Convergence – Extended Services Overview

Service Enhancement Brief
(Target Model & Key Changes)

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Summary

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1. Introduction

This document provides a high-level overview of the non-core services offered or envisaged by the CSD. It covers a range of business areas beyond the CSD's core: issuance, settlement and safekeeping functions — including existing services undergoing enhancement (such as Corporate Actions) and other supporting services (for example, tax and fund-related activities).

The objective of this document is to give clients a comprehensive and structured overview of the services in scope, outlining their current and target business models, related operational processes, and communication means.
By consolidating this information, the CSD aims to ensure exhaustiveness and clarity regarding the overall service perimeter and the anticipated evolution of operational solutions.

Each section of this document summarizes a specific service area, providing an informative, high-level view only.
More detailed information, including confirmed functionalities, operating procedures, and client interaction models, will be provided at a later stage through the respective Service Description Documents.

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3.   FundHub

1. Service Overview

- **Service Name:**
  FundHub

- **Current Business Scope:**
  The Euronext Securities FundHub system for order routing settlement of units in Single Price Mutual Funds as described in Part 6 of the VP Rule Book (FundHub Rules)

- It processes order requests (A2A and U2A), NAV disclosure, and order management in units or amounts.

2. Target Business Model

- **Process Overview (Target State):**
  FundHub aims to unify fund order management across four central securities depositories (CSDs), covering the full order cycle from submission to settlement confirmation. Orders are received, validated, netted, confirmed by fund managers, checked for liquidity/securities, and settled. The platform will support daily reporting, , and enhanced monitoring, scalability, and resilience.

- **Communication & Interaction Means (A2A / U2A):**
  Distributors, custodian banks, fund managers and fund platforms interact via configured accounts, interfaces, and authorisations by the FundHub service.

- **Operational Responsibilities:**
  Key actors must be pre-configured, and the system will handle static data management, orders received via ISO messages or the MyEuronext GUI, validation, confirmation, settlement instruction generation, and reporting.

3. Gap Summary (Current vs. Target)

Area	Current State	Target State	Key Impact
Process Flow	Non-T2S eligible Commercial bank money Local sec. accounts	T2S eligible Commercial bank money/Central bank money T2S sec. accounts	Order processing handled by FundHub, execution on T2S accounts. Will be able to support both Commercial Bank money (phase 1) and Central Bank money payments for orders (future phase)
Data/Formats	ISO 20022 Vp.ONLINE	ISO 20022 MyEuronext	Harmonization of the order process across all four CSDs

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4. Monthly & Yearly Tax Reporting

1. Service Overview

- **Service Name: Euronext Securities Copenhagen monthly & yearly tax reporting**

- **Current Business Scope**

- The Tax Reporting Service is designed to support clients with the preparation, validation, and submission of tax reports in compliance with local regulations. The service covers the end-to-end process of tax data collection, reconciliation, and reporting for entities operating in Denmark. It ensures accurate and timely delivery of tax reports to the Danish tax authorities covering the monthly and yearly reporting.

2. Target Business Model

- **Process Overview (Target State)**

  In the future, the tax reporting process will be streamlined and largely automated. It will also support Nominee Tax Reporting. The process flow can be summarised in three main steps:

  o **Data Collection & Validation:** Tax-relevant data is automatically collected from client transactions (or submitted by the Nominee) and validated against regulatory requirements.

  o **Report Generation:** The system generates the required tax reports in the appropriate formats, ensuring compliance with local requirements.

  o **Submission & Confirmation:** Reports are submitted electronically to the relevant tax authorities, and confirmation of receipt is provided to the client.

- **Communication & Interaction Means (A2A / U2A)**
  How clients will interact under the new model (e.g. new SWIFT messages, ISO 20022 formats, new client portal interface, etc.)

  o **A2A (Application-to-Application):** Clients will be able to use the service via automated channels, e.g. new SWIFT messages or ISO 20022-compliant formats, enabling seamless integration with their internal systems.

  o **U2A (User-to-Application):** For manual interactions, clients can use a new client portal interface, which provides dashboards for report tracking, submission status, possibly the ability to submit bulk upload of data, and direct communication with the service team.

- **Operational Responsibilities**

  CSD (Central Securities Depository)

  o Responsible for the end-to-end management of the tax reporting process, including data validation, report generation, and electronic submission to authorities.

  o Provides support and confirmation to clients regarding the status of their reports.

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o   Monitor guidance from the Danish tax authorities affecting reporting requirements for this service and make necessary technical changes.

Client

o   Responsible for ensuring the accuracy and completeness of the data provided.

o   Reviews and approves reports before final submission, if required.

o   Maintains internal records and addresses any follow-up queries from authorities.

3. Gap Summary (Current vs. Target)

Area	Current State	Target State	Key Impact
Process Flow	Manual, fragmented steps	Automated, streamlined end-to-end process	Increased efficiency and reduced errors
Client Communication	Email/manual exchanges	Automated A2A (e.g. SWIFT/ISO 20022) & client portal (U2A)	Faster, more reliable interactions
Data/Formats	Multiple, non-standard formats	Standardised (e.g. ISO 20022) formats except when the Tax Authorities require local standards.	Improved data quality and interoperability
Reporting	Delayed, risk of non-compliance	Timely, compliant electronic submissions	Reduced compliance risk and faster reporting

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5. Tax Intelligence

1. Service Overview

- **Service Name: Euronext Securities Copenhagen Tax Intelligence**

- **Current Business Scope**
The Euronext Securities Copenhagen Tax Intelligence service provides clients with information on regulatory changes related to tax on a high level through a newsletter distribution.

- Euronext Securities Copenhagen receives relevant tax information through one or more external tax information providers and shares this further with the customer.

Additionally, Euronext Securities Copenhagen will monitor both information from Danish tax authorities as well as the European Commission.

2. Target Business Model

- **Process Overview (Target State):**
Euronext Securities wants to continue to provide clients with tax intelligence it gathers from the market and to inform its clients through a newsletter which will distributed via email.

- **Communication & Interaction Means (A2A / U2A):**
  A PDF newsletter is sent to our clients with attachment documents. Support to clients is available if there are any needs for clarifications.

- **Operational Responsibilities:**
CSD (Central Securities Depository):

  - Our responsibility is to inform clients of announced changes, assuming no liability nor offer any kind of advisory service.

  - We provide support, updates, and ensure regulatory alignment.

  Client:

  - Reviews reports, acts on compliance recommendations, and manages their own internal processes based on insights provided.

3. Gap Summary (Current vs. Target)

Area	Current State	Target State	Key Impact
Process Flow	Manual, fragmented processes	Manual, fragmented processes	No changes foresee on the current state
Client Communication	Traditional channels, limited automation	Traditional channels, limited automation	No changes foresee on the current state
Data/Formats	Multiple, inconsistent formats	Multiple, inconsistent formats	No changes foresee on the current state

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Area	Current State	Target State	Key Impact
Reporting	Periodic, static reports	Periodic, static reports	No changes foresee on the current state

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6.   Tax Relief at Source

1. Service Overview

- **Service Name: Tax Relief at Source**

- **Current Business Scope**

- The Tax Relief at Source service enables eligible investors to benefit from reduced tax rates directly when income is paid, such as on dividends or interest, eliminating the need for time-consuming tax reclaim processes.

- This streamlined solution ensures clients are taxed at the correct rate in line with relevant treaties and regulations, helping to optimise cash flow and reduce administrative workload.

- Our offering covers the seamless application of reduced withholding tax rates for qualifying clients, efficient management of all required documentation and compliance, and full alignment with both local and international tax requirements.

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2. Target Business Model

- **Process Overview (Target State)**

- In the future, the Tax Relief at Source process will be streamlined and largely automated to enhance efficiency and compliance and support the further implementation of omnibus account in the Danish market. The typical flow will involve:

  - Client submits required tax documentation and eligibility information through a secure digital channel e.g. in case of omnibus account.

  - The Central Securities Depository (CSD), depending on the market validates the documentation and eligibility, then applies the appropriate tax rate on the income payment date. In case of end investors account set-up, the information on the tax status may be known at client onboarding and may not require further breakdown and information.

  - Confirmation and reporting (depending on the markets) are provided to the client for an omnibus account set-up, ensuring transparency and auditability.

- **Communication & Interaction Means (A2A / U2A)**
  A2A (Application-to-Application)

  - Integration with clients via new or updated SWIFT messages (e.g., MT564, MT566) or ISO 20022 formats for automated data exchange.

  - APIs for direct system integration, enabling real-time status updates and document submission.

- **U2A (User-to-Application)**

  - Enhanced client portal interface for manual uploads, status tracking, and communication.

  - Secure messaging within the portal for queries and clarifications.

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- **Operational Responsibilities**
  CSD Responsibilities:
    - Validate client documentation and formal eligibility for tax relief depending on the markets. This responsibility for end investor account lies with the Securities Account Controller. For an omnibus account structure, the document and eligibility check at the CSD level is limited to comparing the documentation submitted against the documentation required.
    - Apply the correct tax rate at source during income distribution.
    - Maintain records, provide reporting, and ensure regulatory compliance.
    - Offer support and guidance on documentation requirements.

  Client Responsibilities
    - Determine whether there is a legal entitlement to tax relief.
    - Submit accurate and complete tax documentation within specified timelines.
    - Monitor status and respond to any queries from the CSD.
    - Maintain up-to-date records and ensure ongoing eligibility.

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3. Gap Summary (Current vs. Target)

Area	Current State	Target State	Key Impact
Process Flow	Manual, paper-based, and fragmented steps	Automated, streamlined, and integrated digital workflow	Increased efficiency and reduced errors
Client Communication	Email and manual document exchange	Secure portal and standardized electronic messaging	Faster, more transparent client interactions
Data/Formats	Non-standard, varied formats (PDFs, scans, etc.)	Standardized (ISO 20022, structured digital inputs)	Improved data quality and interoperability
Reporting	Periodic, manual, and limited transparency	Real-time, automated, and comprehensive reporting	Enhanced transparency and auditability

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7. Tax Reclaim

1. Service Overview

- **Service Name: Tax Reclaim**

Current Business Scope
The Tax Reclaim service assists clients in reclaiming withholding tax on cross-border investments, processing and reviewing of documentation, and ensuring compliance and coordinating with local tax authorities.

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2. Target Business Model

- **Process Overview (Target State)**
  The future process flow for the Tax Reclaim service will be streamlined to enhance efficiency and transparency and support the further implementation of omnibus account in the Danish market.

  - Step 1: Clients submit tax reclaim requests and supporting documentation via a dedicated client portal.

  - Step 2: The CSD (Central Securities Depository) reviews submissions, validates formal eligibility, and coordinates with relevant tax authorities.

  - Step 3: Upon approval, tax reclaims are processed and credited to the client's account, with status updates provided throughout.

- **Communication & Interaction Means (A2A / U2A)**
  Clients will interact with the service primarily through a new client portal interface ideally leveraging MyEuronext, supporting both User-to-Application (U2A) and Application-to-Application (A2A) communication.

- The model may introduce new SWIFT messages or adopt ISO 20022 formats for standardized data exchange.

- Automated notifications and status updates will be available via the portal and/or secure messaging.

- **Operational Responsibilities**
  CSD Responsibilities

  - Manage the client portal and documentation workflow

  - Formally validate and process tax reclaim requests

  - Liaise with tax authorities and ensure compliance depending on the markets

  - Provide status updates and final outcomes to clients

  Client Responsibilities

  - Determine whether there is a legal entitlement to a tax refund

  - Submit complete and accurate documentation

  - Respond to information requests from the CSD or the tax authorities

  - Monitor progress and communications via the portal

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3. Gap Summary (Current vs. Target)

Area	Current State	Target State	Key Impact
Process Flow	Manual, fragmented steps	Streamlined, automated workflow via client portal	Increased efficiency and reduced processing time
Client Communication	Email-based, unstructured	Portal-based, structured, with automated notifications	Improved transparency and client experience
Data/Formats	Multiple, non-standard formats	Standardized (e.g., ISO 20022)	Enhanced data quality and interoperability
Reporting	Ad hoc, limited visibility	Real-time, comprehensive reporting via portal	Better oversight and decision-making

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8. FATCA and CRS reporting service

1. Service Overview

- **Service Name: FATCA and CRS reporting service**

- **Current Business Scope**

    - The service provides a harmonised and centralised solution for Euronext Securities Copenhagen to fulfil its regulatory obligations under the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS).
    - It covers the collection, validation, and reporting of financial account information for tax purposes, supporting the automatic exchange of information between financial institutions and tax authorities.
    - It is designed to ensure compliance with local regulatory requirements, reduce operational complexity, and provide a unified process for participants across multiple jurisdictions.

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2. Target Business Model

No change to current business solution.

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9. Data Services

1. Service Overview

- **Service Name:**
  Data Services

- **Current Business Scope:**
  Data Services provide clients with access to high-quality, authoritative datasets that support insight across a wide range of business needs. By leveraging data directly from the golden source of trade and post-trade information, clients gain access to comprehensive, accurate, and timely data.

- The service offers both customizable datasets, interactive dashboards and off-the-shelf data products, enabling clients to tailor solutions to their specific operational, analytical, or regulatory requirements. Through these offerings, clients can enhance transparency, improve efficiency, and strengthen their insight and decision-making capabilities.

  High level overview of the data available for clients:

  - **Shareholder and ownership data:** Detailed records of issuers, investors, and intermediaries that provide visibility into market structures, investor behaviour, and ownership trends.
  - **Corporate actions data:** Information on dividends, mergers, rights issues, and other events affecting securities, offering valuable insights into market activity and issuer behaviour.
  - **Reference and instrument data:** Standardized information on securities, issuers, identifiers, and market codes forming the foundation for financial operations and regulatory reporting.
  - **Settlement and custody data:** Transactional and position-level data providing a full view of settlement flows, volumes, and operational performance across markets.
  - **Market flow and issuance data:** Metrics on new listings, bond issuances, and capital movements that support trend analysis, benchmarking, and strategic decision-making.

2. Target Business Model

Euronext Securities is developing a new group-wide data platform, built from the ground up with unified logic, harmonized data structures and common governance standards.

This new infrastructure will act as the foundation for most of the existing and new reports, data feeds, and products, ensuring that information is collected, processed, and distributed using consistent principles across markets. The consolidation of data from multiple CSDs into one harmonized environment will not only enhance operational efficiency but also open the door to significant innovation in data products and analytics.

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The audience for current and future CSD data products is broad and diverse, reflecting the cross-market nature of Euronext's data assets:

- **Financial institutions** such as banks, brokers, and asset managers seeking accurate, real-time post-trade data for reconciliation, liquidity monitoring, and risk management.
- **Issuers and listed companies** requiring greater insight into shareholder structures, investor engagement, and corporate event analytics.
- **Regulators and public authorities** needing transparent and reliable data to support supervision, policy development, and market integrity.
- **Data vendors and fintech's** integrating CSD data into analytics platforms, ESG models, or digital investor tools.
- **Custodians and service providers** aiming to enhance operational efficiency and improve client reporting.
- **Media and researchers** needing statistics and high-level market overview

3. Communication & Interaction Means (A2A / U2A): Data Services are designed for **flexibility and interoperability**:

- Products with embedded interfaces remain fully interoperable.
- Products will continue to be delivered through **SFTP** or via email as a secure link going forward

4. Gap Summary (Current vs. Target)

Area	Current State	Target State	Key Impact
Report Delivery (Email) Reports sent by email	Reports sent as attachments, without control who access them	Email containing a secure link to download file after user authentication	Enhanced security on data delivered
Infrastructure	Data storage and organized using different models and technologies	Unified data structure across all locations	Unified operations and cross-border standardization
Product Standardization	Regionally varied delivery	Harmonized reporting formats and delivery methods	Consistent experience and scalability

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10. Investor Notifications

1. Service Overview

- **Service Name:**
  Investor Notifications

- **Current Business Scope:**
  Investor Notifications are provided in electronically form directly to Securities Accounts Holders or to the Securities Account Controllers, who have agreed with VP to send Investor Notifications to Securities Account Holders themselves.

2. Target Business Model

- **Process Overview (Target State):**
  Investor Notifications will be provided electronically directly to the Securities Accounts Holders or on behalf of the Securities Accounts Holders to the Settlement Participant A2A or U2A. The settlement participant can administer the subscription of investor notifications and the distribution channel in MyEuronext.

  The Investor Notification types will be communicated at a later stage.

- **Communication & Interaction Means (A2A / U2A):**
  Settlement participants on the investor's behalf can administer their communication preferences in a U2A screen for example electronic directly to the investor (E-boks) or via A2A to the CSD Participant. Subscription of investor notifications can be managed U2A in MyEuronext.

- **Operational Responsibilities:**
  Investor Notifications will be provided in electronically form directly to Securities Accounts Holders or to the CSD participant, who has agreed to send Investor Notifications to Securities Account Holders themselves,

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11. Appendix

A number of additional services have been identified for potential future implementation or enhancement. These services are currently available in other Euronext Securities markets and will be described in detail at a later stage of the project.

The following sections provide a high-level overview of the identified services, outlining their business purpose and anticipated relevance within the Euronext Securities ecosystem.

1. Investor CSD Service for ES-OSL

The Investor CSD service provides custody and safekeeping of financial instruments on behalf of investors, enabling cross-border asset servicing within the Euronext Securities network. It supports account management, corporate actions processing, and income distribution for securities held in other CSDs, ensuring compliance with local market rules and investor protection frameworks.

2. External CSD Settlement

This service enables settlement of transactions between Euronext Securities participants and external CSDs. It facilitates cross-market settlement flows and connectivity, promoting operational efficiency and harmonized settlement standards in alignment with TARGET2-Securities (T2S) and other European market infrastructures.

3. SRD II – Shareholder Identification Collector

In line with the Shareholder Rights Directive II (SRD II), this service allows issuers and intermediaries to identify shareholders efficiently. The SRD II Shareholder ID Collector supports automated data exchange with intermediaries, ensuring compliance with regulatory obligations and enabling improved governance and communication with shareholders.

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4. Monthly and Yearly Tax Reporting

This service covers automated reporting for withholding tax and other investor-related fiscal obligations in Norway, Italy, and France, as well as for U.S. investors accessing these markets. It enables timely and standardized tax reporting in accordance with national legislation and bilateral tax treaties.

5. ES-OSL Share Saving and External Depot Tax Reporting

The ES-OSL Share Saving Tax Reporting service supports local regulatory requirements related to individual share saving accounts, while the External Depot Tax Reporting ensures accurate taxation on assets held in external depots. Both services are tailored to the Norwegian market context and harmonized with Euronext Securities Oslo's tax reporting framework.

6. Financial Transaction Tax (FTT) Reporting

FTT reporting services ensure compliance with local Financial Transaction Tax regimes in relevant jurisdictions, currently France and Spain. The service automates the collection and reporting of applicable transaction taxes, ensuring transparency and reducing operational risk for participants.

7. ES-OSL Tax Advisory Services

This service provides guidance and operational support related to tax handling and reporting for investors and intermediaries in the Norwegian market. It aims to enhance tax efficiency and compliance by leveraging Euronext Securities Oslo's local expertise and established relationships with tax authorities.

8. European Expansion – Added Services in ES-MIL

Additional services identified for Euronext Securities Milan (ES-MIL) are being evaluated as part of the broader European expansion initiative. These services aim to extend the

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harmonized post-trade service model to new markets and to strengthen Euronext's multi-CSD operating framework.

9. Corporate Events Service - Potential Retrofit

 The Corporate Events Service provides standardized Corporate Actions processing across Euronext Securities markets. A potential retrofit is under consideration to align the current service model with the specifications described in the Corporate Actions Handbook. The current assumption is that the service will remain consistent with the existing reference model, with minor enhancements to support broader market adoption.

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