EURONEXT SECURITIES

Operational Model

CMH BILLING STANDARDS

Version 1.4 MAY 2023

/ MILAN

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1. INTRODUCTION

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This document reports the operational model provided by Euronext Securities Milan (herein after ES-MIL) for the adaptation of its invoicing process to Billing Standards, in line with the document Billing Processes – Single Collateral Management Rulebook for Europe (version updated in June 2021) issued by the Advisory Group on Market Infrastructures for Securities and Collateral – European Central Bank – Eurosystem, as below mentioned:

1. **Billing standard 1** – invoicing information through message SWIFT ISO 20022; the implementation of this standard will take place in two phases:

   1st phase by April 2024 for:
   - CSDs in their role of account servicers to provide the information to intermediaries (account holders);
   - Eurosystem central banks and related counterparties for the invoicing of bilateral collateral management service (in their respective roles of collateral takers and collater givers);
   - Triparty agents with regard to the processing of corporate actions on collateralized financial instruments in the triparty collateral management service;

   2nd phase by November 2025 for custodians (*account servicers*) towards their clients that are able to adopot this protocol.

2. **Billing standard 2** – harmonization of invoicing cycle, according to which invoicing information shall be provided on a monthly basis and with invoicing period from the first day of the month to the last day of the month included.

   Implementation deadline: April 2024 for CSDs towards their clients having the role of account holders, custodians (*account servicers*) towards their clients, Eurosystem towards its counterparties.

3. **Billing standard 3** – forwarding of invoicing information on custody, settlement and ancillary services by CSDs to their clients within the 8th calendar day (or the following business day if the 8th day is not a business day).

   Implementation deadline: April 2024 for CSDs towards their clients.

4. **Billing standard 4** – invoice payment day, according to which the payment of the invoice shall be processed on the 15th calendar day (or the following business day if the 15th day is not a business day) of each month.

   Implementation deadline: April 2024 for CSDs towards their clients (account holders)

ES-MIL invoicing process is already compliant with standards 2 and 3 whereas shall be adapated for standards 1 and 4.

It is pointed out that intermediaries (as custodians) shall adapt their own invoicing process for standard 2 within April 2024 if not compliant.

With regard to the planning updated by the Eurosystem here below the main milestones:

- By June 2020: communication of changes to invoicing process to clients;
- from 17 November 2023 to 16 February 2024: external tests

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- by May 2023: final communication to the clients (user manual)
- 8 April 2024: standard adoption.

For the June 2020 milestone the version 1.1 of this operational model for the adaptation of ES-MIL invoicing process was issued on the basis of meeting held within the Task Force Billing during June 2020.

The following version 1.2 was issued in June 2021 to report the features of the message SWIFT ISO 20022 as per the last version submitted by the CMH Expert Group on Asset Servicing in the month of May 2021.That version of the SWIFT message was sent to participants completed with the reconciliation between the information reported in the ES-MIL invoice and the corresponding information of the message.

The following version 1.3 was published in April 2022 to report the updating arising from the document Billing Processes – Single Collateral Management Rulebook for Europe (version June 2021) and to communicate the postponement of the billing message for clients other than the Bank of Italy (for the sole accounts related to the collateral management in ECMS) after ECMS go live but not later than November 2025.

The current version 1.4 reports updating connected with the harmonized adoption of the billing message referred to standard 1 by Euronext Securities (Euronext CSDs), message that will be made available by ES-MIL by December 2024, subject to planning confirmation.

The external test, planned by the Eurosystem from 17 November 2023 to 16 February 2024, will only involve the Bank of Italy for the accounts related to the collateral management in ECMS.

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2. ADOPTION OF STANDARD 1

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2.1 Invoicing information through message ISO 20022

In the following details on the adoption of the invoicing message by ES-MIL to implement standard provisions reported in italics character:

- *Invoicing information shall be transmitted through message ISO 20022 (camt.077), without prejudice, however, to the issue of invoice through other methods if required by the country jurisdiction of each CSD*

  Provided that ES-MIL is required to issue the electronic invoice, it will send the invoicing message in addition to the invoice and related details.

  The invoice message will contain fees applied to the client in the role of intermediary and issuer, according to the participation roles in ES-MIL services.

- *as default the message shall be sent at account level, without prejudice for the client to request a message at participant level*

  The SWIFT ISO 20022 message (camt.077) is structured to allow the transmission of a unique SWIFT message for the client with the invoicing information detailed at account level.

  The client is required to have a BIC ID code to request the receipt of the billing message through SWIFT ISO 20022.

  By December 2024, when the billing message will be made available to all intermediary and issuer clients, the clients will have the possibility to set the securities accounts for which they want to receive the billing message through CLIMP and, in case of lack of setting, the clients will receive no billing message.

  The following options will be made available to clients for the receipt of the message:

  a) a unique message for all the accounts with the exclusion of s accounts expressly specified;

  b) a message for each securities account with the exclusion of accounts expressly specified;

  c) a separate message per account for some expressly specified account and a unique message for the remaining accounts with the exclusion of accounts expressly specified.

  As the message structure does not allow to report fees applied at client level and regardless of the role of intermediary or issuer, fees applied at client level will be, as default, allocated to the main account (as a rule corresponding to the proprietary security account for clients with the role of intermediary). For instance, it is the case of the fee applied for MT-X work-stations.

- *Within the key data of the message there is the field "Service Category" grouping fee items for the related service category.*

  The following table reports the list of service categories defined and the related applicability for the services provided by ES-MIL to intermediaries and issuers.

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Code	Service Category	Service Category Definition	Applicable
SAFE	Safekeeping Services	This category encompasses the reporting of all fees that are calculated as basis points applied to the assets under custody. This includes notary, central maintenance and asset servicing fees.	Y
SETT	Settlement Services	This category encompasses the reporting of all fees related to the settlement of securities and/or cash. This includes fees related to the settlement of market claims and transformations. Taxes applied on settled transactions (such as financial transaction taxes) and ancillary settlement services are also reported under this category.	Y
INFS	Investment Fund Services	This category encompasses the reporting of all related to specific services provided for investment funds, such as order routing or holder reporting. The safekeeping and settlement of investment funds and exchange-traded funds should be reported under the Safekeeping Services and Settlement Services categories respectively.	N
CUST	Custody Services	This category encompasses the reporting of all fees that are charged per operation such as election instructions. The category is also used to report fees on tax services related to assets under custody together with the processing of corporate actions and meetings events.	Y
INSV	Information Services	This category encompasses the reporting of all fees related to the provision of information through any kind of means and to the provision of connectivity tools. This includes ISO messaging (inbound or outbound), graphical user interface (GUI) access, connectivity, recharge of security tokens, report subscriptions and the provision of data by any other means (e.g. paper based formats).	Y
BICM	Bilateral Collateral Management	This category encompasses the reporting of all fees related to the management of collateral subject to bilateral agreements (covering central bank financing for marketable and non-marketable assets, non-cleared OTC derivatives and securities financing).	N
TPCM	Triparty Collateral Management Services	This category encompasses the reporting of all fees related to the provision of services to collateral giver and/or collateral takers involved in a triparty collateral management transaction.	N
SHDT	Shareholders Data Transmission Services	This category encompasses the reporting of fees related to the provision of services allowing intermediaries to send shareholders' data to issuers. This includes costs related to the provision of service for the calculation and settlement of fees applied by intermediaries to issuers for the notification of shareholders' data.	Y
ISSU	Issuer Services	This category encompasses the reporting of fees related to the provision of issuer services by a CSD. This includes fees such as issuance and redemptions of securities and management of corporate actions.	Y
CLEA	Clearing Services	This category encompasses the reporting of fees related to the provision of clearing services.	N
STEX	Stock Exchange Services	This category encompasses the reporting of fees related to the provision of stock exchange services. This includes transaction fees.	N
SECL	Securities Lending Services	This category encompasses the reporting of all fees related to securities lending services.	N
CALM	Cash and Liquidity Management Services	This category encompasses the reporting of all fees related to cash and liquidity management services.	N

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Code	Service Category	Service Category Definition	Applicable
PENM	Penalty Mechanism	This category encompasses the reporting of fees related to the recovery of costs associated with the development and maintenance of the penalty mechanism. Note: this category should not be used for the reporting of the penalty itself.	Y
PENA	Settlement Penalties	This category encompasses the reporting of all fees related to the cost recovery of settlement penalties applied by non-EU settlement systems (outside the scope of CSDR settlement discipline).	Y
REGI	Registration Services	This category encompasses the reporting of all fees related to the registration of securities.	Y
ACMS	Account Management Services	This category encompasses the reporting of fees related to account management services including, inter alia, membership fees and minimum fees (i.e. fees added to small invoices in order to reach the minimum fees agreed for each participant).	Y
OTHE	Other Services	This category encompasses the reporting of fees related to other services provided which might not be set in a general tariff applicable to all clients, but bilaterally agreed with clients individually. This includes the provision of customised service requests and other support provided to clients such as training and testing access as well as out-of-pocket expenses.	Y

The message will be transmitted by the 8th calendar day of the month in conformity with standard 3 and this transmission might not be jointly with but subsequent to the issue of the invoice.

2.2 Key data of the message

Here below a short description of the key data of the invoicing message:

1. Details of the invoicer, i.e. name and address
2. Details of the invoicee, i.e. name and address
3. Invoice information

    − Number

    − Date

    − Start and end of the invoicing period

4. Invoicing detail for each account (repeatible block for each account)

    − Account ID

    − Invoice totals for the account, includiing the deails of taxable amount/exempted amount, taxes, etc.

    − Banking account for the invoice payment

    − Detail for Service Categoy, reporting:

    (1) Invoice totals for the Service Category includiing the deails of taxable amount/exempted amount, taxes, etc.

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(2) Fee items associated to the Service Category, reportiing for each fee item the quantity, the unit price, the invoice amount including the deails of taxable amount/exempted amount, taxes, etc.

– Invoicing correction (debit/credit) of previous invoicing cycle, reporting for each fee item the quantity, the unit price, the invoice amount including the details of taxable amount/exempted amount, taxes, etc..

2.3   Management of invoicing correction

The standard 1 provides also the timing and the modalities for the managament of errors communicated by the client to the CSD, as reported in the following:

In the peridod between the day of receipt of the invoice (8th day or if not correspondiing to a business day, the following business) and the 15th calendar day (or if not correspondiing to a business day, the following business) the CSD client must verify if the invoice is correct. In case of error, according to the standard adjustments for errors shall be reported in the successive invoicing cycle through the message.

At this regard, invoicing errors communicated by the clients and confirmed by ES-MIL will be managed:

- in the invoicing cycle of the following month, if communicated by the client by the 15th calendar day of the month of invoice receipt;
- in the following invoicing cycle, if communicated by the client after the deadline indicated in the previous paragraph.

In the message the invoicing corrections are reported in an *ad hoc* section.

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3. ADOPTION OF STANDARD 4

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3.1 Harmonization of payment date

The adoption of standard 4 implies the anticipation of the payment date of the invoice from the last day of the month to the 15th calendar day of the month or, if not corresponding to a business day, to the following business day. ES-MIL has decided to adopt this standard, initially, for invoices issued to clients with the role of intermediaries.

As ES-MIL issues a unique invoice for each client with reference to all the services provided (as intermediary, issuer or service provider), the anticipation of the invoice payment to the 15th calendar day will concern all fees invoiced to the client with the role of intermediary wth effect from the payment of invoices related to April 2024 invoicing cycle (payment date 15 May 2024).

The payment method through direct debit is confirmed.

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