "Amount" and "Data-Liq" fields can be changed by the Approving Entity.
- If the Managing Company has indicated a settlement date different from the date indicated in the request, the participants receives, in the confirmation message, information that the settlement date has been changed - "CONF" status and "064" Settlement Date changed by the Depositary).
- In the event that the Approving Entity has indicated an amount to be settled other than that indicated in the request, the participants receives, in the confirmation message, information that the amount has been changed - status "CONF" and reason "063" (Amount to be settled amended by the Depositary).
- In the case of orders made in quantity, the Approving Entity can not change the quantity, and can only accept or reject the requested quantity.
- Validated and registered subscription and redemption requests are stored in the system until the respective settlement date indicated in the request or modified by the Approving Entity;
- It is not allowed to change pending instructions for settlement. However, an instruction previously registered, and not yet settled, can be canceled and a new request sent;

#### **7.6.3.2 Procedure for the cancellation of orders**

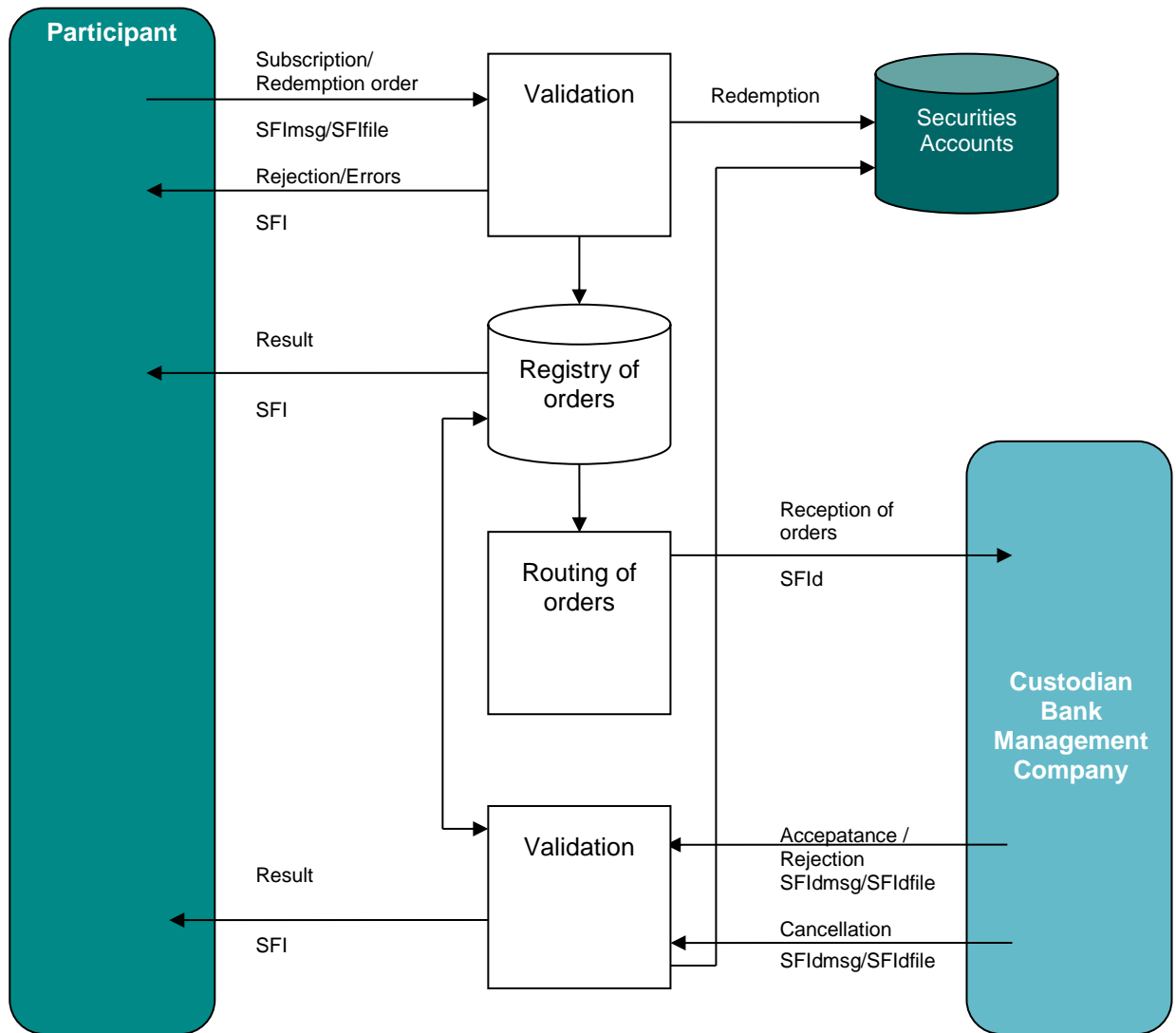
- The participant inserts the cancellation instruction in the system identifying the subscription or redemption order to cancel;
- The system validates the order in terms of form and content, and if the order to be cancelled is on the system;
- The cancellation of already confirmed orders is bilateral, that is, the request to cancel the accepted order must be confirmed by the Participant and by the Approving Entity (Custodian Bank /Management Company);
- The Approving Entity (Custodian Bank /Management Company) can accept or reject the request for cancellation by sending the message "SFIdgest" or "SFIdmsg" or the file "SFIdfile", with the respective

acceptance or rejection;

- If the request to cancel an order is sent the day before the settlement date:
  - Before the cut-off, the Approving Entity may still accept the cancellation on that day;
  - After the cut-off, the request is rejected by INTERBOLSA and the participant receives information on the rejection.
- If the cancellation of an order is accepted by the Approving Entity (Custodian Bank /Management Company), the system marks the order as “cancelled” and informs, in real time, the participant of such fact, via the STD message “SFI”. The Approving Entity and the Custodian Bank also receives the information via mnemonic SFId;
- In case of the accepted cancellation refers to a redemption order, the system unblocks the fund shares previously blocked;
- The amendment of orders is not allowed. For such purpose, the participant must send a cancellation request to cancel the order in the system (which must be accepted by the Custodian Bank /Management Company) and register a new order in the system.



### Order Routing Flow Chart



### **7.6.3.3 Settlement of subscription and redemption operations**

At the end of each day, the system identifies the orders accepted by the Approving Entity and eligible for settlement on the following business date and prepares the necessary information for settlement. The settlement takes place on T2S platform at 13:00 CET of the settlement date, by sending the corresponding settlement instructions to the settlement platform.

#### **Settlement of instructions for subscription operations:**

1. On the settlement day, at 13h00 CET, INTERBOLSA sends two instructions to T2S:
  - Cash leg - Payment Free of Delivery (PFOD) instructions are sent to debit the DCA of the participants that requested the securities by crediting the DCA of the Custodian Bank/Settlement Entity;
  - Securities leg - Free of Payment (FOP) instructions are sent– to credit the securities account of the participants that requested the securities;
2. The FOP and PFoD instructions are linked, with the link type "AFTE" (After);
3. There is no partial settlement (instructions are sent with NPAR partial settlement indicator);
4. At the end of the settlement process, the counterparties are informed of the result, through STD messages (confirmation of the settlement via order routing) –SFI / SFI-RES (FI) and SFId/SFId-RES (Custodian Bank).

#### **Settlement of instructions for redemption operations:**

1. On the settlement day, at 13h00 CET, INTERBOLSA sends two instructions to T2S:
  - Cash leg - Payment Free of Delivery (PFOD) instructions are sent to credit the DCA of the participants requesting the redemption by debiting the DCA of the Custodian Bank/Settlement Entity;
  - Securities leg - Free of Payment (FOP) instructions are sent to debit the securities account of the participants requesting the redemption;
2. The FOP and PFoD instructions are linked, with the link type "AFTE" (After);
3. There is no partial settlement (instructions are sent with NPAR partial settlement indicator);
4. At the end of the settlement process the Management Company and / or the Custodian Bank/

Settlement Entity and the requesting participant, are informed of the result via STD (confirmation of settlement) messages - SFI (participants) and SFId (Management Company / Depository).

#### **7.6.3.4 Settlement fails**

For subscription orders there is no physical failure because the new securities are created at the time of the settlement. Regarding redemption operations, there is no physical failure because the securities to be redeemed are blocked on the securities account of the participants at the moment of acceptance/confirmation of the request for redemption.

In the event of a financial failure, the payment instruction will remain in the T2S to be recycled for further settlement attempts until the DVP cut-off on the settlement day and, if the settlement instruction does not settle on that day, it will attempt to settle on the next business day.

Cancellation of pending instructions for cash failure (from the Depository / Settlement Entity) will be made by Interbolsa at the request of both parties (participant and Approver Entity).

#### **7.6.3.5 Reporting**

Participants and the Management Company and / or the Custodian Bank/Settlement Entity are provided with real-time STD files and messages that allow for the follow-up of subscription and redemption orders, acceptance / rejection, cancellation and settlement of requests.

- **Input messages / files made available to participants:**
  - SFImsg - Subscription / Redemption UP Investment Funds (message);
  - SFIfile - Subscription / Redemption UP Investment Funds (file).
  
- **Input messages / files made available to the Approver (Depository or Management Company):**
  - SFIdmsg - Response SFI Depository / Management Company - Subscription / Redemption;
  - SFIdfile - Response SFI Depository / Management Company - Subscription / Redemption (File);
  - SFIORqry - SFI Order Routing Query;
  - SFIdgest - SFI Order Routing - Depository / Management Company.

- **Output messages / files made available to participants**

During the day:

- SFI - Investment Funds System;

After the end of the settlement day:

- SFI-PND - Pending Subscription / Redemption Orders Manager (with all pending subscription and redemption requests);
- SFI-RES - Subscription / Redemption Orders - Summary of the day (with all subscription and redemption requests “settled and canceled” on the previous settlement day);

○ **Output messages / files made available to the Approving Entity (Depository or Management Company):**

During the day:

- SFId - Investment Funds System - Depository / Management Company;
- SFIORqryS - SFI Queries (Subscription / Redemption Inquiry) - for the approval authority only:

After the end of the settlement day:

- SFId-PND - Pending Application / Redemption Orders - Depository / Management Company (with all pending application and redemption requests pending settlement);
- SFId-RES - Subscription / Redemption Orders - Depository / Management Company (with all subscription and redemption applications “settled and canceled” on the previous settlement day);
- QSF - Subscribed Quantity per Fund and IF (with the total amount registered in INTERBOLSA for each fund and per participant).

If the Approving Entity is the Management Company or the Custodian Bank/Settlement Entity will have access to the following information, which is necessary to follow up the subscription and redemption orders, in view of the respective financial settlement:

- SFId - Investment Funds System - Depository / Management Company;
- SFId-PND - Pending Application / Redemption Orders - Depository / Management Company;
- SFId-RES - Subscription / Redemption Orders - Depository / Management Company;
- QSF - Subscribed Quantity per Fund and IF (with the total amount registered in INTERBOLSA for each fund and per participant).

System	Interface	Input	Outputs	Layouts
INTERBOLSA	STD menu "SFI"	SFImsg/SFIfile SFIdmsg/SFIfile	SFI SFId SFI-PND SFId-PND SFI-RES SFId-RES QSF	STD Manual "Annex A1"
	SWIFT - ISO 15022	-	MT536 MT537 MT544 MT546 MT548	Manual "Messages ISO 15022"
T2S	T2S GUI	-	Settlement Instructions	T2S: UHB - <i>User Handbook</i>
	SWIFT - ISO 20022	-	semt.017 semt.018 sese.024 sese.025	T2S: UDFS - <i>User Detailed Functional Specifications</i>

## 7.7 SECURITIES LENDING MANAGEMENT SYSTEM (SGE)

The Securities Lending Management System (SGE) is an platform, run by INTERBOLSA, which allows the users to register and disclose information in the system concerning the need (demand) or offer of securities, to confirm the characteristics of the lending operation between the counterparties and to carry out the respective (physical and financial) opening and closing settlement of the lending operations. These operations are guaranteed by the delivery of a cash amount as collateral, calculated based on the margin agreed between the counterparties of the operation and daily updated, through payments (reinforcement or refund) processed at T2S.

The eligible securities for lending operations are the shares belonging to the PSI-20 index basket.

All the participants affiliated to INTERBOLSA, except brokers, have access to the securities lending service available through SGE.

The lending instructions may be registered through STD - Data Transfer System, using electronic messages, following STP (Straight Through Processing) concept or by sending them through files.

The settlement of the respective instructions are carried out on the TARGET2-Securities (T2S) platform.

The Information on settlement instructions is also sent via ISO 15022 messages (MT545 / 547/548), if these have been subscribed by the participants.

A security lending operation consist of two linked settlements, the opening and the closing, that are done in the system under the conditions agreed between the counterparties of the operation.

The Securities Lending Management System (SGE) allows the introduction of the lending operations opening on the same date of registration and/or confirmation and on a future date (forward operations), within a maximum period of 20 working days. These operations will be opened in a settlement cycle, occurring at 10h30 am of the respective opening date.

As soon as there is a confirmation of the lending instruction, the information is sent to the counterparties confirming that the lending operation has been validated, and it will be open immediately if the opening date of the operation is the same than the date of the confirmation, otherwise it shall be open on the future date agreed by the parties.

This system also allows the registration of lending operations where the participant is simultaneously borrower and lender (in-house loans).

In the registration of an instruction for lending or borrowing securities it is also possible to identify the counterparty, in which case this information is disclosed only to the identified party.

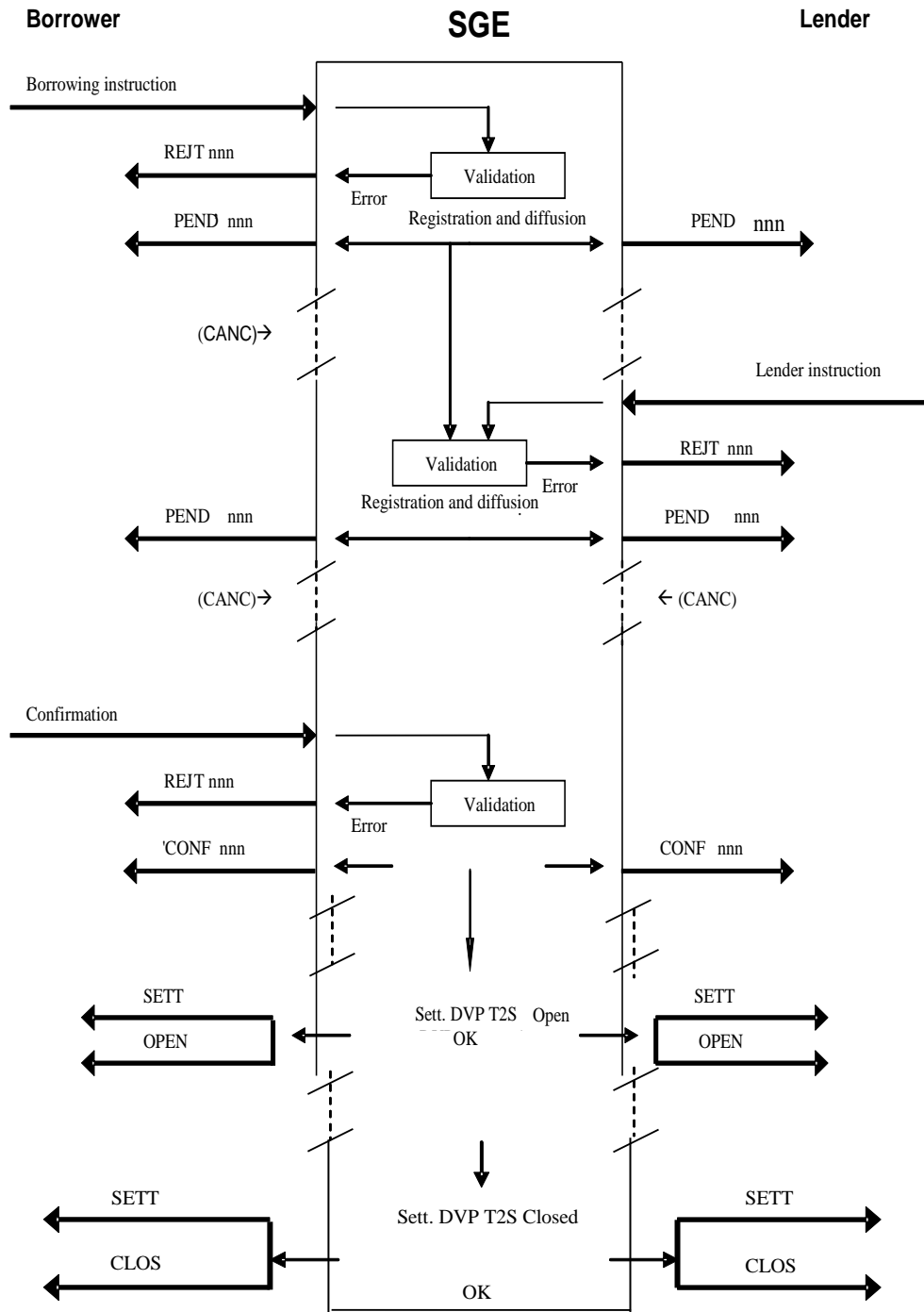
The limit for the date of closing the loan is 2 years, nevertheless being possible the registration of operations without a closing date (open-end operations).

The Schedule of the Securities Lending Management System (SGE) is as follows:

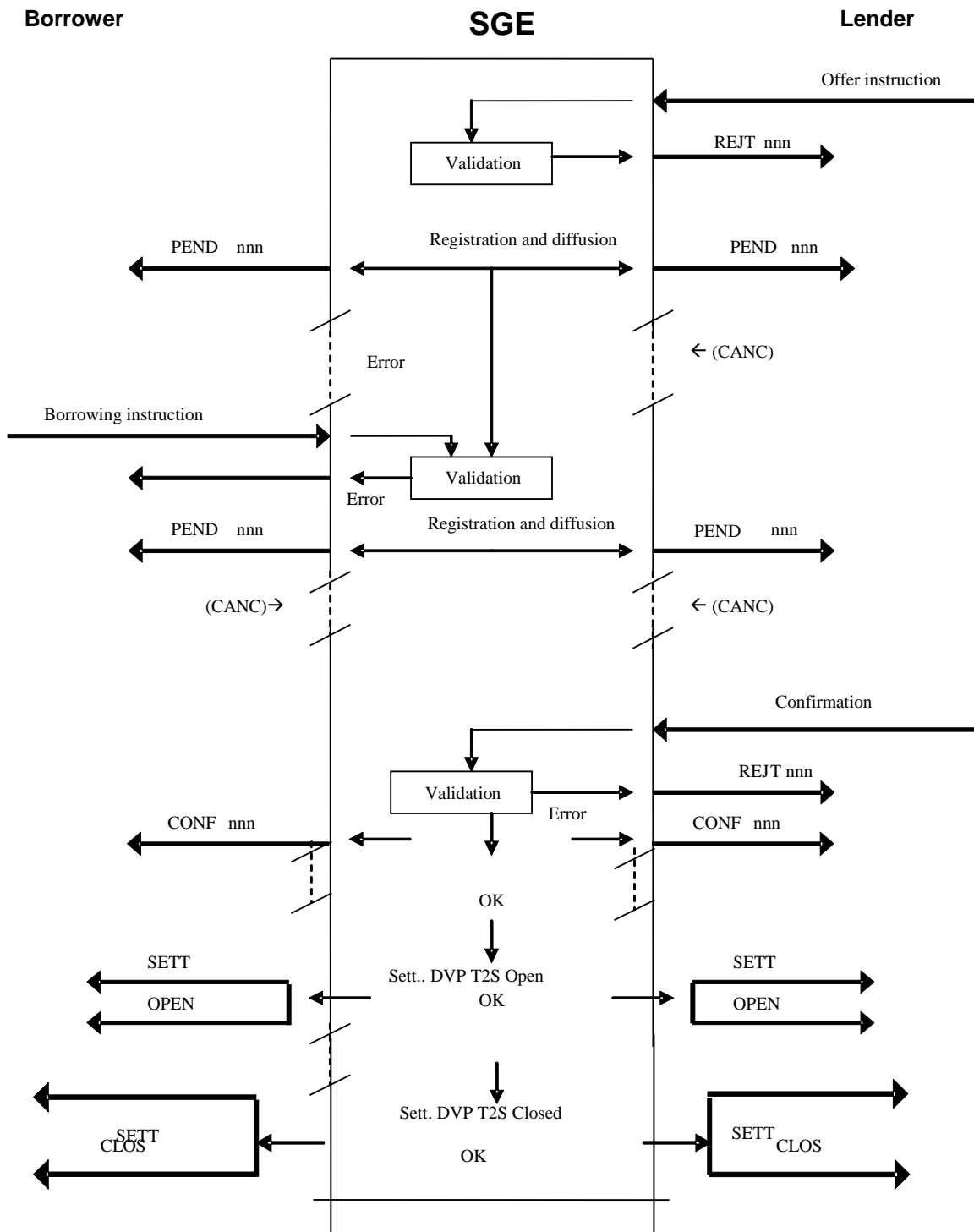
- 07h45 - Application of Corporate Actions in open loans (compensation of dividends or cancellation);
- 08h30 - Start of registration of operations;
- 10h30 - Settlement cycle for the opening of lending operations with future date (forward operations) and guarantees update;
- 13h00 - Settlement cycle for the closing of lending operations;
- 14h50 - Limit for opening loans for that same day - real-time (10 minutes before DVP cut-off: 15h00);
- 17h00 - End of registration of loan operations with opening on a future date and for changes to the contractual conditions relating to ongoing loan operations, namely the closing date of the loan operation

and the guarantee remuneration rate.

### Securities Lending Operations - Started by Demand (Borrower)

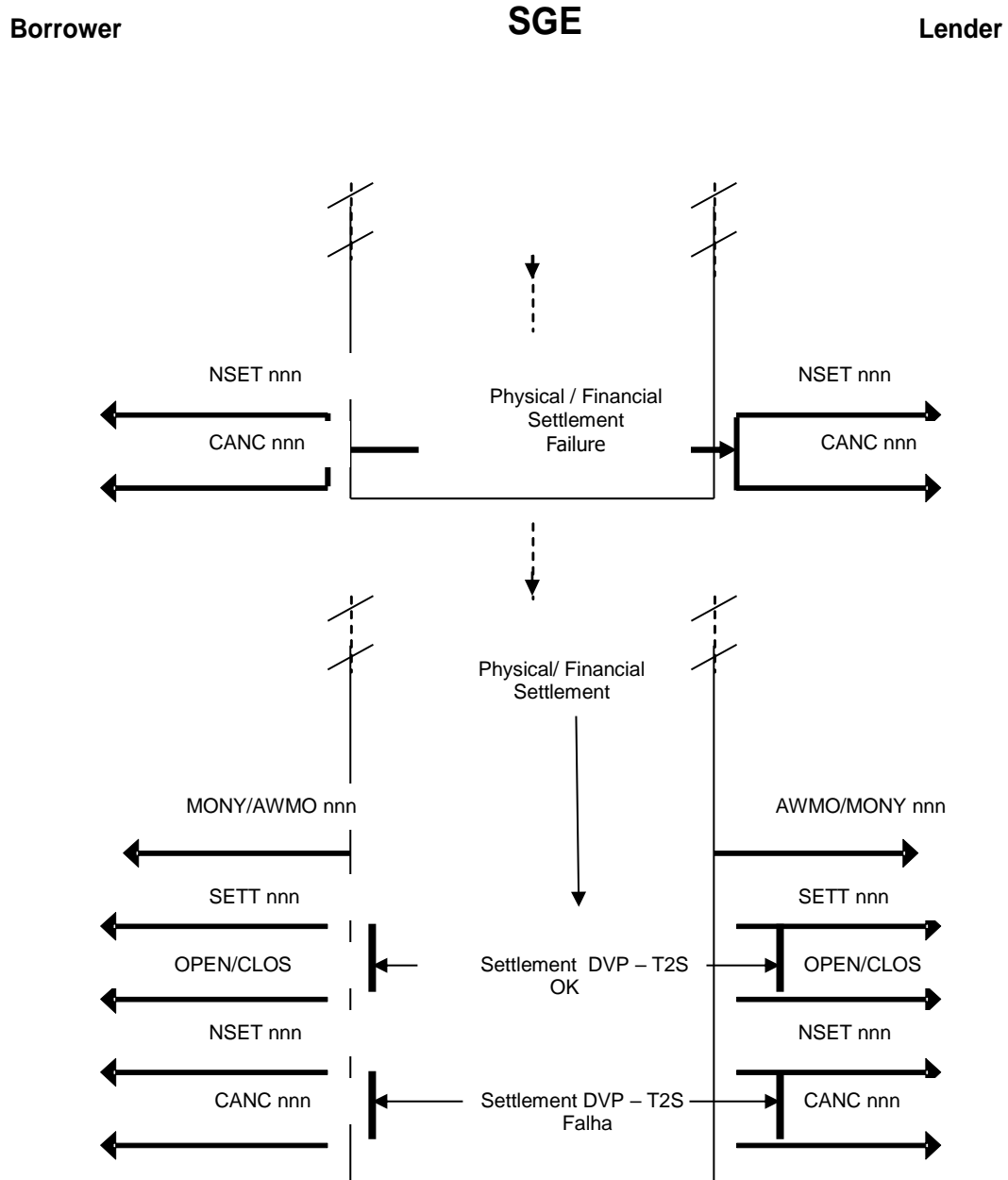


### Securities Lending Operations – Started by the Offer (Lender)





The following diagram contains the message flow of failure situations, physical and financial settlement failure:



## 8. COLLATERAL MANAGEMENT

INTERBOLSA does not perform any collateral management functions, but provides a special service to *Banco de Portugal*, to Deposit Guaranty Fund (FGD), to Investor Compensation Scheme (SII) and to the clearing house of the stock exchange (LCH, S.A.), both of which need collateral in their services.

### 8.1 GUARANTEES IN SECURITIES IN FAVOUR OF SII AND FGD

These movements can only be registered through STD - Data Transfer System and are sent by INTERBOLSA to T2S for settlement as already matched instructions.

The securities given as guarantee in favour of SII and FGD are kept on the securities accounts of the participants but in a specific situation (blocked), BL24 - Pledge to the Investor Compensation Scheme (SII) and BL27 - Pledge to the Deposit Guaranty Fund (Banco de Portugal), respectively. These securities can only be unlocked through a unilateral instruction sent by SII or FGD.

In case of execution of guarantees on securities in favour of SII, the securities will be moved from the situation BL24 to the situation BL25 (Pledge Execution in favour of SII); then, the securities will be debited by INTERBOLSA from the participant's account according to SII instructions.

Banco de Portugal, if necessary, can execute the guarantees on securities in favour of FGD by sending a settlement instruction that immediately transfers the securities from the participant securities account (in a BL27 situation) to the securities account of BdP.

In case there is a lack of securities in the participant securities account in T2S, INTERBOLSA cancels immediately the movement and the participant will have to include a new movement, if necessary.

Procedures for guarantees on securities in favour of SII (CMVM) and FGD (Banco de Portugal - BdP):

- Participants register the movement to pledge (block) securities via STD, through **GRTmsg/GRTfile**;
- Participants, BdP (FGD) and CMVM (SII) receive:
  - During the day, information related to the registration/validation and settlement: **"GRT"**;
  - At the end of the day, information of the pending movements: **"GRT-PND"**;
  - At the end of the day, information of the movements settled and cancelled during the day: **"GRT-RES"**;

- Participants are able to query, on a real-time basis, the securities pledged in favour of FGD and SII, through the mnemonics ”:
  - **“GRT-Q”** - Query of guarantees;
  - **“GRTinfo”** - Result of the query;
- BdP (FGD) and CMVM (SII) are able to query, on a real-time basis, the securities pledged in favour of FGD and SII, respectively, through the mnemonics:
  - **“GRT-Q”** - Query of guarantees;
  - **“GRTinfo”** - Result of the query;
- BdP (FGD) and CMVM (SII) do the “extinction” (unblock) and the “execution” of guarantees (securities pledged), through the STD **“GRTinfo”**, which have additional functionalities for these entities.

The field “ISO Transaction Code” of the “GRT” message and “GRT-PND”/“GRT-RES” files is filled with the following indicators:

- **COLI (Collateral In)** - for FGD/SII;
- **COLO (Collateral Out)** - for the participant.

Description	Blocked situation in the participant account	Real time transfers (reason code)
<b>Transfers with the intervention of Banco de Portugal (FGD):</b>		
Execution of the securities pledged to the Deposit Guaranty Fund		315
Partial execution of the securities pledged to the Deposit Guaranty Fund		316
Pledge to the Deposit Guaranty Fund (Banco de Portugal)	BL27	340
Unblock of securities pledged to the Deposit Guaranty Fund (Banco de Portugal)		341
Partial unblock of securities pledged to the Deposit Guaranty Fund (Banco de Portugal)		342
<b>Transfers with the intervention of Investor Compensation Scheme (SII):</b>		
Pledge to the Investor Compensation Scheme (SII)	BL24	382
Total Unblock of securities pledged to the Investor Compensation Scheme (SII)		383
Parcial Unblock of securities pledged to the Investor Compensation Scheme (SII)		384
Total Execution of the securities pledged to the Investor Compensation Scheme (SII)	BL25	385
Parcial Execution of the securities pledged to the Investor Compensation Scheme (SII)	BL25	386

## 8.2 OTHER MOVEMENTS OF GUARANTEES WITH THE INTERVENTION OF BANCO DE PORTUGAL (BDP)

INTERBOLSA provides to its participants functionalities for the mobilisation and demobilisation of collateral regarding the Eurosystem's credit operations, with transfer of ownership of the securities to Banco de Portugal (BdP).

The mobilisation of guarantees (pledge) on securities in favor of Banco de Portugal (BdP), is carried out by initiative of the participant that needs to register a settlement instruction with counterpart the Banco de Portugal. In turn, the BdP must register the corresponding settlement instruction. After matching and settlement of the transaction, the securities are transferred from the participant's securities account to a securities account of Banco de Portugal (the securities account used is **5996666654**).

The demobilisation of guarantees (extinction of the pledge), is carried out on the initiative of the Banco de Portugal, by registering in INTERBOLSA's system a settlement instruction, contrary to the initial instruction of pledge. In turn, the participant must register the corresponding settlement instruction setting BdP as the counterpart.

Regarding the securities pledged to Banco de Portugal, all payments of income and other exercise of rights inherent to them are processed in the account of the Banco de Portugal.

### Guarantees on securities in favour of BdP and Repo operations with BdP

These instructions are registered by the participants of INTERBOLSA and BdP in the Real time Settlement System (SLrt), to be matched in T2S, via:

- STD inputs: **SLRTmsg/SLRTfile**; or
- ISO 15022 messages (via SWIFT): **MT540/MT542**.
- ISO 20022 messages (via SWIFT) sent directly to T2S by DCPs: **sese.023**.

In the registration of these instructions, the field "ISO Transaction Code" have to be filled with the following indicators:

- **Pledge** (mobilisation and demobilisation of collateral):
  - **COLI** - Collateral In (for BdP);
  - **COLO** - Collateral Out (for participant).

- **Repo** (mobilisation and demobilisation of collateral):
  - **RVPO** – Reverse Repo (for BdP);
  - **REPU** - Repo (for participant).

The “ISO Transaction Code” **COLI** has to match with **COLO** and **RVPO** with **REPU**.

To prevent cross-matching INTERBOLSA recommends using a bilaterally agreed “Common Reference” in the settlement instructions.

The field “Common Reference” is an optional matching field, i.e. becomes a mandatory matching criterion when both parties provide a value for the attribute in their settlement instruction (can match against blanks).

### 8.3 GUARANTEES IN SECURITIES IN FAVOUR OF LCH

The constitution and reinforcement of guarantees in favor of LCH, S.A. takes place by initiative of the participant, by registering a settlement instruction to transfer the securities to an account of LCH, S.A. (the securities account used is **2204002206**).

LCH is the entity responsible to inform the securities accepted as collateral.

These instructions are registered by the participants of INTERBOLSA in the Real time Settlement System (SLrt), to be matched in T2S via:

- STD inputs: **SLRTmsg/SLRTfile**; or
- ISO 15022 messages (via SWIFT): **MT540/MT542**.
- ISO 20022 messages (via SWIFT) sent directly to T2S by DCPs: **sese.023**.

LCH sends the corresponding settlement instructions directly to T2S, to be matched and settled in the settlement platform.

The extinction of guarantees, is carried out on the initiative of LCH, S.A., by registering in INTERBOLSA’s system a settlement instruction with the securities to be transferred to the participant. In turn, the participant must register the corresponding settlement instruction setting LCH, S.A. as the counterpart.

## 9. IDENTIFICATION OF BENEFICIAL OWNERS

The issuers of registered<sup>6</sup> securities integrated in the INTERBOLSA's centralised system can request and receive information concerning the identification of the beneficial holders of part or all of the securities, as well as the quantity that is held by each beneficial owner.

In case of corporate actions like a bonus issue or a subscription reserved to the current shareholders, INTERBOLSA automatically requests the disclosure of beneficial owner information from the system participants and sends it to the issuer, even without the issuer requesting it.

With the implementation of Shareholders Rights Directive II, EU Directive 2017/828 (SRD II ), from the Council and European Parliament, of 17 May 2017, and the Commission Implementing Regulation (EU) 2018/1212, of 03 September 2018, INTERBOLSA updated the identification of beneficial holders process in order to comply with the information requirements established by the directive, by the implementing regulation and by Law no. 50/2020, of August 25, 2020, which transposed the Shareholders Rights Directive II to the national legislation.

The Shareholders Rights Directive applies to:

- Issuers with registered office in a Member State; and
- Shares are admitted to trading on a regulated market located or operating in a Member State.

However, the process of identifying the beneficial holders has been updated, in terms of content, form and information, for all securities registered in the Centralised Systems managed by INTERBOLSA, except for the deadline for responding to the requests by INTERBOLSA participants and financial intermediaries along the intermediation chain. For the securities within the scope of the Shareholders Rights Directive this deadline is the business day following the reference date (record date).

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<sup>6</sup> Following the publication of Law no. 15/2017, of May 3 and the Decree-Law no. 81-B / 2017, of July 7 all securities, except Bearer securities issued by an entity not subject to Portuguese law and Portuguese public debt, must be registered.

## Information Flow:



- ① – Issuer sends the request to INTERBOLSA through [My INTERBOLSA](#)
- ② – INTERBOLSA validates de request
- ③ – INTERBOLSA sends the notification of the request to its Participants, through STD
- ④ – On record date after the end of day INTERBOLSA sends to its Participants, through STD, the positions to be identified (PNA file)
- ⑤ – INTERBOLSA Participants send, through STD, the information of the end investors identification (FIA file) and the detailed securities positions (DPN file). For the financial intermediaries over the custody chain the information must be sent by email to the address [centralgi@euronext.com](mailto:centralgi@euronext.com) (DPN-CLI file). The file must be sent encrypted with a password
- ⑥ – INTERBOLSA validates the information received
- ⑦ – INTERBOLSA consolidates the information received
- ⑧ – INTERBOLSA sends to Issuer, through [My INTERBOLSA](#) , the information of the end investors identification (DN file)

### ▪ Issuer request

The requests for the identification of securities holders should be sent to INTERBOLSA, preferably through the private area of the Interbolsa Portal ([My INTERBOLSA](#)), providing the required information, namely, ISIN code; record date; deadline for responding to the request; indicator of the scope of the Shareholders Rights Directive; e-mail address and observations.

The requests must be sent at least 5 working days before the reference date.

Through the Portal it is also possible to cancel a request for the identification of securities holders, until the Record Date, and change the deadline to respond to the request.

In exceptional situations, and as a contingency, the requests may also be sent by email.

### ▪ Requests notification

The requests for the identification of securities holder received and validated by INTERBOLSA are subsequently notified to the participants through the message NOTIDTIT - Notification of the Securities Holders Identification Request, via STD, Menu BenefOwners:

- On the same day the request is received; or
- On the next business day, until 10 am, if the request was received after 4 pm.

The requests for the identification of securities holders registered in Interbolsa's systems and which are still active are available in the file IDE-TIT - Holders Identification, in the STD, Menu BenefOwners, until the end of the deadline for replying, This mnemonic is updated on the date of the request dissemination (sending the NOTIDTIT message).

- **Positions to be identified**

After the end of day on Record Date, INTERBOLSA makes available to its participants on the STD, menu BenefOwners, the PNA file (Identification of Securities Holders Request), containing the information previously disclosed in NOTIDTIT and IDE-TIT, namely the unique order identifier, identifier of response to INTERBOLSA and ISIN, as well as the amount to be split by each Participant account, considering the securities account positions on the reference date.

- **Securities Holders Identification**

For the identification of securities holders, the participants of INTERBOLSA have to send, through the STD, the following files:

- FIA file - Securities Holders Identification, with the information related to the securities holders; and
- DPN file - Identification of the Securities Holders, with the detailed identification of the securities accounts positions.

The FIA file, with the information related to the securities holders, must always be updated, being updated by sending data inclusions and exclusions to the file. Its validation is carried out in real time, through the file C-FIA - Validation of FIA (Securities Holder Identification) (STD - Menu " BenefOwners" \ "C-FIA").

The FIA file, being a repository of the information of securities holders, can be updated whenever necessary, and the changes made (inclusions or exclusions) only take effect for the following identifications.

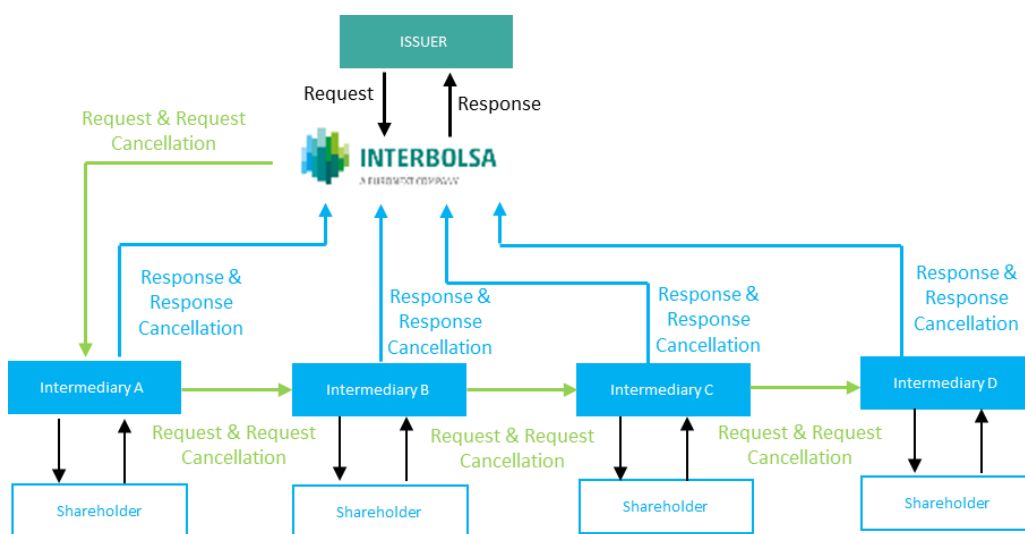
INTERBOLSA participants can, through the STD, FIA-ACT – Beneficial Owner Identification file (STD - Menu " BenefOwners" \ "FIA-ACT") have access to all securities holders sent by them, that is, can consult the global FIA file, and updated until the date of consultation, with all the securities holders that are included in INTERBOLSA system.

In order allow the control the identifications carried out and to be carried out by its Participants, INTERBOLSA provides the following mnemonics in the ST, menu BenefOwners:



- DESD-CNT - Securities to identify/identified by account where are available, per ISIN and per securities account, the quantities to be identified on the business day following the reference date (DR + 1). After this date, the amount identified is informed, and also if there is still a quantity that has not been identified;
- DESD-TIT - Securities identified by holder that indicates, by ISIN code, the quantities identified for each of the beneficial holder’s reference codes reported in the Participant's FIA.

One of the objectives of the Shareholders Rights Directive is to allow the identification of the final investors. Therefore, INTERBOLSA adapted the identification of securities holders process in order to be able to receive information from the several intermediaries over the intermediation chain, according to the following example graphic:



The request for disclosure of the identification of the shareholders, as established in the Shareholders Rights Directive II, must be transmitted without delay by the intermediaries to the next intermediary in the chain, who must send the reply, with the identification of the holders, directly to INTERBOLSA.

Financial Intermediaries that are not participants in INTERBOLSA systems or are at the next levels in the intermediation chain, should send the file DPN-CLI – Identification of the Securities Holders by Third-Party Intermediary. The DPN-CLI file must be sent via email, in a protected manner (for example, encrypted with a password), as it is personal data. The DPN-CLI file can be filled in .CSV, .XLS, .XML or .TXT format. INTERBOLSA, after validation, integrates the respective information in the identification of holders to be sent to the Issuer.

The layouts of the files related to the identification of securities holders are available in the document Appendix A1 - Layout of the mnemonics available to the Financial Intermediaries of the Data Transfer System (STD).

▪ **Response times**

In case of securities under the scope of the Shareholders Rights Directive, the sending of information with the identification of securities holders must be carried out by the financial intermediaries during the business day immediately after the reference date (Record Date).

In case of securities outside the scope of the Shareholders Rights Directive, financial intermediaries may send the information with the identification of securities holders until the third business day immediately after the reference date (Record Date).

▪ **Sending information to the Issuer**

After collecting the information with the identification of securities holders, sent by INTERBOLSA participants and by the financial intermediaries who are at the next levels in the intermediation chain, INTERBOLSA consolidates the data in the DN - Holder Identification file, which is sent to the Issuer, through the [My INTERBOLSA](#) Portal:

- For securities within the scope of the Shareholders Rights Directive: up to the deadline defined by the Issuer;
- For securities outside the scope of the Shareholders Rights Directive: up to the fourth business day after the reference date (Record Date).

**Cronogram for the identification of beneficial holders regarding securities subjected to Shareholders Directive:**

RD-5	RD	RD+1	RD+2 ... Data limite da EE
Minimum date in advance for the Issuing entity to send to INTERBOLSA the request for the identification of securities holdres with reference date (RD).	Reference date. INTERBOLSA sends to its Participants, after the end of day, the descrimination of the security accounts balances in order to perform the identification of securities holders.	Participants must send to INTERBOLSA the identification of the securitiesl holders.  Financial Intermediaries over the intermediation chain send the DPN-CLI file to INTERBOLSA with the identification of securities holders.	INTEROLSA sends the consolidated information to the Issuer.

## Cronogram for the identification of beneficial holders regarding securities out of scope of Shareholders

### Directive:

RD-5	RD	RD+1	RD+4 ... RD+6
Minimum date in advance for the Issuing entity to send to INTERBOLSA the request for the identification of securities holdres with reference date (RD).	Reference date. INTERBOLSA sends to its Participants, after the end of day, the descrimination of the security accounts balances in order to perform the identification of securities holders.	Participants must send to INTERBOLSA the identification of the securities holders.  Financial Intermediaries over the intermediation chain send the DPN-CLI file to INTERBOLSA with the identification of securities holders.	INTEROLSA sends the consolidated information to the Issuer.

## **10. RECONCILIATION OF ACCOUNT BALANCES**

### **10.1 RECONCILIATION BY THE PARTICIPANTS**

Daily INTERBOLSA makes available to its participants the securities account balances in order for them to perform the daily reconciliation of the securities accounts opened at INTERBOLSA's systems with the individual registration accounts opened in its books in the name of their clients.

For the daily reconciliation INTERBOLSA provides to its participants the following information specified for each securities account and for each securities issue:

- (a) The aggregated balance of a securities account at the beginning of the respective business day;
- (b) The individual transfers of securities in or from a securities account during the respective business day;
- (c) The aggregated balance of a securities account at the end of the respective business day.

### **10.2 FORTNIGHT RECONCILIATION**

INTERBOLSA, in accordance with article 37 (Integrity of the issue) of the Regulation (EU) No. 909/2014, of 23 July (CSDR), takes appropriate reconciliation measures to verify that the number of securities making up a securities issue or part of a securities issue registered in INTERBOLSA's centralised securities systems is equal to the sum of securities recorded on the securities accounts of INTERBOLSA's participants. Such reconciliation measures are conducted on a daily basis.

Similarly, INTERBOLSA adopts measures to prevent any differences between the quantity of securities registered by participants in its internal systems and the positions held in the securities accounts opened in the centralised securities systems, namely through daily reconciliation mechanisms.

Therefore, every day, at the end of day, INTERBOLSA makes available to its participants the securities account balances in order for them to perform the daily reconciliation of the securities accounts opened at INTERBOLSA's systems with the individual registration accounts opened in its books in the name of their clients.

INTERBOLSA has also in place an automatic procedure that enables the participants to determine the differences between the securities' accounts balances opened in the INTERBOLSA's Centralised Securities System and the sum of the individual securities' accounts (investor's securities accounts) opened in their internal systems.

Every fortnight and considering the end of day positions (15<sup>th</sup> and 30<sup>th</sup> of each month), each participant must send to INTERBOLSA a STD file “**TCN – Reconciliation of Account Balances**” with the differences detected and all differences should be justified.

### **10.3 AUDITS AND SUPERVISION ACTIONS**

Annually INTERBOLSA performs audit visits to its participants on order to supervise in loco the reconciliation between the securities accounts balances opened in INTERBOLSA centralised securities systems and the Individual registrations accounts opened in the participants books in the name of its clients and to confirm the existence (or not) of discrepancies.

### **10.4 UNDUE CREATION OR DELETION OF SECURITIES**

INTERBOLSA has in place procedures to performe daily reconciliation of its accounts. In case the daily reconciliation performed by INTERBOLSA reveals an undue creation or deletion of securities, INTERBOLSA has in place measures to solve the problem by the end of the following business day. When the reconciliation process reveals an undue creation or deletion of securities, and INTERBOLSA is nothable solve this problem by the end of the following business day, then the securities issue is suspended for settlement until the undue creation or deletion of securities has been remedied. In this case, INTERBOLSA:

- Gives notice to the market of the suspension of settlement (including CMVM, issuer and trading venue/platform, in case the security issue is admitted to listing);
- Takes without undue delay all the necessary measures to solve the undue creation or deletion of securities;
- Elimination of the intraday restriction, when the problem is solved;
- Gives notice to the market of the lifting of settlement suspension of the securities issue.

## 11. AUXILIARY SERVICES

### 11.1 DATA TRANSFER SYSTEM (STD) - FILE TRANSFER AND MESSAGING SYSTEM

The participants can communicate with INTERBOLSA's applications directly using the STD client/server application for both file and message transfers (send and receive).

INTERBOLSA provides to its participants a STD client application that can be installed on a Windows workstation or be accessed through a VP solutions. The file and message protocol is also available for the participants who wish to develop their own interface with STD, enabling STP (Straight Through Processing) between the INTERBOLSA's and the participant's systems.

INTERBOLSA's manuals (Operational Manual, STD - User Manual and STD - Layouts of files and messages) are available on INTERBOLSA's web site ([www.interbolsa.pt](http://www.interbolsa.pt)) on "Information and Documentation"/"Operational Documentation".

The STD - Technical User Manual is made available by INTERBOLSA under request.

The messages and files available through STD are listed in the chapter 15 - Tables.

### 11.2 INTERACTIVE DATA REPORTING FACILITIES - STD

#### 11.2.1 QUERIES

- 3 mnemonics are available in the STD:
  - Menu "**Settlement**" dedicated to interactive SLrt - SLRTqryS [Super-mnemonic] data consultation: **SLRTqry**, **SLRTinfo** and **SLRTdet**. These mnemonics work in tandem to enable the user to perform SLrt system data searches.
  - Menu "**MovAccount**", dedicated to interactively querying account position data: **POSqry**, **POS-Q**, **POS-R** and **POS-D**. These mnemonics work together to allow you to perform account position data searches.
  - sub-menu "**MovConta**" / "**Guarantees**", dedicated to the interactive consultation of securities data pledged as collateral / guarantee to the Deposit Guarantee Fund (FGD) and the Investor

Compensation Scheme (SII): **GRTqry** [Super -mnemonic], **GRT-Q** and **GRTinfo**. These mnemonics work together to enable you to perform warranty data searches.

- o Menu “**SFI**” menu, 3 menus dedicated to interactive inquiry of subscription and redemption requests: **SFIORqryS** [Super-mnemonics], **SFIORqry** and **SFIdgest**. This query is made available to the Approving Entity (Management Company or Depositary).

The 3 mnemonics work together allowing the Approval Entity (Management Company or Depositary) to search for subscription and redemption requests made through SFI - order routing.

Query operation details and mnemonic layouts are available in the STD Manual “Appendix A1”.

### 11.2.2 INPUTS / OUTPUTS / OTHERS REPORTS

The STD files and messages are presented in Chapter 15 – Tables of the present document.

The layout of all STD files and messages are presented in the document Data Transfer System – STD, Appendix A1 - Layout of the mnemonics available to the Financial Intermediaries, available in INTERBOLSA website ([link](#)).

INTERBOLSA’s reports are produced daily for download by its participants (mnemonic MAPAS).

The reports are separated by a line beginning with the characters **##** and the pages are separated by lines beginning with the characters **##**.

The following table summarises the reports available for INTERBOLSA participants:

Function	Code	Description
Securities in certificate form	CG2837AI	List of deposits and withdrawals requests
	Available at STD	Pending deposit note
	Available at STD	Pending withdrawal note
Corporate Actions	CR2802AO	Income / redemptions to be credited on **/**/**
	CR2803AO	Financial postings at ** / ** / ** - Paying Agent / Receiver -
	CR2812AO	Financial releases at ** / ** / ** - Paying Agent / Receiver - Provisional
	CR2807AO	Notice of redemptions
	CR2807BO	Notice of dividends and interest payments
	CR2809AO	Notice of corporate actions - capital

Function	Code	Description
Identification of beneficial owners	CS2007AO/BO	Information received by STD (DPN file)
Identification of beneficial owners	CS2006AO/BO	Information received by STD (DPN file)-Errors
Reconciliation of account balances	CP0221AO/BO	Reconciliation of account balances

### 11.3 ISO 15022 MESSAGES

The participants can communicate with INTERBOLSA's system through an interface based on ISO 15022 messages. The ISO 15022 messages (sending and receiving messages) are transported through the SWIFT network.

#### 11.3.1 SERVICE SUBSCRIPTION

The participants, who intend to communicate with INTERBOLSA's systems using ISO 15022 messages via the SWIFT network, should do so only after performing tests in INTERBOLSA's external tests environment, in the terms defined by INTERBOLSA.

To subscribe this service the participants will have to subscribe to the MI-CUG - Market Infrastructure Closed User Group, of INTERBOLSA'S closed user group, through the SWIFT Portal. The subscription process shall have to take place separately for both environments, the SRV (*Test*), for testing environment, and (subsequent to the successful fulfilment of the tests) the SRV (*Live*), for Production environment.

After the acceptance of the subscription by INTERBOLSA, the participant has to inform the type of ISO 15022 messages (FIN) that wants to have access to, by sending for that purpose a specific form (to be requested to INTERBOLSA).

As the Corporate Actions Notification and Confirmation and General Meetings Notification service is not a free service these messages should be subscribed through a different form than the referred above (to be requested to INTERBOLSA).



To send ISO 15022 messages, the participants have to use the respective INTERBOLSA BIC:

- IBSPTPOCUG for Tests;
- IBSPTPPCUG for Production.

More details on the service subscription are available at the website of INTERBOLSA, under “Information and Documentation”/Operational Documentation”/SWIFT Messages - ISO 15022/Subscription of Messages” ([link](#)).

### **11.3.2 AVAILABLE ISO 15022 MESSAGES (FIN)**

The participants can subscribe, separately, the ISO 15022 messages (FIN), that are described in the document “Layouts ISO 15022 messages Specifications”, available at the website of INTERBOLSA, under “Information/Documentation”/Operational Documentation”/SWIFT Messages - ISO 15022” ([link](#)).

The ISO 15022 messages available are listed in chapter 15 - Tables.

### **11.4 ISO 20022 MESSAGES**

INTERBOLSA’s participants with direct technical access to T2S platform (DCP - Directly Connected Party) must communicate (Application-to-Application - A2A access) with the settlement platform by sending/receiving ISO 20022 messages through a selected network provider<sup>7</sup> (VANP - Value Added Network Provider).

DCPs also have access to the T2S in User-to-Application (U2A) mode using the T2S Graphical User Interface (T2S GUI), through a selected network provider.

To subscribe this service the participants will have to subscribe to the MI-CUG - Market Infrastructure Closed User Group, of INTERBOLSA’S closed user group, through the SWIFT Portal. The subscription process shall have to take place separately for both environments, the SRV (*Test*), for testing environment, and (subsequent to the successful fulfilment of the tests) the SRV (*Live*), for Production environment.

DCPs also have to maintain a direct access to INTERBOLSA’s system either using A2A (SWIFT - ISO 15022 or STD messages), U2A (STD) or both, in order to access services not directly related with settlement or value added

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<sup>7</sup> SWIFT or SIA/COLT.  
Functional Description v 12

services provided by INTERBOLSA, for example, deposits and withdrawals, corporate actions, securities lending operations (SGE), investment fund order routing (SFI), etc, in addition to some special settlement transfers, for example, pledge to FGD (Banco de Portugal) and pledge to SII (CMVM).

The ISO 20022 messages specifications are available in T2S documentation and can be obtained in INTERBOLSA's website ([link](#)).

## 12. LINKS WITH OTHER CSDs AND SSSs

### 12.1 INVESTOR-CSD LINKS

#### Direct Links

With T2S cross-border settlement was facilitated as the majority of European CSDs have signed the Framework Agreement and a single platform allows the settlement of all the securities belonging to the CSDs that signed the Agreement. In addition, the settlement rules are the same for all CSDs. Cross-border settlement has become similar to domestic settlement using only direct links and new links will be created for that purpose.

In order to facilitate the setting up of CSD-links INTERBOLSA has decided to create the links in a phased manner.

In a first phase only tax-exempt securities will be eligible which have simpler corporate actions simplifying, thus, the tax servicing needs allowing a quick setup of the links. In a second phase tax services will be provided allowing the inclusion of the remaining securities in the link.

In accordance with the interest shown by the Portuguese market members, currently INTERBOLSA had create links with the domestic CSDs of the Euroclear Group (Euroclear Belgium, Euroclear France and Euroclear Nederland), the National Bank of Belgium as the operator of NBB-SSS and Clearstream Banking Frankfurt (Germany), for debt instruments.

In the future INTERBOLSA intends to establish links (direct or relayed), as Investor CSD, with other CSDs (Issuer CSD), namely, Monte Titoli (Italy) and Iberclear (Spain).

Tax services will also be available in the future so that other types of securities that are not exempt from taxation can be included.

On 19 February 2018, INTERBOLSA has made available to its participants the possibility to hold, in the securities accounts opened with INTERBOLSA, securities issued at Euroclear France and Euroclear Nederland, according to the following criteria:

- **Link type:** Direct link between INTERBOLSA and Euroclear France (BIC-11: SICVFRPPXXX) and Euroclear Nederland (BIC-11: NECINL2AXXX)
  - INTERBOLSA: acting as Investor CSD;
  - Euroclear France / Euroclear Nederland: acting as Issuer CSD;

- **Eligible Securities:** Debt instruments accepted as collateral by the ECB, registered in Face Amount (FAMT), in EUR and tax-exempt;
- **Functionalities:** Settlement of cross-CSD and intra-CSD transactions and Corporate Actions processing according to the issuer CSD rules (Corporate Actions on Stocks and Corporate Actions on Flows).

On 6 August 2018, INTERBOLSA has made available to its participants the possibility to hold, in the securities accounts opened with INTERBOLSA, securities issued in NBB SSS (National Bank of Belgium - Securities Settlement System):

- **Type of link:** relayed link through Euroclear France;
- **Eligible Securities:** Debt instruments accepted as collateral by the ECB, registered in Face Amount (FAMT), in EUR and tax-exempt;
- **Functionalities:** Settlement of cross-CSD and intra-CSD transactions and Corporate Actions processing according to the issuer CSD rules (Corporate Actions on Stocks and Corporate Actions on Flows).

On November 2, 2020, INTERBOLSA has made available to its participants the possibility to hold, in the securities accounts opened with INTERBOLSA, debt instruments primarily registered in Clearstream Banking AG, according to the following criteria:

- **Link type:** Direct link between INTERBOLSA and Clearstream Banking AG (BIC: DAKVDEFFXXX)
  - INTERBOLSA: acting as Investor CSD;
  - Clearstream Banking AG: acting as Issuer CSD;
- **Eligible Securities:** Debt instruments accepted as collateral by the ECB, registered in Face Amount (FAMT), in EUR and tax-exempt;
- **Functionalities:** Settlement of cross-CSD and intra-CSD transactions and Corporate Actions processing according to the issuer CSD rules (Corporate Actions on Stocks and Corporate Actions on Flows).

These links allows the transfer of securities between INTERBOLSA's participants and the participants of the mentioned CSDs, in real time, through the pan-European platform TARGET2-Securities (T2S), as well as the corporate actions processing over the debt securities registered in the securities accounts of INTERBOLSA's participants.

The operationalisation of the links is based on functionalities of T2S that, through a securities account (denominated omnibus account) opened in the foreign CSD, and a mirror account created in INTERBOLSA, allows the control of the securities in circulation in Portugal through the automatic realignment in those accounts of the securities transfer transactions between the participants of the CSDs. A transfer of securities between the

participants of the different CSDs is carried out through settlement instructions, with the indication of the CSD in which each counterparty has its securities account.

The corporate actions processing over the securities issued in other CSDs is processed by INTERBOLSA in accordance with the rules of that CSD (Issuer CSD). The corporate actions are carried out by the Issuer CSD in INTERBOLSA account opened with that CSD. Subsequently, INTERBOLSA ensures the corporate actions processing in the accounts of its participants with a position in the respective securities.

The details of the links between INTERBOLSA and other CSDs is available on INTERBOLSA's website in "Services" / "CSD Links" ([link](#)).

### **Indirect Links**

Some foreign securities are accepted at INTERBOLSA that are issued in a foreign CSD with which INTERBOLSA does not have a direct link. The main reason for accepting foreign securities is the listing of those securities in Euronext Lisbon. These securities are held in securities accounts at INTERBOLSA through indirect links with the foreign CSDs, operated by Interlinking Intermediaries, and there is no direct relationship with the respective foreign CSD (the relationship is between the Issuer and the two participants chosen in each CSD).

For control purposes, and prior to any transaction to be carried out through INTERBOLSA, the securities registered in another CSD shall be registered, in the name of the Interlinking Intermediary, in an account specially opened for that purpose, entitled "Registration and control account".

The registration and control account opened at INTERBOLSA on behalf of the Interlinking Intermediary is a mirror account of the securities that are registered in an account of the foreign depository, and INTERBOLSA only registers into account.

The registration must be made by the Interlinking Intermediary, who must send to INTERBOLSA the following documents:

- The characteristics of the securities;
- Identification of the Issuer CSD where the issue is primary registered;
- The identification of the foreign depository entity;
- The number of securities that will initially circulate in Portugal and their distribution by the securities accounts of the participants.

The registration and control account referred above is debited and credited by INTERBOLSA, as a consequence of the changes that occur in the securities, at any moment, in circulation in Portugal, upon prior information of Interlinking Intermediary.

## 12.2 ISSUER CSD LINKS

### Direct Links

Currently Interbolsa has the following links as Issuer CSD:

#### Link with Iberclear

Iberclear has become a participant, as Investor CSD, in the settlement systems and in the centralized securities systems managed by Interbolsa, on March 25, 2019.

The link between Interbolsa and Iberclear (BIC: IBRCESMMXXX) allows the settlement of cross-border transactions, related to the securities registered in Interbolsa, between the participants of this CSD and the participants of Interbolsa.

#### Link with Clearstream Banking AG (CBF)

Clearstream Banking AG (CBF) has become a participant, as Investor CSD, in the settlement systems and in the centralized securities systems managed by Interbolsa, on December 14, 2020.

The link between Interbolsa and Clearstream Banking AG (BIC: DAKVDEFFXXX) allows the settlement of cross-border transactions, related to the securities registered in Interbolsa, between the participants of this CSD and the participants of Interbolsa.

On December 14, 2020 it was also implemented a Relayed Link between LuxCSD (BIC: LUXCLULLXXX) and Interbolsa through Clearstream Banking AG (CBF), that allows the settlement of cross-border transactions between the participants of that CSD and the participants of Interbolsa, for the securities registered in Interbolsa.

### Cross-border settlement

For cross-border settlement Interbolsa participants must indicate, in the settlement instructions, the CSD of their counterpart, i.e., the counterparty CSD:

- Through STD (SLRTmsg/SLRTfile): field "**Counterparty CSD**" (BIC code);
- Through ISO 15022 messages: field **:95P::PSET (Place of Settlement of the Counterparty)** - BIC code;

- Through T2S (A2A - ISO 20022 messages or U2A - GUI): field ***“Receiving Depository BIC”*** or ***“Delivering Depository BIC”***.

### **Indirect Links**

There are securities issued at INTERBOLSA that are held by INTERBOLSA’s participants acting as custodians in Portugal for foreign investor CSDs. In this case there is no involvement of INTERBOLSA in this link which is set up by a Custodian Bank, participant of INTERBOLSA, which is providing a service to a foreign CSD. This service usually includes, in addition to custody and asset management, other services not provided by INTERBOLSA, such as tax related services.

## 13. NATIONAL NUMBERING AGENCY

### 13.1 GENERAL

INTERBOLSA is the entity which, under the terms of Article 34 of the CMVM Regulation No 14/2000, acts as the National Numbering Agency for securities and other financial instruments issued or traded in Portugal.

INTERBOLSA is member of ANNA (Association of National Numbering Agencies S.C.R.L.) since October 1993 and the ISIN codification activity started on April 2, 1996.

As a National Numbering Agency, it is a competence of INTERBOLSA:

- a) To organise and keep the numbering service;
- b) To define the structure of the ISIN codes;
- c) To assign ISIN, CFI and FISN codes;
- d) To define the fees due for the services related to the numbering;
- e) To adopt the necessary measures for the performance of the respective functions.

**In the role of National Numbering Agency for the Portuguese market, INTERBOLSA has the following functions:**

<b>Assigning codes</b>	<ul style="list-style-type: none"> <li>• Assignment of ISIN, CFI and FISN codes to all securities issued in Portugal, as well as to other financial instruments in line with the ISO (International Organisation for Standardisation) standards and the ANNA (Association of National Numbering Agencies, S.C.R.L.) guidelines.</li> </ul>
<b>Information</b>	<ul style="list-style-type: none"> <li>• Nationwide disclosure of the assigned codes and making this information available to all ANNA members.</li> </ul>
<b>Cooperation</b>	<ul style="list-style-type: none"> <li>• To act as intermediary between national entities and other National Numbering Agencies.</li> </ul>



**Rules applicable to NNA codification:**

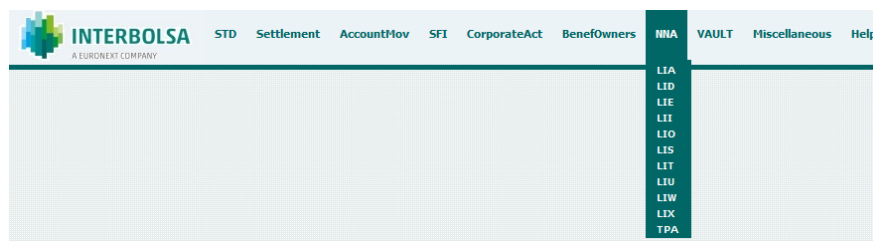
- Regulation of INTERBOLSA No. 10/2003 - ISIN codification (with the changes introduced by INTERBOLSA Regulation No. 4/2010);
- ISO Standard 6166 - Securities and related financial instruments - International Securities Identification Numbering System (ISIN);
- ISO Standard 10962 - Securities and related financial instruments - Classification of Financial Instruments (CFI code);
- ISO Standard 18774 - Securities and related financial instruments - Financial Instrument Short Name (FISN).

**Recommendations from ANNA and Registration Authority:**

- ISIN uniform guidelines related to ISO 6166;
- ISIN Quality Management;
- CFI Guidelines related to ISO 10962;
- FISN – Registration Procedures;
- FISN – Implementation Guidance Notes.

The ISIN codes assigned by INTERBOLSA are available:

- In STD (Data Transfer System) - for all securities (registered and not registered at INTERBOLSA centralised systems), only for participants



- In INTERBOLSA’s public web site only for securities registered at INTERBOLSA centralised systems ([link](#)).
- In INTERBOLSA’s reserved area ([My INTERBOLSA /MY QUERIES /](#) Securities with an ISIN code assigned) for securities registered and not registered at INTERBOLSA centralised systems:

## My INTERBOLSA – Securities with an ISIN code assigned

[Home](#) > [My INTERBOLSA – Welcome](#) > My INTERBOLSA – Securities with an ISIN code assigned



Type of securities

ISIN / Issuer / CVM Code

All

SOCIEDADE ABC

Filter



ISIN Code	CVM Code	Issue description	Registration date	Issuer	Nominal value	Registered / Not registered	Export
PTSABOAM0005	SAB AM	SOCIEDADE ABC - AÇÕES	2020-03-04	SOCIEDADE ABC, S.A.	1 - EUR	Registered	
PTSABBIM0002	SABBIM	UP'S ABC FUND - FUNDO DE CAPITAL DE RISCO - CATEGORIA A	2020-03-04	SOCIEDADE ABC, S.A.	0 - EUR	Registered	
PTSABCOM0003	SABCOM	SOCIEDADE ABC/2020 - EUR 18.700.000	2020-03-05	SOCIEDADE ABC, S.A.	100000 - EUR	Not registered	

### 13.2 SCOPE OF CODIFICATION

According to international standard ISO 10962 (Classification of financial instruments), INTERBOLSA is prepared to assign, ISIN, CFI and FISN codes for the following categories:

- Collective investment vehicles;
- Debt instruments;
- Entitlement (Rights);
- Equities;
- Financing;
- Forwards;
- Futures;
- Non-listed and complex listed options;
- Listed options;
- Others (miscellaneous);
- Referential Instruments;
- Spot;

- Strategies;
- Swaps.

### 13.3 ISIN CODIFICATION

International Securities Identification Number (ISIN) is a code which uniquely identifies a specific security or other financial instrument.

The format of the ISIN Code (International Securities Identification Number) is defined in the ISO Standard 6166 as being composed of 12 alphanumeric characters, which in case of Portuguese codes is structured as follows:

P	T	E	E	E	Y	T	T	X	X	X	1
---	---	---	---	---	---	---	---	---	---	---	---

- A **prefix** of two characters using the alpha-2 country code specified in ISO 3166 or a prefix "XS" as specified in Annex A or other prefixes (refer to Registration Authority website for more information on ISO standards);
- A basic code which is composed of 9 alphanumeric characters: the first six positions are taken from the Central Securities Depository code (CSD Code), followed by 3 alphanumeric characters which identify each issue or series;
  - For securities not registered in a centralised securities system, a code with the same structure will be assigned and based on the same principles underlying the assignment of codes to securities registered in a centralised system.
  - For financial instruments, a basic code with rules defined by INTERBOLSA is used for each type of instrument.
- A **Check digit** which is computed using the modulus 10 "Double-Add-Double" formula and which allows to check the authenticity of the assigned ISIN code.

### 13.4 CFI CODIFICATION

The CFI (Codification of Financial Instruments) code has been developed to address a number of problems, related to the growth of cross-border trading and the requirements to improve communication of information among market participants.

This code is not a replacement for the ISIN codes but is used instead as a complement to identify the type and the form of the security facilitating the worldwide identification of securities.

The CFI code is composed of 6 alphanumeric characters which identify the category, group of the financial instrument as well as several other attributes, as follow:

Position	Description
1	Financial instrument category
2	Group
3	<b>1<sup>st</sup> attribute</b>
4	<b>2<sup>nd</sup> attribute</b>
5	<b>3<sup>rd</sup> attribute</b>
6	<b>4<sup>th</sup> attribute</b>

The first character indicates the highest level of classification and differentiates between fourteen generic categories.

The second character indicates specific groups within each category.

The four last characters indicate the attributes applicable to each group.

### 13.5 FISN CODIFICATION

The Financial Instrument Short Name (FISN) code has been developed to provide a consistent and uniform approach to standardise short descriptions for financial instruments. It aims to harmonise the market practices in use on a national and individual entity level.

The FISN incorporates the **issuer short name** and the **abbreviated characteristics** for the financial instrument.

The FISN has a maximum length of 35 alphanumeric characters. Rules and guidelines are provided to specify the data elements, sequence, delimiters and punctuation related to the financial instrument short name.

Example of a FISN Code:

FISN CABK/P WT BBVA 8,50 20150220

Issuer short  
Name

Warrant type Put, Abbr. Sec. Type, Underlying, Strike Price and  
Expiration Date

Rules and Guidelines (developed by ANNA-Association of National Numbering Agencies) are provided to specify both the characteristics of the securities / financial instruments and the sequence of information.

## 14. INTERBOLSA'S FEES

The price list of INTERBOLSA is available on INTERBOLSA's web site ([www.interbolsa.pt/Information and Documentation/](http://www.interbolsa.pt/Information_and_Documentation/) Fee Books).

## 15. TABLES - INPUTS/OUTPUTS/OTHERS

### 15.1 SUMMARY OF INPUTS/OUTPUTS

Type of instructions	Description	Proprietary Messages (STD)				ISO 15022 Messages				ISO 20022 Messages (only for DCP participants)			
		Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation
<b>Settlement Instructions</b>													
Settlement Instructions	Registration of SLrt instructions and Stock Exchange instructions	EXCHmsg EXCHfile SLRTmsg SLRTfile	SLRT	SLRT-RES SLRT-PND	MT540 MT541 MT542 MT543	MT548	MT544 MT545 MT546 MT547	MT536 MT537	sese.023	sese.024	sese.025	semt.017 semt.018	
	Registration of internal transfers	TRFmsg TRFfile	MVI	MVI-RES MVI-PND	-	-	-						
<b>Settlement Restrictions</b>													
Blocking, Earmarking, Reservation	Registration of internal transfers (within the same account)	TRFmsg TRFfile	MVI	MVI-RES MVI-PND	MT524	MT508	MT538	semt.013	semt.014	semt.015	semt.016 semt.034		
Blocking	Constitution /Extinction of pledge in favour of SII/FGD	GRTmsg GRTfile	GRT	GRT-RES GRT-PND	-	MT508	MT538	-		semt.015	semt.016		
	Execution of pledge in favour of	GRTmsg GRTfile	GRT	GRT-RES GRT-PND	-	MT548	MT544 MT546	MT536	-	sese.024	sese.025	semt.017	

Type of instructions	Description	Proprietary Messages (STD)				ISO 15022 Messages				ISO 20022 Messages (only for DCP participants)			
		Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation
	SII/FGD)												
<b>Maintenance Instructions</b>													
<b>Amendment</b>	SLrt instructions	EXCHmsg											
<b>Hold/Release</b>	Stock Exchange instructions	EXCHfile SLRTmsg SLRTfile	SLRT			MT530	MT548	-	sese.030	sese.031		-	
<b>Cancellation</b>	SLrt instructions	SLRTmsg SLRTfile	SLRT	SLRT-RES SLRT-PND	MT540 MT541 MT542 MT543	MT548	MT536	sese.020	sese.027	semt.033			
	Stock Exchange instructions	EXCHmsg EXCHfile	SLRT	SLRT-RES SLRT-PND									
	Internal transfers	TRFmsg TRFfile	MVI	MVI-RES MVI-PND	MT540 MT542	MT548	MT536						
	Internal transfers (blocking, reservation, earmarking)	TRFmsg TRFfile	MVI	MVI-RES MVI-PND	MT524	MT508	MT538				sese.020	sese.027	semt.033
<b>Allegements</b>													
<b>Allegation Notification</b>	SLrt instructions	-	SLRT	SLRT-PND	-	MT578	-	-	sese.028	semt.019			
<b>Allegation Removal</b>	SLrt instructions	-	-	-	-	-	-	-	sese.029	-			
<b>Allegation Cancellation</b>	SLrt instructions	-	SLRT	SLRT-RES	-	MT578	-	-	semt.020	-			



Type of instructions	Description	Proprietary Messages (STD)				ISO 15022 Messages				ISO 20022 Messages (only for DCP participants)			
		Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation
	Stock Exch. instructions	-	SLRT		SLRT-RES	-							
<b>Securities Balances</b>													
Securities Balances	At the end of day	-	-		POS-EOD	-	-	-	MT535	-	-		semt.002
	After the end of the Night-Time Settlement in T2S	-	-		POS-CA	-	-	-	-	-	-		semt.002
Securities Valuation	At the end of day	-	-		VM-VAL	-	-	-	-	-	-		-
<b>T2S Notification</b>													
Auto - collateralisation	Instructions generated by T2S	-	SLRT		-	-	MT548	-	-	-		sese.032	-
	Settlement	-	SLRT		SLRT-RES	-	MT548		MT536	-	sese.024	sese.025	semt.017
	Release of the Reverse Transaction (Reimbursement) by the participant	SLRTmsg SLRTfile		SLRT		-	MT530	MT548		-	sese.030	sese.031	-
CoSD - Conditional Securities	Instructions generated by T2S	-	SLRT		SLRT-RES SLRT-PND	-	MT548	-	MT536 MT537	-	sese.032		-

Type of instructions	Description	Proprietary Messages (STD)				ISO 15022 Messages				ISO 20022 Messages (only for DCP participants)			
		Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation	Instruction	Status Advice	Confirmation	Reconciliation
<b>Delivery</b>													
<b>Settlement Instructions</b>													
<b>Settlement Instructions</b>	Registration of SFI instructions	SFImsg SFITfile SFIdmsg SFIdfile SFIORqryS	SFI SFId	SFI-RES SFI-PND SFId-RES SFId-PND	-	-	MT544 MT545 MT546 MT547	MT536 MT537		sese.025	sese.025	sem.017 sem.018	
<b>Settlement Instructions</b>	Registration of SGE instructions	SGEmsg SGETfile	SGE	SGE-RES SGE-PND	-	-	MT544 MT545 MT546 MT547	MT536 MT537		sese.025	sese.025	sem.017 sem.018	

## 15.2 SUMMARY OF INPUTS/OUTPUTS - CORPORATE ACTIONS ON STOCKS AND GENERAL MEETINGS

Type of instructions		STD	ISO 15022	Reports
Corporate Actions	<u>Notification</u>	<p><u>Message:</u> "NOTEVT - Corporate Actions Notification"</p> <p><u>File:</u> "Corporate Actions Notice (EDC - Eventos a Ocorrer)"</p>	MT564	"Relatório de Anúncio de Eventos"
	<u>Confirmation</u>	<p><u>Message:</u> "CONF EVT - Corporate Actions Confirmation"</p> <p><u>Message:</u> "CORP"</p>	MT566	"Rendimentos /reembolsos Creditados em.... "
	<p><b>Subscription</b></p> <ul style="list-style-type: none"> <li>- Requests</li> <li>- Request status</li> <li>- Subscription Request (Accumulated)</li> <li>- Subscription and Allotment Results</li> </ul>	<p>ISI message/file</p> <p>CPS message</p> <p>PSA file</p> <p>ISA file</p> <p><u>Message:</u> "CORP"</p>	<p>MT565</p> <p>MT567</p> <p>-</p> <p>-</p>	"Statement of Holdings"
General Meetings	<u>Notification</u>	<p><u>Message:</u> "NOTEVT - Corporate Actions Notification"</p>	<p>MT564</p> <p>MT568</p>	-

### 15.3 STD – FILES AND MESSAGES

Mnemonics	Description	Type	Emissor
<b>AIFfile</b>	Deposit of securities in Certificate Form (Global Note)	<b>Input</b>	<b>Participant</b>
<b>DPIfile</b>	Deposit of securities in certificate form	<b>Input</b>	<b>Participant</b>
<b>DPN</b>	Identification Of the ISIN Beneficial Holders	<b>Input</b>	<b>Participant</b>
<b>EXCHmsg/EXCHfile</b>	Maintenance of Stock Exchange Instructions (message/file)	<b>Input</b>	<b>Participant</b>
<b>FIA</b>	Securities Holders Identification	<b>Input</b>	<b>Participant</b>
<b>FVC</b>	Results of the exercise of Convertible Securities	<b>Input</b>	<b>Issuer / Issuer Agent</b>
<b>GRTmsg/GRTfile</b>	Movements with Special Entities – Guarantees (message/file)	<b>Input</b>	<b>Participant</b>
<b>ISImsg/ISIfile</b>	Subscription Request	<b>Input</b>	<b>Participant</b>
<b>LEVfile</b>	Withdrawal of securities in certificate form	<b>Input</b>	<b>Participant</b>
<b>LOEmsg/LOEfile</b>	Settlement of Special Operations	<b>Input</b>	<b>Participant</b>
<b>RSS</b>	Result of the Subscription Allotment	<b>Input</b>	<b>Issuer / Issuer Agent</b>
<b>SFImsg/SFIfile</b>	Custodian Bank Reply/ Management Company – Subscription / Redemption Order SFI	<b>Input</b>	<b>Custodian Bank /Management Company</b>
<b>SFImsg/SFIfile</b>	Subscription/Redemption Open End Investment Funds	<b>Input</b>	<b>Participant</b>
<b>SFIORqyS</b>	Funds Order Routing Query	<b>Input</b>	<b>Custodian Bank /Management Company</b>
<b>SGEmsg/SGEfile</b>	Securities Lending & Borrowing Instructions	<b>Input</b>	<b>Participant</b>
<b>SLRTmsg/SLRTfile</b>	Instructions SLrt (message/file)	<b>Input</b>	<b>Participant</b>
<b>SLRTqry</b>	SLrt Query	<b>Input</b>	<b>Participant</b>
<b>TCN</b>	Reconciliation of Account Balances	<b>Input</b>	<b>Participant</b>
<b>TRFmsg/TRFfile</b>	Internal Transfers (message/file)	<b>Input</b>	<b>Participant</b>
<b>VCImsg/file</b>	Conversion Request	<b>Input</b>	<b>Participant</b>
<b>BR-T2S</b>	T2S Business Rules (used in several messages and files)	Output	<b>INTERBOLSA</b>
<b>C-DPN</b>	Identification of Beneficial Owners Outsread –Validation	Output	<b>INTERBOLSA</b>
<b>C-FIA</b>	Holders Identification file-validation	Output	<b>INTERBOLSA</b>
<b>CHECKdig</b>	Check digit calculator (Securities Account)	Output	<b>INTERBOLSA</b>
<b>C-LOE</b>	Validation of the file LOEfile	Output	<b>INTERBOLSA</b>
<b>CONFVET</b>	Corporate Actions Confirmation	Output	<b>INTERBOLSA</b>
<b>CORP</b>	Corporate Actions Monitoring	Output	<b>INTERBOLSA</b>
<b>CPI</b>	Corrections/Other movements done by Interbolsa	Output	<b>INTERBOLSA</b>
<b>CPS</b>	Subscription Request Status	Output	<b>INTERBOLSA</b>
<b>CRITICAS</b>	Validation of files sent	Output	<b>INTERBOLSA</b>
<b>CSS</b>	Result of the Subscription Allotment - Validation	Output	<b>INTERBOLSA</b>
<b>CTC</b>	Reconciliation of Account Balances-validation	Output	<b>INTERBOLSA</b>
<b>DN</b>	Identification of the ISIN Beneficial Owners (Total)	Output	<b>INTERBOLSA</b>

Mnemonics	Description	Type	Emissor
<b>DPN-Tab</b>	Identification of Beneficial Owners Outspread – table of errors	Output	<b>INTERBOLSA</b>
<b>EDC</b>	Corporate Actions Notice	Output	<b>INTERBOLSA</b>
<b>FIA-ACT</b>	Beneficial Owners Ident.-Current	Output	<b>INTERBOLSA</b>
<b>GRT</b>	Movements with Special Entities – Guarantees	Output	<b>INTERBOLSA</b>
<b>GRTinfo</b>	Guarantees Query - Details	Output	<b>INTERBOLSA</b>
<b>GRT-Q</b>	Guarantees Query	Output	<b>INTERBOLSA</b>
<b>GRT-PND</b>	Movements with Special Entities -Pending	Output	<b>INTERBOLSA</b>
<b>GRT-RES</b>	Movements with Special Entities – Summary of the Day	Output	<b>INTERBOLSA</b>
<b>IDE-TIT</b>	Holder Identification-Calendar	Output	<b>INTERBOLSA</b>
<b>INFORM</b>	Informative Messages	Output	<b>INTERBOLSA</b>
<b>ISA</b>	Subscription - Result of the Surplus Allotment	Output	<b>INTERBOLSA</b>
<b>ISSUANC</b>	Securities Issues' Registration and Cancellation	Output	<b>INTERBOLSA</b>
<b>LIQ-RES</b>	Summary with all the Instructions settled on the previous settlement day	Output	<b>INTERBOLSA</b>
<b>LOE</b>	Special Operations – Settlement	Output	<b>INTERBOLSA</b>
<b>LOE-PND</b>	Special Operations – Pending Instructions	Output	<b>INTERBOLSA</b>
<b>LOE-RES</b>	Special Operations – Summary of the Settlement Day	Output	<b>INTERBOLSA</b>
<b>LOG</b>	Log of the file transfer	Output	<b>INTERBOLSA</b>
<b>MAPAS</b>	Reports of the day	Output	<b>INTERBOLSA</b>
<b>MVI</b>	Internal Securities Movements	Output	<b>INTERBOLSA</b>
<b>MVI-PND</b>	Pending Internal Securities Movements	Output	<b>INTERBOLSA</b>
<b>MVI-RES</b>	Internal Securities Movements - Summary of the Day	Output	<b>INTERBOLSA</b>
<b>NOTEVT</b>	Corporate Actions Notification	Output	<b>INTERBOLSA</b>
<b>PNA</b>	Identification of Beneficial Owners Request	Output	<b>INTERBOLSA</b>
<b>POS-CA</b>	File contains the changes in the positions of the securities affected by the physical settlement of corporate actions on the NTS	Output	<b>INTERBOLSA</b>
<b>POS-D</b>	Securities Positions Query – Details	Output	<b>INTERBOLSA</b>
<b>POS-EOD</b>	Securities Balances at the End of Day	Output	<b>INTERBOLSA</b>
<b>POS-Q</b>	Securities Positions Query	Output	<b>INTERBOLSA</b>
<b>POS-R</b>	Securities Positions Query - Resume	Output	<b>INTERBOLSA</b>
<b>POSZ</b>	Securities Balances not uploaded to T2S	Output	<b>INTERBOLSA</b>
<b>PSA</b>	Subscription Result - Accumulated	Output	<b>INTERBOLSA</b>
<b>PSS</b>	Subscription Allotment Requests	Output	<b>INTERBOLSA</b>
<b>QSF</b>	Subscribed Quantity per Investment Fund/Participant	Output	<b>INTERBOLSA</b>
<b>SACs</b>	Securities Accounts	Output	<b>INTERBOLSA</b>
<b>SFI</b>	Investment Funds Order Routing	Output	<b>INTERBOLSA</b>
<b>SFIid</b>	Investment Funds Order Routing - Custodian Bank/Management Company	Output	<b>INTERBOLSA</b>
<b>SFIid-PND</b>	Pending Subscription/Redemption Orders - Custodian Bank/Management Company	Output	<b>INTERBOLSA</b>
<b>SFIid-RES</b>	Subscription/Redemption Orders - Custodian Bank/Management Company	Output	<b>INTERBOLSA</b>

Mnemonics	Description	Type	Emissor
<b>SFI-PND</b>	Pending Subscription/Redemption Orders	Output	<b>INTERBOLSA</b>
<b>SFI-RC</b>	Reason codes used in the SFI and SFId messages	Output	<b>INTERBOLSA</b>
<b>SFI-RES</b>	Subscription/Redemption Orders - Summary of the day	Output	<b>INTERBOLSA</b>
<b>SGE</b>	Securities Lending & Borrowing	Output	<b>INTERBOLSA</b>
<b>SGE-PND</b>	Pending Securities Lending & Borrowing Orders	Output	<b>INTERBOLSA</b>
<b>SGE-RC</b>	Reason codes used in the SGE message	Output	<b>INTERBOLSA</b>
<b>SGE-RES</b>	Securities Lending & Borrowing Orders - Summary of the day	Output	<b>INTERBOLSA</b>
<b>SGE-SEC</b>	Eligible Securities for Lending & Borrowing	Output	<b>INTERBOLSA</b>
<b>SLRT</b>	Real Time Settlement System (Settlement of Stock Exchange Instructions; OTC instructions; other instructions)	Output	<b>INTERBOLSA</b>
<b>SLRTdet</b>	Instruction Details	Output	<b>INTERBOLSA</b>
<b>SLRTinfo</b>	Results SLrt Query	Output	<b>INTERBOLSA</b>
<b>SLRT-PND</b>	SLrt - Pending Instructions (Settlement of Stock Exchange Instructions; OTC instructions; other instructions)	Output	<b>INTERBOLSA</b>
<b>SLRTqry</b>	SLrt Query	Output	<b>INTERBOLSA</b>
<b>SLRT-RC</b>	Reason codes used in the SLRT message	Output	<b>INTERBOLSA</b>
<b>SLRT-RES</b>	SLrt - Summary of the Day (Settlement of Stock Exchange Instructions; OTC instructions; other instructions)	Output	<b>INTERBOLSA</b>
<b>Tab-CP</b>	Portuguese Postal Codes - table	Output	<b>INTERBOLSA</b>
<b>Tab-FIA</b>	Errors of FIA - table	Output	<b>INTERBOLSA</b>
<b>TAB-MVI</b>	Error Table - MVI	Output	<b>INTERBOLSA</b>
<b>TPA</b>	Country	Output	<b>INTERBOLSA</b>
<b>VM-LINK</b>	Authorized Securities - Links	Output	<b>INTERBOLSA</b>
<b>VM-SOD</b>	Securities Information - Start of Day	Output	<b>INTERBOLSA</b>
<b>VM-VAL</b>	Securities Information at the End of Day - Valuation of Securities	Output	<b>INTERBOLSA</b>
<b>WEC</b>	Autonomous Warrants (Information)	Output	<b>INTERBOLSA</b>

## 15.4 ISO 15022 MESSAGES

MsgId	Description	Type	Issuing
<b>MT508</b>	Intra-Position Advice	Output	INTERBOLSA
<b>MT524</b>	Intra-Position Instruction	<b>Input</b>	<b>Participant</b>
<b>MT530</b>	Transaction Processing Command	<b>Input</b>	<b>Participant</b>
<b>MT535</b>	Statement of Holdings	Output	INTERBOLSA
<b>MT536</b>	Statement of Transactions	Output	INTERBOLSA
<b>MT537</b>	Statement of Pending Transactions	Output	INTERBOLSA
<b>MT538</b>	Statement of Intra-Position Advices	Output	INTERBOLSA
<b>MT540</b>	Receive Free	<b>Input</b>	<b>Participant</b>
<b>MT541</b>	Receive Against Payment	<b>Input</b>	<b>Participant</b>
<b>MT542</b>	Deliver Free	<b>Input</b>	<b>Participant</b>
<b>MT543</b>	Deliver Against Payment	<b>Input</b>	<b>Participant</b>
<b>MT544</b>	Receive Free Confirmation	Output	INTERBOLSA
<b>MT545</b>	Receive Against Payment Confirmation	Output	INTERBOLSA
<b>MT546</b>	Deliver Free Confirmation	Output	INTERBOLSA
<b>MT547</b>	Deliver Against Payment Confirmation	Output	INTERBOLSA
<b>MT548</b>	Settlement Status and Processing Advice	Output	INTERBOLSA
<b>MT564</b>	Corporate Actions Notification	Output	INTERBOLSA
<b>MT565</b>	Corporate Actions Instruction	<b>Input</b>	<b>Participant</b>
<b>MT566</b>	Corporate Actions Confirmation	Output	INTERBOLSA
<b>MT567</b>	Corporate Actions Status and Processing Advice	Output	INTERBOLSA
<b>MT568</b>	Corporate Action Narrative – General Meetings	Output	INTERBOLSA
<b>MT578</b>	Settlement Allegement	Output	INTERBOLSA

**15.5 ISO 15022 MESSAGES WITH INDIVIDUAL SUBSCRIPTION**

	Message	Input	Output
Statement of Holdings (EOD)	<b>MT535</b>		<b>X</b>
Statement of Transactions	<b>MT536</b>		<b>X</b>
Statement of Pending Transactions	<b>MT537</b>		<b>X</b>
Statement of Intra-Position Advices	<b>MT538</b>		<b>X</b>
Settlement Status and Processing Advice	<b>MT548</b>		<b>X</b>
Settlement Allegement	<b>MT578</b>		<b>X</b>
Corporate Action Notification	<b>MT564</b>		<b>X</b>
Corporate Action Confirmation	<b>MT566</b>		<b>X</b>



**15.6 ISO 15022 MESSAGES SUBJECT TO GROUP SUBSCRIPTION**

	Message	Input	Output
Receive Free	<b>MT540</b>	<b>X</b>	
Receive Against Payment	<b>MT541</b>		
Deliver Free	<b>MT542</b>		
Deliver Against Payment	<b>MT543</b>		
Transaction Processing Command	<b>MT530</b>		
Settlement Status and Processing Advice	<b>MT548</b>		<b>X</b>
Receive Free Confirmation	<b>MT544</b>		<b>X</b>
Receive Against Payment Confirmation	<b>MT545</b>		
Deliver Free Confirmation	<b>MT546</b>		
Deliver Against Payment Confirmation	<b>MT547</b>		
Intra-Position Advice	<b>MT508</b>		<b>X</b>
Intra-Position Instruction	<b>MT524</b>	<b>X</b>	
Corporate Action Instruction	<b>MT565</b>	<b>X</b>	
Corporate Action Status and Processing Advice	<b>MT567</b>		<b>X</b>

## 15.7 ISO 20022 MESSAGES

MsgId	Description	Type	Issuing
<b>semt.002</b>	Securities Balance Custody Report	Output	T2S
<b>semt.013</b>	Intra Position Movement Instruction	<b>Input</b>	<b>Participant</b>
<b>semt.014</b>	Intra Position Movement Status Advice	Output	T2S
<b>semt.015</b>	Securities Settlement Restriction Confirmation	Output	T2S
<b>semt.016</b>	Intra Position Movement Posting Report	Output	T2S
<b>semt.017</b>	Securities Transaction Posting Report	Output	T2S
<b>semt.018</b>	Securities Transaction Pending report	Output	T2S
<b>semt.019</b>	Securities Settlement Transaction Allegement Report	Output	T2S
<b>semt.020</b>	Securities Message Cancellation Advice	Output	T2S
<b>semt.033</b>	Securities Transaction Cancellation Request Report	Output	T2S
<b>semt.034</b>	Intra Position Movement Pending Report	Output	T2S
<b>sese.020</b>	Securities Transaction Cancellation Request	<b>Input</b>	<b>Participant</b>
<b>sese.023</b>	Securities Settlement Transaction Instruction	<b>Input</b>	<b>Participant</b>
<b>sese.024</b>	Securities Settlement Transaction Status Advice	Output	T2S
<b>sese.025</b>	Securities Settlement Transaction Confirmation	Output	T2S
<b>sese.027</b>	Securities Transaction Cancellation Request Status Advice	Output	T2S
<b>sese.028</b>	Securities Settlement Allegement Notification	Output	T2S
<b>sese.029</b>	Securities Settlement Allegement Removal Advice	Output	T2S
<b>sese.030</b>	Securities Settlement Condition Modification Request	<b>Input</b>	<b>Participant</b>
<b>Sese.031</b>	Securities Settlement Condition Modification Status Advice	Output	T2S
<b>sese.032</b>	Securities Settlement Transaction Generation Notification	Output	T2S

## 15.8 TABLE WITH THE SECURITIES POSITIONS SITUATIONS

Situation	Description
AWAS	Available securities without additional status
BL02	Blocked for pending withdrawal
BL03	Blocked for pledge
BL04	Blocked for guarantee
BL09	Generic blocking
BL10	Judicial blocking
BL11	Blocked for settlement
BL24	Pledged to Investor Compensation Scheme (SII)
BL25	Pledge Execution in favour of Investor Compensation Scheme (SII)
BL26	Blocked for Corporate Actions (rights)
BL27	Blocked for FGD pledge
BL29	Blocked for funds redemption (order routing)
COLL	Collateralised
COSP	Conditional Securities Delivery blocking
EA40	Earmarked for settlement
EA43	Earmarked Corporate Action outturn security
EXXX	Earmarked for Auto-collateralisation (all other currencies)
EEUR	Earmarked for Auto-collateralisation (EURO)
RE35	Reserved for settlement
AGGR	Aggregated - Total of the securities balances (AVAI, NAVL)
AVAI	Available (AWAS; EA40; EA43; EXXX; EEUR)
NAVL	Not-available (BL02; BL03; BL04; BL09; BL10; BL11; BL24; BL26; BL27; BL29; COLL; COSP; RE35)

## GLOSSARY

"**Competent Authority**" - the designated authority, in accordance with Article 11 of Regulation (EU) No. 909/2014, as responsible for the authorisation and supervision of INTERBOLSA;

"**Central Securities Depositories Counter** or abbreviated, **Central Counter**" – the extensions of the Central Securities Depositories Vault, located in geographically suitable locations, which process, solely and exclusively, the reception and delivery of securities in certificated form, as well as the respective discharge;

"**Caixa Geral de Depósitos, SA**" - a credit institution designated by INTERBOLSA to provide financial services in a currency other than the euro, inherent to the settlement of operations through the systems managed by this Managing Company;

"**Central Securities Depository**, or abbreviated, **Central or CSD**" – INTERBOLSA, as defined in Regulation (EU) No. 909/2014;

"**Central Securities Depositories Vault** or abbreviated, **Central Vault**" – comprises information technology and human resources that, in locations specifically created for this purpose, and interconnected with the central securities depositories, provides the service related to the safekeeping and immobilisation of the securities under the terms and conditions laid down in this Regulation and other applicable provisions;

"**Static Data**" – the relevant information for settlement that INTERBOLSA includes and keeps in T2S platform, related to the participants, to the securities integrated in centralised system, to the securities accounts opened in INTERBOLSA's systems, to the cash accounts in the T2S platform;

"**T2S Settlement Day**" - the business day on which settlement occurs on the T2S platform, according to the settlement processing time set in T2S Rules and other operational documents, as well as in INTERBOLSA Notice concerning the opening hours of its systems;

"**Business Day**" - the day on which settlement systems are opened, as is provided for in INTERBOLSA notice concerning the opening hours of the systems;

" **Settlement Finality Directive**" – the Directive 98/26/EU of the European Parliament and of the Council of May 19, 1998 on the settlement finality in payment systems and in securities settlement systems, transposed in the Portuguese legal order by the Decree-Law No. 486/99, 13 November and Decree-Law No. 221/2000, 9 September, as amended;

"**Directly Connected Party (DCPs)**" - the Participant authorised by INTERBOLSA with direct connection to the T2S platform;

**"Operational Documents"** – the users' manuals containing operating, functional and technical specifications related to the services provided through the INTERBOLSA systems, issued by this company, as well as those issued by the Eurosystem about the T2S Rules;

**"Eurosystem"** - the system of central banks of the euro area. The Eurosystem is formed by the European Central Bank and the national central banks of the Member States of the European Union participating in the euro area, i.e, that have adopted the euro as their currency;

**"Indirectly Connected Party (ICPs)"** - the Participant indirectly connected to the T2S platform, through the INTERBOLSA systems;

**"Custody Services Institution"** - the entity designated by INTERBOLSA for the provision of safekeeping of securities in certificated form;

**"Settlement Instructions"** - transfer orders to be settled in the settlement systems of INTERBOLSA, through T2S platform;

**"Matching"** - the process used to compare the details of the settlement instructions included by the participants, to ensure that both parties agree on the relevant terms of the operation;

**"Participant"** – the entities authorised, under the specific rules of INTERBOLSA, to participate in the systems and services provided by INTERBOLSA, in accordance and in compliance with the rules established for the operation of these systems and services; for the purposes of this Regulation and the related notices and circulars, it is understood that the term Participant does not include Issuers with securities registered in the systems managed by INTERBOLSA, and where the rules are applicable to Issuers, an express reference is made;

**"Participant of destination"** - the participant in the systems of INTERBOLSA that holds the account to which the securities are to be transferred;

**"Participant of origin"** - the participant whose account contains the securities to be transferred;

**"T2S Rules"** - the functional and technical documents issued by the Eurosystem, and which are the relevant documents relating to operational and technical functioning of T2S, namely the *User Requirements Documents* (URDs) and the *User Detailed Functional Specifications* (UDFS), as well with their subsequent amendments, which can be found at the European Central Bank's website (key documents) in

<http://www.ecb.europa.eu/paym/t2s/about/keydocs/html/index.en.html>;

**"Regulation (EU) No. 909/2014"** – the Regulation (EU) No. 909/2014 of the European Parliament and of the Council of July, 23 2014 on improving securities settlement in the European Union and on Central Securities Depositories (CSDs) and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012;

**"Settlement Service"** - the service provided by INTERBOLSA through the T2S platform, which allows for the settlement in euro or in other central bank money accepted by the platform, of securities instructions; includes, also, the service provided by INTERBOLSA through the Settlement System in Non-Euro Currency, which allows the settlement in currencies other than euro, that are not supported by the T2S platform, of securities instructions;

**"Systems"** - the securities settlement systems and the centralised securities systems managed by INTERBOLSA;

**"TARGET2 (T2)"** - the real-time gross settlement (RTGS) for the Eurosystem, based on a single shared platform, which enables settlement in central bank money; By law, TARGET2 comprises a series of decentralised components by country, which are harmonised in every aspect that is not in conflict with a national legal impediment. In the case of Portugal, the system is ruled by the Instruction of Banco de Portugal No. 54/2012, which regulates the TARGET2-PT system;

**"TARGET2-Securities (T2S)"** - the technical platform set up by the Eurosystem to provide securities settlement services to CSDs and, through them, to the participants of CSDs in central bank money;

**"T2S - Framework Agreement"** - the contract, including its annexes that form an integral part thereof, signed between INTERBOLSA and the Eurosystem, governing the provision of securities settlement services in central bank money, published on the website of the ECB - European Central Bank (key documents) in <http://www.ecb.europa.eu/paym/t2s>.