

CBF Release

Information related to the CBF

Release

29 April 2013

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March 2013

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Foreword

This document contains complete and detailed information about the changes made on 29 April 2013 for the following service areas:

- Clearing and Settlement Services
- Custody Services
- Global Securities Financing Services
- Vaults

In the last chapter, we refer to the customer simulation for the CBF Release on 29 April 2013.

Please forward this document to all areas that might be impacted within your institution.

In case you require further information or in case of questions related to specific areas, please contact our Customer Service Domestic or Customer Service Connectivity:

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We would advise customers that telephone conversations with CBF are recorded in some areas, as is customary in the finance industry. This is to ensure that the interests of both CBF and its customers are protected against misunderstandings or faulty transmissions. The areas in which telephone calls can be recorded include Customer Service, the Treasury Dealing Room and the Back Office. The telephone lines affected are subject to constant maintenance to ensure a flawless operation.

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1. Clearing and Settlement Services

1.1 Introduction of an additional DD-cycle (DD3)

As already announced in customer announcement D13003 of 23 January 2013 and D13008 of 18 February 2013, CBF is introducing an additional Direct Debit Cash Processing Cycle DD3. For this purpose a new Daily Cash Statement DD3 is provided and the respective book entries are included in the MT942 (Euro Cash Clearing Report). Additionally, the transmission of cash clearing reports to the customer will change in terms of time and technical connectivity.

All cash clearing reports out of DD1, DD2 and DD3 are transferred within the transmission of Job no. J_200785 at about 15:45.

The transmission of Job no. J_200735 is omitted for the time being.

Details on the introduction of the DD3 Direct Debit Cash Clearing Cycle are specified in customer announcement D13008 published on 18 February 2013.

Please consider that new entry text keys are indicated for the cash clearing entries with the new DD3 Daily Cash Statement.

- 093 AUSGL.DD3 1-8 (CBF a/c cash debit/credit DD1 1-8)
- 094 AUSGL.DD3 9 (CBF a/c cash debit/credit DD1 9).

1.2 Changes for LION compensations

The processing logic with respect to settlement of LION compensation trades (LION buys and sells against the same counterparty with identical trade details – but no dividend compensations!) is changed as requested by customers. These transactions are entered in LION either blocked or released on the sell side depending on the release method used by the customer (positive or negative). So far, these transactions have generally been entered in LION as released regardless of the release method applied.

For more information, please see customer announcement D13003 of 23 January 2013.

If necessary, please adjust your internal processes accordingly.

1.3 Extended deadline for CASCADE foreign currency trades

As of Monday, 6 May 2013 the deadline for entering of OTC foreign currency instructions in CASCADE will be extended from today 17:00 (via remote transmission 16:45) to 17:30 (via remote transmission 17:15).

1.4 CASCADE-PC Release 7.8

With the OAF release in spring 2013, CBF will implement further enhancements for CASCADE-PC customers. Besides some minor additional functionality, e.g. the display of cancellation movements analog to CASCADE host, the new CASCADE-PC version 7.8 will offer an online printing functionality. In addition to the current screen printing capabilities, customers can use the extended possibilities for printing, already available on the CASCADE host.

2. Custody Services

2.1 Short position report for foreign customers

Starting from the implementation of CBF Release 27 on 29 April 2013, CBF will offer a list for customers outside Germany which shows the short positions on CBF accounts occurring within the 25-day market claim deadline that are subject to UCITS IV.

Since the introduction of UCITS IV on 1 January 2012, the obligation to deduct withholding tax from investment income events such as dividends and fund distributions has been transferred from the issuer to the last domestic paying agent. Since the entry into force of the UCITS IV Directive, CBF must deduct the tax on income of this type and pay it to the tax office.

Due to the taxation of market claims (gross debiting at sales and net crediting at purchases), foreign customers receive tax credit notes if the CBF account in question shows a long position, i.e., the result from "holdings on record day + market claims from purchases - market claims from sales" is positive. The tax credit notes can be issued daily within the 25-day market claim deadline and only on the account number level (4-digit CBF no.) and not on the customer level. Settlement of several CBF account numbers of one customer is not possible for legal reasons.

The new report will be provided so that foreign customers are able to detect any short positions immediately and compensate for these if necessary via transfers from other CBF accounts or depository accounts. However, these transfers must fulfill market claim criteria (e.g., "cum" trading day with settlement within the deadline of 25 days after the record day).

The report shows the calculated total holdings with respect to the event. It is composed of report day holdings and market claims and the resulting tax amount as well as the individual transactions on which the market claims are based.

The new report will be integrated into the existing KADI list reporting; therefore a separate request for the report is not necessary.

Further information about the CBF UCITS tax process is offered on the Clearstream website www.clearstream.com using the following path:

Information Centre / Tax / CSD / Germany / UCITS / Functional Concept

Here is an example for the new report structure:

CLEARSTREAM BANKING AG		
MERGENTHALERALLEE 61		
65760 ESCHBORN		
Y-BANK		
ADRESSE		
	ESCHBORN, 12.07.2011	
	PHONE	+49-69-211-11177
	FAX	+49-69-211-13701
	PROGRAM :	KD127/003
ACCOUNT-NR : XXXX X-BANK		
ALERT REPORT SHORT POSITIONS ON 12.07.2011		
RECORD DATE : 08.07.2011		
EX-DATE : 11.07.2011		
SEC	: DE000ETFL235 ETFLAB DAXPLUX MAX.DIVID.	GS
	CAPITAL GAINS TAX RATE	25,000000
	SOLIDARITY SURCHARGE RATE	5,500000
	NOMINAL	TAX AMOUNT
SUM POSITIONS :	0,000	0,00
THEREOF XXXX :	0,000	0,00
SUM PENDING TRADES:	43.297,000-	78.075,48
THEREOF CCP DM:	0,000	0,00
CCP CM:	43.297,000-	78.075,48
SUM REVERSE CLAIMS:	0,000	0,00
SUM MARKET CLAIMS :	0,000	0,00

CALCULATED POSITION :	43.297,000-	78.075,48
DETAILS PENDING TRADES		
CCP CM		
SEC/TRADENR	TRADE DATE	ORDER-NR
096/9046266	08.07.2011	CCPNET9046266
0,00		
096/9046922	08.07.2011	CCPNET9046922
096/9044101	07.07.2011	CCPNET9044101
096/9043360	07.07.2011	CCPNET9043360
0,00		
	NOMINAL	TAX AMOUNT
	78.751,000-	
	50.822,000	60.283,07
	15.000,000	17.792,41
	30.368,000-	

2.2 New events 'Consent offer' and 'Pay in kind'

With implementation of Release 27 on 29 April 2013, CBF will send SWIFT messages about the following events:

- Consent offer of the issuer or a third party
- Interest payments processed with pay-in-kind-notes instead of cash.

These events will be shown in the SWIFT messages MT564 and MT566 and, in case of extended free text, in the MT568.

With a consent offer, a procedure is announced aiming to obtain consent of the holders to a proposal intended to progress an event to the next stage (for example consent to approve a re-organization plan). This procedure of consent finding is executed without the setup of a formal meeting.

A consent offer is announced with the value 'EG' - 'CO/CS' for WM-field UD008A ('UMT-GRUND'). In case of this value for UD008A, a MT564 based on the current format of TA280 VOLU (for current formats, see CBF connectivity handbook part 3 Custody) is sent with the two options 'CONN' (no consent) and 'CONY' (consent) with default option CONN.

In case of an interest payment to be processed with the issue of notes instead of payments in cash, MT564/MT566 are sent with the new qualifier 'PINK' (pay in kind).

Payments in kind are announced by WM with the value 70 'Payment-in-Kind-Notes' for WM-field KD005 ('ART KAPITALERH.'). Depending on the setup of the event - with or without subscription rights - the announcement is sent by CBF via MT564 based on the format TA211 and TA280 'with subscription rights' or based on the format TA211 'without subscription rights'. After event processing, a MT566 is created with the format TA211 for positions and market claims.

2.3 Extension of the record day processing for foreign GS events

So far, the record day is only used as entitlement date for income (dividend payments) and non-income distribution events (e.g. rights distribution) for foreign CSC instruments (e.g. French and Italian stocks), in case the record date is scheduled after the ex-date.

In future, the record date is also used in case the record date is scheduled on the same day as the ex-date. This scenario is possible for US instruments. For European instruments, this scenario is an exception which should disappear in the course of the corporate action harmonization in Europe (CAJWG standards).

In case the record date is scheduled before the ex-date, the positions relevant for the distribution are determined at end of day on record date. The following day (record date+1), the 25-days market claim phase starts, in which all cum-trades get compensated. This is automatically the case for all trades booked between the record day and the ex-date.

Reverse claims do not occur.

3. GSF Service

3.1 Xemac

i. Launch of the new Xemac version 5.4.1

A new Xemac® version 5.4.1 will be implemented with the CBF Release on 29 April 2013. The participating banks need to install the Xemac version 5.4.1 by this date. Thereafter, it will no longer be possible to access Xemac version 5.4 and earlier versions.

The software for Xemac version 5.4.1 is available for download on the Clearstream website www.clearstream.com under the following path:

**“Information Centre / Global Securities Financing / Collateral Management / Xemac /
Xemac Technical Specifications”**

The "Installation Manual" is also available on the website.

The new Xemac Version 5.4.1 is rolled out to ensure that certain valuation components in views and reports are no longer displayed. Especially for securities allocated to the Deutsche Bundesbank, only the collateral values will be displayed.

ii. Impact on the Xemac-related MT569 report

The market value and accrued interest component in this report as shown below, will not be published for the collateral allocated to the Deutsche Bundesbank.

MT569				
Repetitive Optional Subsequence C1a1 Valuation				
Details				
		Example	Format	Comment
Amount	19A	19A::MKTB//EUR000010101545,86	:MKTB//[N]3!a15d	Market Value in Reference Currency.
Amount	19A	19A::ACRU//EUR000000000000,00	:ACRU//[N]3!a15d	Accrued Interest in Claim Currency.

The fields described in the table above will be reported as zero:

e.g.: 19A::MKTB//EUR000000000000,00

e.g.: 19A::ACRU//EUR000000000000,00

3.2 LMS

The monthly fee report for securities lending will be enhanced both in PDF and CSV to display additional information for KAGplus borrowers only. The information refers to the calculation of the fees charged by the CBF.

Details on the calculation of the service charge will be made available in the Reporting Guide "[Electronic Reports in Securities Lending for customers of CBF](#)" via this link:

4. Vaults

4.1 Intraday certificate distribution

For CASCADE instructions of the order type 18 (withdrawal), an intraday disposal of certificates (assignment) and the related CARAD update will be implemented for deliveries of global certificates and mark downs.

As a result, the nominal for mark downs will be provided quicker for further processing than the open nominal. The intraday mark down and assignment of global certificates have been implemented for all vault segments.

Successfully booked withdrawal instructions of the specification global certificate "J" and the following withdrawal processes will be intraday in future and in a specified timeframe subject to an automatic CARAD assignment with immediate update of the CARAD certificate inventory.

"1" = Withdrawal of global certificates

"2" = Mark Down

"3" = Partial Reduction

"4" = Mark Down agent

"5" = Mark Down with reduction nominal UpTo.

4.2 Online report via KCKI

After each successfully executed CARAD assignment, the certificate inventory is updated in CARAD immediately. CBF customers, authorized as issuer supporting institution, can now immediately verify their updated certificate holdings via the online transaction "KCKI"

Example:

```

TRAN: KCKI FC: IH SB: I#DE000A0F4ZE0#####

CARAD                                INFORMATION GESAMTBESTAND                SEITE: 1

WKN : I DE000A0F4ZE0 MERLIN MASTER FONDS INKA

Rahmenurkunden
HLG Anz. Urk.   Sammelnominale   Rahmennominale   Disp. Nominale
  01          1           23.051.178       50.000.000       0
Summe RU
                1           23.051.178       50.000.000       0
Summe GU und RU
                1           23.051.178
Summe Gesamt
                1           23.051.178

-- ID-KZ: XXXX000010 -- PW:          ----- B79074Q9 -- 18/02/13 -- 10:09:09 --
KC0105I Funktion beendet, bitte wählen Sie aus
PF3:Rücksprung PF4:Abbruch
  
```

```

TRAN: KCKI FC: IH SB: I#DE000A0F4ZE0#####

CARAD                                INFORMATION RAHMENURKUNDEN                SEITE : 1
                                TABELLARISCHE ANZEIGE

WKN: I DE000A0F4ZE0 MERLIN MASTER FONDS INKA
                                Ges-Nom-Sammel   :    23.051.178
                                Ges-Rahmen-Nom    :    50.000.000
                                Ges-Nom-Dispositiv:         0
                                Ges-Nom-Offen     :    26.948.822

KZ HLG Ord-  Sammel-  Nom-Sammel   Nom-Offen   Rahmen-Nom   Stk
      Nr   Nr     Nom-Dispositiv
_  01    1     1     23.051.178     26.948.822     50.000.000   N
                                0

-- ID-KZ: XXXX000010 -- PW:          ----- B79074Q9 -- 18/02/13 -- 10:09:40 --
KC0015I Bitte Kennzeichen eingeben
PF3:Rücksprung PF4:Abbruch
  
```

4.3 Screen change for the withdrawal history KPHI HA

The assignment of individual certificates with a deviating securities description is additionally shown in the screen KPHI HA on the page of the "Stückinformationen".

Example:

```
TRAN: KPHI FC: HA SB: #2013#I#DE0002101847####15.02.2013#21.03.2013##

CARAD                                AUSLIEFERUNG / INFORMATION                                WERTEBEREICH
                                FREMDTRESOR-STUECKENUMMERN / MANUELL ZUGEWIESEN
AUFTNR :    654001    WKN: I DE0002101847    HLG: 30 FREMDTRESOR
STCKL  :    500      GES-NOM:    3.000
ANZ-URK:    6        SCHRITTWEITE:    SUM-ZUG:    3.000

KZ STUECKENUMMERN                                MAN MAN E ABW
                                GEL GEL  GAT
                                UD3594-9, .<                                2

-- ID-KZ: 7907230003 -- PW:    ----- B7907494 -- 21/03/13 -- 08:35:32 --
PF2:Druck PF3:Rücksprung PF4:Abbruch PF7:Zurück
```

This information is also displayed on the number register.

4.4 Replacement of the field SERIEN-WKN

The field SERIEN-WKN is decommissioned on all screens for the processing of instructions in the CASCADE vaults section.

```
TRAN: KCKI FC: IH SB: I#DE000A0F4ZE0#####

CARAD                                INFORMATION RAHMENURKUNDEN                                SEITE :    1
                                TABELLARISCHE ANZEIGE
WKN: I DE000A0F4ZE0 MERLIN MASTER FONDS INKA
                                Ges-Nom-Sammel    :    23.051.178
                                Ges-Rahmen-Nom    :    50.000.000
                                Ges-Nom-Dispositiv:    0
                                Ges-Nom-Offen    :    26.948.822
KZ HLG Ord- Sammel- Nom-Sammel    Nom-Offen    Rahmen-Nom    Stk
    Nr    Nr    Nom-Dispositiv
_  01    1    1    23.051.178    26.948.822    50.000.000    N
                                0
-- ID-KZ: XXXX000010 -- PW:    ----- B79074Q9 -- 18/02/13 -- 10:09:40 --
KC0015I Bitte Kennzeichen eingeben
PF3:Rücksprung PF4:Abbruch
```

5. Customer Simulation

A simulation test phase for our CBF customers is offered from 11 April 2013 until 26 April 2013 (except on Wednesday 17 April and 24 April 2013). The simulation is focused to changes relevant for the CBF Release on 29. April 2013. The simulation will be set up in the CBF IMS23 simulation environment based on the usual parameters in IMS23.

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