Functional concept CBF

Custody Services

Transformation of pending trades in cash and securities

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Custody Services

Transformation of pending trades in cash and securities

September 2014

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Content

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1 General information

With the November Release 2014, transaction management (market claims and transformations) for corporate actions will be improved. Since these improvements are related to the introduction of TARGET2-Securities (T2S), they are based on the standards of the Corporate Action Joint Working Group (CAJWG) and the T2S Corporate Action Sub Group (CASG).

In the case of transformations of pending OTC and stock exchange trades in cash, additional mandatory reorganisation events, such as redemptions, are also taken into account for the transformation process.

With the introduction of this extension, the CBF Transaction Management Service will have been brought almost fully in line with the standard requirements of the CAJWG/CASG. The CBF link to T2S (wave 3 in September 2016) marks the completion of this service.

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2 Changes in Clearstream Banking Frankfurt

2.1 Transformation of pending trades in cash

With a transformation in cash, the redemption price and the transaction price of the underlying transaction are taken into consideration as follows:

- On the basis of the nominal value of the pending transaction, the redemption price is transferred from the seller to the buyer;
- The transaction price of the pending transaction is transferred from the buyer to the seller;
- The underlying transaction is cancelled due to the transformation.

The transaction price and the redemption price are paid separately, i.e. they are not offset against each other.

2.1.1 Systematic

The transformation in cash is done on the basis of pending matched trades on record date.

The cancellation of the underlying transaction is done for pending trades (matched and unmatched) on record date.

2.1.2 Relevant KADI event types

The following KADI event types are affected by a transformation into cash:

Event type	Description
120	Dividend payments in case of dividend options (payment on cash line)
122	Automatic exercise of warrants
123	Squeeze Out
124	Pay-Off/Buyback of Shares
130	Full redemption
131	Redemption of participation rights
132	Redemption of certificates
133	Liquidation
134	Cash compensation for redemption in securities
222	Write-off (worthless securities) (no transformation of redemption price)

2.1.3 Relevant trades

Depending on the type of underlying transactions, various processes apply:

SE-LION (non-CCP SE trades)

For the above-mentioned event types, the processes described are carried out by CBF.

Exception: A transformation into cash does not take place for event type 120, as these cases involve non-tradable (transferable-only) securities.

OTC DvP

For all event types, the processes described above are carried out by CBF.

OTC FoP

For all event types, the redemption price is transformed and the underlying transactions cancelled but the transaction price is not transferred (as none is available).

CCP transactions

For CCP transactions, CBF only transfers the redemption price from the seller to the buyer. The settlement amount for the offsetting block is transferred and individual transactions cancelled by Eurex Clearing AG.

As certificates and participation rights are not processed via the CCP, event types 120, 132, 134 and 222 do not occur for CCP transactions.

Transformation of pending trades in cash and securities

2.1.4 Cash Clearing

Cash payments due to transformation in cash (redemption and transaction price) will be processed in the end of day processing on record date. The cash booking will be done on the following day in the DD1 run. This is also applicable for German government payments that are normally paid in the night-time processing (STD). The following booking text keys will be used:

BTX	BTX description	Relevant Event Types											
		120	122	123	124	130	131	132	133	134	140	141	2**
412	compensation dividends OTC	X	X	X	X								
413	compensation dividends SE	X											
414	compensation dividends CCP cash market		X	X	X								
415	compensation dividends CCP derivatives market		X	X	X								
416	compensation dividends OTC cancellation	X	X	X	X								
417	compensation dividends SE cancellation	X											
418	compen. dividends CCP cash market cancellation		X	X	X								
419	compen. dividends CCP derivatives market cancel.		X	X	X								
420	compensation dividends OTC correction	X	X	X	X								
421	compensation dividends SE correction	X											
422	compen. dividends CCP cash market correction		X	X	X								
423	compen. dividends CCP derivatives market corr.		X	X	X								
514	compensation redemptions OTC					X	X	X	X	X			
515	compensation redemptions SE					X		X		X			
516	compensation redemptions CCP cash market					X	X	X	X				
517	compensation redemptions CCP derivatives market					X	X	X	X				
518	compensation redemptions OTC cancellation					X	X	X	X	X			
519	compensation redemptions SE cancellation					X		X		X			
520	compen. redemptions CCP cash market cancellation					X	X	X	X				
521	compen. redemptions CCP derivatives market cancel.					X	X	X	X				
522	compensation redemptions OTC correction					X	X	X	X	X			
523	compensation redemptions SE correction					X		X		X			
524	compen. redemptions CCP cash market correction					X	X	X	X				
525	compen. redemptions CCP derivatives market corr.					X	X	X	X				
617	compensation partial redemption OTC										X	X	
618	compensation partial redemption SE										X	X	
619	compensation partial redemption CCP cash market										X	X	
620	compensation partial redemption CCP derivatives market										X	X	
621	compensation partial redemption OTC cancellation										X	X	
622	compensation partial redemption SE cancellation										X	X	
623	compensation partial redemption CCP CM cancellation										X	X	
624	compensation partial redemption CCP DM cancellation										X	X	
625	compensation partial redemption OTC correction										X	X	
626	compensation partial redemption SE correction										X	X	
627	compensation partial redemption CCP CM correction										X	X	
628	compensation partial redemption CCP DM correction										X	X	
629	transaction price transformation OTC												X
630	transaction price transformation SE												X
631	transaction price transformation OTC cancellation												X
632	transaction price transformation SE cancellation												X
633	transaction price transformation OTC correction												X
634	transaction price transformation SE correction												X

2.1.5 Listreporting

2.1.5.1 KD111 Redemption price

```
          CLEARSTREAM BANKING AG
          MERGENTHALERALLEE 61
          65760 ESCHBORN




          TESTBANK



          EXAMPLESTREET 1

          MODELCITY                         ESCHBORN, 22/11/2013

                                            TELEPHONE   +49-69-211-11177
                                            FAX         +49-69-211-13701

                                            PROGRAM-NAME: KD111

ACCOUNT  : 7999

FINAL REDEMPTION


FOR THE FOLLOWING OTC TRADES IN COLLECTIVE SAFE CUSTODY SECURITIES;
WE HAVE INITIATED A TRANSFORMATION OF THE REDEMPTION PRICE BECAUSE THEY
HAVE BEEN TRADED CUM COUPON.

KEY-DATE             : 21/11/2013
MATURITY-DATE        : 22/11/2013

SEC.: DE1234567890  REDEM.-RATE:      100,00 EUR
                    QUOTATION  :      PERCENTAGE

SETTLEMENT-DAY       : 22/11/2013

TRANSACT.NO. TRADE DAY     COUNTERPART     NOMINAL        NET AMOUNT EUR
7999/1234567 20/11/2013    7998        100.000,000-         1.000,00-
                                       _____   _____
TOTAL PER SEC. CODE                    100.000,000-         1.000,00-EUR

 NET AMOUNT   PURCHASES                                         0,00 EUR
 NET AMOUNT   SALES                                         1.000,00-EUR

WE INITIATED A PAYMENT ON  22/11/2013 AT DD1
```

Transformation of pending trades in cash and securities

2.1.5.2 KD118 Transaction price

```
CLEARSTREAM BANKING AG
MERGENTHALERALLEE 61
65760 ESCHBORN




TESTBANK


EXAMPLESTREET 1

MODEL CITY                              ESCHBORN, 19/11/2013

                                       TELEPHONE    +49-69-211-11177
                                       FAX          +49-69-211-13701

                                       PROGRAM-NAME: KD118

SECURITIES ACCOUNT: 7999

MATURITY DATE  : 22.11.2013

KEY DATE       : 21.11.2013

THE CORPORATE ACTION 222-WORTHLESS WITHDRAWL
HAS BEEN EXECUTED. THERE HAS BEEN A TRANSFORMATION OF TRANSACTION PRICE
BY US FOR FOLLOWING PENDING S/E TRADES IN CSC SECURITIES

SECURITY       TRANSACTION TRADE-DAY  SELLER    BUYER
                                                NOMINAL PSN    TRANSACTION PRICE

DE0001234578   7999/1234567 14.11.13 7999/7999 7998/7998
                                                100,000                 100,00
DE0001234578   7999/7654321 14.11.13 7998/7998 7999/7999
                                                200,000                 200,00-


CLEARSTREAM BANKING AG

(EDP PRINTOUT WITHOUT SIGNATURE)
```

2.1.6 SWIFT Reporting

2.1.6.1 Redemption price MT564 REPE ATXF

```
{1:        F01XXXXXXXXXXXX1234123456}
{2:        O5640056131120DAKVDEFFAXXX01234567891311200056N}
{3: {108: K3BK005451A3FBAE}}
{4:
    :16R: GENL
    :20C: :CORP//1301234567890123
    :20C: :SEME//K3BK005451A3FBAE
    :23G: REPE
    :22F: :CAEV//REDM
    :22F: :CAMV//MAND
    :98C: :PREP//20131120005451
    :25D: :PROC//COMP
    :16R: LINK
    :20C: :CORP//1301234567890123
    :16S: LINK
    :16R: LINK
    :20C: :PREV//NONREF
    :16S: LINK
    :16R: LINK
    :13A: :LINK//541
    :20C: :RELA//001TX12345678901
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :35B: ISIN DE0001234567
          EVENT TYPE 130
    :16R: FIA
    :11A: :DENO//EUR
    :16S: FIA
    :16R: ACCTINFO
    :97A: :SAFE//79990000
    :93B: :PENR//UNIT/10000,
    :16S: ACCTINFO
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20131120
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CAOPTN
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :17B: :DFLT//Y
    :16R: CASHMOVE
    :22H: :CRDB//CRED
    :97A: :CASH//79990000
    :19B: :ENTL//EUR100,
    :19B: :GRSS//EUR100,
    :98A: :PAYD//20131121
    :98A: :VALU//20131121
    :90A: :OFFR//PRCT/100,
    :16S: CASHMOVE
    :16S: CAOPTN
    :16R: ADDINFO
    :70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
          TR RELA0000123457
          OWN REF100T-12345678901
          TRADE DAY20131114
          COUNTERPART79980000
          KADI-LFNR 12345
    :95Q: :PAYA//HAUPTZAHLSTELLE
          BEISPIELSTRASSE 2
          D-12345 MUSTERSTADT
    :16S: ADDINFO
          -}
```

Transformation of pending trades in cash and securities

2.1.6.2   Redemption price MT566 ATXF

```
{1:        F01XXXXXXXXXXXX1234123456}
{2:        O5661044131120DAKVDEFFAXXX01234567891311201044N}
{3: {108: KADK104257132098}}
{4:
    :16R: GENL
    :20C: :CORP//1301234567890123
    :20C: :SEME//KADK104257132098
    :23G: NEWM
    :22F: :CAEV//REDM
    :98C: :PREP//20131120104257
    :16R: LINK
    :13A: :LINK//540
    :20C: :RELA//001TX12345678901
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :97A: :SAFE//79990000
    :35B: ISIN DE0009999999
          EVENT TYPE 130
    :16R: FIA
    :11A: :DENO//EUR
    :16S: FIA
    :93B: :CONB//UNIT/10000,
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20131119
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CACONF
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :16R: CASHMOVE
    :22H: :CRDB//CRED
    :97A: :CASH//79990000
    :19B: :PSTA//EUR100,
    :19B: :GRSS//EUR100,
    :98A: :POST//20131120
    :98A: :VALU//20131120
    :98A: :PAYD//20131120
    :90B: :OFFR//ACTU/EUR100,
    :16S: CASHMOVE
    :16S: CACONF
    :16R: ADDINFO
    :70E: :ADTX// TRANSFORMATION OF REDEMPTION PRICE
          TR RELA0000123456
          OWN REF100T-12345678901
          TRADE DAY20131114
          COUNTERPART79990000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

2.1.6.3 Transaction price MT564 REPE ATXF

```
ä1:        F01DAKVDEFFADOM1234123456ü
ä2:        I564SOGEFRPPXSGONü
ä3: ä108: K474234243E6B32Qüü
ä4:
    :16R: GENL
    :20C: :CORP//2221234567890123
    :20C: :SEME//K474234243E6B32Q
    :23G: REPE
    :22F: :CAEV//DVOP
    :22F: :CAMV//MAND
    :98C: :PREP//20140704234243
    :25D: :PROC//COMP
    :16R: LINK
    :13A: :LINK//541
    :20C: :RELA//9999999999999999
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :35B: ISIN DE0009999999
          EVENT TYPE 222
    :16R: ACCTINFO
    :97A: :SAFE//79990000
    :93B: :PENR//UNIT/10000,
    :16S: ACCTINFO
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20140707
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CAOPTN
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :17B: :DFLT//Y
    :16R: CASHMOVE
    :22H: :CRDB//CRED
    :97A: :CASH//79990000
    :19B: :ENTL//EUR99,
    :19B: :GRSS//EUR99,
    :98A: :PAYD//20131121
    :98A: :VALU//20131121
    :16S: CASHMOVE
    :16S: CAOPTN
    :16R: ADDINFO
    :70E: :ADTX// TRANSFORMATION OF TRANSACTION PRICE
          TR RELA1234567890
          OWN REF999T-99999999999
          TRADE DAY20131114
          COUNTERPART79980000
          KADI-LFNR 12345
    :95Q: :PAYA//TEST MPA
          BEISPIELSTRASSE 1
          POSTFACH 99 99 99
          D-12345 MUSTERSTADT
    :16S: ADDINFO
          -}
```

Transformation of pending trades in cash and securities

2.1.6.4 Transaction price MT566 ATXF

```
ä1:        F01DAKVDEFFADOM1234123456ü
ä2:        I566SOGEFRPPXSGONü
ä3: ä108: KAD7225438322996üü
ä4:
    :16R: GENL
    :20C: :CORP//2221234567890123
    :20C: :SEME//KAD7225438322996
    :23G: NEWM
    :22F: :CAEV//DVOP
    :98C: :PREP//20140707225438
    :16R: LINK
    :13A: :LINK//541
    :20C: :RELA//9999999999999999
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :97A: :SAFE//79990000
    :35B: ISIN DE0009999999
          EVENT TYPE 222
    :93B: :CONB//UNIT/10000,
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20140707
    :16S: CADETL
    :16R: CACONF
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :16R: CASHMOVE
    :22H: :CRDB//CRED
    :97A: :CASH//79990000
    :19B: :PSTA//EUR99,
    :19B: :GRSS//EUR99,
    :98A: :POST//20131120
    :98A: :VALU//20131120
    :98A: :PAYD//20131120
    :16S: CASHMOVE
    :16S: CACONF
    :16R: ADDINFO
    :70E: :ADTX// TRANSFORMATION OF TRANSACTION PRICE
          TR RELA1234567890
          OWN REF999T-99999999999
          TRADE DAY20131114
          COUNTERPART79980000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

2.2 Transformation of pending trades into securities

A transformation in securities is carried out as follows for KADI event types 140 (partial repayment with change in nominal value) and 231 (redemption in securities):

Event type 140:

- On the basis of the nominal value of the matched pending transaction, the redemption price is transferred from the seller to the buyer.

- The nominal value of the underlying transaction (matched and unmatched) is reduced by the redemption amount. The transaction price is booked through the subsequent settlement of the modified transaction.

Event type 231:

- The transformation is made through adjustment of the pending transaction (matched and unmatched); the ISIN and nominal amount can be changed.

- The transaction price is booked through the subsequent settlement of the modified transaction.

Transformation of pending trades in cash and securities

2.2.1 List reporting

KD118 Modification

```
        CLEARSTREAM BANKING AG
        MERGENTHALERALLEE 61
        65760 ESCHBORN




        TESTBANK


        EXAMPLESTREET 1

        MODELCITY                        ESCHBORN, 19/11/2013

                                         TELEPHONE    +49-69-211-11177
                                         FAX          +49-69-211-13701

                                         PROGRAM-NAME: KD118
SECURITIES ACCOUNT: 7999

MATURITY DATE  : 22.11.2013

KEY DATE       : 21.11.2013

THE CORPORATE ACTION 140-PARTIAL REDEMPTION
HAS BEEN EXECUTED. THERE HAS BEEN A MODIFICATION BY US FOR
FOLLOWING PENDING S/E TRADES IN CSC SECURITIES

        SECURITY       TRANSACTION TRADE-DAY  SELLER     BUYER

                                                        NOMINAL  PSN
OLD: DE0001234567  7999/1234567 14.11.13 7999/1234 7998/4321
                                                     10.000,000   L
NEW: DE0001234567* 7999/1234567 14.11.13 7999/1234 7998/4321
                                                      9.000,000   E


CLEARSTREAM BANKING AG

(EDP PRINTOUT WITHOUT SIGNATURE)
```

2.2.2 SWIFT reporting

2.2.2.1 Event type 140 redemption price MT564 REPE ATXF

```
{1:       F01XXXXXXXXXXXX1234123456}
{2:       O5640056131120DAKVDEFFAXXX01234567891311200056N}
{3: {108: K3BK005451A3FBAE}}
{4:
    :16R: GENL
    :20C: :CORP//1401234567890123
    :20C: :SEME//K3BK005451A3FBAE
    :23G: REPE
    :22F: :CAEV//REDM
    :22F: :CAMV//MAND
    :98C: :PREP//20131120005451
    :25D: :PROC//COMP
    :16R: LINK
    :20C: :CORP//1401234567890123
    :16S: LINK
    :16R: LINK
    :20C: :PREV//NONREF
    :16S: LINK
    :16R: LINK
    :13A: :LINK//541
    :20C: :RELA//001TX12345678901
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :35B: ISIN DE0008888888
          EVENT TYPE 140
    :16R: FIA
    :11A: :DENO//EUR
    :16S: FIA
    :16R: ACCTINFO
    :97A: :SAFE//79990000
    :93B: :PENR//UNIT/10000,
    :16S: ACCTINFO
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20131120
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CAOPTN
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :17B: :DFLT//Y
    :16R: CASHMOVE
    :22H: :CRDB//CRED
    :97A: :CASH//79990000
    :19B: :ENTL//EUR10,
    :19B: :GRSS//EUR10,
    :98A: :PAYD//20131121
    :98A: :VALU//20131121
    :90A: :OFFR//PRCT/10,
    :16S: CASHMOVE
    :16S: CAOPTN
    :16R: ADDINFO
    :70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
          TR RELA1234567890
          OWN REF100T-12345678901
          TRADE DAY20131114
          COUNTERPART79980000
          KADI-LFNR 12345
    :95Q: :PAYA//HAUPTZAHLSTELLE
          BEISPIELSTRASSE 2
          D-12345 MUSTERSTADT
    :16S: ADDINFO
          -}
```

Transformation of pending trades in cash and securities

2.2.2.2 Event type 140 redemption price MT566 ATXF

```
{1:        F01XXXXXXXXXXXX1234123456}
{2:        O5661044131120DAKVDEFFAXXX01234567891311201044N}
{3: {108: KADK104257132098}}
{4:
    :16R: GENL
    :20C: :CORP//1401234567890123
    :20C: :SEME//KADK104257132098
    :23G: NEWM
    :22F: :CAEV//REDM
    :98C: :PREP//20131120104257
    :16R: LINK
    :13A: :LINK//540
    :20C: :RELA//001TX12345679801
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :97A: :SAFE//79990000
    :35B: ISIN DE0008888888
          EVENT TYPE 140
    :16R: FIA
    :11A: :DENO//EUR
    :16S: FIA
    :93B: :CONB//UNIT/10000,
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20131119
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CACONF
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :16R: CASHMOVE
    :22H: :CRDB//CRED
    :97A: :CASH//79990000
    :19B: :PSTA//EUR10,
    :19B: :GRSS//EUR10,
    :98A: :POST//20131120
    :98A: :VALU//20131120
    :98A: :PAYD//20131120
    :90B: :OFFR//ACTU/EUR10,
    :16S: CASHMOVE
    :16S: CACONF
    :16R: ADDINFO
    :70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
          TR RELA1234567890
          OWN REF100T-12345678901
          TRADE DAY20131114
          COUNTERPART79980000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

2.2.2.3   Event type 140 modification MT564 REPE ATXF

```
{1:        F01XXXXXXXXXXXX1234123456}
{2:        O5640013131128DAKVDEFFAXXX0123456789131128 0013N}
{3: {108: K3BS00114090D94E}}
{4:
    :16R: GENL
    :20C: :CORP//1401234567890123
    :20C: :SEME//K3BS00114090D94E
    :23G: REPE
    :22F: :CAEV//PCAL
    :98C: :PREP//20131128001140
    :25D: :PROC//COMP
    :16R: LINK
    :20C: :CORP//1401234567890123
    :16S: LINK
    :16R: LINK
    :20C: :PREV//NONREF
    :16S: LINK
    :16R: LINK
    :13A: :LINK//542
    :20C: :RELA//1234567
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :35B: ISIN OLD SECURITY
          TRANSFORMATION
    :16R: ACCTINFO
    :97A: :SAFE//79990000
    :93B: :PEND//UNIT/N1000,
    :16S: ACCTINFO
    :16S: USECU
    :16R: CADETL
    :98A: :XDTE//20131128
    :98A: :RDTE//20131127
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CAOPTN
    :13A: :CAON//001
    :22F: :CAOP//SECU
    :17B: :DFLT//Y
    :16R: SECMOVE
    :22H: :CRDB//DEBT
    :35B: ISIN NEW SECURITY
          TRANSFORMATION
    :36B: :ENTL//UNIT/500
    :92A: :RATE//50,
    :98A: :PAYD//20131128
    :16S: SECMOVE
    :16S: CAOPTN
    :16R: ADDINFO
    :70E: :ADTX//COMPENSATION OF OTC TRADE
          TR RELA0001234567
          TRADE DAY20131127
          COUNTERPART79980000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

Transformation of pending trades in cash and securities

2.2.2.4 Event type 140 modification MT566 ATXF

```
{1:        F01XXXXXXXXXXXX1234123456}
{2:        O5661039131128DAKVDEFFAXXX0123456789131128 1039N}
{3: {108: KADS103856267561}}
{4:
    :16R: GENL
    :20C: :CORP//1401234567890123
    :20C: :SEME//KADS103856267561
    :23G: NEWM
    :22F: :CAEV//PCAL
    :98C: :PREP//20131128103856
    :16R: LINK
    :13A: :LINK//542
    :20C: :RELA//1234567
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :97A: :SAFE//79990000
    :35B: ISIN NEW SECURITY
          TRANSFORMATION
    :93B: :CONB//UNIT/N500,
    :16S: USECU
    :16R: CADETL
    :98A: :XDTE//20131128
    :98A: :RDTE//20131127
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CACONF
    :13A: :CAON//001
    :22F: :CAOP//SECU
    :16R: SECMOVE
    :22H: :CRDB//DEBT
    :35B: ISIN NEW SECURITY
          TRANSFORMATION
    :36B: :PSTA//UNIT/500,
    :92A: :RATE//50,
    :98A: :POST//20131128
    :16S: SECMOVE
    :16S: CACONF
    :16R: ADDINFO
    :70E: :ADTX//COMPENSATION OF OTC TRADE
          TR RELA0001234567
          TRADE DAY20131127
          COUNTERPART79980000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

2.2.2.5 Event type 231 modification MT564 REPE ATXF

```
{1:        F01PARBDEFFXXXX1234123456}
{2:        O5640013131128DAKVDEFFAXXX0123456789131128
0013N}
{3: {108: K3BS00114090D94E}}
{4:
    :16R: GENL
    :20C: :CORP//2311234567890123
    :20C: :SEME//K3BS00114090D94E
    :23G: REPE
    :22F: :CAEV//REDM
    :98C: :PREP//20131128001140
    :25D: :PROC//COMP
    :16R: LINK
    :20C: :CORP//2311234567890123
    :16S: LINK
    :16R: LINK
    :20C: :PREV//NONREF
    :16S: LINK
    :16R: LINK
    :13A: :LINK//542
    :20C: :RELA//1234567
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :35B: ISIN OLD SECURITY
          TRANSFORMATION
    :16R: ACCTINFO
    :97A: :SAFE//79990000
    :93B: :PEND//UNIT/N1000,
    :16S: ACCTINFO
    :16S: USECU
    :16R: CADETL
    :98A: :XDTE//20131128
    :98A: :RDTE//20131127
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CAOPTN
    :13A: :CAON//001
    :22F: :CAOP//SECU
    :17B: :DFLT//Y
    :16R: SECMOVE
    :22H: :CRDB//DEBT
    :35B: ISIN NEW SECURITY
          TRANSFORMATION
    :36B: :ENTL//UNIT/500
    :92D: :NEWO//1,/2,
    :98A: :PAYD//20131128
    :16S: SECMOVE
    :16S: CAOPTN
    :16R: ADDINFO
    :70E: :ADTX//TRANSFORMATION OF OTC TRADE
          TR RELA0001234567
          TRADE DAY20131127
          COUNTERPART79980000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

Transformation of pending trades in cash and securities

2.2.2.6   Event type 231 modification MT566 ATXF

```
{1:        F01XXXXXXXXXXXX1234123456}
{2:        O5661039131128DAKVDEFFAXXX0123456789131128103 9N}
{3: {108: KADS103856267561}}
{4:
    :16R: GENL
    :20C: :CORP//2311234567890123
    :20C: :SEME//KADS103856267561
    :23G: NEWM
    :22F: :CAEV//REDM
    :98C: :PREP//20131128103856
    :16R: LINK
    :13A: :LINK//542
    :20C: :RELA//1234567
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :97A: :SAFE//79990000
    :35B: ISIN NEW SECURITY
          TRANSFORMATION
    :93B: :CONB//UNIT/N500,
    :16S: USECU
    :16R: CADETL
    :98A: :XDTE//20131128
    :98A: :RDTE//20131127
    :22F: :ADDB//ATXF
    :16S: CADETL
    :16R: CACONF
    :13A: :CAON//001
    :22F: :CAOP//SECU
    :16R: SECMOVE
    :22H: :CRDB//DEBT
    :35B: ISIN NEW SECURITY
          TRANSFORMATION
    :36B: :PSTA//UNIT/500,
    :92D: :NEWO//1,/2,
    :98A: :POST//20131128
    :16S: SECMOVE
    :16S: CACONF
    :16R: ADDINFO
    :70E: :ADTX//COMPENSATION OF OTC TRADE
          TR RELA0001234567
          TRADE DAY20131127
          COUNTERPART79980000
          KADI-LFNR 12345
    :16S: ADDINFO
          -}
```

2.3 Market claims for partial call up to pool-factor

In the case of partial call up to pool-factor (KADI event type 141), a market claim process is initiated. In the course of this process, the redemption amount is applied to the nominal value of the underlying transaction and a market claim (seller debited and buyer credited) is therefore generated while taking into account the pool factor and quotation unit of the security.

2.3.1 List reporting

KD111 Modification

```
          CLEARSTREAM BANKING AG
          MERGENTHALERALLEE 61
          65760 ESCHBORN




          TESTBANK



          EXAMPLESTREET 1

          MODELCITY                           ESCHBORN, 22/11/2013

                                              TELEPHONE    +49-69-211-11177
                                              FAX          +49-69-211-13701

                                              PROGRAM-NAME: KD111

ACCOUNT  : 7999

PARTIAL REDEMPTION UP TO POOLFACTOR


FOR THE FOLLOWING OTC TRADES IN COLLECTIVE SAFE CUSTODY SECURITIES;
WE HAVE INITIATED A MARKET CLAIM BECAUSE THEY
HAVE BEEN TRADED CUM COUPON.

KEY-DATE                 : 21/11/2013
MATURITY-DATE            : 22/11/2013

SEC.: DE1234567890   REDEM.-RATE:        10,00 EUR
                     QUOTATION  :     PERCENTAGE
                     POOLFACTOR :          0,9

SETTLEMENT-DAY           : 22/11/2013

TRANSACT.NO. TRADE DAY      COUNTERPART      NOMINAL         NET AMOUNT EUR
7999/1234567 20/11/2013     7998         100.000,000-          1.000,00-
                                        _____    _____
TOTAL PER SEC. CODE                      100.000,000-          1.000,00-EUR

 NET AMOUNT  PURCHASES                                            0,00 EUR
 NET AMOUNT  SALES                                            1.000,00-EUR

COMPENSATION PAYMENT ON  22/11/2013 AT DD1
```

2.3.2 SWIFT reporting

2.3.2.1   MT564 REPE ACLA

```
ä1:         F01XXXXXXXXXXXX1234123456ü
ä2:         I564MGTCBEBEXECLNü
ä3: ä108: K3AB19374047293Qüü
ä4:
    :16R: GENL
    :20C: :CORP//1411234567890123
    :20C: :SEME//K3AB19374047293Q
    :23G: REPE
    :22F: :CAEV//PRED
    :22F: :CAMV//MAND
    :98C: :PREP//20131011193740
    :25D: :PROC//COMP
    :16R: LINK
    :20C: :CORP//1411234567890123
    :16S: LINK
    :16R: LINK
    :20C: :PREV//NONREF
    :16S: LINK
    :16R: LINK
    :13A: :LINK//543
    :20C: :RELA//1234567
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :35B: ISIN DE0001234567
          EVENT TYPE 141
    :16R: FIA
    :11A: :DENO//EUR
    :92A: :PRFC//0,9
    :16S: FIA
    :16R: ACCTINFO
    :97A: :SAFE//79990000
    :93B: :PEND//UNIT/N100000,
    :16S: ACCTINFO
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20131011
    :22F: :ADDB//ACLA
    :16S: CADETL
    :16R: CAOPTN
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :17B: :DFLT//Y
    :16R: CASHMOVE
    :22H: :CRDB//DEBT
    :97A: :CASH//79990000
    :19B: :ENTL//EUR1000,
    :19B: :GRSS//EUR1000,
    :19B: :MKTC//EUR1000,
    :98A: :PAYD//20131015
    :98A: :VALU//20131015
    :92A: :RATE//10,0
    :16S: CASHMOVE
    :16S: CAOPTN
    :16R: ADDINFO
    :70E: :ADTX//COMPENSATION OF OTC TRADE
          TR RELA0001234567
          TRADE DAY20131009
          COUNTERPART79980000
          KADI-LFNR 12345
    :95Q: :PAYA//HAUPTZAHLSTELLE
          BEISPIELSTRASSE 2
          D-12345 MUSTERSTADT
    :16S: ADDINFO
          -ü
```

2.3.2.2 MT566 CLAI

```
ä1:       F01XXXXXXXXXXXX1234123456ü
ä2:       I566MGTCBEBEXECLNü
ä3: ä108: KADB104214099576üü
ä4:
    :16R: GENL
    :20C: :CORP//1411234567890123
    :20C: :SEME//KADB104214099576
    :23G: NEWM
    :22F: :CAEV//PRED
    :98C: :PREP//20131011104214
    :16R: LINK
    :13A: :LINK//543
    :20C: :RELA//1234567
    :16S: LINK
    :16S: GENL
    :16R: USECU
    :97A: :SAFE//79990000
    :35B: ISIN DE0001234567
          EVENT TYPE 141
    :16R: FIA
    :11A: :DENO//EUR
    :16S: FIA
    :93B: :CONB//UNIT/N100000,
    :16S: USECU
    :16R: CADETL
    :98A: :RDTE//20131010
    :22F: :ADDB//CLAI
    :16S: CADETL
    :16R: CACONF
    :13A: :CAON//001
    :22F: :CAOP//CASH
    :16R: CASHMOVE
    :22H: :CRDB//DEBT
    :97A: :CASH//79990000
    :19B: :PSTA//EUR1000,
    :19B: :MKTC//EUR1000,
    :19B: :GRSS//EUR1000,
    :98A: :POST//20131011
    :98A: :VALU//20131011
    :98A: :PAYD//20131011
    :92A: :RATE//10,
    :16S: CASHMOVE
    :16S: CACONF
    :16R: ADDINFO
    :70E: :ADTX//COMPENSATION OF OTC TRADE
          TR RELA0001234567
          TRADE DAY20131009
          COUNTERPART79980000
          ACTUAL SETTLEMENT DATE20131011
          KADI-LFNR 12345
    :95Q: :PAYA// HAUPTZAHLSTELLE
          BEISPIELSTRASSE 2
          D-12345 MUSTERSTADT
    :16S: ADDINFO
          -ü
```

2.4 Reversal/re-payment

2.4.1 Reversal

2.4.1.1   Reversal for transformation in cash (event types 120 to 134)

The transformation of the transaction price and the deletion of the underlying trade cannot be reversed. The reversal of the redemption price can be done in DD1, DD2 or STD, depending on the entry of the reversal. The reversal will be done in STD it the reversal is done for a re-payment after record date, else the reversal could be processed before the re-payment was done.

2.4.1.2   Reversal for transformation in securities (event type 140 und 231)

Pending modified trades (modification was done on the basis of an original run) will be re-modified in the case of a reversal. The re-modification will be done in STD.

The reversal of the redemption price can be done in DD1, DD2 or STD, depending on the entry of the reversal. The reversal will be done in STD if the reversal is done for a re-payment after record date, else the reversal could be processed before the re-payment was done.

2.4.1.3   Reversal for market claims (event type 141)

The reversal of the market claim can be done in DD1, DD2 or STD, depending on the entry of the reversal. The reversal will be done in STD if the reversal is done for a re-payment after record date, else the reversal could be processed before the re-payment was done.

2.4.2 Re-payment

With exception of event type 141, re-payments will always be processed in STD.

- The processing of re-payments on record date will be done in the same way as the original runs.
- The processing of re-payments after record date depends on the processed event type.

The following sections provide an overview for re-payments after record date .

2.4.2.1 Re-payment for transformation in cash (event type 120 to 134)

The transformation of the redemption price and the transaction price will be done for all pending trades on the processing date.

Pending trades that served as the basis for the transformation will be marked for deletion.

2.4.2.2   Re-payment for transformation in securities (event type 140 and 231

The transformation of the redemption price and the modification of the pending trades will be done for all pending trades on the processing date.

2.4.2.3   Re-payment for market claims (event type 141)

The market claim for the redemption price is done for all settled trades with a settlement date after record date and a trade date on or before record date.

2.5 KADI online reporting

The KVGI online reporting will be enhanced. The display of transformations in cash for the redemption price will be done by using the existing function KVGI:KO. The display of the transaction price will be done by using the new function KVIG:AB.

With the changes of the KVGI function, tax credits due to UCITS IV relevant payments will be displayed in the new KVGI function and will no longer be listed under the KVGI:KO function.

2.5.1 KVGI main menu

```
TRAN: KVGI FC:    SB: ##14.07.2014#####

    C l e a r s t r e a m   B a n k i n g   F r a n k f u r t

 DISPOSITION UND ABRECHNUNGSANZEIGE KADI    H A U P T A U S W A H L

  KAPITALDIENSTE                        KAPITALVERÄNDERUNGEN

    KE ERTRÄGE/RÜCKZAHLUNGEN            OBLIGATORISCH
    PR PROVISIONEN                       EI EINRICHTEN
    KO KOMPENSATIONEN                    AU AUSBUCHEN
    KG KOMPENSATIONEN JE GESCHÄFTSART    UM UMTAUSCH
    UE ÜBERSICHT KAPITALDIENSTE          SO SONSTIGE
    TRANSFORMATIONEN UND STEUERGUTSCHRIFT    AK ALLE OBLIG. KAPITALVERÄND.
    AB AUSMACHENDER BETRAG              FREIWILLIG
    SG STEUERGUTSCHRIFT                  GE ANGEBOTE

    BANK:      ....  ABRECHNUNG/VALUTA: . 14.07.2014  WÄHRUNG:  ...
    ZUSÄTZLICH: TERMINART (BEI KE/PR/KO): ...  AB WKN:   . ...........
    ZAHLUNG NACH EINGANG:  .

-- ID-KZ: 7999123456 -- PW:        ------ B79073R0 -- 11/07/14 -- 08:22:45 --
KV0013F Feld muß einen der angezeigten Auswahlcodes enthalten
PF1:Hilfe  PF3:Rücksprung  PF4:Abbruch
```

2.5.2 KVGI display of redemption price

Example:

Redemption price (Sell)	=	2.000 EUR
Redemption price (Buy)	=	-1.000 EUR

KVGI:KO

```
TRAN: KVGI FC: KO SB: 7999#1#21.11.2013#EUR####

BANK :      7999 TESTBANK                                    SEITE :   1

KOMPENSATIONEN                        ABRECHNUNG/VALUTA : DD1  /  21.11.2013

  WKN              AUS KAUF IN EUR  AUS VERKAUF IN EUR      SALDO IN EUR  VA

_ DE0001234567          1.000,00-          2.000,00          1.000,00   O




-- ID-KZ: 7999123456 -- PW:         ------ B79073R1 -- 25/11/13 -- 13:19:36 --
KV0008I Verarbeitung abgeschlossen, bitte neue Daten eingeben
PF3:Rücksprung  PF4:Abbruch
```

KVGI:UE

```
TRAN: KVGI FC: UE SB: 7999#1#21.11.2013#EUR####

          INFORMATION ERTRÄGNISSE AUS KAPITALDIENSTEN

BANK :     7999 TESTBANK

                        ABRECHNUNG/VALUTA   DD1   /  21.11.2013
                  ZINSEN  EUR      DIVIDENDEN  EUR    RÜCKZAHLUNGEN  EUR
ERTRÄGE                   .                    .                      .
 AUSSCHÜTTUNG           0,00                 0,00                   0,00
 INKASSO                0,00                 0,00                   0,00
PROVISIONEN               .                    .                      .
 AUSSCHÜTTUNG           0,00                 0,00                   0,00
 INKASSO                0,00                 0,00                   0,00
KOMPENSATIONEN            .                    .                      .
 KAUF                   0,00                 0,00               2.000,00
 VERKAUF                0,00                 0,00               1.000,00-
----------------------------------------------------------------------------
SUMME                   0,00                 0,00               1.000,00
GESAMTBETRAG                                                    1.000,00

-- ID-KZ: 7907000044 -- PW:         ------ B79073R1 -- 25/11/13 -- 13:21:49 --

PF3:Rücksprung  PF4:Abbruch
```

2.5.3 KVGI display of transaction price

Example:

Transaction price (Sell)   =   200 EUR

Transaction price (Buy)   =   -100 EUR

The new identifier A for the transaction price will be introduced to mark relevant data records.

```
 TRAN: KVGI FC: AB SB: 7999#1#10.07.2014#EUR####

 BANK :      7999 TESTBANK                              SEITE :   1

 AUSMACHENDER BETRAG                  ABRECHNUNG/VALUTA :  DD1  /  10.07.2014

   WKN                 AUS KAUF IN EUR  AUS VERKAUF IN EUR     SALDO IN EUR   VA

 _ DE0001234567              100,00-             200,00             100,00    A




 -- ID-KZ: 7999999999 -- PW:          ------ B79073R0 -- 11/07/14 -- 08:36:54 --
 KV0024I Keine weiteren Daten vorhanden
 PF3:Rücksprung  PF4:Abbruch
```

In the detailed view the related non-income payment will be displayed, as this event is the trigger for the transformation of the transaction price.

```
 TRAN: KVGI FC: AB SB: 7999#1#10.07.2014#EUR####

 KADI-TERMINDATEN
 TERMINART: 222 AUSBUCHEN DER STUECKE

 WKN: DE0001234567   TEST ISIN                                            GS
 BID: 2014070300000

 TRENNTERMIN:          09.07.2014     HAUPTABL.-ST.:     7999
 EX-TAG:
 BUCHUNGS-VALUTA:      10.07.2014

 BUCH.-VERH.:          1,00          ST / 1,00          ST




 -- ID-KZ: 7999999999 -- PW:          ------ B79073R0 -- 11/07/14 -- 08:42:08 --
 KV0024I Keine weiteren Daten vorhanden
 PF3:Rücksprung  PF4:Abbruch  PF7:Zurück
```