

# **Euronext Securities Milan Account structure**

Service Description Document

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**EURONEXT SECURITIES**

<b>1. Introduction .....</b>	<b>3</b>
<b>1.1 Document purpose .....</b>	<b>3</b>
<b>1.2 Target audience.....</b>	<b>3</b>
<b>1.3 Reference Service Description Document .....</b>	<b>3</b>
<b>2. Securities account creation .....</b>	<b>4</b>
<b>2.1 Client onboarding .....</b>	<b>4</b>
2.1.1 Opening a client security account .....	4
2.1.2 Securities account management.....	5
<b>3. Securities account structure .....</b>	<b>5</b>
<b>3.1 Type of operations and activities .....</b>	<b>5</b>
<b>3.2 Type of securities account .....</b>	<b>6</b>
3.2.1 Account type combinations.....	7
<b>3.3 Types of holding .....</b>	<b>8</b>
<b>3.4 Mandatory securities accounts to manage the specificities of French securities.....</b>	<b>8</b>
3.4.1 Securities account numbering convention.....	8
3.4.2 Securities account detailed information .....	9
3.4.3 Account structure optimisation with T2S earmarking .....	10
<b>3.5 Securities account mapping.....</b>	<b>12</b>
<b>3.6 Link between securities account and cash account.....</b>	<b>13</b>
<b>4. Glossary .....</b>	<b>14</b>

# 1. Introduction

## 1.1 Document purpose

This document is intended for current and prospective clients of Euronext Securities Milan. It provides a comprehensive overview of the security account structure, aligned with applicable onboarding procedures, and outlines the key elements relevant to account configuration.

Additionally, it offers a complementary explanation of our account framework, particularly in relation to French-registered securities and corporate event services provided by Euronext Securities Milan.

In addition, it presents the various types of securities accounts available, along with their structural attributes and operational purposes. The document also details the mapping of these accounts to the TARGET2-Securities (T2S) platform, ensuring clarity on how local account configurations correspond to T2S settlement architecture.

## 1.2 Target audience

The target audience for this document are:

- Financial intermediaries, and
- Other users<sup>1</sup> of Euronext Securities Milan services, particularly those seeking guidance on setting up their account structures.

## 1.3 Reference Service Description Document

To support a clear understanding of Euronext Securities Milan's service offering, the following Service Description Documents (SDDs) are provided:

Service Description Document	Key provided information
<b>French Registered Shares Service Description Document</b>	<ul style="list-style-type: none"> <li>• French registered securities background and main activities</li> <li>• Specificities of the security account structure for French registered securities</li> </ul>

<sup>1</sup> Users refers broadly to any party interacting with Euronext Securities Milan services and systems, including CSD participants clients, and related operation or technical teams.

Service Description Document	Key provided information
	<ul style="list-style-type: none"> <li>Information on Registered Investors (IRI) processing</li> </ul>
<b>Corporate Events Service Description Document</b>	<ul style="list-style-type: none"> <li>Corporate event management</li> <li>Transaction management</li> </ul>

These documents are available in here [CSD Expansion Documentation](#).

## 2. Securities account creation

### 2.1 Client onboarding

To open an account with Euronext Securities Milan, an entity must first complete the onboarding process. This process involves several key steps, which are detailed in the following Euronext Securities Milan [client onboarding](#) documentation.

After successful onboarding, clients will be granted access to the Client Membership Platform (**CLIMP**). It is important to note that the Client Membership Platform is only available to clients of Euronext Securities Milan who possess the appropriate credentials for Euronext Securities Milan platform.

Once access to the Client Membership Platform has been established, clients who are already familiar with the platform can submit their account opening requests directly through the Client Membership Platform.

#### 2.1.1 Opening a client security account

Clients seeking to open a securities account with Euronext Securities Milan must follow a structured onboarding process.

This includes submitting legal and operational documentation, and configuring the securities account appropriately to manage the required securities and financial asset types, either:

- proprietary account
- third-party account
- segregated account.

Connectivity set-up via SWIFT and access to Euronext Securities Milan platforms (CLIMP, MT-X, X-TRM) are also required.

Please note that your account activation may follow either a standard or expedited procedure depending on urgency. For full details, please refer to the [Euronext Securities Milan Client Onboarding Handbook](#).

## 2.1.2 Securities account management

Euronext Securities Milan security account management rules are detailed in the [client onboarding](#) handbook.

These cover the following actions:

1. Account creation and opening
2. Account modification
3. Account closure
4. Account transfer.

# 3. Securities account structure

Euronext Securities Milan account structure is built around the following elements:

- Type of operations or activities
- Type of security account
- Type of holding.

## 3.1 Type of operations and activities

In Euronext Securities Milan, two categories of operations and activities are recognised:

1. **Issuer activities** – coded as “22”
2. **Intermediary activities** – coded as “00”

The activity type is indicated by the final two digits of your securities account number, which will be either “22” or “00”.

Summary table:

Activity type	Code	Description	Example of security account
<b>Issuer</b>	22	Operations carried out in the capacity of a securities issuer.	12345-22

Activity type	Code	Description	Example of security account
<b>Intermediary</b>	00	Operations carried out in the capacity of a financial intermediary.	12345-00

This Service Description Document is intended primarily for financial intermediary services. Refer to section 3.4.1 for further details on account numbering conventions.

## 3.2 Type of securities account

CSD participants of Euronext Securities Milan may open three types of accounts with Euronext Securities Milan:

- **Proprietary account (P):** a securities account opened in the name of the CSD participant, used to hold and manage the participant's own assets directly.
- **Omnibus account (T):** a securities account opened by CSD participant to pool the positions of multiple underlying clients, providing a consolidated view of holdings.
- **Segregated account (L):** a flexible account type that can be tailored to specific needs and configured with different segregation:
  - **Individual segregation (IS):** Used to segregate the assets of a single client.
  - **Omnibus segregated (OM):** Used to segregate the assets of multiple clients within a single account. This account is intended for participants holding instruments on behalf of their client.
  - **Own segregated (OW):** Used to segregate the assets belonging to the account holder itself.

Note: Only **Type L** accounts, when enabled with the appropriate flag in the Client Membership Platform (CLIMP), are permitted to hold French Registered Securities<sup>2</sup>.

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<sup>2</sup> This applies for French registered securities which may be of the VON or VEN type. For further details on our French Registered Securities offering, please refer to our [SDD section](#) of the website.

The following table provides a summary of the account types available at Euronext Securities Milan:

Account type	Code	Purpose	Legal form of underlying securities
<b>Property account</b>	P	Records financial instruments owned by the participant in its own name and for its own benefit	Dematerialised securities registered in the participant's own name.
<b>Omnibus account</b>	T	Records financial instruments held by the participant on behalf of multiple clients, pooled together without individual segregation.	Dematerialised securities held in collective form without individual client registration.
<b>Segregated account</b>	L	Subaccount format identifier used for specific operational or client-level segregation purposes within the main account.	Dematerialised securities held either for own assets, individual clients or multiple clients (omnibus).  This type of account can be used to segregate registered securities either for investor or broker activity, as per the configuration in CLIMP.

### 3.2.1 Account type combinations

Depending on their business profile and the nature of their clients' activities, CSD participants may choose to first open either a Proprietary Account (P) or an Omnibus Account (T).

If only one account is opened, whether P or T, it will automatically be designated as the participant's default account.

Where both a Proprietary Account (P) and an Omnibus Account (T) are opened, the Proprietary Account will be set as the default.

Once one or both of these main account types have been established, CSD participants may request the creation of additional segregated accounts (Type L) to meet specific operational or regulatory requirements.

These accounts can be tailored to individual needs and may take several forms (e.g., IS, OM, OW). Type L accounts may also be used for:

- Holding Registered Securities – when enabled with the dedicated CLIMP flag
- Supporting broker activities on registered securities.

### 3.3 Types of holding

Euronext Securities Milan security accounts allow CSD participants and their clients to hold securities issued in the form referred to in CSD-R as complemented by relevant national securities law where applicable and according to the provisions of ES-MIL Rulebook.

Notably in relation to French Securities the following categories of securities could be managed

- **French Dematerialised securities**, also referred to as bearer on the French market, eligible in T2S and in the Euronext Securities Milan book-entry system.
- **French Registered securities**, under the French legal form, either purely registered or administered registered, included in the Euronext Securities Milan book-entry system.

Securities, registered under the French legal form and included in the Euronext Securities Milan book-entry system, may be either *administered* (managed via an intermediary) or *pure* (held directly with the issuer).

### 3.4 Mandatory securities accounts to manage the specificities of French securities

To manage French securities, and particularly trading activities in French registered securities, and to hold these types of assets, it is mandatory to open three distinct accounts, as outlined below:

Number of account	Holding type	Account types	Activity type	Flag in CLIMP
<b>01</b>	Bearer and dematerialised securities	L	00	No
<b>02</b>	Administered Registered securities	L	00	Yes
<b>03</b>	Registered for trading activity	L	00	Yes

During the securities account configuration process, the accounts required to hold bearer, dematerialised, and registered securities will be linked in CLIMP according to the relevant activity type.

#### 3.4.1 Securities account numbering convention

Euronext Securities Milan uses a defined account structure, with each account created according to the following numbering convention to ensure consistency and clear segregation between participants.

**Numbering convention**

Components	Description
<b>Parent BIC</b>	MOTI
<b>Party BIC</b>	SWIFT BIC 11 of the party
<b>Account</b>	Five (5) digits
<b>Activity type number</b>	Two (2) digits

The five-digit account number included in both account types is assigned directly by Euronext Securities Milan.

Participants cannot select or customise these numbers, as they are system generated to ensure the integrity and uniqueness of each account. This standardisation supports consistent account identification and facilitates efficient processing and reconciliation across the platform.

**3.4.2 Securities account detailed information**

Euronext Securities Milan provides the following securities accounts, determined by the CLIMP configuration of the underlying legal form of the security (bearer – B, or registered – R).

It is assumed that the CSD participant has also opened an additional T or P default account.

**Account type L – 00 – Bearer**

Type of holding	Account types	Segregation type	Activity type	Flag in CLIMP	Corporate event services	Earmarking	Direction
Bearer	L	IS <sup>3</sup> OM OW	00	B	Yes	Yes	Credit

This account type represents securities maintained in book-entry and dematerialised form.

**Account type L – 00 – Registered**

Type of holding	Account types	Segregation type	Activity type	Flag in CLIMP	Corporate event services	Earmarking	Direction
Registered	L	IS OW	00	R	Yes	Yes	Credit

<sup>3</sup> Refer to the section 3.2 for more details on the segregation levels.

The account is used exclusively for securities in administered registered form. It records the balances of parties whose underlying clients are registered in the issuer's register as per applicable market practice.

#### Account type L – 00 – Broker trading – Registered

Type of holding	Account types	Segregation type	Activity type	Flag in CLIMP	Corporate event services	Earmarking	Direction
Registered	L	OM OW	00	R	Yes	N/A	Credit

This account is available to brokers and is used exclusively for securities in fully registered legal form. It acts as an interim account used prior to the transfer into a registered securities account.

#### Account type L – 00 – Pure Registered

Type of holding	Account types	Segregation type	Activity type	Flag in CLIMP	Corporate event services	Earmarking	Direction
Registered	L	OM	00	R	Yes	Yes	Credit

Used exclusively for pure registered securities, this account records the balances of parties whose underlying clients are registered in the issuer's books and official register, in accordance with applicable market practice.

### 3.4.3 Account structure optimisation with T2S earmarking

Euronext Securities Milan has established an account structure aligned with T2S requirements, enabling clients to achieve the necessary segregation of their activities while maintaining a limited number of accounts.

This structure relies on the T2S earmarking capability, which allows dedicated quantities to be reserved for specific purposes (e.g., an instructed quantity during an elective corporate event).

The platform leverages this functionality to create blocked sub-balances within a single account, enabling clients to separate and manage multiple activities efficiently.

#### 3.4.3.1 Earmarking definition

In T2S, **Earmarking/Reservation** refers to designating a position on a financial instrument for a specific purpose, ensuring it cannot be used for anything else until the earmarking/reservation is lifted.

This helps manage financial obligations and ensures that assets are available for their intended use.

Earmarking/reservation works in both ways: it can be either requested or lifted.

Code	Reason
<b>RES1</b>	<p>Reservation of an instructed quantity of dematerialised/bearer securities, is based on a valid corporate action instruction. Once the instruction is validated, the specified quantity is transferred to the reserved balance by the corporate action system.</p> <p>The reservation process remains consistent whether Euronext Securities Milan functions as the Investor CSD or the Issuer CSD.</p> <p>Any cancellation of a corporate action instruction triggers the lifting of the reservation.</p>
<b>RECA</b>	<p>Reservation of an instructed quantity of registered securities, either Pure or Administered, is based on a valid corporate action instruction. Once the instruction is validated, the specified quantity is transferred to the reserved balance by our corporate action system.</p> <p>The reservation process remains consistent whether Euronext Securities Milan functions as the Investor CSD or the Issuer CSD.</p> <p>Any cancellation of a corporate action instruction triggers the lifting of the reservation.</p>
<b>E045</b>	<p>Earmarking of a certain quantity of security proceeds, to be distributed by Euronext Securities Milan on a registered securities account, upon the acceptance of an IRI or BRN.</p> <p>Upon the acceptance of the related IRI or BRN, the quantity will be moved to the available balance (AWAS).</p>
<b>EREF</b>	<p>CSD participants' clients have the option to decline receiving a cash distribution on an eligible security (either under bearer/dematerialised form or registered). If a client makes this choice, participants must instruct this specific earmarking to reflect it.</p> <p>In such cases, cash proceeds, despite being eligible, will not apply to the reserved quantity. There will be no cash paid on that earmarked quantity.</p> <p>The earmarking should be lifted after the event payment date.</p> <p>In this scenario, earmarking must be instructed manually by the participant. It will not be instructed by Euronext Securities Milan automatically.</p>
<b>ECOM</b>	<p>Clients of CSD participants who hold an eligible security (either under bearer/dematerialised form or registered) can choose to decline commission payments alongside a cash distribution. If a client opts for this, participants must make this specific earmarking to reflect the choice.</p> <p>In these instances, commission payments will not apply on the proceeds regarding the earmarked quantity, and no commission proceeds will be paid on it.</p> <p>The earmarking should be lifted after the event payment date.</p> <p>In this scenario, earmarking must be instructed manually by the participant. It will not be instructed by Euronext Securities Milan automatically.</p>

### 3.4.3.2 Earmarking processing

Earmarking is a key process that ensures the correct segregation and management of securities positions, particularly in relation to entitlement calculations and compliance with market practice requirements.

In relation to corporate events processing, earmarking may be triggered in two ways:

1. **By our corporate event management platform** – The system automatically applies earmarking codes in response to specific triggering events, such as:
  - **Client instruction or cancellation request validation** – After verifying the accuracy of the instruction, an earmarking request is sent to T2S via the standard sequence of messages (*semt.013*, *semt.014*, and *semt.015*). If accepted by T2S, the instructed quantity is earmarked on the relevant sub-balance.
  - **Confirmation of corporate event proceeds from a newly issued French registered security** – When these are awaiting registration by the issuer, and it is known they will be delivered to a registered securities account, a dedicated earmarking is triggered. As above, the instructed quantity is earmarked on the relevant sub-balance.
2. **By user action** – Users may manually apply earmarking codes in T2S to reserve or exclude securities from entitlement calculations in two cases:
  - Declining to receive a cash distribution payment.
  - Declining to receive a commission payment from a cash distribution, in line with current French market practice.

## 3.5 Securities account mapping

The Euronext Securities Milan account structure and related functionalities are designed to align with the framework used by Belgian, Dutch and French issuer CSDs.

This approach ensures operational compatibility for participants, allowing them to manage securities in a consistent manner among the issuer CSDs account types and associated processes.

Issuer CSD market practices in terms of accounts		Euronext Securities Milan structure	
Account Nature (AN)	Definition	Euronext Securities Milan sample of security account number	Earmarking
<b>009</b>	Permanent holding of pure registered securities	MOTI-BABCITMMXXX- <b>YYYY1</b> -00	none (AWAS)
<b>112</b>	Temporary holding of registered securities in issuer register reserved upon a corporate action instruction		RECA
<b>000</b>	Permanent holding of bearer securities	MOTI-BABCITMMXXX- <b>YYYY2</b> -00	none (AWAS)
<b>110</b>	Temporary holding of bearer securities reserved upon a corporate action instruction		RES1
<b>014</b>	Temporary holding - direct payment on bearer securities without commission		ECOM
<b>015</b>	Temporary holding – bearer securities account excluded from direct payment		EREF
<b>001</b>	Permanent holding of administered registered Securities	MOTI-BABCITMMXXX- <b>YYYY3</b> -00	none (AWAS)
<b>111</b>	Temporary holding of administered registered securities reserved upon a corporate action instruction		RECA
<b>045</b>	Temporary holding of administered registered outturn securities awaiting registration by IRI/BRN		E045
<b>016</b>	Temporary holding - direct payment on administered registered securities without commission		ECOM
<b>017</b>	Temporary holding - administered registered securities account excluded from direct payment		EREF
<b>010</b>	Permanent holding of broker – transit account for brokerage activity	MOTI-BABCITMMXXX- <b>YYYY4</b> -00	none (AWAS)

## 3.6 Link between securities account and cash account

To ensure proper settlement of Delivery-versus-Payment (DVP) operations and corporate actions in T2S, each participant's security account must be linked to a Dedicated Cash Account (DCA). Under T2S regulations, these links are immutable—modifications require the link to be closed and re-established with updated parameters.

The security account is connected to the DCA through the Credit Memorandum Balance (CMB). Once the Payment Bank authorizes the use of a DCA, Euronext Securities Milan can establish the security account - DCA link using data provided by the client. This link can only be created if the client's Party BIC is listed among those authorized via CMB to access the specified DCA. Additionally, a single security account may be linked to multiple DCAs to support both settlement and self-collateralization activities.

## 4. Glossary

Below are the definitions of terms used in this document. Unless otherwise specified, these definitions apply throughout

Terms	Definitions
<b>Account nature</b>	The account nature is part of the French Issuer CSD accounting structure. Account natures are used to segregate different balances of securities (ISIN).
<b>Account type</b>	Classification assigned to an account to distinguish usage of the account within Euronext Securities Milan systems.
<b>Administered registered securities</b>	Registered securities managed by a Custodian. The Custodian is in charge of the accounting of the shares and has the responsibility of updating the register with any changes that may occur regarding its client, a shareholder of the company.
<b>AWAS</b>	Balance of financial instruments that are freely available with no specific additional status.
<b>BRN</b>	Bordereau de Reference Nominative – refers to Euroclear France’s detailed service description.
<b>Client</b>	An entity that has direct contractual and operational relationship with Euronext Securities Milan generally holding accounts and accessing services such as safekeeping, settlement and corporate actions.
<b>CLIMP</b>	Euronext Securities Milan Client Membership Platform.
<b>CSD</b>	Central Securities Depository.
<b>Dematerialised security</b>	Securities held as electronic book entries in securities accounts at a Central Securities Depository, where individual end-investor details are not recorded.
<b>DCA</b>	Dedicated Cash account used to settle the cash leg of a securities transactions and to process cash movements related to corporate actions within systems like TARGET2-Securities (T2S).
<b>Earmarking</b>	The process of specifying that a quantity of a security in a securities account is only eligible for specific types of transactions or processes. For example, a bank can earmark a securities position in a securities account for use as eligible collateral.
<b>IRI</b>	The Information on Registered Investors (IRI) is a set of information used to manage the accurate identification of shareholders by the Issuer, and to facilitate the exchange of shareholder information between Custodians and Issuers/Registrars in a set format. IRI messages (IRIs) play a central role in enabling seamless communication and ensuring that shareholder data is transmitted and recorded accurately.

Terms	Definitions
<b>IS</b>	Individual Segregation account designed to hold and isolate the assets of a single client.
<b>Issuer</b>	A company or legal entity that creates and issues shares to raise capital. The Issuer is responsible for registering the shares, maintaining shareholder records and complying with regulatory requirements related to the issuance and management of those securities.
<b>Issuer CSD</b>	A Central Securities Depository (CSD) where all the securities are initially recorded and from which they are created and distributed. The Issuer CSD is responsible for the initial registration, safekeeping, and central administration of the securities on behalf of the Issuer.
<b>Mirror account</b>	A mirror account is a securities account the investor CSD opens in its books for itself. It reflects the securities positions an investor CSD holds in an omnibus account in the book of the issuer CSD. Each omnibus account is always linked to one and only one mirror account.
<b>OM</b>	Omnibus segregated account designed to separate the assets of multiple clients within a single account.
<b>Omnibus account</b>	A security account in the books of the issuer CSD for the investor CSD which holds the security positions owned by all the participants of the investor CSD for the relevant security.
<b>OW</b>	Own segregated account used to hold and segregate the assets that are owned directly by the account holder.
<b>Pure registered securities</b>	Pure Registered Securities – registered securities managed by the Issuer itself if they have an account at the CSD, or by a designated registered agent. The Issuer or their representative is in charge of the accounting of the shares and has the responsibility of updating the register with any change that may occur regarding the shareholder.
<b>Registered securities</b>	For registered securities, the shareholder is registered in the register of the company for the number of securities they hold.
<b>SAC</b>	Securities Account, book-entry account used to record, hold and manage securities such as stocks, bonds or other financial instruments.

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