

# **Euronext Securities Corporate Events Service**

Processes Handbook

Version : V.04

Date 26/01/202



**EURONEXT SECURITIES**

# Table of contents

<b>1</b>	<b>Introduction .....</b>	<b>9</b>
1.1	Associated Documents.....	10
<b>2</b>	<b>General Overview Corporate events .....</b>	<b>11</b>
2.1	Glossary.....	12
2.2	Standards and market practices .....	15
2.3	Actors involved in the Corporate Events processing .....	16
2.4	Eligible Securities .....	19
2.5	Purpose .....	19
2.6	Eligible Currencies .....	20
2.7	Cash and Securities accounts.....	21
2.7.1	Cash account for corporate event processing .....	21
2.7.1.1	CeBM cash accounts.....	21
2.7.1.2	CoBM cash accounts.....	22
2.7.1.3	Securities account structure .....	22
<b>3</b>	<b>Communication Modes.....</b>	<b>23</b>
3.1	ISO 15022 messages .....	24
3.2	ISO 20022 messages .....	25
3.3	U2A GUIs .....	27
3.4	Proprietary messages (Italia specific) .....	27
3.5	Message subscription .....	28
<b>4</b>	<b>Supported Corporate events Types.....</b>	<b>29</b>
4.1	Corporate action event types .....	30
4.1.1	Cash Distributions.....	30
4.1.2	Securities Distributions.....	30
4.1.3	Distributions with Options .....	30
4.1.4	Mandatory Reorganisations without options.....	31
4.1.5	Mandatory Reorganisations with options .....	31
4.1.6	Voluntary Reorganisations .....	33
4.1.7	Information-only.....	34
<b>5</b>	<b>Corporate events processing .....</b>	<b>35</b>
5.1	Overview of the corporate events lifecycle .....	36
5.1.1	Investor CSD deadline management .....	36
5.2	Corporate events creation .....	37

5.2.1 Issuer CSD Business .....	37
5.2.1.1 U2A GUI (MyEuronext) .....	37
5.2.1.2 Predictable events creation .....	38
5.2.1.3 Holiday treatment .....	39
5.2.1.4 Interest Calculation methods.....	39
5.2.1.5 Late events creation .....	43
5.2.2 Investor CSD Business .....	44
5.2.2.1 Late events creation .....	44
<b>5.3 Event update .....</b>	<b>45</b>
5.3.1 Issuer CSD Business .....	45
5.3.1.1 Non-predictable events update .....	45
5.3.1.2 Predictable events update .....	46
5.3.2 Investor CSD Business .....	47
<b>5.4 Corporate action cancellation .....</b>	<b>47</b>
5.4.1 Issuer CSD Business .....	47
5.4.2 Investor CSD Business .....	47
<b>5.5 Eligibility calculation.....</b>	<b>47</b>
5.5.1 Client Eligible Position .....	47
5.5.2 Market Eligible Position .....	48
5.5.3 Restriction .....	49
<b>5.6 Entitlement process .....</b>	<b>49</b>
5.6.1 Issuer CSD Business .....	49
5.6.1.1 Provisional and final Entitlement calculation .....	49
5.6.1.2 “Nil Payment” Entitlements .....	51
5.6.1.3 Rounding rules .....	51
5.6.1.4 Fractions management .....	52
5.6.2 Investor CSD Business .....	53
5.6.2.1 Fraction management.....	53
<b>5.7 ISIN preclusion .....</b>	<b>54</b>
<b>5.8 Payment process .....</b>	<b>54</b>
5.8.1 Issuer CSD Business .....	54
5.8.1.1 CeBM cash payments .....	54
5.8.1.2 CoBM cash payments .....	56
5.8.1.3 Securities payments .....	57
5.8.1.4 Cash and Securities payments .....	58
5.8.1.5 Green light process .....	58

5.8.2 Investor CSD Business .....	58
5.8.2.1 CeBM cash payments .....	58
5.8.2.2 CoBM cash payments .....	59
5.8.2.3 Securities payments .....	60
5.8.3 FX request .....	60
<b>5.9 Mandatory Events Timeline–Issuer CSD .....</b>	<b>61</b>
<b>5.10 Mandatory Events Timeline–Investor CSD .....</b>	<b>62</b>
<b>5.11 Reversals .....</b>	<b>63</b>
5.11.1 Issuer CSD Business .....	64
5.11.1.1 Reversal request creation.....	64
5.11.1.2 Reversal request processing .....	65
5.11.1.3 Cash payments reversal in CeBM .....	66
5.11.1.4 Cash payments reversal in CoBM .....	67
5.11.1.5 Securities payments reversal.....	67
5.11.1.6 Cash and Securities payments reversal .....	68
5.11.2 Investor CSD Business .....	68
5.11.2.1 Cash payments reversal in CeBM .....	68
5.11.2.2 Cash payments reversal in CoBM .....	69
5.11.2.3 Security payments reversal .....	69
<b>5.12 Event closure .....</b>	<b>69</b>
<b>6 Elective Corporate Event processing.....</b>	<b>70</b>
<b>6.1 Issuer CSD Business .....</b>	<b>71</b>
6.1.1 Client instruction .....	71
6.1.2 Control on Instructions .....	71
6.1.3 Period of instruction .....	73
6.1.4 Elected position blocking.....	73
6.1.5 Instruction status .....	74
6.1.6 Instruction cancellation .....	74
6.1.7 Entitlement management.....	75
6.1.8 Payments and Settlement Management .....	76
6.1.9 Cancellation of the event .....	76
6.1.10 Default option .....	76
6.1.11 Standing instruction .....	77
6.1.12 Oversubscription Option .....	77
6.1.13 Beneficial Owner Instructions .....	78
6.1.14 Client Instructions with Execution Requested Date .....	79

6.1.15 CoBM Payments for elective events .....	80
6.1.16 Elective events timeline - Issuer CSD .....	82
<b>6.2 Investor CSD Business.....</b>	<b>82</b>
6.2.1 Client instruction management on Belgian, Dutch and French markets .....	83
6.2.1.1 Client instruction process flow on Belgian, Dutch and French markets.....	85
6.2.2 Specific restrictions for Belgian, Dutch and French markets .....	85
6.2.2.1 Client restriction process flow for Belgian, Dutch and French securities .....	87
6.2.2.2 Eligibility rules for notification, entitlement and instructions .....	89
6.2.3 Buy and Sell Option .....	90
6.2.4 Oversubscription Option .....	90
6.2.5 French registered securities account structure .....	91
6.2.5.1 French registered securities IRI processing .....	91
6.2.5.2 French registered securities distribution market practices .....	91
6.2.6 Elective events timeline on Belgian, Dutch and French markets - Investor CSD .....	93
<b>6.3 Ongoing Events.....</b>	<b>94</b>
6.3.1 Issuer CSD Business .....	94
6.3.2 Investor CSD Business .....	95
<b>6.4 Rolling Events.....</b>	<b>96</b>
6.4.1 Issuer CSD Business .....	96
6.4.2 Investor CSD Business .....	97
<b>7 Special Processing for CSDs .....</b>	<b>98</b>
<b>7.1 Italian Dividend Payment .....</b>	<b>99</b>
7.1.1 Mandatory Cash Dividend .....	99
7.1.2 Optional Dividend .....	103
<b>7.2 Withdrawal Right (Diritto di Recesso) .....</b>	<b>107</b>
<b>7.3 Handling of negative interest .....</b>	<b>108</b>
<b>7.4 Handling of Redemption Premium .....</b>	<b>109</b>
<b>7.5 Event processing on Yankee bonds .....</b>	<b>110</b>
<b>7.6 Process for DVOP without interim ISIN .....</b>	<b>110</b>
<b>7.7 EXRI with multiple outturn securities .....</b>	<b>111</b>
<b>7.8 CERT certification event.....</b>	<b>111</b>
<b>7.9 French optional dividend (DVOP).....</b>	<b>113</b>
7.9.1 French optional dividend (DVOP) announcement.....	113
7.9.2 French optional dividend (DVOP) options .....	113

7.9.3 French optional dividend (DVOP) instructions management .....	114
<b>7.10 French subscription event with compensation of receivables .....</b>	<b>115</b>
7.10.1 Compensation or receivables options.....	115
<b>7.11 Loyalty bonus programme management.....</b>	<b>116</b>
7.11.1 Loyalty bonus programme market practice.....	116
<b>8 Tax Management .....</b>	<b>118</b>
<b>8.1 Issuer CSD Business .....</b>	<b>119</b>
8.1.1 Tax Calculation .....	119
8.1.2 Rounding of tax amount .....	119
8.1.3 Withholding tax - Threshold per event .....	119
8.1.4 Tax on cash fraction .....	120
8.1.5 Cash Dividend with different tax portions .....	121
8.1.6 Tax reporting – Denmark market specific.....	121
8.1.7 Tax breakdown.....	122
<b>8.2 Investor CSD Business.....</b>	<b>123</b>
8.2.1 Tax information in ISO messages.....	123
8.2.2 Tax Calculation .....	123
8.2.3 Tax Replacement .....	123
8.2.4 United States tax processing .....	124
8.2.4.1 DVCA event.....	124
8.2.4.2 INTR event.....	125
8.2.5 French tax processing .....	125
8.2.5.1 DVCA event.....	125
8.2.5.2 DVOP event.....	126
8.2.6 Spain tax processing .....	126
8.2.6.1 Spanish Govies .....	126
8.2.6.2 Spanish Corporate Bonds .....	127
8.2.6.3 Spanish equity.....	127
<b>9 Transaction management .....</b>	<b>129</b>
<b>9.1 Detection rules .....</b>	<b>130</b>
<b>9.2 Market Claims .....</b>	<b>132</b>
9.2.1 Eligible events .....	132
9.2.2 Eligible trades for market claims .....	133
9.2.3 Market Claims generation .....	135
9.2.3.1 Issuer CSD business.....	136

9.2.3.2	Investor CSD business.....	137
9.2.3.3	Market Claim settled in Central Bank Money (CeBM).....	138
9.2.3.4	Market Claim settled in Commercial Bank Money (CoBM) .....	139
9.2.3.5	Market Claim settled in non T2S currency? .....	140
9.2.3.6	Market Claim on LIQU and SPLF events? .....	141
9.2.3.7	Market Claim on fractions? .....	141
9.2.4	Market Claims settlement .....	141
9.2.5	Tax on Market Claims .....	142
9.2.5.1	Issuer CSD Business .....	142
9.2.5.2	Investor CSD Business .....	143
<b>9.3</b>	<b>Transformations .....</b>	<b>143</b>
9.3.1	Eligible trades for transformation .....	143
9.3.2	Transformation processing .....	145
9.3.2.1	Cancellation of the original transaction .....	145
9.3.2.2	Generation of the new transaction- Issuer CSD Business.....	145
9.3.2.3	Generation of the new transaction- Investor CSD Business.....	146
9.3.2.3.1	Transformations with multiple security proceeds and a transformation rate (TRAT) processing .....	147
9.3.2.4	Transformation related to Mandatory with choice event .....	148
<b>10</b>	<b>General meetings .....</b>	<b>149</b>
<b>10.1</b>	<b>SRD II and Non-SRD II eligible securities .....</b>	<b>150</b>
<b>10.2</b>	<b>Notifications .....</b>	<b>151</b>
10.2.1	Type of notification .....	153
10.2.2	Status of notification .....	153
<b>10.3</b>	<b>Event Creation/Update .....</b>	<b>153</b>
10.3.1	Issuer CSD Business .....	153
10.3.2	Investor CSD Business .....	154
10.3.3	General Meeting timeline .....	154
<b>10.4</b>	<b>Event cancellation .....</b>	<b>155</b>
10.4.1	Issuer CSD Business .....	155
10.4.2	Investor CSD Business .....	155
<b>10.5</b>	<b>Meeting Entitlement .....</b>	<b>155</b>
<b>10.6</b>	<b>Instruction Processing for Meeting Events .....</b>	<b>155</b>
10.6.1	Issuer CSD Business .....	155
10.6.2	Investor CSD Business .....	158
10.6.3	Meeting Instruction Cancellation Request.....	158

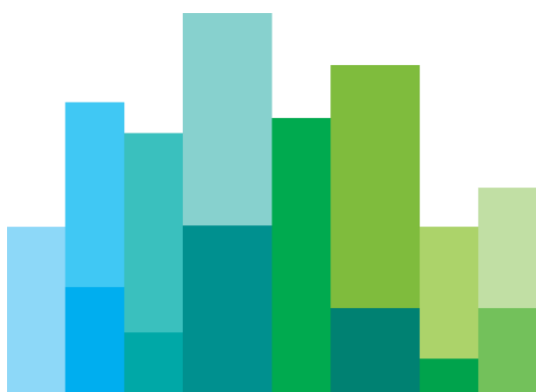
10.6.4 Meeting Vote Execution Confirmation .....	159
10.6.5 Meeting Result Dissemination .....	159
<b>10.7 Proxy voting flow .....</b>	<b>160</b>
10.7.1 Voting Table 1. Voting Options .....	161
10.7.2 Voting Table 2. Proxy Participation Method.....	162
10.7.3 Voting Table 3. Meeting Dates .....	163
<b>11 RNI messages generation and CA event lifecycle (Italy Specific) .....</b>	<b>165</b>
<b>11.1 ISSUER CSD business .....</b>	<b>166</b>
11.1.1 Mandatory events timeline .....	166
11.1.1.1 Predictable event & Mandatory CA events .....	166
11.1.1.2 Italian Dividend .....	167
11.1.2 Elective events .....	168
<b>11.2 INVESTOR CSD business .....</b>	<b>169</b>
11.2.1 Mandatory events timeline .....	169
11.2.2 Elective events .....	171
11.2.2.1 Elective timeline & On-Going Inv CSD.....	171
11.2.2.2 Non-US TEFRA D Certification.....	172
11.2.2.3 US Withholding Tax Relief Certification .....	172
<b>12 Ancillary Services (Italy Specific).....</b>	<b>173</b>
<b>12.1 FIS.....</b>	<b>174</b>
12.1.1 General Information .....	174
12.1.2 FIS CPA – Position Management for Meetings .....	174
12.1.3 FIS DIV - Impacts on the Dividend and DVOP processing .....	175
12.1.4 Other CA events than Dividend or DVOP and meetings .....	175
<b>12.2 RCC.....</b>	<b>175</b>
<b>13 MAIN CAEV CODES GROUPED BY CORPORATE EVENT SUBCATEGORIES....</b>	<b>177</b>

This document is for information purposes only. The information and materials contained in this document are provided 'as is' and Euronext does not warrant the accuracy, adequacy or completeness and expressly disclaims liability for any errors or omissions. This document is not intended to be and shall not constitute in any way a binding or legal agreement or impose any legal obligation on Euronext. This document and any contents thereof, as well as any prior or subsequent information Exchanged with Euronext in relation to the subject matter of this presentation, are confidential and are for the sole attention of the intended recipient. Except as described below, all proprietary rights and interest in or connected with this publication shall vest in Euronext. No part of it may be redistributed or reproduced without the prior written permission of Euronext. Portions of this presentation may contain materials or information copyrighted, trademarked or otherwise owned by a third party. No permission to use these third-party materials should be inferred from this presentation.

Euronext refers to Euronext N.V. and its affiliates. Information regarding trademarks and intellectual property rights of Euronext is located at

© 2022 Euronext N.V. - All rights reserved.

# 1 INTRODUCTION



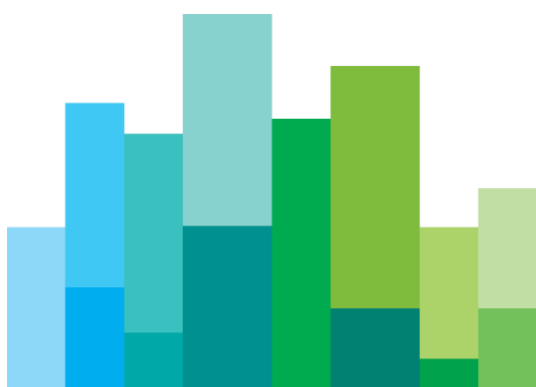
## 1.1 Associated Documents

The following table lists the associated documents, which either should be read in conjunction with this document, or which provide other relevant information.

Please refer to the latest version of the documents.

Document Title
MyEuronext Guide
MyStandards
Swift Subscription forms guidelines
CA4U new CLIMP guide (Italian specific)
For Italian Practice SPU RNI messages (Italian specific)
System technical guideline (Systemvejledning) – only available in Danish (CPH specific)

## 2 GENERAL OVERVIEW CORPORATE EVENTS



## 2.1 Glossary

Below is a definition of terms used in the document. If not otherwise specified:

Terms	Definitions
<b>A2A</b>	Application-to-application connectivity mode (e.g. SWIFT).
<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>CA</b>	Acronym for Corporate Action.
<b>CAJWG</b>	Acronym for Corporate Actions Joint Working Group (now renamed CEJWG).
<b>CASG</b>	Acronym for Corporate Action Sub-Group which formulates and monitors the implementation of harmonised rules for the settlement of corporate actions in T2S markets, in particular, the rules on corporate actions for pending settlement in the transactions management process.
<b>CeBM</b>	Acronym, in relation to corporate events, for Central Bank Money. This refers to the liabilities of a central bank, in the form of either banknotes or bank deposits held at the central bank, which can be used e.g., corporate event payments purposes.
<b>CEJWG</b>	Acronym for Corporate Events Joint Working Group (previously CAJWG).
<b>COB</b>	Acronym for Close of Business.
<b>CoBM</b>	Acronym, in relation to corporate events, for Commercial Bank Money. Commercial bank liabilities that take the form of deposits held at a commercial bank which can be used for corporate event payments purposes.
<b>CPH</b>	Copenhagen.
<b>CSD</b>	Acronym for Central Securities Depository.
<b>DCA</b>	Acronym for Default Cash Account.

Terms	Definitions
<b>DVP</b>	Acronym for Delivery Versus Payment.
<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>ECB</b>	Acronym for European Central Bank.
<b>ECMS</b>	Acronym for Eurosystem Collateral Management System.
<b>Effective Date</b>	Date on which the corporate event officially takes effect. This is the date when the entitlements or obligations resulting from the corporate event are recognised.
<b>Election to Counterparty Market Deadline</b>	Deadline by which an entitled holder needs to advise their counterparty of a failing settlement instruction of their election for a corporate event, also known as Buyer Protection Deadline.
<b>Election to Counterparty Response Deadline</b>	Date/time the Account Servicer has set as the deadline to respond, with instructions, prior to the election to counterparty market deadline.
<b>Eligible position</b>	Total balance of Securities eligible for participation in a corporate event. The entitlement calculation is based on this balance.
<b>Entitlement</b>	Resulting cash amounts and/or Securities quantities receivable to be paid based on eligible positions.
<b>EOD</b>	Acronym for End of Day.
<b>ES</b>	Acronym for Euronext Securities.
<b>Ex-Date</b>	Date from which the Underlying Security is traded without the attached benefit/right to participate in a corporate event.
<b>FOP</b>	Acronym for Free of Payment. A delivery of Securities free of payment, i.e., which is not linked to a corresponding transfer of funds.
<b>FX</b>	Acronym for Foreign Exchange.

<b>Terms</b>	<b>Definitions</b>
<b>Guaranteed Participation Date/Time</b>	Last date to buy the Underlying Security with the right attached to participate in an Elective Corporate Action.
<b>GUI</b>	<p>Acronym for Graphical User Interface. The interface that allows a user to interact with a software application through the use of graphical elements (e.g., windows, menus, buttons and icons) on a computer screen, using the keyboard and mouse, etc.</p> <p>For sake of this document, GUI refers to MyEuronext (accessible to CSD Participants, Issuers/Issuer Agents and Paying Agents) and Euronext Securities Oslo Investor portal.</p>
<b>ICP</b>	Indirectly Connected Party with the T2S platform.
<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.
<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>KAR</b>	The Norwegian banks' joint register for payment accounts.
<b>Market Deadline Date/Time</b>	Event deadline for a Participant or Investor to respond, with an election instruction, to an outstanding offer or privilege.
<b>MIL</b>	Milan.
<b>MPS</b>	Acronym of Mastercard Payment Services, a real-time payment infrastructure used in Norway.
<b>OSL</b>	Oslo.
<b>Payment Date</b>	Date on which a Corporate Actions related Payment is due.

Terms	Definitions
<b>PFOD</b>	Acronym for Payment Free of Delivery. A Payment which is not linked to a corresponding movement of Securities.
<b>PTO</b>	Porto.
<b>Record Date</b>	Date/time at which positions are finalised at the end of the day to determine which parties are entitled to receive proceeds in a corporate event.
<b>RDDT - Response Deadline Date/Time</b>	Date/time at which the CSD has set the deadline to respond, with instructions, to an elective event.
<b>SCoRE</b>	Acronym for Single Collateral Management Rulebook for Europe.
<b>T2S</b>	TARGET2-Securities, a real-time exchange infrastructure.
<b>U2A</b>	User-to-application connectivity mode (GUIs).
<b>VPO</b>	Norwegian Settlement System for equity instruments, bonds, and short-term papers, referred to as the Norwegian Market Securities Settlement System.

## 2.2 Standards and market practices

The processes described in this document comply, unless deviations are explicitly stated, with the standards and market practices defined by:

- ISO 15022 and 20022
- The Securities Market Practice Group (SMPG)
- The Corporate Actions Subgroup (CASG)
- The Shareholders Rights Directive (EU)2017/828 (SRD II)
- The SCoRE and CAJWG<sup>1</sup> standards on corporate events.

The CASG standards pertaining to corporate events are applicable to transaction management and their implementation within T2S markets.

The SCoRE Standards, defined by the ECB, are designed to streamline the exchange of information related to corporate events and meetings among various actors connected to the ECMS platform.

---

<sup>1</sup> Now covered in the Corporate Event Joint Working Group (CEJWG).

These standards encompass all transactions involving both listed and non-listed financial instruments. This includes financial instruments eligible for settlement in T2S and the Norwegian Settlement System (VPO), as well as those in line with the direct links established with Euronext Securities.

Euronext Securities, in its role as the investor CSD, will align with corporate action notifications as announced by the issuer CSD, following local market practices. If an issuer CSD initiates a non-standard corporate action, such as a voluntary optional dividend (DVOP), Euronext Securities Milan will create a specific event for it. The characteristics of these events will be maintained and processed according to our standard services.

## 2.3 Actors involved in the Corporate Events processing

The corporate events lifecycles anticipate the interaction between different actors involved at each step of the processes. One actor can also assume different roles. The following is a list of the main actors.

This document refers to functional roles common across CSDs involved in the processing of corporate action such as:













Actor	Role
<b>Euronext Securities</b>	Designate one or more Euronext Central Securities Depositories (Euronext Securities MIL, PTO, CPH and OSL).
<b>Issuer</b>	<p>Entity that issues its financial instruments via the CSD and initiates the corporate event on such securities. An Issuer can delegate these activities to an Issuer Agent.</p> <p>The Issuer must also appoint a Paying Agent for the correct distribution/collection of the cash proceeds of the corporate event.</p> <p>An Issuer may act as its own Issuer Agent and/or Paying Agent if it has the appropriate status.</p> <p>Note:</p> <p>In Euronext Securities Copenhagen and Euronext Securities Oslo, the Issuer does not have a contractual relationship with the CSD but is represented by an Issuer Agent.</p> <p>In Euronext Securities Milan and Euronext Securities Porto, the Issuer does have a contractual relationship with the CSD.</p>

Actor	Role
<b>Issuer Agent</b>	<p>An Issuer Agent is identified as an entity that satisfies the following criteria:</p> <ul style="list-style-type: none"> <li>It has been designated by an Issuer for one or several financial instruments</li> <li>It has been approved by a CSD to act on behalf of the Issuer in matters concerning the CSD.</li> </ul> <p>The Issuer Agent has the authority to initiate the creation of a corporate event. The Issuer Agent is also responsible for supplying all relevant data required for the CSD to facilitate the processing of the corporate event.</p>
<b>Paying Agent</b>	<p>An entity that acts on behalf of an Issuer, responsible for collecting the cash outturn from the Issuer and for distributing cash outturn to eligible account holders.</p> <p>A Paying Agent can also be an Issuer Agent and vice versa.</p>
<b>Issuer CSD</b>	<p>Each CSD that, in relation to corporate event processing:</p> <ul style="list-style-type: none"> <li>Has a contractual relationship with the Issuer or its Issuer Agent</li> <li>Receives information from the Issuer (or its Issuer Agent) about corporate events</li> <li>Distributes this information according to each client's subscription and key event dates</li> <li>Processes the corporate events based on that information.</li> </ul>
<b>Investor CSD</b>	<p>Each CSD that:</p> <ul style="list-style-type: none"> <li>Has a direct contractual relationship with the Issuer CSD of a specific country or the ICSD due to a link structure in place</li> <li>Has an indirect contractual relationship with the Issuer CSD of a specific country via a Local Custodian.</li> </ul>
<b>Local Custodian</b>	<p>An entity with which ES can have a contractual relationship when acting as Investor CSD for accessing a specific market via an indirect link.</p>
<b>Participant</b>	<p>A settlement Agent, a clearing house, a system operator or a clearing member of a CCP authorised pursuant to Article 17 of Regulation (EU) No 648/2012 (i.e. Custodian Banks, CCPs, Central Banks, Account Controller, etc.).</p>
<b>Account Controller</b>	<p>An entity that manages a Securities account on its own behalf or on behalf of other Investors.</p> <p>In Euronext Securities Oslo and Euronext Securities Milan this actor is also known as an Investor Account Operator.</p>
<b>Settlement System</b>	<p>A system that enables cash and securities to be transferred and settled by book entry according to a set of predetermined multilateral rules (e.g. T2S and VPO in Norway).</p>
<b>Payment Bank</b>	<p>A bank that, in relation to corporate events, can be designated by the Participant or Account Controller for the management of the cash payment proceeds related to corporate events. For Norway, the Payment Bank has a separate agreement with Euronext Securities Oslo.</p>

Actor	Role
<b>Proxy Agent</b>	An entity appointed by Participants or Account Controllers to manage their proxy voting processes.
<b>Investor</b>	The natural or legal person owning the underlying security subject to the corporate event with a direct account in the CSD (e.g. in Euronext Securities Oslo) managed by an Account Controller.
<b>Correspondent</b>	The ES CSD cash correspondent, meaning a CSD/bank/settlement system where a Euronext Securities CSD holds a cash account. or The CSDP cash correspondent, meaning a bank where a CSDP holds a cash account.

### Roles in the Corporate Action events processing

The table presents an overview of the main corporate action processing steps for Issuers/Issuer Agents, Participants/Account Controller/Investors and Paying Agents:

Main actions in the corporate workflow	Roles				
	Issuer/Issuer Agent	CSD	Paying Agent	Account Controller/Participants	Investors
Request the corporate Action (CA) event creation (1)					
Enrich details and submit details of the CA event					
Perform ISO reporting of the CA event details (announcement, entitlement, instruction status, reminder and payment confirmation)					
Make the cash proceeds available for the CA event					
Generate the payment instructions					
Instruct the CSD for elective events					
Receive CA cash payments					
Receive CA securities payments					

- (1) Predictable events will be automatically created based on the static data available for securities. Please see "Predictable events creation".
- (2) Issuer and Paying Agent in Euronext PTO coincide.

## 2.4 Eligible Securities

All financial instruments available for settlement via ES are subject to corporate events management, including:

- Financial instruments primarily issued and with a place of safekeeping in a Euronext CSD
- All other financial instruments (held through CSD links<sup>2</sup>).

For financial instruments issued within a Euronext CSD, that CSD serves as the Issuer CSD. Conversely, for all other financial instruments held via links by a Euronext CSD, the latter functions as an Investor CSD.

Financial instruments within this document are further categorised by asset class, based on ISO 10962, also known as Classification of Financial Instruments. These include:

- Debt-based instruments, such as bonds, asset-backed securities, etc.
- Equity-based, like ordinary shares, preferred shares, etc.
- Collective Investment Vehicles, like ETFs, Funds, etc.
- Rights, like subscriptions rights, warrants, etc.

## 2.5 Purpose

This document provides clients with comprehensive details regarding Euronext's future Corporate Events management services across ES in OSL, CPH, PTO and MIL. In this context, the term 'client' refers to any actor that has a direct relationship with ES (i.e. Participants, Account Controllers, Investors, Issuers, Issuer Agents, etc.).

A corporate event is defined as an action decided by the Issuer of a security which has an impact on the holders of that security. Corporate events can be mandatory, requiring no action from the holders, or elective, for which the holders can submit elections.

Corporate events are grouped into distinct main categories, rather than individual event types. In particular, we refer to the management of:

- Corporate Events on securities
  - Mandatory cash distributions
  - Mandatory securities distributions
  - Distributions with options

---

<sup>2</sup> As defined in Regulation (EU) No 909/2014 (the European Central Securities Depositories Regulation, 'CSDR'), a CSD link is an arrangement between CSDs whereby one CSD becomes a Participant in the Securities settlement system of another CSD in order to facilitate the transfer of Securities from the Participants of the latter CSD to the Participants of the former CSD or an arrangement whereby a CSD accesses another CSD indirectly via an intermediary. CSD links include standard links, customised links, indirect links, and interoperable links.

- Mandatory reorganisations without options
- Mandatory reorganisations with options
- Information only
- Voluntary reorganisations
- General Meetings
- Shareholders Identifications
- Transaction Management
  - Market claims
  - Transformations
  - Buyer protection.

This document describes the functional logic and sequence of processes, including models for cash and securities bookings for the categories above. All processes are defined in accordance with corporate events standards, ensuring alignment with the perspective of ES' clients.

If deemed necessary, ES may decide to deviate from European standards to accommodate market specific processes or meet local law requirements. Any deviations at the time of this document's publication are described and documented in relevant section of the document.

This document is designed to present the overall Corporate Event processing used by Euronext CSDs.

## 2.6 Eligible Currencies

Corporate events can be processed in various currencies, contingent upon the information provided by the Issuer/Issuer Agent and the links made available by ES.

Please refer to the following table for details of the currencies currently managed<sup>3</sup> by each Euronext CSD<sup>4</sup>.

Currency	Euronext CSDs			
	ES PTO	ES CPH	ES MIL	ES OSL
<b>EUR</b>	● CeBM	● CeBM	● CeBM	● CoBM
<b>DKK</b>		● CeBM	● CoBM	● CoBM
<b>SEK</b>	● CoBM	● CeBM	● CoBM	● CoBM

<sup>3</sup> This is the situation at the time of the publication of this document. Any new managed currency will be updated on Euronext Securities websites.

<sup>4</sup> CeBM payments for Euronext Securities Milan are only performed in T2S. No T2 payments to CSDPs are foreseen.

Currency	Euronext CSDs			
	ES PTO	ES CPH	ES MIL	ES OSL
<b>GBP</b>	● CoBM		● CoBM	● CoBM
<b>NOK</b>	● CoBM		● CoBM	● CeBM
<b>USD</b>	● CoBM		● CoBM	● CoBM
<b>ARS</b>			● CoBM	
<b>AUD</b>	● CoBM		● CoBM	
<b>CAD</b>	● CoBM		● CoBM	
<b>CHF</b>	● CoBM		● CoBM	
<b>CNY</b>	● CoBM		● CoBM	
<b>HKD</b>			● CoBM	
<b>HUF</b>			● CoBM	
<b>IDR</b>			● CoBM	
<b>JPY</b>	● CoBM		● CoBM	
<b>MXN</b>			● CoBM	
<b>NZD</b>			● CoBM	
<b>PLN</b>			● CoBM	
<b>SGD</b>			● CoBM	
<b>TRY</b>			● CoBM	
<b>ZAR</b>			● CoBM	

## 2.7 Cash and Securities accounts

### 2.7.1 Cash account for corporate event processing

#### 2.7.1.1 CeBM cash accounts

Corporate event cash movements are credited or debited using the cash accounts provided by the Participants/Investor eligible to participate in the corporate event at the membership level<sup>5</sup>. Participants/Accounts Controllers can specify different cash accounts<sup>6</sup>

<sup>5</sup> For a detailed description of the membership process please refer to the Euronext Securities websites.

<sup>6</sup> Not applicable for Euronext Securities Oslo. In Euronext Securities Oslo it is possible to specify which cash account should be used for different types of corporate action events as it is not part of T2S.

to be used for the cash management of corporate events on securities or transaction management and have to designate a default cash account.

Participants/Investor can own cash accounts or rely on cash accounts provided by a Payment Bank and specified at membership level.

If there is no specific cash account configured for the settlement of Transaction Management, ES generates and processes the market claim and transformation instructions using the default cash account provided by the Participant.

If the default cash account provided by the Participant is not valid and corporate event payment instructions are rejected by the Settlement System, the corporate event payment remains unprocessed until the correct cash coordinates are provided.

### **Norway market specific**

For Investors, ES performs a check of the Investors cash coordinates for each corporate action event involving cash payments through the KAR Register. The KAR check is made prior to the payment execution. Investors with none or invalid cash coordinates are subject to an exception handling process where their cash payments are paid to a default cash account belonging to the Issuer Agent responsible for the corporate action event. The Issuer Agent is then responsible for the payment to the Investors.

#### **2.7.1.2 CoBM cash accounts**

If no cash coordinates are provided in the original currency of the payment by the Participant/Investor at the membership level, corporate event cash payments may be subject to foreign exchange (FX), and the resulting credit or debit amounts are booked in the relevant CeBM currencies cash account provided.

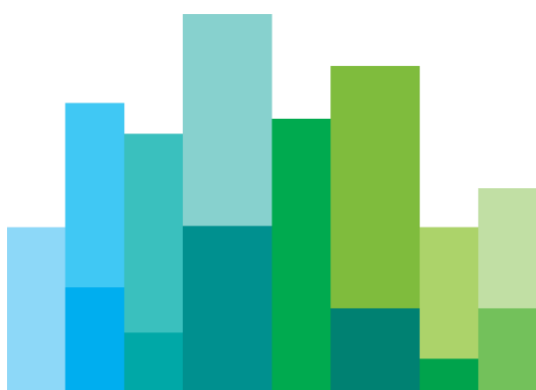
Paying Agents must provide details of the cash accounts to be used for corporate event processing in CoBM. They need to provide ES with the cash account details where cash payments, (e.g., interests and dividends) should be debited and cash payments (e.g., subscription amount for new shares) are to be credited. For cash payments in CoBM, Paying Agents must fund the cash account in CoBM of ES prior to the Payment Date of the relative corporate event.

#### **2.7.1.3 Securities account structure**

The CSD account structure is considered when processing corporate events. Securities proceeds are posted to the respective accounts in which the underlying securities were held at the relevant corporate event dates.

It is important to note that for Norway, an Issuer Agent account (with a positive balance) will be implemented to introduce the double-entry booking scheme.

# 3 COMMUNICATION MODES



Euronext CSDs support the following means of communication:

- ISO 15022 standard and terminology
- ISO 20022 standard and terminology
- Proprietary formats<sup>7</sup>
- U2A GUI.

This section provides information on the technical details of the communication, and information associated to these formats.

## 3.1 ISO 15022 messages

The ES corporate action solution catalogue of messages is ISO 15022 compliant.

The following table lists the ISO 15022 corporate action and meeting related messages available. Information for support of any additional ISO 15022 messages used in other services (e.g., settlement, meetings, etc.) may be identified in dedicated documents.

Cycle	Message name	Function	Message identifier
Notification	<b>Corporate Action Notification</b>	<p>Message sent by an Account Servicer to an Account Owner or its designated Agent to notify details of a corporate action event and optionally account information, eligible balance and entitlements.</p> <p>It may also:</p> <ul style="list-style-type: none"> <li>▪ Include possible elections or choices available to the Account Owner,</li> <li>▪ Be sent to remind of event details and/or of missing or incomplete instructions for a corporate action event.</li> </ul>	MT564 NEWM MT564 REPL MT564 RMDR
	<b>Corporate Action Cancellation Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to cancel a previously announced corporate action event in case of error from the Account Servicer or in case of withdrawal by the Issuer.	MT564 CANC MT564 WITH
Instruction	<b>Corporate Action Instruction</b>	Message sent by an Account Owner to an Account Servicer to instruct election on a corporate action event.	MT565 NEWM
	<b>Corporate Action Instruction Status Advice</b>	<p>Message sent by an Account Servicer to an Account Owner or its designated Agent, to report the status of a received corporate action election instruction.</p> <p>This will include the acknowledgement or rejection of a corporate action instruction.</p>	MT567
	<b>Corporate Action Instruction Cancellation Request</b>	Message sent by an Account Owner to an Account Servicer to request cancellation of a previously sent election instruction (MT565).	MT565 CANC

<sup>7</sup> Only Euronext Securities Milan will support proprietary formats until 2027.

Cycle	Message name	Function	Message identifier
	<b>Corporate Action Instruction Cancellation Request Status Advice</b>	<p>Message sent by an Account Servicer to an Account Owner or its designated Agent, to report the status of previously received cancellation request message (MT656) sent by the Account Owner.</p> <p>This will include the acknowledgement or rejection of a request to cancel an outstanding instruction.</p>	MT567
Entitlement	<b>Corporate Action Movement Preliminary Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to pre-advise an upcoming posting or reversal of securities and/or cash postings.	MT564 REPE + ADDB//CAPA
	<b>Corporate Action Movement Preliminary Advice Cancellation Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to cancel a previously announced preliminary advice (MT564 REPE).	MT564 CANC + ADDB//CAPA + 20C::PREV
Payment	<b>Corporate Action Movement Confirmation</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to confirm the posting of securities or cash as a result of a corporate action event.	MT566
Reversal	<b>Corporate Action Movement Reversal Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to reverse a previously confirmed posting of securities or cash.	MT566 REVR

## 3.2 ISO 20022 messages

The ES corporate action solution catalogue of messages is ISO 20022 compliant.

The following table lists the ISO messages used throughout the corporate action life cycle. Information for support of any additional ISO 20022 messages used in other services (e.g., settlement, meetings, etc.) may be identified in dedicated documents.

Cycle	Message name	Function	Abbreviated name	Message identifier
Notification	<b>Corporate Action Notification</b>	<p>Message sent by an Account Servicer to an Account Owner or its designated Agent to notify details of a corporate action event and optionally account information, eligible balance and entitlements.</p> <p>It may also:</p> <ol style="list-style-type: none"> <li>1. Include possible elections or choices available to the Account Owner,</li> </ol> <p>be sent to remind of event details and/or of missing or incomplete instructions for a corporate action event.</p>	<p>CANO (NEWM) CANO (REPL) CANO (RMDR)</p>	seev.031

Cycle	Message name	Function	Abbreviated name	Message identifier
	<b>Corporate Action Cancellation Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to cancel a previously announced corporate action event in case of error from the Account Servicer or in case of withdrawal by the Issuer.	CACN (CANC) CACN (WITH)	seev.039
<b>Instruction</b>	<b>Corporate Action Instruction</b>	Message sent by an Account Owner to an Account Servicer to instruct election on a corporate action event.	CAIN	seev.033
	<b>Corporate Action Instruction Status Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent, to report the status of a received corporate action election instruction.  This will include the acknowledgement or rejection of a corporate action instruction.	CAIS	seev.034
	<b>Corporate Action Instruction Cancellation Request</b>	Message sent by an Account Owner to an Account Servicer to request cancellation of a previously sent election instruction (seev.033).	CAIC	seev.040
	<b>Corporate Action Instruction Cancellation Request Status Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to report the status of a previously received cancellation request message (seev.040) sent by the Account Owner.  This will include the acknowledgement or rejection of a request to cancel an outstanding instruction.	CACS	seev.041
<b>Entitlement</b>	<b>Corporate Action Movement Preliminary Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to pre-advise an upcoming posting or reversal of securities and/or cash postings.	CAPA	seev.035
	<b>Corporate Action Movement Preliminary Advice Cancellation Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to cancel a previously announced preliminary advice (seev.035).	CAPC	seev.044
<b>Payment</b>	<b>Corporate Action Movement Confirmation</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to confirm the posting of securities or cash as a result of a corporate action event.	CACO	seev.036
	<b>Corporate Action Event Processing Status Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to report processing status of a corporate action event.	CAPS	seev.032
<b>Reversal</b>	<b>Corporate Action Movement Reversal Advice</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to reverse a previously confirmed posting of securities or cash.	CARE	seev.037
<b>Market claim</b>	<b>Corporate Action Notification related to Market Claim</b>	Message sent to Participant to announce events eligible to market claim process		seev.031 with ACLA
	<b>Corporate Action Movement Preliminary Advice related to Market Claim</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to announce a market claim generation on a trade eligible to a corporate action + with a RELA referring the client reference of the underlying trade		seev.035 CLAI

Cycle	Message name	Function	Abbreviated name	Message identifier
	<b>Corporate Action Movement Confirmation related to Market Claim</b>	Message sent by an Account Servicer to an Account Owner or its designated Agent to announce the payment of a market claim + with a RELA referring the client reference of the underlying trade		seev 036 with CLAI

### 3.3 U2A GUIs

In addition to A2A communication channels, ES provides a U2A GUI solution called MyEuronext to dialogue in a U2A mode. These U2A communication channels are available to:

- Issuers and/or Issuer Agents, to interact with ES as Issuer CSD for the corporate events set-up and processing and to submit instructions received directly by Investors related to elective corporate events (relevant for Norway)
- Paying Agents, to interact with ES as Issuer CSD about managing and monitoring corporate action events for which there are Paying Agent payment instructions
- Participants to submit instructions to ES on Voluntary & Mandatory elective events and as well as monitoring the events lifecycle/calendars. Participants/Account Controllers that are acting in more than one ES market have the possibility to view and manage all corporate events impacting them across all Euronext CSDs.

#### Norway market specific

The current U2A available to Investors for Norway (VPS Investor Portal) will be maintained, and Investors can monitor corporate event lifecycles/calendars and submit instructions to Euronext Securities Oslo on Voluntary & Mandatory elective events.

### 3.4 Proprietary messages (Italia specific)

In addition to the previously mentioned channels, the Italian market is using a specific format called RNI (Rete Nazionale Interbancaria). This proprietary format will not be decommissioned until end of 2027 for the management of Corporate Events, however some limitations apply.

This format will be maintained and fed out of the ISO 20022 messages (a translation done by Euronext Securities Milan system from ISO20022 messages produced natively). Consequently the current proprietary messages will encounter modifications due to the unavailability in the ISO 20022 of various fields currently provided.

Also, as no upgrades of this format is foreseen given next decommission, all events that are currently not provided via RNI cannot be notified via that format as well (e.g. DVCA CHOS events for managing following dividend payments after request of postponement).

Specifications of the changes to the RNI messages have been already published in MT-X web GUI under following section: "Documentazione – Live Services – Documentazione Tecnica – Tracciati utente – in lavorazione – CA4U".

## 3.5 Message subscription

Our service offers a flexible and comprehensive message subscription framework, enabling clients to tailor their notification preferences for corporate actions, general meetings, and shareholder disclosures.

Clients can subscribe to notifications at various levels, including client, securities account, and generic levels, ensuring that relevant information is delivered to the appropriate recipients.

Subscriptions are structured on a cancel and replace basis, with no amendments permitted.

All subscription forms are available online for ease of access and management.

Notifications are grouped according to the event lifecycle, covering event creation, entitlement, instructions, reminders, and confirmations. Clients can select their preferred message groups and formats, with support for both ISO 15022 and ISO 20022 messaging standards.

The service allows for the routing of notifications and instructions to multiple BIC addresses, supporting complex organisational structures and customer hierarchies, including those specific to the Nordic markets. Subscriptions can be further refined by asset family, such as fixed income or equities, as defined in Megara.

# 4 SUPPORTED CORPORATE EVENTS TYPES



## 4.1 Corporate action event types

### 4.1.1 Cash Distributions

Cash distributions are mandatory corporate events in which the proceeds consist of cash only and do not affect the underlying holdings.

The relevant key dates and their order for this events category are the following:

- Ex-Date<sup>8</sup>
- Record Date
- Payment date.

When acting as Investor CSD, in the case that the Issuer CSD has not implemented any Ex-Date and/or Record Date, ES defines them at event set-up.

### 4.1.2 Securities Distributions

Securities distributions are events where the proceeds consist solely of securities.

The relevant key dates for this event category are the same as those of cash distributions.

Securities distributions can also be considered as the first stage of a multi-stage event, as seen for instance, in rights distributions (CAEV code RHDI), which are the first stage of a capital increase corporate event, followed by exercise of rights events (CAEV code EXRI).

The quantity of proceeds to be credited is derived from the ratio defined in the event, considering the eligible position of each Participant/Investor.

When acting as Investor CSD, payment is triggered by the reception from ES of the proceeds from the Issuer CSD/Local Custodian.

### 4.1.3 Distributions with Options

Distribution with options events are corporate events for which the Issuer of a security grants an entitlement to holders of the security.

An example of distribution with option events is a dividend payment, where the holder is given the possibility to elect a specific currency payment or between cash and securities. In this case, the holder must have a cash account in the instructed currency, otherwise, the default option applies.

A default option at event level is always available for these events.

In the case of uninstructed positions, reminders are sent and entitlements are calculated based on the default option of the event.

---

<sup>8</sup> When applicable.

The relevant key dates and their order for this events category are the following:

- Ex-Date
- Start and end of election period
- Client response deadline
- Market response deadline
- Payment Date.

Depending on the markets, distribution with options events may also be the second stage of a two-stage corporate event (e.g. RHDI + DVOP events). The first stage is a mandatory security distribution event during which an interim security is distributed, forming the underlying security of the mandatory reorganisation with option event. Two-stage events are always linked together and reported to the holders accordingly via the different communication channels. In terms of communication timing, two-stage events are communicated based on the holding of the underlying security of the first stage event (or based on subscription provided by the Participants/Account Controllers/Investors, i.e., zero-holdings, etc.) or when all the details of the first event are known (i.e., the event is in COMP status).

When acting as Investor CSD, ES forwards all valid instructions received to the Issuer CSD/Local Custodian upon reception from the Participant/Account Controller/Investor and acknowledges their reception. Based on the status of the instruction received from the Issuer CSD/Local Custodian, ES informs the Participant/Account Controller/Investor accordingly.

#### 4.1.4 Mandatory Reorganisations without options

Mandatory reorganisations without options are events that mandatorily affect the underlying security without any action required from the holders of that security.

The relevant key dates and their order for this events category are the following:

- Record Date
- Payment Date.

On Payment Date, ES:

- If the event foresees the payment of cash, proceeds the crediting of the amounts due to the Participants/Investors via settlement instructions (i.e. via PFOD) in CeBM or via payment instructions in CoBM
- Generates FOP settlement instructions to credit any out-turned securities and, if foreseen by the event, to debit the underlying original securities.

#### 4.1.5 Mandatory Reorganisations with options

Mandatory Reorganisations with options are events granting entitlements to the holders of the underlying security, allowing them to choose among different options in terms of proceeds.

These events could be the second stage of a multi-stage corporate event (e.g. RHDI + EXRI events). The first stage involves a mandatory security distribution event during which

a right is distributed, constituting the underlying security of the mandatory reorganisation with option event (e.g. EXRI event). In some markets, a three-stage event (e.g., PARI is also foreseen for multi-stage corporate events, to convert the interim security, if foreseen, of the reorganisation with option event (i.e. EXRI), into the final security. Multi-stage events are always linked together and reported to holders accordingly via the different communication channels. In terms of communication timing, multi-stage events are communicated together based on the holding of the underlying security of the first-stage event (or based on subscription provided by the Participants/Account Controllers/Investors, i.e., zero holdings, etc.) or when all the details of the first event are known (i.e., the event is in COMP status).

For mandatory reorganisation with option events, a default option at event level is always available and will apply also to uninstructed positions are Response Deadline Date and Time (when acting as Investor CSD) or Market Deadline (when acting as Issuer CSD).

In the case of uninstructed positions, reminders are sent as described in chapter “Elective Corporate Event processing” and the entitlement is calculated based on the default option of the event.

The relevant key dates and their order for this events category are the following:

- Guaranteed participation date
- Start and end of period of action
- Buyer protection deadline
- Client response deadline
- Market response deadline
- Payment Date.

In case the underlying security of these events is a right, the “worthless” removal of the uninstructed rights after Payment Date is done as soon as requested by the Issuer/Issuer Agent and notified accordingly (i.e., on A2A ISO, reporting all the amount in the LAPS option in the confirmation messages sent).

On Payment Date, ES:

- If the event foresees the payment of cash due to the elections submitted, proceeds to debit the amount due to the Participants via settlement instructions (i.e. via PFOD) in CeBM or via payment instructions in CoBM if debit authority is provided. If not, the FX process might apply
- Generates FOP settlement instructions to debit any underlying elected if foreseen by the event
- Generates FOP settlement instructions to credit any resulting security based on options available.

CeBM settlement instructions are pooled together in “already matched” status and Partial Settlement Indicator set to “NPAR”.

When acting as Investor CSD, ES forwards all instructions received to the Issuer CSD/Local Custodian upon reception from the Participant/Account Controller and acknowledges their

reception. Based on the status of the instructions received from the Issuer CSD/Local Custodian, ES informs the Participant/Account Controller accordingly.

### Norway market specific

In the case of Investors who elect to take part in an event which foresees a cash payment and authorises ES by provide the relevant One-Time Power of Attorney<sup>9</sup>, Euronext Securities Oslo forwards the cash debit instructions to Mastercard Payment Services (MPS) including the detailed information on the Investors' cash accounts that have to be debited and the cash account of the Paying Agent to be credited. MPS performs the bookings and informs then ES of the status and confirmation. As soon as the payment is confirmed, then Euronext Securities Oslo processes the payment by generating FOP settlement instructions depending on the event options elected.

## 4.1.6 Voluntary Reorganisations

Voluntary reorganisations are events in which participation is optional for the holder of the underlying security.

The key dates and the order of dates used for these events are the same as those for mandatory reorganisations with options.

For voluntary reorganisation events, a default option at event level is always available and is always No Action (NOAC).

On Payment Date, ES then:

- If the event foresees the payment of cash due to the elections submitted, proceeds to debit the amount due to the Participants via settlement instructions (i.e. via PFOD) in CeBM or via payment instructions in CoBM if debit authority is provided. If not, the FX process might apply
- Generates FOP settlement instructions to debit any underlying elected if foreseen by the event
- Generates FOP settlement instructions to credit any resulting security based on options available.

CeBM settlement instructions are pooled together in "already matched" status and Partial Settlement Indicator set to "NPAR".

When acting as Issuer CSD and for voluntary reorganisations to which it has not been appointed as processor, ES can, in any case, inform the Participants/Account Controllers of the event upon request received from the Issuer or Lead Manager<sup>10</sup> of the event. In this case the notifications can be sent via all communication channels and in case of A2A ISO notifications, they are reported via A2A ISO20022 & ISO15022 specifying, "no Service Offered Indicator". In this case, any elections made by the Participants/Account

<sup>9</sup> So-called "Engangsfullmakt".

<sup>10</sup> In this case the Lead Manager will be appointed as Issuer Agent to submit the request.

Controllers/Investors should be sent directly to the Lead Manager of the event, as ES does not process the event directly.

When acting as Investor CSD, ES forwards all instructions received to the Issuer CSD/Local Custodian as soon as they are received from the Participant/Account Controller and acknowledges their reception. Based on the status of the instruction received from the Issuer CSD/Local Custodian, ES informs the Participant/Account Controller accordingly.

### **Norway market specific**

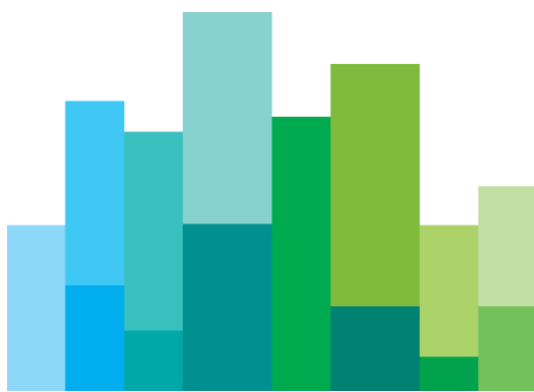
When Euronext Securities Oslo is the processor of the event, in case of elections made by Investors directly to the Issuer Agent ("Lead/Co Manager") of the event, the Lead Manager must upload the elections via the Issuer U2A GUI to ES for them to be considered at Payment Date of the event.

#### **4.1.7 Information-only**

Information-only events are mandatory corporate events with no distribution nor change in the underlying security.

For these events ES notifies the Participants/Account Controllers/Investor of the event via A2A ISO and U2A GUI according to their subscriptions. No other action is foreseen.

# 5 CORPORATE EVENTS PROCESSING



35

PRIVATE

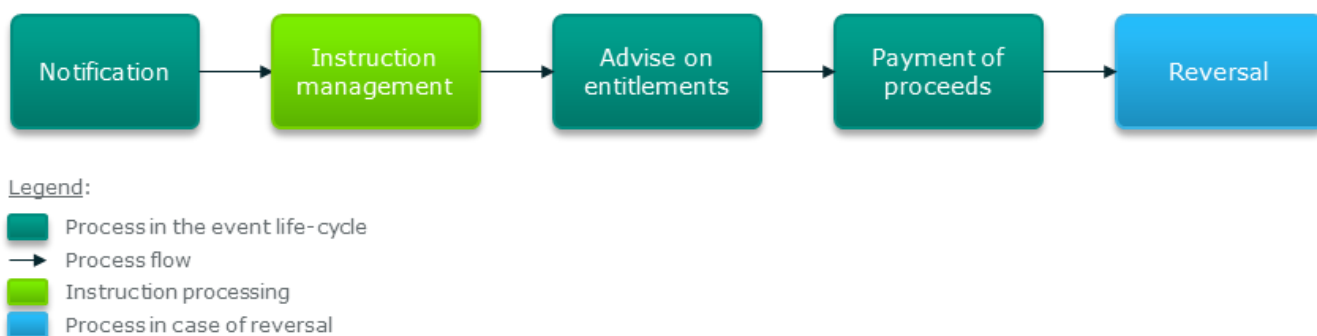
## 5.1 Overview of the corporate events lifecycle

A corporate action is generally defined as an event decided by the Issuer (i.e., a company) of a security or a third party (e.g., another company) which has an impact on the holders of that security.

Depending on the type of corporate event communicated by the Issuer/Issuer Agent or Issuer CSD/Local Custodian. ES, based on subscription:

- **Announces** to the Participants/Account Controller/Investor for any new, updated or withdrawn Corporate Event information. Based on the information received by the Issuers/Issuer Agents/Issuer CSD/Local Custodian
- **Receives and processes instructions** from Participants/Account Controllers/Investors for elective events and notifies their status, manages default options at the end of the election period and provides **reminders** for uninstructed balances
- **Pre-advises and advises of events entitlement**, preliminary and final, before the payment to all actors involved in the corporate event processing
- **Instructs to execute the corporate event**, including the payment of the proceeds in cash and/or securities on Payment Date
- **Generates the relevant confirmations** as soon as the corporate event is executed
- **Instructs and notifies of a reversal** of a corporate event when instructed by the Issuer/Issuer Agent, if applicable.

### Corporate event lifecycle overview



### 5.1.1 Investor CSD deadline management

When acting as Investor CSD, Euronext Securities will set up a client's response deadline earlier than the market deadline and/or the issuer CSD response deadline, if applicable.

This response deadline is configured for each event to allow sufficient time for event processing, thereby reducing operational and credit risk.

Currently, the minimum and maximum delays between the corporate action event market deadline and our client's response deadline will be announced at a later date.



Figure Elective event sequence of dates

## 5.2 Corporate events creation

Each Issuer/Issuer Agent shall inform ES of the details of a corporate event as soon as it has been publicly announced in the market, according to the applicable law. Additionally, each Issuer CSD/Local Custodian shall inform ES, when ES is acting as Investor CSD, of a new corporate event based on subscription rules defined.

To facilitate this, ES has established a set of different A2A and U2A communication channels and procedures to be followed, as outlined below.

When acting as Investor CSD, ES receives all information based on the Issuer CSD/Local Custodian service level, from notifications to payments.

For narrative text in the information, an Issuer/Issuer Agent/Issuer CSD/Local Custodian with an international shareholder base should use English.

### 5.2.1 Issuer CSD Business

#### 5.2.1.1 U2A GUI (MyEuronext)

When acting as Issuer CSD, ES will make a U2A GUI available to Issuers, Issuer Agents and Paying Agents for interaction in U2A mode.

CA events can be created using the following methods:

- Manually, using a web form/screen with minimum set of mandatory fields based on the event type. This allows the creation of a single CA event per submission. User can also copy an event already created and manually update the details before submitting it
- Via the upload of a file, multiple events can be created within the same file based on the template provided. The upload functionality in MyEuronext will be made available for the go-live of the CA platform in Euronext Securities Milan.

A corporate event set up by an Issuer/Issuer Agent will not be shown in the U2A GUI or notified to Participants/Investors/Account Controllers (via MT564 NEWM/seev.031) until the announcement/publication date of the corporate event decided by the Issuer/Issuer Agent will be reached. If publication date is not provided by the Issuer/Issuer Agent, then the events will be notified, according to subscriptions upon event creation.

When ES is acting as an Issuer CSD, the Issuer/Issuer Agent may provide a unique Official Corporate Event Reference (COAF) for the event, which must be a maximum of 16 alphanumeric characters.

If compliant with the structure, ES will accept this COAF and will assign it to the event. If a COAF is not provided, ES will create a COAF on behalf of the Issuer when the event is set up and approved by the Issuer/Issuer Agent.

ES will also assign a CORP reference code upon creation of the CA event<sup>11</sup>.

#### **5.2.1.2 Predictable events creation**

ES will generate categories of corporate events based on the financial instrument referential.

In particular, interest and redemption events on bonds (events with CAEV code INTR<sup>12</sup>, REDM, PCAL, MCAL, PRED, PINK<sup>13</sup> and CAPI) will be created 30 days before Record Date<sup>14</sup> from the instrument static data based on the information provided by Issuer/Issuer Agent through current communication channels in place on each market. If all information have been provided, no additional confirmation will be necessary to process the event.

Events created out of the loan schedule will be notified, according to subscription, through MT564/seev.031 to Participants/Account Controllers/Investors upon creation. The event will be also visible in U2A GUIs.

If some relevant information like interest rate/price/parities, which is necessary for the correct processing of the corporate event is missing, the event will be created in preliminary status and notified to Participants/Account Controllers/Investors through MT564/seev.031 using the qualifier UNKW.

For predictable events, ES will assign a unique Official Corporate Event Reference (COAF) and a unique Corporate Event Reference Number (CORP).

---

<sup>11</sup> For all events (Issuer and Investor CSD Business), Euronext Securities Milan will assign a 9-digits number to the corporate action identification ("CORP").

<sup>12</sup> For the Norwegian bonds paying one coupon in Interest and one in PINK see section "Handling of PINK and INTR in same coupon period" for specific process.

<sup>13</sup> PINK events might be also created directly by the Issuers/Issuer Agents via U2A GUI based on current local market practices.

<sup>14</sup> Creation and publication of predictable events in Euronext Securities Copenhagen is done 6 weeks prior to Record Date.

### 5.2.1.3 Holiday treatment

If the Coupon Date coincides with a holiday, ES will handle it in different ways:

- Unadjusted: Coupon Date will remain on the Holiday Date
- Following: Coupon Date will be moved to the following working day according to the business calendar
- Preceding: Coupon Date will be moved to the preceding working day according to the business calendar
- Modified Following: in case that the following business day is a day of the next Month, coupon date will be moved to the preceding day so that the Coupon Date still belonging to the Month of the interest computation
- Preceding Following: in case that the preceding business day is a day of the last Month, Coupon Date will be moved to the following day to have a Coupon Date belonging to the Month of the interest computation.

### 5.2.1.4 Interest Calculation methods

Interest calculation methods	Description
<b>30/360F (30 On 360F)</b>	<p>Numerator: 30 days per Month with the following exceptions:</p> <ul style="list-style-type: none"> <li>▪ If Start Date = the 31st day of a Month, consider it as the 30th of the Month</li> <li>▪ If Start Date = the 30th day of a Month and End Date = the 31st day of a Month, consider End Date as the 30th of the same Month.</li> </ul> <p>Denominator: Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.</p>
<b>30E/360F (30E On 360F)</b>	<p>Numerator: 30 days per Month with the following exceptions:</p> <ul style="list-style-type: none"> <li>▪ If Start Date = the 31st day of a Month or End Date = the 31st day of a Month, consider them as the 30th of the Month</li> <li>▪ If End Date = the last day of February, consider the exact number of days of February.</li> </ul> <p>Denominator: Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.</p>
<b>30E +/-360F (30E + On 360F)</b>	<p>Numerator: 30 days per Month with the following exceptions:</p> <ul style="list-style-type: none"> <li>▪ If Start Date = the 31st day of a Month, consider it as the 30th of the Month</li> <li>▪ If End Date = the 31st day of a Month, consider it as the 1st of the following Month.</li> </ul>

Interest calculation methods	Description
	Denominator: Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.
<b>365/365F Norway (365 On 365F Norway)</b>	<p>Numerator: 2 possible cases:</p> <ul style="list-style-type: none"> <li>If End Date - Start Date &lt; 6 Month, then consider the exact number of days between Start Date and End Date</li> <li>Else N' = End Date - 6 Month.</li> </ul> <p>Numerator = (N' - Start Date) + 182.5.</p> <p>Denominator: Frequency*365/360; Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.</p>
<b>ACT/365F (Actual On 365 F)</b>	<p>Numerator: exact number of days.</p> <p>Denominator: Frequency*365/360; Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.</p>
<b>ACT -/365F (Actual - On 365F)</b>	<p>Numerator: exact number except the 29th of February (February day number always = 28).</p> <p>Denominator: Frequency*365/360; Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.</p>
<b>ACT/360F (Actual On 360F)</b>	<p>Numerator: exact number, except the 29th of February (February day number always = 28).</p> <p>Denominator: Frequency = 30 if Monthly, 90 if Three Months, 180 if Bi-Yearly, and 360 if Yearly.</p>
<b>ACT/365.24225 Italy (Actual On 365.24225 Italy)</b>	<p>Numerator: exact number of days.</p> <p>Denominator: 365,24225.</p>
<b>30E On 360</b>	<p>Numerator: 30 days per Month, with the following exceptions:</p> <ul style="list-style-type: none"> <li>If Start Date = the 31st day of a Month, consider it as the 30th of the Month</li> <li>If End Date = the 31st day of a Month, consider it as the 30th of the Month.</li> </ul> <p>Denominator: 360.</p>
<b>30 On 360</b>	<p>Numerator: 30 days per Month with the following exceptions:</p> <ul style="list-style-type: none"> <li>If Start Date = the 31st day of a Month, consider it as the 30th of the Month</li> </ul>

Interest calculation methods	Description
	<ul style="list-style-type: none"> <li>If End Date = the 31st day of a Month and Start Date = 30 or 31 then consider it as the 30th of the Month.</li> </ul> <p>Denominator: 360.</p>
<b>30 E + On 360</b>	<p>Numerator: 30 days per Month, with the following exceptions:</p> <ul style="list-style-type: none"> <li>If Start Date = the 31st day of a Month, consider it as the 30th of the Month</li> <li>If End Date = the 31st day of a Month, consider it as the 1st of the following Month.</li> </ul> <p>Denominator: 360.</p>
<b>ISMA 98</b>	<p>Numerator: exact number of days.</p> <p>Denominator:</p> <ul style="list-style-type: none"> <li>If periodicity = Yearly and 29/02 belongs to [Start Date, End Date] then Denominator = 366</li> <li>Else 365.</li> </ul>
<b>Actual On Actual American</b>	<p>Numerator: exact number of days.</p> <p>Denominator: If Diff1=Diff2=366</p> <p>Diff1 = Exact number of days between Start Date (n + 1) and Start Date (n).</p> <p>Diff2 = Exact number of days between End Date (n) and End Date(n - 1).</p> <p>Else 365.</p>
<b>Actual On Actual French</b>	<p>Numerator: exact number of days.</p> <p>Denominator: If End Date (n) - End Date (n-1) = 366.</p> <p>Else 365.</p>
<b>Actual On 360</b>	<p>Numerator: exact number of days.</p> <p>Denominator: 360.</p>
<b>Actual On 365</b>	<p>Numerator: exact number of days.</p> <p>Denominator: 365.</p>
<b>Actual On 365L</b>	<p>Numerator: N + N'.</p> <p>If Start Date Year and End Date Year are different and if one of them is a Leap Year.</p> <p>If True, then:</p>

Interest calculation methods	Description
	<p><math>N</math>=exact number of days from Start Date to 01/01/next Year.</p> <p><math>N'</math>= exact number of days from the 01/01/Year to End Date.</p> <p>Else exact number of days.</p> <p>Denominator: 365.</p>
<b>Actual - On Actual</b>	<p>Numerator: exact number of days except the 29th of February (February day number always = 28).</p> <p>Denominator:</p> <p>If End Date(n)-End Date(n-1) =366.</p> <p>Else 365.</p>
<b>Actual - On 365</b>	<p>Numerator: exact number of days except the 29th of February (February day number always = 28).</p> <p>Denominator: 365.</p>
<b>Actual - On 360</b>	<p>Numerator: exact number of days except the 29th of February (February day number always = 28).</p> <p>Denominator: 360.</p>
<b>Constant Annuity Basis</b>	<p>Numerator: <math>360 * (\text{Year (End Date)} - \text{Year (Start Date)}) + 30 * (\text{Month (End Date)} - \text{Month (Start Date)})</math>.</p> <p>Denominator: 360.</p>
<b>30/360 (30 on 360 ISDA)</b>	<p>Numerator: <math>(D2 - D1) + 30 * (M2 - M1) + 360 * (Y2 - Y1)</math>.</p> <ul style="list-style-type: none"> <li>▪ If End Date is 31 and Start Date is 30 or 31, consider End date as the 30<sup>th</sup> of the Month</li> <li>▪ If Start Date = the 31st day of a Month consider Start Date as the 30th of the same Month</li> <li>▪ If End Date is the last date of February (28or 29) and Start Date the last day of February, then End Date is considered as the 30 of the Month</li> <li>▪ If Start Date is the last day of February, then Start Date = 30.</li> </ul> <p>Denominator = 360.</p>
<b>Actual/Actual (ICMA)</b>	<p>Numerator: exact number of days.</p> <p>Denominator = Frequency*exact number of days; Frequency 1 = annual, 2 = semi-annual, 4 = quarterly, 12 = Monthly.</p>

Interest calculation methods	Description
<b>Actual on Actual (ISDA)</b>	Numerator/Denominator = Days in Non-Leap Year/365 + Days in Leap Year/366.
<b>Actual/365L or Actual/Actual (basic rule)</b>	Numerator: exact number of days. Denominator = 366 if End Date belongs to a Leap Year. Else 365.
<b>30E2/360 or Eurobond basis model 2</b>	Numerator: If Start Date=31 or End Date=31 then Start Date, End Date<=30. <ul style="list-style-type: none"><li>▪ If it is a Non-Leap Year and Start Date =29 then Feb=29 days, (2 days of February will be considered for the next coupon period if End Date=29)</li><li>▪ If it is a Non-Leap Year and Start Date =30 or 31 then Feb=30 days, (1 day of February is considered for the next coupon period if End Date=30 or 31)</li><li>▪ If Start Date = 28 February and End date &gt; 29 February, then consider the exact number of days between Start Date and End Date + 3.</li></ul> Denominator: 360.
<b>30E3/360 or Eurobond basis model 3</b>	Numerator: 30 days per Month, with the following exception: <ul style="list-style-type: none"><li>▪ If Start Date = the 31st day of a Month, consider it as the 30th of the Month</li><li>▪ If End Date = the 31st day of a Month, consider it as the 30th of the Month</li><li>▪ If End Date = 28 February or 29 February, End date &lt;= 30 February.</li></ul> Denominator = 360.
<b>Actual/365NL or Actual/365 No Leap</b>	Numerator: 30 days per Month, with the following exception: February is always 28 days. Denominator = 365.

#### 5.2.1.5 Late events creation

In case the event is created after Reference Date, the processing will be the following one:

- Event will be announced, according to subscription, to Participants/Account Controllers/Investors upon creation as a NEWM CA event announcement
- ISIN preclusion should not be generated
- Entitlement will be calculated based on the position at Record Date (even in case of potential changes in the holdings after the Record Date) and notified, according to subscription, to Participants/Account Controllers/Investors, Issuers/Issuer Agents and Paying Agents

- Settlement instruction for cash and security movements will be generated based on Record Date position with Trade Date = Business Date and Value Date = Payment Date of the event.

Note that in case instrument is de-activated on Payment Date, the settlement instruction can still be settled in T2S.

## 5.2.2 Investor CSD Business

When acting as investor CSD, Euronext Securities Milan shall create corporate action events based upon the Issuer CSD event notification received via SWIFT/ISO 150022 (MT564) or 20022 (seev.031). CSD, Euronext Securities Milan shall create corporate action events based upon the Issuer CSD event notification received via SWIFT/ISO 150022 (MT564) or 20022 (seev.031).

Upon receipt of the announcement, Euronext Securities will apply the A2A standard processing steps:

- Controlling and validating the received message
- Applying the data cleansing business rules
- Creating the event based on the parsed data
- Checking the clients' message subscription
- Generating and sending corporate action notification in ISO 20022 or ISO 15022 to the relevant CSD participants
- Delivering the notification on the CSD Participants U2A GUI.

For preliminary and incomplete notifications, Euronext Securities will not supplement missing information from external sources. Instead, it will await an event update from the Issuer CSD, process the additional data according to the data cleansing process, and update the event's golden record accordingly.

In addition:

- If the COAF is provided by the Issuer CSD/Local Custodian, it will be communicated to Participants/Account Controllers/Investors
- A unique Corporate Event Reference Number (CORP) is generated for each event and sent to Participants/Account Controllers/Investors
- If the SRDC indicator is provided by the Issuer CSD/Local Custodian, it will be reported to Participants/Account Controllers/Investors.

### 5.2.2.1 Late events creation

In case the event is created by ES upon reception of MT564 NEWM/seev.031 after Reference Date the processing will be as following:

- Event will be announced, according to subscription, to Participants/Account Controllers/Investors upon creation and the 1<sup>st</sup> CA event announcement will always be a NEWM message

- Entitlement will be calculated based on the position at Record Date (even in case of potential changes in the holdings after the Record Date) and notified, according to subscription, to Participants/Account Controllers/Investors, Issuers/Issuer Agents and Paying Agents
- Settlement instruction for cash and security movements will be generated based on Record Date position with Trade Date = Business Date and Value Date = Payment Date of the event
- The security booking on client side will be triggered when the received MT566 will be reconciled with market entitlements.
  - If the MT566 is received while the event is not created, the market payment will need to be reconciled with the received payments in order to trigger client payments
  - If the MT566 is not received/not processed for any technical reason, the market payment will need to be received, this will trigger the reconciliation and client payments.

In case instrument is de-activated on Payment Date, the settlement instruction can still be settled in T2S.

## 5.3 Event update

### 5.3.1 Issuer CSD Business

When ES acts as Issuer CSD:

- Non-predictable events can be updated by Issuer/Issuer Agent in U2A GUI (update for predictable event is not allowed through U2A GUI)
- Predictable events will be updated automatically when instrument referential data and loan schedule information will be updated.

#### 5.3.1.1 Non-predictable events update

##### CA update before provisional entitlement calculation

If event data are updated before provisional entitlement calculation, replacement messages will be sent to Participants/Account Controllers/Investors according to subscription. Updates will be also visible in U2A GUIs.

##### CA update after provisional entitlement calculation

If event data are updated after provisional entitlement calculation, related entitlements will be cancelled, then:

- CA update Notifications (MT564/seev.031 REPL) will be sent to subscribers
- Entitlements will be recalculated in the next EOD provisional entitlement calculation
- Preliminary entitlements notifications will be sent EOD (MT564 REPE/seev.035) to Participants/Account Controllers/Investors/Issuer/Issuer Agent/Paying Agent according to their respective subscriptions and to dedicated GUIs.

##### CA update on Record Date before final entitlement and before the cut-off time for event creation/update

If event data are updated on Record Date before final entitlement calculation, related entitlements will be cancelled:

- CA update Notifications will be sent (MT564/seev.031 REPL) to subscribers
- Entitlements will be recalculated automatically to cover late CA creation/update (16:30 CET)
- Final entitlements notifications (MT564 REPE CAPA/seev.035) will be sent EOD to Participants/Account Controllers/Investors, Issuer or Issuer Agent, Paying Agent according to their respective subscriptions and to dedicated GUIs.

#### **CA update On Record Date before final entitlement and after the cut-off time for event creation/update**

- In case event is updated on Record Date after the cut-off time for event update (after 16:15), entitlements calculation will be manually launched. The notifications MT564/seev.031 REPL and MT564 REPE/seev.035 REPE will be sent EOD to Participants/Account Controllers/Investors, Issuer or Issuer Agent, Paying Agent according to their respective subscriptions and to dedicated GUIs
- Final entitlements notifications (MT564 REPE CAPA/seev.035) will be sent EOD to Participants/Account Controllers/Investors, Issuer/Issuer Agent, Paying Agent according to their respective subscriptions and to dedicated GUIs.

#### **CA update On Record Date after final entitlement**

If event data are updated on Record Date after final entitlement calculation:

- If settlement instructions are already generated and paid, a reversal request will be triggered before updating the event
- If settlement instructions are not already generated, entitlements will be cancelled and will be notified via seev.044, MT564/seev.031 REPL will be sent for CA update
- If settlement instructions are generated but still pending, client payments and final entitlements will be cancelled by ES. Final entitlement cancellation will be notified to Participants/Account Controllers/Investors through seev.044.

#### **5.3.1.2 Predictable events update**

The Issuer/Issuer Agent can send updates on loan data according to the following process:

1. The Issuer/Issuer Agent will update the referential data following the current procedure via the legacy applications of each CSD
2. Based on the updated referential data (updates could be next Coupon Date, next Coupon Rate, etc.), ES will re-calculate the loan schedule
3. Update to the loan schedule will generate an event update.

Please note that this procedure will have the following limitations:

- Referential data updates will be received, and loan schedule re-calculated before the Business Date exceeds the current loan schedule period End Date
- Changes in the event type (from INTR to PINK or from PCAL to MCAL) will create a new event but the old event will not be automatically cancelled

- Changes resulting in shifting the End Date more than 5 calendar days will also result on the creation of a new event without the cancellation of the old events
- Changing in the already closed period will require a special procedure involving changing the Business Date a backdated date, so will be very limited.

### 5.3.2 Investor CSD Business

Same rules for event update apply to all the events whether they are created when ES is acting as Issuer CSD or Investor CSD.

When ES acts as Investor CSD, events can be updated automatically from ISO Messages MT564 (REPL, REPE)/seev.031.

If message is received after Record Date, the CA update will be blocked since entitlements are already calculated. ES will proceed with the cancellation of the entitlements, validation of the CA update and recalculation of the entitlements.

## 5.4 Corporate action cancellation

### 5.4.1 Issuer CSD Business

When ES acts as Issuer CSD, Issuer/Issuer Agent can request the event cancellation directly to ES via the U2A GUI.

For settled events, payments, entitlements and instructions (client and market side) will be reversed prior to the cancellation of corporate action event.

Participants/Account Controllers/Investors/Issuer Agent/Paying Agent will be notified of the successfully cancellation through the notification (MT564 WITH/seev.039).

If the notification of the CA event is not sent out to eligible clients (for example: event in preliminary status not yet notified), then cancellation notification will not be generated.

### 5.4.2 Investor CSD Business

When ES acts as Investor CSD, the event will be cancelled automatically following the reception of cancellation messages (MT564 CANC/seev.039).

## 5.5 Eligibility calculation

### 5.5.1 Client Eligible Position

ES will calculate Client eligible positions segregated per:

- Client Securities account
- Position Nature
- Technical issuance account/nostro (mirror) account (in case of Investor CSD Business).

When generating the MT564/seev.031, the eligible position will be disclosed by position nature (Balance type).

Each balance type could result in a different processing for the proceeds.

### **Case of positions blocked upon CERT CA event processing**

When ES acts as Investor CSD, on CERT event, upon reception of instruction from participants or application of the default option, positions are blocked with CUS3 restriction type. In such a case, in the next to come events (INTR, DVCA, etc) the positions of participants with CUS3 will not be considered as eligible to the new events.

### **Portugal market specific**

For Euronext Securities Porto, a dedicated process is foreseen to deal with a specific eligibility of securities accounts belonging to the Issuer and having the account category "E".

### **French market specific**

For French securities, Euronext Securities Milan will manage dedicated earmarking to manage entitlement exclusions, for bearer and registered securities.

Based on valid instructions, from CSD participants, positions are earmarked (e.g., using codes such as EREF or ECOM) to identify quantities that, while otherwise eligible, must be excluded from entitlement calculations.

CSD participants may initiate these earmarking actions either directly or indirectly, using an intra-position movement instruction (semt.013) or free of payment (FoP) settlement instruction (e.g., sese.023).

This mechanism ensures that such positions are not taken into account for proceeds calculation and are instead correctly reflected in the Issuer CSD books under the appropriate French issuer CSD account nature or "NDC" 014, 015, 016 and 017, in line with applicable market practice.

The earmarking must be lifted by CSD participants after the event payment date, in accordance with corporate action processing standards.

## **5.5.2 Market Eligible Position**

Market eligible position will be calculated in order to evaluate the expected amount or quantities to be received from the Paying Agent or Issuer Agent in an Issuer CSD context or linked Issuer CSD in an Investor CSD context.

Market Eligible Positions will be calculated based on the consolidation of client eligible position and will be segregated by position nature and nostro (mirror) account.

### 5.5.3 Restriction

For some corporate action events, Issuer may set restrictions on eligibility to a corporate action.

Restrictions may include:

- Clients' residency/Citizenship restrictions: such a restriction to include or exclude residents of specified countries/country of citizenship to participate to the corporate action event
- Qualified Investor restriction: a company may open an offer only to Qualified Investors
- Holdings' restrictions: setting a minimum position holding quantity.

Restrictions could be received in U2A GUIs (when ES acts as Issuer CSD) and within the tag 70 E of the MT564 under qualifier INCO/COMP and mapped at the incoming comments of the corporate action event.

Specified restrictions will be taken into consideration when calculating the eligible positions for a given event.

For elective events at the client instruction level:

- Only clients eligible to an option/event will be allowed to instruct
- Instruction will be rejected for client excluded from the event.

Standing/Default instruction will not be generated for excluded clients.

## 5.6 Entitlement process

### 5.6.1 Issuer CSD Business

#### 5.6.1.1 Provisional and final Entitlement calculation

For mandatory without choice events, starting several business days before the Record Date (10 for OSL, 7 for CPH and MIL, 5 for PTO) of a corporate event, ES will begin to simulate **provisional entitlements**, both in cash and securities, based on the EOD settled positions. Notification of these simulated entitlements will be sent to:

- Participants/Account Controllers/Investors via Corporate Action preliminary advice notification (MT564 REPE/seev.035) and/or through U2A GUI consolidated per option type, securities account and Position Nature
- Issuers/Issuer Agents/Paying Agents via Corporate Action preliminary advice notification (MT564 REPE/seev.035) and/or Issuer/Issuer Agent U2A GUI, consolidated per event.

Those notifications will be generated and sent on a recurring basis EOD until the Record Date of the event, based on reporting subscriptions.

Pre-entitlement calculation will not be processed until missing data will be provided by the Issuer/Issuer Agent.

For elective events preliminary entitlements will be calculated taking into consideration valid instructions received.

At Record Date EOD, ES will calculate the **final entitlements** of the event, based on the settled positions. Notification of the final entitlements will be sent to:

- Participants/Account Controllers via Corporate Action final entitlement notification (MT564 REPE CAPA/seev.035) and/or through Participant U2A GUI, consolidated per option type, securities account and Position Nature
- To Issuers/Issuer Agents and Paying Agents via Corporate Action final entitlement notification (MT564 REPE CAPA/seev.035) and/or through Issuer/Issuer Agent U2A GUI, consolidated per event
- Investors via letters/emails and/or through Investor U2A GUI.

The entitlement will be calculated, when applicable, both in cash and securities based on eligible balances in Participants/Account Controllers/Investors accounts and the specific corporate event involved.

For cash and security events, Issuer/Issuer Agent will receive a single message including cash and security movement. Paying Agent will receive only cash movement notification.

The balance types reported through the different communication channels will be those specified by the ISO standards (i.e., SETT, ELIG, PEND, PENR, etc.).

If the Participant/Investor cash/securities account has not been provided/added before RD, the default cash account will be applied on RD (for Euronext Securities Milan and Euronext Securities Oslo, only for cash credit payment).

For debit cash payment, the default cash account will not be used, the account will be excluded from being paid in order to avoid blocking payments for other accounts.

In case of entitlement cancellation, there will be 3 different scenarios:

- If settlement instructions are not yet generated, following the entitlements cancellation, seev.044 will be sent for entitlement cancellation
- If settlement instructions are generated but still pending, client payments will be cancelled, as a result, sese.20 will be generated. Then entitlements will be cancelled and seev.044 will be generated
- If settlement instructions are already generated and paid, no seev.044 will be generated in this case, a reversal request will be triggered.

### Portugal market specific

A specific treatment is foreseen for securities accounts belonging to the Issuers (so-called **accounts with category "E"**) to:

- Exclude these accounts from the cash credit payments in case of:

- “Cash Distribution” events involving a cash credit (e.g. INTR). In this case the cash will not be credited for the accounts of type E
- “Reorganisation” events involving a cash credit (e.g. REDM, MCAL). In this case the cash will not be credited for the accounts of type E, but the entitled securities will be debited
- Exclude these accounts from the resulting securities credit in the mandatory CONV events on debt instrument. The debit of the entitled securities will still be done. For conversion on non-bond instrument (shares, funds etc.) the distribution of the resulting securities will be processed
- Do not allow the instructions processing for these accounts. If an instruction is received for the account type E, the instruction will be rejected automatically by ES and an instruction status advice MT567 REJT/seev.034 will be sent to Participant/Account Controller.

### 5.6.1.2 “Nil Payment” Entitlements

Client entitlements will be calculated as “Nil Payment” if the interest rate/price is too low (or zero), or positions are too low, resulting in payments of value zero, or if all entitled accounts belong to the category “E” where no payment is to be processed.

In this case the entitlements amounts will be set to zero and Participants/Account Controllers/Investors as well Issuers/Issuer Agents and Paying Agents will be notified consistently via MT564/seev.035.

### 5.6.1.3 Rounding rules

ES will comply with harmonised corporate action standard rounding rules when:

- Calculating cash or securities payments, and consequentially
- Passing on the event ratio in the processing chain, with no rounding or truncation.

### Cash rounding rules

Corporate actions cash payments will be rounded down to the number decimals place permissible with the currency of payment (e.g., two decimals place for EUR payments). The rules on round down will apply at the CSD and all the way down the custody chain to the last intermediary. It will be left to the discretion of the last intermediary as to which rounding rules it applies.

#### Example of cash rounding

A cash payment of 2.134.555,567 EUR will be rounded down to 2.134.555,56 EUR.

### Securities rounding rules

Corporate action securities payments will be rounded down to the nearest full unit based on the minimum Settlement Unit (MSU) which determines whether the nearest full unit is a whole number (for example 1) or another decimal number (for example 1.1).

#### Example of securities rounding (FAMT)

- Event ratio (NEWO)= 1:3
- Cash in lieu = no
- Eligible position = 1000 FAMT
- Settlement Unit Multiple = 100
- Entitlement =  $1000/3 = 333,333333333$
- Rounded security payment = 300 (FAMT).

Issuer/Issuer Agent may also choose to use "Lot" calculation method for attributing securities. In case it is used, the attribution of resulting securities will occur only if a minimum lot of underlying securities is available in the securities balance. Issuer /Issuer Agent can decide if fractions will be paid or not.

The attribution of the resulting securities will be done iteratively for each minimum matching lot. Here below is an example for the calculations applied for this method:

**Example:** Corporate event for which "lot" is setup as the method, with ratio being - for each lot of 2 underlying securities 3 resulting securities will be granted/received. In case the Securities account balance contains fewer than 2 underlying securities, nothing will be granted/received, with the following possible example of attributions:

Securities balance	Securities to be received/granted	Notes
1	Nothing is received (0)	Securities balance is below the minimum lot.
2	3	Lot of 2 matched, and 3 securities are granted.
3	3	Lot of 2 matched, and 3 securities are granted. The remaining 1 security in the securities balance doesn't match the minimum lot, and doesn't result in any additional securities being granted.
4	6	Lot of 2 matched fully twice, and for each lot 3 securities are granted, resulting in 6 securities being granted.

#### 5.6.1.4 Fractions management

Stock fractions originated by a corporate event will be handle by ES according to the fraction's indicators (Actual, Down, Nearest, Up) received or input within the CA information.

If the event does not imply a cash compensation of securities fractions, ES will round the quantity of securities down to the nearest full unit, discard fractions and notify the Participants/Account Controllers/Investors according to their subscriptions via A2A ISO messages and U2A GUI<sup>15</sup>.

<sup>15</sup> In some cases, the Issuer compensate the fraction in cash based on rounding on the underlying security. Such information is entered directly by the Issuer/Issuer Agents in U2A GUI within the CA details.

If the Issuer/Issuer Agent announces a payment of cash in lieu (i.e., a fraction compensation in cash) the securities distributions will be processed by rounding down to the nearest integer and fractions will be compensated in cash.

ES will calculate the final fraction amounts depending on the initial availability (or not) of the fraction price:

- If fraction price is initially available at the event level, entitlements will include the final fraction amounts starting from the first preliminary entitlement calculation
- If the fraction price is initially unknown, ES will update client cash entitlement as soon as the fraction price is communicated by the Issuer/Issuer Agents.

The fraction price could be updated directly into the event in U2A GUIs by the Issuer/Issuer Agent and will be notified, according to subscriptions, in preliminary advice/final entitlement notification (MT564 REPE/seev.035) and in the payment confirmation (MT566/seev.036).

On Payment Date, ES will generate payment confirmation MT566 including the credit of fractional quantity.

## 5.6.2 Investor CSD Business

Same rules for entitlement calculation will apply to all the events whether they are created when Euronext is acting as Issuer CSD or Investor CSD, except for final entitlement.

If there is any update on the position at Record Date EOD, ES will automatically cancel and recalculate the final entitlements, client and market side. Then the final entitlements will be sent via MT564 REPE CAPA/seev.035, according to subscription.

ES will also support fraction management in case the fraction price is communicated after the Payment Date.

### 5.6.2.1 Fraction management

The fraction indicator at event level will be received via MT564/seev.031. Specifically, ES will set the calculation rule according to the Disposition of Fractions Indicator received in the tag :22F::DISF. Consistently, the Disposition of Fractions Indicator (:22F::DISF) will be generated in the outgoing MT564/seev.031 under security movement.

If the fraction calculation results in extra share, the extra share will be allocated to one Participant/Investor updating the security movement for the resulting ISIN by adding 1 share.

For the cash fraction payment, the received MT566 will not be reconciled with ES entitlement since it is a netting for the total fraction amount to be paid to the clients.

The type of rounding applied to underlying or outturn will be known after reception of the MT566 fraction payments, so ES will update the cash fraction entitlements by adjusting the fractional quantity.

The cash fraction payment will follow the same cash workflow as main payments.

For Cash fractions subject to market claims, the market claim will be generated only when the price will be communicated.

## 5.7 ISIN preclusion

ES will automatically request ISIN preclusion (in T2S insertion of a restriction at an ISIN level that forbid settlement on this ISIN) on EOD of the Reference Date for events involving securities movements to prevent any changes in the holdings that might affect the calculation of the CA event.

The blocked securities will be unblocked automatically by ES:

- When the settlement confirmations related to the securities movements concerned will be received
- When event has all entitlements "Nil Payment" at RD EOD
- When there will be no eligible holdings for the event at RD EOD.

## 5.8 Payment process

All corporate event payments will be made only upon reception of the proceeds from the Paying Agent/Issuer CSD/Local Custodian and will be processed on Payment Date of the event in accordance with, as applicable, the Central Banks calendars or the calendars of the currencies involved for payments in commercial bank money. ES does not offer any contractual payment service.

Any tax aspects affecting corporate event payments, when applicable, while acting as Issuer or Investor CSD will be considered by ES based on the information provided by the Participants/Account Controllers/Investors. In particular, ES complies by default with the general tax obligations present on each relevant market. Specific relief at source procedures are available on ES websites.

### 5.8.1 Issuer CSD Business

When ES acts as Issuer CSD, the payment will be debited from the Issuer/Issuer Agent/Paying Agent and distributed to the Participants/Investors.

ES will generate PFOD or FOP settlement instructions to credit or debit cash and securities proceeds from the issuance account and/or the Paying Agent DCA to the Participants/Investors cash and securities accounts in T2S.

#### 5.8.1.1 CeBM cash payments

ES will generate PFOD settlement instructions at Payment Date - 1 EOD for each security holder, based on the cash account details provided at the membership level. ES will send several PFODS to debit the mandated Paying Agent's cash account for the total cash amount to be distributed and credit the cash accounts of the Participants/Investors (for Euronext Securities Porto, Euronext Securities Copenhagen and Euronext Securities Oslo).

For mandatory events those settlement instructions will be created per position nature and pooled together per corporate event.

For Corporate Action payments that have to be settled in T2S, a distinction is made between the payment of cash from:

- Holdings in T2S accounts:
  - Payments will be made per event on T2S DCA
- Holdings in Euronext Securities Copenhagen accounts (i.e., holdings aggregated into technical offset account in T2S):
  - Payments will be made per event

Subsequently, ES will forward these instructions to the Settlement System to be included in the first available settlement cycle of the corporate event Payment Date (i.e., the Night-Time Settlement cycle in T2S).

Upon receiving confirmation of the settlement from the Settlement System, ES will generate the relevant corporate event confirmation messages for the Participants/Account Controllers/Investors, Issuers/Issuer Agents and Paying Agents via U2A GUI and A2A ISO messages (MT566/seev.036).

If the payment is not executed by noon on the Payment Date, according to SCoRE standards, a status process notice will be sent based on information provided by the Issuer/Issuer Agent.

### Norway market specific

For the Issuer CSD Business in Norway, the payment process described previously considers the following market specificities:

- PFOD settlement instructions will be generated to debit the Paying Agent's Payment Banks VPO LOM and credit the Participants Payment Banks VPO LOMs in Norges Bank. These settlement instructions will be included in the first settlement cycle available for the corporate event Payment Date in VPO at 06:00. For Investors receiving a cash distribution, a payment validation service<sup>16</sup> will be conducted on the bank accounts where the corporate action payments have to be credited. For validated accounts payments will be made to the Investors bank account, for invalid account the Issuer Agents default account will be credited
- PFOD settlement instructions will be netted by VPO and the net payment per Payment Bank will be sent through payments messages to Norges Bank. After finalisation of the settlement batch, Norges Bank will confirm the cash settlement back to VPO
- Once confirmation of settlement will be received from Norges Bank, ES will generate all the corporate event confirmations to Participants/Account Controllers/Investors.

---

<sup>16</sup> KAR validation etc.

## Italy Market Specific

Euronext Securities Milan will generate PFOD settlement instructions at Payment Date - 1 EOD. ES will send a settlement instruction to debit the mandated Paying Agent's cash account for the total cash amount to be distributed and credit the corporate events cash account of the CSD.

At the same time, ES will generate the PFOD payment instructions for each security holder, based on the securities account details provided at the membership level. ES will send several PFODS to debit the CSD cash account of the distributed cash amount and credit the cash accounts of the Participants. All these generated instructions will be pooled together per corporate event using link WITH (link AFTER for Italian government bonds).

In the context of ancillary payments services provided by ES-MIL to Issuers, Paying Agents might be allowed to execute payments via T2; in such scenario, client payment will be stopped until the funds will be received in the CSD T2S cash account.

Specifically:

- The Paying Agent will credit Euronext Securities Milan cash account in T2 via pacs.009 (including CA reference)
- Once the payment will be received, the cash will be transferred from Euronext Securities Milan T2 cash account to Euronext Securities Milan T2S cash account
- Once the cash transfer will be confirmed, PFODs will be generated to debit Euronext Securities Milan T2S cash account and credit Participant cash accounts.

If the client cash account is not communicated on time (before Payment Date - 1 EOD) settlement instruction will be generated using CSD default cash account. Once the valid cash account will be communicated by the Participant, then cash amount will be transferred from the CSD cash account to the Participant cash account.<sup>17</sup>

### 5.8.1.2 CoBM cash payments

ES will submit payment instructions to debit the bank of the Paying Agent and credit ES Account. When the client payments will be calculated, ES will submit payment instructions to debit ES Account and credit client bank cash account.

Specifically, in case of **cash credit** in currency different than EUR, a camt.057 "Notice to Receive" will be sent to the Payment Bank. Once confirmed, camt.054 will be received to settle the cash order.

---

<sup>17</sup> Note that even if the settlement is executed on Euronext Securities Milan DCA, payment confirmation messages (MT566/seev.036) will be anyway sent to Participants/Account Controller. Such messages will contain the details of the cash account used for settlement.

In case there is a power of debit in place<sup>18</sup>, ES will directly debit the Payment Bank account via pacs.010 (instead of relying on camt.057).

As soon as the cash transfer will be settled, ES will send payment instruction to debit ES account and credit client cash account via pacs.009. The cash transfer will be confirmed via camt.054.

In case of **cash debit** in currency different than EUR, ES will generate the cash transfer to debit the client account and credit ES account; a camt.057 "Notice to Receive" will be sent to the Correspondent Bank. Once confirmed, camt.054 (including CA event ID) will be received to settle the cash order.

As soon as the cash transfer is settled, ES will send payment instruction to debit ES account and credit client cash account via pacs.009. The cash transfer will be confirmed via camt.054.

As soon as confirmation of the bookings is received, ES will send Payment Confirmation via MT566/seev.036 to the Participants/Account Controllers/Investors.

For Participants/Investors that will not provide the relevant cash coordinates for the payment instruction generation on non-T2S eligible payments, ES may apply the foreign exchange (FX) process with timeline agreed with clients. On Payment Date the proceeds will be converted in T2S eligible currencies, based on the market to which the event pertains, and the payments will be then generated as described above, along with the relevant corporate event notification specifying the applied FX rate.

If the payment is not executed by 16:30 on the event Payment Date, in accordance with SCoRE standards, a status process notice will be sent, using the information provided by the Issuer/Issuer Agent.

### Italy Market Specific

This process does not apply to Euronext Securities Milan Issuer CSD.

#### 5.8.1.3 Securities payments

At Payment Date - 1 EOD, ES will generate FOP settlement instructions for each security holder. ES will send several FOPS to debit the Issuance account (or Issuer securities account for Euronext Securities Milan) for the total securities to be distributed and credit the Participants/Investors securities account.

Subsequently, ES will forward these instructions to the Settlement System, to ensure inclusion in the first settlement cycle available on Payment Date (PD) (i.e., the Night-Time Settlement cycle in T2S and the first available settlement cycle in Norway).

---

<sup>18</sup> Applicable for example to Euronext Securities Porto.

Upon receiving confirmation of the bookings from the Settlement System, ES will generate the relevant corporate events confirmation messages for the Participants/Account Controllers/Investors, Issuers/Issuer Agents and Paying Agents via U2A GUI and A2A ISO.

#### **5.8.1.4 Cash and Securities payments**

In case of CA events involving several proceeds (e.g., cash and securities proceeds for REDM), ES will wait until the reception of the settlement confirmation of both cash and securities movements before sending the payments confirmations. Cash and securities movements confirmation will be sent via the same MT566/seev.036.

#### **5.8.1.5 Green light process**

As described in the previous section, by default, the payment instructions to debit Paying Agent account will be generated at Payment Date - 1 EOD. However, it will be possible for the Paying Agent to activate in U2A GUIs a specific functionality to prevent the generation of payment instructions for an event (this is the so-called "green light mechanism").

Paying Agent will be allowed to request the greenlight mechanism until Payment Date-1 17:00 CET (In Euronext Securities Oslo the Paying Agent can stop the payment until 15.00 CET on Payment Date-1).

The Paying Agent will be able to release the payment previously put on hold through U2A GUI. Release of payment instructions can be done before or after EOD.

### **5.8.2 Investor CSD Business**

#### **5.8.2.1 CeBM cash payments**

Market payment will be calculated upon reception of payments confirmation via MT566/seev.036 sent by the Issuer CSD/Local Custodian.

If the Issuer CSD/Local Custodian could not notify the payment confirmation, it can request to create the market payment directly to ES.

Once a market payment will be created, reconciliation process will be triggered between the calculated market entitlement, sum of client entitlements, and the received market payment.

The total reconciliation will automatically trigger the client payments.

Payment confirmation will be notified via MT566/seev.036 to Participants/Account Controllers/Investor according to subscription.

If event has no holding until RD, it will be closed according to the number of days configured for the automatic CA closure regardless the holding.

#### **Italy Market Specific**

For Euronext Securities Milan, in case the payment is a deferred payment coming from Euroclear Bank, it would be possible to have an additional reconciliation step by receiving

a MT567 RECD/camt.054 from the linked Issuer's CSD prior to proceeding to the client payments.

In case of payments from ICSDs, once the cash amount will be received in T2, it will be transferred from Euronext Securities Milan T2 cash account to Euronext Securities Milan T2S cash account. As soon as such cash transfer is confirmed, then settlement instructions will be generated to debit Euronext Securities Milan T2S cash account and credit Participant cash accounts.

For EUR Payments, if the Participant does not provide the relevant cash account, Euronext Securities Milan default DCA will be applied on PD - 1 EOD (the process is the same already described for the Issuer CSD Business).

### 5.8.2.2 CoBM cash payments<sup>19</sup>

In case of client **credit** for non-T2S eligible currencies, ES, upon receiving confirmation of the payment<sup>20</sup> from the Issuer CSD/Local Custodian, will submit the relevant payment instructions to the Issuer CSD/Local Custodian to debit its own cash account and credit the relevant correspondent bank, provided by the Participant/Investor at membership level.

Upon confirmation of the bookings, ES will generate the relevant corporate events confirmation messages for the Participants/Account Controllers/Investors via U2A GUI and A2A ISO.

For Participants/Investors that will not provide the relevant cash coordinates for the generation of payment instructions on non-T2S eligible payments, ES may apply the foreign exchange (FX) process with timeline agreed with clients. On Payment Date, the proceeds will be converted in T2S eligible currencies, based on the market to which the event pertains, and the payments will be generated as described above, along with the relevant corporate event notification of the applied FX rate.

If the Participant does not provide the relevant cash account in EUR, Euronext Securities Milan default DCA will be applied.

In case of client **debit** for non-T2S eligible currencies and specifically for elective events, ES generates client payment upon reception of a valid instruction (for example for EXER option in an EXRI event) and related entitlement calculation.

A notice to receive (camt.057) will be sent to Participants/Account Controllers to debit Participant cash account and credit ES DCA.

---

<sup>19</sup> Not applicable for Euronext Securities Porto

<sup>20</sup> The credit of ES cash account is notified via camt.054 (such message should include the same CA event ID received in the MT566/seev.036).

Upon reception of the payment confirmation for the cash debit (camt.054), market instruction can be then sent to the Issuer CSD/Local Custodian.

### 5.8.2.3 Securities payments

On Payment Date, the reception of the MT566/seev.036 from the Issuer CSD/Local custodian will trigger the reconciliation process. If there is no reconciliation mismatch, client payments will be generated automatically. As a result, CA settlement instructions sese.023 will be generated to debit ES securities mirror account and credit Participants securities account.

Payment confirmation will be sent to Participants/Account Controllers via MT566/seev.036, cash and securities payments.

For payment confirmation, ES will generate the client payments in one single message MT566/seev.036 per option including cash and security payment if they will be paid at the same time. If they will be paid in different timing, separate messages will be generated.

## 5.8.3 FX request

In the frame of corporate events payments, an FX operation can be carried out by ES CSD in the scenario described in the following paragraphs.

The FX rate applied and FX amount are communicated, according to subscriptions, to CSD Participants/Account Controllers/Investors in tMT566/seev.036.

### Mandatory events<sup>21</sup>

When the CSD Participant has not provided the cash account in the relevant CA payment currency, the related cash amount to be distributed will be converted to EUR (NOK for Euronext Securities Oslo) and credited to EUR (NOK for Euronext Securities Oslo) CSDP cash account.

### Market claims

Similarly, in case of **market claim credit** in foreign currency, cash amount will be converted to EUR when the CSD Participant has not provided the cash account in the relevant CA payment currency.

In case of **external/cross market claims debit** in foreign currency, CSDP EUR account can be used for the payment if:

- The CSD Participant has not provided cash account in the relevant currency

---

<sup>21</sup> FX process will not be offered for elective events.

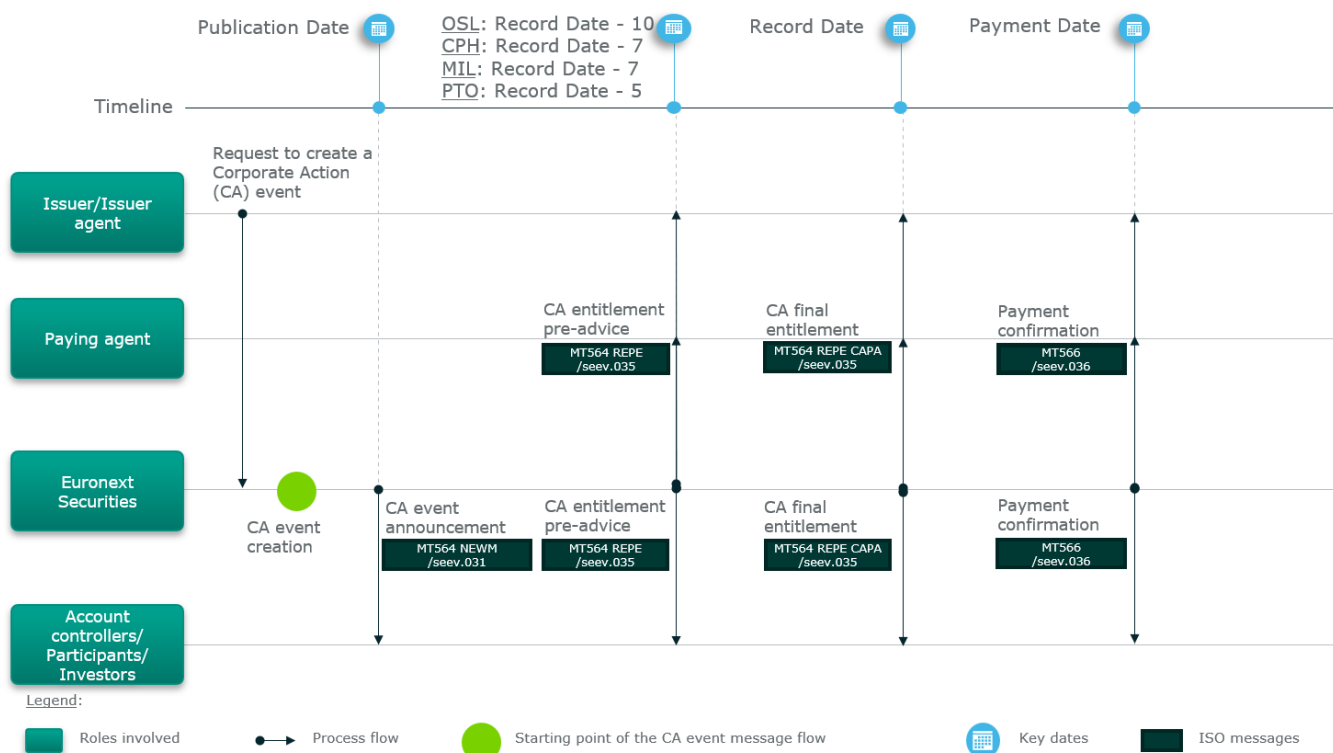
- The CSD Participant has a cash account in the relevant currency but has not provided the funding.

## Reversals

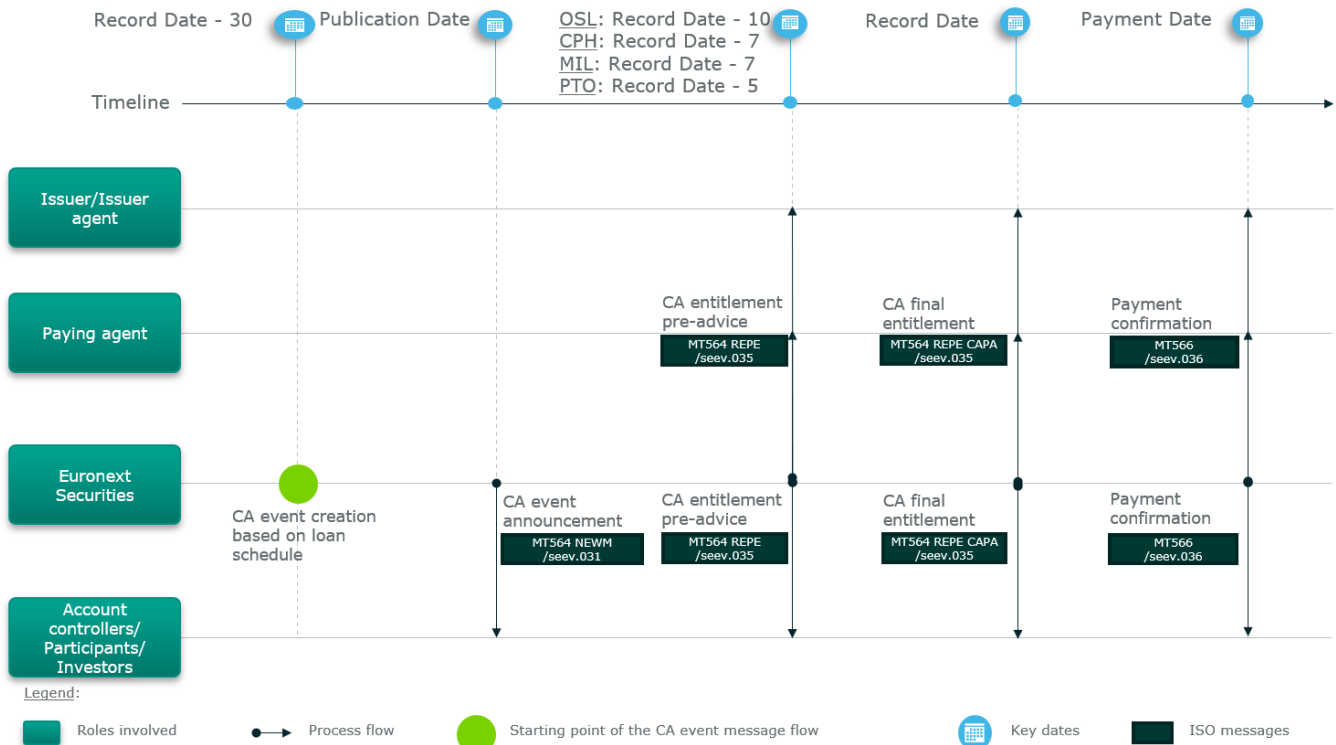
Reversal in CoBM, can be subject to FX operations, in case after two days the CSD Participant has not executed the payment in the expected foreign currency.

## 5.9 Mandatory Events Timeline–Issuer CSD

### Mandatory Events Timeline

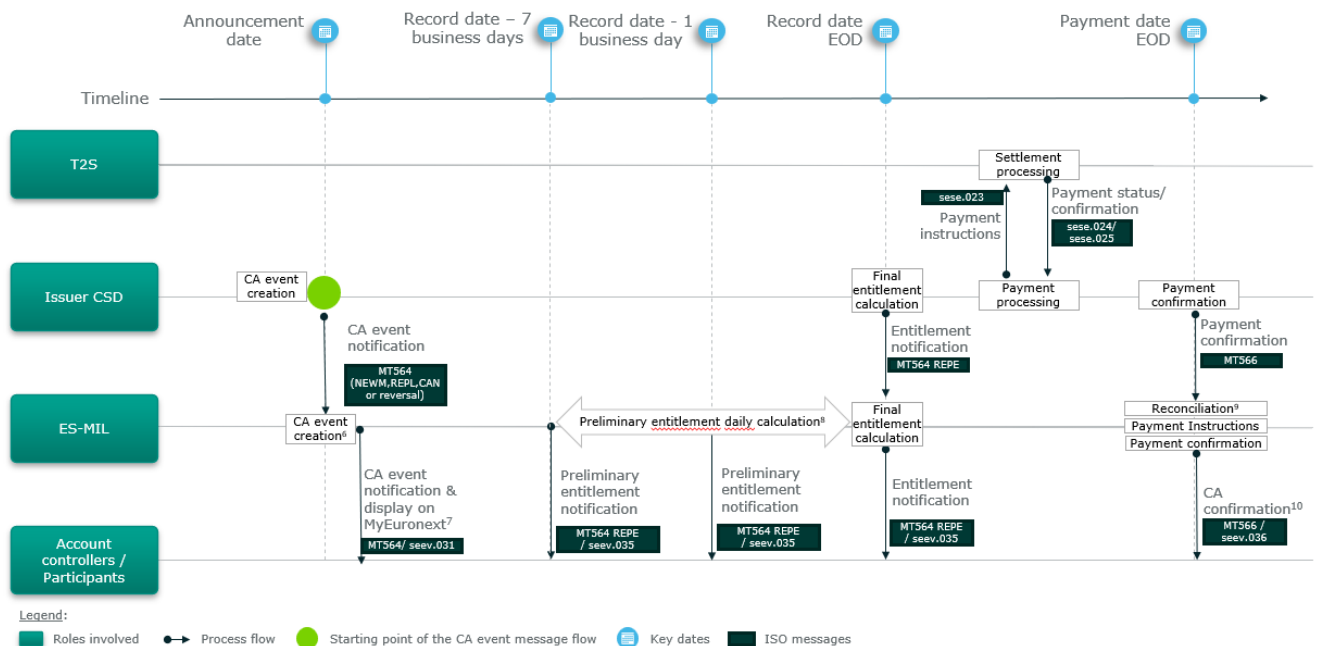


## Predictable Events Timeline



## 5.10 Mandatory Events Timeline–Investor CSD

The following flow applies on Euronext Securities Milan, when acting as investor CSD.



**Notes:**

- (1) Mandatory corporate action events are created based on the issuer CSD's MT564 NEW message. The same process applies in cases of updates, cancellations, or reversals.
- (2) Mandatory corporate action events are created based on the issuer CSD's MT564 NEW message. The same process applies in cases of updates, cancellations, or reversals.
- (3) Preliminary entitlements are calculated and notified starting 7 business days prior to the event payment date.
- (4) Upon receiving the issuer CSD's MT566 message, a payment reconciliation process is initiated to ensure the received amount and/or quantity is accurate.
- (5) Once the payment reconciliation is completed, we generate payment instructions. Payment confirmation messages are generated and sent as soon as the settlement is confirmed. Depending on your message subscription, you may receive an MT566 or a seev.036. The same information is reported on the MyEuronext interface.

## 5.11 Reversals

The reversal process applies to any corporate event payment where the proceeds are returned to the Paying Agent (when ES acts as Issuer CSD), or to the Issuer CSD/Local Custodian (when ES acts as Investor CSD). The reversal process is relevant in cases where an error has occurred during processing of the CA event after the settlement is done.

Reversals will be announced in A2A and U2A modes to Participants/Account Controllers/Investors and executed on the defined Execution Date in accordance with established best practices<sup>22</sup>.

The applicability of reversal processes in each country where ES operates is also subject to the provisions foreseen in the local legislation of those countries and respective market practices. This could imply that our service offering may be limited due to legal or other pertinent constraints in those markets.

---

<sup>22</sup> For events involving client instructions (elective events) and/or tax breakdown instructions, the reversal will be executed with a higher priority; therefore implying the cancellation of the instructions. In case of linked events (e.g. RHDI and EXRI/DVOP), the reversal of each event will be handled separately; hence two separate reversal requests should be foreseen.

The reversal process will impact all the movements related to a corporate event (cash and securities), including fractions and market claims.

## Reversal Reason

The Reversal Payment Date and the reversal reason will be communicated to the Participants/Account Controllers/ Investors in the reversal pre-advice.

As per corporate action standards, the current list of possible reasons for a corporate action event reversal are listed in the table below.

Reason	Description	Reason code
Day count basis difference	Difference in day count basis.	DBCD
Funds Not Received	Funds have not been received.	FNRC
Incorrect Value Date	Value Date is incorrect.	IVAD
Incorrect Record Date	Record Date is incorrect.	IREDD
Incorrect price	Price is incorrect.	IPRI
Undue payment	Payment is not due.	UPAY
Incorrect event level tax rate	Event level tax rate is incorrect.	IETR
Incorrect payment currency	Payment currency is incorrect.	IPCU
Payment outside clearing system	Payment will occur outside of clearing system.	POCS
Narrative text has to be populated	Narrative text has to be populated.	NARR

## 5.11.1 Issuer CSD Business

### 5.11.1.1 Reversal request creation

An Issuer/Issuer Agent/Paying Agent can initiate a reversal process by submitting the proper request directly to ES.

The reversal request will include the following mandatory data:

- CA event reference
- Reversal date
- Reversal reason.

The reversal should be announced at least one business day before the Reversal Payment Date.

#### **5.11.1.2 Reversal request processing**

##### **Reverse payment only**

If the CA update impacts the terms of the cash CA resulting movements, two cases will be possibles:

- Correct/Update the existing event on the same day as the reversal and send the booking instructions for the reversals and the corrected payments on the same value date
- Correct/Update the existing event, the new Payment Date is different from the Reversal Date, the Reversal instructions will be generated prior to the booking of corrected payment.

For both cases, the processing will be the following:

1. Pre-advice of reversals will be generated via MT564/seev.035 with the reversal reason and the Reversal Payment Date
2. CA event will be updated (with the modified price/rate and the new Payment Date of the CA event) and notified via MT564 REPL/seev.031
3. Updated entitlements will be recalculated accordingly by ES
4. At EOD of the Reversal Payment Date - 1 business days EOD, settlement instructions for the reversal as well as for the new payments will be generated
5. Upon reception of settlement confirmation, ES will create reversal confirmations (MT566 REVR/seev.037) and payment confirmation (MT566/seev.036).

Eligible clients will be notified according to their subscription.

##### **Reversal and withdrawal**

If the CA update impacts the main terms of the CA/entitled security (such as the event type, Ex-Date or the Record Date), a new CA event will be created on the same day as the reversal and the booking instructions for the reversals and the corrected payments will be sent on the same value date .

The processing will be the following:

1. Pre-advice of reversals will be generated via MT564 ADDB/seev.035 with the reversal reason and Reversal Payment Date
2. At EOD of the Reversal Payment Date - 1 business days, settlement instructions for the reversal will be generated
3. Upon reception of settlement confirmation, ES will create reversal confirmations via MT566 REVR/seev.037
4. The event will be cancelled by ES and notified via MT564 CANC/seev.039
5. A new event will be created by the Issuer/Issuer Agent via U2A GUI and will be notified via MT564/seev.031

6. Entitlements for the new event will be calculated and related payments will be created
7. Upon reception of settlement confirmation for the new event, ES will create payment confirmation (MT566/seev.036).

Eligible clients will be notified according to their subscription.

Same process would be applicable also if the original corporate events is withdrawn.

#### 5.11.1.3 Cash payments reversal in CeBM

On the defined execution date of the reversal, ES will generate PFOD settlement instructions, following the same procedure as for the cash payments, but in the opposite direction of the payment instructions.

Subsequently, ES will forward these instructions to the Settlement System for inclusion in the first available settlement cycle (i.e. the Night-Time Settlement (NTS) cycle in T2S, and the first available settlement cycle in Norway).

#### Norway market specific

For Issuer CSD Business in Norway, the reversal cash payment process described previously will consider the following market specificities:

- For Participants/Account Controllers, reversal PFOD settlement instructions generated in “already matched” status and Partial Settlement Indicator set to “NPAR” for debiting the Payment Bank cash account and crediting the Paying Agent cash account will be forwarded to the Settlement System. As per the corporate event payments, these instructions will be included in the first available settlement cycle at reversal date in VPO. These settlement instructions will be netted by VPO and the net payment per Payment Bank will be sent through to Norges Bank. The latter then will confirm back to VPO of the cash settlement. Once confirmation will be received, ES will generate all the corporate event confirmations to Participants/Account Controllers
- For Investors, ES will forward the reversal instructions to Mastercard Payment Service (MPS) including the detailed information of the retail cash accounts that have to be debited and the Paying Agent’s cash account to be credited. MPS will perform the bookings and will inform ES of the status and confirmation of the bookings.

#### Italy market specific

In case of the **Italian dividend**, the reversal of the original dividend will cause also the reversal of the linked DVCA CHOS.

Furthermore for CSD Participants subscribing fiscal service, the reversal of the dividend payment encompass both the debit of Client DCA for the net amount and the debit of tax DCA open on behalf on that client for the tax amount.

In the scenario of ancillary payments services provided by Euronext Securities Milan where Paying Agents execute payments via T2, reversal will be handled according to the following process:

1. Pre-advice of reversals will be generated via MT564/seev.035 with the reversal reason and the Reversal Payment Date
2. At EOD of the Reversal Payment Date - 1 business days EOD, settlement instructions for the reversal (sese.023 to debit CSD Participants DCA and credit Euronext Securities Milan DCA)
3. Upon reception of settlement confirmation, ES will create reversal confirmations (MT566 REVR/seev.037)
4. Euronext Securities Milan will generate a cash transfer to debit Euronext Securities Milan DCA in T2S and Euronext Securities Milan cash account in T2; then will perform an additional cash transfer to debit Euronext Securities Milan cash account in T2 and credit Paying Agent cash account in T2
5. Once the Paying Agent account is credited, Euronext Securities Milan will create reversal confirmation (MT566/seev.037) and notify Issuer/Issuer Agents and Paying Agents according to their respective subscriptions.

#### **5.11.1.4 Cash payments reversal in CoBM**

On the defined execution date of the reversal, ES will generate payment instructions following the same procedure used for cash payments, but in the opposite directions of the payment instructions.

As CoBM corporate events reversals will be generated as payment instructions, ES must be fully authorised, via proper POA, by the Participants/Account Controllers/Investors to perform debit cash bookings in the cash coordinates provided by Participants/Investors (in this case ES will generate a cash transfer - pacs.009).

Participants/Account Controllers/Investors can opt to not grant a proper POA to ES, in that case, the Participants/Account Controllers/Investors will have a two-days window to collect the value in currency to be used for the event (in such context, ES will generate a notice to receive - camt.057); if after two days, they do not provide the expected amount in foreign currency, Euronext CSDs can start a forex procedure to collect the expected amount.

As soon as confirmation of the bookings will be received, ES will generate the relevant corporate events confirmation messages via U2A GUI and A2A ISO for Participants/Account Controllers/Investors, Issuers/Issuer Agents and Paying Agents.

#### **Italy Market Specific**

This process does not apply to Euronext Securities Milan Issuer CSD.

#### **5.11.1.5 Securities payments reversal**

Client securities payments reversals will be processed after receiving a request from the Issuer/Issuer Agent.

The reversal process is the following:

1. Pre-advice will be generated via MT564 ADDB/seev.035 with the reversal reason and the Reversal Payment Date
2. At Reversal Payment Date, ES will:

- Debit the Participant/Investor securities account and credit the issuance account/Issuer SAC account in case the original movement corresponds to a securities credit
- Debit the issuance account/Issuer SAC account and credit the Participant/Investor securities account in case the original movement corresponds to a securities debit.

Subsequently, ES will forward the FOP settlement instructions to the Settlement System to be included in the first available settlement cycle (i.e., the Night-Time Settlement (NTS) cycle in T2S, and the first available settlement cycle in Norway).

3. Once confirmation of the bookings from the Settlement System will be received, ES will generate the relevant corporate events confirmation messages via U2A GUI and A2A ISO messages (MT566 REVR/seev.037) for the Participants/Account Controllers/Investors. Reversal is also notified, according to their respective subscriptions to Issuers/Issuer Agents.

If there is a shortage of securities in Participants/Investors Securities accounts during the reversal processing, the FOP settlement instructions will remain pending until securities will be available. They will be automatically cancelled after 60 days by T2S and VPOs if not settled.

#### **5.11.1.6 Cash and Securities payments reversal**

In case of payments related to CA events involving both cash and securities movements (e.g., REDM), both cash and securities payments will be reversed; the reversal confirmation of cash and securities movements will be included within the same MT566 REVR/seev.037.

### **5.11.2 Investor CSD Business**

After receiving from the linked Issuer CSD/Local Custodian the reversal pre-advice via MT564/seev.035, ES generate and send reversal, according to subscription, reversal pre-advice notification to CSDPs/Investors. Reversal pre-advice notifications should be also updated in U2A GUIs. ES will generate reversal settlement instructions upon reception of reversal confirmation from the linked Issuer CSDs/Local Custodians.

For the Investor CSD Business, the reversal process can be announced and processed on the same day if the reversal request is received before 17.25 CET.

#### **5.11.2.1 Cash payments reversal in CeBM**

This process is similar to the one foreseen in Issuer CSD Business with the difference that the initial communication and trigger of the reversal is the Issuer CSD/Local Custodian. Specifically, upon reception of the reversal pre-advice notification from the Issuer CSD/Local Custodian, ES will send to eligible CSD Participants the reversal pre-advice MT564/seev.035 containing the reversal reason and the Reversal Payment Date.

After the reversal pre-advice are sent to the clients, the corporate event can be updated by the Issuer CSD/Local Custodian. Then, on the Reversal Payment Date, when receiving the reversal confirmation from the Issuer CSD/Local Custodian, ES will generate the settlement instructions for the reversal upon reception of the payment confirmation (MT566/seev.036) from the linked Issuer CSD/Local Custodian.

In case the event needs to be replaced, the Issuer CSD/Local Custodian must cancel the existing event via MT564 CANC/WITH/seev.039 and then must create a new one via MT564/seev.031.

#### **5.11.2.2 Cash payments reversal in CoBM**

This process is similar to the one in Issuer CSD Business, with the difference that the initial communication and trigger of the reversal is the Issuer CSD/Local Custodian.

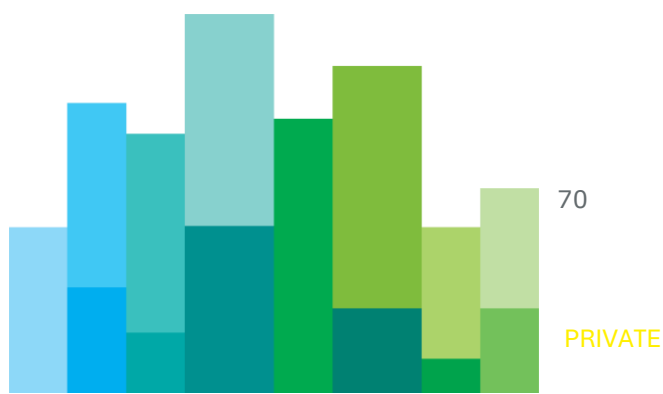
#### **5.11.2.3 Security payments reversal**

This process is similar to the one foreseen in Issuer CSD Business with the difference that the initial communication and trigger of the reversal is the Issuer CSD/Local Custodian. In the Investor CSD context, booking generated by ES affects CSD Participants and ES mirror account in the Issuer CSD.

## **5.12 Event closure**

The event will be automatically closed at Reference Date (Record Date/effective date/market deadline) + 90 BD if payment confirmations have been sent and processing including market claims and transformations is finished.

# 6 ELECTIVE CORPORATE EVENT PROCESSING



## 6.1 Issuer CSD Business

### 6.1.1 Client instruction

Mandatory with option and voluntary corporate events will be subject to elections based on the options provided at event notifications.

Clients can provide instructions via:

- MT565/seev.033
- U2A GUIs
- U2A GUIs uploading an excel file for multiple elections.

If the client could not provide instructions directly, as contingency procedure it will be possible to request to ES to generate instructions manually (contingency procedure).

Third parties (e.g. Proxy Agents, etc.) can also directly submit instructions on behalf of Participants/Account Controllers/Investors on specific securities accounts and events/event categories (group of CAEV codes) if previously authorised.

Each message will include:

- The corporate event option number, which provides the ID of the option. This ID must be reported in the relevant instruction messages by Participants/Account Controllers/Investors to identify the option
- The corporate event option code indicator, which indicates the type of option available for that specific corporate event option number.

Client instructions can be monitored by Participants/Account Controllers/Investors, Paying Agents and Issuers/Issuer Agents in U2A GUIs.

### 6.1.2 Control on Instructions

Upon reception, ES will check corporate action event instruction. If the instructions do not comply with the controls, an automatic rejection will be generated and notified, according to subscription, to Participants/Account Controllers/Investors. The rejected instruction could be afterwards replaced by the Participants/Account Controllers/Investors through a new updated instruction.

If more than one error is detected, ES will send in repetitive sequence all the reason codes identified.

In addition to the reason code, dedicated reason narratives will be populated in instruction status advice notification to provide narrative details about the error detected.

#### **List of controls, rejection rules and codes**

Controls	Rejection Rule	ISO Code
Instruction received after Response (Client) Deadline	Auto reject	ADEA
Instruction is submitted before instruction Start Date	Auto reject	BSTR
Cancellation request was rejected since the instruction has already been cancelled	Auto reject	DCAN
Cancellation request has been rejected because the instruction process is in progress or has been processed	Auto reject	DPRG
Invalid instructed currency	Auto reject	DQCC
Instructed amount exceeds the maximum allowed	Auto reject	DQCS
Invalid instructed quantity	Auto reject	DQUA
Invalid conditional quantity	Auto reject	DQUA
Unrecognised or Invalid Tradable Asset	Auto reject	DSEC
Instruction is rejected due to duplicate business message identifier	Auto reject	DUPL
Unrecognised corporate action event number	Auto reject	EVNM
Missing Beneficial Owner Details <sup>23</sup>	Auto reject	FULL
Insufficient elected position	Auto reject	LACK
Instruction received after Market Deadline	Auto reject	LATE
Instructed quantity not a multiple of the event ratio	Auto reject	NARR
Narrative included <sup>24</sup>	Auto reject	NARR
Invalid Offered Price	Auto reject	NARR
Tax Rate to Be Validated	Auto reject	NARR
Invalid sender for the account number	Auto reject	NARR
Instruction rejected due to account category E	Auto reject	NARR
Mismatch between Option Number and Option Type	Auto reject	NMTY
Invalid Option Number	Auto reject	OPNM
Invalid Option Type	Auto reject	OPTY
Unrecognised Client Account	Auto reject	SAFE
Shareholder number or reference is missing	Auto reject	SHAR

<sup>23</sup> For a detailed description see section "Beneficial Owner Instructions".

<sup>24</sup> In case of narrative, the instruction will be subject to validation by ES.

Controls	Rejection Rule	ISO Code
Linked reference is unknown	Auto reject	ULNK

### 6.1.3 Period of instruction

Participants/Account Controllers/Investors must send instructions prior to the Client Response Deadline Date<sup>25</sup> defined at option level. Instructions received will be validated on reception and processed accordingly on the Payment Date of the event (except for ongoing events).

Instructions received after the Client Response Deadline Date will be processed on a "reasonable effort" basis; however, the correct execution of these late messages cannot be guaranteed.

If an instruction received after the Market Deadline Date cannot be executed, it will be rejected, and the relevant Instruction Status Advice will be sent to the actor who submitted it with the status "Rejected" and applicable qualifier.

To replace a sent instruction, if revocability is permitted in the corporate event, Participants/Account Controllers/Investors must send a corporate event instruction cancellation request via MT565 CANC/seev.040 or via the dedicated GUI, before submitting the new instruction. Client instructions cancellation will be allowed if received in the revocability period and until market deadline, otherwise the cancellation request will be rejected.

In certain instances, as defined by the Issuer/Issuer Agent or if foreseen by local legislation of specific markets, the instruction submitted by the Participants/Account Controllers/Investors for an elective event will be irrevocable. The irrevocable nature of these instructions is clearly stated within the event notification sent to the Participants/Account Controllers/Investors.

Reminder's notifications will be sent to clients that still have uninstructed balance via MT564/seev.031, 48 and 24 hours before the Client Response Deadline Date. Since the reminders will be defined based on Client Response Deadline Date at the option level, in case an event has several options with different deadlines, reminders will be generated for each option separately.

### 6.1.4 Elected position blocking

Upon reception of the instruction, ES will request to T2S/VP/Euronext Securities Oslo Register the blocking of the positions based on the elected quantity, according to corporate action standards.

Specifically, ES will request blocking if one of the following conditions is met:

---

<sup>25</sup> When acting as Issuer CSD, Client Response Deadline Date/Time will be equal to Market Response Deadline Date/Time.

- The corporate action event involves the debit of the underlying security
- The instruction is received before the Record Date.

If the elected quantity could not be blocked, the instruction will be rejected and notified to Participants/Account Controllers/Investors in accordance.

Client instructions can be also monitored by the Paying Agents and the Issuers/Issuers Agents via dedicated GUI.

### 6.1.5 Instruction status

Client instruction sent to ES will be subject to a validation process and to blocking of position; based on the outcome of such activities, client will be notified, according to subscription, about the status of their instructions. Client can see the instruction status also in U2A GUIs.

Participants/Account Controllers/Investors will be also notified in case of standing instructions or instructions on default options automatically applied by ES.

At first, the status of the instruction is "pending", it is not yet processed. Afterwards, if ES detects errors, the instruction will be rejected and the client will be notified with the reason of the rejection, if not, the instruction will be accepted, and the underlying position will be blocked. The instruction can also be cancelled.

#### Instruction Status Advice (CAIS/MT567/seev.034) status

Message	Status	Definition
<b>Instruction Status Advice</b>	Pending	The instruction has been received but has yet to be processed.
	Rejected	The instruction has been received but rejected identifying the reasons.
	Default action	Default action has been taken.
	Accepted	The instruction has been received and has been validated for further processing.
	Standing Instruction	The applicable standing instruction has been applied.
	Cancelled	The instruction has been cancelled.

### 6.1.6 Instruction cancellation

As seen in the precedent paragraph, also for sending instruction cancellation, Participants/Account Controllers/Investors can use ISO message, U2A GUIs or request directly to ES (contingency procedure).

For Euronext Securities Oslo also Issuer/Issuer Agent can request the instruction cancellation via U2A GUI.

Client instruction cancellation will be allowed if received in the revocability period and until market deadline, otherwise the cancellation request will be rejected. Instruction cancellation status will be notified, according to subscriptions, to Participants/Account Controllers/Investors and can be also visible in U2A GUI.

Upon reception of a valid instruction cancellation request, the related position will be unblocked.

#### Instruction Cancellation Request status advice (CACS/MT567/seev041) status

Message	Status	Definition
<b>Instruction Cancellation Request Status Advice</b>	Pending cancellation	The cancellation request has been received but has yet to be processed.
	Rejected	The request has been received but rejected for further processing due to system reasons.
	Accepted	The cancellation request has been received and has been validated for further processing.
	Cancellation completed	The instruction cancellation request has been completed.

### 6.1.7 Entitlement management

For elective events, starting several business days before Response Deadline Date (7 for CPH, OSL and MIL, 4 for PTO) of a corporate event, ES will begin to simulate the **provisional entitlements**, both in cash and securities, based on the EOD instructed positions. Notification of these simulated entitlements will be sent to:

- Participants/Account Controllers/Investors via Corporate Action preliminary advice (MT564 REPE/seev.035) and/or through U2A GUIs consolidated per option type, securities account and position nature
- Issuers/Issuer Agents and Paying Agents via Corporate Action preliminary advice (MT564 REPE/seev.035) and/or through U2A GUIs with the aggregated entitlement per event

For elective events, client entitlement therefore are calculated and notified upon reception of a valid client instruction.

The **final entitlement** will be calculated based on client instructions, default options applicable to the event and standing instructions, after blocking the instructed securities, when relevant.

For each client instruction received and position nature, ES will create a dedicated final entitlement notification Participants/Account Controllers/Investors (via MT564 REPE CAPA/seev.035).

Entitlement notification to Issuers/Issuer Agents and Paying Agents will be **consolidated per instructed option**.

For Participants: **Entitlements** are generated **at instruction level**

- Sample for EXRI : if a client X, for the same account in ES, sends two instructions, both on EXER option, this will result in CA platform in
  - Two client instructions
  - Two client final entitlements and each client final entitlement will have:
    - One debit cash mov
    - One debit security (right) mov
    - One credit security (share) mov

## 6.1.8 Payments and Settlement Management

Settlement and Payments will be managed in the same way as described in section “5.8 Payment process”.

The settlement instructions will be generated on client instruction basis, meaning that for each client instruction received, ES will create a dedicated client payment and its resulting settlement instructions.

If the event involves currencies not managed in CeBM, at the deadline Date of the event ES will reconcile the cash amounts received from the Payment Banks on its cash account for the elections made by the Participants/Account Controllers/Investors with the expected cash amounts. Each cash amount received must report the reference of the corporate event (CORP reference) and the applicable securities account for which the payment is made.

In case of pending CA settlement instructions for which the settlement did not occur because of lack of cash or securities, the settlement instruction will be cancelled sending a sese.020 to T2S.

## 6.1.9 Cancellation of the event

In case an elective event is cancelled, two cases need to be considered:

- If client payments are already settled, the reversal process will be initiated
- If client payments are not settled yet, the client entitlements and the CA will be cancelled.

## 6.1.10 Default option

At the client deadline, if there are uninstructed eligible positions, ES will automatically generate default option instructions.

Since the default option instructions will be generated by ES automatically on client deadline EOD (Payment Date - 1), there is no need to block the position in T2S/Euronext Securities Oslo Register.

Participants/Account Controllers/Investors can be notified for default option instruction generation via MT567/seev.034.

Participants/Account Controllers/Investors will be allowed to send instruction on the default option also before the client deadline. In this case there will be two possible scenarios:

- If the underlying securities need to be debited, the position will be blocked
- If the underlying securities does not need to be debited, the position will be checked by ES. If instructed quantity is bigger than available quantity, the instruction will be rejected, otherwise the instruction will be accepted.

### 6.1.11 Standing instruction

Participants/Account Controllers/Investors can also benefit from the standing instruction functionality. A standing instruction is a rule that defines how an election will be applied automatically.

In particular, it foresees that whenever specific voluntary or mandatory with option event occurs, an election will be made automatically other than the default one. This functionality can be set up by ES, upon client request, per:

- Participant,
- CA group,
- CAEV code,
- securities account, etc.

Investors that would like to set up standing instructions must do so via their Account Controllers or CSD participants.

Standing instructions will be generated automatically at the Client deadline. Participants/Account Controllers/Investors will be notified by ES via MT567/seev.034 according to their subscription.

They can also request to deactivate the generation of standing instructions directly to ES.

### 6.1.12 Oversubscription Option

If the Issuer/Issuer Agent provides the possibility for oversubscription, OVER instructions can be received within the election period defined at the option level and up to the Client Response Deadline Date.

Instruction on OVER option will not be subject to position check (position blocking).

On the deadline, the client instructions on OVER option will be communicated to the Issuer/Issuer Agent. This can be done:

- By sending the ISO message MT565/seev.033 to the Issuer/Issuer Agent after consolidating the client instructions on OVER into one market instruction
- In U2A GUI for the Issuer/Issuer Agent, by displaying the client instructions and/or the consolidated instruction (market instruction) in dedicated screens.

When the Issuer/Issuer Agent publishes the result of the oversubscription, depending on whether the proration rate is announced or the total quantities to be allocated, ES will handle it differently:

- If the proration rate is announced by the Issuer/Issuer Agent, the client entitlements will be recalculated accordingly. The payment for oversubscription options will be done in the NTS of Payment Date – 1 working day
- If the Issuer/Issuer Agent announces the total quantities accepted to be allocated, the client entitlements will be recalculated based on the updated quantities in each client instruction.

Issuer/Issuers' Agents will request to ES the extraction of all the oversubscription instructions in a file.

A procedure will be set-up to allow Issuer/Issuer Agents to send the file with the adjusted quantities to be allocated.

### 6.1.13 Beneficial Owner Instructions

If the elective CA event requires:

- A full beneficial owner breakdown for disclosure purpose
- and/or
- The responsibility of the beneficial owner to fill in the paperwork.

This information can be defined at the CA event option level and communicated accordingly to the eligible clients.

The beneficial owner details can be either communicated in the structured fields within the MT565/seev.033 or within the narrative in these messages.

If the beneficial owner details are included into structured fields, the data to be filled for the beneficial owner details will be:

- **Owner Identification:** BIC/Name and Address/Proprietary identification of the beneficial owner
- **Owned Securities Quantity:** quantity of securities by the beneficial owner.

In case the securities account relates to an omnibus nominee account, multiple beneficial owner details can be input in the same instruction.

- If the beneficial owner details are included in the narrative, the received client instruction will be subject to validation by ES.

In addition to the main controls listed under the section "Control on Instructions", the following checks will be done by ES when the beneficial owner details are identified as required at the option level:

- Instruction created on this option must specify the beneficial details otherwise the instruction will be rejected. An instruction status advice seev.034/MT567 with the corresponding rejection status and reason FULL will be communicated accordingly to the involved client.
- If the sum of the quantities owned by the beneficial owner in the client instruction is not in line with the instructed quantity, the instruction will be also rejected in this

case. An instruction status advice MT567/seev.034 with the corresponding rejection status and reason FULL will be communicated accordingly to the involved client.

- If the beneficial owner paperwork is flagged as true at the option level, the received instruction will be subject to verification by ES.

For Euronext Securities Milan information of beneficial owner is currently managed with separate service and not within the instruction.

## 6.1.14 Client Instructions with Execution Requested Date

### Denmark market specific

During the election period, clients can request a specific Execution Date in their instructions that will be considered instead of the predefined Payment Date of the event using the dedicated ISO field "Execution Requested Date" in MT565/seev.033.

Therefore Euronext Securities Copenhagen will process client instructions according to following procedure:

- **If the instruction is received without an Execution Requested Date**
  - The blocking of the entitled security position is requested for the instructed quantity.
  - Corporate Action Instruction Status Advice (seev.034/MT567 PEND) is sent according to subscription to the clients.
  - Once the blocking is confirmed:
    1. Corporate Action Instruction Status Advice (seev.034/MT567 PACK) is sent to the client.
    2. Client entitlement is automatically calculated based on the instructed quantity.
    3. At EOD of the Payment Date of the CA event – 1, the corresponding settlement instructions are automatically released: sese.023s are sent to settlement system with a settlement date that corresponds to the Payment Date of the CA event.
- **If the instruction is received with an Execution Requested Date**

Euronext Securities Copenhagen will check if the Execution Date is already reached or not.

If the Business Date is included between the Execution Date and the Client Response Deadline Date, then:

  - The blocking of the entitled security position is requested for the instructed quantity.
  - Corporate Action Instruction Status Advice (seev.034/MT567 PEND) is sent according to subscription to the clients.
  - Once the blocking is confirmed,
    1. Corporate Action Instruction Status Advice (seev.034/MT567 PACK) is sent to the client

2. Client entitlement is automatically calculated based on the instructed quantity
3. Euronext Securities Copenhagen creates the client payment and release of the corresponding settlement instructions (sese.023) with a settlement date that matches the current Business Date.

If the Business Date is earlier than the Execution Date and this one is no later than the Client Response Deadline date, then:

- The blocking of the entitled security position is requested for the instructed quantity.
- Corporate Action Instruction Status Advice (seev.034/MT567 PEND) is sent according to subscription to the clients.
- Once the blocking is confirmed,
  1. Seev.034 / MT567 PACK is sent to the client
  2. Automatic calculation of the client entitlement, based on the instructed quantity
- When the Execution Date is reached, so when the Execution Date coincides with the Business Date, Euronext Securities Copenhagen generates the client payment and release the corresponding settlement instructions (sese.023s) with the settlement date that is the same of the Execution Date requested<sup>26</sup>.

▪ **If the Execution Date is later than the client deadline**

Euronext Securities Copenhagen will automatically reject the client instruction and notify the reason for the rejection in the Corporate Action Instruction Status Advice (seev.034/MT567 REJT).

### 6.1.15 CoBM Payments for elective events

Client instruction on elective events in CoBM will be processed by ES according to standard process already described in previous paragraphs.

On the Client Response Deadline Date, ES will generate FOP settlement instructions and will submit payment instructions to debit the PA Correspondent Bank and credit ES Account in ES Correspondent Bank.

#### Cash credit

In case of **cash credit** in currency different than EUR, a camt.057 "Notice to Receive" will be sent to the PA Correspondent Bank. Once confirmed, camt.054 will be received to settle the cash order.

---

<sup>26</sup> All settlement instructions associated with the

In case there is a power of debit in place, ES will directly debit the PA Correspondent Bank account via pacs.010 (instead of relying on camt.057)<sup>27</sup>.

As soon as the credit of ES Account is confirmed, the ES will generate client payments debiting ES Correspondent Bank and crediting CSD Participant.

When both credit confirmation (pacs.002) and settlement confirmation (sese.025) are received, ES will generate the relevant corporate event confirmation messages, including both cash and securities movements, for the Participants/Account Controllers, Issuers/Issuer Agents and Paying Agents via U2A GUI and A2A ISO messages (MT566/seev.036).

### Cash debit

In case of **cash debit** in currency different than EUR, as soon as the client instruction is accepted, a camt.057 "Notice to Receive" will be sent to the Client Correspondent Bank to transfer the cash to ES cash account in ES Correspondent Bank.

In case there is a power of debit in place, ES will directly debit the PA Correspondent Bank account via pacs.010 (instead of relying on camt.057).

A camt.054 will be then sent from ES Correspondent Bank or from the CSD Participant Correspondent bank to confirm the reception of funds<sup>28</sup>. Afterward, ES will send the confirmation messages (MT566/seev.036) to Participants/Account Controllers in order to notify the cash movement.

Once the credit of ES Account is confirmed, the ES will also generate the market payment debiting ES Correspondent Bank and crediting the Paying Agent via pacs.009.

On the Client Response Deadline Date, ES will generate FOP settlement instructions and will submit payment instructions to debit the PA Correspondent Bank and credit ES Account in ES Correspondent Bank.

When settlement confirmation (sese.025) are received, ES will generate the relevant corporate event confirmation messages for the securities movement, for the Participants/Account Controllers, Issuers/Issuer Agents and Paying Agents via U2A GUI and A2A ISO messages (MT566/seev.036).

In case of **cash debit** in currency different than EUR, and if the **client instruction is cancelled** before the Client Response Deadline Date, ES will initiate reversal process to reverse the cash payment executed by the CSD Participant and will request the removal of position blocking. Once the unblocking process is completed, an instruction cancellation

---

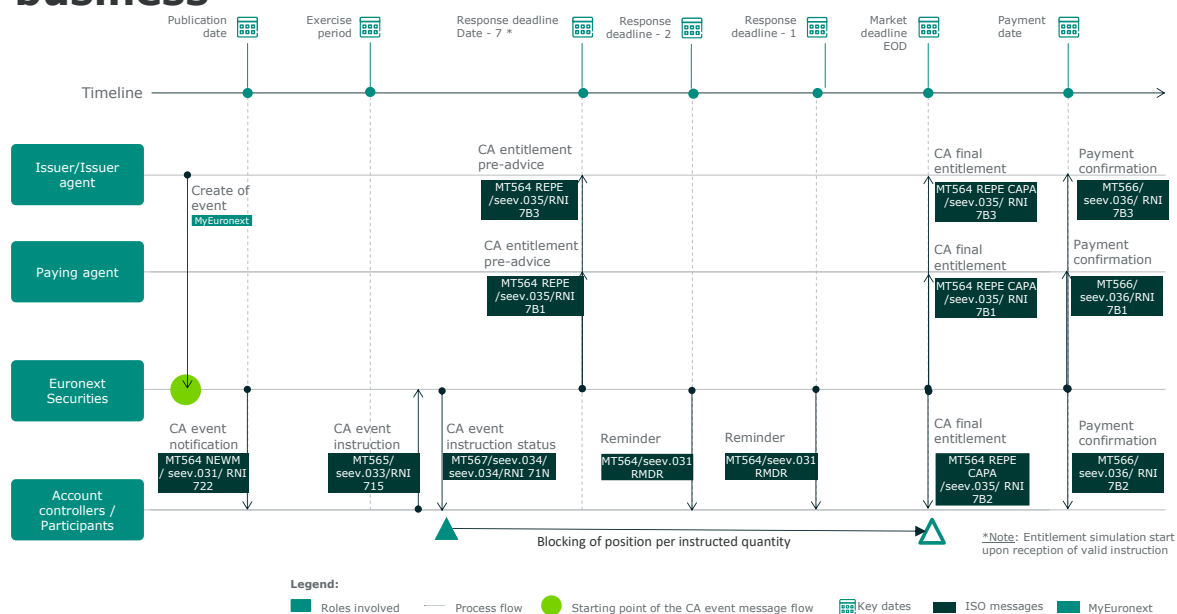
<sup>27</sup> ES will send one consolidated payment per instructed option

<sup>28</sup> If no cash payment confirmation is received, ES after performing the required verifications on the missing payment confirmation, shall decide to either wait for the payment confirmation or initiate the cash booking cancellation. In that case, then corresponding entitlement will be also cancelled and instruction status advice message (MT567/seev.034) will be sent to Participant/Account Controller with processing status REJT and dedicated narrative informing about the lack of cash.

status advice MT567/seev.041 with processing status cancellation completed will be sent to the Participants/Account Controllers according to subscriptions.

## 6.1.16 Elective events timeline - Issuer CSD

### Elective Corporate Actions timeline – Issuer CSD business



## 6.2 Investor CSD Business

In the Investor CSD context, Participants can provide instructions via ISO messages MT565/seev.033. If the client could not provide instructions directly, it will be possible to request directly to ES (contingency procedure).

For Events announced by the Issuer CSD/ICSD with NOSE tag (NO Service), ES will not provide instruction service and if participants sends instruction on such tagged options, the instruction will be automatically rejected.

Instructions received will be checked in the same way described for the Issuer CSD Business.

ES, received the information of the Market Deadline by the Issuer CSD/Local Custodian, will notify to Participants/Account Controllers the Client Deadline which is generally 2-3 hours before the Market deadline.

Instruction received after the client deadline will be rejected.

ES can create the market instructions to be sent to the Issuer CSD/Local Custodian as follows:

- Creation of a market instruction for each client instruction created
- Consolidation of all valid client instructions per option.

Market instructions will be sent to Issuer CSD/Local Custodian via MT565/seev.033.

After the creation of market instructions, ES will calculate the market entitlements per option.

## 6.2.1 Client instruction management on Belgian, Dutch and French markets

### Event announcement

When acting as Investor CSD, Euronext Securities Milan announces elective corporate events with the same level of data granularity as the Belgian, Dutch or French Issuer CSDs.

This includes providing the complete set of option details, in particular the precise start and end dates of the election window. In addition to a dedicated client response deadline, participants may submit their instructions through the same eligible channels as those available under our Issuer CSD processing.

### Instruction validation

Each client instruction is first subject to format and syntax checks, followed by the application of the following business validations:

Type of validation	Description
Deadline	<ul style="list-style-type: none"> <li>• Verification against the client response deadline (date and time)</li> <li>• Verification against the market deadline (date and time)</li> </ul>
Instruction and options	<ul style="list-style-type: none"> <li>• Confirmation that the event is valid</li> <li>• Option validation against the announced event option</li> <li>• Account eligibility verification</li> <li>• Sender validation (BIC/account consistency)</li> <li>• Duplicate instruction checks</li> </ul>
Position and quantity	<ul style="list-style-type: none"> <li>• Eligible position check, ensuring the instructed quantity does not exceed the available position</li> <li>• Insufficient position detection</li> <li>• Quantity rules, ensuring compliance with multiples (parity/ratio), MILT, MIEEX, and rejection of invalid conditional quantities (e.g. proration below threshold)</li> </ul>

If any control fails, the instruction is rejected, and the corresponding error codes are reported back to the CSD participant.

### Earmarking and market instruction

When all controls are successfully passed, Euronext Securities Milan requests the earmarking of the instructed quantity in T2S. During this phase, the client instruction is reported with a pending (PEND) status.

Once earmarking is confirmed, the instruction status is immediately updated to accepted status and proceeds to the next stage.

From that point onward, the corporate action solution generates the market instruction (ISO 15022 MT565), towards the Issuer CSD and manages the full lifecycle of status advice and acceptances.

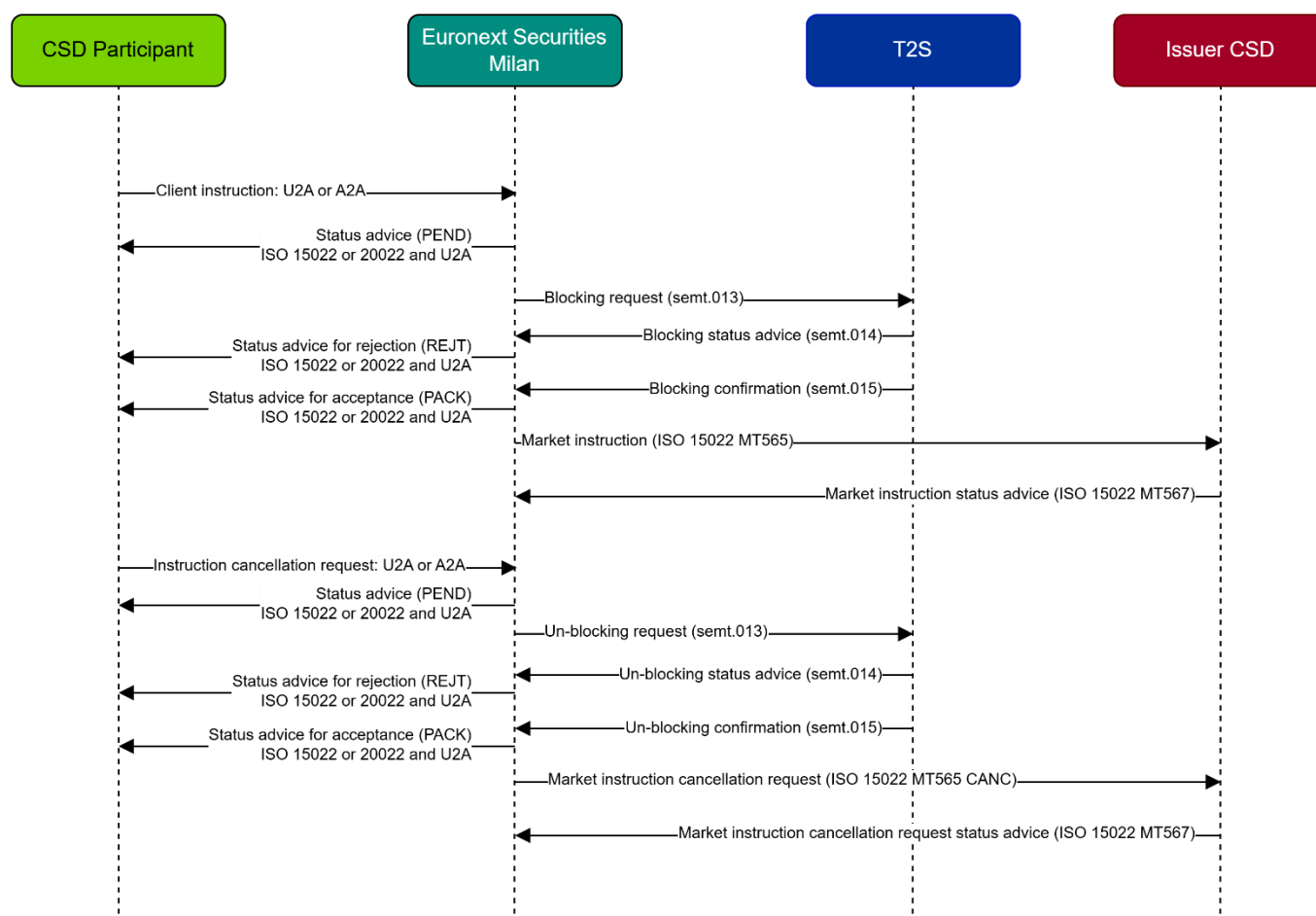
### **Instruction cancellation**

As when acting as Issuer CSD, client instruction cancellations may be requested. In such cases, Euronext Securities Milan applies a dedicated cancellation workflow, which consists of:

- validating the client's request,
- reporting its status,
- requesting the release of earmarked positions in T2S, and
- submitting the corresponding cancellation to the Issuer CSD.

### 6.2.1.1 Client instruction process flow on Belgian, Dutch and French markets

Euronext Securities Milan, in relation to the Belgian, Dutch and French Issuer CSDs, will apply the following process flow for client instruction processing, covering both new instructions and cancellations.



During this process, the Issuer CSD ensures moving the instructed quantity, based on our market instruction acceptance, to the appropriate security blocking account (e.g., NDC 110 and NDC 111).

Euronext Securities Milan also performs a dedicated reconciliation between the direct account balances in the Issuer CSD's books and the corresponding mirror accounts, as well as clients' securities account balances, including earmarked sub-balances.

### 6.2.2 Specific restrictions for Belgian, Dutch and French markets

In the Belgian, French and Dutch Issuer CSDs, securities positions are typically segregated across multiple account natures (NDC) to distinguish bearer, registered and blocked holdings.

Euronext Securities Milan, by contrast, applies a restriction approach<sup>29</sup>. This allows instructed quantities to be reserved directly within the client's account through restriction codes, while still ensuring full reconciliation with Issuer CSD account structures.

The result is a simplified architecture that maintains the same level of transparency, control, and alignment with market practices.

Along the restriction codes used on the Italian market, either for blocking or earmarking, Euronext Securities Milan provides these specific restrictions:

Code	Reason
<b>CUS1</b>	Blocks the instructed quantity of <b>dematerialised/bearer securities</b> once a valid corporate action instruction is accepted. The reserved balance is released if the instruction is cancelled.
<b>RECA</b>	Blocks the instructed quantity of <b>registered securities (Pure or Administered)</b> once a valid corporate action instruction is accepted. The reserved balance is released if the instruction is cancelled.
<b>E045</b>	Blocks a quantity of <b>security proceeds</b> on a registered securities account, following acceptance of an IRI or BRN. Once accepted, the earmarked amount is moved to the available balance (AWAS).
<b>EREF</b>	<p>Used when a CSD participant chooses to decline a cash distribution on eligible securities (bearer or registered). No cash is paid on the earmarked quantity.</p> <p>The earmark can be lifted after the event payment date, or maintained for a longer period if required.</p> <p>This instruction must be generated by the participant, through one of the following channels:</p> <ul style="list-style-type: none"> <li>• Euronext Securities Milan DCP channels,</li> <li>• Euronext Securities Milan X-TRM Online platform, or</li> <li>• T2S GUI.</li> </ul> <p>This earmarking can be requested via semt.013 or sese.023 instructions.</p>

<sup>29</sup> Blocking applies when an instruction is valid and either (i) the option requires a debit of entitled securities before record date is available, or (ii) the instruction is created before record date (except for NOAC and LAPS options). Earmarking is triggered at the participant's request, either through an intra-position movement (e.g., semt.013) or via settlement instructions (e.g., sese.023).

Code	Reason
<b>ECOM</b>	<p>Used when a CSD participant chooses to decline commission payments linked to a cash distribution. No commission is paid on the earmarked quantity.</p> <p>The earmark can be lifted after the event payment date, or maintained for a longer period, if required.</p> <p>This instruction must be generated by the participant, through one of the following channels:</p> <ul style="list-style-type: none"> <li>• Euronext Securities Milan DCP channels,</li> <li>• Euronext Securities Milan X-TRM Online platform, or</li> <li>• T2S GUI.</li> </ul> <p>This earmarking can be requested via semt.013 or sese.023 instructions.</p>

For further details on the Euronext Securities Milan security account structure and connectivity, please consult the latest version of our [Service Description Documents](#).

#### 6.2.2.1 Client restriction process flow for Belgian, Dutch and French securities

##### For instruction blocking

Client instructions relating to elective corporate events are subject to business controls and may require the blocking or un-blocking of the instructed quantity. This process is automatically triggered by Euronext Securities Milan in T2S once the necessary validations have been applied. No action is required from CSD participants.

Blocked quantities are not available for settlement and aggregated under the unavailable balance across holding reports (e.g., MT534 or semt.002). These quantities are indicated as blocked for corporate action processing.

##### For payment exclusions

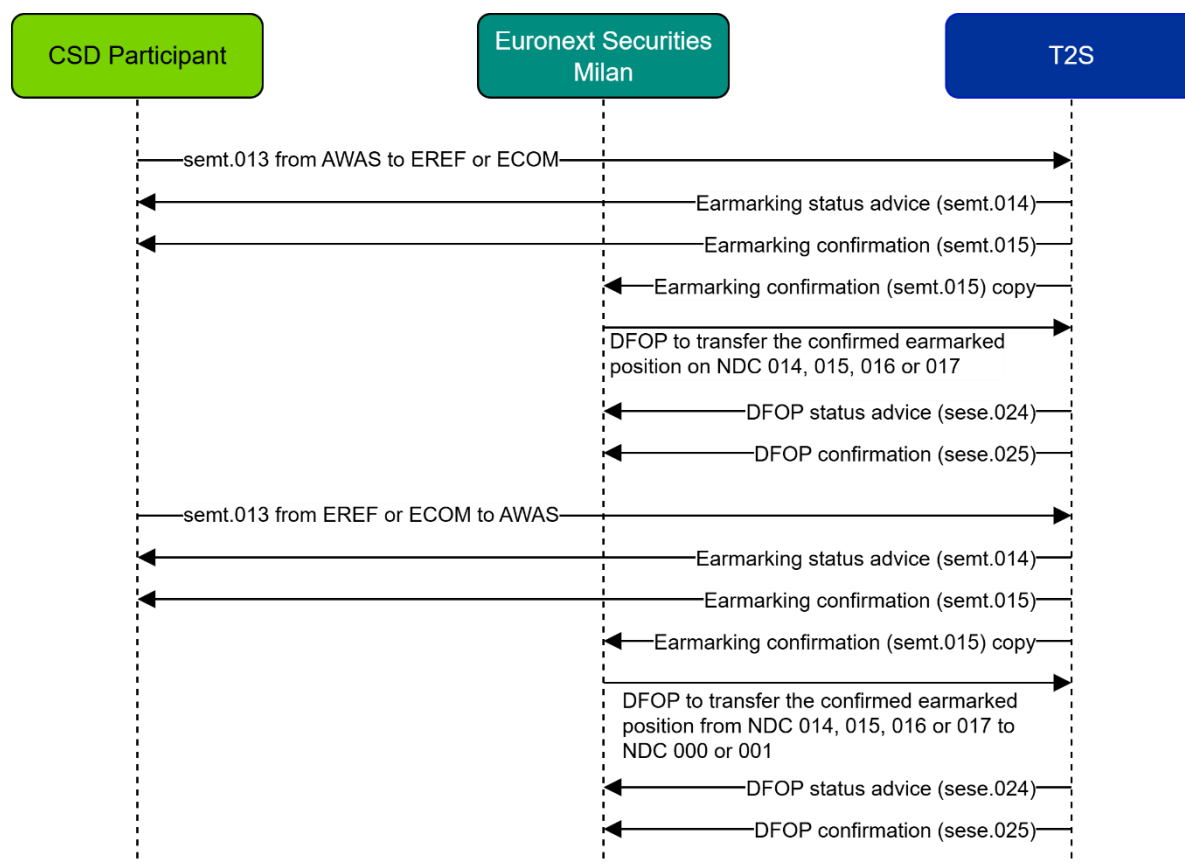
For Belgian, Dutch or French securities, clients who wish to opt out of receiving cash proceeds, despite being eligible, may do so by instructing **EREF** earmarking. In this case, the earmarked quantity will exclude these quantities from entitlement calculation.

Similarly, if clients prefer not to receive the commission associated with a corporate event, the relevant earmarking code **ECOM** must be instructed.

Earmarked quantities remain available for settlement and are included in the available balance across holding reports (e.g., MT534 or semt.002). However, these quantities are reported under dedicated sub-balances, identified with the indicators AFFB (for ECOM) or UNAF (for EREF).

As per Issuer CSD guidelines, Euronext Securities Milan ensures the transfer of the confirmed earmarked quantities (through semt.015) to the relevant account in the issuer CSD accounting scheme: NDC 014, 015, 016 and 017.

This process applies when CSD participants wish to implement and later lift the earmarking EREF or ECOM using intra-position movement instructions.



This process may also be triggered via a sese.023 instruction when implementing or lifting EREF or ECOM earmarking

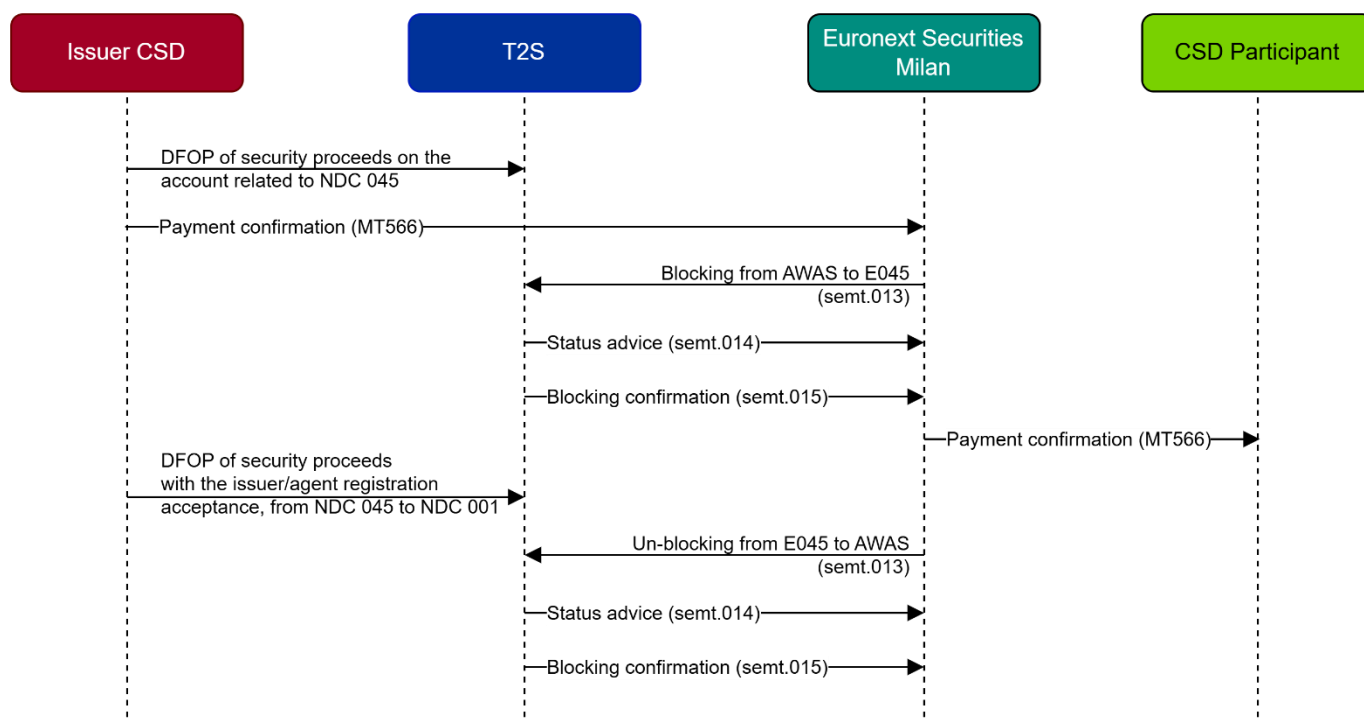
### For French registered proceeds to be received

Certain French corporate events distribute registered securities that require a dedicated registration acceptance from the issuer or its agent. In France, this is formalised through a BRN acceptance, with the corresponding BRN message generated by the CSD participant on behalf of its client.

Euronext Securities Milan provides an interconnected IRI platform with the French issuer CSD, enabling participants to request such additional registrations in line with the corporate event announcement.

According to French market practice, the event paying agent credits the security proceeds to an interim account with account nature 045 (NDC 045), recorded under the administered form. Acting as Investor CSD, and knowing these proceeds must be registered and received on an administered registered account, Euronext Securities Milan automatically blocks them under code E045.

Once the issuer or its agent confirms acceptance, Euronext Securities Milan un-block the securities.



### 6.2.2.2 Eligibility rules for notification, entitlement and instructions

To ensure accurate processing of corporate events and alignment with issuer CSD account structures and market practice, Euronext Securities Milan applies specific earmarking rules. These rules define how instructed positions are treated throughout the lifecycle of an event — from notification to entitlement calculation and payment.

Each earmarking code corresponds to a distinct treatment of the underlying securities:

Earmarking codes	Applies to	Notification eligibility	Instruction eligibility	Entitlement calculation
ECOM	Bearer and registered securities	Yes	No	Yes – but <b>excluding commission (CHAR)</b>
EREF	Bearer and registered securities	Yes	No	No – <b>no cash proceeds</b> generated
E045	Registered securities	Yes	Yes – default option only	Yes – default option only

For further details on the Euronext Securities Milan French registered securities services, please consult the latest version of our [Service Description Documents](#).

## 6.2.3 Buy and Sell Option

### Client & market instructions

All client instructions for BUYA and SLLE options should result in one individual market instruction to be generated automatically upon the receipt of a valid client instruction and to be sent to Issuer CSD/Local Custodian via MT565/seev.033.

### Execution of instruction & payment

Upon reception of MT566/seev.036, the reconciliation process will be triggered. In case of total reconciliation, the client payments will be generated for the overall instructed amount; in case of partial reconciliation, instructions will be executed only partially, and related payments will be generated consistently.

The settlement instructions will be sent as follows:

- DvP (Delivery vs. Payment) – in case of a SLLE option
- RvP (Reception vs. Payment) – in case of a BUYA option.

Client payment confirmation for BUYA and SLLE options will include the confirmation of both cash and security payment.

## 6.2.4 Oversubscription Option

Euronext Securities Milan will apply the same control rules and accept clients' instructions until the predefined response deadline. Depending on the event, we will either:

- consolidate all valid instructions and forward them to the relevant CSD by the applicable issuer CSD deadline (e.g., event market deadline or response deadline), or
- transmit instructions on an ongoing basis up to the applicable issuer CSD deadline.

Based on the issuer CSD confirmation (e.g., via MT567) of the total allocated quantity, , Euronext Securities Milan will:

- cascade this allocation for each instructing participant
- recalculate and update the entitlements on the participants GUI and via SWIFT/ISO messages (20022 or 15022).

If the Issuer CSD/ICSD provides the possibility for oversubscription, such an option will also be offered to the participants.

The processing of the OVER option will be the same as in the Issuer CSD business.

## 6.2.5 French registered securities account structure

Euronext Securities Milan account structure accommodates securities in line with CSDR and national law, including:

- **French dematerialised securities (bearer):** eligible in T2S and recorded in the Euronext Securities Milan book-entry system.
- **French registered securities:** either pure (directly with the issuer) or administered (via an intermediary), also recorded in a dedicated security account (e.g., Type L account with individual segregation - IS) in Euronext Securities Milan books.

Corporate events at Euronext Securities Milan are processed directly on the participant accounts described above.

For further details on the Euronext Securities Milan securities account structure, please consult the latest version of our [Service Description Documents](#).

### 6.2.5.1 French registered securities IRI processing

The IRI platform manages French registered securities by ensuring that shareholder information is consistently exchanged, validated and reconciled between custodians, registrars, and the Issuer CSD (Euronext Securities Milan or Euroclear France). It serves as the central hub linking shareholder registers with settlement activity in T2S.

The process is built on a structured workflow of electronic messages (IRI01–IRI07). These cover the full lifecycle of registration events — from initial requests by custodians (IRI01), to registrar acceptance or rejection (IRI03/IRI04), to corrections and regularisations (IRI07). Depending on the operation type, certain IRIs can also trigger free-of-payment settlement instructions automatically.

By using harmonised ISO 20022-based formats and daily reconciliation against T2S instructions, the platform enables automated validation, routing and exception handling. This reduces manual intervention and ensures that shareholder registers for Administered and Pure Registered Securities remain fully aligned with securities movements at the CSD.

For further details on the Euronext Securities Milan French registered securities services, please consult the latest version of our [Service Description Documents](#).

### 6.2.5.2 French registered securities distribution market practices

Euronext Securities Milan ensures that securities are correctly distributed to the appropriate bearer or registered accounts.

In line with French market practice, these events are reported as follows:

- **Change of form:** distribution from registered to bearer securities
- **Same form with registration request:** distribution requiring issuer registration via IRI

- **Same form without registration request:** distribution reported without a specific qualifier

As Investor CSD, Euronext Securities Milan mirrors the Issuer CSD's announcement and applies the corresponding distribution rules, guaranteeing that securities are allocated to the correct account type.

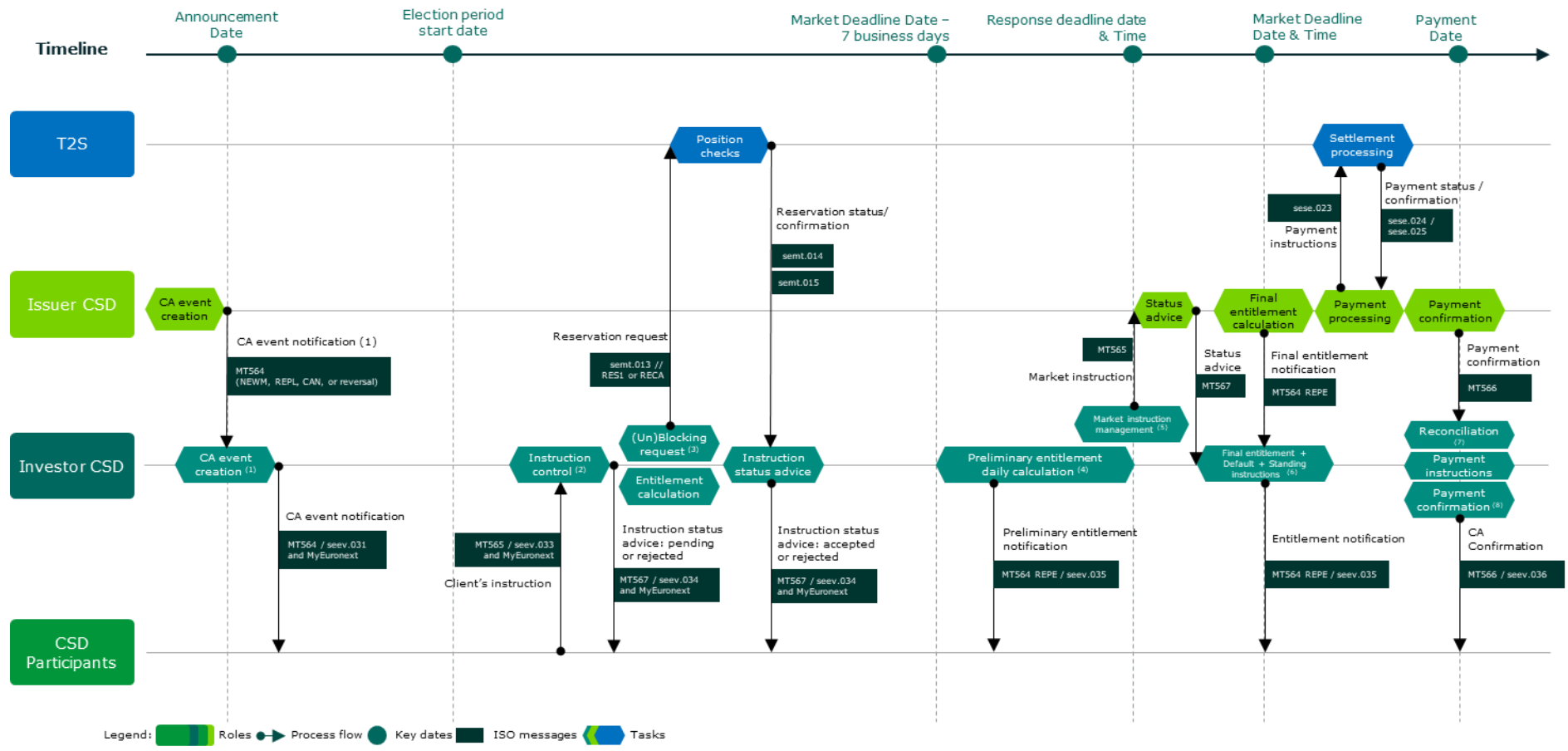
Type of report	ISO 15022	ISO 20022
Change of form, from bearer to registered	22F:CHAN//REBE	<b>&lt;CorpActnDtls&gt;</b> (...)                     <ChngTp> <Cd>REBE</Cd> </ChngTp> (...) <b>&lt;/CorpActnDtls&gt;</b>
Same form with registration (via IRI)	22F:CEFI//ELEC	<b>&lt;CorpActnDtls&gt;</b> (...)                     <CertfctnTp> <Cd>ELEC</Cd> </CertfctnTp> (...) <b>&lt;/CorpActnDtls&gt;</b>

The table below summarises the various applicable cases:

Cases	Underlying security position	ISO 15022 / 20022 indicator	Distributed securities form	Earmarking	Comment
01	Bearer	None	Bearer	No	Standard bearer distribution
02	Registered	None	Registered	No	Registered security distribution without registration
03	Registered	Change of form REBE	Bearer	No	Distribution from registered to bearer
04	Registered	Same form with registration	Registered	Yes	Issuer requests investors to register holdings (via IRI).

## 6.2.6 Elective events timeline on Belgian, Dutch and French markets - Investor CSD

The following flow applies on Euronext Securities Milan, when acting as investor CSD.



**Notes:**

- (1) Corporate event are created based on the Issuer CSD event announcement.
- (2) Upon receiving a client instruction, several controls are performed to validate it. If errors are detected, the instruction is automatically rejected, and reason codes are provided. Common rejection reasons include insufficient position, invalid quantities, and late submission.
- (3) When a client instruction involves the debit of the entitled security or is received before the record date, the system triggers the position blocking process. This ensures that the securities are reserved for the corporate action. Unblocking the securities is processed based on the client's cancellation request.
- (4) Preliminary entitlements are calculated and notified starting 7 business days prior to the event market deadline.
- (5) Market instructions for elective events are automatically sent to the issuer's Central Securities Depository (CSD). If any instruction is rejected, Euronext Securities Milan manages and corrects the instruction data as needed.
- (6) Default instructions are generated for uninstructed balances at the close of the day of the response deadline time. These instructions ensure that any remaining positions are processed appropriately, in line with the applied standing instructions.

## 6.3 Ongoing Events

### 6.3.1 Issuer CSD Business

Mandatory corporate events with options and voluntary corporate events are usually processed at Payment Date, unless at event set-up the Issuer/Issuer Agent opted for the "ongoing processing". In this case, the CA event will be set up by the Issuer/Issuer Agent according to the following main terms:

- Period of action
- Client deadline
- Market deadline, usually equals the client deadline in the Issuer CSD context
- Payment Date set as ongoing
- Occurrence type indicator "Ongoing"
- Flag "Immediate Payment" at the security movements (credit and debit) level under the security option set to true
- Privilege suspension period(s), if any: Period(s) during which the elections shall be automatically rejected by ES.

The CA event will be notified, according to subscription, to the eligible Participants/Account Controllers/Investors. The information mentioned above shall be reflected accordingly in the CA notification MT564 NEWM/seev.031 and in the dedicated GUIs.

Participants/Account Controllers/Investors can instruct elections on an ongoing basis:

- On any Business Date, if no period of action (PWAL) has been defined in the event
- Only during the exercise period, if defined in the event.

Reminder notifications will be sent to Participants/Account Controllers/Investors with uninstructed balances twice before the deadline: 2 business days before the deadline and 1 business day before the deadline.

During the election period, upon the reception of the client instruction, ES will automatically:

1. Request the position blocking of the entitled security position to T2S/Euronext Securities Oslo Register for the amount corresponding to the instructed quantity<sup>30</sup>
2. Once the blocking is confirmed:
  - Calculate client entitlement based on the instructed quantity
  - Create the payments and releases of the corresponding settlement instructions.

Settlement Date will be set to the current business day in the dedicated GUIs when the instruction will be received.

Entitlement notification to the Participants/Account Controllers/Investors, Paying Agents and Issuers/Issuer Agents is not foreseen for ongoing events.

When reaching RDDT EOD, the instructions on default option will be automatically generated for the uninstructed balances.

Since the payment is performed on an ongoing basis, the settlement instructions will be released intraday upon reception/execution of the client instructions.

Upon reception of the settlement confirmations, the payments confirmations will be sent, according to their respective subscription, to Participants/Account Controllers/Investors, Issuers/Issuer Agents and Paying Agents (MT566/seev.036).

### 6.3.2 Investor CSD Business

The process is similar to the process described in elective events for Issuer CSD with the exception of sending MT565 to Issuer CSD/Local Custodian for each received instruction.

---

<sup>30</sup> The position blocking steps are relevant when the instructed option involves the debit of the underlying security or if the instruction is received before the Record Date (when the underlying security is not to be debited).

## 6.4 Rolling Events

### 6.4.1 Issuer CSD Business

Some voluntary corporate events can also be set up by the Issuer/Issuer Agent as rolling and notified as such to Participants/Account Controllers/Investors.

This means that the period of action (PWAL) will be defined with specific time windows. Outside those time frame any elective instruction received will be rejected.

The CA event will be set up by the Issuer/Issuer Agent as one new event per period of action (PWAL). This means that multiple events with multiple CORP ID need to be entered by the Issuer/Issuer Agent in the dedicated GUI with the following main terms:

- Period of action equal the 1<sup>st</sup> conversion/execution period
- RDDT (client deadline) equals the election End Date of the 1<sup>st</sup> period of action
- Market deadline, in general equals the client deadline in the Issuer CSD Context
- Record Date, if any, equals RDDT
- Payment Date
- Privilege suspension period(s), if any: Period(s) during which the elections shall be automatically rejected by ES.

ES will announce the CA event to the eligible Participants/Account Controllers/Investors according to their subscription. The information mentioned above shall be reflected accordingly in the CA notification MT564 NEWM/seev.031 and in the U2A GUIs.

Upon the reception of the instruction, ES automatically:

1. Requests the position blocking of the entitled security position to T2S/Euronext Securities Oslo Register
2. Once the blocking is confirmed, calculates the client entitlement based on the instructed quantity.

Entitlement notifications (preliminary and final) will be sent according to the predefined entitlements notification timeline.

Reminder notifications will be sent to Participants/Account Controllers/Investors with uninstructed balance twice before the deadline: 2 business days before the deadline and 1 business day before the deadline.

When reaching the RDDT EOD, the instructions on default option will be automatically generated for the uninstructed balance.

When reaching Payment Date – 1 EOD, ES will create the settlement instructions.

Upon reception of the settlement confirmations, the payments confirmations will be sent, according to their subscription, to Participants/Account Controllers/Investors, Paying Agents and Issuers/Issuer Agents (MT566/seev.036).

At the end of the 1<sup>st</sup> execution period, a new CA event will be created by the Issuer/Issuer Agent via dedicated GUI:

- Period of action equals the 2<sup>nd</sup> conversion/execution period
- RDDT (client deadline) equals the election end Date of the 2<sup>nd</sup> period of action
- Record Date, if any, equals RDDT of the 2<sup>nd</sup> period
- Payment Date of the 2<sup>nd</sup> period
- Privilege suspension period(s): Period(s) during which the elections shall be automatically rejected by ES.

The same process described for the 1<sup>st</sup> exercise period will be applied for the 2nd period.

## 6.4.2 Investor CSD Business

Processing of rolling events is the same as in the Issuer CSD context.

# 7 SPECIAL PROCESSING FOR CSDs



## 7.1 Italian Dividend Payment<sup>31</sup>

### Italy market specific

#### 7.1.1 Mandatory Cash Dividend

The mandatory dividend event on equities can be created by the Issuer/Issuer Agent through dedicated GUI.

If the Issuer/Issuer Agent could not create directly the event, it is possible to request the creation to ES (contingency procedure).

Before proceeding with the dividend creation, the Issuer/Issuer Agent shall request the creation of an interim share. Once created, Issuer/Issuer Agent must insert the following data to create the event:

- CA Official Reference
- Linked CA Event
- Entitled ISIN
- Paying Agent Id
- Publication Date and Time
- Record Date
- Payment Date
- Currency
- Dividend Rate
- Narrative.

In addition to the fields listed above, the field "Interim ISIN" is part of the available fields. This field will be set as a mandatory field when:

- The asset family of the underlying security is "Equity"<sup>32</sup>
- The place of safekeeping of the underlying security is Euronext Securities Milan.

When the "Interim ISIN" is populated by the Issuer/Issuer agent, the result would be the creation of two linked CA events:

- Mandatory DVCA event which reflects the main cash dividend event

---

<sup>31</sup> Information about fiscal services by ES Milan are not taken into account in this document. Please refer to current documentation available.

<sup>32</sup> For Funds, the interim security will not be a mandatory field, as the process for postponement or waiver of the dividend would not be allowed.

- Mandatory DVCA with options ongoing that reflects the cash dividend claim event where the clients, which have previously instructed for a postponement, can request the payment of their dividend.

Notification to Participants/Account controllers, Issuers/Issuer Agents and Paying Agents for these events will be managed as described in previous sections.

### Mandatory Cash Dividend Event

Mandatory DVCA event reflects all the information of the original DVCA event except the interim ISIN that is reflected in the DVCA with options event. This event will be visible in U2A GUI and sent to Participants/Account Controllers according to subscription.

The election and withdrawal period will not be defined at the option level, only the deadlines will be defined.

Participants/Account Controllers can send and cancel the instruction in U2A GUI, starting from the CA event creation until Record Date 17:00, or asking directly to ES (contingency procedure).

The possible options will be:

- **Security:** to be instructed in case the Participant wishes the Partial/total deferral of the cash dividend, hence this option results in the credit of the interim ISIN at the Payment Date of the mandatory DVCA and the deferral of the dividend payment (the entitled dividend amount by the instructed quantity)
- **Other:** to be instructed in case the Participant wishes the partial/total waiver of the cash dividend. This option does not result in any cash/security movement (the entitled dividend amount by the instructed quantity)
- **No Action** (default option): to be automatically applied by ES on the remaining uninstructed balance. This option results in the distribution of the total entitled dividend amount when original dividend payment takes place.

Upon reception of a valid instruction, client position will be subject to position blocking for the instructed quantity.

Client instructions cancellation will be allowed until client/market deadline, otherwise the cancellation request will be rejected. If the cancellation request is accepted, the position will be unblocked.

Instruction of a late postponement (Security option) or waiver (Other) after the Pay-Date will need to be managed manually by special request to ES.

The entitlements calculation and communication will start 7 business days before the Reference Date. The entitlements calculation takes into consideration potential instructions received for the postponement or the waiver on a specific client securities account; if no instruction is received the total eligible quantity will be considered.

On Payment Date - 1 EOD, the settlement instructions will be generated as follows:

Payments related to the NOAC option (Payment of the dividend at Payment Date):

- Market payment: one single PFOD instruction to debit the Paying Agent DCA and credit Euronext Securities Milan DCA. The amount to be debited is the total gross amount to be paid minus the deferred and renounced amounts
- Client payments: several PFODs, one for each Participant securities account, to debit Euronext Securities Milan DCA and credit the Participant DCA with the gross amount.

These settlement instructions will be settled on Payment Date - 1 EOD in the NTS.

These client payments' instructions will be linked with the market payment settlement instruction using the linkage type AFTER.

Payments related to the SECU Option (Postponement of the dividend):

- Several FOPs, one for each client instruction, to debit the Issuer's securities account and credit the client securities account with the interim ISIN. The settlement instructions have a CORP the original cash dividend event reference.

**Mandatory Cash Dividend with Options Event (ongoing)**

Mandatory DVCA with options event will be created in ES as CA event linked to the original DVCA event with the following characteristics:

- CA Official Reference
- Linked CA Event: Original DVCA event
- Entitled ISIN: Interim share
- Paying agent of the original DVCA event
- Publication Date = Payment Date of the original DVCA event
- Client Deadline Date = Market Deadline Date = Payment Date + 5 Years
- Client Deadline Time = Market Deadline Time = 17:00 CET
- Election Period will not be defined (as this date setting is optional in the instructions processing)
- Payment Date = Ongoing.

This event will be visible in U2A GUI and sent to Participants/Account Controllers according to subscription once the interim shares will be credited in the client securities accounts.

In exceptional cases, the Issuer/Issuer Agent can decide to extend the deadline. It will be possible to update this field via U2A GUI.

The election process will start as soon as the interim shares are credited to the client securities accounts and can continue up to 5 Years after the Payment Date of the original DVCA event. The election period will not be defined at the option level, only the deadlines will be defined.

Participants/Account Controllers can send and cancel instructions:

- Via U2A GUI
- Via MT565/seev.033
- Asking directly to ES (contingency procedure).

The possible options will be:

- **Cash:** to be instructed in case the Participant wishes to claim the dividend, hence this option results in the credit of the deferred dividend amount and the debit of the interim security
- **Lapse (default option):** instructed automatically when the deadline (PD + 5 Years) is reached or to be instructed in case the Participant wishes to renounce to the dividend payment after an initial postponement. Therefore, this option results in the debit of interim ISIN.

As the processing is ongoing, the client instructions will be executed immediately following the successfully blocking of the position. Hence, also the entitlements will be calculated upon reception of a valid client instruction and after the successful blocking.

The instruction cancellation request can be accepted for further processing if the client payments are not yet generated.

The settlement instructions will be generated as follows:

#### Payments related to the CASH option

For each client instruction received, and following a successful position blocking, the settlement instructions will be generated as follows:

- Market payment: one single PFOD instruction to debit the Paying Agent DCA and credit Euronext Securities Milan DCA. The amount to be debited is the deferred gross amount based on the instruction received
- Client Payment related settlement instructions:
  - One single PFOD to debit Euronext Securities Milan DCA and credit the Participant DCA with the deferred gross amount
  - One single FOP to debit the interim share from the Participant securities account and credit Issuer securities account.

These payments instructions have intended Settlement Date equalling the current Business Date. Therefore, they settle on the instruction Reception Date, during the RTS.

#### Payments related to the LAPS option

The interim security debit movement will be created upon:

- The reception of the instruction on lapse option from the Participant/Account Controller
- Automatic generation of the default option on the deadline (PD + 5 Years).

Therefore, for each client instruction received, several FOPs will be generated, to debit the client securities account and credit Issuer securities account.

The client cash payments instructions will be linked with the market payment settlement instruction using the linkage type AFTER. No linkage is foreseen for client security payment instructions.

## 7.1.2 Optional Dividend

Issuer/Issuer Agent can create Optional Dividend events through U2A GUI or asking directly to ES (contingency procedure).

Before proceeding with the optional dividend creation, the Issuer/Issuer Agent shall request the creation of an interim share. Once created, Issuer/Issuer Agent must insert the following data to create the event:

### CA Details

- CA Official Reference
- Linked CA Event
- Entitled ISIN
- Paying Agent Id
- Publication Date and Time
- Payment Date
- Narrative.

### Cash option Details for payment of cash on Payment Date

- Default Option
- Client Deadline Date and Time (Response Deadline)
- Market Deadline Date and Time
- Election period (period of action)
- Revocability Period
- Cash credit movement details including price details and Payment Date
- Security debit movement details including interim ISIN 1 (underlying right distributed before the DVOP) and Payment Date.

### Security option 1 details for payment of securities on Payment Date

- Default Option
- Client Deadline Date and Time (Response Deadline)
- Market Deadline Date and Time
- Election period (period of action)
- Revocability Period
- Security debit movement details including interim ISIN 1 (underlying right distributed before the DVOP) and Payment Date
- Security credit movement details including new ISIN, parity in and parity out (ratio), rounding out and rounding In (disposition of fractions) and Payment Date.

Security option 2 details for the deferral of the dividend

- Default Option
- Client Deadline Date and Time (Response Deadline)
- Market Deadline Date and Time
- Election period (period of action)
- Revocability Period
- Security debit movement details including interim ISIN 1 (underlying right distributed before the DVOP) and Payment Date
- Security credit movement details including interim ISIN 2 (underlying interim security created for the deferral), parity in and parity out (ratio), rounding out and rounding In (disposition of fractions) and Payment Date.

Other option details for the waiver of the optional dividend

- Default Option
- Client Deadline Date and Time (Response Deadline)
- Market Deadline Date and Time
- Election period (period of action)
- Revocability Period
- Security debit movement details including interim ISIN 1 (underlying right distributed before the DVOP) and Payment Date.

This will result in the automatic creation of two CA events:

- Mandatory DVOP with options event which reflects the main optional dividend event
- Mandatory DVCA with options ongoing that reflects the cash dividend claim event where the clients, which have previously instructed for a postponement, can request the payment of their dividend.

Notification to Participants/Account controllers, Issuers/Issuer Agents and Paying Agents for these events will be managed as described in previous sections.

### **Optional Dividend Event processing**

The DVOP CHOS event reflects all the information populated by the Issuer/Issuer Agent in U2A GUIs. This event will be visible in U2A GUI and related notification <sup>33</sup> will be sent to Participants/Account Controllers according to subscription.

Participants/Account Controllers can send and cancel the instruction:

- Via U2A GUI
- Via MT565/seev.033

---

<sup>33</sup> No RNI notification for this event is foreseen as the event is not on the list of events available via RNI and no upgrade of that format is foreseen with our initiative.

- Asking directly to ES (contingency procedure).

The election process will start as soon as the optional dividend event DVOP CHOS will be created and end when the client deadline date-time will be reached.

The possible options will be:

- **Cash option:** to be instructed in case the Participant wishes to be paid in cash on Payment Date. Hence this option will result in the credit of cash amount and the debit of the underlying right
- **Security option 1:** to be instructed in case the Participant wishes to be paid in securities on Payment Date. Hence this option will result in the credit of the outturn (new) ISIN and the debit of the underlying right
- **Security option 2:** to be instructed in case the Participant wishes the partial/total deferral of the dividend, hence this option will result in the credit of the interim ISIN and the debit of the underlying right
- **Other option:** to be instructed in case the Participant wishes the partial/total waiver of the dividend. This option will result in the debit of the underlying right when reaching the deadline.

Since the possible options involve the debit of the entitled security (right), the blocking process will be triggered upon reception of a client instruction. This will also ensure an accurate position check before execution of the instructions.

Client instructions cancellation will be allowed until client/market deadline, otherwise the cancellation request will be rejected. If the cancellation request is accepted, the position will be unblocked.

The entitlements will be calculated at the reception of a valid client instruction after a successful blocking process. Communication of the entitlements will start 7 business days before the Reference Date.

On Payment Date - 1 EOD, the settlement instructions will be generated as follows:

#### Payments related to the CASH option

##### *Cash Payments*

- Market payment related settlement instruction: one single PFOD instruction to debit the Paying Agent DCA and credit Euronext Securities Milan DCA. The amount to be debited is the total gross amount to be paid minus the deferred and renounced amounts
- Client payments related settlement instructions: several PFODs, one for each client instruction, to debit Euronext Securities Milan DCA and credit the client DCA with the gross amount.

These payments instructions will settle on Payment Date - 1 EOD, in the NTS.

##### *Securities Payments*

- Several FOPs, one per client instruction, to debit the underlying right from the client securities account and credit the Issuer securities account.

#### Payments related to the SECU option 1

- Several FOPs, one per client instruction, to debit the underlying right from the client securities account and credit the Issuer securities account
- Several FOPs, one per client instruction, to debit the outturn security (new ISIN) from the Issuer securities account and credit the client securities account.

#### Payments related to the SECU option 2

- Several FOPs, one per client instruction, to debit the underlying right from the client securities account and credit the Issuer securities account
- Several FOPs, one per client instruction, to debit the interim security (for the deferral) from the Issuer securities account and credit the client securities account.

#### Payments related to the OTHR option

- Several FOPs, one per client instruction, to debit the underlying right from the client securities account and credit the Issuer securities account.

The client cash payments instructions will be linked with the market payment settlement instruction using the linkage type AFTER.

### **Mandatory Cash Dividend with Options Event processing**

As already described for the mandatory DVCA, dividend claim phase will be managed relying on a linked DVCA CHOS ONGO with the following characteristics:

- CA Official Reference
- Linked CA Event: Original DVOP event
- Entitled ISIN: Interim share
- Paying agent of the original DVOP event
- Publication Date = Payment Date of the original DVOP event
- Available options:
  - **Cash:** to be instructed in case the Participant wishes to claim the dividend, hence this option will result in the credit of the deferred dividend amount and the debit of the interim ISIN
  - **Lapse:** will be the default option. Instructed automatically when the deadline (PD + 5 Years) is reached or in case the Participant wishes to lapse the interim share. Therefore, this option will result in the debit of interim ISIN
- Client Deadline Date = Market Deadline Date = PD + 5 Years
- Client Deadline Time = Market Deadline Time = 17:00 CET
- Election Period will not be defined (as this date setting is optional in the instructions processing)
- Payment Date = Ongoing.

## 7.2 Withdrawal Right (Diritto di Recesso)

### Italy market specific

In Italy, the right of withdrawal is governed by the Civil Code, specifically outlined in Article 2437 for joint-stock companies (S.p.A.) and Article 2473 for limited liability companies (S.r.l.), detailing the circumstances under which shareholders may exercise this right.

The execution of the process consists of two steps:

- Creation of a **BIDS** event, whereby the Issuer announces the opening of a period in which it makes itself available to repurchase shares at a predetermined price
- Creation of **RHDI + EXRI** events by which the Issuer offers the market the shares that are returned from the withdrawal, redistributing them according to the subscription of rights.

### BIDS Event processing

BIDS event will be created by the Issuer in the U2A GUI with the following characteristics:

- Available options:
  - **CASH**: to be instructed in case the Participant agrees to sell shares to Issuer at a predetermined price
  - **NOAC**: to be instructed in case the Participant does not agree to sell shares to Issuer at a predetermined price
- Record Date: General Meeting Date - 1
- Election period Start: Publication Date
- Election period End: Publication Date + 15 days.

Positions on the shares for which the Participant has exercised the right of withdrawal will be blocked until the payment.

After verification of the instruction received, the Issuer will notify the Participants and Euronext Securities Milan of the identified invalid withdrawal requests. Those related position will be unblocked by Euronext Securities Milan as soon as notified by the Issuer.

### RHDI and EXRI Event processing

RHDI event will be created by the Issuer in the U2A GUI for the distribution of rights offering to subscribe shares that have not been blocked for withdrawal.

EXRI event will be created by the Issuer in the U2A GUI with the following options:

- EXER: to be instructed in case Participant wants to buy shares until the maximum available number of rights in Participant account. The ratio of the EXER option will be communicated at the end of election period of BIDS event
- OVER: to be instructed in case the Participant wants to buy shares more than the maximum available cash in Participant account
- LAPS: which is the default option. To be instructed in case the Participant/Account Controller does not want to buy shares.

The ratio of the EXER option will be communicated by the Issuer after the exercise period of the BIDS event has concluded.

Those who exercised the EXER option for all their rights may request to exercise the OVER option for an unlimited number of shares (over-subscription).

In the event of an allocation (total OVER>LAPS), the Issuer informs intermediaries of the shares allocated to each OVER subscriber and communicates the overall total per Participants to the CSD.

The payment date for EXRI event will be aligned with the payment date for BIDS one.

If the issuer/Issuer agents requires some dedicated paper documentation, the means to send it will be announced in the CA event notification in agreement with the Issuer/Issuer Agent.

## 7.3 Handling of negative interest

### Denmark and Norway market specific<sup>34</sup>

Euronext Securities Copenhagen and Euronext Securities Oslo has defined the following process to handle events with negative interest rate:

1. On Publication Date Euronext Securities Copenhagen and Euronext Securities Oslo will send a MT564/seev.031 NEWM to announce to Participants/Account Controllers/Investors the interest payment event (INTR) and either:
  - Partial call (PCAL)
  - Redemption (REDM) or
  - Early redemption (MCAL).

The two messages will be linked using "WITH" linkage type indicator. The linking of messages and payments will be only relevant for negative interest.

2. On Record Date at the end of day. Euronext Securities Copenhagen and Euronext Securities Oslo will send MT564 REPE/seev.035 INTR and PCAL/REDM/MCAL messages to notify Participants/Account Controllers/Investors the final entitlement of the concerned events. The two messages will be linked using the "WITH" linkage type indicator.

The calculation of the redemption and interest payments will be done separately; based on such computation Euronext Securities Copenhagen and Euronext Securities Oslo will generate and send to settlement system in the NTS:

- one settlement instruction for the credit of the redemption amount and
- one settlement instruction for the debit of the interest amount.

---

<sup>34</sup> Euronext Securities Porto and Euronext Securities Milan (for Issuer CSD Business only) do not support the negative interest.

The two settlement instructions (sese.023) will be linked with the same pool to ensure that the payment from the interest will be not debited from the Participants DCA before they have been credited the payment from the redemption.

3. On Payment Date ,as soon as the confirmation messages have been received from the Settlement System , MT566/seev.036 INTR and PCAL/REDM/MCAL messages will be sent to the Participants/Account Controllers/Investors. The two messages will be linked using the "WITH" linkage type indicator.

If the interest payment exceeds the payment from the redemption, Euronext Securities Copenhagen and Euronext Securities Oslo will calculate an additional redemption to compensate for the remaining value of the negative interest. This will be included in the original PCAL event message. No additional redemption will be possible at the last term.

A negative coupon with a bullet bond will be managed with a partial call to offset the value of the negative interest to be paid by the Participant/Investor. The nominal value to be redeemed will be calculated based on the negative interest rate. In this case Euronext Securities Copenhagen and Euronext Securities Oslo will send both a PCAL and INTR messages. The two messages will be linked using the "WITH" linkage type indicator.

## 7.4 Handling of Redemption Premium

### Portugal market specific

In order to handle the redemption premium, Euronext Securities Porto will specifically communicate both the redemption price and the redemption premium price in notification sent to Participants/Account Controllers. These amounts should be reported in separate fields within two distinct cash movements, as the premium and redemption are subject to different tax treatments.

Specifically MT564 NEWM/seev.031, MT564 REPE/seev.035 and MT566/seev.036 relating to the REDM event, who has associated a premium payment, will be sent in two different cash movements with the following tags:

```
:16R:CASHMOVE
:22H::CRDB//CRED
:19B::GRSS//EUR500000,
:98A::PAYD//20210506
:90A::OFFR//PRCT/100,
:16S:CASHMOVE
:16R:CASHMOVE
:22H::CRDB//CRED
:19B::REDP//EURO,62
:98A::PAYD:20210506
:90A:OFFR//PREM/0,000123456789
:16S:CASHMOVE
```

Entitlement calculation will result in one consolidate cash movement leading to the generation of one consolidated settlement instruction sese.023 sent to T2S.

## 7.5 Event processing on Yankee bonds

### Italy market specific

Events on Yankee bonds will be created and notified to Participants according to the process described for predictable events. Main differences will be the following:

- For the concerned ISINs, entitlements will be calculated gross and, consequently, Euronext Securities Milan will generate MT564 REPE/seev.035 including the gross amount
- On the Payment Date, once the consolidated gross amount for all the events on Yankee bonds due at that specific date is received in Euronext Securities Milan cash account in the Correspondent Bank and confirmed via camt.054, ES will cancel the original entitlements for the taxable ISINs and recalculate new entitlement applying the 26% tax rate
- Euronext Securities Milan will generate client cash payments (pacs.009 to debit Euronext Securities Milan cash account and credit CSD Participant cash account in their Correspondent Bank) and, once confirmed via camt.054, will send CA confirmation messages (MT566/seev.036) encompassing either the net amount and the applied tax rate

**On the next business day** after the Payment Date, Euronext Securities Milan will reverse the original payments for the exempt ISINs and generate new ones taking into consideration the tax amount to be refunded to Participants. Cash payment executed will be for the "delta amount" corresponding to the difference between debit/credit amount for the concerned Participant stemming from the reversal of the original payment and the new one.

- Please note that Euronext Securities Milan will generate two separate CA confirmation messages (MT566/seev.036) once the payment is confirmed: one for the reversal of the original payment and one for the new payment (not one single message related to the "delta" amount).

## 7.6 Process for DVOP without interim ISIN

### Denmark market specific

According to local market practice, DVOP CHOS events in Denmark are announced without an interim ISIN (right).

Processing of these events in Euronext Securities Copenhagen will not deviate from the standard elective events process described in this document. This involves that:

- The clients will instruct on the original ISIN in order to choose either cash (default option) or security. The amount used for re-investing in securities is the net amount. Standing instructions will be also allowed
- The standard position blocking process will be performed to ensure:
  - Accurate position check
  - The availability of the position at the time the client instruction is executed
- Preliminary advice (MT564 REPE/seev.035) will be sent starting from seven business days prior to the RD of the event. For Issuer Agents and Paying Agents these provisional entitlements will take into account the client instructions received up to that point, along with any potential standing instructions and the default option.

## 7.7 EXRI with multiple outturn securities

In the frame of a capital increase event (EXRI), the Issuer/Issuer A or Issuer CSD/Local Custodian may offer to the rights' holders the credit of one or more additional outturn securities (typically warrants) when exercising the rights.

In this scenario, there is the need to identify, at security movement level, the main security that will be credited in order to retrieve the right ratio to be considered for the calculation of the cash debit, derived from the quantities of main securities credited.

- For Issuer CSD Business, a specific flag "Main Security" should be set-up in corporate event details by the Issuer / Issuer Agent while creating the event in the U2A GUI
- For Investor CSD Business the "Main Security" will be identified by ES according to information available in the CA notification (MT564/seev.031) received from the linked Issuer CSD.

## 7.8 CERT certification event

In the frame of the Investor CSD business, Issuer CSD / ICSD can notify to ES CERT event (request for certification event) and upon reception of MT564/seev.031, ES will create the CERT event and send to eligible participants MT564/seev.031 and the event will be visible in MyEuronext.

Such a certification request from Issuer can be requested for Securities under the TEFRA-D regulations.

Participants will be able to instruct via MT565/Seev.033/MyEuronext and upon check of validity, if the instruction is for a US client, a blocking of the instructed position will be performed. The instruction status will be reported to participants via MT567/seev.034/MyEuronext.

If no instruction is received from participant and no standing instruction is present, on RDDT a blocking of the uninstructed position via CUS3 restriction will be done.

Participants will be able to set-up standing instructions for the CERT event that will be applied on RDDT on the uninstructed position. A refresh of positions will be done **1 hour prior to the RDDT date and time**

The blocking of the position CUS3 will remain up to the maturity of the ISIN.

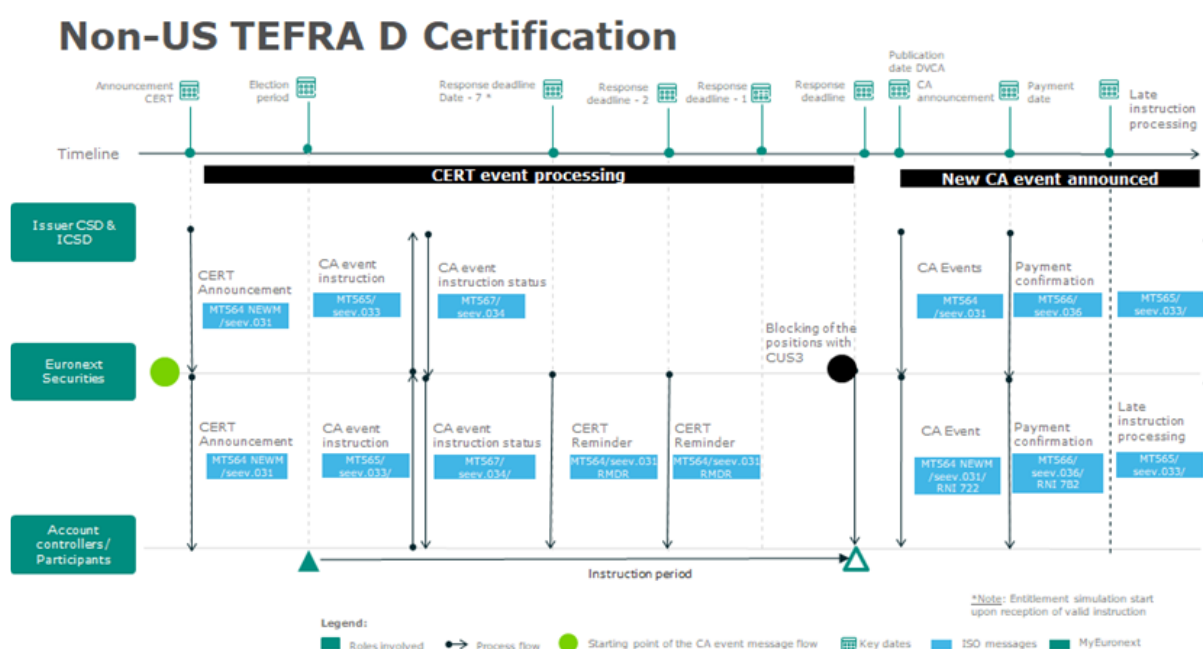
Late instruction:

- Can be sent via MT565/Seev.033/MyEuronext
- No automated rejection will be performed and it will require a manual processing even once standing instruction had been applied
- An unblocking of the positions (from CUS3) will be potentially performed.

Impact of Certified positions on future CA events:

- For the events to come after the CERT event processing (ex: DVCA, INTR),
  - the positions with the blocking reason CUS3 will not be considered by the CA platform as eligible to the new CA event
  - and consequently, those concerned US clients will not receive the cash payment events.
- This blocking reason CUS 3 will not prevent the Debit of the underlying securities when required (ex: REDM, MCAL)

Please see below a schema describing the Certification event processing timeline



## 7.9 French optional dividend (DVOP)

### 7.9.1 French optional dividend (DVOP) announcement

As per European market standards, mandatory distributions with options, such as optional dividends (DVOP), are announced as two separate corporate actions:

- A mandatory rights distribution (RHDI), distributing the rights to eligible participants.
- A mandatory reorganisation (DVOP) with options to exercise these rights.

The Issuer CSD facilitates this process by sending MT564 messages for both the rights issue and the optional dividend events, which include options for cash and securities.

In line with Euronext Securities Milan's configuration, these events are automatically created, triggering the relevant notifications to our participants based on their message subscription.

### 7.9.2 French optional dividend (DVOP) options

French optional dividend can have the following options:

- **Cash:** The dividend is paid in cash.
- **Securities - Round Down:** The dividend is paid in securities. The quantity of securities proceeds is rounded down to the next unit. Fractions are compensated in cash and paid to the client, with the disposition of fractions field containing "cash in lieu" (CINL).
- **Securities - Round Up:** The dividend is paid in securities, but the quantity is rounded up to the next unit. Consequently, the corresponding cash amount is debited from the client's account to cover the fractions up to the next unit.
  - The disposition of fractions field contains the value Buy up (BUYU).

Such DVOP options will be structured as follows:

Fields	Definition	Values
<b>Option 1: default option</b>		
CAON	Option number	001
CAOP	Option type	CASH
SECMOVE	Security movement	Debit of the rights
CASHMOVE	Cash movement	Credit – based on the dividend rate
<b>Option 2: security with compensation of fractions</b>		
CAON	Option number	002

Fields	Definition	Values
CAOP	Option type	Security (SECU)
DISF	Fraction disposition (type)	Cash in lieu (CINL)
SECMOVE	Security movement	Debit of the right
SECMOVE	Security movement	Credit of the security proceeds
CINL Price	Reinvestment price	Price used for the fractions
<b>Option 3: security rounded up with payment for fractional securities</b>		
CAON	Option number	003
CAOP	Option type	Security (SECU)
DISF	Fraction disposition (type)	Buy securities up to the next whole number (BUYU)
SECMOVE	Security movement	Debit of the right
SECMOVE	Security movement	Credit of the security proceeds
CASHMOVE	Cash movement	Debit of cash for fractional securities
PRPP	Reinvestment price	Price used for fractional quantity

### 7.9.3 French optional dividend (DVOP) instructions management

Client's instruction on French optional dividends (DVOP) are processed by Euronext Securities Milan in line with the contents from the section 5.6.

The following steps will apply:

- **Instruction collection**
  - Instructions are collected through designated communication channels, such as SWIFT/ISO 20022 or 15022 and the Euronext GUI, ensuring they are received within the specified deadline.
- **Verification and validation:**
  - Each instruction is controlled to ensure it complies with the terms of the event and the accuracy of the instruction details.
  - Euronext Securities Milan requests the instructed quantity blocking in T2S (TARGET2-Securities).
  - Instructions are validated if all controls and blocking requests are successfully executed.
- **Notification and reporting:**
  - Clients' instructions are reported in SWIFT/ISO 20022 or 15022 instruction status advice messages (seev.034 or MT567), based on their subscription.

- Clients with non-instructed balances will receive daily reminders from two business days before the applicable response deadline or market deadline.
- **Market instruction submission:**
  - Valid clients' instructions are submitted to the issuer Central Securities Depository (CSD).
  - Issuer CSD acceptance is automatically monitored to ensure seamless processing.

## 7.10 French subscription event with compensation of receivables

As investor CSD on the French market, Euronext Securities Milan facilitates the management of subscription events with compensation of receivables.

In these scenarios, investors can opt to provide cash directly to the issuer outside the conventional corporate action processing, utilising the "compensation of receivables" mechanism as authorised by French law.

We create the event in accordance with the issuer CSD's practices, which include:

- A **mandatory rights distribution** (RHDI), distributing the rights to eligible participants.
- An **exercise of rights** (EXRI), including a dedicated security (SECU) option without cash debit.
- **Text narrative**, if applicable.

We handle client instructions in alignment with our election management standards, ensuring that instructions are collected, controlled, validated and sent to the issuer CSD.

Additionally, we ensure event's paying agent receives the necessary documentation confirming that cash has been processed outside the standard corporate action channel.

### 7.10.1 Compensation or receivables options

Subscription events supporting the French regulated compensation or receivables are announced with the following options:

Fields	Definition	Values
<b>Option 1: exercise of rights</b>		
CAON	Option number	001
CAOP	Option type	Exercise (EXER)
SECMOVE	Security movement	Debit of the right
SECMOVE	Security movement	Credit of the security proceeds
CASHMOVE	Cash movement	Debit of cash

Fields	Definition	Values
<b>Option 2: over-subscription</b>		
CAON	Option number	002
CAOP	Option type	OVER
SECMOVE	Security movement	Credit of the security proceeds
CASHMOVE	Cash movement	Debit of cash
<b>Option 3: security</b>		
CAON	Option number	003
CAOP	Option type	Security (SECU)
SECMOVE	Security movement	Debit of the right
SECMOVE	Security movement	Credit of the security proceeds
<b>Option 4: default option</b>		
CAON	Option number	004
CAOP	Option type	LAPS or NOAC <sup>35</sup>
SECMOVE	Security movement	Debit of the rights <sup>36</sup>

## 7.11 Loyalty bonus programme management

Euronext Securities Milan is committed to accommodating the management of French registered securities, including the loyalty bonus programme.

As investor CSD, we create loyalty bonus programme related corporate action events in line with French market practices.

Due to the fact that shares must be kept several years, the issuing company traces the period of registration using a dedicated ISIN code for each year of initial registration.

### 7.11.1 Loyalty bonus programme market practice

Some French issuing companies may seek to stabilise their shareholder base by offering an increased dividend to shareholders who retain their stock for a specified period, typically two years.

<sup>35</sup> In case of voluntary event, the default option is "NOAC", for which no movement is generated.

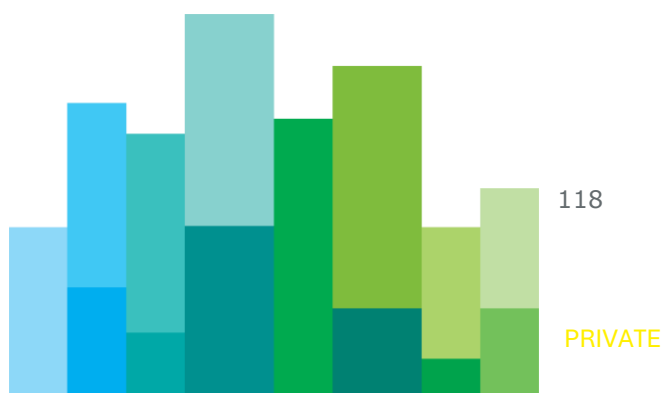
<sup>36</sup> If the default option is "LAPS", the uninstructed right quantity will be debited.

This benefit requires the securities being registered beforehand and a change of ISIN for the first and second year of full registration. At the end of the required period, the registered security will be assimilated to the main registered ISIN entitled to the bonus dividend.

The process, for a required period of two years, is as follows:

Timeline	Description
<b>First year of registration</b>	<p>From the 1<sup>st</sup> of January to the 31<sup>st</sup> of December, the previously registered security ISIN is changed for a new and specific temporary two (2) years ISIN, or "interim" ISIN.</p> <p>The event is announced by the issuer CSD. Euronext Securities Milan processes the event automatically.</p> <p>Note: previously, the security quantity shall have been registered.</p>
<b>Second year of registration</b>	<p>From the 1<sup>st</sup> of January of the second year of registration, the ISIN is not changed. This ISIN gives right to the bonus ISIN in one (1) year..</p> <p>The event is announced by the issuer CSD. Euronext Securities Milan processes the event automatically.</p>
<b>Third year of registration</b>	<p>After the minimum registration period, from 1<sup>st</sup> January and onward, the security is assimilated to the main registered code eligible for the bonus dividend.</p>

# 8 TAX MANAGEMENT



## 8.1 Issuer CSD Business

**The following section applies to Euronext Securities Copenhagen and Euronext Securities Oslo only.**

### 8.1.1 Tax Calculation

During the entitlement/payment process, ES will identify the correct tax rates to be applied based on CAEV, ISIN data and client data.

When such information is not available, then ES will apply the tax rates defined under the event (if any), otherwise no tax rate will be applied.

Tax withholding will be communicated in client entitlements/payments via MT564 REPE/MT566.

It is possible to exclude an event for a specific period from taxation.

### 8.1.2 Rounding of tax amount

For cash payments, the cash amount to be paid is rounded down to the number of decimal places permissible in the payment currency (i.e., to two decimal places in the case of EUR payments).

#### Norway market specific

For Euronext Securities Oslo, for the withholding tax, the Tax Authority only accepts whole numbers (no decimals). The calculated tax amount under client entitlement and payment will be rounded down (no decimals) and net amount adjusted.

### 8.1.3 Withholding tax - Threshold per event

#### Norway market specific

When withholding tax is applicable, Investors will be responsible for providing tax-related information, (including beneficial owners breakdowns, tax account information, etc) in advance. Euronext Securities Oslo processes this information associated to the specific account and, in addition to calculating the gross entitlement, determines the tax amount due and provides the net entitlement.

For dividends (cash or securities) when the Issuers has tax domicile Norway, and the Investor has foreign tax domicile (residency country different from Norway), there is a tax law which removes the requirement for COR (Country of resident) documentation if the amount received is below a threshold to reactivate DTA (double taxation agreement) rates. The Investor will then be eligible to be taxed at the DTA rate between Norway and Investors taxation country. If not, the DTA is not applicable, and maximum rate will be applied.

The threshold amount per dividend and type is managed by the Issuer Agent and set up as an amount on the event creation. The threshold is applicable to all Norwegian dividend distributed in cash or in securities:

- DVCA/DVOP option CASH, the threshold is compared to the gross amount (Dividend price \* number of shares held on RD)
- DVSE/DVOP option SECU, the dividend cash rate per share is multiplied with the number of shares held on RD. This amount is then deducted tax on (treaty/non-treaty) and multiplied via the PRPP (the cost per share). The result gives the number of new shares to be received, and potentially, fractions.

#### Example of calculation for DVOP option SECU

Event data:

Dividend cash rate 10 NOK (from the cash option).

Reinvestment price = 50 NOK.

Threshold = 2500 NOK.

Eligible position = 500 Unit.

In order to identify the corresponding SLA in the tax matrix, the gross amount is calculated as follows:

Gross amount =  $10 * 500 = 5000$  NOK.

The gross amount is more than the threshold, then max rate applies 25%.

Tax amount is calculated as follow =  $5000 \text{ NOK} * 25\% = 1250$  NOK.

Net Amount = 3750 NOK.

New shares =  $3750/50 = 75$  UNIT.

#### Example of calculation for DVSE

The DVSE processing is working as a DVCA, but the net is used to purchase shares at a price (PRPP).

### 8.1.4 Tax on cash fraction

#### Denmark market specific

When there is a security distribution/reorganisation resulting in a cash fraction, the cash fraction can be taxable.

## 8.1.5 Cash Dividend with different tax portions

### Denmark market specific

Issuers/Issuer Agents have the possibility to create a dividend in U2A GUIs and specify if there are different portions for the dividend price (e.g. a portion as Income and a portion as Share income) or if the portion is taxable and non-taxable. This applies only to investment funds.

Specifically, it is possible to create and process a cash dividend event including the split of the dividend price into different portions as follows:

- INCO: Income portion (Selskabsindkomst pr. stk.)
- CAPO: Capital Portion (Kapitalindkomst pr. styk)
- FLFR: Fully Franked (Frivillig aktieindkomst pr. styk)
- UNFR: Unfranked (Frivillig kapitalindkomst pr. styk)
- TXBL: taxable portion (Aktieindkomst pr. styk)
- TXFR: tax free portion. (Skattefri indkomst pr. styk)

INCO must be equal to the dividend price.

The sum of CAPO, FLFR, UNFR, TXBL and TXFR must be equal to dividend price.

The dividend portion rates will be notified in the CA notification using the repetitive rate tag 92J; 92J is used for the dividend price per share.

The tax amount will be calculated during the process of entitlement, and can be notified in CA entitlement messages. The CA confirmation will confirm the posted amount.

## 8.1.6 Tax reporting – Denmark market specific

### U2 Tax reports to Issuer Agents – U2 skattekørsel

Euronext Securities Copenhagen provides issuer agents with a tax report that informs the issuer of the tax amount to be paid to the Danish tax authorities. The deadline for tax payment can be either the 10th of each month or the end of the month, depending on the issuer company. Euronext Securities Copenhagen supports tax reporting to accommodate both deadlines.

Issuer agents receive U2 tax reports according to the following schedule:

- The first U2 tax report is sent four banking days before the 10th of each month.
- The second U2 tax report is sent eight banking days after the payment date.

Issuer companies with a deadline on the 10th of the month can use the first report for their tax information. Issuer companies with an end-of-month deadline can use the second U2 tax report.

Issuer agents can inform the relevant U2 tax deadline in the narrative field when the event is created in MyEuronext. The U2 tax date will then be informed in the SWIFT

narrative field, indicating when they can use the 'Correction of dividend' / 'udbytte flyt' functionality. The deadline should correspond to the date of the U2 tax report used by the issuer agent for payment to the Danish tax authorities.

The process for the U2 Tax reporting will remain unchanged. For further details, please refer to the 'system technical guideline (Systemvejledning)'.

### **Correction of dividend / 'Udbytte flyt'**

The process for Dividend move / 'Udbytte flyt' will remain unchanged. For further details, please refer to the 'system technical guideline (Systemvejledning)'.

### **Technical dividend / Accumulation (Corporate Action event ACCU)**

Technical dividend is a calculated dividend that is without payment, and the record date is often back-dated, see section 5.2.1.3 Late event creation. Technical dividend applies only to Investment funds.

Technical dividend will be processed as a Accumulation event.

## **8.1.7 Tax breakdown**

When tax breakdown is indicated, ES will cancel the initial client entitlements and create new ones.

If on Record Date, the eligible position is updated, less than the instructed quantity, the entitlements will be recalculated according to the final position.

### **WTRC event**

The WTRC Corporate action event will be created by ES with the following characteristics:

- Linked event: created DVCA
- Possible options:
  - Option 001: BOBD when instructing on a rate other than maximum
  - Option 002: NOAC when instructing on maximum rate

The event will be notified to the Participants/Account Controllers/Investors via MT564/seev.031 according to subscription.

Participants/Account Controllers/Investors can instruct via swift message MT565/seev.033 for a different tax rate or not tax for a part of his entitled holding.

Received client instructions will be validated, and results will be sent to Participants/Account Controllers/Investors via MT567/seev.034 according to subscription.

## 8.2 Investor CSD Business

### Italy market specific

When acting as Investor CSD, Euronext Securities Milan will be withholding agent for the FR and US markets.

In case of corporate events on bonds no tax is applied for FR market, for US market clients are requested to send instructions to be paid gross.

### 8.2.1 Tax information in ISO messages

Euronext Securities Milan will manage and notify to Participants/Account Controllers the tax rate received in the ISO swift messages (e.g. TAXR, ATAX, WITL) from the Issuer CSD/Local Custodian.

Euronext Securities Milan will manage also the gross dividend portion (e.g. GRSS//TXBL and GRSS//TXFR); the received rates will be notified to the clients.

### 8.2.2 Tax Calculation

As described for Issuer CSD Business, during the entitlement/payment process, Euronext Securities Milan will identify the correct tax rates to be applied based on CAEV, instrument data and client data.

When such information is not available, then Euronext Securities Milan will apply the tax rates defined under the event (if any).

Furthermore, in case of tax breakdown instructions received from Participants/Account Controllers, Euronext Securities Milan consider the received tax rates in the entitlements calculation. For additional information on tax breakdown process please refer to section "Tax breakdown".

### 8.2.3 Tax Replacement

Euronext Securities Milan will offer a tax replacement service to adjust the tax rate after payment. Specifically, there will be two possible scenarios:

- Scenario 1: the default rate is 30%, Participant/Account Controller/Investor has erroneously instructed 15% instead of 30% which is actually entitled
- Scenario 2: the default rate is 30%, but after reviewing it will be adjusted to 15%.

The adjustment will be done using the same original event and is performed from PD until PD + 10 for French market and during the year in which the original payment is done for US market.

For **FR market**, tax replacement would affect maximum rate of 25% and reduced rate of 15% or 0% in case of French residents or exempt beneficial owners not disclosed at pay date, **for US market**, tax replacement would affect three rates as well (max rate of 30% and reduced rate of 15% or 0%).

In order to adjust the tax rate, the Participants/Account Controllers has to send:

- First, an instruction cancellation request to cancel the previous tax breakdown instruction
- The new breakdown Instruction with the updated tax rate.

#### **Exception for US market:**

In case of cash debit, Euronext Securities Milan does not have a debit authority. Therefore, the process will be similar to CoBM workflows in case of debit, a notice to receive camt.057 is sent to Participants. Upon reception of camt.054, the payment can be processed.

## **8.2.4 United States tax processing**

Euronext Securities Milan will hold US shares and US bonds in Euroclear Bank.

### **8.2.4.1 DVCA event**

ES, once received the MT564 DVCA/seev.031 containing the tax rate, will create and notify to Participants/Account Controllers, according to their subscription:

- The DVCA event with the indicated tax rate
- The WTRC event linked to the DVCA event.

The provisional entitlements will be calculated considering 30% as tax rate for all the clients.

Starting from Record Date + 1, Participants/Account Controllers can send tax breakdown instructions via MT565/seev.033/RNI 704 (Italian market specific) on WTRC event:

- If the Participant/Account Controller is collecting for a non-US BO, it will provide only the tax rate (no beneficial owner details)
- If the Participant/Account Controller is collecting for a US BO not registered as exempt by law, it will provide IRS exemption code only
- If the Participant/Account Controller is collecting for a US BO registered with W9 US, it will provide the US tax ID (SSN) + tax rate.

On Payment Date – 1, the received valid instruction are executed and entitlements are updated with received tax rate. In case of no instruction, the final entitlement will be the same as the provisional one.

On Payment Date, Euronext Securities Milan, received MT566/MT567 RECD with gross amount, will generate pacs.009 for each client payment with net amount to debit Euronext Securities Milan account and credit Participant account. The tax amount will be left in Euroclear Bank cash account to be paid.

#### 8.2.4.2 INTR event

The processing of INTR event will be the same as DVCA event with the following exceptions:

- WTRC will be created only if the bond is taxable
- Instructions to tax exemption will be managed via ISO message MT565/seev.033 to process the tax breakdown instruction. As currently, NO RNI 704 will be offered (Italian market specific)

### 8.2.5 French tax processing

The FR shares will be held in Euroclear France.

#### 8.2.5.1 DVCA event

Euronext Securities Milan, once received the MT564 DVCA/seev.031, will create and notify to Participants/Account Controllers, according to their subscription:

- The DVCA event
- The WTRC event linked to the DVCA event, if the DVCA is taxable (notified only for clients with subscription to fiscal service).

As Euroclear France will not send tax details, Euronext Securities Milan will calculate provisional entitlements considering the internal tax matrix and the tax exemptions.

Starting from Record Date + 1, Participants/Account Controllers, who subscribed to fiscal service, could send tax breakdown instructions via Euronext Securities Milan web platform (MT-X system) on DVCA event. The tax rate accepted will be 15/25 %.

The WTRC event will be used internally by Euronext Securities Milan to instruct payment at expected rate in the corporate action processing platform.

On Payment Date 10:00 CET, the received valid instruction will be executed and entitlements will be updated with received tax rate. In case of no instruction, the final entitlement will be the same as the provisional one.

On Payment Date, Euronext Securities Milan, once received MT566/camt.054 with gross amount, will generate settlement instructions:

- One sese.23 for each Participant account with net amount to debit Euronext Securities Milan account and credit Participant account
- One sese.023 for each Participant account with tax amount to debit Euronext Securities Milan account and credit the Fiscal account.

### 8.2.5.2 DVOP event

Euronext Securities Milan, once received MT564 RHDI/seev.031 and MT564 DVOP/seev.031 with CASH and SECU option, will create and notify to Participants/Account Controllers, according to their subscription:

- The RHDI event
- The DVOP event.

Once received valid instructions by Participants and after sending blocking requests via sent.013, Euronext Securities Milan will calculate the entitlements for each instruction. As Euroclear France will not send tax details, entitlements will be calculated considering the internal tax matrix and the tax exemptions.

For the cash option, participants will continue to insert the tax breakdown details in MT-X. On Pay-date, MT-X will generate to the CA platform on the cash options one MT565 par account and tax rate.

On RDDT market instructions will be consolidated per option and sent to Euroclear France via MT565 (only instructions for option on stock will be sent).

On Payment Date, Euronext Securities Milan will receive MT566/camt.054 per option:

- In case of cash option, ES will create client payments and settlement instructions:
  - One sese.23 for each Participant account with net amount to debit ES account and credit Participant account
  - One sese.023 for each Participant account with tax amount to debit ES account and credit the Fiscal account
- In case of SECU option, payment in gross securities.

## 8.2.6 Spain tax processing

Euronext Securities Milan will hold Spanish Govies, Corporate Bonds and equity in Iberclear omnibus account.

### 8.2.6.1 Spanish Govies

ES, upon reception of MT564/seev.031 with 19% tax rate already applied, will pay gross. ES will calculate provisional entitlements without considering other tax rate.

Gross payment is done thanks to the Immediate Refund Service in place with Euronext Securities Milan tax agent in Spain (BBVA), so that Euronext Securities Milan receive back tax in the same pay date.

On Payment Date, ES, upon reception of MT566 INTR/seev.036 for net amount and MT566 TREC/seev.036 for the tax amount, will generate client payments and sese.023 for the settlements of the gross amount.

Participants will be notified via MT566 INTR/seev.036 according to their subscription.

#### **8.2.6.2 Spanish Corporate Bonds**

Euronext Securities Milan, once received MT564 INTR/seev.031 and MT564 TREC/seev.031, will create and notify to Participants/Account Controllers, according to their subscription:

- The INTR Event
- The TREC Event (Publication Date = Publication Date of INTR Event + 1 day)

If the event is recognised as taxable, Euronext Securities Milan will calculate provisional entitlements considering the internal tax matrix and the tax exemptions. If not, the tax rate received by Iberclear will be applied.

On Payment Date, Euronext Securities Milan will reconcile the received MT566 INTR with the market entitlement based on net amount, client payments will be generated and sese.023 will be sent for the settlement of the net amount,

Once sese.023 will be settled, payment confirmations MT566 INTR/seev.036 will be sent with net amount to Participants.

Tax amount is:

- automatically recovered (no need for clients to instruct) for corporate bonds subject to Royal Decree 1145/2011 thanks to the Quick Refund Service in place with BBVA, so that tax is paid back to client, with TREC event
- Upon request (tax breakdown and Certificate Of Residence for each BO) and still via BBVA, for corporate bonds not subject to Royal Decree 1145/2011

#### **8.2.6.3 Spanish equity**

Euronext Securities Milan, once received MT564 INTR/seev.031 and MT564 TREC/seev.031, will create and notify to Participants/Account Controllers, according to their subscription:

- The DVCA Event

If the event is recognised as taxable, Euronext Securities Milan will calculate provisional entitlements considering the internal tax matrix and the tax exemptions. If not, the tax rate received by Iberclear will be applied.

On Payment Date, ES will reconcile the received MT566 INTR with the market entitlement based on net amount, client payments will be generated and sese.023 will be sent for the settlement of the net amount,

Once sese.023 will be settled, payment confirmations will be sent with net amount to Participants.

Upon request from the clients (tax breakdown and Certificate Of Residence for each BO), the tax amount can be reclaimed via Quick Refund Service through BBVA:

# 9 TRANSACTION MANAGEMENT



Market claims and reverse market claims consist in a process that reallocates the proceeds (cash, securities or both) of a distribution to the contractually entitled party.

The transformation is a process that occurs as a result of a reorganisation event where the underlying securities involved changes or are redeemed.

Market claim and transformation processes are applicable both on-exchange and OTC settlement instructions and all of them result in the generation of new settlement instructions. While the market claim process does not influence the life cycle of the underlying settlement instruction that generated the market claim itself, the transformation process usually involves the cancellation of the underlying settlement instruction before the new 'transformed' one is generated<sup>37</sup>.

Both processes rely on a defined detection period where all pending settlement instructions (or settled instructions at Record Date with Trade Date after Ex-Date) on underlying securities subject to one of those processes are detected.

ES will process corporate actions transaction management in accordance with standards.

Market claims and transformations will be generated at the on Record Date EOD and during the detection period.

#### Counterparts:

- **Intra CSD:** both counterparts are ES Participants
- **Cross CSD:** one counterpart is ES Participant, the other one is not ES Participant but is T2S/VPO Participant.
- **External:** one counterpart is ES Participant, the other one is non T2S/VPO Participant.

## 9.1 Detection rules

A detection period of 20 working days from the Record Date of the event is defined, representing the maximum time period for market claim/transformation detection by ES.

Settlement instructions related to on-exchange contracts negotiated by Ex-Date - 1 EOD of a corporate event refer to CUM right to receive the distribution proceeds, and from the Ex-Date onwards, concern EX right to not receive the distribution proceeds.

However, for over the counter (OTC) contracts, the counterparties of a settlement instruction can 'deviate' from this principle. In such cases, counterparties may specify that the settlement instruction concerns CUM or EX right, regardless of the day on which the contract was concluded (deviating from the market trading calendar). This will be possible

---

<sup>37</sup> In case of backdated ISD (matching and settlement after Record Date), then no cancellation is foreseen.

by using the CUM/EX indicators (XCPN and CCPN) on the settlement instructions, which are significant only for the purpose of generating Market Claims.

With these indicators, to identify the settlement instructions eligible for the management of the Market Claims, the Trading Dates will not be considered, as the indication of the CUM or EX nature of the financial instruments subject to the settlement instruction prevails.

As the CUM/EX indicator is an optional additional matching field the following rule applies:

Party of settlement instructions	Counterparty of the Settlement instructions	Match status
<b>XCPN</b>	Blank	No Match
<b>XCPN</b>	CCPN	No Match
<b>XCPN</b>	XCPN	Match
<b>CCPN</b>	Blank	No Match
<b>CCPN</b>	XCPN	No Match
<b>CCPN</b>	CCPN	Match
<b>Blank</b>	Blank	Match

Another possibility for the counterparties to “deviate” from the detection rules is by using the OPT-OUT indicator (NOMC) in the settlement instruction. This automatically excludes those settlement instruction from the Market Claims, Reverse Market Claims and Transformations processes by ES.

As the OPT-OUT indicator is an optional additional matching field the following rule applies:

Party of settlement instructions	Counterparty of the Settlement instructions	Match status
<b>NOMC</b>	Blank	No Match
<b>Blank</b>	NOMC	No Match
<b>NOMC</b>	NOMC	Match
<b>Blank</b>	Blank	Match

In a Reverse Market Claim, the direction of the flow (i.e. of the proceeds of the corporate event) will go from the buyer to the seller of the financial instruments, contrary to what occurs in the case of Market Claims, where it is the seller that will pay the proceeds of the corporate event to the buyer of the Securities.

## 9.2 Market Claims

### 9.2.1 Eligible events

Market Claims are relevant only for the mandatory distribution events and the instruction owner CSD will generate the claim instruction only for the legs it is responsible for.

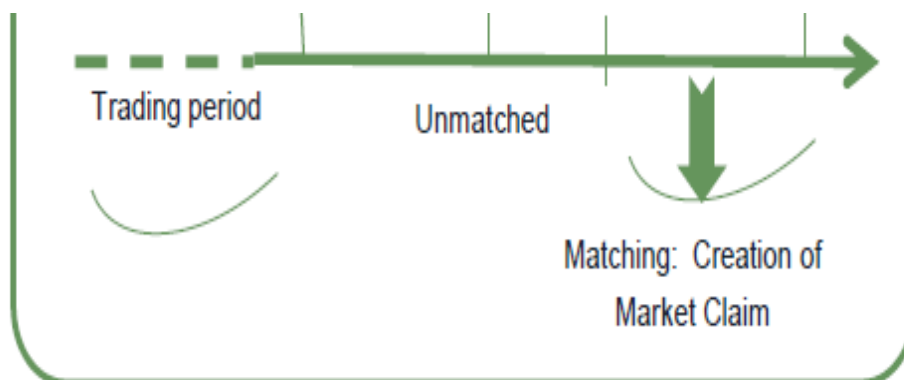
There can be three different scenarios:

- **Market Claims to be settled in T2S (VPO) platform:** covering T2S (VPO) eligible CCY cash claim instructions and securities claim instructions involving Participants/Account Controller/Investors that are T2S (VPO) participant
- **Market Claims to be settled within the CSD:** covering CoBM cash claim instructions.
- **Market Claims to be settled outside the CSD by the Account Controller:** covering claims to be generated out of the trades settled in Euronext Securities Copenhagen internal settlement system and SEK claims.

The MT564/seev.031 message with the Business Process Indicator ACLA will be sent to Participants/Account Controllers/Investors to inform them about events eligible for Market Claims.

The following illustrations show examples of Market Claim detection:

**Detection at the Record Date of unmatched instructions with a Trade Date < the Ex-Date:**



**Detection at the Record Date of already settled instructions with a Trade Date > the Ex-Date:**

## 9.2.2 Eligible trades for market claims

The trades eligible for Market Claim processing will be detected based on the following data:

- **Matching status:** only matched trades will be eligible for claims, from seller to buyer
- **Settlement status:** in some cases when the pending trade will be inserted after Record Date, settled trades will be eligible for claims for both Bond and equities, from seller to buyer
- **Trade Date** (only applicable to securities traded in Units)
- **Intended Settlement Date** (ISD)
- **Effective Settlement Date** (for reverse market claim)
- **Ex/Cum indicator** (only applicable to securities traded in units)
- **Transaction Types:**
  - AUTO, REAL, CORP, COLI, COLO, OWNI, OWNE and PORT to be excluded for Euronext Securities Porto, Euronext Securities Oslo and **Euronext Securities Copenhagen**
  - REAL, OWNE, OWNI, CLAI and NETT (only for reverse market claims) to be excluded for Euronext Securities Milan
- PFOD instructions to be excluded

- Securities account types: for **Euronext Securities Copenhagen**, only T2S accounts are eligible for claims. Claims related to VP account will be not handled by ES.

ES will verify the eligibility of both legs of the underlying transaction (including matching status, transaction type, opt out...etc.) to allow the generation of the resulting claim instructions; if either of the legs does not meet the eligibility, Market Claims will not be generated.

If the counterpart instruction is not found, ES will generate the resulting claim instruction only for the leg available.

The following figure summarises the matching criteria considered by ES for the Market Claims detection.

Scenario	Trade Date < Ex-Date (N means TD => ED but TD <= RD)	Intended Settlement Date <= Record Date	Actual Settlement Date <= Record Date	OPT-OUT indicator	CUM/EX indicator	Market Claim or Reverse Market Claim
<b>Securities in nominal</b>						
<b>1</b>	Y/N	Y	N	Blank	N/A	MC
<b>Securities in units</b>						
<b>2</b>	Y	N/A	N	Blank	CUM/Blank	MC
<b>3</b>	N	N/A	N	Blank	CUM	MC
<b>4</b>	N	N/A	Y	Blank	EX/Blank	RMC
<b>5</b>	Y	N/A	Y	Blank	EX	RMC
<b>OPT OUT = Y</b>						
<b>6</b>	N/A	N/A	N/A	OPT-OUT	N/A	NO

In particular, during the detection period of an event, the generation of Market Claims is managed considering settlement instructions with the following rules:

- When Opt-out indicator is not specified (BLANK):
  - For Securities in nominal:

- A Market Claim will be generated by transferring CA proceeds from the seller to the buyer if the Intended Settlement Date is on or before the Record Date but there is a pending transaction at close of business on Record Date or during the detection period
- For Securities in units:
  - A Market Claim will be generated by transferring CA proceeds from the seller to the buyer:
    - If the Trade Date < Ex-Date, transaction is still pending on the RD, Ex/Cum indicator is equal to "CUM" or BLANK.
    - If the Trade Date => Ex-Date, the transaction is still pending on the Record Date, Ex/Cum indicator is equal to "CUM".
  - A Market Claim will be generated by transferring CA proceeds from the buyer to the seller:
    - If the Trade Date >= Ex-Date, the actual Settlement Date <= Record Date, Ex/Cum indicator is equal to "EX" or BLANK.
    - If the Trade Date < Ex-Date, the actual Settlement Date <= Record Date, Ex/Cum indicator is equal to "EX".

Market claims will be generated daily starting from EOD of the Record Date of the event and up to the next 20 working days.

### 9.2.3 Market Claims generation

For financial instruments in units (shares and similar securities), ES will generate Market Claims based on settlement instructions involving CUM right to receive the proceeds of a distribution that are:

- Matched and not settled by the Record Date of the event
- Unmatched at the Record Date of the event but matched within the detection period
- Sent to the Settlement System (T2S or VPO) after the Record Date and concerning CUM Securities but matched within the detection period.

Reverse Market Claims will be generated by ES based on settlement instructions traded ex coupon at or after Ex-Date and settled by the Record Date.

For financial instruments denominated as "nominal", (bonds and similar securities), Market Claims will be only generated in cases where settlement instructions will have an Intended Settlement Date <= Record Date, and they will not be settled by that date (but nevertheless are subject to detection).

Market Claims will be generated for settlement instructions with one of the following statuses:

- MACH (matched)
- SETT (settled), only for reverse market claims
- PAIN (partial settlement)
- PARC (previously partially confirmed).

Market Claims can be amended/cancelled only by the counterparties involved and they are not automatically linked to the lifecycle of the original pending instructions. This means that if the original pending settlement instruction that generated a Market Claim is cancelled by them, this does not imply the automatic cancellation of the Market Claim.

### 9.2.3.1 Issuer CSD business

When acting as Issuer CSD, CeBM cash Market Claims will be generated by ES as settlement PFOD matched settlement instructions. In case of securities Market Claims, they will be generated by ES as FOP matched settlement instructions. In all cases the settlement transaction condition code of the market claims is set to "CLAI".

As soon as a Market Claim will be generated, ES will inform Participants/Account Controllers/Investors via A2A ISO and U2A GUI corporate event reporting. The same reporting is generated when the market claim settles. This reporting is available to Participants/Account Controllers based on their subscription.

The Market Claims generated by ES will also include:

- The identification of the original settlement instruction for which the Market Claim or Reverse Market Claim is generated
- The corporate event reference of the event involved
- Party hold indicator that includes the same value as the underlying settlement instruction. For Euronext Securities Copenhagen the settlement system will be responsible for setting the claim instruction to Party hold in case there are standing instructions to hold claim instructions
- The Trade Date coinciding with the Trade Date of the original pending settlement instruction
- The Intended Settlement Date coinciding with the Payment Date of the corporate event when Market Claim is generated prior the Payment Date. If it is created later the Payment Date, it is the earliest Settlement Date
- For "Cash distribution" transactions, the countervalue of the new Market Claim settlement instruction is the result of the quantity of shares/nominal value of the financial instruments referred to in the pending transaction, multiplied by the unit value of the corporate event payment (gross dividend amount; interest rate). For "Securities Distribution" corporate events, the quantity of shares/nominal value of the financial instruments of the CLAI transaction is equal to the quantity of shares/nominal value of the pending transaction, multiplied by the number of financial instruments distributed, according to the assignment ratio established by the Issuer
- The same partial settlement indicator as the pending settlement instruction (note however that market claims in cash cannot be partialised) and the same on-hold/released status of the underlying settlement instruction that gave rise to the Market Claim.

### 9.2.3.2 Investor CSD business

When acting as Investor CSD<sup>38</sup>, ES generates market claims in both case of intra and cross-CSD transactions.

In case of cross-CSD transactions, Euronext Securities is responsible for one of the settlement instructions. As such, we identify the eligible pending transactions and generate market claims instructions for the leg we are responsible for.

FOP or PFOD, depending on whether it refers to a cash or security Market Claim, with “unmatched” status and will send it to the settlement system for subsequent matching by the Issuer CSD.

In all cases, the settlement transaction condition code of the market claims will be set to “CLAI”.

The market claims services of Euronext Securities Milan are detailed below:

Market claims	Intra CSD instructions				Cross CSD instructions			
	Euronext Securities Milan	French issued securities	Belgian issued securities	Dutch issued securities	Euronext Securities Milan	French issued securities	Belgian issued securities	Dutch issued securities
Market claims in EUR	✓	✓	✓	✓	✓	✓	✓	✓
Market claims in non-EUR	✓	✓	✓	✓	✓	✓	✓	✓
Market claims in securities	✓	✓	✓	✓	✓	✓	✓	✓
Market claims in cash and securities	✓	✓	✓	✓	✓	✓	✓	✓

Legend: ✓ = offered, N/A = not applicable

The case of Belgian, Dutch, French and German securities, when Euronext Securities Milan is investor CSD, are detailed below:

<sup>38</sup> Investor CSD scenario is not applicable for Norway. All CeBM market claims are managed in the scenario described for Issuer CSD Business.

Issuer CSD	Investor CSD	Tax processing of market claims
<b>CBF</b>	Euronext Securities Copenhagen	Market claims are generated on a gross basis, but an additional market claim is generated for the tax adjustment (credit and debit of the tax respectively to the seller and to the buyer).
<b>Euroclear Netherland</b>	Euronext Securities Milan	Market claims on French securities are paid net of the maximum applicable withholding taxes, when the transaction is processed cross-CSD.  When the transaction is intra-CSD, the market claim is processed gross of taxes.
<b>Euroclear France</b>	Euronext Securities Milan	Market claims on French securities are paid gross of any applicable withholding taxes, on on-exchange and off-exchange transactions.  Market claims on French securities are paid gross of taxes when on an off-exchange transaction.
<b>Euroclear Belgium</b>	Euronext Securities Milan	Market claims on Belgian securities are paid net of the maximum applicable withholding taxes, when the transaction is processed cross-CSD.  When the transaction is intra-CSD, the market claim is processed gross of taxes.

### 9.2.3.3 Market Claim settled in Central Bank Money (CeBM)

#### Market Claim Credit

- Issuer CSD sends MT566 and CAMT.054 to confirm the credit on Euronext Securities Milan account opened with the Investor CSD
- Once the corresponding event is linked and matched with an existing pending trade using the RELA, Market and Client payment will be generated automatically in status "Created", following by a cash booking notification
- The notification will generate pacs.009 which allows the transfer of the cash from Euronext Securities Milan cash account to Investor CSD to Euronext T2Account
- CAMT.054 confirms the settlement of the cash transfer and automatically CAMT.050 enables to transfer the Cash from Euronext T2 account to Euronext DCA
- CA settlement instructions sese.023 are received by T2S via MH: Debit Euronext DCA and credit CSD Participant DCA
- Sese.024 notifies on CA settlement instruction status advice while sese.025 confirms the CA settlement instruction

- Once the CSD Participant received MT566/seev.036 the CA payment is confirmed

### Market Claim Debit

- Issuer CSD sends MT566 and CAMT.054 to confirm the debit on Euronext Securities Milan account opened with the Investor CSD
- Once the corresponding event is linked and matched with an existing pending trade using the RELA, Market and Client payment will be generated automatically in status "Created"
- Euronext Securities Milan debit CSD Participant DCA account and credit Euronext Securities Milan DCA account
- Sese.024 notifies on CA settlement instruction status advice while sese.025 confirms the CA settlement instruction
- Once the CSD Participant received MT566/seev.036 the CA payment is confirmed
- Business Ops generates the cash transfer and Euronext Securities Milan generates camt.050 to transfer cash amount from Euronext Securities Milan DCA to T2 account, receiving camt.025
- CAMT.054 confirms the availability of the cash amount in Euronext Securities Milan T2 cash account
- With pacs.009 the cash amount is transferred from Euronext Securities Milan T2 account to Investor CSD cash account, receiving pacs.002

### 9.2.3.4 Market Claim settled in Commercial Bank Money (CoBM)

#### Market Claim Credit

- Issuer CSD sends MT566 and CAMT.054 to confirm the credit on Euronext Securities Milan account opened with the Investor CSD
- Once the corresponding event is linked and matched with an existing pending trade using the RELA, Market and Client payment will be generated automatically in status "Created"
- A notification, that will be validated by Business Ops, initiates the transfer order by debiting ES Nostro cash account and crediting the client cash account
- After the validation of the Business Ops, Euronext Securities Milan generates pacs.009 to debit Euronext Securities Milan account in the Investor CSD and credit CSD Participants, in their foreign currency account

#### Market Claim Debit

- Issuer sends MT566 and CAMT.054 to confirm the debit on Euronext Securities Milan account opened with the Investor CSD
- Once the corresponding event is linked and matched with an existing pending trade using the RELA, Market and Client payment will be generated automatically in status "Created"
- Investor CSD receives camt.057 and Business Ops contacts CSD Participants to request payments in Investor CSD cash account
- CA confirmations is linked to the receipt of camt.054

For external market claims in CoBM, if a client lacks a cash account in the foreign currency, the client entitlement will be marked as "Invalid Data" due to the missing account. Business Ops need to either fix the entitlement and manually create the payment after adding the missing account, or set up a client cash account in EUR and repair the entitlement, allowing the FX process to be launched..

### 9.2.3.5 Market Claim settled in non T2S currency?

#### Intra CSD

The following process will be generated for both debit and credit legs.

- Market claims for the credit leg is blocked with the status: "WaitingCashOutBooking", until the debit leg is processed. The matching reference allows the link between the credit and debit claims
- The debit leg will be generated as: "WaitingCashBookingConfirmation" and camt.057 will be sent to the ES cash correspondent bank
- To participants MT564 REPE will be sent after Closing of day
- Bus Ops contact CSD Participant to request payment in ES nostro cash account
- Once the cash transfer is settled, the debit leg will be updated to Created
- The credit leg status changes to: "WaitingCashBookingConfirmation", and pacs.009 will be sent to transfer cash to CSD Participant
- Once the cash transfer is settled and after the receiving of camt.054, client cash credit payment will be created. A payment confirmation will be sent to CSD Participant.

It is necessary that both clients have a cash account configured for the foreign currency, otherwise no market claims will be generated for either leg. Once the missing cash account/s is/are added, market claims for both legs will be automatically generated on the following day during the detection period.

#### Cross CSD<sup>39</sup>

For trades with Euroclear France, NL and BE in foreign currency, ES will send a CAMT.054 with sender MGTCBEBE which will either:

- Create MP and cause external claim process, if CAMT.054 is received with correct Corpld and include information about the payment origin
- Create a market payment in "InvalidData" status and initiate a "Repair Invalid Market Payment" alert, if CAMT.054 is received without a related trade reference, the Bus Ops has to add the missing RELA and origin to repair the failed payment
- Don't create anything because CAMT.054 is received with missing data. The Bus Ops has to do:
  - Identify the pending trade to be impacted
  - Create a Market Payment
  - Put "MarketClaim" in the "origin" field

---

<sup>39</sup> No market claims will be generated automatically.

- Fill in the "Related Trade Reference" field

### 9.2.3.6 Market Claim on LIQU and SPLF events?

#### LIQU events

For **partial LIQU** events (involving cash movement credit only), a market claim will be generated.

For **final LIQU** events (involving cash movement credit and securities movement debit), a transformation will be generated along with the cancellation of the underlying instruction.

#### SPLF events

In the US market, the common practice is to send events with the underlying ISIN equal to the outturn ISIN and include :92D::ADEX//, then the event will be created without SECU out movement. In this case, a market claim should be generated.

For events received from other CSDs where the underlying ISIN is different from the outturn ISIN and includes :92D::NEWO//, a transformation should be generated along with the cancellation of the underlying instruction.

### 9.2.3.7 Market Claim on fractions?

For distribution events involving fractional movements, there will be 2 scenarios:

Fraction price announced before RD and input at the event level.

Market cash fraction claims will be generated simultaneously with market securities claims.

Two settlement instructions will be created:

- A PFOD instruction for the fraction claim
- A DFP/RFP instruction for the securities claim.

Fraction price announced after RD and within RD + 20.

Upon claim generation, only the market securities claim will be created, and a DFP/RFP instruction will be sent; once the fraction the price is communicated, the client entitlement will be recalculated considering the updated price.

At this point, market claims will be generated for the fraction and PFOD will be sent.

## 9.2.4 Market Claims settlement

According to the T2S Corporate Actions On Flow standards, Market Claims won't settle prior to the settlement of the original pending settlement instructions from which they have been originated, even though they have a life cycle independent of the latter. This means that Participants/Account Controllers/Investors can change the hold&release status of the market claims to grant the correct sequence of settlement with the original pending settlement instructions. In particular, market claims are initially generated at close of business of Record Date of the relevant Corporate Event. Participants/Account

Controllers/Investors can also change, if they want to, the hold&release status of the Market Claim in T2S before the first Night-Time Settlement.

For CoBM corporate events payments, market claims are generated as payment instructions. For this reason, Euronext Securities has to be fully authorised, via proper Power of Attorney (POA), by the Participants/Account Controllers to perform debit cash bookings in the cash coordinates provided by them.

Participants/ Account Controllers can opt to not grant a proper POA to Euronext Securities, in that case the Participants/ Account Controllers will have:

- A two day windows to collect the value in currency to be used for the event
- If after the two days, the settlement agent won't provide the expected amount, ES CSDs can start a forex procedure to collect the expected amount.

Both the option will be subject to a specific fee.

As soon as a Market Claim will be settled, ES will inform the involved parties (Participants/Account Controllers/Investors) via A2A ISO and U2A GUI corporate event reporting.

Throughout the Market Claim process, in addition to settlement messages, Participants/Account Controllers/Investors can subscribe for:

- Entitlement messages (MT564 REPE/seev.035)
- Confirmation message (MT566/seev.036).

Both of these will be sent by ES with the qualifier ADDDB/CLAI and with a RELA referring the client reference of the underlying trade.

## 9.2.5 Tax on Market Claims

### 9.2.5.1 Issuer CSD Business

In the Issuer CSD context market claims generated by ES for CeBM are on a gross basis, except for Euronext Securities Copenhagen and Euronext Securities Milan which generates them on a net basis (considering the maximum tax rate applicable in the Issuer's country of incorporation), depending on the type of securities.

#### Denmark Market Specific

For the Danish market that Euronext Securities Copenhagen will apply a fixed rate (27%) on calculating withholding tax (except on ISIN codes for which Euronext Securities Copenhagen is not the primary registration place and the Issuer country is different from Denmark. For these ISIN codes, Euronext Securities Copenhagen will withhold dividend tax, according to the dividend tax rate in the Issuers home country. Please note, that a different tax rate may be used for the calculation of the underlying CA compared to the rate used for the calculations concerning Transaction Management. The securities Account Controllers must therefore incorporate the necessary routines to make adjustment thereof towards the tax authorities, as well as towards the Issuer.

### 9.2.5.2 Investor CSD Business

In the case of German Securities, CBF market practice applies. This means that market claims are generated on a gross basis, but an additional market claim is generated for the tax adjustment (credit and debit of the tax respectively to the seller and to the buyer).

## 9.3 Transformations

Transformations are generated by Euronext Securities, for cash payment events including fraction compensation and securities payment events, on pending settlement instructions<sup>40</sup> that are:

1. Matched but not settled by the Record Date of the reorganisation event
2. Unmatched at Record Date/Market Deadline of the event but matched within the detection period
3. Sent to the settlement system after the Record Date/Market Deadline of the event but matched within the detection period.

Partially settled instructions in T2S/VPO are subject to transformation process.

The Transformation is processed as following:

- Cancelling matched instructions still pending by the end of Record Date/default option client deadline ("Original Transaction")
- Then replacing them by new to be matched instructions in the outturn ISIN and/or cash ("Replacement Transaction") in accordance with the terms of the Reorganisation. The old Trade Date will remain unchanged in the transformation. The transaction type code of the original transaction will be maintained.

The MT564/seev.031 message with the Business Process Indicator ATXF will be sent to Participants/Account Controllers/Investors to inform them about events eligible for Transformation.

### 9.3.1 Eligible trades for transformation

Transactions to be transformed are those still pending by the end of Record Date for mandatory reorganisation events and by the end of the default option client deadline – corresponding to the entitled security debit movement – for mandatory with choice events.

Transactions will be transformed (cancelled and if applicable re-instructed) per account.

The process of detection of transformation runs on a daily basis, starting from EOD of the Record Date of the event and up to the next 20 working days.

---

<sup>40</sup> Settlement instructions with transaction types REAL, CORP, OWNI and OWNE are excluded from transformations generation.

The table below summarises the matching criteria for recognition of pending settlement instructions that can generate transformations in the case that the reorganisation corporate event is mandatory or mandatory with options.

Underlying security expires	Matched within Record Date/Market Deadline	OPT OUT indicator	Original instruction is cancelled	Transformed instruction created
Y	N	OPT-OUT	Y	N
Y	N	OPT-OUT /Blank	N	N
Y	Y	OPT-OUT	Y	N
Y	Y	Blank	Y	Y
Y	N	OPT-OUT/Blank	N	N
Y	Y	OPT-OUT	Y	N
Y	Y	Blank	Y	Y

For T2S markets, all underlying settlement instructions still unmatched will be cancelled during the Transformation period. For Norway, all underlying instructions still unmatched will be cancelled after the detection period by VPO.

Depending on the CSD involved, the underlying transactions will be treated as follows in the Transformation process:

- Euronext Securities Porto: the cancellation of the underlying instruction and the generation of replacement instructions (Transformation) will be performed only on matched trades and according to detection criteria identified above including the cancellation of the open quantity for partially settled trades. However, the replacement transactions generation depends on the CAEV. In case, the underlying security is inactivated/replaced, all the matched and unmatched underlying transactions will be cancelled (for example for the events CONV and PARI). But the transactions will be transformed (replacement by creation of new instruction) only if status is matched and if the criteria is met (for example for debt in face amount if the ISD of the underlying transactions is equal or before Record Date). Besides, Euronext Securities Porto will exclude the following transaction types from the transformation (cancellation and replacement instructions when relevant): AUTO, REAL, CORP, COLI, COLO, OWNI, OWNE and PORT. If CAEV results in cash proceeds, only EUR will be considered in the transformation process.
- Euronext Securities Copenhagen: the cancellation of the underlying instruction and the generation of replacement instructions will be performed only on matched trades including the cancellation of the open quantity for partially settled trades. Besides, Euronext Securities Copenhagen will exclude transactions involving VP accounts from the transformation process. The following transaction types are to be excluded as well: AUTO, REAL, CORP, COLI, COLO, OWNI, OWNE and PORT. If CAEV results in cash proceeds, only EUR and DKK will be considered in the transformation process.

- Euronext Securities Milan: the cancellation of the underlying instruction and the generation of replacement instructions will be performed only on matched trades regardless of whether the ISD is before or after the Record Date. Besides, Euronext Securities Milan will exclude the following transaction types from the transformation: OWNE, OWNI, REAL, CLAI and CORP. Partially settled transactions will be eligible for transformation that will be applied to the remaining pending quantity. In case of an opt out transaction, the matched trade will be cancelled without generating the TRAN instruction.
- Euronext Securities Oslo: The cancellation of the underlying instruction and the generation of replacement instructions will be performed only on matched trades – including the cancellation of the open quantity for partially settled trades. If CAEV results in cash proceeds, only NOK currency will be considered in the transformation process. Transaction types to be excluded and transformation on opt out transactions to be reviewed by Euronext Securities Oslo.

### 9.3.2 Transformation processing

As defined by SMPG guidelines, no Corporate Event reporting will be generated in the event of Transformations as only settlement reporting is foreseen.

#### 9.3.2.1 Cancellation of the original transaction

The cancellation of the original transaction can be confirmed via reception of cancellation confirmation.

#### 9.3.2.2 Generation of the new transaction- Issuer CSD Business

When acting as Issuer CSD, CeBM cash transformations will be generated by ES as settlement DVP/DFP/PFOD matched instructions after the cancellation of the original pending settlement instruction. In the case of securities transformations, they will be generated by ES as FOP matched settlement instructions.

The transformed settlement instructions generated by ES include:

- The identification of the original pending settlement instruction for which the transformation is generated
- The corporate event reference of the event involved
- The Trade Date coinciding with the Trade Date of the original pending settlement instruction
- The Intended Settlement Date which is the later between the Intended Settlement Date of the original settlement instruction and the Payment Date of the CA event
- The transformation proceeds of the original corporate event involved (only for securities)
- The same party hold indicator of the underlying settlement transaction
- The same partial settlement indicator of the pending operation and the same on-hold/released status of the underlying settlement instruction that gave rise to the Transformation
- The same Transaction Type Code of the underlying settlement instruction

- Market Infrastructure and Account servicer transaction identification of the underlying transaction, the "TRAN" ISO settlement transaction condition code and the corporate action event reference.

Transformed settlement instructions can be amended/cancelled only by the counterparties involved.

All instructions are generated "to be matched" for both Intra CSD and Cross CSDs trades.

### **9.3.2.3 Generation of the new transaction- Investor CSD Business**

When acting as Investor CSD, ES will generate only one leg of the transformation instruction with "unmatched" status and sends it to the Settlement System for subsequent matching by the Issuer CSD/Local Custodian. In all cases the settlement transaction condition code of the transformations will be set to "TRAN".

In case of cross-CSD transactions, Euronext Securities is responsible for one of the settlement instructions. As such, we identify the eligible pending transactions and generate transformation instructions for the leg we are responsible for.

We will follow the previously mentioned (see section 9.3.1) and standard detection rules.

We automatically instruct transformation for:

- Cash, EUR and non-EUR
- Security
- Cash and security.

Therefore, no transformation in non-EUR currency will be executed on cross-CSD transactions.

Transformation on fractions will be generated either on the underlying security or the resulting security.

More specifically, the transformations services of Euronext Securities Milan are detailed below:

Transformation services	Intra CSD instructions				Cross CSD instructions			
	Euronext Securities Milan	French issued securities	Belgian issued securities	Dutch issued securities	Euronext Securities Milan	French issued securities	Belgian issued securities	Dutch issued securities
Transformation in cash in EUR	✓	✓	✓	✓	✓	✓	✓	✓
Transformation in non-EUR	✓	✓	✓	✓	✓ <sup>41</sup>	N/A	N/A	N/A
Transformation in securities	✓	✓	✓	✓	✓	✓	✓	✓
Transformation in cash and securities	✓	✓	✓	✓	✓ <sup>42</sup>	N/A	N/A	N/A

**Legend:** ✓ = offered, N/A = not applicable

#### 9.3.2.3.1 Transformations with multiple security proceeds and a transformation rate (TRAT) processing

In rare instances of a mandatory reorganisation or an elective event with a default option involving multiple security proceeds, the issuer CSD's paying agent may announce a dedicated transformation rate (TRAT).

In such cases, Euronext Securities Milan, acting as the investor CSD, will receive MT 564 messages that include these transformation rates.

Following our standard process, we:

- announce the corporate action event, and
- manage the transformation into multiple proceeds for both cash (EUR and non-EUR) and securities.

#### Transformation processing details

If the underlying settlement instruction is against payment, two or more new against payment instructions are generated. These are based on the corporate action ratios for each proceed, with the cash consideration calculated using the TRAT information, if available.

In cases where the original instruction is DFoP (Delivery Free of Payment) or RFoP (Receipt Free of Payment), two or more new FOP (Free of Payment) instructions are created.

<sup>41</sup> N/A in case of non-EUR cash

<sup>42</sup> N/A in case of non-EUR cash

The transformation rates (TRAT) used to determine the cash consideration split across outturn settlement transactions result in the following calculation:

- Cash consideration of transaction 1 = TRAT of proceeds 1 x original cash consideration
- Cash consideration of transaction 2 = TRAT of proceeds 2 x original cash consideration

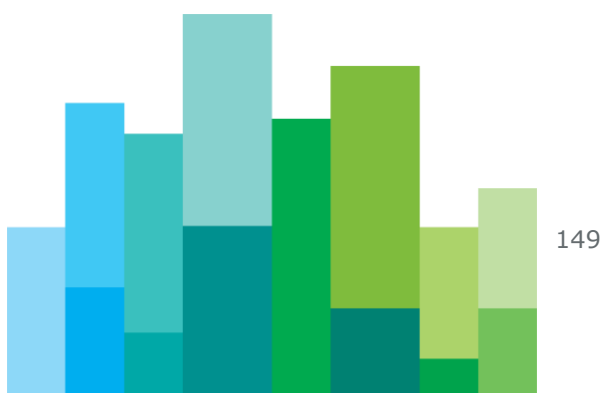
Conversely, the T2S standard calculations with the ratio of proceeds (NEWO) will apply.

#### **9.3.2.4 Transformation related to Mandatory with choice event**

In case of Mandatory with choice events the transformation will be processed cancelling matched instructions still pending by the end of the Record Date and moving the entitled securities according to the default option (normally LAPS).

In case the default option is different from LAPS, (CASH, SECU) ES will generate new matched instruction based on the features of this option used for the transformation. The sending of the new instruction to T2S/VPO will be triggered as soon as the cancellation of the underlying instruction will be confirmed.

# 10 GENERAL MEETINGS



PRIVATE

ES will provide, for all markets covered as Issuer and Investor CSD<sup>43</sup>, general meetings and elective proxy voting services to Participants/Account Controllers/Investors in line with guidelines provided by the EU Shareholders Rights Directive.

The key dates and the order of dates used for these events will be the same as those for mandatory reorganisations with options, with the addition of other relevant dates included in the standards (i.e., record date and general meeting date).

After the notification of the event, all Participants/Account Controllers/Investors can submit their proxy voting instructions as described in [section “Instruction processing for meeting events”](#).

For IT domestic securities where Euronext Securities Milan functions as the Issuer CSD, the existing market model remains in effect, including RNI communication in addition to ISO and CPA disclosure files. For Investor CSD business, these services will be delivered through straight-through processing (STP) using ISO 20022 messaging and MyEuronext<sup>44</sup>.

Euronext Securities will support notification, instruction, registration flows, status messages and meeting results in accordance with the SCORE and Securities Market Practice Group (SMPG) standards for general meetings. All messages are processed by Euronext Securities under the full responsibility of the Issuer or Issuer Agent, as applicable, for compliance with all relevant requirements under the legal terms and any national regulation applicable to the securities and event in question.

For Participants that do not support ISO 20022, notifications, instructions, status, and results will be accessible via the MyEuronext portal.

Recognising that many institutions outsource their proxy voting to third-party providers (Proxy Agents), Euronext Securities will enable Proxy Agents authorised by Participants or Account Controllers to instruct on their behalf for general meetings. Setup is provided to ES via Subscription forms.

This arrangement allows Proxy Agents to receive all notifications sent by Euronext Securities for the institutions they represent, upon subscription.

## 10.1 SRD II and Non-SRD II eligible securities

Euronext Securities supports general meeting notifications and proxy voting services for all eligible International Securities Identification Numbers (ISINs).

It is the responsibility of the issuer to:

---

<sup>43</sup> ES will offer those services if they are offered by the Issuer CSD/Local Custodian for which ES acts as Investor CSD.

<sup>44</sup> RNI notifications on GM events when acting as Investor CSD will be provided to clients that desire to, but no proxy voting service will be offered via this format.

- Determine whether a meeting is subject to the Shareholder Rights Directive II (SRD II).
- Include the corresponding SRD II indicator in the general meeting announcement by setting it to TRUE in the meeting notification (seev.001).

Securities that comply with SRD II requirements include:

- Shares issued by companies with a registered office in the European Economic Area (EEA);
- Shares admitted to trading on a regulated market in the EEA.

Euronext Securities also supports general meeting notifications for non-SRD II eligible securities in line with the process outlined in this document. The processes described in this document are based on the requirements for SRD II eligible instruments. The Issuer or Issuer Agent, as applicable, is responsible for ensuring that the services used are suitable for the securities and the event in question, and compliant with any requirements set out in the legal terms and any national regulation applicable hereto.

Eligibility for the security is defined by the Issuer and/or its agent by not populating the SRD II indicator in the meeting notification (seev.001).

## 10.2 Notifications

The Euronext Securities General Meeting Solution catalogue of messages is ISO 20022 compliant and is published on the SWIFT MyStandards website ([SWIFT login](#)) under the relevant ES section. All message formats are the same across all ES locations unless market specificities require deviation from this assumption; as stated on the MyStandards website.

Cycle	Message name	Function	Abbreviated name	Message identifier
Notification	Meeting Notification	Message sent by a notifying party, for example, an <a href="#">Issuer</a> , its Agent or an Intermediary to another Intermediary, a party holding the right to vote, a registered security holder or to a beneficial holder to announce a meeting.	MENO	seev.001
	Meeting Cancellation	Message sent by the party that sent the <a href="#">Meeting Notification</a> message to the original receiver. It is sent to cancel a previously announced meeting or to advise the withdrawal of a meeting.	MECN	seev.002
Entitlement	Meeting Entitlement Notification	Message sent by an Account Servicer to an Account Owner or its designated Agent to pre-advise the entitlement in relation to a meeting.	MENT	seev.003
Instruction	Meeting Instruction	Message sent by a party holding the right to vote to an Intermediary, the Issuer or its Agent to request the receiving party to act upon one or several instructions.  This message is used to vote, require attendance to a meeting, request registration of securities and assign a proxy	MEIN	seev.004
	Meeting Instruction Cancellation Request	Message sent by the same party that sent the message to request the cancellation of one, some or all of the instructions included in the original message.	MEIC	seev.005
	Meeting Instruction Status	Message sent to the sender of an instruction to confirm the status of such an instruction.	MEIS	seev.006
Vote Execution	Meeting Vote Execution Confirmation	Message sent by an <a href="#">Issuer</a> , its Agent or an Intermediary to another intermediary, a party holding the right to vote, a registered security holder or to a beneficial holder to confirm, to the Sender of the <a href="#">Meeting Instruction</a> message, that their vote has been recorded and counted by the <a href="#">Issuer</a> .	MECO	seev.007
Result Dissemination	Meeting Result Dissemination	Message sent by an <a href="#">Issuer</a> , its Agent or an Intermediary to another Intermediary, a party holding the right to vote, a registered security holder or to a beneficial holder to provide information on the voting results of a meeting.	MERD	seev.008
Result Dissemination	Meeting Result Dissemination	Message sent by an <a href="#">Issuer</a> , its Agent or an Intermediary to another Intermediary, a party holding the right to vote, a registered security holder or to a beneficial holder to provide information on the voting results of a meeting.	MERD	seev.008

The purpose of the meeting notification is to provide recipients with the necessary

- information for voting and attending the general meeting.

For each meeting, Euronext Securities will:

- Issue a single notification (seev.001) per ISIN

- Generate and send these notifications according to the Participants' subscription preferences.
- If an issuer has multiple ISINs, Euronext Securities will generate a separate notification for each event, each with a unique identifier.

### 10.2.1 Type of notification

Euronext Securities supports the following meeting notification types:

- New or "NEWM": a new notification of a meeting
- Replacement or "REPL": update on a meeting already announced
- Reminder or "RMDR": reminder sent regarding an upcoming deadline.
- New events will always be initiated with notification type NEWM.

Any new information provided to the event will be updated in a replacement message (REPL). Generated seev.001 REPL messages will always have a unique "NotificationId", and the "MeetingId" will be equal to the event main reference.

### 10.2.2 Status of notification

Euronext Securities supports the following meeting notification statuses:

Processing status	Codes	Definition
Event completeness status	COMP	Event details are complete
	INCO	Event details are not complete
Event confirmation status	CONF	Event details are confirmed

## 10.3 Event Creation/Update<sup>45</sup>

### 10.3.1 Issuer CSD Business

An Issuer/Issuer Agent can create a meeting event sending A2A ISO message (seev.001), entering the event in the U2A GUI or requesting directly to ES (contingency procedure). This request will also be sent down the chain of intermediaries in order to announce the meeting.

Issuers will be able to create and receive notifications on the following meeting types:

---

<sup>45</sup> This process does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

- General meeting (GMET): referring to annual or ordinary meetings, usually held at least once a year
- Extraordinary meeting (XMET): meeting required in addition to the annual general meeting, considered extraordinary per issuer bylaws
- Court meeting (CMET): meeting that is the result of a legal proceeding
- Mixed meeting (MIXD): meeting that takes place if needed and contains resolutions from extraordinary and ordinary meetings
- Special meeting (SPCL): meeting that is neither ordinary nor extraordinary
- Bondholder meeting (BMET): physical meeting for bond holders.

Participants/Account Controllers/Investors or their Proxy Agent will be notified via seev.001 according to their subscriptions.

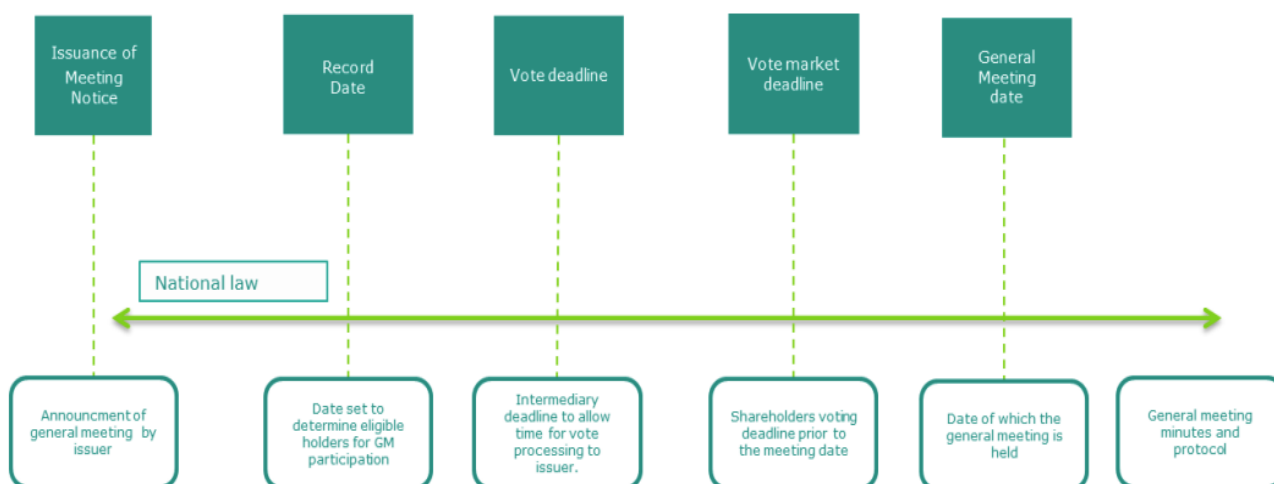
In U2A GUI, issuer/Issuer agent will have the possibility while creating the Meeting event to select the various concerned ISINs and this will generate separate meetings (one per selected ISINs) in the CA platform.

### 10.3.2 Investor CSD Business

When acting as Investor CSD, ES will create meeting events based on ISO messages received from the Linked Issuer CSD/Local Custodian. The service is offered for all markets covered by ES via links, unless no General Meeting and Proxy voting service is offered by the Issuer CSD/Local Custodian.

### 10.3.3 General Meeting timeline

The general meeting timeline is defined by relevant dates contained in the notice. Deadlines may vary due to national law, but follow the sequence shown:



## 10.4 Event cancellation

### 10.4.1 Issuer CSD Business<sup>46</sup>

An Issuer/Issuer Agent can request a proxy voting event cancellation sending A2A ISO message (seev.002) to cancel a previously announced meeting or to advise the withdrawal of a meeting. Meeting cancellation can be also requested via U2A GUI.

ES will notify the meeting cancellation to Participants/Account Controllers/Investors with one of the following reason code:

- Quorum [QORM]: Cancellation due to insufficient participation to the vote.
- Processing [PROC]: Cancellation due to a processing error
- Withdrawal [WITH]: Cancellation due to the meeting being cancelled by the Issuer/Issuer Agent

Issuers/Issuer Agents can also specify other cancellation reasons in free format form.

### 10.4.2 Investor CSD Business

When acting as Investor CSD, ES will cancel meeting **events based on ISO messages received from the Linked Issuer CSD/Local Custodian.**

## 10.5 Meeting Entitlement <sup>47</sup>

ES will notify Participants/Account Controllers/Investors via seev.003 about entitlements related to a meeting. This notification will specify the quantity of securities held by the account owner at the Record Date.

Entitlements will also be visible in the U2A GUI. This notification will specify the quantity of securities held at the Record Date.

## 10.6 Instruction Processing for Meeting Events

### 10.6.1 Issuer CSD Business<sup>48</sup>

When acting as Issuer CSD, ES will collect all the meeting instructions received from Participants/Account Controllers/Investors or Proxy Agents sent via A2A ISO messages (seev.004) or U2A GUIs and forward all valid instructions to the Issuer/Issuer Agent to run

---

<sup>46</sup> This process does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

<sup>47</sup> This process does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

<sup>48</sup> This process does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

the general meeting. Creation of instruction is also possible asking to ES directly (contingency procedure).

Meeting instructions can also be downloaded by the Issuer Agents via dedicated U2A GUI.

- Meeting instructions might be referred to Electronic vote and/or vote through network
- re-registration.

All participation methods will be accepted by ES and forwarded to the next intermediary as received from CSD Participants, if supported. Blank vote details and instructions with vote details will be accepted for physical/in person (PHYS), virtual (VIRT) and voting via Proxy Agent (PRXY) participation methods.

In case of **electronic vote and/or vote through network** the client can:

- Send either a single instruction per message or multiple instructions within the same message
- Vote for the resolutions included in the agenda.  
When voting on agenda resolutions, the client shall provide either:
  - Individual vote instructions for each resolution specifying either the quantity of voting rights or a vote instruction for each resolution covering the entire entitlement
  - A single vote instruction covering all resolutions in the agenda.

#### Option A - Instruction per resolution

The instruction per resolution will enable the shareholder to vote in two different ways:

- Split vote instructions will be specified for each vote type using the <VoteInstr> message element. This will be applicable if specifically allowed by the event as announced in the seev.001, when multiple vote types will be instructed (split votes). If split vote is not allowed for the event, then split vote instructions will be rejected and a seev.006 REJT message with the reason code SPLT will be sent to Participants/Account Controllers.
- For single vote instructions covering the entire eligible quantity, a single vote type will be used.

#### Option B - One instruction relevant for all resolutions

When the same vote type is applied to all resolutions, the <VoteForAllAgndRsItns> qualifier will be used.

In case of **registration** Participants send instructions to request share re-registration or voting rights registration when the rightsholder will not submit a voting instruction through the network, for example, if the rightsholder plans to attend and vote in person. If a request for share re-registration or voting rights registration has already been sent and the rightsholder later decides to submit a voting instruction, the initial request must be cancelled before sending the new voting instruction, as outlined in previous paragraph.

ES will perform a set of business checks on the received meeting instructions. Rightsholders will be notified on the status of each instructions sent via seev.006: if meeting instruction fulfil business controls, then ES will generate instruction status message seev.006 PACK; otherwise if checks are not valid, the instruction will be automatically rejected and notified via seev.006 message with the correct reason code for the rejection.

### List of controls, rejection rules and codes

Controls	Rejection Rule	ISO Code
Instruction type is not allowed for the specific resolution	Auto reject	OPTY <sup>49</sup>
Invalid sender for the account number	Auto reject	SAFE
Unrecognised Client Account	Auto reject	SAFE
Total quantity per resolution differs from the instructed quantity	Auto reject	DQUA
Unrecognised corporate action event number	Auto reject	EVNM
Unrecognised or Invalid Tradable Asset	Auto reject	DSEC
Instruction on cancelled event	Auto reject	MCAN
Invalid conditional quantity	Auto reject	DQUA
Unrecognised or Invalid Tradable Asset	Auto reject	DSEC
Insufficient elected position	Auto reject	LACK
Instruction received after Market vote Deadline	Auto reject	LATE
Instruction received after Account servicer Deadline	Auto reject	ADEA
Split instruction in case of split voting not allowed	Auto reject	SPLT
Partial vote in case of partial voting not allowed	Auto reject	PART
Instruction received before Record Date	Auto reject	IPED
Participation method not supported	Auto reject	PMNS
Beneficial Owner details missing	Auto reject	FULL
Instruction received with Participation method EVOT and proxy/ meeting attendee section populated	Auto reject	OTHR
Instruction received with Participation method PRXY and missing proxy section	Auto reject	PRXY
Invalid Resolution Number	Auto reject	RESN

<sup>49</sup> Not relevant for PHYS, VIRT and PRXY.

Controls	Rejection Rule	ISO Code
Instruction with duplicated business message identifier	Auto reject	DUPL

For each valid instruction received from the client, a corresponding market instruction seev.004 will be automatically generated by ES and sent to Issuer/Issuer Agents.

Once the market instruction is sent to the next intermediary, the Participants will be informed that the instruction was accepted and sent along the chain using the meeting instruction status via seev.006 message FRWD.

In case of received seev.006 message RCIS from the Issuer/Issuer agent, the notification will be forwarded automatically to Participants.

If a seev.006 message with the status REJT is received, the market instruction status will be cancelled; consequently, a seev.006 message with the status REJT will be sent to the Participants specifying the reason for the rejection.

## 10.6.2 Investor CSD Business

When acting as Investor CSD, ES will collect all the meeting instructions received from Participants via A2A ISO messages (seev.004) and forward all valid instructions to the Issuer CSD/Local Custodian. ES will send a market instruction to the Issuer CSD/Local Custodian for each client instruction received via seev.004.

Once the Market instruction is sent to the next intermediary, the client will be informed via seev.006 FRWD that the instruction was accepted and sent along the chain.

In case of received seev.006 message RCIS from the Issuer CSD/Local Custodian, the notification will be forwarded automatically to Participants.

If a seev.006 message with the status REJT is received, the market instruction will be cancelled; consequently, a seev.006 message with the status REJT will be sent to the Participants specifying the reason for the rejection.

## 10.6.3 Meeting Instruction Cancellation Request

Participants/Account Controllers/Investors can send Meeting Instruction Cancellation Request (MEIC) via seev.005 or via U2A GUI to cancel a previously submitted instruction or asking directly to ES (contingency procedure).

Cancellation request will be subject to business validation rules.

### List of controls, rejection rules and codes

Controls	Rejection Rule	ISO Code
Invalid sender for the account number	Auto reject	SAFE
Unrecognised corporate action event number	Auto reject	EVNM
Cancellation request on cancelled instruction	Auto reject	DCAN

Controls	Rejection Rule	ISO Code
Cancellation request received after Market vote Deadline	Auto reject	LATE
Cancellation request received after Account servicer Deadline	Auto reject	ADEA
Cancellation request with unknown linked reference	Auto reject	ULNK

Reception of a valid cancellation request will be notified to Participants/Account Controllers via seev.006 PACK.

ES will then generate seev.005 to request the cancellation of the market instruction to Issuer/Issuer Agent or Linked Issuer CSD/Local Custodian.

As soon as the cancellation is confirmed, ES will generate seev.006 CAND message to notify Participants. If a seev.006 message with the status REJT is received, the cancellation request will be cancelled; consequently, a seev.006 message with the status REJT will be sent to the Participants.

If the market instruction has not yet been sent to the next intermediary, validating the cancellation request will automatically cancel both the market instruction and the client instruction.

#### 10.6.4 Meeting Vote Execution Confirmation<sup>50</sup>

For both Issuer CSD Business and Investor CSD Business, Participants can request the confirmation that the vote has been recorded and counted by the Issuer/Issuer Agent or Issuer CSD/Local Custodian by setting the "VoteExecutionConfirmation" flag to true in the sent seev.004 message.

For Issuer CSD Business, vote execution confirmation can be also initiated by the Issuer/Issuer Agents via U2A GUI by selecting the instructions to be confirmed and input the modality of counting.

ES will confirm the execution of the vote through a Meeting Vote Execution Confirmation (seev.007).

#### 10.6.5 Meeting Result Dissemination<sup>51</sup>

For both Issuer CSD Business and Investor CSD Business, ES will notify Participants about the results of a meeting that has already taken place via Meeting Result Dissemination message (seev.008):

<sup>50</sup> This process for Issuer CSD does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

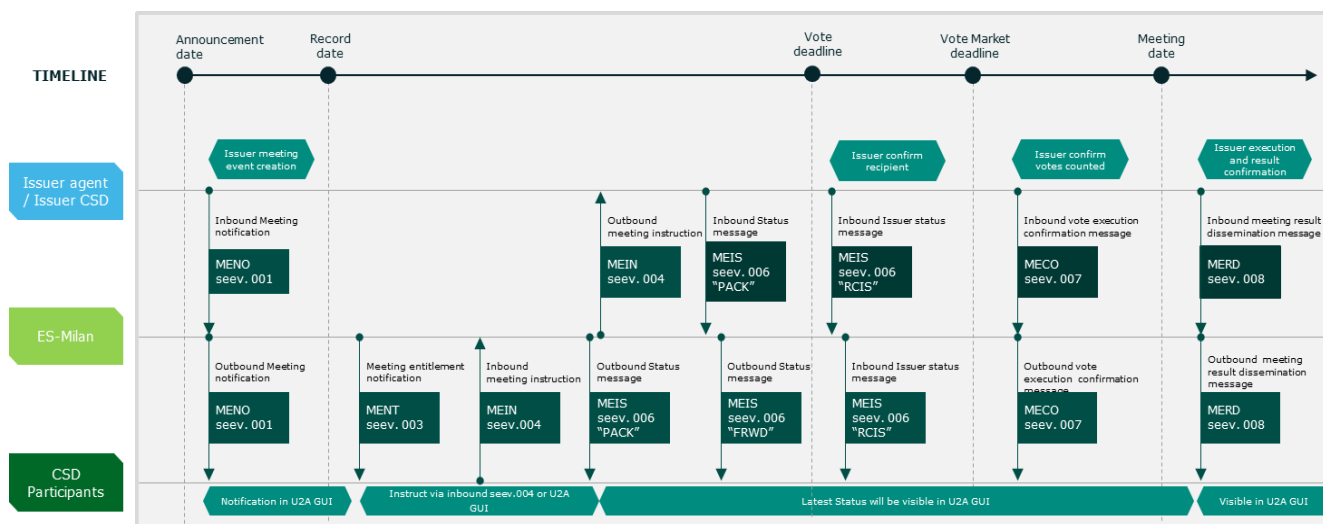
<sup>51</sup> This process for Issuer CSD does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

- If the seev.008 follows the reception of another seev.008, sent by Issuer/Issuer Agent or the Issuer CSD/Local Custodian, the generated seev.008 will include only the resolution status provided, as notified by the Issuer/Issuer Agent or the Issuer CSD/Local Custodian
- If the seev.008 is created by the Issuer/Issuer Agent in the U2A GUI, the generated seev.008 will include resolution result details as entered by the Issuer/Issuer Agent.

Meeting results are also available to Participants via MyEuronext U2S GUI.

## 10.7 Proxy voting flow<sup>52</sup>

The complete proxy voting process for meetings will adhere to the business rules outlined above. The natural flow is outlined below:



### 1. Step 1: Notice

Euronext Securities receives a meeting notification from the Issuer, Issuer Agent, or Issuer CSD through an ISO 20022 (Seev.001) message. This notification is then forwarded to Participants, either by presenting the meeting details through the U2A GUI, or by sending an outbound (Seev.001) message.

### 2. Step 2: Entitlement Fixing

From this date, Euronext Securities supports the receipt of meeting instructions (Seev.004). On the Record Date, optionally entitled positions are sent to subscribing parties via a (Seev.003) message.

<sup>52</sup> This process for Issuer CSD does not apply for Italy as it has been agreed with all actors to maintain current process in place for the go live of the service and activate this process at a later stage.

### 3. Step 3: Instruction

Participants submit their instructions by either sending an ISO 20022 meeting instruction (Seev.004) or using the U2A GUI. Euronext Securities forwards all valid meeting instructions to the next intermediary.

### 4. Step 4: Status Advice

Euronext Securities provides status updates or rejections for received instructions and forwards them to the next intermediary for all (Seev.004/Seev.005) messages using the Meeting Instruction Status (Seev.006). Any status updates are also visible in U2A GUI.

### 5. Step 5: Results and Confirmation

The Issuer or Issuer Agent confirms that the vote was executed at the general meeting by sending a Seev.007 message and a Seev.008 message via ISO 20022, which are then forwarded to the final intermediary. Results and confirmations are also visible in U2A GUI for Participants.dVoting tables

## 10.7.1 Voting Table 1. Voting Options

Voting options supported by Euronext Securities:

Voting instruction is provided individually for each agenda resolution	
<b>Supported voting options:</b> <ul style="list-style-type: none"> <li>For</li> <li>Against</li> <li>Abstain</li> <li>Withhold</li> <li>With Management</li> <li>Against Management</li> <li>One year</li> <li>Two years</li> <li>Three years</li> <li>No Action</li> </ul>	
Single voting option instructions cover all agenda resolutions, expressed in code	
Description	Voting option & ISO code
Active vote expressed as abstain (no opinion)	Abstain (ABST)
Vote against a meeting resolution	Against (CAGS)
Vote instruction is against the voting recommendations of the management	Against Management (AMGT)
Vote is cast as empty but the vote is counted	Blank (BLNK)
Rights holder gives authority to the chairman to vote on their behalf	Chairman (CHRM)

Voting party is assigned discretionary right to vote for one resolution	Discretionary (DISC)
Vote in favour of a meeting resolution	For (CFOR)
Do not vote	No Action (NOAC)
Vote in favour of one year for "say on pay" type of resolution	One Year (ONEY)
Vote in favour of three years for "say on pay" type of resolution	Three Years (THRY)
Vote in favour of two years for "say on pay" type of resolution	Two Years (TWOY)
Participant in a meeting withholds its vote for a meeting resolution. This action is usually taken in order to indicate a strong disagreement with a resolution (US market)	Withhold (WTHH)
Vote instruction is in line with the voting recommendations of the management	With Management (WMGT)

## 10.7.2 Voting Table 2. Proxy Participation Method

Matrix option field for PRXY participation method:

Supported Proxy options	
Description	Code
Chairman of the meeting is the proxy (predefined)	<b>CHRM</b>
Neutral proxy nominated by the issuer to execute votes on behalf of investors at the meeting (predefined)	<b>NERP</b>
Any type of proxy is allowed	<b>DISC</b>
Proxy can only be a security holder	<b>HLDR</b>
<b>Person or legal entity other than appointed Issuer assigned as proxy holder:</b> Additional recommended information for DISC and HLDR	
<b>Legal Person fields:</b> <ul style="list-style-type: none"> <li>- Name</li> <li>- Address line</li> <li>- Country code</li> <li>- Email address</li> </ul>	<b>Legal Person identification options:</b> <ul style="list-style-type: none"> <li>- LEI</li> <li>- National registration number</li> </ul>

Supported Proxy options	
Description	Code
<b>Natural Person fields:</b> <ul style="list-style-type: none"> <li>- First name</li> <li>- Surname</li> <li>- Address line</li> <li>- Country code</li> <li>- Email address</li> </ul>	<b>Natural Person identification options:</b> <ul style="list-style-type: none"> <li>- Natural person local identification</li> </ul>

### 10.7.3 Voting Table 3. Meeting Dates

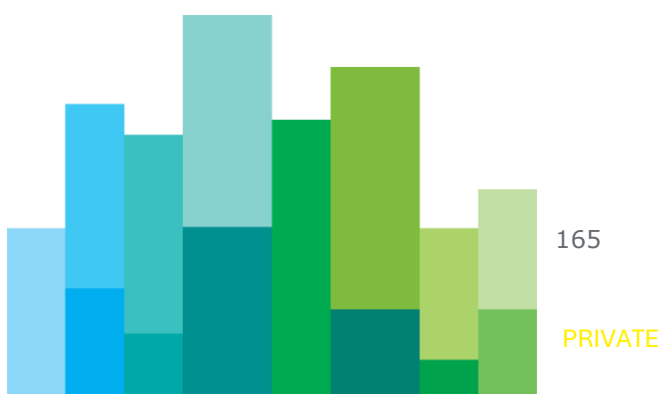
Relevant dates depending on the general meeting business process:

Description	Name	ISO 20022 Tag
<b>General meeting deadlines:</b>		
Date and time of the meeting	Meeting Date	<b>/DtAndTm/</b>
Date on which the meeting is officially announced	Announcement Date	<b>/AnncmntDt/</b>
<b>Process rules deadlines:</b>		
Date and time by which the vote instructions should be submitted to Euronext Securities	Vote Deadline	<b>/VoteDdln/</b>
Date and time by which the vote instructions should be submitted to the Issuer	Vote Market Deadline	<b>/VoteMktDdln/</b>
<b>Date by which the securities must be registered in the share registrar:</b>		
Deadline for registering securities for the meeting	Registration Securities Deadline	<b>/RegnSctiesDdln/</b>
Date by which the securities must be registered. This deadline is set by the Issuer	Registration Securities Market Deadline	<b>/RegnSctiesMktDdln/</b>
Date which parties will receive the <b>entitlement</b> , record date	Entitlement Fixing Date Deadline	<b>/EntitlmntFxdDt/</b>
<b>Participation in the general meeting and related voting deadline per method of participation:</b>		

Description	Name	ISO 20022 Tag
Final date to vote via selected participation method	Participation Method Deadline for Voting	<b>/IssrDdlnForVtng/</b>
<b>Conditions for physical attendance at the general meeting:</b>		
Date and time by which the rights holder must provide notification of its intention to participate in the meeting. This deadline is set by an intermediary	Attendance – Confirmation Deadline	<b>/ConfDdln/</b>
Date and time by which the attendance at the meeting should be confirmed. This deadline is set by the Issuer	Attendance – Confirmation Market Deadline	<b>/ConfMktDdln/</b>

# 11 RNI MESSAGES

## GENERATION AND CA EVENT LIFECYCLE (ITALY SPECIFIC)



RNI proprietary format of Euronext Securities Milan will continue to be used with the implementation of the new CA event platform.

Below flows are precisising when the various RNI messages for Participants, Issuer/Issuer agent and Paying Agent are being sent and the ones that ES is expecting to receive in the life of a CA event.

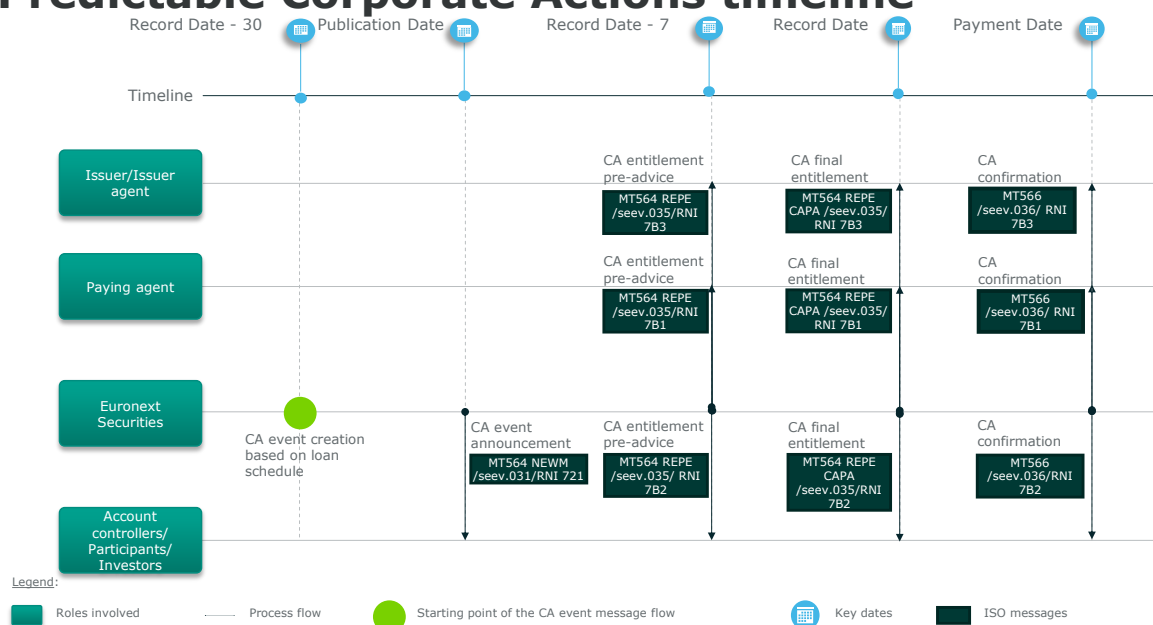
These messages will be fed from the ISO 20022 messages generated or accepted by the CA event platform and modifications to existing RNI messages format are to be expected. The detailed specifications on the RNI messages have been published on MT-X web GUI at following directory: "Documentazione – Live Services – Documentazione Tecnica – Tracciati utente – in lavorazione – CA4U"

## 11.1 ISSUER CSD business

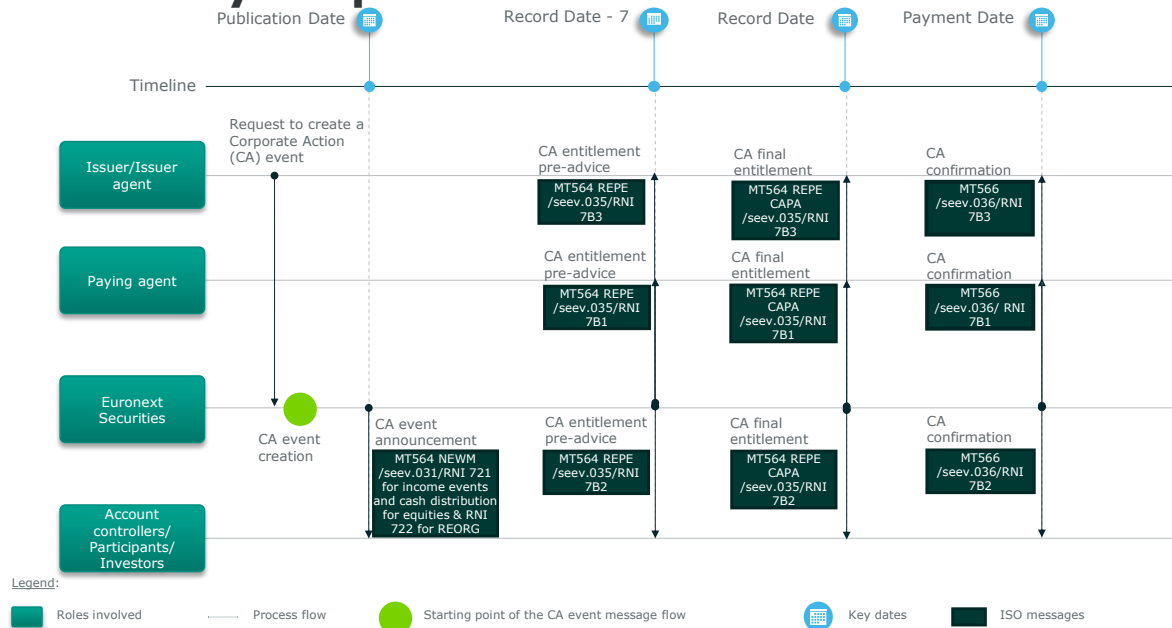
### 11.1.1 Mandatory events timeline

#### 11.1.1.1 Predictable event & Mandatory CA events

#### Predictable Corporate Actions timeline

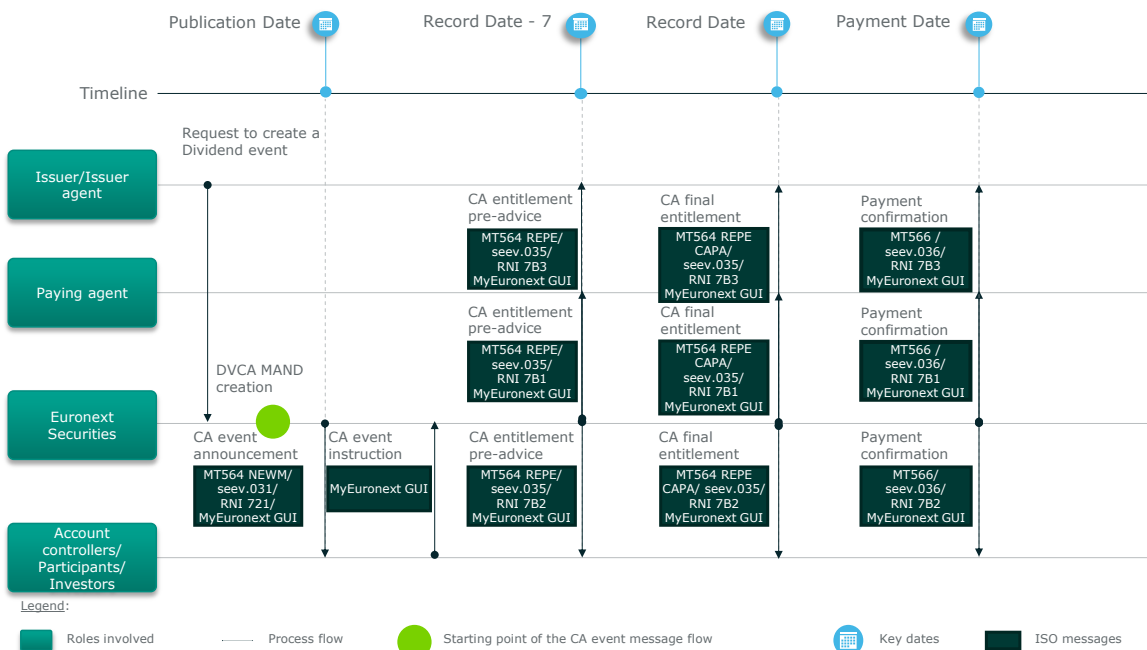


# Mandatory Corporate Actions timeline

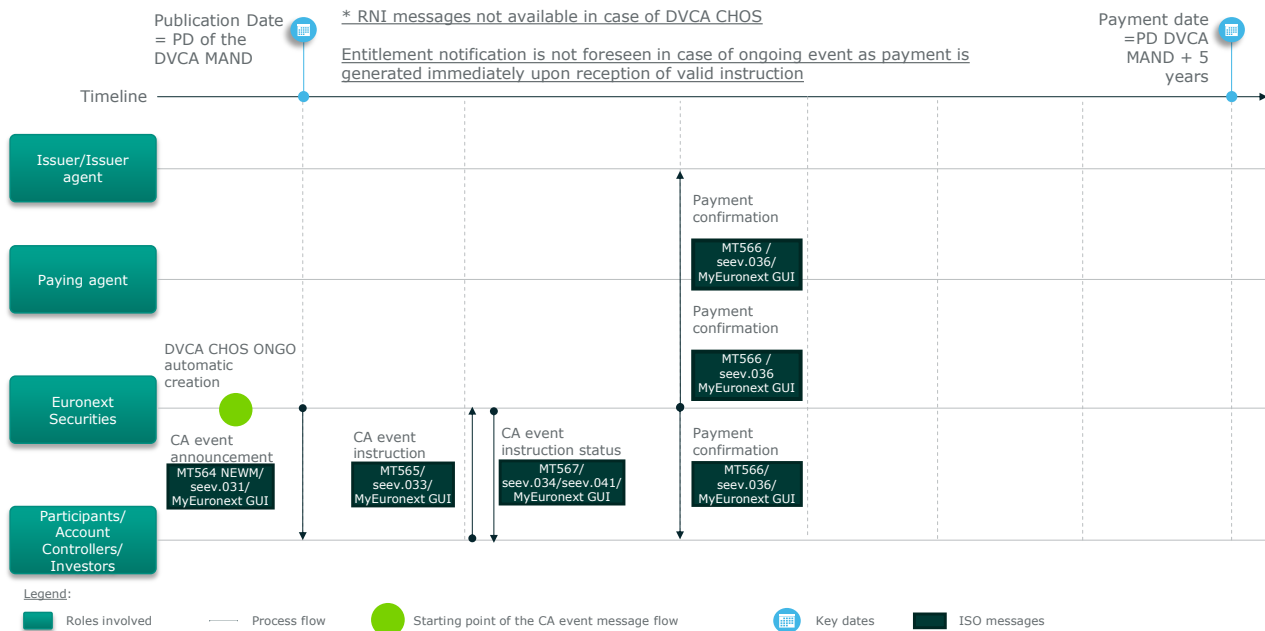


## 11.1.1.2 Italian Dividend

# Italian Dividend timeline – DVCA MAND (1/2)

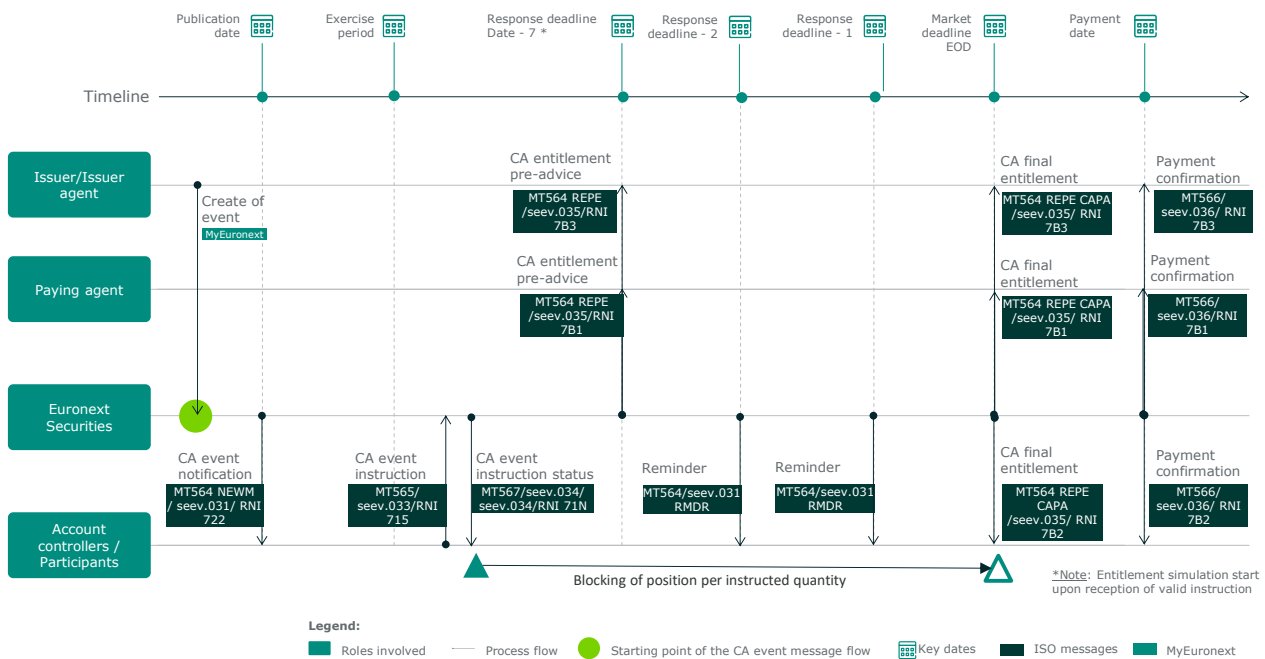


## Italian Dividend timeline – DVCA CHOS ONGO (2/2)

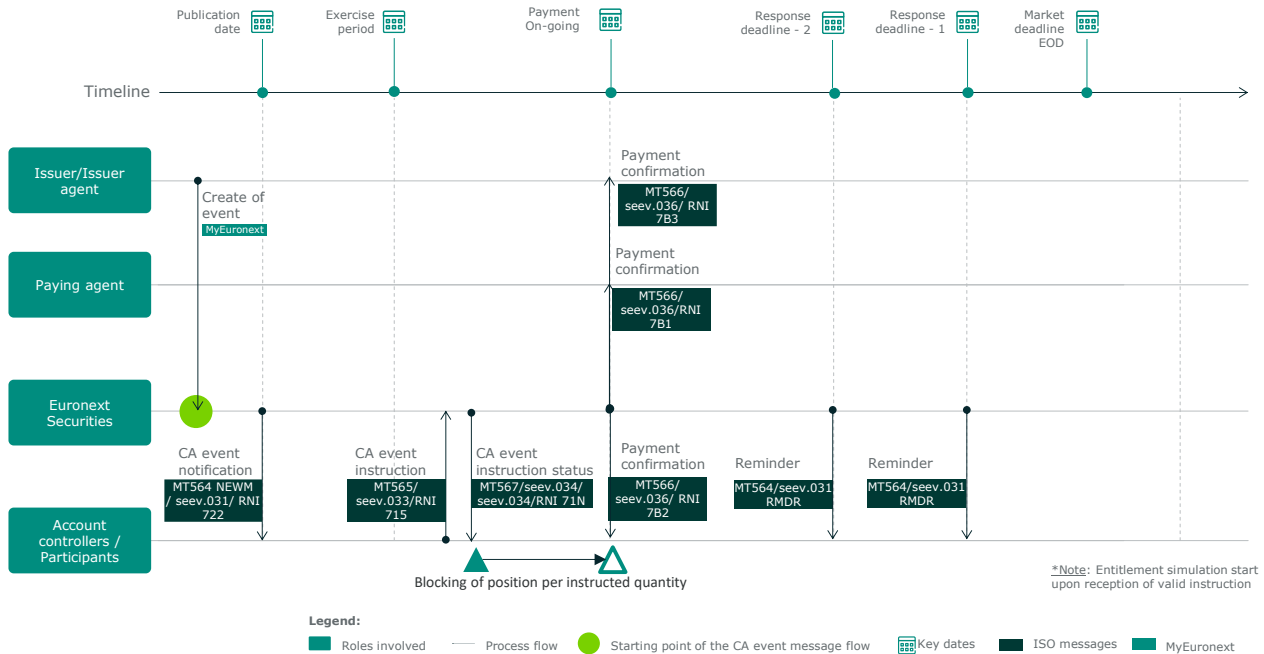


### 11.1.2 Elective events

## Elective Corporate Actions timeline



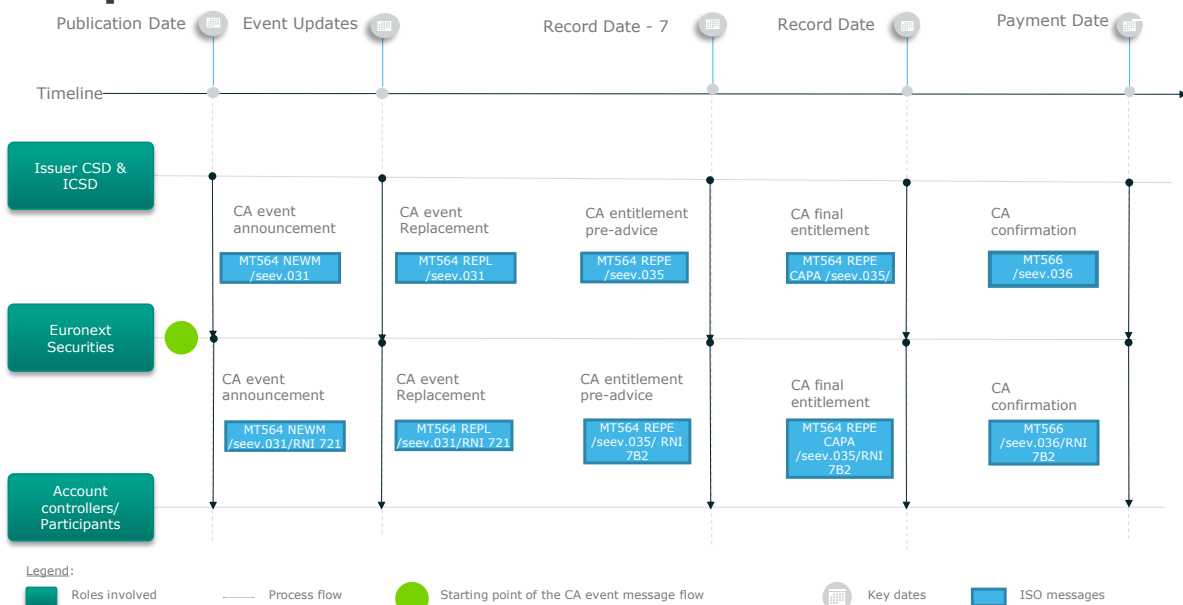
## On-going Corporate Actions timeline



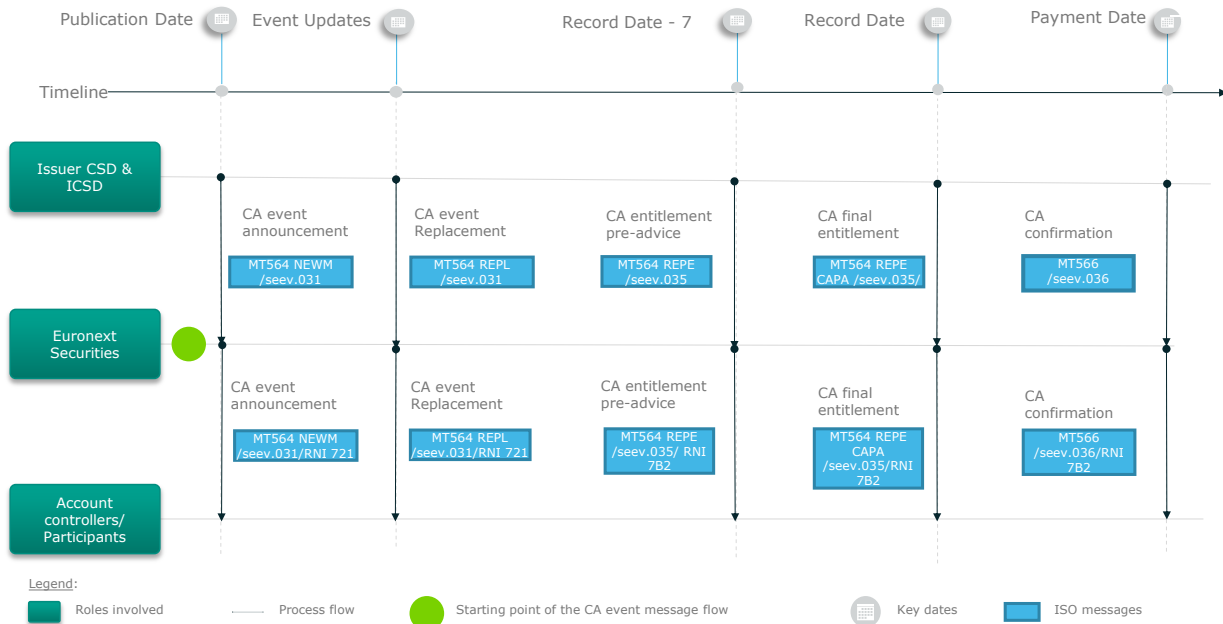
## 11.2 INVESTOR CSD business

### 11.2.1 Mandatory events timeline

## Corporate Actions timeline MAND events – Inv CSD



# Corporate Actions timeline MAND events – Inv CSD



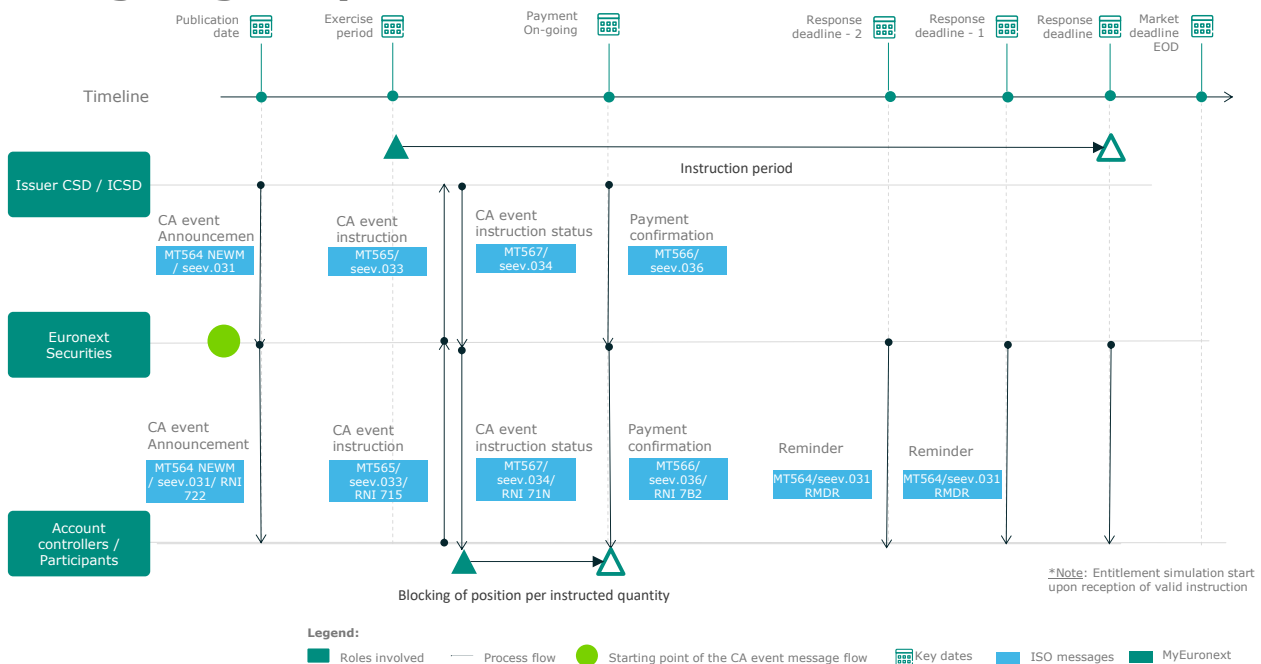
## 11.2.2 Elective events

### 11.2.2.1 Elective timeline & On-Going Inv CSD

#### Elective Corporate Actions timeline – Inv CSD

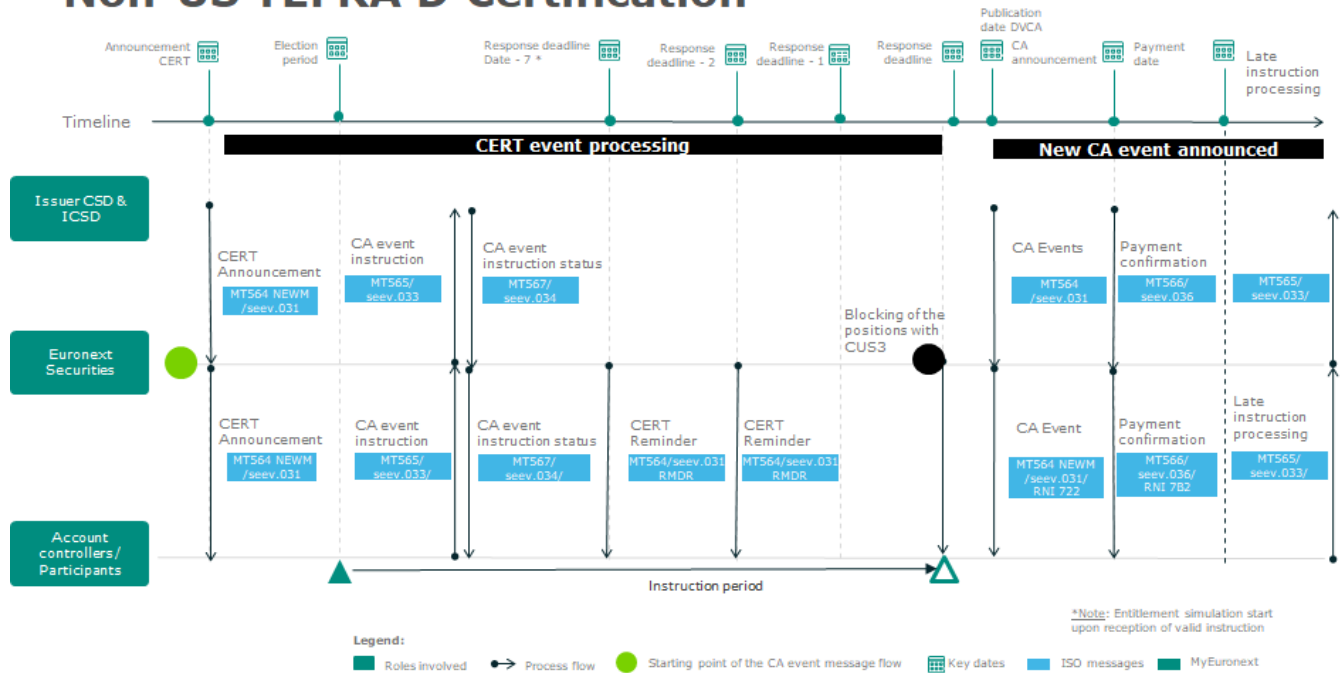


#### On-going Corporate Actions timeline – Inv CSD



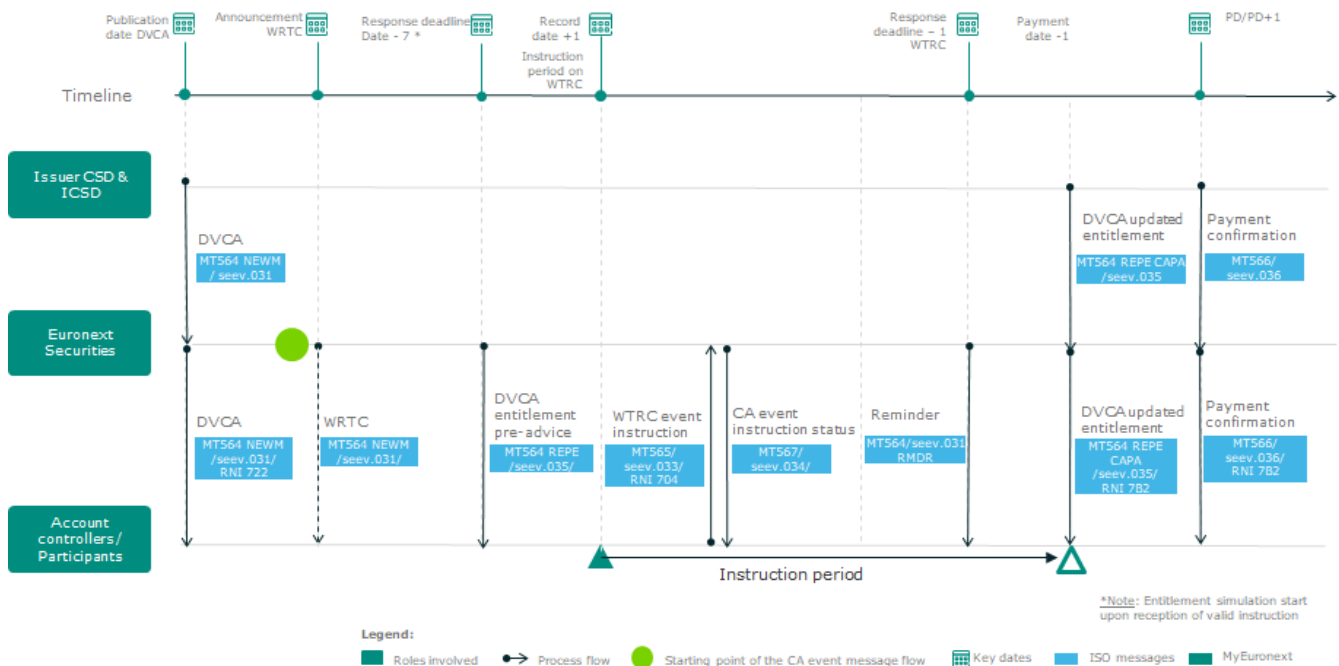
### 11.2.2.2 Non-US TEFRA D Certification

## Non-US TEFRA D Certification



### 11.2.2.3 US Withholding Tax Relief Certification

## US Withholding Tax Relief Certification



# 12 ANCILLARY SERVICES (ITALY SPECIFIC)



ES offers 2 ancillary services to its participants:

- FIS: Italian process for participants to communicate to Issuer/Issuer agents the beneficial owners' details
- RCC: Process for the calculation and payment of fees to the participants for sharing BO details whose purpose is to allow Issuer to update their shareholder register

## 12.1 FIS

FIS is the acronym of Standardised Informatic Flow and is an Italian standard created to allow participants, within the management of corporate actions, to transmit to issuers/Issuer agents the beneficial owners' details and allow Issuers to complete regulatory requirements of updating shareholders' register. This service answers to the Italian regulation requirements as per article 2421 Italian Civil Code – Libri Sociali Obbligatorii and article 83-undecies TUF – Testo Unico della Finanza

FIS file usage is only requested for domestic issuers when Euronext Securities Milan acts as Issuer CDS. The process described below, does not apply in case of Investor CSD operations.

With the introduction of the CA4U platform, no changes are foreseen on the ecosystem of FIS service and components: MT-X platform, FIS technical structure, issuers and participants screens.

The introduction of the ISO20022 standards and SMPG guidelines has introduced some points of attention to be highlighted:

### 12.1.1 General Information

With CA4U launch, corporate actions will be created by Issuers through MyEuronext dedicated screens and, to ensure feeding of the FIS&MTX platform, issuers will have to fill dedicated fields.

- flag the indicator "Beneficial Owner" when they need to receive beneficial owners' details
- select the channel through which they want to receive FIS ("MT-X", "KCA" and "PEC") (following the same rules as currently on the MTX platform).

### 12.1.2 FIS CPA – Position Management for Meetings

General meetings will be created in CA4U platform at an ISIN level (as defined per SMPG guidelines). Participants and Issuers will receive one notification for each ISIN involved in the General meeting.

Consequently, for FIS processing, MT-X will create as many events/"agendas" as ISINs involved and each event will be linked to a separate CORP ID.

The CORP ID generated by the CA platform will be fed in the NOS number (Numero di Operazione Speciale) and it will have the same format size as today (– 9 characters).

ISO20022 seev.001 message has a maximum width for the field hosting the CORPID greater than 9, but since it is not a fixed length field, no padding is required.

NOS number in FIS process is the unique key to recognise a corporate action agenda and will be equal to the CORP ID of the CA platform.

Consequently, FIS events will always be managed at an ISIN/NOS level, in continuity with the current operativity.

With reference to the Issuers operating process, which expect to operate meetings at event level, we evidence here that they will have to review their internal processes and tools to ensure that FIS information for each event are consolidated at the meeting level. Euronext Securities Milan suggest to group meetings per date and meeting type.

Participants will have to instruct in FIS on each event impacted by the general meeting as currently done.

### 12.1.3 FIS DIV - Impacts on the Dividend and DVOP processing

Based on the common agreement on the modalities to process the Italian dividends and instructions on waiver and postponement (DVCA + DVCA CHOS Ongoing, or DVOP CHOS + DVCA CHOS ongoing), the impacts are:

- For participants:
  - CA4U platform for participants will send to FIS system the confirmation of the entitled positions on total paid quantity and overall total entitled position on the DVCA or DVOP events. MT-X platform will no more receive the details of the quantities waived and/or abandoned.
  - The splitting of waived and abandoned quantities will be available on dedicated screen on MyEuronext.
- For Issuer/Issuer Agents
  - The breakdown at account level will no longer be available to the Issuer (7B3 no more available).

### 12.1.4 Other CA events than Dividend or DVOP and meetings

For all other events (REORG upon decision from the issuer CSD), no impacts are foreseen in the FIS process, and both clients & issuers will continue to use the MT-X and the existing files.

## 12.2 RCC

RCC system is a technical solution, operated by Euronext Securities Milan, which enable to calculate fees income received by participants from issuer for the sharing of the BO details to the purpose of updating shareholder register.

The service is completely automated and manage the calculation and regulation of the remits (fees) in favour of the participants. Calculation of fees is based on several

parameters, agreed among issuers and participants, and is generally a scaled fee calculation based on the communication date of the BO details.

From both the operative and rules point of view, no changes are foreseen to the process of the calculation and controls. RCC system is highly connected to the FIS system for event notification as well as controls on accuracy/quality of the FIS sent files.

The information, for both intermediaries and issuers, will remain available on MT-X platform.

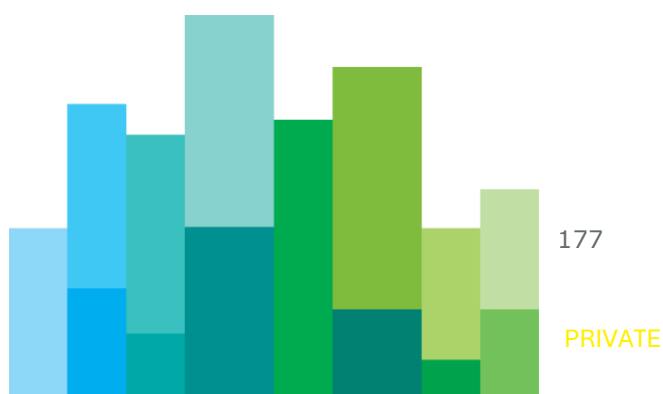
**Change for the Participants:** payment of fees will ONLY be done in T2S on a DCA account for Participants.. A PFOD will be generated to pay the participants While Issuer's Paying Agent can decide to use their DCA account in T2S or continue to use their T2 account. ES will generate the debit of the paying agent .

Payments management will continue to be tracked in MT-X (RNI 7B1 & RNI 7B2).

For RCC payments , the RNI 7B2 & RNI 7B1 will be maintained and produced by MT-X and no ISO equivalents in 15022/20022 will be made available. These payments will not be visible in MyEuronext. They will continue to be tracked in MT-X (RNI 7B1 & RNI 7B2) as they refer to an ancillary service, and not specifically to the payments related to the corporate events themselves.

Furthermore, the PFOD generated for RCC payment will not be included into the G56.

# 13 MAIN CAEV CODES GROUPED BY CORPORATE EVENT SUBCATEGORIES



The table below lists all corporate action events managed by Euronext Securities CSD as a standalone service, either as an issuer CSD or investor CSD.





























As an issuer CSD, Euronext Securities handles the creation and management of events within specific categories, such as information-only events.
























When acting as an investor CSD, Euronext Securities Milan provides a varied range of events tailored to the specific events of the issuer CSD.

**List of corporate action events when Euronext Securities acts as issuer CSD or investor CSD**

Category of event	Event processing	CAEV	Definition	CAMV	Issuer CSD	Investor CSD
Information only	GNRL	ACCU	Accumulation	MAND		
	GNRL	ACTV	Trading Status: Active	MAND		
	GNRL	BRUP	Bankruptcy	MAND		
	GNRL	CAPI	Capitalisation	MAND		
	GNRL	CHAN	Change	MAND		
	GNRL	CREV	Credit Event	MAND		
	GNRL	DFLT	Bond Default	MAND		
	GNRL	DSCL	Disclosure	MAND		
	GNRL	EXTM	Maturity Extension	MAND		
	GNRL	INFO	Information	MAND		
	GNRL	OTHR	Other Event	MAND		
	GNRL	PLAC	Place of Incorporation	MAND		
	GNRL	SUSP	Trading Status: Suspended	MAND		
Cash distribution	DISN	CAPD	Capital Distribution	MAND		
	DISN	CAPG	Capital Gains Distribution	MAND		

Category of event	Event processing	CAEV	Definition	CAMV	Issuer CSD	Investor CSD
	DISN	DRCA	Cash Distribution From Non-Eligible Securities Sales	MAND		
	DISN	DVCA	Cash Dividend	MAND		
	DISN	INTR	Interest Payment	MAND		
	DISN	PRED	Partial Redemption With Pool Factor Reduction	MAND		
	DISN	SHPR	Shares Premium Dividend	MAND		
<b>Mandatory distribution with options</b>	DISN	BONU	Bonus Issue/Capitalisation Issue with/without RHDI	CHOS		
	DISN	CAPD	Capital Distribution - currency option	CHOS		
	DISN	CAPG	Capital Gains Distribution - currency option	CHOS		
	DISN	DECR	Decrease in Value - currency option	CHOS		
	DISN	DVCA	Cash Dividend - currency option	CHOS		
	DISN	INTR	Interest Payment - currency option, with/without RHDI	CHOS		
<b>Mandatory reorganisation</b>	REOR	CHAN	Change	MAND		
	REOR	CONV	Conversion	MAND		
	REOR	DECR	Decrease in Value	MAND		
	REOR	DRAW	Drawing	MAND		
	REOR	INCR	Increase in Value	MAND		
	REOR	LIQU	Liquidation Dividend/Liquidation Payment	MAND		
	REOR	MCAL	Full Call/Early Redemption	MAND		
	REOR	MCAL	Full Call/Early Redemption	CHOS		
	REOR	MRGR	Merger	MAND		

Category of event	Event processing	CAEV	Definition	CAMV	Issuer CSD	Investor CSD
	REOR	PARI	Pari-Passu	MAND		
	REOR	PCAL	Partial Redemption Without Pool Factor Reduction	MAND		
	REOR	REDM	Final Maturity	MAND		
	REOR	REDO	Redenomination	MAND		
	REOR	SPLF	Stock Split/Change in Nominal Value/Subdivision	MAND		
	REOR	SPLR	Reverse Stock Split/Change in Nominal Value	MAND		
	REOR	WRTH	Worthless	MAND		
<b>Mandatory reorganisation with options</b>	REOR	CERT	Non-US TEFRA D Certification	CHOS		
	REOR	DRIP	Dividend Reinvestment	CHOS		
	REOR	DVOP	Dividend Option	CHOS		
	REOR	EXOF	Exchange	CHOS		
	REOR	EXRI	Call on Intermediate Securities	CHOS		
	REOR	REDM	Final Maturity - Currency option	CHOS		
	REOR	TEND	Tender/Acquisition/Takeover/Purchase Offer	CHOS		
<b>Security distribution</b>	DISN	BONU	Bonus Issue/Capitalisation Issue	MAND		
	DISN	DETI	Detachment	MAND		
	DISN	DVSC	Scrip Dividend/Payment	MAND		
	DISN	DVSE	Stock Dividend	MAND		
	DISN	PINK	Pay In Kind	MAND		
	DISN	RHDI	Intermediate Securities Distribution	MAND		

Category of event	Event processing	CAEV	Definition	CAMV	Issuer CSD	Investor CSD
	DISN	SOFF	Spin-Off	MAND		
<b>Mandatory reorganisation with option</b>	REOR	SOFF	Spin-Off	CHOS		
<b>Voluntary reorganisation</b>	REOR	SOFF	Spin-Off	VOLU		
	REOR	BIDS	Repurchase Offer/Issuer Bid/Reverse Rights	VOLU		
	REOR	BPUT	Put Redemption	VOLU		
	REOR	CONS	Consent	VOLU		
	REOR	DTCH	Dutch Auction	VOLU		
	REOR	EXOF	Exchange	VOLU		
	REOR	EXRI	Call on Intermediate Securities	VOLU		
	REOR	EXWA	Warrant Exercise	VOLU		
	REOR	ODLT	Odd Lot Sale/Purchase	VOLU		
	REOR	PRI0	Priority Issue	VOLU		
	REOR	TEND	Tender/Acquisition/Takeover/Purchase Offer	VOLU		
	REOR	WTRC	Withholding Tax Relief Certification	VOLU		
<b>Voluntary distribution</b>	DISN	TREC	Tax reclaim	VOLU		

Legend: , indicates automatic processing, in line with our service description.