

# Compensation Handbook

Corporate Action Transaction Management  
for Clients of Clearstream Banking AG, Frankfurt

Applicable to securities not migrated to OneClearstream

### **Important note**

Only the German version of the present document shall be legally binding for clients of Clearstream Banking AG, Frankfurt. Translations are designed solely to facilitate clients' access to and awareness of the information relevant to their business relations with Clearstream Banking AG, Frankfurt.

### **Clearstream Banking Frankfurt**

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# Compensation Handbook

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# 1. General information

Transaction management is the correction of book entries for corporate action events between the seller and ordering party in securities transactions. The rules concerning transaction management including market claims, reverse claims and transformations are defined basically by CAJWG<sup>1</sup> and T2S CASG<sup>2</sup> standards. Unless otherwise stated, the described rules refer to CSC (collective safe custody) securities.

Market claims occur if a security is traded "cum" (with a coupon, respectively a right), but is delivered after the entitlement date. Reverse claims are processed in the case of record date processing, if the trading date is on or after the ex-date and the settlement date is on or before the record date.

Market/reverse claims for income and distributions from non-income events such as subscription rights, bonus shares or splits are processed on the basis of settled over-the-counter (OTC) and non-central counterparty (non-CCP) stock exchange transactions. C7 Securities Financing Repo (SFR) transactions are compensated at the basis of settled and pending matched trades after entitlement date. CCP repo (SFR) transactions are compensated at the end of the entitlement date based on pending gross transactions. Non-income events in NCSC ISINs are processed from Eurex Clearing AG (ECAG) and are directly sent to CASCADE.

Transformations are the correction of book entries for reorganisation events. These include reorganisations in cash, where the underlying ISIN is booked out and cash booked, for example a redemption, and reorganisations in securities, where the underlying ISIN is booked out and a new ISIN booked, for example a merger or a pari passu.

C7 Securities Clearing Service (C7 SCS) instructions are always sent with opt-out flag, processing is done directly from ECAG.

In the case of reorganisations in cash, for pending trades (matched with trade date on or before record date) the redemption price and transaction price are transferred at the end of the entitlement date. In the case of reorganisations in securities for pending OTC and non-CCP stock exchange trades (matched with trade date on or before record date) the ISIN and if necessary, the nominal are modified at the end of the entitlement day.

For Transaction Management rules for securities migrated under OneClearstream please refer to the [OneClearstream Client Handbook](#) and to the [OneClearstream Functional Specifications](#). These securities (except for those issued by CBF) can be identified based on WSS CBF master data (field "LMP AB / BIS") and WM master data (field "T2S-LMP DATUM AB / BIS").

In addition to the OneClearstream markets, corporate actions on CBF-issued securities (GD430 has the value 99/ "Deutschland") are processed under OneClearstream Asset Servicing (OneCAS).

The following securities are excluded from the processing under OneCAS:

- Funds identified via the values "5000" (Investment Funds) or "B003" (Interim Fund) in WSS/WM-field GD198B;
- Individual certificates, identified via the values "1" (Corpus and coupon sheet detached) in WSS/WM field GD481 and "1000" (equity) in the WSS/WM field GD198B;

1. Corporate Actions Joint Working Group - Purpose of the CAJWG is the conception of market standards for the operational processing of all types of custody events, inclusive transaction management.
2. T2S Corporate Action Standard Group - Purpose of the CASG is the conception of regulations for transaction management, based on the CAJWG standards and with the background of the new T2S platform.

- Non-T2S eligible securities.

The following corporate action events are also excluded:

- Meeting events (BMET, CMET, OMET, XMET);
- TEFRA D events (CERT);
- Class action events (CLSA);
- Non-German taxable events (events with WM field ED234 or GD234 (Zuständigkeit KEST-Abzug = 5 in combination with WM field GD160 (Emissionsland) = Germany (04) and GD169 (Abweichendes Besteuerungsland)  $\neq$  Germany)).



## 2. Event processing logic

The entitlement date for identification of entitled balances is determined based on the ex-date (“ex-date -1” processing) or the record date announced by the issuer. There is no longer a different processing logic according to markets. If a record date is announced, entitled balances are identified on this date. If no record date is announced, the entitled balances are identified on the business day before the ex-date. The pre-condition for the introduction of record date processing for dividend payments in Germany is a law change of the Stock Corporation Act (Aktiengesetz, AktG) which became effective on 1 January 2017.

### 2.1 “Ex-date -1” processing

Determination of the entitled balances for corporate actions on ex-date -1 end of day (EOD)

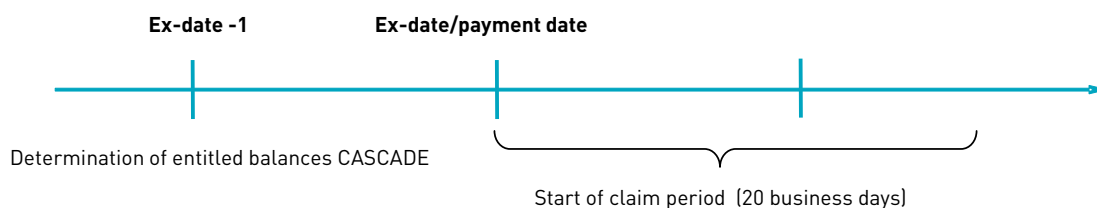


Figure 2.1 “Ex-date -1” processing

### 2.2 “Record date” processing

Determination of the entitled balances on record date

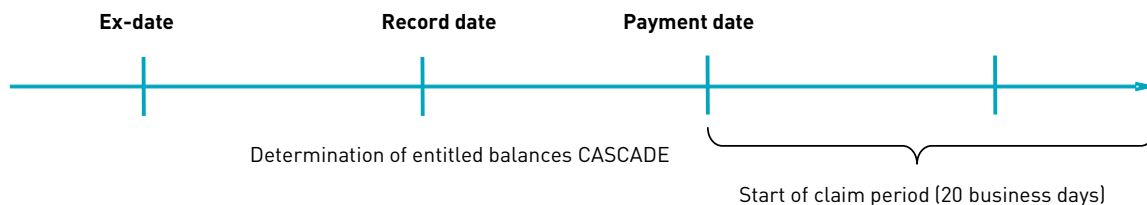


Figure 2.2 “Record date” processing with payment date = record date + 1

## 2.3 Definition of entitlement date

The entitlement date is the date when CBF identifies the positions to be entitled to participate on the event. This is the record date announced by the issuer or, if no record date is announced, the business day before the ex-date. The entitlement date is reported in the CBF Swift reporting with the qualifier record date (RDTE).

## 2.4 Claim procedure

### 2.4.1 Market claims

Market claims are processed for income and non-income distribution events, if a security is traded "cum" (with coupon), but settled after the entitlement date. This initiates a market claim cycle of 20 business days. This process is applied for OTC, C7 SCS and non-CCP stock exchange trades.

- With "ex-date -1" processing the claim cycle starts on the ex-date.
- With "record date" processing the claim cycle starts on the record date + 1.

CCP repo (SFR) trades are compensated on the entitlement date based on pending gross transactions.

Other claim services are performed for collateralised positions (Xemac®).

Market claims are only processed, if an ex-date is announced for the relevant event. If the field ex-date is blank, no market claim process is applied.

For income events where the cash settlement is done via T2S, market claims are only generated if the processing on holdings was successfully done (debit of main paying agent has settled). For other events, the claim procedure for open positions is decoupled from the settlement of booked positions and is processed even if the event is blocked and no booking takes place.

### 2.4.2 Reverse claims

Reverse claims are processed for income and non-income distribution events, if the trade date is on or after the ex-date and the settlement date is on or before the record date. This process is applied for OTC trades, non-CCP stock exchange trades and C7 SCS trades. The pre-condition for processing reverse claims is that the record date is after the ex-date.

The reverse claim process is only performed during the night-time processing on record date.

Reverse claims are only processed, if the ex-date is filled for the relevant event. If the ex-date is blank, no reverse claim process will be applied.

### 2.4.3 Transformations in cash

Transformations in cash are processed for reorganisation events where the underlying ISIN is booked out and cash booked, for example a redemption, if on entitlement date pending trades exist.

On the evening of the entitlement date of the event, pending trades (matched with trade date on or before record date) are identified and 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 (matched with trade date on or before record date), 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.

- Based on the release status of the underlying instruction, transformation entries are set either blocked or released.  
If the underlying settlement instruction is blocked, the PFoD instruction related to the transformation must be released so that the underlying settlement instruction can be deleted.  
If the block on the PFoD instruction of the transformation posting is not released, both the transformation instruction and the underlying settlement instruction cannot be processed further.

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

The transformation in cash (redemption price and transaction price) for matched pending transactions (trade date on or before record date) and the deletion of the underlying transaction (matched and unmatched) is done on entitlement date.

For partial redemptions where the respective security is still active, the trade date will be considered as well to assess if a transaction will be transformed (trade date before entitlement date) or remains unchanged.

#### **2.4.4 Transformations in securities**

Transformations in securities are processed for reorganisation events where the underlying ISIN is booked out and a new ISIN is booked in, for example a merger, if on entitlement date pending trades exist.

The transformation is processed by modification of the pending trade (matched), thereby the ISIN and the nominal value can change.

Based on the release status of the underlying instruction, transformation entries are set either blocked or released.

If the underlying settlement instruction is blocked, the PFoD instruction related to the transformation must be released so that the underlying settlement instruction can be deleted.

If the block on the PFoD instruction of the transformation posting is not released, both the transformation instruction and the underlying settlement instruction cannot be processed further.

This transformation process applies on the entitlement date and the following 20 business days, also called transformation period.

## 2.5 Flagging for OTC trades (Ex/Cum/Opt-Out)

Depending on bilateral input, OTC trades can be flagged in three different ways:

- Ex flag
- Cum flag
- Opt-out flag<sup>1</sup>

Following the introduction of T2S, these three flags are also considered as matching criteria.

### 2.5.1 Ex flag

This is indicated in message types MT540-47 in field :22F:: in mandatory sequence B Trade Details:

TTCO: Trade Transaction Condition Indicator (Specifies the condition under which the instruction/trade was executed.)	XCPN: Ex Coupon (Trade was executed "ex" dividend, that is selling before the ex-date without the coupon.)
--	--

If both counterparties set the flag TTCO//XCPN the trade is treated as an ex-trade, irrespective of the trade date. In such cases, no market claims are executed but reverse claims are processed.

The flag is applied to OTC transactions (instruction types 01 and 02) in the event of income and non-income distribution events, that are relevant for the market claim.

CBF will display the ex flag online in CASCADE in field EX-TRD.

### 2.5.2 Cum flag

This is indicated in message types MT540-47 in field :22F:: in mandatory sequence B Trade Details:

TTCO: Trade Transaction Condition Indicator (Specifies the condition under which the instruction/trade was executed.)	CCPN: Cum Coupon (Trade was executed "cum" dividend, that is selling before the ex-date with the coupon.)
--	---

The cum flag is considered in case of a cross-border transaction in foreign collective safe custody (FCSC) ISINs, which are approved by the other T2S-InCSD.

When both the parties fill the value of TTCO//CCPN, trade is considered as cum irrespective of the trade-date (trade date before ex-date).

CBF will display the cum flag online in CASCADE in field EX-TRD.

**Note :** Claim processing due to cum flag is ignored in case of all securities where CBF is an Issuer-CSD.

1. Listed as indicator of settlement transaction condition (=STCO)

### 2.5.3 Opt-out flag

This is indicated in message types MT540-47 in field :22F:: in mandatory sequence E Trade Details:

Trade is not considered for Market Claim processing when it is marked as STCO//NOMC from both the counterparties. Opt out Flag is not applicable for Reverse Claim processing.

In case of a transformation due to reorganisation, when underlying trade is market with STCO//NOMC from both the counterparties, then it is cancelled without re-instruction.

The opt-out flag has priority over ex flag or cum flag.

CBF will display the Opt-out flag online in CASCADE in field OPT-OUT.

## 2.6 T2S

In February 2017, CBF connected to TARGET2-Securities (T2S) the central European securities settlement platform. All OTC and SE instructions in CASCADE-eligible ISINs are matched and settled on this platform.

### 2.6.1 Implementation of T2S CASG standards

After numerous changes which have been made towards standardisation in recent years (claim on FoP trades, consideration of the ex-flag, transformations in cash and many more), T2S brings more changes towards standardisation for example, transformations only based upon matched trades, introduction of a 20-day transformation period and consideration of the opt-out flag.

With implementation of a harmonised payment process according to the CASG Standards in June 2020, all cash transactions related to securities settlement transactions for CSC-eligible securities, as well as corporate payments are processed through T2S, such as income and redemptions for Bund securities, dividend payments and distributions for ISINs where CBF acts as the issues CSD, cross-border market and reverse claims for CSC securities, transformations in cash as well as payment transactions related to fees and charges.

### 2.6.2 Consideration of new transaction types for claims and transformations

With connection to T2S, the following transaction types are considered:

- DwP and RWP (delivery or receipt against payment) for claims and transformations.
- PFoD only for transformations.

### 2.6.3 Settlement of cash and securities claims and transformations

The following transaction types must be instructed on T2S:

- All securities claims (based on internal as well as cross-CSD transactions);
- All securities transformations (based on internal as well as cross-CSD transactions);
- Market and reverse claims in Euro (only based on cross-CSD transaction in FCSC ISINs);
- Transformations in Euro (only based on cross-CSD transaction in FCSC ISINs).

Market and reverse claims and transformation in cash based on internal transactions as well as cross-CSD transactions in FCSC ISINs are booked against RTGS accounts (T2) during an interim phase.

### 2.6.4 Additional references in claim and transformation instructions and MT56x reporting

- T2S claim instructions contain the “Auftragsnummer” of the underlying transaction in the Common ID field. In addition, the MITI of the respective underlying instruction will be repeated in the claim or transformation instructions (info sequence).
- MT564 REPE and MT566 contain the T2S Actor Reference of the underlying transaction and of the newly generated T2S instruction. DCP clients will receive the MITI of the underlying instruction leg in the MT564 REPE and MT566 (20C::RELA combined with 13B::LINK).
- Message Types MT564, 566 and 568, and subsequent to the instruction chain, the message types MT 565 and 567 contain the 16-digits- COAF (Official Corporate Action Event Reference) within the General Information Sequence A.

## 3. Market/reverse claims for income distribution events

### 3.1 Rules

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In the case of market and reverse claims for income distribution events, the payment is considered as follows:

- For OTC, C7 SCS or non-CCP stock exchange transactions settled after the entitlement date and for pending C7 SCS transactions, with trade date before ex-date (the transaction was traded “cum”), the distribution payment is transferred from the seller to the buyer.
- In the case of record date processing, for OTC or non-CCP stock exchange transactions and C7 SCS transactions settled on or before record date with trade date on or after ex-date, (the transaction was traded “ex”) the distribution payment is transferred from the buyer to the seller.

Market claims are processed for on entitlement date pending CCP repo (SFR) trades, settled and pending C7 SCS trades, settled OTC non-CCP and stock exchange transactions after settlement. Reverse claims are processed on record date (= entitlement date) for C7 SCS trades, settled OTC and non-CCP stock exchange transactions.

The pre-condition for record date processing is that a record date is announced in the respective field. The introduction of Record Date for dividend payments is linked to a change in German Stock Corporation Act which entered into force on 1 January 2017.

According to Central Securities Depositories Regulation (CSDR) payment can be executed only after confirmation by the paying agent or the Issuer CSD (for payments in foreign currency for CSC ISINs<sup>1</sup> or for any payments for FCSC ISINs<sup>2</sup>). Therefore claims are only generated in the related cash settlement system after confirmation of payment (at the earliest on the payment date).

---

1. CBF = Issuer CSD

2. CBF = Investor CSD

## 3.2 Relevant events

The relevant KADI event types for market/reverse claims are listed in the following table:

Event type	Description	Swift event code	Processing Timeline
110	Interest	INTR	RD/PD
110	Interest/Flat Bonds	INTR	RD/EX (=PD)
120	Dividends	DVCA	EX/RD/PD
121	Funds income	DVCA	EX/RD/PD
125	Other cash distributions	OTHR	EX/RD/PD
126	Participation rights income	INTR	EX/RD/PD
141	Partial redemption with pool factor reduction	PRED	RD/PD

Market and reverse claims are processed for dividends (event type 120), funds income (event type 121), other cash distributions (event type 125) and participation rights income (event type 126), if a record date is announced by the issuer or Wertpapier-Mitteilungen (WM). If no record date is announced, the entitlement date is determined as the business date before the ex-date and market claims are processed accordingly.

For interest payments (event type 110) and partial redemption with pool factor reduction payments (event type 141) the entitlement date is determined based on the interest date respective the maturity date.

There are two types of interest payments: Interest payments for flat bonds and other interest payments. For interest payment for flat bonds, market claims are generated for settled non-CCP stock exchange trades and settled OTC trades, with Trade Date prior to Ex-Date.

For other interest payments, Market claims are generated for late non-CCP stock exchange trades and late OTC Trades.

Flat bonds (bonds and bonds with a certificate-related structure) are identified as follows on the basis of WSS SM data:

- WSS field value GD311B (interest accrual particularities) = 01 (Flat)
- WSS field value GD311B (interest accrual particularities) = 02 (x-flat, dirty price)
- WSS field value GD311B (interest accrual particularities) = 07 (no accrued interest)
- WSS field value GD821B (day count convention) = 99 (no day count convention)

If one of these four criteria is fulfilled, the instrument is classified as a flat bond.

For further information on partial redemption with pool factor reduction (event type 141) please refer to the [CBF Functional Concept Custody services - Introduction to the UCITS IV Directive](#).



### **Dividend payments without specification of an ex-date**

Sometimes, a dividend payment is processed by the respective central securities depository (CSD) as “not quoted ex”. In such cases, CBF processes the event without the ex-date according to the domestic market principle. CASCADE positions are determined on the record date (EOD). For events without an ex-date, no market and reverse claims are subsequently executed, neither for OTC/non-CCP stock exchange transactions nor for CCP transactions. To date, this has only been observed with a few American depository receipts (ADRs) of the Depository Trust & Clearing Corporation (DTCC).

### 3.3 Relevant transactions

The transactions and their relevance for market/reverse claims for income distribution events are listed in the following table:

Instruction type	Description	Trade date	Ex flag	Claims
01 P	Account transfer RS ("Depotübertrag RS")	Yes	Yes	Market/reverse claims
01 W <sup>a</sup>	Ohne KZ-AA	Yes	Yes	Market/reverse claims
01 W	OTC- transaction (trade type "O")	Yes	Yes	Market/reverse claims
01 W	Non-CCP Stock exchange transaction (trade type "S")	Yes	Yes	Market/reverse claims
16 L	Deposit ("Laufende Einlieferung")	n.a.	n.a.	Nur reverse claims <sup>b</sup>
16 V	Deposit ("Valutierung")	n.a.	n.a.	Nur reverse claims <sup>c</sup>
18 A	Withdrawal ("Laufende Auslieferung")	n.a.	n.a.	Nur reverse claims <sup>c</sup>
18 R	Withdrawal ("Rahmenurkunde/ Teilred.")	n.a.	n.a.	Nur reverse claims <sup>c</sup>
99	Cancellation/booking account transfer ("Storno/Nachbuchung")	Yes	Yes	Market/reverse claims
	Pending CCP repo (SFR) trades	Yes	No	Market/reverse claims
	Pending matched and settled C7 SCS trades	Yes	Yes	Market claims
	Pending matched C7 SCS trades	Yes	Yes	Reverse claims

a. There is no differentiation by settlement transaction codes. All codes used by clients (for example TRAD, CLAI etc.) are considered.

b. For CBF deposited Irish ETFs, reverse claims are processed based on the information of the issuer.

#### 3.3.1 Internal trades

##### OTC trades

The following rules apply to both DE and non-DE instruments.

Market claims are processed for CASCADE instruction types 01 ("Wertpapierübertrag") subtypes P ("Depotübertrag RS") and W ("ohne KZ-AA") with trade type "O" and CASCADE instruction type 99 ("Storno/Nachbuchung") for transactions settled after entitlement date with trade date before ex-date. Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex-date and record date (inclusive) and the trade date is on or after the ex-date.

For instruction type AA01 subtypes P and W a trade date must be entered.

For AA99 the trade date is an optional field. If no trade date is entered, the settlement date is assumed to be the trade date. In this case no market claims are generated for bookings between ex-date and record date and reverse claims are processed.

Claims are applied under the following additional conditions:

- Delivery versus payment (DvP)

Only for transactions with client accounts on debit and credit side, account types 001 (client account), 010 (client account broker), 080 (RTS reservation account) and 131 (account for sub-account solution).

- Delivery free of payment (FoP)

Only for transactions with client accounts on debit and credit side, that is, account group 01 with account types 001 (client account) and 010 (client account broker).

- Delivery with payment (DwP)

Only for transactions with client accounts on debit and credit side, that is, account group 01 with account types 001 (client account) and 010 (client account broker).

The following transactions are excluded from market claim process:

- Instructions created by KADI for non-income claims<sup>1</sup>;
- Instructions created by KADI for non-income proceeds (for example for event type 231)
- Instructions, for which both counterparties agreed to perform the transaction as an ex transaction with the setup of the ex flag (MT540-547, field :22F: in a mandatory sequence B trade details has the value TTCO//SPEX) or the counterparties agreed to set opt-out flag (STCO//NOMC).

**Note:** For instruction type AA01 with subtype P and instruction type 99 no match instruction is entered by CBF (but setup by T2S), therefore the setup of the ex-flag is also relevant for the counterparty of the instruction.

- Transactions with status "Reservierung" and "Reservierungsrücknahme".

For market claims for interest payments (non-flat bonds): As cash processing occurs in the form of accrued interest, CBF only compensates transactions for which the intended settlement date is entered and is before or equal to the CBF entitlement date.

### GBC exchange/re-exchange

Market claims are processed for CASCADE instruction types 07 ("GBC Umtausch") and 09 ("GBC Rücktausch") for transactions settled after entitlement date with trade date before ex-date. Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex-date and record date (inclusive) and the trade date is on or after the ex-date.

Reverse claims are processed based on the information of the depository.

### Non-CCP stock exchange transactions

Market claims are processed for CASCADE instruction types 01 W, trade type "S" (non-CCP stock exchange transactions) ("Börsengeschäft") for transactions settled after entitlement date with trade date before ex-date. Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex-date and record date (inclusive) and the trade date is on or after the ex-date.

For market claims for interest payments (non-flat bonds): As cash processing occurs in the form of accrued interest, CBF only compensates transactions for which one of the following prerequisites applies:

The original value day is entered and is before or equal to the CBF entitlement date. The original value day is not entered and the trade day plus two business days is before or on the CBF entitlement date.

1. In the case of a non-income distribution event, for example a stock split or issue of bonus shares and a subsequent dividend event for the same ISIN, there will be no cash market claims for market claims automatically generated based on the non-income event. This set of circumstances is uncommon.

**Note:** If a non-CCP stock exchange transaction is partially settled, market/reverse claims are generated for each settled partial delivery.

### Deposit/withdrawal

For CASCADE instruction types 16 ("Einlieferung") subtypes L ("Laufende Einlieferung") and V ("Valutierung") and 18 ("Auslieferung") subtypes A ("Lfd. Auslieferung") und R ("Rahmenurkunde/ Teilreduzierung") only reverse claims are performed for events processed according to record date logic.

A trade date does not exist for these instruction types, all transactions settled between ex- date and record date are compensated. That affects deposits/withdrawals (subtypes L and A) and mark ups/mark downs (subtypes V and R) of funds.

Exception for registered shares:

Withdrawals are not processed with instruction type 18, but with instruction type 01 subtype "P" ("Depotübertrag") against a CBF internal account. Reverse claims are therefore not processed.

### Pending Eurex/CCP repo (SFR) trades

CCP transactions are compensated at the end of the entitlement date based on pending gross transactions:

- Market claims are processed on entitlement date (end of day) for all gross transactions pending with trade date before ex-date.
- Reverse claims are processed for all trades traded and settled gross between ex-date and record date.

Bookings of claims are performed by CBF instructed by Eurex or by the CCP.

The CCP net amounts (deliveries of surpluses) are excluded from market/reverse claims.

### C7 SCS trades

C7 SCS transactions are compensated as follows:

- Market claims are processed for C7 SCS trades, that is, transactions settled or pending matched after entitlement date with trade date before ex-date.
- Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex- date and record date (inclusive) and the trade date is on or after the ex-date.
- Processing of all non-income events in NCSC ISINs is directly sent to CASCADE.

For market claims for interest payments (non-flat bonds): As cash processing occurs in the form of accrued interest, CBF only compensates transactions for which the intended settlement date is entered and is before or equal to the CBF entitlement date.

### Xemac<sup>®</sup>

Market claims for collateralised positions are executed on the entitlement date (ex-date -1 or record date) for interest payments (event type 110) and cash dividends (event types 120 and 125).

### Cross-border instructions

CBF also carries out claim settlement for cross-border transactions in DE instruments; for non-DE instruments it depends on the service scope of the Home CSD.

Market claims for CASCADE Instruction Type 01 (Security Transfer) and Instruction Type 02 (Match Instruction) that are settled after entitlement date with trade date before ex-date are processed as an instruction against depository account or omnibus account as well as intermediary counterparty CSD account.

Reverse claims are generated for the events with record date processing logic, when the transaction is settled between ex-date and record date (both inclusive) and trade date is after ex-date. Furthermore, the processing logic for market claims remains the same (Please see section Market Claims).

The booking in T2S is successful only when the underlying trade fulfils the necessary criteria.

## 3.4 Cash settlement

The rules and the processing logic for cash bookings are as follows:

Cash proceeds via PFoDs that are based upon the underlying cross-border instruction follow the timings of securities transactions.

### Specifics for T2S bookings:

The following trades are instructed by means of **PFoDs** on the **Dedicated Cash Account (DCA)** in T2S:

- Market and reverse claims for cross-CSD OTC trades (with counterparty of another T2S In-CSD) in FCSC.
- For market and reverse claims, CBF instructs both legs.
- For cross-CSD trades, CBF only generates one leg (PFoD) for the CBF client, the other leg is generated by the CSD of the counterparty. Both legs will then match and settle on T2S.
- The claim instructions are generated by CBF on leg basis according to the T2S Corporate Action Standards.
- The default custody DCA of the client is used for the claim instruction.
- For each counterparty CSD, a **specific cash amount is calculated considering any taxes to be deducted**. The following list shows for each CSD whether the gross or net amount is taken into consideration in the PFoD instruction.
  - ESES France: Without tax deduction gross on buyer and seller side. Tax is deducted afterwards.
  - Monte Titoli: Without tax deduction gross on buyer and seller side. Tax is deducted afterwards.
  - Iberclear Spain: Without tax deduction gross on buyer and seller side. Tax is deducted afterwards.
  - ESES Netherlands: As before (according to current KADI logic)
  - ESES Belgium: As before (according to current KADI logic)
  - OEKB: As before (according to current KADI logic)
  - Other markets (without CBF): As before (according to current KADI logic)
- The PFoD instructing with credit/debit side and cash/securities movement are market specific and as per the compensation object (market claim, reverse claim, transaction price claim, redo)
- If the buyer is a client with tax status “Non German”, CBF will create another PFoD instruction in parallel for the tax amount to be booked from the buyer’s DCA to CBF’s custody DCAs. Both instructions are pooled to ensure same time settlement.

Market/reverse claims in foreign currencies are processed in Creation overnight.

## 3.5 Cancellation/rerun

---

A cancellation/rerun is possible until 280 days after entitlement date and automatically considers all market and reverse claims.

### Consequences of a cancellation

Reverse instructions are generated for all entries based on results of all previous daily reverse and market claim cycles. In the case of intraday cancellations in EUR, the cash processing occurs on the same day. For batch cancellations, the cash processing will be performed with value date next day or later, depending on the payment date of the event. No further daily claim cycle occurs.

### Consequences of a rerun

With a rerun, the reverse claims and the market claims for all transactions settled from the starting point of the claim period up to and including the day before the rerun are performed automatically.

The normal claim cycle is initiated on the same evening after 18:00 by KADI batch and contains all transactions settled with value day equal to the processing day of the rerun.

The rerun initiates the continuation of the 20-day market claims period.

## 3.6 Process overview

### Cash dividend in EUR with “ex-date -1” processing

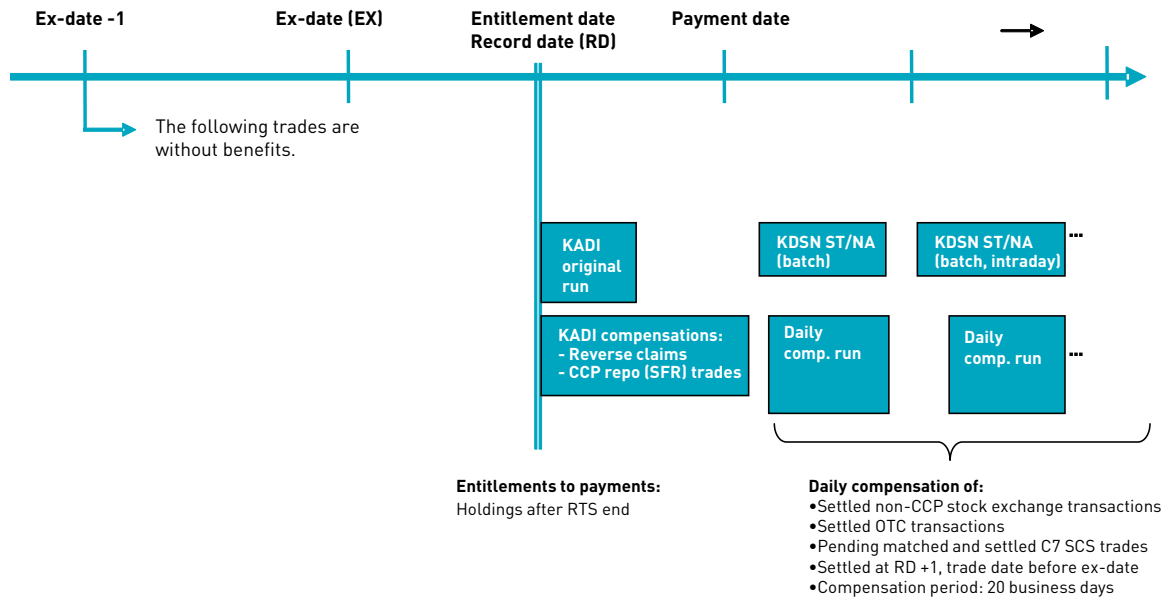


Figure 3.1 Processing of event type 120 cash dividend in EUR with “ex-date -1” processing

### Cash dividend in EUR with “record date” processing

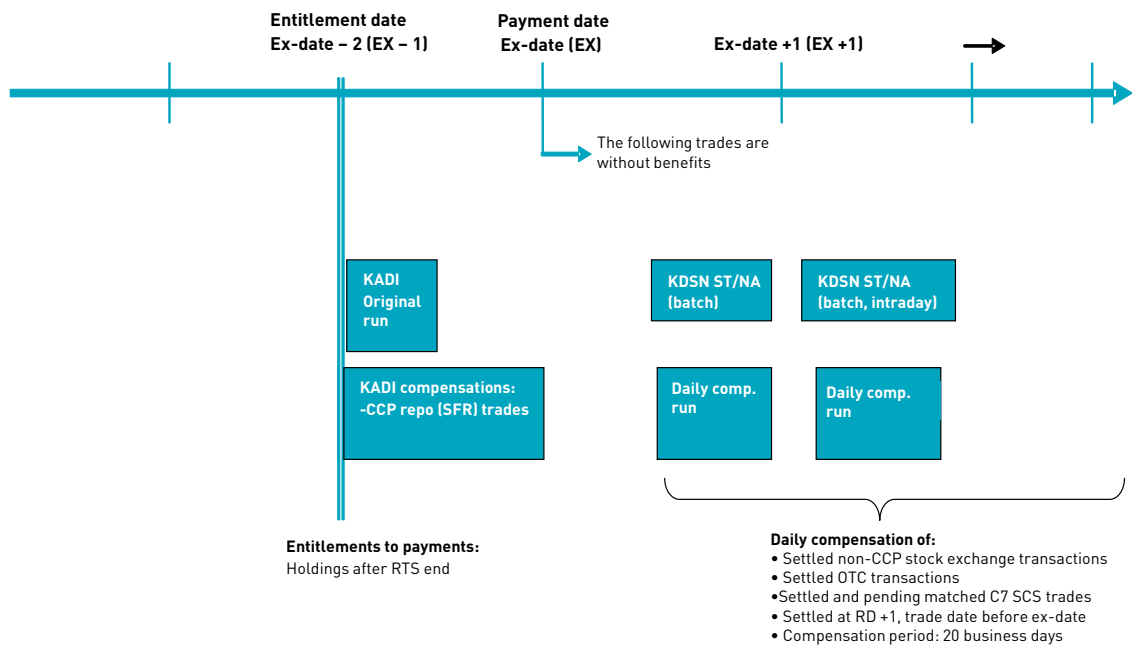


Figure 3.2 Processing of event type 120 cash dividend in EUR with “record date” processing

The following figures show the general process for market claims:

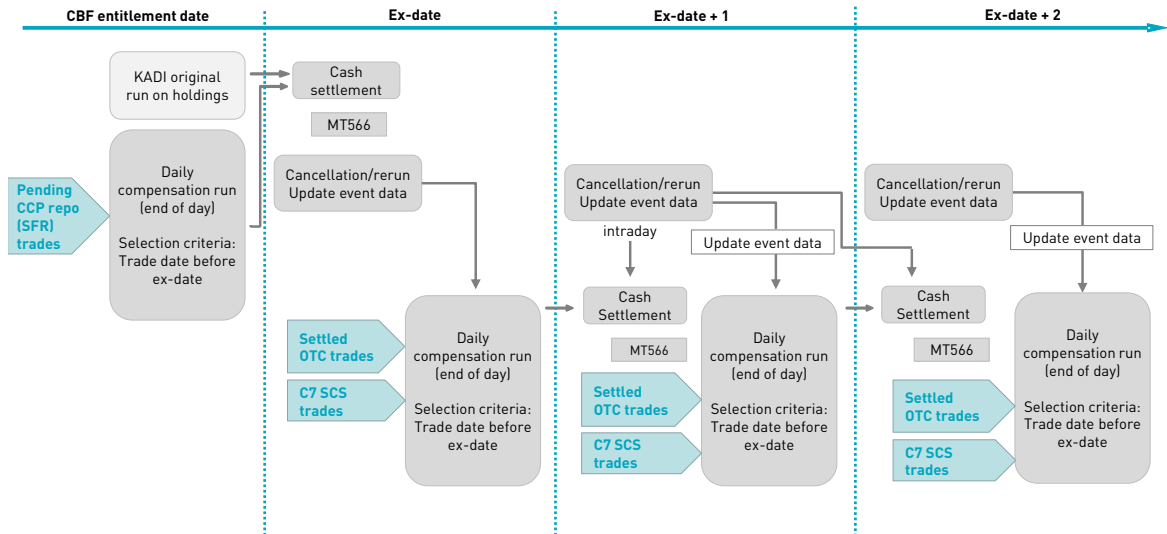


Figure 3.3 General process for market claims with “ex-date -1” processing

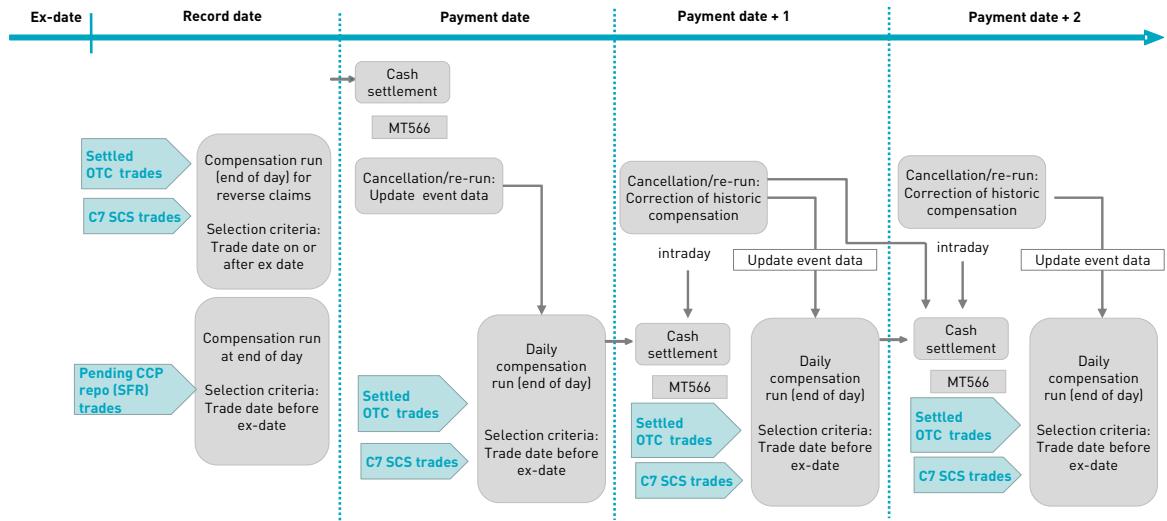


Figure 3.4 General process for market claims with “record date” processing



## 3.7 Reporting

### 3.7.1 Online

Cash payments from market claims are processed via PFoD transactions and can be selected in KVDU IN:

```
TRAN: KVDU FC: IN SB:

UMSATZANZEIGE          PFoD-Umsaetze KADI und CBF Geldverrechnung

Buchungstag           : _____ bis: _____
Umsatzart              : _           (L: Lastschrift / G Gutschrift)
Bank/Konto            : _____
WKN/ISIN              : I _____
Kontrahent            : _____
Terminart              : _____
BID                   : _____
Buch-Txt-Geld         : _____

-- ID-KZ: 7907230001 -- PW:          ----- B790745E -- 24/09/20 -- 09:53:40
--

PF3:Rücksprung  PF4:Abbruch
```

The selection of the posted cash movements can be done via account or ISIN.

- The value date for payments from the daily claim cycle is the next business day, but not earlier than the payment date of the event.
- The value date of payments from CCP and Xemac claims as well as reverse claims is on the payment day of the event. These are always displayed retroactively.
- The list of market and reverse claims is always available in the morning following the calculation of claims in the KADI night-time processing.
- Claim payments resulting from a rerun (batch or intraday) are also shown under the original value date.

**Note:** Changes in CASCADE are described in the [CASCADE Handbook Part II](#).

### 3.7.2 KADI lists

#### KD110 (Personal Journal)

“Ex-date -1” selection

PROGRAM-NAME: KD110				
SECURITIES ACCOUNT: 1234				
SUMMARY INCOME AND FEES				
KEY-DATE	: 18.07.2022	KADI-IDENT-NO:	88255	
MATURITY DATE	: 19.07.2022			
CASH CLEARING DATE	: 19.07.2022 T2S			
WE HAVE BOOKED THE PAYABLE INCOME AS FOLLOWS:				
INTERESTS				
SECURITIES	NOMINALE	INTEREST	AMOUNT	EUR
CODE				
BID				
ST.ERSTATTUNG NR	POND-ORD-NR	NETTO	EUR	
KUNDEN-REF				
DE000BHY0GL4	2.600.000,000	0,01 %/EUR	GROSS	260,00
DE000BLB6JE1	1.200.000,000	0,625 %/EUR	GROSS	7.500,00
INTEREST AMOUNT				7.760,00
INCOME AND FEES	TOTAL			7.760,00
CASH SETTLEMENT WILL HAPPEN 19.07.2022 AT THE EARLIEST AFTER MPA FUNDING.				

Figure 3.5 KD110 (Personal Journal) for event with “ex-date -1” selection

“Record date” selection

PROGRAM-NAME: KD110				
SECURITIES ACCOUNT: 1234				
SUMMARY INCOME AND FEES				
RECORD DATE	: 18.07.2022	KADI-IDENT-NO:	88255	
EX-DATE	: 00.00.0000			
CASH CLEARING DATE	: 19.07.2022 T2S			
WE HAVE BOOKED THE PAYABLE INCOME AS FOLLOWS:				
WARRANTS EXERCISE				
SECURITIES	NOMINALE	REVENUE	AMOUNT	EUR
CODE				
BID				
DE000MA3UFR8	1,000	0,15 EUR/SEC	GROSS	0,15
2020112505800				
DE000MA6XHD1	75,000	0,001 EUR/SEC	GROSS	0,08
2021052029100				
DIVIDEND AMOUNT	EUR			0,23
INCOME AND FEES	TOTAL			0,23
CASH SETTLEMENT WILL HAPPEN 19.07.2022 AT THE EARLIEST AFTER MPA FUNDING.				

Figure 3.6 KD110 (Personal Journal) for event with record date selection

## KD111 (Personal Journal Suspense)

### “Ex-date -1” selection

ACCOUNT : 1234		PROGRAM-NAME: KD111		
INTERESTS				
FOR THE FOLLOWING OTC TRADES IN COLLECTIVE SAFE CUSTODY SECURITIES; WE HAVE INITIATED MARKET CLAIMS BECAUSE THEY HAVE BEEN TRADED CUM COUPON.				
KEY-DATE	:	15/07/2022		
MATURITY DATE	:	18/07/2022		
SEC. : DE000UH22W47	INTEREST :	1,00 EUR		
SETTLEMENT-DAY	:	18/07/2022		
TRANSACT.NO.	TRADE DAY	COUNTERPART	NOMINAL	NET AMOUNT EUR
7201/4132647	14/07/2022	7201	60,000	60,00
4406/7280846	15/07/2022	7201	80,000-	80,00-
4406/7280847	14/07/2022	7201	80,000-	80,00-
TOTAL PER SEC. CODE			100,000-	100,00-EUR
NET AMOUNT PURCHASES				60,00 EUR
NET AMOUNT SALES				160,00-EUR
V: VALUE VS. PAYMENT (DATE) IS LESS THAN OR EQUAL TO KEY-DATE				
T: TRADE-DATE (DATE) IS LESS THAN KEY-DATE MINUS 1 BUSINESS DAY				
P: CLAIM OF FLAT BOND COUPON				
PAYMENT FROM		18/07/2022 UPON SUCCESSFUL RECEIPT OF FUNDS VIA T2S		

Figure 3.7 KD111 (Personal Journal Suspense) for event with “ex-date -1” selection

### “Record date” selection

ACCOUNT : 1234		PROGRAM-NAME: KD111		
FUNDS INCOME				
FOR THE FOLLOWING OTC TRADES IN COLLECTIVE SAFE CUSTODY SECURITIES; WE HAVE INITIATED MARKET CLAIMS BECAUSE THEY HAVE BEEN TRADED CUM COUPON.				
KEY-DATE	:	14/07/2022		
EX-DATE	:	15/07/2022		
SEC. : DE000A0H08M3	DIVIDEND :	0,201183 EUR		
DIVIDEND PART:		0,000000000 EUR		
ESTATE PART :		0,000000000 EUR		
SETTLEMENT-DAY	:	18/07/2022		
TRANSACT.NO.	TRADE DAY	COUNTERPART	NOMINAL	NET AMOUNT EUR
4312/5759426	14/07/2022	7259	153,000-	30,78-
TOTAL PER SEC. CODE			153,000-	30,78-EUR
NET AMOUNT PURCHASES				0,00 EUR
NET AMOUNT SALES				30,78-EUR
PAYMENT FROM		15/07/2022 UPON SUCCESSFUL RECEIPT OF FUNDS VIA T2S		

Figure 3.8 KD111 (Personal Journal Suspense) for event with record date selection

The reporting of reverse claims can be distinguished from market claims as follows:

- Scheduling (Reporting of reverse claims occurs on record date EOD)
- Trade date (For reverse claims the trade date is on or after the ex-date. In the exceptional case that an ex flag is set by the two parties, the trade date may be before the ex-date.)

## 3.7.3 Swift reporting

Clients, who want to use the MT56x service, are requested to order the required messages with the [order form 83 "KADI Corporate Action Messages"](#), which is available on the Clearstream website. The following message types can be ordered separately:

- MT564 REPE Income Record Date -2  
An MT564 that contains holdings, accumulated pending sales and purchases on record date -2 business days;
- MT564 REPE Income record Date -1  
An MT564 that contains holdings, accumulated pending sales and purchases on record date -1 business day;
- MT564 REPE Income  
An MT564 that contains settled positions, pending trades, claims/transformations, tax credits on record date and tax credits/market claims within the market claims period of 20 business days;
- MT566 Income  
An MT566 that contains settled positions, market and reverse claims and tax credits.

### MT564 REPE Income Entitlement Date -1/-2

On record date -1 business day and on record date -2 business days an MT564 REPE that contains the holdings of a security and the sum of nominal of pending sales and purchases relevant for compensations is sent.

The sums are reported in field 93B::PEND and :93B::PENR in sequence B2:

:93B::PEND	Sum of nominal of pending sales OTC DvPs, DwPs and FoPs (AA01 W (Trade Type "O") or P, AA99), non-CCP stock exchange transactions (AA 01W, Trade Type "S") and C7 SCS trades
:93B::PENR	Sum of nominal of pending purchases OTC DvPs, DwPs and FoPs (AA01 W (Trade Type "O") or P, AA99), non-CCP stock exchange transactions (AA 01W, Trade Type "S") and C7 SCS trades

The following entitled purchases/sales with trade date before ex-date are included:

- Pending CCP repo (SFR) trades of the business day before ("Restanten");
- Pending CCP repo (SFR) trades at the end of day;
- Pending matched OTC trades at end of the day;
- Pending matched C7 SCS trades at end of the day;
- Pending transactions AA99 at end of the day;
- Pending non-CCP stock exchange trades at end of the day.

## MT564 REPE Income on Entitlement Date

- One MT564 REPE is sent for each transaction for pending OTC, C7 SCS and non-CCP stock exchange trades entitled for compensation;
- One MT564 REPE is sent for each transaction for pending CCP repo (SFR) trades and Xemac positions to be compensated on entitlement date;
- One MT564 REPE is sent for each transaction of settled OTC and non-CCP stock exchange trades for which reverse claims will be processed.

To differentiate the MT564 REPE concerning the underlying transaction in Field:22F::ADDB in sequence D the following values are reported:

<b>ACLA</b>	Open OTC or non-CCP stock exchange trade relevant for compensations at entitlement date
<b>CLAI</b>	Market claims for pending CCP repo (SFR) trades or Xemac positions Reverse claims for settled OTC, non-CCP stock exchange trades, C7 SCS trades

The reference of the underlying transaction is in field:70E:.

## MT566 Confirmation

Payments of market/reverse claims performed in the night-time processing are credited on the next business day within the settlement cycles. Directly after cash settlement the MT566 confirmations are sent out.

Payments in foreign currencies booked in the night-time processing are reported at 06:00 after RT STD on the next business day.

## Overview for trade details (OTC/SE) in MT56x for compensation instructions

PLAT-FORM	MESSAGE TYPE	SEQUENCE	UNDERLYING OTC TRADE	MARKET OR REVERSE CLAIMS
T2S	sese.023	>SciesSttlmTxInstr >SttlmTpAndAddtlParams >SttlmParams	>Txld 4178992020160811 >SciesTxTp >Cd TRAD	>Txld C68H0737428AFA0 >Cmonld 00006971604 >SciesTxTp >Cd CLAI
T2S	sese.024 sese.025	>Txld >TxldDtls	>AcctOwntxld 4178992020160211	>AcctOwntxld NONREF >AcctSwrTxld C68H0737428AFA0 >Cmonld 00006971604
ISO15022	MT54x	LINK	:20C::SEME//4178992020160811	:20C::TRRF//KT79070146923360 :20C::COMM//0006971604 :13B::LINK/DAKV/DAKVDEFFXX :20C::PCTI//C68H0737428AFA0
CASCADE	ONLINE	KVAI & KVDU	Auftrn: 6971604 Auftrags-Referenz: 4178992020160811 Referenz-Nr:	Auftrn: 4692336 Auftrags-Referenz: C68H0737428AFA0 Referenz-Nr: 6971604
ISO15022	MT564/566 :22F: :ADDB//CLAI	LINK:13A: LINK:20C:  ADDINFO:70E:  :95Q:	:LINK//542 :RELA//4178992020160811  :ADTX//MARKET CLAIM OF OTC TRADE TRADE REF0004692336 TRADE-REF T2SC68H0737428AFA0 REF-OWNER-BICDAKVEFFXXX TR RELA0006971604 TR RELA T2S4178992020160211 REF-OWNER-BICCUSTOMERXXX TRADE DAY RELA20160812 COUNTERPART9990000 KADI-LFNR 00099 :PAYA//CLEARSTREAM BANKING AG	→ AUFTRAGSNR of market- or reverse claims (only PFoD XBS) → T2S-ACT-REF of market- or reverse claims (only PFoD XBS) including related BIC-Code → AUFTRNR of underlying trade → AUFTRAGS-REFERENZ and T2S-ACT-REF of underlying trade including related BIC-Code → Trade Date of underlying trade → counterpart (being seller or buyer) → number of custody application payroll cycle → principal/beneficial owner

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## Non-CCP stock exchange transaction - MT564 REPE ACLA (INTR)

:16R: GENL  
:20C: :CORP//1202015056836800  
:20C: :SEME//K5A1170318390C2Q  
:23G: REPE  
:22F: :CAEV//DVCA  
:22F: :CAMV//MAND  
:98C: :PREF//20151001170318  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//1202015056836800  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//0000000008  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0005790430  
FUCHS PETROL.SE VZO O.N.  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:16R: ACCTINFO  
:97A: :SAFE//71xx0000  
:93B: :PEND//UNIT/N70,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20150929  
:22F: :ADDB//CLAI  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//CASH  
:17B: :DFLT//Y  
:16R: CASHMOVE  
:22H: :CRDB//DEBT  
:97A: :CASH//CUSTOMER DCA  
:19B: :ENTL//EUR70,  
:19B: :GRSS//EUR70,  
:19B: :MKTC//EUR70,  
:98A: :PAYD//20151002  
:98A: :VALU//20151002  
:92F: :GRSS//EUR1,  
:92J: :GRSS//TXBL/EUR0,770000000/ACTU  
:92J: :GRSS//TXFR/EUR0,230000000/ACTU  
:16S: CASHMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//MARKET CLAIM OF OTC TRADE  
TR RELA0000253208  
TR RELA T2SSA123456E3WKTXCO  
REF-OWNER-BICDAKVDEFFLIO  
TRADE DAY20220414  
COUNTERPART99990000  
KADI-LFNR 12345  
PAYMENT UPON RECEIPT OF FUNDS  
:95Q: :PAYA//  
TESTBANK AG  
NEUE STRASSE 100  
POSTFACH 12 34 56  
D-11111 TESTSTADT  
:16S: ADDINFO

## OTC and non-CCP stock exchange - MT566 CLAI

:16R: GENL  
:20C: :CORP//1202020109387800  
:20C: :SEME//KADO050214795647  
:23G: NEWM  
:22F: :CAEV//DVCA  
:98C: :PREP//20200624050214  
:16R: LINK  
:20C: :MITI//2011186284200480  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:97A: :SAFE//XXXX0000  
:35B: ISIN DE000DWS1007  
DWS GROUP GMBH+CO.KGAA ON  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:93B: :CONB//UNIT/214,  
:16S: USECU  
:16R: CADETL  
:98A: :XDTE//20201119  
:98A: :RDTE//20201120  
:22F: :ADDB//CLAI  
:16S: CADETL  
:16R: CACONF  
:13A: :CAON//001  
:22H: :CAOP//CASH  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//CUSTOMER DCA  
:19B: :PSTA//EUR357,38  
:19B: :MKTC//EUR357,38  
:19B: :GRSS//EUR357,38  
:19B: :TAXR//EUR89,35  
:19B: :ATAX//EUR4,91  
:98A: :POST//20201124  
:98A: :VALU//20201124  
:98A: :PAYD//20201123  
:92F: :GRSS//EUR1,67  
:92A: :TAXR//25,  
:92A: :ATAX//5,5  
:92J: :GRSS//TXBL/EUR1,670000000/ACTU  
:16S: CASHMOVE  
:16S: CACONF  
:16R: ADDINFO  
:70E: :ADTX//MARKET CLAIM OF OTC TRADE  
TRADE-REF0006892786  
TRADE-REF T2SC0B003295548D61  
TRADE-REF MITI2011246419244513  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0003627114  
TR RELA T2SCH1600744805073P  
REF-OWNER-BICTESTDEFFXXX  
TRADE DAY20200618  
COUNTERPARTxxxx0000  
:70E: :ADTX//ACTUAL SETTLEMENT DATE20201123  
KADI-LFNR 84313  
:95Q: :PAYA//INTERNATIONAL TESTBANK  
NEW TOWN GATE  
GB-LONDON EC2M XY1Z  
:16S: ADDINFO

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For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//MARKET CLAIM OF OTC TRADE
TRADE-REF0000642495
TRADE-REF T2SC24M040849D3E67
TRADE-REF MITI2204222654528040
REF-OWNER-BICDAKVDEFFXXX
TR RELA0000253208
TR RELA T2SSA123456E3WKTXCO
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY20220414
COUNTERPART99990000
:70E: :ADTX//ACTUAL SETTLEMENT DATE20220421
KADI-LFNR 12345
:16S:ADDINFO
```



## C7 SCS - MT566 CLAI

:16R: GENL  
:20C: :CORP//1202021081800000  
:20C: :SEME//KADQ092300833792  
:23G: NEWM  
:22F: :CAEV//DVCA  
:98C: :PREP//20210826092300  
:16R: LINK  
:20C: :MITI//2107142010411759  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:97A: :SAFE//85010000  
:35B: ISIN DE0009147207  
CONSTANTIN MEDIEN AG O.N.  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:93B: :CONB//UNIT/N300,  
:16S: USECU  
:16R: CADETL  
:98A: :XDTE//20210824  
:98A: :RDTE//20210825  
:22F: :ADDB//CLAI  
:16S: CADETL  
:16R: CACONF  
:13A: :CAON//001  
:22H: :CAOP//CASH  
:16R: CASHMOVE  
:22H: :CRDB//DEBT  
:97A: :CASH//CDEEUREUXCDEFFXXECAGSETTLEMENTDCA  
:19B: :PSTA//EUR1200,  
:19B: :MKTC//EUR1200,  
:19B: :GRSS//EUR1200,  
:98A: :POST//20210826  
:98A: :VALU//20210826  
:98A: :PAYD//20210826  
:92F: :GRSS//EUR4,  
:92J: :GRSS//TXBL/EUR4,000000000/ACTU  
:16S: CASHMOVE  
:16S: CACONF  
:16R: ADDINFO  
:70E: :ADTX//MARKET CLAIM OF C7 SCS TRADE  
TRADE-REF0008567035  
TRADE-REF T2SC18Q092008 1343  
TRADE-REF MITI2108262047520690  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0008544057  
TR RELA T2SSAM1407M00015262  
REF-OWNER-BICEUXCDEFFCCP  
OWN REF1407X00015262  
TRADE DAY20210714  
:70E: :ADTX//COUNTERPART32430000  
ACTUAL SETTLEMENT DATE20210825  
KADI-LFNR 01304  
:95Q: :PAYA//CBF W/KUNDENSIMULATION CRC  
MERGENTHALERALLEE 61  
DE-65760 ESCHBORN  
:16S: ADDINFO

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## CCP repo (SFR) - MT566 CLAI (INTR-BUND)

```
:16R:GENL
:20C::CORP//1102016081700000
:20C::SEME//KADO144610031215
:23G:NEWM
:22F::CAEV//INTR
:98C::PREP//20160824144610
:16R:LINK
:20C::RELA//0001120018
:16S:LINK
:16S:GENL
:16R:USECU
:97A::SAFE//XXXX0000
:35B:ISIN DE0001102325
      BUNDANL.V.13/23
:16R:FIA
:22F::MICO//A006
:11A::DENO//EUR
:16S:FIA
:93B::CONB//FAMT/3000000,
:16S:USECU
:16R:CADETL
:98A::RDTE//20160823
:99A::DAAC//365
:92A::INTR//2,
:22F::ADDB//CLAI
:16S:CADETL
:16R:CACONF
:13A::CAON//001
:22H::CAOP//CASH
:16R:CASHMOVE
:22H::CRDB//CRED
:97A::CASH//XXXX0000
:19B::PSTA//EUR60000,
:19B::MKTC//EUR60000,
:19B::GRSS//EUR60000,
:98A::POST//20160824
:98A::VALU//20160824
:98A::PAYD//20160824
:92A::INTP//2,0000000000
:92J::GRSS//TXFR/EUR2,0000000000/ACTU
:16S:CASHMOVE
:16S:CACONF
:16R:ADDINFO
:70E::ADTX//MARKET CLAIM OF CCP TRADE
      TR RELA0001120018
      TRADE DAY20160816
      COUNTERPARTXXXX0000
      TRADING LOCATION192
      ORDER NO.1000000066370
      KADI-LFNR 00081
:95Q::PAYA//BUNDESREPUBLIK DEUTSCHLAND
      LURGIALLEE 5
      D-60295 FRANKFURT AM MAIN
:16S:ADDINFO
```

## 4. Market/reverse claims for non-income distribution events

### 4.1 Rules

---

For market and reverse claims for non-income distribution events issued rights are considered as follows:

- Market claims are processed for:
  - OTC trades and non-CCP stock exchange trades settled after entitlement date; and
  - CCP repo (SFR) trades pending on entitlement date with trade date before ex-date (transaction was traded “cum”);
  - C7 SCS trades, settled and pending matched entitlement date with trade date before ex-date (transaction was traded “cum”).

The rights of the underlying security are transferred from the seller to the buyer.

- Reverse claims are only processed for events with record date processing. For OTC trades, non-CCP stock exchange trades and C7 SCS trades booked on record date with trade date on or after ex-date, the rights of the underlying security (transaction was traded “ex”) are transferred from the buyer to the seller.

Market claims are processed at entitlement date for pending C7 SCS trades and settled OTC, C7 SCS or non-CCP stock exchange trades after booking. Reverse claims are processed at record date for C7 SCS trades, settled OTC instructions and non-CCP stock exchange trades.

According to the Central Securities Depositories Regulation (CSDR), payment can be executed only after confirmation by the paying agent or the Issuer CSD (non-income distribution events for FCSC ISINs). Therefore, securities instructions for market and reverse claims are generated and settled only after “payment authorisation”.

## 4.2 Relevant events

The relevant KADI event types for market/reverse claims are listed in the following table:

Event type	Description	Swift event code
210	Issue of rights	RHDI
211	Stock split	SOFF
211	Spin off	SPLF
211	Issue of participation rights	BONU
211	Issue of bonus rights	BONU
211	Stock dividend	DVSE
211	Dividend option	DVOP
211	Pay in kind	PINK
232 <sup>a</sup>	Change in nominal value/number of units	SPLF
235	Redenomination	REDO

- a. For event type 232 claims are only performed, if
- ISIN old = ISIN new;
  - Currency of conversion ratio numerator = currency denominator
  - $m < n$  for conversion ratio  $m:n$  (for example 1:10);
  - Depository type remains unchanged.

### Events with ISIN new = NCSC title

Market and reverse claims will be executed on the CBL Creation platform for all events of type 21x. For types 23x, no claims will take place in NCSC titles.

## 4.3 Relevant transactions

The transactions and their relevance for market/reverse claims for non-income distribution events are listed in the following table:

Instruction type	Description	Trade date	Ex flag	Claims
01 P	Account transfer RS ("Depotübertrag RS")	Yes	Yes	Market/reverse claims
01 W <sup>a</sup>	Ohne KZ-AA	Yes	Yes	Market/reverse claims
01 W	OTC- transaction (trade type "O")	Yes	Yes	Market/reverse claims
01 W	Non-CCP Stock exchange transaction (trade type "S")	Yes	n.a.	Market/reverse claims
16 L	Deposit ("Laufende Einlieferung")	n.a.	n.a.	Only reverse claims
16 V	Deposit ("Valutierung")	n.a.	n.a.	Only reverse claims
18 A	Withdrawal ("Laufende Auslieferung")	n.a.	n.a.	Only reverse claims
18 R	Withdrawal ("Rahmenurkunde/ Teilred.")	n.a.	n.a.	Only reverse claims
99	Cancellation/booking account transfer ("Storno/Nachbuchung")	Yes	Yes	Market/Reverse Claims
	Pending CCP repo (SFR) trades	Yes	No	Market/Reverse Claims
	Pending matched and settled C7 SCS trades	Yes	Yes	Market Claims
	Pending C7 SCS trades	Yes	Yes	Reverse Claims

a. There is no differentiation by settlement transaction codes. All codes used by clients (for example TRAD, CLAI etc.) are considered.

### 4.3.1 Internal trades

#### OTC trades

The following rules apply to both DE instruments and non-DE instruments.

Market claims are processed for CASCADE instruction types 01 ("Wertpapierübertrag") subtypes P ("Depotübertrag RS") and W ("ohne KZ-AA") with trade type "O" and CASCADE instruction type 99 ("Storno/Nachbuchung") for transactions settled after entitlement date with trade date before ex-date. Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex-date and record date (inclusive) and the trade date is on or after the ex-date.

For instruction type AA01 subtypes P and W a trade date must be entered.

For AA99 the trade date is an optional field. If no trade date is entered the settlement date is assumed to be the trade date. In this case no market claims are generated. For bookings between ex-date and record date reverse claims are processed.

Claims are applied under the following additional conditions:

- Delivery versus payment (DvP)  
Only for transactions with client accounts on debit and credit side, account types 001 (client account), 010 (client account broker), 080 (RTS reservation account) and 131 (account for sub-account solution).
- Delivery free of payment (FoP)  
Only for transactions with client accounts on debit and credit side, that is, account group 01 with account types 001 (client account) and 010 (client account broker)
- Delivery with Payment (DwP)  
Only for transactions with client accounts on debit and credit side, that is, account group 01 with account types 001 (client account) and 010 (client account broker)

The following transactions are excluded from the market claim process:

- Instructions created by KADI for non-income claims<sup>1</sup>;
- Instructions created by KADI for non-income proceeds (for example for event type 231);
- Instructions, for which both counterparties agreed to perform the transaction as an ex transaction with the setup of the ex flag (MT540-547, field :22F: in mandatory sequence B Trade Details has the value TTCO//SPEX) or with opt-out flag (STCO//NOMC), that is, it is excluded from the market claim processing.  
**Note:** For instruction type AA01 with subtype P and instruction type 99 no match instruction is entered, therefore the setup of the ex flag and opt-out flag is also relevant for the counterparty of the instruction.
- Transactions with status "Reservierung" and "Reservierungsrücknahme".
- For transaction types AA01 E (introduction of new issue) and AA01 B (de-registration) instead of a compensation a transformation will be performed on transactions pending on entitlement date.

### Non-CCP stock exchange trades

Market claims are processed for CASCADE instruction types 01 W with trade typ "S" ("non-CCP stock exchange transaction") for transactions settled after entitlement date with trade date before ex-date. Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex-date and record date (inclusive) and the trade date is on or after the ex-date.

KADI will use the existing logic for the creation of the market and reverse market claim. That means for non-income distribution events, the market claim will be on hold if the client is flagged in the KUSTA account settings (see also section 4.4.3).

The partial settlement flag will always be set to "NPAR" (no partial settlement allowed).

### Deposit/withdrawal

For CASCADE instruction types 16 ("Einlieferung") subtypes L ("Laufende Einlieferung") and V ("Valutierung") and 18 ("Auslieferung") subtypes A ("Lfd. Auslieferung") und R ("Rahmenurkunde/ Teilreduzierung") only reverse claims are performed for events with processing according to record date logic.

---

1. In the case of a non-income distribution event, for example a stock split or issue of bonus shares and a subsequent dividend event for the same ISIN, there will be no cash market claims for market claims automatically generated based on the non-income event. This set of circumstances is uncommon.

As for these instruction types, a trade date does not exist, all transactions settled between ex-date and trade date are compensated. That affects deposits/withdrawals (subtypes L and A) and mark ups/mark downs (subtypes V and R) of funds.

Exception for registered shares:

- Withdrawals are not processed with instruction type 18, but with instruction type 01 subtype "P" ("Depotübertrag") against a CBF internal account. Reverse claims are therefore not processed.
- For non-income distribution events with ISIN new = registered share an automatic reverse claim process is not possible (rare case).

### **Pending Eurex/CCP repo (SFR) trades**

CBF executes the calculation of market claims for pending CCP repo (SFR) trades. They are compensated at the end of the entitlement date based on pending gross transactions.

Booking and reporting are performed by CCP:

- Market claims are processed on entitlement date (end of day) for all gross transactions pending with trade date before ex-date.
- Reverse claims are processed for all trades traded and settled gross between ex-date and record date.

The CCP net amounts (deliveries of surpluses) are excluded from market/reverse claims.

### **C7 SCS trades**

C7 SCS transactions are compensated as follows:

- Market claims are processed for C7 SCS trades, that is, transactions settled or pending matched after entitlement date with trade date before ex-date.
- Reverse claims are performed for events processed according to record date logic, if the transaction is settled between ex-date and record date (inclusive) and the trade date is on or after the ex-date.
- Processing of all non-income events in NCSC ISINs is directly sent to CASCADE.

### **Cross-border instructions**

CBF also carries out claim settlement for cross-border transactions in DE instruments; for non-DE instruments it depends on the service scope of the Home CSD.

Market claims for CASCADE Instruction Type 01 (Security Transfer) and Instruction Type 02 (Match Instruction) that are settled after entitlement date with trade date before ex date are processed as an instruction against depository account or omnibus account as well as intermediary counterparty CSD account.

Reverse claims are generated for the events with record date processing logic, when transaction is settled between ex-date and record date (both inclusive) and trade date is after ex-date. Furthermore, the processing logic for market claims remains the same (Please see section Market claims).

## 4.4 Settlement of securities

### 4.4.1 Claim cycle

#### Frequency

Claim-relevant transactions settle daily in NTS and RTS after the change in ownership for the following periods:

- Approximately 18:30 between EOD and NTS (around 20:00)
- Approximately 06:00 (start of RTS);
- Approximately 10:30;
- Approximately 11:00 - 14:00;
- From SDS2 until and after RTS DvP: Approximately 14:00 - 17:30.

FoP instructions are generated in the process cycles and then instructed towards T2S for settlement in RTS.

#### Duration

The time frame extends from entitlement date to settlement date, if applicable. Otherwise, it starts on entitlement date up to 20 days (and ends with the completion of RTS processing)

#### Events with ISIN new = NCSC title

The cycle of claims in NCSC titles has the same frequency and duration as the cycle of claims in CSC titles. After initiation of a claim in NCSC titles on the CBL Creation platform, booking will be executed during the next available settlement cycle in Creation.

### 4.4.2 Claim instructions

#### Market claims in CSC titles (CASCADE)

After a settled transaction has been identified in RTS or NTS, CBF immediately (on the same day) creates a CASCADE instruction with the following specifications:

- FoP instruction;
- Instruction type AA01, with match instruction AA02;
- Instruction number = Unique automatically generated instruction number;
- Original-ordering party 7907;
- Party Hold set to "yes" in the DELI leg, if the client has selected account blocking;
- Debit account (on a sub-account basis):
  - Seller entered transaction;
- Credit account (on a sub-account basis):
  - -Ordering party entered transaction;
- ISIN = Event-ISIN new;
- Nominal:
  - 21x = Nominal settled transaction / booking ratio;
  - 232 = Nominal settled transaction / booking ratio - nominal settled transaction;
- Reference number = Trade reference "Trade Ref" of the underlying OTC/non-CCP stock exchange trade;



- The corresponding sese.023 CLAI messages contain additionally the MITI (T2S reference) of the underlying transaction (per instruction leg) in the info sequence.
- Trade date = Trade date of the underlying OTC or non-CCP stock exchange transaction;
- Ordering party data (P1-P5) of underlying instruction:
- Beneficiary party data (P1-P5) of underlying instruction:
- Event information for identification (MT566) and CASCADE Online text:
  - Three-digits event key;
  - BID;
  - Swift Event-Indicator;
  - Event description.
- Transfer reason “UEB-GRUND”:
  - 507 for compensation OTC and non-CCP stock exchange;
  - 509 for cancellation compensation OTC and non-CCP stock exchange.

The generated FoP instructions are also subject to the standard CASCADE deletion period, which is currently 40 business days.

### Reverse claims in CSC titles (CASCADE) with “record date” processing

After a settled transaction has been identified within the claim cycle accordingly in STD, RT-STD, SDS1, SDS2 or after the end of RTS-DvP, CBF immediately (on the same day) creates a CASCADE instruction with the following specifications:

- FoP instruction;
- Instruction type AA01 with match instruction AA02;
- Instruction number = Unique automatically generated instruction number;
- Original ordering party 7907;
- Party Hold set to “yes” in the DELI leg, if the client has selected account blocking;
- Debit account (on sub-account basis):
  - Ordering party entered transaction;
- Credit account (on sub-account basis):
  - Seller entered transaction;
- ISIN = Event-ISIN new;
- Nominal:
  - 21x = Nominal settled transaction / booking ratio;
  - 232 = Nominal settled transaction / booking ratio.
- Reference Number = Trade reference “Trade Ref” of the underlying OTC/SE trade;
- The corresponding sese.023 CLAI messages contain additionally the MITI (T2S reference) of the underlying transaction (per instruction leg) in the info sequence.;
- “Trade date” = Trade date of the underlying OTC or non-CCP stock exchange transaction;
- Ordering party data (P1-P5) of underlying instruction:
- Beneficiary party data (P1-P5) of underlying instruction:

- Event information for identification (MT566) and CASCADE Online text:
  - Three-digit event key;
  - BID;
  - Swift event indicator;
  - Event description.
- Transfer reason (“UEB-GRUND”):
  - 511 for and non-CCP stock exchange OTC Reverse Claims;
  - 513 for cancellation OTC and non-CCP stock exchange reverse claims.

The generated FoP instructions are also subject to the standard CASCADE deletion period, which is currently 40 business days.

### Market and reverse claims in NCSC titles (Creation)

For events with ISIN new = NCSC-title market- and reverse, claims will be initiated by entering FoP instructions on the CBL Creation platform. Thus, CBF generates MT540 “Receive Free” and MT542 “Deliver Free” instructions with transmission to CBL. These instructions can be identified by the indicator “Type of Settlement Transaction” (:22F::SETR/CEDE/CORP) in sequence E.

Creation will match the MT540 and MT542 instructions creating corresponding instruction types 4F and 5F for execution during the next available settlement cycle.

The MT540 and MT542 instructions have the following characteristics:

- :20C::SEME with an unique automatically generated instruction number;
- :23G::PREA for settlement is blocked, if the client has selected account blocking in CASCADE;
- :97A::SAFE and :95R::DEAG with the debit account;
  - CBF-i account of the buyer (reverse claim) or the seller (market claim) of the underlying and settled OTC/non-CCP stock exchange transaction in CASCADE;
- :97A::SAFE and :95R::REAG with the credit account;
  - CBF-i account of the seller (reverse claim) or the buyer (market claim) of the underlying and settled OTC/non-CCP stock exchange transaction in CASCADE;
- :35B: with ISIN new of the event (NCSC title)
- :36B::SETT with the nominal:
  - 21x = nominal of the underlying and settled transaction in CASCADE/booking ratio;
- :20C::TRRF with the reference number (trade reference) of the underlying transaction (order number of the stock exchange-trade or order number of the delivery instruction “WPÜ”);
- :98A::SETT with the contractual date of the claim instruction:
  - Payment date of the non-income event for reverse claims (generally record date +1);
  - Actual day date for a same day settlement of market claims;
- :98A::TRAD with the trade date of the underlying OTC/non-CCP stock exchange transaction in CASCADE;
- :20C::COMM with the corporate action reference:
  - Three-digits event key;
  - BID.
- :22F::SETR/CEDE/ CORP for identification the instruction as generated by CBF due to a corporate action event;
- :70E::SPRO with free-text information:

- CSC ISIN (ISIN old) from the event ("CASCADE-ISIN");
- Client's own reference ("AUFTRAGS-REFERENZ") of the underlying OTC transaction in CASCADE (delivery or match-instruction) ("CASCADE-RELA");
- Five-digit KADI processing number ("KADI-LAUF-NR");
- Transfer reason ("KZ-UEB-GRUND"):
  - m 507 for market claiming OTC and non-CCP stock exchange transactions;
  - m 509 for cancellation market claiming OTC and non-CCP stock exchange transactions
  - m 511 for reverse claiming OTC and non-CCP stock exchange transactions;
  - m 513 for cancellation reverse claiming OTC and non-CCP stock exchange transactions.

According to the standard rules of Creation, the deadline of 60 calendar days for cancellation is also applied to the FoP instructions. [Section 4.7.3 "Swift reporting"](#) includes an example for a FoP instruction to be processed on the CBL Creation platform.

### 4.4.3 Possibility of instruction blocking

#### Market and reverse claims in CSC titles (CASCADE)

In general, free of payment (FoP) instructions generated by CBF for corporate actions can achieve settlement once the payment authorisation was performed. CBF clients in their role as a seller (delivery instruction, D FoP) can enable an automated blocking of D FoP instructions. This setting can be requested for CBF main accounts and sub-accounts (xxxx yyy) and considers market and reverse claims in collective safe custody (CSC) and non-collective safe custody (NCSC) securities.

CBF provides the market and reverse claim instructions as matched instructions to the client and counterparty (delivery and receipt instructions) for settlement on the T2S platform. This enables the one-sided allocation of a party hold, so that only the instruction for the delivery instruction is set on hold. Instructions generated by CBF with the status "release" cannot be blocked by the client (status "on hold").

For settlement, this service means for the seller that if a market or reverse claim has been generated, the instruction has been flagged as "on hold" and must be released if delivery is aimed. The instruction can be released in ICP mode via the automated connectivity channels ("Transaction Processing Command - MT530") or via the CASCADE Online functionality (TRAN "KVAS" / FC "FA"). Clients acting in DCP mode send the "Securities Settlement Condition Modification Request (sese.030)" to T2S to release the instruction.

A dedicated form to request the "automated blocking" is available. The service can be requested at any time. Additionally, the client can also receive the details via Corporate Action Notification (MT564) for each delivery instruction set to "on hold" by CBF. (See [section 4.7.3 "Swift reporting"](#)).

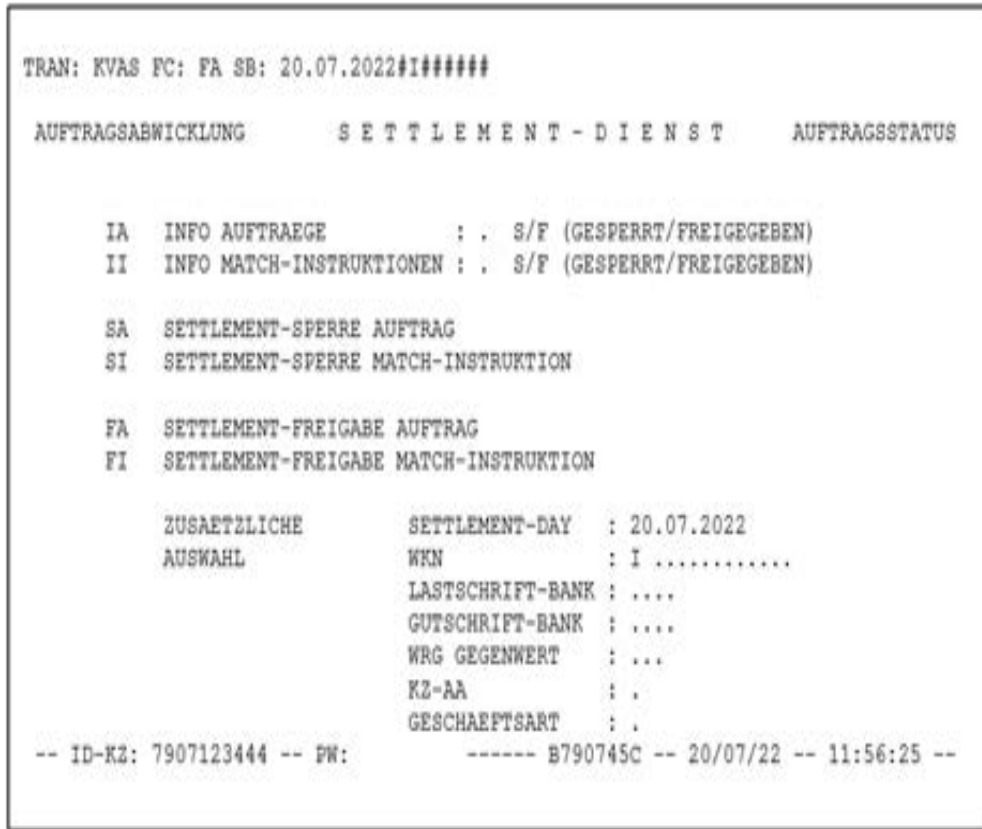


Figure 4.1 CASCADE Online screen for settlement release

Furthermore clients have the possibility to use an MT530 in ISO 15022 format to release automatically blocked FoP transactions based on market and reverse claims.

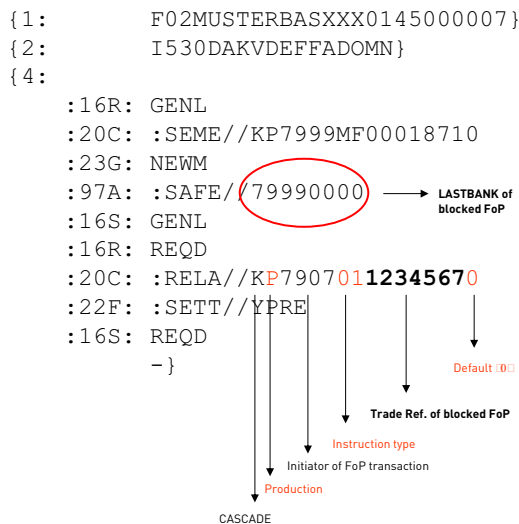


Figure 4.2 MT530 release of blocked FoP instructions

## Market and reverse claims in NCSC titles (Creation)

For clients using the possibility of instruction blocking on CASCADE platform, FoP instructions will also be initiated on the Creation platform as blocked if the client is the seller.

Therefore, CBF sends MT542 instructions ("Deliver Free") with the processing status = PREA (pre-advice) to CBL.

Clients have the following possibilities to release blocked instructions on the CBL Creation platform:

- Transmission of a MT542 instruction with processing status = NEWM by the client to CBL (CEDELULL). This MT542 instruction must reference the MT542 PREA, previously sent by CBF to CBL. Clients can obtain this reference through CBL settlement reporting or the optional MT564 REPE service for non-income events, offered by CBF. Therefore, CBF provides the :20C::SEME of the MT542 PREA in MT564 REPE, field :70E::ADTX after the code word "TRADE REF".
- Manual release by the client using the online functionality "Hold/Release" on the CBL Creation platform.

For further information about the "Hold/Release" functionality please refer to the [CBL Client Handbook](#).

### 4.4.4 Automatic instruction deletion in CASCADE

For events, that are compensated on the basis of settled transactions, certain pending CASCADE instructions are flagged by CBF on the entitlement date and then deleted in CASCADE. The following rules are used in the process:

**Event 21x with ISIN old not equal to ISIN new** (for example, event type 210 subscription right) Pending CASCADE instructions will not be deleted as the underlying ISIN is not affected by the event. **Event 21x with ISIN old = ISIN new and events 232 with ISIN old = ISIN new** (for example, 211 split; 232 split)

Pending CASCADE instructions are flagged for deletion on the entitlement date with the following instruction types (= current situation):

- 03 (BWV/LSV Transfer);
- 04 (Pledge);
- 05 (Release);
- 07 (GBC Exchange);
- 09 (GBC Re-exchange);
- 11 (Securities Lending Instruction);
- 12 (Securities Lending/Redemption);
- 14 (Bond Stripping: Split);
- 15 (Bond Stripping: Merger);
- 17 (Detachment of Warrants);
- 19 (Warrant Matching).

Instructions, which are neither compensated nor deleted, remain unchanged as in the case of, for example, corporate action instruction types 01, 13 and 99 (cancellation/rerun).

An exception is made for sub-instruction types with respect to registered shares (AA01, for example, position transfer), which are modified on the CBF entitlement date.

Xemac<sup>®</sup> transfers are not compensated.

Instructions deleted by CBF are shown to the client on the CASCADE list KV102003.

**Note:** These instructions are not taken into account, if the event is cancelled or rerun

## 4.5 Cancellation/rerun

The cancellation/rerun is possible for a period of 280 days after entitlement date and automatically includes all market and reverse claims.

The inclusion of claims in the cancellation/rerun is enabled by a claim based on the settled transactions. They may be performed from the ex-date/record date +1 for a period of 20 business days and during night-time processing.

### Consequences of a cancellation

- CBF initiates a reverse instruction (reverse FoP instruction) for each previously generated FoP instruction (independent from the status of settlement processing) (reverse FoP instruction) for settlement in the next batch cycle (NTS).

### Consequences of a rerun

- Transactions, that are settled between ex-date/record date +1 and the rerun date, are identified and the corresponding FoP instructions are generated for the settlement during the next batch cycle (NTS);
- The remaining claim cycle is initiated in the following night-time processing.

### Events with ISIN new = NCSC title

- An event cancellation triggers the generation of reversal instructions for each MT540/542-instruction already sent to CBL. These reversal instructions will be sent also as MT540/542 instructions to CBL for settlement during the next available cycle.
- A rerun incorporates transactions already settled and initiates the remaining claim cycle.

## 4.6 Process overview

### Event type 210 (issue of subscription rights) with “ex-date -1” processing

Subscription ratio: 2:1; base value DE0007654321; subscription right DE000T0ES9T4; ex-date: 28/09; entitlement date: 25/09.

Settled transaction:

A to B, DE0006614712, nominal 100, trade date 24/09, settled on 28/09.

FoP claim:

A to B, DE000T0ES9T4, nominal 50 (market claim)

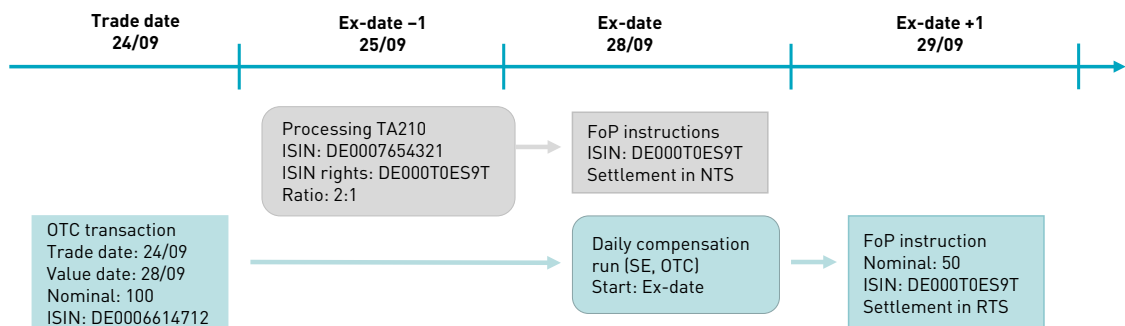


Figure 4.3 Market claim processing of event type 210 (issue of subscription rights with “ex-date - 1” processing)

### Event type 210 (issue of subscription rights) with “record date” processing

Subscription ratio: 2:1; base value DE0007654321; subscription right DE000T0ES9T4; ex-date: 26/09, record date: 27/09.

Transactions:

A to B, DE0007654321 nominal 100, trade date 25/09, settled on 28/09

C to D, DE0007654321, nominal 200, trade date 26/09, settled on 27/09

FoP claims:

A to B, DE000T0ES9T4, nominal 50 (market claim)

D to C, DE000T0ES9T4, nominal 100 (reverse claim)

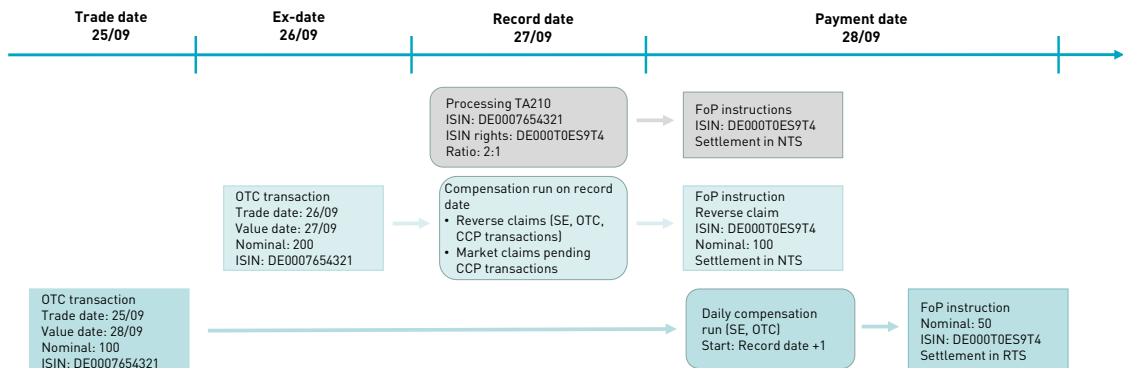


Figure 4.4 Market claim processing of event type 210 (issue of subscription rights with “record date” processing)

## Process overview market claims in CSC titles (CASCADE)

The following figure shows the general process for market claims for non-income distribution events in CSC titles (CASCADE):

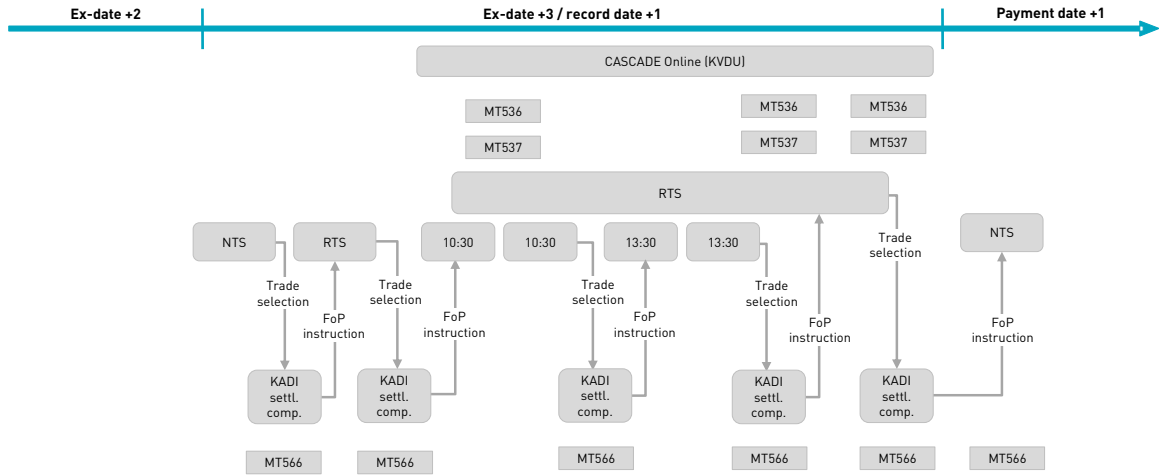


Figure 4.5 Process for market claims for non-income events in CSC titles (CASCADE)

## Process overview market claims in NCSC titles (Creation)

The following figure shows the general process for market claims for non-income distribution events in NCSC titles (Creation).

LIMA (Link Manager) is an application that enables clients to connect to CASCADE, Xemac, SE, Taxbox, LMS and KADI in various formats of ISO 15022 and XML standards.

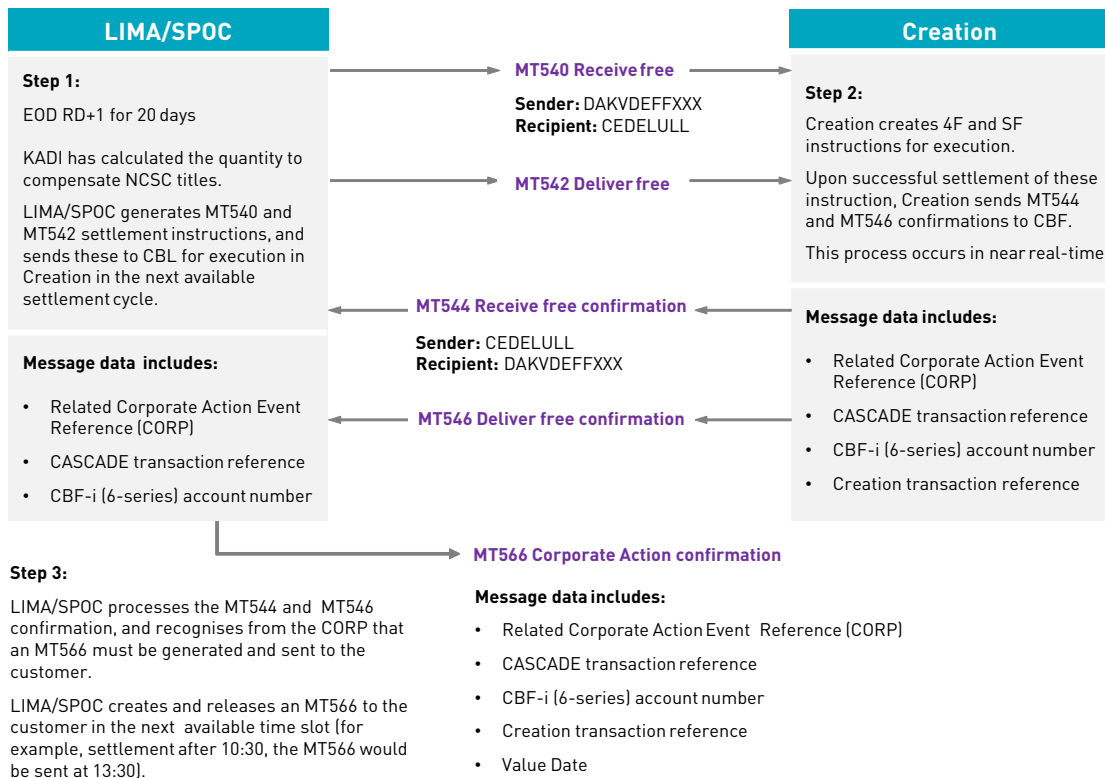


Figure 4.6 Process for market claims for non-income events in NCSC titles (Creation)



## 4.7 Reporting

### 4.7.1 Online

#### Flagging as a claim instruction

Settled market/reverse claim instructions are shown in the CASCADE turnover screen KVDU ID. The details contain the event and transaction details as well as the transfer reason ("UEBGRUND"), which indicates the cause of the instruction (compensation OTC/compensation non-CCP stock exchange).

**Note:** Changes in CASCADE-PC are described in the [CASCADE-PC User Manual](#).

```
TRAN: KVDU FC: ID SB: 09.10.2008####W#515100##01#G#9999###
```

UMSATZANZEIGE		DEPOTUMSAETZE INLAND		Seite	1		
				Anzahl	9		
Buchtag	: 09.10.2008			Umsatzart:	Gut		
Bank	: 9999	MUSTERBANK					
WRN/ISIN	: W 515100	BASF SE O.N.					
Kz	Rtr	AA	GS-Nr	Nominale	Gegenwert	Wrg	Set-Day
_	9999	01	400636	60			09.10.08
_	9999	01	400629	60			09.10.08
_	9999	01	921533	340			09.10.08
_	9999	01	411696	1.000			09.10.08
_	9999	01	5254984	3.100			09.10.08
_	9999	01	1425201	3.650	112.472,24	EUR	09.10.08
_	9999	01	411679	4.000			09.10.08
_	9999	01	4007063	4.509			09.10.08
_	9999	01	5250994	126.000			09.10.08
-- ID-KZ: 7907000137 -- PW: ----- B790740A -- 13/10/08 -- 16:42:37 --							
PF2:Druck PF3:Rücksprung PF4:Abbruch							

Figure 4.7 CASCADE turnover screen KVDU ID

The figure below shows the detailed view with event details (text field), details of the underlying transaction (reference no., trade date) as well as the transfer reason "UEB-GRUND".

```

TRAN: KVDU FC: ID SB: 09.10.2008####U#515100##01#G#9999####
UMSATZANZEIGE          WP-UEBERTRAG/MATCH-INSTRUKTION  AUFTRAGSVOLLANZEIGE

Auftnr   :    4007063

Last-Kto : 9999 000      MUSTERBANK A
Gut-Kto  : 9999 000      MUSTERBANK B
WRN/ISIN : I DE0005151005 BASF SE O.N.

Nominale :          4.509      Einheit: ST      Verwahrart: GS SVG
Gegenwert:                               Wrg      :      Dispo-Prio: 1 SHO
Beleg-Sp : N                  Set-Day: 09.10.2008 Emiss-Einf: N
Sp-Datum :                   Set-Art: 3 MAS      Teilrechte:
                                                UEB-GRUND: OTC-KOMP

                                                Referenz-Nr      : 123456
Schlusstag : 08.10.2008      Auftrags-Referenz :
Ext Set-Day:                  Kuponinfo/Rec-Date :
Kurs / WRG :                  Rueckuebertrag  : N
Text: 211 2008080232600 DE0005151005 GRATISAKTIEN

-- ID-KZ: 7907000137 -- PW:          ----- B790740A -- 13/10/08 -- 16:44:23 --

PF3:Ruecksprung PF4:Abbruch PF8:Vor PF9:Umsatz
    
```

Figure 4.8 CASCADE - detailed view KVDU

### Flagging as a claim instruction

The instruction will carry the ISO transaction code CLAI.

The event details are shown in the field "Text":

- 3-digits event key;
- 13-digits BID;
- Event description.

The following transaction details of the underlying OTC and/or non-CCP stock exchange transaction are displayed:

- Transaction reference OTC security/non-CCP stock exchange transaction in the field "Referenz-Nr" (reference number);
- Trade date OTC/non-CCP stock exchange transaction in the field "Schlusstag" (trade date);
- Counterparty in the field "Last-Kto/Gut-Kto" (debit account/credit account).

The included parties on the delivery and receiving side (parties P1-P5) will be taken over.

These functions are made available to CASCADE-PC users.

### Events with ISIN new = NCSC title

The online reporting of claim instructions in NCSC titles is available on the CBL Creation platform. Thereby, the indicator :22F::SETR/CEDE/CORP is the first attribute for identification of instructions/claims arising from such events

## 4.7.2 KADI lists

Reporting occurs via a KADI list (KD211).

KADI creates for market and reverse claims - during the night-time processing - a daily list of all transactions compensated during the previous day.

For market claims lists are created up to ex-date/record date +1 for up to 20 business days.

### Events with ISIN new = NCSC title

The KADI list (KD211) also includes events with ISIN new = NCSC title. In addition to the KADI lists from CBF, clients will receive their ordered settlement reporting from CBL for claim instructions on the CBL Creation platform.

### KD211 "ex-date -1" selection

```
CLEARSTREAM BANKING AG
MERGENTHALERALLEE 61
65760 ESCHBORN

BANK
1, STREET
D 60000 FRANKFURT AM MAIN                FRANKFURT, 09.11.2019
                                           TELEPHONE +49-69-211-11177
                                           FAX        +49-69-211-13701

                                           PROGRAM-NAME: KD211

SECURITIES ACCOUNT: 1234/000
KEY DATE:           06.11.2019
EX DATE:           09.11.2019
VALUE DATE:        09.11.2019

ON THE BASIS OF YOUR POSITIONS,
WE HAVE INITIATED THE FOLLOWING ACCOUNTING ENTRIES:
CHANGE OF NOMINAL

      NOMINAL          EXCHANGE    -    NEW
                        RATIO
B.WKN:DE0007472060  0,000%  TEST AG                               SVG
N.WKN:DE0007472060  0,000%  TEST AG                               SVG
                        1.676.572,000          1:3          5.029.714,000
ACCOUNTING ENTRIES ARE SHOWN ON THE DAILY STATEMENTS.

CLEARSTREAM BANKING AG

(EDP PRINTOUT WITHOUT SIGNATURE)
```

Figure 4.9 KD211 (Personal journal) with "ex-date -1" processing

## KD211 record date selection

```

CLEARSTREAM BANKING AG
MERGENTHALERALLEE 61
65760 ESCHBORN

BANK
1, STREET
D 60000 FRANKFURT AM MAIN
                                ESCHBORN, 09.11.2022
                                TELEPHONE +49-69-211-11177
                                FAX          +49-69-211-13701

                                PROGRAM-NAME: KD211

SECURITIES ACCOUNT: 1234/000
KEY DATE:            10.11.2022
EX DATE:            09.11.2022
VALUE DATE:        11.11.2022

ON THE BASIS OF YOUR POSITIONS,
WE HAVE INITIATED THE FOLLOWING ACCOUNTING ENTRIES:
CHANGE OF NOMINAL

      NOMINAL          EXCHANGE    -    NEW
                        RATIO
B.WKN:DE0001234567  0,000%  TEST AG                                SVG
N.WKN:DE0001234567  0,000%  TEST AG                                SVG
                        1.676.572,000          1:3          5.029.714,000
ACCOUNTING ENTRIES ARE SHOWN ON THE DAILY STATEMENTS.

CLEARSTREAM BANKING AG
(EDP PRINTOUT WITHOUT SIGNATURE)
    
```

Figure 4.10 KD211 (Personal Journal) with "record date" processing

### External list with pending transactions at the end of the subscription period

For events with subsequent subscription periods such as 210 Rights Issue or 211 Dividend Option, pending OTC and non-CCP stock exchange transactions are displayed on the KADI list for the client with the base value relevant for the claim.

Transmission schedule:

- Business day before the end of trading period, night-time processing;
- Business day before the end of subscription period, night-time processing.

```
CLEARSTREAM BANKING AG
NEUE BOERSENSTRASSE 1
60487 FRANKFURT AM MAIN

BANK XYZ
ZUSATZ 1
ZUSATZ 2
ADRESSE
ADRESSE

FRANKFURT, XX.XX.XXXX
TELEFON +49-69-211-11177
FAX +49-69-211-13701

PROGRAMMNAME: KD118
SEITE: ZZ9

SECURITIES ACCOUNT: 9999 DUE TO 9999
END OF TRADING : 29.08.07
THE CORPORATE ACTION <event type>
HAS BEEN EXECUTED. A COMPENSATION WILL BE EXECUTED BY US AT SETTLEMENT OF
FOLLOWING PENDING <trade type>
SECURITY TRANSACTION SELLER BUYER NOMINAL PSN
DE0005407100 9999/0804234 9999/0000 9999/0000 2.000,000
DE0005407100 9999/0810000 9999/0000 9999/0000 4.000,000

CLEARSTREAM BANKING AG
(EDP-PRINTOUT WITHOUT SIGNATURE)
```

Figure 4.11 KADI list layout: "End of trading period"

## List layout: "End of subscription period"

```

CLEARSTREAM BANKING AG
NEUE BOERSENSTRASSE 1
60487 FRANKFURT AM MAIN

BANK XYZ
ZUSATZ 1
ZUSATZ 2
ADRESSE
ADRESSE
FRANKFURT, XX.XX.XXXX
TELEFON      +49-69-211-11177
FAX          +49-69-211-13701

PROGRAMMNAME: KD118
SEITE: ZZ9

SECURITIES ACCOUNT: 9999 DUE TO 9999
EOF SUBSCR. PER.: 29.08.07
THE CORPORATE ACTION <event type>
HAS BEEN EXECUTED. A COMPENSATION WILL BE EXECUTED BY US AT SETTLEMENT OF
FOLLOWING PENDING <trade type>
SECURITY      TRANSACTION          SELLER   BUYER          NOMINAL   PSN
DE0005407100  9999/0804234          9999/0000 9999/0000      2.000,000
DE0005407100  9999/0810000          9999/0000 9999/0000      4.000,000

CLEARSTREAM BANKING AG
(EDP-PRINTOUT WITHOUT SIGNATURE)
    
```

Figure 4.12 KADI list layout: "End of subscription period"

### Events with ISIN new = NCSC title

The KADI list (KD118) also includes events with ISIN new = NCSC title. In addition to the KADI lists from CBF, clients will receive their ordered settlement reporting from CBL for claim instructions on the CBL Creation platform.

## 4.7.3 Swift reporting

### Claims in CSC titles (CASCADE)

Clients, who want to use the MT56x service, are requested to order the required messages with the order form 83 “KADI Corporate Action Messages”, which is available on the Clearstream website. The following message types can be ordered separately:

- MT564 REPE Non Income Record Date - 2  
An MT564 about holdings, accumulated pending sales and purchases on record date -2 business days;
- MT564 REPE Non Income Record Date -1  
An MT564 about holdings, accumulated pending sales and purchases on record date -1 business day;
- MT564 REPE Non Income  
An MT564 about settled positions, pending trades, claims/transformations, tax credits on record date and about tax credits/market claims within the market claims period of 20 business days;
- MT566 Non Income  
An MT566 about settled positions, market and reverse claims and tax credits.

### MT564 REPE Non Income on Entitlement Date - 1/ - 2

On record date -1 business day and on record date -2 business days an MT564 REPE about holdings of a security and the sum of nominal of pending sales and purchases relevant for compensations is sent.

The sums are reported in field 93B::PEND and :93B::PENR in sequence B2:

:93B::PEND	Sum of nominal of pending sales OTC DvPs, DwPs and FoPs (AA01 W or P, AA99), stock exchange trades and C7 SCS trades
:93B::PENR	Sum of nominal of pending purchases OTC DvPs, DwPs and FoPs (AA01 W or P, AA99), stock exchange trades and C7 SCS trades

The following entitled purchases/sales with trade date before ex-date are included:

- Pending CCP repo (SFR) trades of the business day before (“Restanten”);
- Pending CCP repo (SFR) trades at the end of day;
- Pending matched OTC trades AA01 W (Trade Type “O”) or P at end of the day;
- Pending matched C7 SCS trades at end of the day;
- Pending transactions AA99 at end of the day;
- Pending non-CCP stock exchange transactions (AA 01 W, Trade Type “S”) at end of the day.

### MT564 REPE on entitlement date

- One MT564 REPE is sent for each transaction for pending C7 SCS, OTC and non-CCP stock exchange trades entitled for compensations.
- One MT564 REPE is sent for each transaction of settled C7 SCS trades, OTC and non-CCP stock exchange trades for those reverse claims will be processed.

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To differentiate the MT564 REPE concerning the underlying transaction, in field :22F::ADDB in sequence D the following values are reported:

<b>ACLA</b>	Open OTC or non-CCP stock exchange trade relevant for compensations at entitlement date
<b>CLAI</b>	Reverse claims for settled OTC, non-CCP stock exchange trades, C7 SCS trades

For generated FoP instructions, (regardless whether the instruction was entered blocked or not blocked):

- MT564 REPE is forwarded after the blocked FoP instruction was generated. As long as “payment authorisation” for the event has not taken place, the related MT564 REPE contains an URF information (Payment Upon Receipt of Funds) and empty references to the FoP instruction. Immediately after “payment authorisation” of the event, the MT564 REPE is sent again without URF information and with filled references to the FoP instruction on the T2S or Creation platform.
- MT564 REPE is also forwarded for FoP instructions generated, which result from cancellation and/or rerun processing. The function of the MT564 for cancellation instructions is CANC.
- The MT564 REPE transmission timeline is approximately 18:00, 22:30, 05:00, 10:15 and 13:30.

The field PAYD in sequence CA Options is filled with UKWN (unknown), as the booking date at time of sent out is not determined.

## MT566 Confirmation

- MT566 will be sent after settlement of the claim instruction.
- MT566 are also sent for completed claim instructions, which result from cancellations and reruns. The function of the MT566 for cancellation instructions is REVR.
- The MT566 transmission timeline is approximately 18:00, 22:30, 05:30, 10:30, 13:30 and 16:15.

A description of the current MT56X formats for non-income claims is available in the [CBF Connectivity Handbook](#) (MT564 REPE in section 2.2.26 and MT566 in section 2.2.28).

## Overview for trade details (OTC/SE) in MT56x for settled compensation instruction:

PLAT-FORM	MESSAGE TYPE	SEQUENCE	UNDERLYING OTC TRADE	MARKET OR REVERSE CLAIMS
T2S	sese.023	>SciesSttlmTxInstr >SttlmTpAndAddtlParams >SttlmParams	>Txld 4178992020160811 >SciesTxTp >Cd TRAD	>Txld C68H0737428AFA0 >Cmonld 00006971604 >SciesTxTp >Cd CLAI
T2S	sese.024 sese.025	>Txld >TxldDtIs	>AcctOwntxld 4178992020160211	>AcctOwntxld NONREF >AcctSvcrTxld C68H0737428AFA0 >Cmonld 00006971604
ISO15022	MT54x	LINK	:20C::SEME//4178992020160811	:20C::TRRF//KT79070146923360 :20C::COMM//0006971604 :13B::LINK/DAKV/DAKVDEFFXX :20C::PCT//C68H0737428AFA0
CASCADE	ONLINE	KVAI & KVDU	Auftrn: 6971604 Auftrags-Referenz: 4178992020160811 Referenz-Nr:	Auftrn: 4692336 Auftrags-Referenz: C68H0737428AFA0 Referenz-Nr: 6791604
ISO15022	MT564/566 :22F: :ADDB//CLAI	LINK:13A: LINK:20C:  ADDINFO:70E:  :95Q:	:LINK//542 :RELA//4178992020160811  :ADTX//MARKET CLAIM OF OTC TRADE TRADE REF 0004692336 TRADE-REF T2SC68H0737428AFA0 REF-OWNER-BICDAKVDEFFXXX TR RELA 0006971604 TR RELA T2S4178992020160211 REF-OWNER-BICCUSTOMERXXX TRADE DAY RELA20160812 COUNTERPART99990000 KADI-LNR 00099 :PAYA/CLEARSTREAM BANKING AG	→ AUFTRAGSNR of market- or reverse claims → T2S-ACT-REF of market- or reverse claims including related BIC-Code → AUFTRNR of underlying trade → AUFTRAGS-REFERENZ and T2S-ACT-REF of underlying trade including related BIC-Code → Trade Date of underlying trade → counterpart (being seller or buyer) → number of custody application payroll cycle → principal/beneficial owner



## Presentation of the transaction details (OTC/non-CCP stock exchange) in MT56x for settled claim instructions

Transaction detail	MT564	MT566
Trade reference FoP	TRADE REF, field :70E:	TRADE REF, field :70E:
Trade reference of underlying trade	R RELA, field :70E:	TTR RELA, field :70E:
Trade day	TRADE DAY RELA, field :70E:	TRADE DAY RELA, field :70E:
Seller/buyer	COUNTERPART, field :70E:	COUNTERPART, field :70E:
Ordering Party/beneficiary	BRANCH, field :70E: (nur für SE)	Party, field :95Q: (only for SE)

### MT536/537

Claim instructions based on settled trades are listed in MT536/537.

The Corporate Action Reference (TA+CID) and the Corporate Action Event Indicator (CAEV) are displayed in MT536/MT537 as follows:

Corporate action instruction based on settled transactions (AA01):

<b>CLAI</b>	MT536/537 22F TRAN/
<b>CAEV</b>	MT536/537 22F SETR or CAEV
<b>X</b>	MT536/537 20C CORP/"CA ID"

Referencing to the underlying transaction is located in the field :20C::COMM (common reference).

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## OTC and non-CCP stock exchange - MT564 REPE CLAI (BONU)

```
:16R:GENL
:20C::CORP//2112013061102500
:20C::SEME//K6981404503EFB22
:23G:REPE
:22F::CAEV//BONU
:22F::CAMV//MAND
:98C::PREP//20160908140450
:25D::PROC//COMP
:16R:LINK
:20C::CORP//2112013061102500
:16S:LINK
:16R:LINK
:20C::PREV//NONREF
:16S:LINK
:16R:LINK
:13A::LINK//543
:20C::RELA//KTKSPRE011000076
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN DE0005297204
      HOMAG GROUP AG
:16R:ACCTINFO
:97A::SAFE//XXXX0000
:93B::PEND//UNIT/N1400,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::XDTE//20160906
:98A::RDTE//20160907
:22F::ADDB//CLAI
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//SECU
:17B::DFLT//Y
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN DE0005297204
      HOMAG GROUP AG
:36B::ENTL//UNIT/1400,
:92D::ADEX//1,/1,
:98B::PAYD//UKWN
:16S:SECMOVE
:16S:CAOPTN
:16R:ADDINFO
:70E::ADTX//MARKET CLAIM OF OTC TRADE
      TRADE REF0004692431
      TRADE-REF T2SC68H0777422AFFA0
      TR RELA0001000076
      TR RELA T2SCUSTOMER0REFERN
      REF-OWNER-BICDAKVDEFFXXX
      TRADE DAY RELA20160905
      COUNTERPARTXXXX0000
      KADI-LFNR 00092
:16S:ADDINFO
```

The reference to the underlying transaction is located in field 70E.

For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//MARKET CLAIM OF OTC TRADE
TRADE REF0000599025
TRADE-REF T2SC24K0612075CD92
REF-OWNER-BICDAKVDEFFXXX
TR RELA0000260160
TR RELA T2SSA123456E3T3T1OG
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY RELA20220324
COUNTERPART99990000
KADI-LFNR 12345
:16S:ADDINFO
```

# Compensation Handbook

## OTC - MT564 REPE CLAI (BONU)

```
:16R:GENL
:20C::CORP//2112013061102500
:20C::SEME//KAD7205648846390
:23G:NEWM
:22F::CAEV//BONU
:98C::PREP//20160907205648
:16S:GENL
:16R:USECU
:97A::SAFE//XXXX0000
:35B:ISIN DE0005297204
      HOMAG GROUP AG
:93B::CONB//UNIT/N400,
:16S:USECU
:16R:CADETL
:98A::XDTE//20160906
:98A::RDTE//20160907
:22F::ADDB//CLAI
:16S:CADETL
:16R:CACONF
:13A::CAON//001
:22H::CAOP//SECU
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN DE0005297204
      HOMAG GROUP AG
:36B::PSTA//UNIT/400,
:92D::ADEX//1,/1,
:98A::POST//20160908
:16S:SECMOVE
:16S:CACONF
:16R:ADDINFO
:70E::ADTX//REVERSE CLAIM OF OTC TRADE
      TRADE REF0004692384
      TRADE-REF T2SC6971606091CA91
      REF-OWNER-BICDAKVDEFFXXX
      TR RELA0008888888
      TR RELA T2SCUSTOREFERENCE1
      REF-OWNER-BICCUSTDEFFXXX
      TRADE DAY RELA20160906
      COUNTERPARTXXXX0000
      KADI-LFNR 00092
:16S:ADDINFO
```

The reference to the underlying transaction is located in field 70E.

## C7 SCS - MT564 REPE CLAI (BONU)

:16R: GENL  
:20C: :CORP//2112021060800000  
:20C: :SEME//K16G1725483E77EE  
:23G: REPE  
:22F: :CAEV//BONU  
:22F: :CAMV//MAND  
:98C: :PREP//20210616172548  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//2112021060800000  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//2106071973415666  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0008232125  
LUFTHANSA AG VNA O.N.  
:16R: ACCTINFO  
:97A: :SAFE//85010000  
:93B: :PENR//UNIT/100,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :XDTE//20210615  
:98A: :RDTE//20210616  
:17B: :SRDC//Y  
:22F: :ADDB//CLAI  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//SECU  
:17B: :DFLT//Y  
:16R: SECMOVE  
:22H: :CRDB//CRED  
:35B: ISIN DE0008232125  
LUFTHANSA AG VNA O.N.  
:36B: :ENTL//UNIT/100,  
:92D: :ADEX//1,/1,  
:98A: :PAYD//20210617  
:16S: SECMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//MARKET CLAIM OF C7 SCS TRADE  
TRADE REF0000000041  
TRADE-REF T2SC16G16225997D8C  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0008194751  
TR RELA T2SSAM0706M00007392  
REF-OWNER-BICEUXCDEFFCCP  
TRADE DAY RELA20210607  
COUNTERPART85310000  
KADI-LFNR 01215  
:16S: ADDINFO

## Identification of FoP instructions, which are subject of the “payment authorisation” process

:70E: :ADTX//REVERSE CLAIM OF OTC TRADE  
**TRADE REF0001306601**  
**TRADE-REF T2S T2SC8B11744379725E**  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0000000823  
TR RELA T2SC8AV093805398A7  
REF-OWNER-BICDAKVDEFFOPS  
TRADE DAY RELA20181031  
COUNTERPART11xx0000  
**PAYMENT UPON RECEIPT OF FUNDS**

## Claims in NCSC titles/Creation

The initiation and settlement of claim instructions in NCSC titles takes place by sending MT540/542 instructions to CBL that are processed as 4F/5F instructions on the Creation platform. Clients could receive the information about the settlement processing via the settlement reporting from CBL. The claim instructions, sent from CBF to CBL can be identified on the Creation platform by the field :22F::SETR/CEDE/CORP.

In addition, clients can obtain all corporate action message services from CBF that are also available for claim instructions in CSC titles:

- MT564 REPE on entitlement date based on pending OTC/non-CCP stock exchange transactions entitled for claiming;
- MT564 REPE for claim instructions entered in Creation as blocked by seller;
- MT566 confirmation after booking of a FoP claim instruction on the CBL Creation platform.

These MT564 REPE and MT566 messages will also be sent from CBF to clients using the Swift address BIC DAKVDEFFXXX. Clients, who have subscribed for MT564 REPE and MT566 for claim instructions in CSC titles, will receive these messages automatically also for claim instructions in NCSC titles.

The [CBF Connectivity Handbook Part 3](#), Custody specifies in the format description of MT564 REPE and MT566 Non Income the characteristics, resulting from claim instructions processed on the CBL Creation platform. The following tables summarise the essential attributes of message contents based on claiming in NCSC titles:

MT564 REPE ACLA	MT564 REPE CLAI (Reverse Claim)	MT564 REPE CLAI (blocked Claim)
Sequence B/B2 with - CSC ISIN of the underlying transaction in CASCADE - Client CASCADE account	Sequence B/B2 with - CSC ISIN of the underlying transaction in CASCADE - Client CASCADE account	Sequence B/B2 with - CSC ISIN of the underlying transaction in CASCADE - Client CASCADE account
Sequence F, field 70E::ADTX with	Sequence F, field 70E::ADTX with <b>TRADE REF</b> with the :20C::SEME of MT540/542 instruction (claim instruction to CBL)	Sequence F, field 70E::ADTX with <b>TRADE REF</b> with the :20C::SEME of MT540/542 instruction (claim instruction to CBL)
<b>TR RELA</b> with the trade number of the underlying OTC/non-CCP stock exchange transaction in CASCADE	<b>TR RELA</b> with the trade number of the underlying OTC/non-CCP stock exchange transaction in CASCADE	<b>TR RELA</b> with the trade number of the underlying OTC/non-CCP stock exchange transaction in CASCADE
<b>TR RELA T2S</b> refers to the T2S Actor Reference of the underlying instruction	<b>TR RELA T2S</b> refers to the T2S Actor Reference of the underlying instruction	<b>TR RELA T2S</b> refers to the T2S Actor Reference of the underlying instruction
<b>TRADE DAY</b> with the trade day of the underlying transaction in CASCADE	<b>TRADE DAY</b> with the trade day of the underlying transaction in CASCADE	<b>TRADE DAY</b> with the trade day of the underlying transaction in CASCADE
<b>COUNTERPART</b> with the CASCADE account of the counterparty	<b>COUNTERPART</b> with the CASCADE account of the counterparty	<b>COUNTERPART</b> with the CASCADE account of the counterparty
		<b>SETTLEMENT DATE</b> with the contractual settlement date of the claim instruction
Text "ADVICE OF NCSC-CLAIM FOR BOOKING ON YOUR CBL-ACCOUNT"	Text "ADVICE OF NCSC-CLAIM FOR 6 BOOKING ON YOUR CBL-ACCOUNT"	Text "ADVICE OF BLOCKED NCSC-CLAIM ON YOUR CBL-ACCOUNT"

Clients using the possibility of instruction blocking on the seller-side and wanting to release the block via message types (sending MT542 NEWM to CBL), can use the MT564 REPE based on blocked claim instructions as a source for necessary information.

To identify the blocked claim instruction (MT542 PREA), the MT564 REPE contains the unique :20C::SEME in the free-text field after the code word TRADE REF and the contractual settlement date of the blocked claim instruction after the code word SETTLEMENT DATE. This information, together with further information displayed in the structured fields of MT564 REPE, is required for building the release instruction MT542 NEWM.

### MT566

#### MT566 Confirmation

Sequence B/B2 with

- NCSC ISIN of the booked claim instruction in Creation (ISIN new from the non-income event)
- CBF-i (6-series) account of the client
- 94F::SAFE//ICSD/CEDELULL

Sequence F, field 70E::ADTX with

**TRADE REF** with :20C::SEME of the MT544/546, that is sent by CBL to confirm the booking of the claim instruction in Creation

**TR RELA** with the trade number of the underlying OTC/non-CCP stock exchange transaction in CASCADE

**TR RELA T2S** refers to the T2S Actor Reference of the underlying instruction

**TRADE DAY RELA** with the trade date of the underlying transaction

**COUNTERPART** with the CBF-i (6-series) account of the counterparty



## 1. example: Swift reporting for a reverse claim based on non-CCP stock exchange transactions

### MT564 REPE on record date sent from CBF to 73xx

#### OTC - MT564 CLAI RC (RHDI)

```
:16R:GENL
:20C::CORP//2102017020201500
:20C::SEME//K72XXXXXXXXXXXXCAQ
:23G:REPE
:22F::CAEV//RHDI
:22F::CAMV//MAND
:98C::PREP//2017MMDDhhmmss
:25D::PROC//COMP
:16R:LINK
:20C::CORP//2102017020201500
:16S:LINK
:16R:LINK
:20C::PREV//NONREF
:16S:LINK
:16R:LINK
:13A::LINK//542
:20C::RELA//XXXXXXXXXX/XX1
:16S:LINK
:16R:LINK
:13A::LINK//564
:20C::CORP//2802017MMDDXXXXX
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN IT0005239360
      UNICREDIT
:16R:ACCTINFO
:97A::SAFE//73XX0000
:93B::PEND//UNIT/N10,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::XDTE//2017MMDD
:98A::RDTE//2017MMDD
:22F::ADDB//CLAI
:22F::RHDI//EXRI
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//SECU
:17B::DFLT//Y
:16R:SECMOVE
:22H::CRDB//CRED
:35B:ISIN IT0005239311
      UNICREDIT -ANR.-
:36B::ENTL//UNIT/10,
:92D::ADEX//1,/1,
:98B::PAYD//UKWN
:16S:SECMOVE
:16S:CAOPTN
:16R:ADDINFO
:70E::ADTX//REVERSE CLAIM OF OTC TRADE
      TRADE REFXXXXXXXXXXXXXXXXXX
      TR RELA0009999999
      TR RELA T2SXXXXXXXXXX/001
      REF-OWNER-BICDAKVDEFFXXX
      TRADE DAY RELA20170207
      COUNTERPART6XXXX
      KADI-LFNR 99999
      ADVICE OF NCSC-CLAIM FOR BOOKING ON
      YOUR CBL-ACCOUNT
:16S:ADDINFO
```

## MT540 Receive instruction for the reverse claim sent from CBF to CBL

### OTC - MT540 RECEIVE FoP

```
:16R:GENL
:20C::SEME//K72718404949EB7X
:23G:NEWM
:98C::PREP//20170207184049
:16R:LINK
:20C::TRRF//0001674750
:16S:LINK
:16R:LINK
:20C::COMM//2102017020201500
:16S:LINK
:16S:GENL
:16R:TRADDET
:98A::SETT//20170208
:98A::TRAD//20170207
:35B:ISIN IT0005239311
      UNICREDIT -ANR.-
:70E::SPRO//KADI-LAUF-NR : 73854
      KZ-UEB-GRUND : 511
      CASCADE-ISIN : IT0005239360
      CASCADE-RELA : NG1XEDJ6HR/001
:16S:TRADDET
:16R:FIAC
:36B::SETT//UNIT/454,
:97A::SAFE//67307
:16S:FIAC
:16R:SETDET
:22F::SETR/CEDE/CORP
:16R:SETPRTY
:95R::DEAG/CEDE/67980
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//CEDELULL
:16S:SETPRTY
:16S:SETDET
```

## MT566 Confirmation on record date +1 sent from CBF to 70xx

### OTC and non-CCP stock exchange - MT566 CLAI RC (RHDI)

:16R:GENL  
:20C::CORP//2102017020201500  
:20C::SEME//KAD7XXXXXXXXXXXXX  
:23G:NEWM  
:22F::CAEV//RHDI  
:98C::PREP//2017MMDDhhmmss  
:16R:LINK  
:13A::LINK//542  
:20C::RELA//XXXXXXXXXX/001  
:16S:LINK  
:16S:GENL  
:16R:USECU  
:97A::SAFE//673XX  
:94F::SAFE//ICSD/CEDELULL  
:35B:ISIN IT0005239360  
    UNICREDIT  
:93B::CONB//UNIT/10,  
:16S:USECU  
:16R:CADETL  
:98A::XDTE//2017MMDD  
:98A::RDTE//2017MMDD  
:22F::ADDB//CLAI  
:22F::RHDI//EXRI  
:16S:CADETL  
:16R:CACONF  
:13A::CAON//001  
:22H::CAOP//SECU  
:16R:SECMOVE  
:22H::CRDB//CRED  
:35B:ISIN IT0005239311  
    UNICREDIT -ANR.-  
:36B::PSTA//UNIT/10,  
:92D::ADEX//1,/1,  
:98A::POST//2017MMDD  
:16S:SECMOVE  
:16S:CACONF  
:16R:ADDINFO  
:70E::ADTX//REVERSE CLAIM OF OTC TRADE  
    TRADE REFXXXXXXXXXXXXXXXXXX  
    COL TRNOUXXXXX  
    TR RELA000XXXXXXXXX  
    TRADE DAY RELA2017MMSS  
    COUNTERPART6XXXX  
    KADI-LFNR 99999  
:16S:ADINFO

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For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//MARKET CLAIM OF OTC TRADE
TRADE REF0000599025
TRADE-REF T2SC24K0612075CD92
REF-OWNER-BICDAKVDEFFXXX
TR RELA0000260160
TR RELA T2SSA123456E3T3T1OG
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY RELA20220324
COUNTERPART99990000
KADI-LFNR 12345
:16S:ADDINFO
```

## 5. Transformations for reorganisation events in cash

### 5.1 Rules

Reorganisation events with cash proceeds are events for where the underlying ISIN is booked out and cash is booked, for example a redemption.

Pending matched trades on entitlement date (with trade date on or before record date) are identified and the redemption price and the transaction price of the trade are taken into consideration as follows:

- On the basis of the nominal value of the pending transaction (matched with trade date on or before record date), the redemption price is transferred from the seller to the buyer.
- The transaction price of the pending matched (DvP) transaction (with trade date on or before record date) is transferred from the buyer to the seller.
- The transaction price of the pending matched (DwP) transaction (with trade date on or before record date) is transferred from seller to buyer.
- The underlying transaction is cancelled due to the transformation.
- Based on the release status of the underlying instruction, transformation entries are set either blocked or released.

If the underlying settlement instruction is blocked, the PFoD instruction related to the transformation must be released so that the underlying settlement instruction can be deleted. If the block on the PFoD instruction of the transformation posting is not released, both the transformation instruction and the underlying settlement instruction cannot be processed further.

The transaction price and the redemption price are paid separately, that is they are not offset against each other. The pending matched trades (with trade date on or before record date) in underlying ISINs would be transformed within next 20 business days from the entitlement date of the event as per the rules stated above. Here, the release status of the underlying transaction is taken into account when creating the transformation posting.

The cancellation is performed for pending matched transactions (with trade date on or before record date) from entitlement date until 20 business days after.

According to Central Securities Depositories Regulation (CSDR) the payment can be executed only after confirmation by the paying agent or the Issuer CSD (for payments in foreign currency for CSC ISINs<sup>1</sup>, or for any payments for FCSC ISINs<sup>2</sup>). Therefore, claims are only generated in the cash settlement system after confirmation of payment (at the earliest on the payment date). Consequently, the underlying transaction is only deleted after confirmation.

**Note:** In the event of a partial redemption (TA140), the overlapping of 20 business-day period could occur if there are monthly payments. Therefore, the consideration of Trade Date of the underlying instruction is applicable here. If the trade date is after the due date of the older event, then the new partial redemption rate applies. If the trade date is before the old due date, then only the old partial redemption should apply.

---

1. CBF = Issuer CSD

2. CBF = Investor CSD

## 5.2 Relevant events

For the following event types transformations in cash are processed:

Event type	Description	Swift event code
120	Dividend payments in the event of dividend options (cash line)	DVOP
122	Warrant exercise	EXWA
123	Squeeze out	TEND
124	Pay-off/buyback of shares	EXOF
130	Redemption	REDM
131	Redemption of participation rights	REDM
133	Liquidation	REDM
134	Cash compensation for redemption in securities	REDM
140 <sup>a</sup>	Partial call (with reduction of nominal value)	REDM
222	Write-off worthless securities (no transformation of redemption REDM price)	REDM

- a. For event type 140 no payment of the transaction price is processed, instead a transformation of the pending trade is performed.

## 5.3 Relevant transactions

For the following transactions transformations in cash are processed:

Instruction type	Description	Trade date	Transformations in cash
01 P	Account transfer RS ("Depotübertrag RS")	Yes	Yes
01 W <sup>a</sup>	Ohne KZ-AA	Yes	Yes
99	Cancellation/booking account transfer ("Storno/ Nachbuchung")	Yes	Yes
C7 SCS trades		Yes	Yes

- a. There is no differentiation by settlement transaction codes. All codes used by clients (for example TRAD, CLAI etc.) are considered.

### 5.3.1 Internal trades

#### OTC trades

The following rules apply to both DE instruments and non-DE instruments.

Transformations in cash are processed for CASCADE instruction types 01 ("Wertpapierübertrag") subtypes P ("Depotübertrag RS") and W ("ohne KZ-AA") and CASCADE instruction type 99 ("Storno/Nachbuchung") for pending matched transactions (with trade date on or before record date) from entitlement date until 20 business days after.

For events with event type (TA) 140, there is an additional check, that the ISD has to be on or after Payment Date.

Transformations are applied under the following additional conditions:

- Delivery versus payment (DvP)  
Only for transactions with client accounts on debit and credit side, account types 001 (client account), 010 (client account broker) and 131 (account for sub-account solution).
- Delivery free of payment (FoP)  
Only for transactions with client accounts on debit and credit side, account group 01 with account types 001 (client account) and 010 (client account broker).
- Delivery with payment (DwP)  
Only for transactions with client accounts on debit and credit side, account group 01 with account types 001 (client account) and 010 (client account broker).

Excluded are:

- Instructions generated by KADI for the same event (same CORP-ID);
- Transactions, that have already been transformed and still pending, are not taken into account in case of new partial redemption event. The decision regarding which partial redemption should apply in case of an overlap between 20 business days period, will depend upon the Trade Date of the underlying transaction.
- Instructions which are set with Opt-Out flag from both counterparties, only the cancellation of the underlying matched trade is done.

## Non-CCP stock exchange trades

Transformations in cash are performed on entitlement/record date for all pending non-CCP stock exchange trades with underlying ISIN in CSC, except:

- The trade is deleted or cancelled.
- The trade is a “Makleraufgabe” or “Maklerweiterleitung”.

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

The transformation for entitled domestic OTC instructions (instruction type AA01 W, trade type O) or non-CCP stock exchange trades (instruction type AA01 W, trade type S) is performed, if the specified trade date is before or equal to the record date. If no trade date is specified in the instruction and the instruction provided via:

- the CASCADE Online functionality (HOST / PC), the date of the check is used as the trade date.
- an automated connectivity channel (Swift, MQ or File Transfer (FT)), the date of receipt of the instruction is used as the trade date.

Pending transactions (“matched instructions”) with a trade date that is greater than the record date are not taken into account by KADI. This means that they must be cancelled bilaterally by the client and its counterparty.

## Pending Eurex/CCP repo (SFR) trades

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.

## Pending C7 SCS trades

For C7 SCS instructions will always be sent with opt-out flag. Processing is done by Eurex directly.

## Cross -border transactions

CBF also carries out claim settlement for cross-border transactions in DE instruments; for non-DE instruments it depends on the service scope of the Home CSD.

Transformation in cash for CASCADE instruction type AA01 (securities transfer) and AA02 (matched instruction) for pending matched trades is processed from entitlement date until the next 20 business days against an omnibus account or against a counterparty CSD account.



## 5.4 Cash settlement

The rules and processing logic for cash processing is as follows:

- Transformation process could result into two cash instructions: For redemption price as well as for the Transaction Price (In case of DvP/RvP as well as DwP/RwP trades).

### Specifics for T2S bookings:

The following trades are instructed as PFoDs in T2S on the DCA (Dedicated Cash Account):

- Transformation of OTC trades in collective safe custody (CSC) ISINs.
- The hold/release indicator from the underlying transaction will be transferred into the transformation instruction.
- The hold/release indicator from the underlying transaction will be transferred into the transformation instruction.
- For market and reverse claims, CBF instructs both legs in gross mode.
- For cross-CSD trades, CBF only generates one leg (PFoD) for the CBF client, the other leg is generated by the CSD of the counterparty. Both legs will then match and settle on T2S.
- The transformation instructions would be instructed leg based by CBF according to the T2S Corporate Action Standards.
- PFoD Transformation instructions use the standard settlement DCA of the client.
- For each counterparty CSD, a specific cash amount is calculated taking into account any taxes to be deducted.

The following list shows whether the gross or net amount is taken into consideration in the PFoD instruction:

- ESES France: without tax deduction (gross) on buyer and tax deduction follows on seller side.
- Monte Titoli: without tax deduction (gross) on buyer and tax deduction follows on seller side.
- Iberclear Spain: without tax deduction (gross) on buyer and tax deduction follows on seller side.
- ESES Netherlands: as before (according to the current KADI logic).
- ESES Belgium: as before (according to the current KADI logic).
- OEKB: as before (according to the current KADI logic).
- Other markets (without CBF): as before (according to the current KADI logic).
- The PFoD instructions with credit/debit for cash and securities are instructed market specific and per compensation object (market claim, reverse claim, transaction price claim and redemption price claim, transformations).
- Market or reverse claims in foreign currency are booked in Creation overnight.

## 5.5 Cancellation/rerun

### Consequences of a cancellation

The transformation of the transaction price and the deletion of the underlying trade cannot be reversed. The cancellation of the redemption price can be done daytime or NTS depending on the entry of the cancellation. The cancellation will be done in NTS if it is done for a rerun after the record date, otherwise the cancellation can be processed before the rerun was done. When a reorg in Cash events is cancelled, the underlying Redemption Price Claims and Transaction Price Claims are also cancelled.

For event type 140 pending, modified trades (modification was process due to original run) are re-modified in case of a cancellation. The re-modification is processed in NTS.

### Consequences of a rerun

Reruns are processed in NTS:

- The processing of reruns on record date is processed like original runs.
- The processing of reruns after entitlement date is done as follows:
  - The transformation of the redemption price and the transaction price is done for all pending matched trades on the processing date.
  - Pending matched trades which were the basis for the transformation will be marked for deletion. For event type 140 a modification of all pending trades is processed at entitlement date.

## 5.6 Process overview

### Event type 130 (Redemption)

Base value DE000A0T06N0, maturity date: 28/09, redemption price 100%

Pending transactions A to B DE000A0T06N0, nominal value 50.000 EUR, transaction price 49.995 EUR

Transformation:

- Cash booking redemption price A to B: 50.000 EUR;
- Cash booking transaction price B to A: 49.995 EUR;
- Cancellation of the transaction.

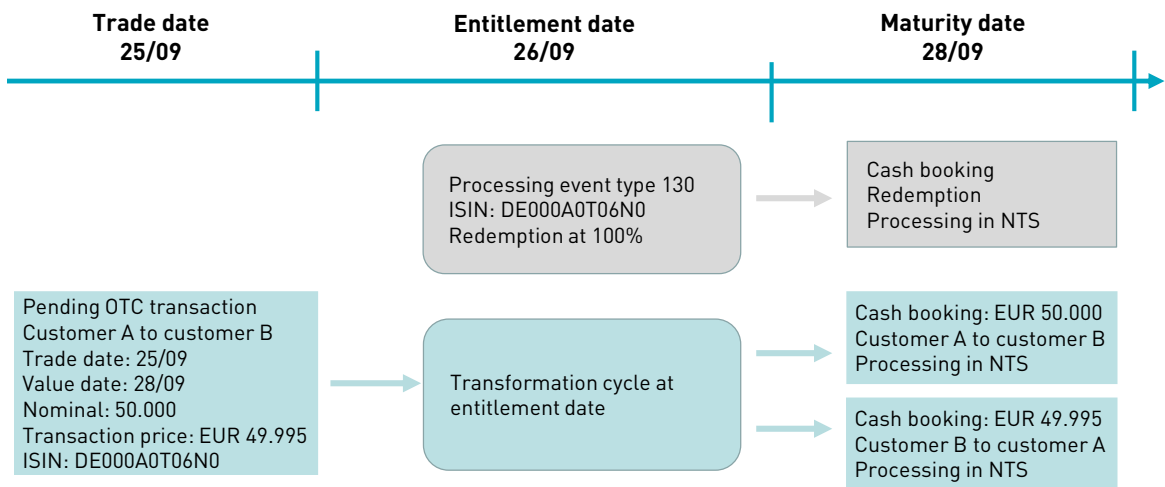


Figure 5.1 Transformation in cash of pending transactions for event type 130 (redemption)

## 5.7 Reporting

### 5.7.1 Online

Redemption price and transaction price of transformations in cash are shown under transaction KVG1 after value date of the booking:

- The redemption price is shown under function code KO and UE.
- The transaction price is shown under function code AB.

### 5.7.2 KADI lists

The payment of the redemption price is reported in the Personal Journal Suspense (KD111).

The payment of the transaction price and the modification of pending trades is reported in the claim report for non-income events (KD118).

#### KD111 Redemption price

```

CLEARSTREAM BANKING AG
MERGENTHALERALLEE 61
65760 ESCHBORN

TEST BANK
EXAMPLE STREET 1
MODEL CITY                                ESCHBORN, 24.11.2015

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

                                           PROGRAM-NAME: KD111

ACCOUNT   : 7999

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           : 23/11/2015
MATURITY DATE      : 24/11/2015

SEC.: DE0001234567   REDEM.-RATE : 100,00 EUR
                    QUOTATION   :      PERCENTAGE

TRANSACT.NO  TRADE DAY  COUNTERPARTY  NOMINAL      NET AMOUNT EUR
7999/1234567 19/11/2015 7998          100.000,00-  1.000,00-

TOTAL PER SEC. CODE          100.000,00-  1.000,00 EUR

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

COMPENSATION PAYMENT ON 24/11/2015 AT DD1
    
```

**KD118 Total amount**

CLEARSTREAM BANKING AG  
MERGENTHALE RALLEE 61  
65760 ESCHBORN

TESTBANK  
EXAMPLE STREET 1  
MODELCITY

ESCHBORN, 24/11/2015

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

PROGRAM-NAME: KD118

SECURITIES ACCOUNT : 7999  
MATURITY DATE : 24/11/2015  
KEY DATE : 23/11/2015

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

SECURITY	TRANSACTION	TRADE DAY	SELLER	BUYER	NOMINAL	PSN	TRANSACTION PRICE
DE0001234578	7999/1234567	19/11/2015	7999/7999	7998/7998			
			100,000	100,00			
DE0001234578	7999/7654321	19/11/2015	7998/7998	7999/7999			
			200,000	200,00-			

CLEARSTREAM BANKING AG

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# Compensation Handbook

## KD118 Modification

CLEARSTREAM BANKING AG  
MERGENTHALERALLEE 61  
65760 ESCHBORN

TEST BANK  
EXAMPLE STREET 1  
MODELCITY

ESCHBORN, 24/11/2015

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

PROGRAM-NAME: KD118

SECURITIES ACCOUNT : 7999

MATURITY DATE : 24/11/2015

KEY DATE : 21/11/2015

THE CORPORATE ACTION 140 PARTIAL CALL  
HAS BEEN EXECUTED. THERE HAS BEEN A MODIFIKATION  
OF THE FOLLOWING PENDING S/E TRADES IN CSC SECURITIES

SECURITY	TRANSACTION	TRADE DAY	SELLER	BUYER	
		NOMINAL	PSN		
OLD: DE0001234578	7999/1234567	19/11/15	7999/7999	7998/7998	10.000,000L
NEW: DE0001234578	7999/1234567	14.11.13	7999/7999	7998/7998	9.000,000E

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### 5.7.3 Swift reporting

The following message types can be ordered separately:

- MT564 REPE Income Record Date -2  
An MT564 about holdings, accumulated pending sales and purchases on record date -2 business days;
- MT564 REPE Income Record Date -1  
An MT564 about holdings, accumulated pending sales and purchases on record date -1 business day;
- MT564 REPE Income  
An MT564 about transformations at entitlement date;
- MT566 Income  
An MT566 about settled redemption price and transaction price.

#### MT564 REPE Income Entitlement Date -1/ -2

On record date -1 business day and on record date -2 business days an MT564 REPE about holdings of a security and the sum of nominal of pending sales and purchases relevant for compensations is sent.

The sums are reported in field :93B::PEND and :93B::PENR in sequence B2:

:93B::PEND	Sum of nominal of pending sales OTC DvPs, DwPs and FoPs (AA01 W (Trade Type "O" or P, AA99), non-CCP stock exchange transactions (AA01 W, Trade Type "S") and C7 SCS trades
:93B::PENR	Sum of nominal of pending purchases OTC DvPs, DwPs and FoPs (AA01 W (Trade Type "O" or P, AA99), non-CCP stock exchange transactions (AA01 W, Trade Type "S") and C7 SCS trades

The following entitled purchases/sales with trade date before ex-date are included:

- Pending CCP repo (SFR) trades of the business day before ("Restanten");
- Pending CCP repo (SFR) trades at end of the day;
- Pending matched OTC trades at end of the day;
- Pending matched C7 SCS trades at end of the day;
- Pending transactions AA99 at end of the day;
- Pending non-CCP stock exchange trades at end of the day.

#### MT564 REPE Income on entitlement date

One MT564 REPE is sent for each transaction for pending OTC and non-CCP stock exchange trades and C7 SCS trades entitled for compensations.

To differentiate the MT564 REPE concerning the underlying transaction, in field :22F::ADDB in sequence D the following value is reported:

<b>ATXF</b>	Transformation on entitlement date and 20 business days after
<b>CNTR</b>	Cancellation due to Opt-Out Flag in underlying trade on entitlement date and 20 business days after

The reference to the underlying trade is reported in field:70E:.

## Overview of trades details (OTC/SE) in MT56x for cancelled trades (Payment Transaction and Redemption Price via RTGS)

PLAT-FORM	MESSAGE TYPE	SEQUENCE	UNDERLYING OTC TRADE	CANCELLATION OF UNDERLYING TRADE
T2S	sese.023	>SciesSttlmTxInstr >TradDtIs >SttlmTpAndAddtlParams >SttlmParams	>TxId CUST153004AFA95 >TradId KT79070100601280 >CmonId 123CUST	sese.020 >MktInfrstrctrTxId 1709999999990001 >CSTxId C72D191529BB649
T2S	sese.024 sese.025	>TxId >TxIdDtIs	>AcctOwmrTxId CUST153004AFA95 >TradId KT79070100601280 >MktInfrstrctrTxId 1709999999990001	sese.027 >PrctrTxId CUST153004AFA95 >CxlReqRef >Id C72D191529BB649
ISO15022	MT54x	LINK	:20C::SEME//CUST153004AFA95 :20C::TRRF//KT79070100601280 :20C::COMM//123CUST	:20C::SEME//CUST153004AFA95 :20C::TRRF//KT79070100601280 :20C::COMM//123CUST
CASCADE	ONLINE	KVAI	Auftrn: 60128 Auftrags-Referenz: CUST153004AFA95 Referenz-Nr: 123CUST	Auftrn: 60128 Auftrags-Referenz: CUST153004AFA95 Referenz-Nr: 123CUST
ISO15022	MT564/566 :22F: :ADDB/ATXF	LINK:13A: LINK:20C:  ADDINFO:70E:	:LINK//542 :REL//CUST153004AFA95  :ADTX/TRANSFORMATION OF REDEMPTION PRICE TR RELA0000060128 TR RELA T2SCUST153004AFA95 REF-OWNER-BICCUSTOMERXXX OWN REF123CUST TRADE DAY20160829 COUNTERPART99990000 KADI-LFNR 00305	→ AUFTRNR of underlying trade → AUFTRAGS-REFERENZ and T2S-ACT-REF of underlying trade including related BIC-Code → Referenznummer of underlying trade → Trade Date of underlying trade → counterpart (being seller or buyer) → number of custody application payroll cycle

message types - settlement

message types - custody



## OTC - MT564 REPE ATXF - (REDM) REDEMPTION PRICE CLAIM

:16R: GENL  
:20C: :CORP//1222015090792300  
:20C: :SEME//K5AJ1850078716CQ  
:23G: REPE  
:22F: :CAEV//EXWA  
:22F: :CAMV//MAND  
:98C: :PREP//20151019185007  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//1222015090792300  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE000AP8JVC6  
I.BROK.F.P. KOCALL CBK  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:16R: ACCTINFO  
:97A: :SAFE//72xx0000  
:93B: :PEND//UNIT/N100,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20151019  
:22F: :ADDB//ATXF  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//CASH  
:17B: :DFLT//Y  
:16R: CASHMOVE  
:22H: :CRDB//DEBT  
:97A: :CASH//CUSTOMER DCA  
:19B: :ENTL//EURO,1  
:19B: :GRSS//EURO,1  
:19B: :MKTC//EURO,1  
:98A: :PAYD//20151021  
:98A: :VALU//20151021  
:92F: :GRSS//EURO,001  
:16S: CASHMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE  
TR RELA0000001010  
T2S-ACTOR-REFE12345678901234  
REF-OWNER-BICTESTDEFFDSO  
TRADE DAY20151015  
COUNTERPART71xx0000  
KADI-LFNR 00223  
:95Q: :PAYA//  
INTERNATIONAL TESTBANK  
NEW TOWN GATE  
GB-LONDON EC2M XY1Z 1AA  
:16S: ADDINFO

## C7 SCS - MT564 REPE ATXF (REDM) REDEMPTION PRICE CLAIM

:16R: GENL  
:20C: :CORP//1302021071200000  
:20C: :SEME//K17D204040DE4F6E  
:23G: REPE  
:22F: :CAEV//REDM  
:22F: :CAMV//MAND  
:98C: :PREP//20210713204040  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//1302021071200000  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//2106231992395738  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0001102325  
BUNDANL.V.13/23  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:16R: ACCTINFO  
:97A: :SAFE//75300000  
:93B: :PENR//FAMT/2000,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20210712  
:22F: :ADDB//ATXF  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//CASH  
:17B: :DFLT//Y  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//CDEEUREUXCDEFFXXXECAGSETTLEMENTDCA  
:19B: :ENTL//EUR2000,  
:19B: :GRSS//EUR2000,  
:19B: :MKTC//EUR2000,  
:98A: :PAYD//20210714  
:98A: :VALU//20210714  
:90A: :OFFR//PRCT/100,  
:16S: CASHMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//REDEMPTION PRICE CLAIM C7 SCS TRADE  
TR RELA0000002876  
TR RELA T2SSCS2306R00012493  
REF-OWNER-BICEUXCDEFFBON  
OWN REF2306X00012493  
TRADE DAY20210623  
COUNTERPART71210000  
ACTUAL SETTLEMENT DATE20210701  
KADI-LFNR 01249  
PAYMENT UPON RECEIPT OF FUNDS  
:95Q: :PAYA//CBF W/KUNDENSIMULATION CRC  
MERGENTHALERALLEE 61  
DE-65760 ESCHBORN  
:16S: ADDINFO

## C7 SCS - MT564 REPE ATXF - (REDM) REDEMPTION PRICE CLAIM

:16R: GENL  
:20C: :CORP//1302021071200000  
:20C: :SEME//K17D204040DE4F6E  
:20C: :COAF//DE123456789E109  
:23G: REPE  
:22F: :CAEV//REDM  
:22F: :CAMV//MAND  
:98C: :PREP//20210713204040  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//1302021071200000  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//2106231992395738  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0001102325  
BUNDANL.V.13/23  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:16R: ACCTINFO  
:97A: :SAFE//75300000  
:93B: :PENR//FAMT/2000,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20210712  
:22F: :ADDB//ATXF  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//CASH  
:17B: :DFLT//Y  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//CDEEUREUXCDEFFXXECAGSETTLEMENTDCA  
:19B: :ENTL//EUR2000,  
:19B: :GRSS//EUR2000,  
:19B: :MKTC//EUR2000,  
:98A: :PAYD//20210714  
:98A: :VALU//20210714  
:90A: :OFFR//PRCT/100,  
:16S: CASHMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//REDEMPTION PRICE CLAIM C7 SCS TRADE  
TR RELA0000002876  
TR RELA T2SSCS2306R00012493  
REF-OWNER-BICEUXCDEFFBON  
OWN REF2306X00012493  
TRADE DAY20210623  
COUNTERPART71210000  
ACTUAL SETTLEMENT DATE20210701  
KADI-LFNR 01249  
PAYMENT UPON RECEIPT OF FUNDS  
:95Q: :PAYA//CBF INTERNATIONAL TESTBANK  
MERGENTHALERALLEE 61  
DE-65760 ESCHBORN  
:16S: ADDINFO

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## C7 SCS - MT566 ATXF - (REDM) TRANSACTION PRICE CLAIM

:16R: GENL  
:20C: :CORP//2202021071200000  
:20C: :SEME//KADE035654886590  
:20C: :COAF//DE123456789E110  
:23G: NEWM  
:22F: :CAEV//REDM  
:98C: :PREP//20210714035654  
:16R: LINK  
:20C: :MITI//2106231992394169  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:97A: :SAFE//75300000  
:35B: ISIN DE0001102325  
BUNDANL.V.13/23  
:93B: :CONB//FAMT/4000,  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20210713  
:22F: :ADDB//ATXF  
:16S: CADETL  
:16R: CACONF  
:13A: :CAON//001  
:22H: :CAOP//CASH  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//CDEEUREUXCDEFFXXXECAGSETTLEMENTDCA  
:19B: :PSTA//EUR40000,  
:19B: :GRSS//EUR40000,  
:98A: :POST//20210714  
:98A: :VALU//20210714  
:16S: CASHMOVE  
:16S: CACONF  
:16R: ADDINFO  
:70E: :ADTX//TRANSACTION PRICE CL. C7 SCS TRADE  
TRADE-REF0008079570  
TRADE-REF T2SC17E031634E4675  
TRADE-REF MITI2107142009680153  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0000002880  
TR RELA T2SSCS2306D00012499  
REF-OWNER-BICEUXCDEFFBON  
OWN REF2306X00012499  
TRADE DAY20210623  
:70E: :ADTX//COUNTERPART71210000  
KADI-LFNR 01249  
:16S: ADDINFO

## OTC and non-CCP stock exchange - MT564 REPE ATXF - (REDM) TRANSACTION PRICE CLAIM

```
:16R: GENL
:20C: :CORP//2222015090792300
:20C: :SEME//K5AJ185007CC312Q
:23G: REPE
:22F: :CAEV//EXWA
:22F: :CAMV//MAND
:98C: :PREP//20151019185007
:25D: :PROC//COMP
:16R: LINK
:20C: :CORP//2222015090792300
:16S: LINK
:16R: LINK
:20C: :PREV//NONREF
:16S: LINK
:16S: GENL
:16R: USECU
:35B: ISIN DE000AP8JVC6
      I.BROK.F.P. KOCALL CBK
:16R: ACCTINFO
:97A: :SAFE//72xx0000
:93B: :PEND//UNIT/N500,
:16S: ACCTINFO
:16S: USECU
:16R: CADETL
:98A: :RDTE//20151019
:22F: :ADDB//ATXF
:16S: CADETL
:16R: CAOPTN
:13A: :CAON//001
:22F: :CAOP//CASH
:17B: :DFLT//Y
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//CUSTOMER DCA
:19B: :ENTL//EUR500,
:19B: :GRSS//EUR500,
:98A: :PAYD//20151020
:98A: :VALU//20151020
:16S: CASHMOVE
:16S: CAOPTN
:16R: ADDINFO
:70E: :ADTX//TRANSFORMATION OF TRANSACTION PRICE
      TR RELA0000009008
      T2S-ACTOR-REFE12345678901234
      REF-OWNER-BICKUNDDEFFXXX
      TRADE DAY20151015
      COUNTERPART71xx0000
      KADI-LFNR 00223
:16S: ADDINFO
```

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For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//TRANSFORMATION OF TRANSACTION PRICE
TR RELA0000343294
TR RELA T2SSA123456E3W8Z6RI
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY20220412
COUNTERPART99990000
KADI-LFNR 12345
PAYMENT UPON RECEIPT OF FUNDS
:16S:ADDINFO
```

## OTC and non-CCP stock exchange - MT566 ATXF - (MCAL) TRANSACTION PRICE CLAIM

```
:16R: GENL
:20C: :CORP//2222012080158900
:20C: :SEME//KADH102056715134
:23G: NEWM
:22F: :CAEV//EXWA
:98C: :PREP//20141017102056
:16S: GENL
:16R: USECU
:97A: :SAFE//7xxx0000
:35B: ISIN DE000AA5PZA1
      RBS PLC MINIL OMV
:93B: :CONB//UNIT/100,
:16S: USECU
:16R: CADETL
:98A: :RDTE//20141016
:22F: :ADDB//ATXF
:16S: CADETL
:16R: CACONF
:13A: :CAON//001
:22F: :CAOP//CASH
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//CUSTOMER DCA
:19B: :PSTA//EUR100,
:19B: :GRSS//EUR100,
:98A: :POST//20141017
:98A: :VALU//20141017
:16S: CASHMOVE
:16S: CACONF
:16R: ADDINFO
:70E: :ADTX//TRANSFORMATION OF TRANSACTION PRICE
      TR RELA0000999999
      T2S-ACTOR-REFE12345678901234
      REF-OWNER-BICDAKVDEFFXXX
      TRADE DAY20141016
      COUNTERPART71120000
      KADI-LFNR 00146
:16S: ADDINFO
```

For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//TRANSFORMATION OF TRANSACTION PRICE
TRADE-REF0000638607
TRADE-REF T2SC24L092645B3EA5
TRADE-REF MITI2204212618394305
REF-OWNER-BICDAKVDEFFXXX
TR RELA0000343294
TR RELA T2SSA123456E3W8Z6RI
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY20220412
COUNTERPART99990000
:70E: :ADTX//KADI-LFNR 12345
:16S:ADDINFO
```

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## OTC and non-CCP stock exchange - MT564 REPE ATXF - (PCAL) REDEMPTION PRICE CLAIM

```
:16R: GENL
:20C: :CORP//1222015090792300
:20C: :SEME//K5AJ1850078716CQ
:23G: REPE
:22F: :CAEV//EXWA
:22F: :CAMV//MAND
:98C: :PREP//20151019185007
:25D: :PROC//COMP
:16R: LINK
:20C: :CORP//1222015090792300
:16S: LINK
:16R: LINK
:20C: :PREV//NONREF
:16S: LINK
:16S: GENL
:16R: USECU
:35B: ISIN DE000AP8JVC6
      I.BROK.F.P. KOCALL CBK
:16R: FIA
:11A: :DENO//EUR
:16S: FIA
:16R: ACCTINFO
:97A: :SAFE//72xx0000
:93B: :PEND//UNIT/N100,
:16S: ACCTINFO
:16S: USECU
:16R: CADETL
:98A: :RDTE//20151019
:22F: :ADDB//ATXF
:16S: CADETL
:16R: CAOPTN
:13A: :CAON//001
:22F: :CAOP//CASH
:17B: :DFLT//Y
:16R: CASHMOVE
:22H: :CRDB//DEBT
:97A: :CASH//CUSTOMER DCA
:19B: :ENTL//EURO,1
:19B: :GRSS//EURO,1
:19B: :MKTC//EURO,1
:98A: :PAYD//20151021
:98A: :VALU//20151021
:92F: :GRSS//EURO,001
:16S: CASHMOVE
:16S: CAOPTN
:16R: ADDINFO
:70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
      TR RELA0000001010
      T2S-ACTOR-REFE12345678901234
      REF-OWNER-BICDEUTDEFFDSO
      TRADE DAY20151015
      COUNTERPART71xx0000
      KADI-LFNR 00223
:95Q: :PAYA//
INTERNATIONAL TESTBANK
NEW TOWN GATE
GB-LONDON EC2M XY1Z 1AA
:16S: ADDINFO
```



For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
TR RELA0000343294
TR RELA T2SSA123456E3W8Z6RI
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY20220412
COUNTERPART99990000
ACTUAL SETTLEMENT DATE20220414
KADI-LFNR 12345
PAYMENT UPON RECEIPT OF FUNDS
:16S:ADDINFO
```

## OTC and non-CCP stock exchange - MT566 ATXF - (PCAL) REDEMPTION PRICE CLAIM

```
:16R: GENL
      :20C: :CORP//1222012080158900
      :20C: :SEME//KADH102056681741
      :23G: NEWM
      :22F: :CAEV//EXWA
      :98C: :PREP//20141017102056
      :16S: GENL
      :16R: USECU
      :97A: :SAFE//7xxx0000
      :35B: ISIN DE000AA5PZA1
           RBS PLC MINIL OMV
      :16R: FIA
      :11A: :DENO//EUR
      :16S: FIA
      :93B: :CONB//UNIT/N1000,
      :16S: USECU
      :16R: CADETL
      :98A: :RDTE//20141016
      :22F: :ADDB//ATXF
      :16S: CADETL
      :16R: CACONF
      :13A: :CAON//001
      :22F: :CAOP//CASH
      :16R: CASHMOVE
      :22H: :CRDB//DEBT
      :97A: :CASH//CUSTOMER DCA
      :19B: :PSTA//EUR1500,
      :19B: :MKTC//EUR1500,
      :19B: :GRSS//EUR1500,
      :98A: :POST//20141017
      :98A: :VALU//20141017
      :98A: :PAYD//20141017
      :92F: :GRSS//EUR1,5
      :16S: CASHMOVE
      :16S: CACONF
      :16R: ADDINFO
      :70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
           TR RELA0000006916
           T2S-ACTOR-REFE12345678901234
           REF-OWNER-BICDAKVDEFFXXX
           TRADE DAY20141016
           COUNTERPART71120000
           ACTUAL SETTLEMENT DATE00010101
           KADI-LFNR 00146
      :95Q: :PAYA//
INTERNATIONAL TESTBANK
NEW TOWN GATE
GB-LONDON EC2M XY1Z
:16S: ADDINFO
```

For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//TRANSFORMATION OF REDEMPTION PRICE
TRADE-REF0000638065
TRADE-REF T2SC24L0925565CC4B
TRADE-REF MITI2204212618340031
REF-OWNER-BICDAKVDEFFXXX
TR RELA0000343294
TR RELA T2SSA123456E3W8Z6RI
REF-OWNER-BICDAKVDEFFLIO
```

TRADE DAY20220412  
COUNTERPART99990000  
:70E: :ADTX//ACTUAL SETTLEMENT DATE20220414  
KADI-LFNR 12345  
:16S:ADDINFO

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## 6. Transformation for reorganisation events in securities

### 6.1 Rules

---

Reorganisation events with securities proceeds are events where the underlying ISIN is booked out and a new ISIN is booked.

The transformation is processed by cancellation of the underlying pending matched trade and re-instructing a new trade with changed ISIN and/or nominal.

Based on the release status of the underlying instruction, transformation entries are set either blocked or released.

If the underlying settlement instruction is blocked, the PFoD instruction related to the transformation must be released so that the underlying settlement instruction can be deleted.

If the block on the PFoD instruction of the transformation posting is not released, both the transformation instruction and the underlying settlement instruction cannot be processed further.

The transformation of the pending trade (matched) is performed from entitlement day until 20 business days after. According to the Central Securities Depositories Regulation (CSDR), payment can be executed only after confirmation by the paying agent or the Issuer CSD (non-income distribution events for FCSC ISINs). This means that the preparation of the securities instruction for a transformation and the subsequent settlement can only take place after "payment authorisation".

## 6.2 Relevant events

For the following events modifications of pending trades are performed:

Event type	Description	Swift event code
231	Redemption in securities	REDM
232	Conversion	CONV
232	Merger	MRGR
232	Reverse stock split	SPLR
232	Decrease of capital	DECR
232	Reclassification	CHAN
232	Pari Passu	PARI
235	Redenomination	REDO

For the event type 232 transformations in securities are not performed, if:

- ISIN old = ISIN new;
- Currency of conversion ratio numerator = Currency of conversion ratio denominator;
- m less than n for conversion ratio m:n (for example 1:10).

For non-CCP stock exchange trades transformations are also performed for conversions processed based on the change of the depository from CBF to CBL (change of custody type from collective safe custody (CSC) to non-collective safe custody (NCSC), if old ISIN = new ISIN and the conversion ratio 1:1.

With an event (such as a merger), where the ISIN and the nominal are changed (ratio not equal to n:n), then the underlying pending matched instruction is cancelled and then re-instructed with new ISIN and/or nominal.

### Events with ISIN new = NCSC title

For events with type 232 and change of ISIN from a CSC title to a NCSC title, only non-CCP stock exchange transactions and no OTC transactions are cancelled and re-instructed.

## 6.3 Relevant transactions

For the following transactions transformations in securities are processed:

Instruction type	Description	Trade date	Transformations in cash
01 P	Account transfer RS ("Depotübertrag RS")	Yes	Yes
01 W <sup>a</sup>	Ohne KZ-AA	Yes	Yes
01 W	Trade Type "O": OTC transaction	Yes	Yes
01 W	Trade Type "S": Non-CCP Stock exchange transaction	Yes	Yes
99	Cancellation/booking account transfer ("Storno/Nachbuchung", CBF internal)	Yes	Yes
C7 SCS trades		Yes	Yes

- a. There is no differentiation by settlement transaction codes. All codes used by clients (for example TRAD, CLAI etc.) are considered.

### 6.3.1 Internal trades

#### OTC trades

The following rules apply to both DE instruments and non-DE instruments.

Transformations are processed for CASCADE instruction types 01 ("Wertpapierübertrag") subtypes P ("Depotübertrag RS") and W ("ohne KZ-AA") and CASCADE instruction type 99 ("Storno/Nachbuchung") for pending transactions from entitlement date.

For event type 232 from a registered share to a registered share, the transaction types AA01 E (introduction of new issue) and AA01 B (de-registration) are transformed as well.

Modifications are applied under the following additional conditions

- Delivery versus payment (DvP)  
Only for transactions with client accounts on debit and credit side, account types 001 (client account), 010 (client account broker) and 131 (account for sub-account solution).
- Delivery free of payment (FoP)  
Only for transactions with client accounts on debit and credit side, account group 01 with account types 001 (client account) and 010 (client account broker).
- Delivery with payment (DwP)  
Only for transactions with client accounts on debit and credit side, account group 01 with account types 001 (client account) and 010 (client account broker).
- Payment Free of Delivery (PFoD)  
Only for transactions with client accounts on debit and credit side, account group 01 with account types 001 (client account) and 010 (client account broker).

Excluded are:

- Instructions generated by KADI for the same event (same CORP-ID).
- Instructions that are set with opt-out flag from both the counterparties. Here only the cancellation of pending matched trade is done.

## Non-CCP stock exchange trades

For all pending non-CCP stock exchange transactions in CSC custody at entitlement date transformations are processed.

For non-CCP stock exchange transactions transformations are also performed for conversions processed based on the change of the depository from CBF to CBL (change of custody type from collective safe custody (CSC) to non-collective safe custody (NCSC) and forwarded to Creation for settlement, if old ISIN = new ISIN and the conversion ratio is 1:1.

The transformation for entitled domestic OTC instructions (instruction type AA01) or non-CCP stock exchange transactions (instruction type AA10) is performed, if the specified trade date is before or equal to the record date. If no trade date is specified in the instruction and the instruction provided via:

- the CASCADE Online functionality (HOST / PC), the date of the check is used as the trade date.
- an automated connectivity channel (Swift, MQ or File Transfer (FT)), the date of receipt of the instruction is used as the trade date.

In general, the KADI transformation procedure will be used for non-CCP stock exchange instructions (CSC/NCSC-T). The referencing for reorganisation events is aligned to the SEME (Sender's Message Reference) concept defined by SET-GO<sup>1</sup>.

For the newly created instruction (CSC), the unique reference of the underlying non-CCP stock exchange instruction (SEME) is copied, and the second character of the reference is set with the next character after the original character following the alphabet.

Example:

Security type	Initial (underlying) SE instruction	Cancellation request	Transformation (Reinstruction)	Rule for "Leg type"
non-LMP	SA123456EKZBH24N	Generic ID 1CS-ID	SB123456EKZBH24N	The letter will be continued for further transformations or reversals in alphabetical order.
LMP	SA123456EKZBH24N	Generic ID 1CS-ID	SB123456EKZBH24N	The letter will be continued for further transformations or reversals in alphabetical order, but "A", "D" and "R" will be skipped.

Pending transactions ("matched instructions") with a trade date that is greater than the record date are not taken into account by KADI. This means that they must be cancelled bilaterally by the client and its counterparty.

## Pending Eurex/CCP repo (SFR) trades

Transformations for pending Eurex/CCP repo (SFR) trades are performed based on pending gross trades. The transformation (deletion and new setup) is instructed by Eurex.

## C7 SCS trades

For C7 SCS instructions will always be sent with opt-out flag. Processing is done by Eurex directly.

## Cross-border transactions

CBF also carries out claim settlement for cross-border transactions in DE instruments; for non-DE instruments it depends on the service scope of the Home CSD.

Transformation in cash for CASCADE instruction types AA01 (securities transfer) and AA02 (matched instruction) for pending matched trades is processed from entitlement date until 20 business days after against an omnibus account or against a counterparty CSD account.

1. For more details to the SETI-SEME concept please refer to the [Connectivity Handbook Part 1](#), section 2.5.3.



## 6.4 Booking

---

Processing of modification of pending matched trades is performed at the start of day beginning on entitlement date. The first settlement attempt will happen in NTS. For events, where payment is executed only after confirmation by the paying agent or the Issuer CSD (non-income distribution events for FCSC ISINs), transformations are performed only after the payment authorisation.

During the transformation period (until 20 business days after entitlement date), transformations are processed at end of day in the NTS processing. Pending CASCADE instructions that are not included in the modification or cannot be modified due to the plausibility check in CASCADE are flagged for deletion and then subsequently deleted in CASCADE. This does not include corporate action instructions with AA 13.

An exception is made for sub-instruction types with respect to registered shares (AA01, for example, position transfer), that are transformed on the CBF entitlement date. Xemac<sup>®</sup> transfers, that represent FoP transfers without a trade date and therefore not modified, are flagged for deletion.

Clients receive a report about the instructions deleted by CBF (CASCADE list KV102003).

**Note:** These instructions are not considered in the case of a cancellation or a rerun of the event.

## 6.5 Cancellation/rerun

---

A semi-automatic process is only used for cancellations.

### Consequences of a cancellation

- All modified and pending matched OTC transactions are reversed by KADI (changes to ISIN old and nominal old). The bookings are processed in the NTS cycle.
- Previously settled transactions are manually corrected by CBF.

### Consequences of a rerun

- In the event of a rerun, there is no automatic claim process.

### Client reporting

In the event of an event cancellation, the client receives a report on the transactions reversed via the following media:

- KADI list (KD118);
- MT564 with status CANC;

Via the KADI list KD118, clients receive further information on the pending transactions, that are relevant for the claim cycle on the entitlement date.

## 6.6 Process overview

### Event type 232 (merger)

Base value DE0005447891; ISIN new DE0002347653, ratio: 2:1; entitlement date: 26/09

Pending OTC trade A to B DE0005447891, nominal value: 100

Modification: ISIN DE0002347653, nominal value: 50

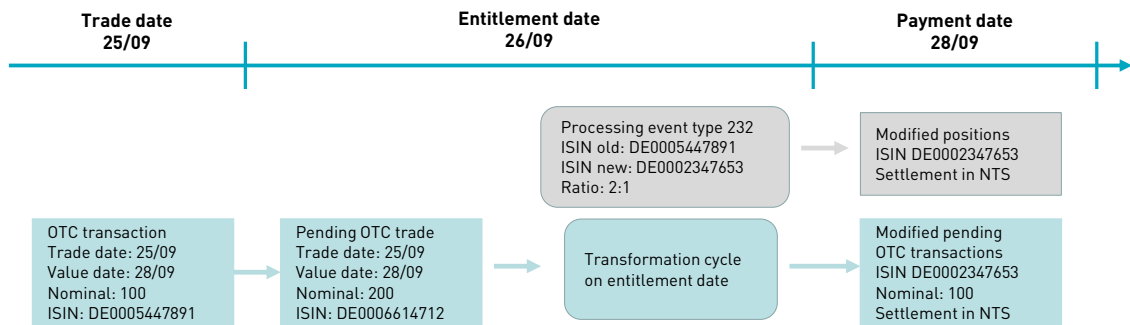


Figure 6.1 Transformation of pending trades for event type 232 (merger)

## 6.7 Reporting

### 6.7.1 Online

There is a special reporting function in the KVDU transaction for transformed non-CCP stock exchange transactions. The corresponding corporate action event is displayed in such a case. OTC transactions, that were transformed on the basis of a corporate action, are not separately flagged in CASCADE-PC.

### 6.7.2 KADI lists

Claims based on pending transactions are displayed in the claim report for non-income events (KD118).

List layout: Original run

```

CLEARSTREAM BANKING AG
NEUE BOERSENSTRASSE 1
60487 FRANKFURT AM MAIN

BANK XYZ
ZUSATZ 1
ZUSATZ 2
ADRESSE
ADRESSE                                FRANKFURT, XX.XX.XXXX
TELEFON                                +49-69-211-11177
FAX                                     +49-69-211-13701

PROGRAMMNAME: KD118
SEITE: Z29

SECURITIES ACCOUNT: 9999 DUE TO 9999
MATURITY DATE : 29.08.07
THE CORPORATE ACTION <event type>
HAS BEEN EXECUTED. THERE HAS BEEN A COMPENSATION BY US FOR
FOLLOWING PENDING <trade type>
      SECURITY      TRANSACTION  TRADE-DAY  SELLER   BUYER
                                NOMINAL  PSN
OLD: DE0005407100  9999/0804234  27.08.07  9999/0000 9999/0000
                                                2.000,000
NEW: DE0005407100  9999/0810000  27.08.07  9999/0000 9999/0000
                                                4.000,000

CLEARSTREAM BANKING AG
(EDP-PRINTOUT WITHOUT SIGNATURE)
    
```

Figure 6.2 KADI list layout: Original run

### 6.7.3 Swift reporting

The following message types can be ordered separately:

- MT564 REPE Non Income Record Date -2  
An MT564 about holdings, accumulated pending sales and purchases on record date -2 business days;
- MT564 REPE Non Income Record Date -1  
An MT564 about holdings, accumulated pending sales and purchases on record date -1 business day;
- MT564 REPE Non Income  
An MT564 are forwarded from the CBF entitlement date until 20 business days after the transaction has been modified in NTS;
- MT566 Non Income  
MT566 are forwarded on the settlement date (approximately 18:00, 22:30, 05:30, 10:30, 13:30, 16:15) of the modified transaction.

A description of the current MT56X formats for non-income modification claims is available in the [CBF Connectivity Handbook](#) (MT564 REPE in section 2.2.26 and MT566 in section 2.2.28):

:93B::PEND	Sum of nominal of pending sales: OTC DvPs, DwPs and FoPs (AA01 W (Trade Type "O") or P, AA99), non-CCP stock exchange transactions (AA01W, Trade Type "S") and C7 SCS trades
:93B::PENR	Sum of nominal of pending purchases: OTC DvPs, DwPs and FoPs (AA01 W (Trade Type "O") or P, AA99), non-CCP stock exchange transactions (AA01 W, Trade Type "S") and C7 SCS trades

The following entitled purchases/sales with trade date before ex-date are included:

- Pending CCP repo (SFR) trades of the business day before ("Restanten");
- Pending CCP repo (SFR) trades at end of the day;
- Pending matched OTC trades at end of the day;
- Pending matched C7 SCS trades at end of the day;
- Pending transactions AA99 at end of the day;
- Pending non-CCP stock exchange trades at end of the day.

#### MT564 REPE on entitlement date

One MT564 REPE is sent for each transaction for pending OTC and non-CCP stock exchange trades entitled for compensations.

To differentiate the MT564 REPE concerning the underlying transaction, in field:22F::ADDB in sequence D the following value is reported:

<b>ATXF</b>	Transformation on entitlement date
<b>CNTR</b>	Cancellation of underlying instruction due to Opt-Out flag on Entitlement date

The field PAYD in the CA Options sequence is filled with UKWN (unknown) as the settlement date is unknown at the time of sent out.

For reorganisations in securities that follow the process of “payment authorisation”, the MT564 REPE on entitlement date includes an URF information (PAYMENT UPON RECEIPT OF FUNDS) and empty references to the transformed instruction. After “payment authorisation” with the next intraday transformation cycle, the MT564 REPE is sent again without URF information and with filled references to the transformed OTC and non-CCP stock exchange trades.

## Overview of Trade Details (OTC/SE) in MT56x for transformed instructions

PLAT-FORM	MESSAGE TYPE	SEQUENCE	UNDERLYING OTC TRADE	CANCELLATION OF UNDERLYING TRADE
T2S	sese.023	>SciesSttlmTxlnstr >TradDtls >SttlmTpAndAddtlParams >SttlmParams	>Txd CUST153004AFA95 >Tradid KT79070100601280 >Cmonid 123CUST	>Txd C68V175108D4B1F >Tradid KT79070100601280 >Cmonid 123CUST >SttlmTxCon TRAN
	sese.024 sese.025	>Txld >TxldDtls	>AcctOvnrTxld CUST153004AFA95 >Tradid KT79070100601280 >Cmonid 123CUST	>AcctSvcrTxld C68V175108D4B1F >Tradid KT79070100601280 >Cmonid 123CUST
ISO15022	MT54x	LINK	:20C::SEME//CUST153004AFA95 :20C::TRRF//KT79070100601280 :20C::COMM/123CUST	:20C::TRRF//KT79070100601280 :13B::LINK/DAKV/DAKVDEFFXX :20C::PCTI//C68V175108D4B1F :20C::COMM/123CUST
CASCADE	ONLINE	KVAI & KVDU	Auftrnr: 60128 Auftrags-Referenz: CUST153004AFA95 Referenz-Nr: 123CUST	Auftrnr: 60128 Auftrags-Referenz: CUST153004AFA95 Referenz-Nr: 123CUST
ISO15022	MT564/566 :22F: :ADDB//ATXF	LINK:13A: LINK:20C:	:LINK//542 :RELA//CUST153004AFA95	
		ADDINFO:70E:	:ADTX//TRANSFORMATION OF OTC TRADE TRADE REF T2SC68V175108D4B1F REF-OWNER-BICDAKVDEFFXX TR RELA0000060128 TR RELA T2SCUST153004AFA95 REF-OWNER-BICCUSTOMERXXX OWN REF123CUST TRADE DAY20140829 COUNTERPART99990000 KADI-LFNR 00305	→ AUFTRAGSNR of underlying trade → T2S-ACT-REF and T2S-ACT-REF of underlying trade including related BIC-Code → AUFTRNR of underlying trade → AUFTRAGS-REFERENZ and T2S-ACT-REF of underlying trade including related BIC-Code → Trade Date of underlying trade → counterpart (being seller or buyer) → number of custody application payroll cycle

## Display of the transaction details (OTC/SE) in MT56x for modified transactions

Transaction detail <sup>a</sup>	MT564	MT566
Trade reference	TRADE REF, field 70E	TRADE REF, field 70E
Reference no.	OWN REF, field 70E	OWN REF, field 70E
Order reference (Swift)	RELATED REF, field 20C	RELATED REF, field 20C
Trade date	TRADE DAY, field 70E	TRADE DAY, field 70E
Seller/purchaser	COUNTERPART, field 70E	COUNTERPART, field 70E
Ordering party/beneficiary	BRANCH, field 70E (only for SE)	Party, field 95Q (only for SE)

a. Details of the transaction, which triggers the MT56x

## MT536/537

The Corporate Action Reference (TA+BID) and the Corporate Action Event Indicator (CAEV) are displayed in MT536/MT537 as follows:

Modified non-CCP stock exchange transaction:

<b>SETT</b>	MT536/537 22F TRAN/
<b>SETR</b>	MT536/537 22F SETR or CAEV
<b>X</b>	MT536/537 20C CORP/"CA ID"

Modified OTC transaction (AA01, 02):

<b>SETT</b>	MT536/537 22F TRAN/
<b>SETR</b>	MT536/537 22F SETR or CAEV
<b>X</b>	MT536/537 20C CORP/"CA ID"

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## OTC and non-CCP stock exchange - MT564 REPE ATXF (CHAN)

```
:16R:GENL
:20C::CORP//2322016072100000
:20C::SEME//K68V17553688AC0Q
:23G:REPE
:22F::CAEV//CHAN
:22F::CAMV//MAND
:98C::PREP//20160831175536
:25D::PROC//COMP
:16R:LINK
:20C::CORP//2322016072100000
:16S:LINK
:16R:LINK
:20C::PREV//NONREF
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN DE000A0D9PT0
      MTU AERO ENGINES NA O.N.
:16R:ACCTINFO
:97A::SAFE//XXXX0000
:93B::PENR//UNIT/20,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::RDTE//20160831
:22F::ADDB//ATXF
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//SECU
:17B::DFLT//Y
:16R:SECMOVE
:22H::CRDB//CRED
:35B:ISIN DE0005759807
      INIT INNOVATION O.N.
:36B::ENTL//UNIT/80,
:92D::NEWO//4,/1,
:98A::PAYD//20160901
:16S:SECMOVE
:16S:CAOPTN
:16R:ADDINFO
:70E::ADTX//TRANSFORMATION OF OTC TRADE
      TRADE-REF T2SC68V175106E0A95
      REF-OWNER-BICDAKVDEFFXXX
      TR RELA0000060146
      TR RELA T2SC68T155510E1C35
      REF-OWNER-BICDAKVDEFFOPS
      TRADE DAY20160829
      COUNTERPARTXXXX0000
      KADI-LFNR 00305
:16S:ADDINFO
```



For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//TRANSFORMATION OF OTC TRADE
TRADE REF0000250613
TR RELA T2SSB123456E3VL3V1X
REF-OWNER-BICDAKVDEFFLIO
TR RELA0000250613
TR RELA T2SSA123456E3VL3V1X
REF-OWNER-BICDAKVDEFFLIO
TRADE DAY20220408
COUNTERPART99990000
KADI-LFNR 12345
:16S:ADDINFO
```

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## C7 SCS - MT564 REPE ATXF (MRGR)

:16R: GENL  
:20C: :CORP//2322021071900000  
:20C: :SEME//K17L1709200A8EEE  
:20C: :COAF//DE123456789U002  
:23G: REPE  
:22F: :CAEV//MRGR  
:22F: :CAMV//MAND  
:98C: :PREP//20210721170920  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//2322021071900000  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//2107192014548514  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0005772206  
FIELMANN AG O.N.  
:16R: ACCTINFO  
:97A: :SAFE//85010000  
:93B: :PENR//UNIT/300,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20210721  
:17B: :SRDC//Y  
:22F: :ADDB//ATXF  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//SECU  
:17B: :DFLT//Y  
:16R: SECMOVE  
:22H: :CRDB//CRED  
:35B: ISIN DE0005545503  
DRILLISCH AG O.N.  
:36B: :ENTL//UNIT/75,  
:92D: :NEWO//1,/4,  
:98A: :PAYD//20210722  
:16S: SECMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//TRANSFORMATION OF C7 SFR TRADE  
TRADE REF0000008816  
TRADE-REF T2SC17L170747 7528  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0000008816  
TR RELA T2SSCS1907R00016421  
REF-OWNER-BICEUXCDEFFCCP  
OWN REF1907X00016421  
TRADE DAY20210719  
COUNTERPART71210000  
:70E: :ADTX//KADI-LFNR 01264  
:16S: ADDINFO

## OTC and non-CCP stock exchange - MT566 ATXF - (PARI)

```
:16R:GENL
:20C::CORP//2322013080100000
:20C::SEME//KADP073634818464
:23G:NEWM
:22F::CAEV//PARI
:98C::PREP//20160825073634
:16R:LINK
:13A::LINK//542
:20C::RELA/CUST0REFERENCE2
:16S:LINK
:16S:GENL
:16R:USECU
:97A::SAFE//XXXX0000
:35B:ISIN DE000LED1TR8
      OSRAM LICHT AG   TLR
:93B::CONB//UNIT/N2387,
:16S:USECU
:16R:CADETL
:98A::RDTE//20160824
:22F::ADDB//ATXF
:16S:CADETL
:16R:CACONF
:13A::CAON//001
:22H::CAOP//SECU
:16R:SECMOVE
:22H::CRDB//DEBT
:35B:ISIN DE000LED4000
      OSRAM LICHT AG NA O.N.
:36B::PSTA//UNIT/2387,
:98A::POST//20160825
:98A::PAYD//20160825
:16S:SECMOVE
:16S:CACONF
:16R:ADDINFO
:70E::ADTX//TRANSFORMATION OF OTC TRADE
      TRADE-REF T2SC997160609AAAA1
      REF-OWNER-BICDAKVDEFFXXX
      TR RELA000999999
      TR RELA T2SCUSTOREFERENCE2
      REF-OWNER-BICCUSTDEFFXXX
      TRADE DAY20160822
      COUNTERPARTXXXX0000
      KADI-LFNR 00082
:16S:ADDINFO
```

For non-CCP stock exchange transactions, the message is the same, except for the field 70 E, that contains the following information:

```
:16R:ADDINFO
:70E: :ADTX//TRANSFORMATION OF OTC TRADE
TR RELA T2SSB123456E3VL3V1X
REF-OWNER-BICDAKVDEFFLIO
TR RELA0000250613
TRADE DAY20220408
COUNTERPART99990000
KADI-LFNR 12345
:16S:ADDINFO
```

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## C7 SCS- MT566 ATXF - (MRGR)

:16R: GENL  
:20C: :CORP//2322021071900000  
:20C: :SEME//K17L1709200A8EEE  
:20C: :COAF//DE123456789K002  
:23G: REPE  
:22F: :CAEV//MRGR  
:22F: :CAMV//MAND  
:98C: :PREP//20210721170920  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//2322021071900000  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//2107192014548514  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0005772206  
FIELMANN AG O.N.  
:16R: ACCTINFO  
:97A: :SAFE//85010000  
:93B: :PENR//UNIT/300,  
:16S: ACCTINFO  
:16S: USECU  
:16R: CADETL  
:98A: :RDTE//20210721  
:17B: :SRDC//Y  
:22F: :ADDB//ATXF  
:16S: CADETL  
:16R: CAOPTN  
:13A: :CAON//001  
:22F: :CAOP//SECU  
:17B: :DFLT//Y  
:16R: SECMOVE  
:22H: :CRDB//CRED  
:35B: ISIN DE0005545503  
DRILLISCH AG O.N.  
:36B: :ENTL//UNIT/75,  
:92D: :NEWO//1,/4,  
:98A: :PAYD//20210722  
:16S: SECMOVE  
:16S: CAOPTN  
:16R: ADDINFO  
:70E: :ADTX//TRANSFORMATION OF C7 SFR TRADE  
TRADE REF0000008816  
TRADE-REF T2SC17L170747 7528  
REF-OWNER-BICDAKVDEFFXXX  
TR RELA0000008816  
TR RELA T2SSCS1907R00016421  
REF-OWNER-BICEUXCDEFFCCP  
OWN REF1907X00016421  
TRADE DAY20210719  
COUNTERPART71210000  
:70E: :ADTX//KADI-LFNR 01264  
:16S: ADDINFO

## Identification of transformations, which follow the “payment authorisation” process

```
:16R: ADDINFO
:70E: :ADTX//TRANSFORMATION OF SE TRADE
TRADE-REF
  REF-OWNER-BICDAKVDEFFLIO
  TR RELA00000000009
  TR RELA T2SS8A2161529AA947
  REF-OWNER-BICDAKVDEFFLIO
  TRADE DAY20181002
  COUNTERPART11xx0000
  KADI-LFNR 01320
  PAYMENT UPON RECEIPT OF FUNDS
:16S: ADDINFO
```

# Compensation Handbook

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## 7. Tax services

### 7.1 Rules

In compliance with the legislative or contractual obligations of the markets and for CBF as a tax agent, KADI processes the tax services for custody events. There are currently four sets of rules for the following markets:

- Germany;
- France;
- USA;
- Other countries.

Transformations are processed without consideration of taxes, as the underlying event is generally free of tax.

### 7.2 Germany

On 27 May 2011 the Federal Council of Germany approved the act to transform the directive on the implementation of guideline 2009/65/EC on the coordination of legal and administrative regulations concerning specific organisations for joint investments in securities (UCITS IV Undertakings for Collective Investment in Transferable Securities Directive). Accordingly from 1 January 2012 extensive changes to the tax deduction process came into force.

In this sense, CBF as the last domestic paying agent, deducts taxes for dividend, participation rights income and interest payments of convertible bonds. From 1 January 2018, CBF will only withhold tax on fund distributions if the fund is not a fund within the meaning of section 1 of the investment tax law (Investmentsteuergesetz; InvStG). With regard to capital growth funds CBF pays the tax liability provided by the investment company (since 1 January 2018 only for past financial years) to the domestic paying agent or, if the fund participations are held by foreign clients, pay the tax liability to the competent tax authority. The withholding duties of CBF affect income payments for positions as well as market and (from 1 January 2017 on) reverse claims.

#### 7.2.1 Identification of clients required to withhold tax

As the last domestic paying agent, CBF is obliged to withhold tax on foreign payments. CBF identifies relevant payments to clients based on the foreign trade directive (Außenwirtschaftsverordnungs-Meldestatus; AWW) code on the client's deposit account.

Clients where AWW country = 004 (Germany) receive the dividend payment in full (gross).

For clients where AWW country <>004 (abroad), the withholding tax is undertaken by CBF. These clients receive the gross distribution minus withholding tax ("Kapitalertragssteuer"; KESt) and solidarity surcharge ("Solidaritätszuschlag"; SolZ) in one total sum.

## 7.2.2 Relevant corporate action events

The various KADI event types and their relevance for tax deduction according to the UCITS IV regulation for claims are listed in the following table:

Event type	Description	Swift event code
110	Interest	INTR
120	Cash dividends	DVCA
121	Funds income	DVCA
126	Participation rights income	INTR
127	Tax liquidity for growth funds	ACCU

Since 1 January 2018, CBF has no longer withheld tax on distributions from funds (TA121), provided the fund is a fund within the meaning of § 1InvStG. Since 1 January 2018, the distribution of tax liquidity (TA127) is only required for past financial years (prior to 2018).

## 7.2.3 Overview tax process

The paying agent is always debited with the gross amount of the relevant income payment, that is, the sum of positions of all clients of CBF is multiplied by the gross dividend amount (ED008A). The respective amount is credited to CBF.

CBF processes the distribution amount according to the AWV code of the client's security account. For non-German clients the tax deduction is processed by CBF.

With respect to the market claims the AWV code of the securities account of the client tax deduction for claims is processed by CBF. Generally the seller is always debited with the gross amount. The buyer is credited depending on the AWV country gross (AWV country = 004) or net (AWV country <> 004). The following transaction types are considered by CBF:

- OTC (DvP, DwP and FoP);
- Non-CCP stock exchange trades;
- Equity CCP trades;
- C7 SCS trades;
- Xemac Collateral trades.

If the processing identifies a non-German client according to AWV code, they are credited with a net amount by CBF and debited with the gross amount for a later market claim for a sale.

Therefore a tax adjustment process was set up to reimburse the non-German client with a tax credit, except if the balance is negative.

With the daily tax adjustment process the position on value date plus market claims for purchases is offset against market claims for sales to calculate the tax debit and reimburse any tax excess paid. The tax adjustment process starts at entitlement date of the distribution and is performed daily during the market claim period (20 business days).

CBF clients can apply for a refund for qualified investment funds (evidenced by a valid status certificate issued by the respective German tax authority (BSFA or BZSt)) within a period of 18 months after the payment date. According to AbzStEntModG and the associated amendments to the InvStG, the possibility of a refund by the party liable to pay the tax (in this case CBF) was restricted to investment funds with unlimited corporate income tax liability in Germany, which are usually investment funds domiciled in Germany. Upon application, those can continue to benefit from a refund by CBF within 18 months after the credit of the capital gain.

As of 1 January 2023, investment funds that are subject to limited corporate income tax can therefore only be settled at a reduced tax rate if CBF is provided with the status certificate at the time of the credit of the investment income and if holdings of eligible investment funds are segregated in an account with



standing instructions. Details on the required documents and submission deadlines can be found in the [Market Taxation Guide - Germany](#).

Upon request of CBF's non-German clients, CBF issues certificates of taxes withheld and remitted after the end of the Market Claim Period, taking into account the current available tax quota of CBF's client (at master account level).

## 7.2.4 Taxation of market claims

The following table gives an overview about taxation of market claims according to the transaction type.

Transaction	Market claim			Description
	Sale	Purchase		
		AWV = 004	AWV <> 004	
<b>OTC</b>	Gross	Gross	Gross and Tax Debit	Market claim for within the 20 business days period transaction.
<b>CCP</b>	Gross	Gross	Gross and Tax Debit	Market claim for pending trade at end of day of entitlement date.
<b>C7 SCS</b>	Gross	Gross	Gross and Tax Debit	Market claim for within the 20 business days period settled and pending matched transactions.
<b>Xemac</b>	Gross	Gross	Gross and Tax Debit	Market claim for Xemac allocation at end of day of entitlement day.

## 7.2.5 Tax adjustment process

With introduction of the daily tax adjustment process the position on value date plus market claims for purchases is offset once a day against market claims for sales to calculate the correct tax debit and reimburse any tax excess paid. Tax credits for purchases are only posted for non-tax-reduced holdings, that is, only for positions for which withholding tax at the standard rate of 25% withholding tax plus SolZ was applied.

The tax adjustment process starts at entitlement date of the distribution and is calculated daily during the market claim period (20 business days).

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## Calculation

Example for a tax adjustment calculation: The line balance shows the daily adjustment calculation. In column "Tax credit" the booked tax credit is shown.

Type	Day	Nominal	Net	KESSt account	Solz account	KESSt to be deducted	Solz to be deducted	KESSt tax credit	Solz tax credit	KESSt new	Solz new
Position	Entitlement date	100.00	73.67	25.00	1.37						
Balance	Entitlement date	100.00	n.a.	25.00	1.37	25.00	1.37	0.00	0.00	25.00	25.00
Sale	Ex-date	-100.00	100.00	0.00	0						
Sale	Ex-date	-200.00	200.00	0.00	0						
Sale	Ex-date	-300.00	300.00	0.00	0						
Purchase	Ex-date	100.00	73.63	25.00	1.37						
Purchase	Ex-date	200.00	147.25	50.00	2.75						
Purchase	Ex-date	400.00	294.50	100.00	5.5						
Balance	Ex-date	200.00	n.a.	200.00	10.99	50.00	2.75	150.00	8.24	50.00	2.75
Purchase	Ex +1	-200.00	200.00	0.00	0						
Purchase	Ex +1	-100.00	100.00	0.00	0						
Sale	Ex +1	100.00	73.63	25.00	1.37						
Balance	Ex +1	0.00	n.a.	75.00	4.12	0.00	0.00	75.00	4.12	0.00	0.00
Purchase	Ex +2	-90.00	-90.00	0.00	0						
Sale	Ex +2	40.00	29.45	10.00	0.55						
Balance	Ex +2	-50.00	n.a.	10.00	0.55	0.00	0.00	10.00	0.55	0.00	0.00

### Tax adjustment calculation at entitlement date +1

#### Sum of nominal

Position end of day = 200 nominal

Taxable position = 200 nominal

#### Calculation of taxation base (nominal)

Taxable position \* Dividend amount = Taxation base

200 nominal \* EUR 1 = EUR 200

#### Calculation of the tax amount

Taxation base / 100 \* 25 = KESSt amount

EUR 200 / 100 \* 25 = EUR 50

KESSt amount / 100 \* 5,5 = SolZ amount

200 EUR / 100 \* 5,5 = EUR 2.75

### Calculation of the tax credit

The deducted tax amount is the sum of tax amounts of the transactions:

Deducted KESSt amount	- KESSt amount to be deducted	= KESSt tax credit
EUR 200	- EUR 50	= EUR 150
Deducted SolZ amount	- SolZ amount to be deducted	= SolZ tax credit
EUR 10.99	- EUR 2.75	= EUR 8.24

#### Tax credit amount at entitlement date +1

KESSt tax credit	+ SolZ tax credit	= Tax credit
EUR 150	+ EUR 8.24	= EUR 158.24

The tax credits of the following days are calculated accordingly.

### Refund process

Bookings for tax reduction are created in the NTS cycle and executed with a cash processing cycle on DCA accounts via T2S dependent on the issuance date of the request:

- If the request was submitted by the entitlement date/record date, cash bookings are set up on the payment date of the event.
- For requests submitted subsequently:
  - If the request was submitted and processed in the month of the payment date of the event or until the seventh day of the next month, cash bookings are set up on the next business day (after the processing of the request).
  - If the request was submitted later, cash bookings are set up only after payment by the tax office earliest on the eighth day of the following month.

As credits resulting of refund requests submitted by the seventh day of the month after the payment date can be offset against the withholding taxes of the reporting month, they are booked immediately. Refund requests submitted after the seventh day of the next month can no longer be offset or paid. Instead, they are set "on hold" until CBF receives the payment by the tax authorities. This is done by a blocking of the credit instruction in the CBF Settlement system. At the same time, a tax declaration reporting is sent to the tax authority.

CBF monitors the cash movements and upon receipt of the cash for a tax refund request, the "on hold" cash instruction is released.

## 7.2.6 Tax reductions for investment funds

For dividends and dividend-like income from investment in German equities, participation certificates and convertible bonds held by a fund on behalf of its clients in a foreign account, CBF can use the reduced withholding tax rate (14.218% KESSt plus 5.5% SolZ, provided that the relevant valid evidence (status certificate of the fund) is available to classify the fund as a fund in accordance with investment tax legislation as defined in section 1 of the InvStG.

The tax reduction will be processed on the payment date of the event. For this purpose, the holdings of eligible investment funds must be segregated in an account with standing instructions (see: "Order to account for income with the reduced capital gains tax rate as defined in § 7 para. 1 InvStG"; [client-declaration-german-data.pdf \(clearstream.com\)](#)).

If an investment fund that is subject to unlimited corporate income tax, submits the evidence required for tax reduction within 18 months after the credit of a capital gain, CBF will reimburse the investment fund for the capital gains tax. For details on required documents and submission deadlines, please refer to the [Market Taxation Guide - Germany](#).

### Booking

Before the tax reduction is posted, the specified nominal is validated against the eligible position on the entitlement date or record date. Settled market and reverse claims are taken into account during the

validation.

The tax reduction is posted for investment funds that are subject to unlimited corporate income tax in such a way that for each tax reduction request of a fund, a cancellation is made for the dividend amount less KESt and the SolZ at the standard tax rate of 25% plus the SolZ for the specified nominal, and a new posting of the dividend amount is made on the basis of the reduced tax rate of 14.218% plus the SolZ. For example, the following bookings would be made for a tax reduction request of a fund with a nominal value of 100:

Nominal	Gross amount	KESt amount	SolZ amount	Net amount	Booking type	Beneficial owner
100	100,00	25,00	1,37	73,62	Debit	Fonds
100	100,00	14,22	0,78	85,00	Credit	Fonds

## 7.3 Reporting

### 7.3.1 Online

Using the KVGI:SG function, booked tax credits and bookings for tax reduction for fund holdings can be queried via CASCADE Online. The following processing types are indicated:

- G - Steuergutschrift (Tax credit)
- B - Steuerreduzierung für einen Fonds vor dem Zahlungstag ("Steuerbefreiung") (Tax reduction for a fund before the payment date ("tax relief"))
- E - Steuerreduzierung für einen Fonds nach dem Zahlungstag ("Steuererstattung") (Tax reduction for a fund after the payment date ("tax refund"))

#### Overview

```
TRAN: KVGI FC: SG SB: 9999#1#21.06.2016#EUR###

  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 ANGEBOETE

BANK:      9999 ABRECHNUNG/VALUTA: 1 21.06.2016 WÄHRUNG: EUR
ZUSÄTZLICH: TERMINART (BEI KE/PR/KO): ... AB WKN:  . . . . .

-- ID-KZ: 7999999999 -- PW:      ----- B79073R0 -- 21/06/16 -- 10:58:37
--
KV0008I Verarbeitung abgeschlossen, bitte neue Daten eingeben
PF1:Hilfe PF3:Rücksprung PF4:Abbruch
```

## Details

TRAN: KVGI FC: SG SB: 9999#1#21.06.2016#EUR###

BANK : 9999 MUSTERBANK

SEITE : 1

STUEBERGUTSCHRIFT

ABRECHNUNG/VALUTA : DD1 / 21.06.2016

WKN  
VA

AUSSCHÜTT. IN EUR

\_ DE1111111111

1.611,36

E

\_ DE2222222222

1.561,35

E

\_ DE3333333333

20.832,40

E

-- ID-KZ: 7999999999 -- PW: ----- B79073R0 -- 21/06/16 -- 11:10:07

--

KV0024I Keine weiteren Daten vorhanden

PF3:Rücksprung PF4:Abbruch

**Notification of pending refund requests  
(in CASCADE menu KVGI:SG and with Valuta U plus next value date)**

With the value "U" for "upon receipt of funds" in the field "Valuta" the details are displayed. The value date must be entered with the next business day.

```
TRAN: KVGI FC: SG SB: 1234#U#24.01.2020#EUR###

  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:      1234  ABRECHNUNG/VALUTA: U 24.01.2020  WÄHRUNG:  EUR
ZUSÄTZLICH: TERMINART (BEI KE/PR/KO): ...  AB WKN:  . . . . .

-- ID-KZ: 7907123444 -- PW:      ----- B79075JA -- 23/01/20 -- 10:00:00
--

PF1:Hilfe  PF3:Rücksprung  PF4:Abbruch
```

The following screen shows the pending tax requests and cumulates the amounts per ISIN split by credits and debits, if applicable:

```

TRAN: KVGI FC: SG SB: 1234#U#24.01.2020#EUR###

BANK :          1234 MUSTERBANK ASSEST SERVICES                SEITE :    1

STEUER                                ABRECHNUNG/VALUTA : DD1 / 09.08.2019

WKN          GUTSCHRIFT IN EUR    BELASTUNG IN EUR    SALDO IN EUR
VA
_ DE0007236101          244,81                      244,81
E

-- ID-KZ: 7907123444 -- PW:          ----- B79075JA -- 23/01/20 -- 10:00:00
--
KV0024I Keine weiteren Daten vorhanden
PF3:Rücksprung  PF4:Abbruch
    
```

### 7.3.2 KADI list reporting

Tax credits are reported on a separate list.

On the client report several trade types (Verarbeitungsarten; VA) are displayed via a key. The VA reflects the trades on which the calculation of the tax credit is based on.

VA	Description
B	Non-CCP Stock exchange trade
C	OTC trade
E	SE trade CCP derivative market
P	SE trade CCP cash market
X	Xemac allocation
K	Account transfer CEDAR

For each trade type two rows are displayed on the client reporting. In the first row for one VA the sum of all debit transactions is displayed. In the second row the sum of all credits is displayed.

Bookings related to tax reduction for funds are shown separately in the "Sammelbeleg für Erträge und Provisionen KD110", which is the CBF reporting for income and commission.



CLEARSTREAM BANKING AG  
MERGENTHALERALLEE 61  
65760 ESCHBORN

EXAMPLEBANK.

ANYSTREET 1

D 12345 RANDOMTOWN

ESCHBORN, 30/06/2016

TELEPHONE +49-69-211-11177  
FAX +49-69-211-611177

PROGRAM-NAME: KD184

ACCOUNT : 9999

TAX CREDIT FROM DIVIDENDS

FOR THE FOLLOWING PAYMENT KADI-LAUF-NO. 72004 WE HAVE INITIATED A TAX CREDIT

KEY-DATE : 29/06/2016  
EX-DATE : 30/06/2016

SEC : DE1111111111 TESTDIVIDEND

CAPITAL GAINS TAX RATE 25,000000  
SOLIDARITY SURCHARGE RATE 5,500000

HOLDINGS/BALANCE CARRIED FORWARD PER 29/06/2016

NOMINAL	KEST EUR	SOLZ EUR	SUM TAX EUR
2.996,000	756,49	41,60	798,09

CLAIMS FROM 29/06/2016 UNTIL 30/06/2016

VA	NOMINAL	KEST EUR	SOLZ EUR	SUM TAX EUR
B	0,000	0,00	0,00	0,00
B	0,000	0,00	0,00	0,00
C	2.772,000-	0,00	0,00	0,00
C	2.372,000	598,93	32,94	631,87
E	0,000	0,00	0,00	0,00
E	0,000	0,00	0,00	0,00
P	0,000	0,00	0,00	0,00
P	0,000	0,00	0,00	0,00
X	0,000	0,00	0,00	0,00
X	0,000	0,00	0,00	0,00
K	0,000	0,00	0,00	0,00
K	0,000	0,00	0,00	0,00

ACTUAL-TAX-STATE

NOMINAL	KEST EUR	SOLZ EUR	SUM-TAX EUR
2.596,000	1.355,42	74,54	1.429,96

TARGET-TAX-STATE

NOMINAL	KEST EUR	SOLZ EUR	SUM-TAX EUR
2.596,000	655,49	36,05	691,54

TAX CREDIT

KEST EUR	SOLZ EUR	TAX CREDIT EUR
699,93	38,49	738,42

TAX CREDIT PAYMENT ON 01/07/2016 AT DD1

## Compensation Handbook

In the CBF reporting for income and commission (Personal Journal KD110) pending tax requests that require the funding by the tax authority are listed with the comment "SETTLEMENT TAKES PLACE UPON RECEIPT OF FUNDS"

```

PROGRAM-NAME: KD110

SECURITIES ACCOUNT: 1234/000

SUMMARY INCOME AND FEES

RECORD DATE           : 20.01.2020           KADI-IDENT-NO: 76884
EX-DATE               : 21.01.2020
CASH CLEARING DATE   : 24.01.2020 DD1

WE HAVE BOOKED THE PAYABLE INCOME AS FOLLOWS:

DIVIDENDS
SECURITIES            NOMINALE            DIVIDEND            AMOUNT
CODE
EUR
BID
ST.ERSTATTUNG NR     FOND-ORD-NR            NETTO    EUR

DE0007236101         580,000-              3,7 EUR/SEC NET
2018038113800
1.580,00-
TX-RFD002745         6001000012007007     TAXABLE DIVIDEND    : 3,70
CAPITAL GAINS TAX RATE : 25,00
SOL.SURCHARGE TAX RATE : 5,50

DE0007236101         580,000
2018038113800
1.824,10
TX-RFD002745         6001000012007007     TAXABLE DIVIDEND    : 3,70
CAPITAL GAINS TAX RATE : 14,218
SOL.SURCHARGE TAX RATE : 5,50

TAX/INCOME AMOUNT    231,38                12,73
244,81

MUSTERBANK ASSEST SERVICES

SECURITIES ACCOUNT: 1234/000

SUMMARY INCOME AND FEES

INCOME AND FEES            TOTAL
244,81

SETTLEMENT TAKES PLACE UPON RECEIPT OF FUNDS

```

## 7.3.3 Swift reporting

### MT564 REPE (Tax Credit)

```
:16R: GENL
:20C: :CORP//1202021057324500
:20C: :SEME//K0BP2339251C4F0Q
:23G: REPE
:22F: :CAEV//DVCA
:22F: :CAMV//MAND
:98C: :PREP//20201125233925
:25D: :PROC//COMP
:16R: LINK
:20C: :CORP//1202021057324500
:16S: LINK
:16R: LINK
:20C: :PREV//NONREF
:16S: LINK
:16S: GENL
:16R: USECU
:35B: ISIN DE0006605009
      MEDION AG O.N.
:16R: ACCTINFO
:97A: :SAFE//xxx0000
:93B: :TRAD//UNIT/255,
:16S: ACCTINFO
:16S: USECU
:16R: CADETL
:98A: :XDTE//20200625
:98A: :RDTE//20200624
:16S: CADETL
:16R: CAOPTN
:13A: :CAON//001
:22F: :CAOP//CASH
:17B: :DFLT//Y
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//CUSTOMER DCA
:19B: :ENTL//EUR36,39
:19B: :GRSS//EUR36,39
:19B: :TAXR//EUR46,4
:19B: :ATAX//EUR1,89
:19B: :TAXC//EUR82,79
:98A: :PAYD//20201126
:98A: :VALU//20201126
:92A: :TAXR//25,
:92A: :ATAX//5,5
:92F: :GRSS//EUR0,69
:92J: :GRSS//TXBL/EUR0,690000000/ACTU
:16S: CASHMOVE
:16S: CAOPTN
:16R: ADDINFO
:70E: :ADTX//KADI-LFNR 84332
      TAX CREDIT
      PAYMENT UPON RECEIPT OF FUNDS
:95Q: :PAYA//TESTBANK AG
NEUE STRASSE 100
POSTFACH 12 34 56
D-11111 TESTSTADT
:16S: ADDINFO
```

For pending tax requests no payment date information is available. Therefore, in the related MT564 the value date and payment date are reported as “unknown”. For information purposes, the text “payment upon receipt of funds” is transmitted.

The details about the value and payment date are reported in “Repetitive Optional Subsequence E2 Cash Movements” using the:

- Optional field 98A::PAYD//UNKNOWN
- Mandatory field 98A::VALU//UNKNOWN

The text information is stored in “Optional Sequence F Additional Information” using the:

- Optional field 70E::ADTX//PAYMENT UPON RECEIPT OF FUNDS

## MT566 (Tax Credit)

```
:16R: GENL
:20C: :CORP//1202021057324500
:20C: :SEME//KADQ050210730662
:23G: NEWM
:22F: :CAEV//DVCA
:98C: :PREP//20201126050210
:16S: GENL
:16R: USECU
:97A: :SAFE//XXX0000
:35B: ISIN DE0006605009
      MEDION AG O.N.
:93B: :CONB//UNIT/255,
:93B: :TRAD//UNIT/255,
:16S: USECU
:16R: CADETL
:98A: :XDTE//20201125
:98A: :RDTE//20201124
:16S: CADETL
:16R: CACONF
:13A: :CAON//001
:22H: :CAOP//CASH
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//CUSTOMER DCA
:19B: :PSTA//EUR36,39
:19B: :GRSS//EUR36,39
:19B: :TAXR//EUR46,4
:19B: :ATAX//EUR1,89
:19B: :TAXC//EUR82,79
:98A: :POST//20201126
:98A: :VALU//20201126
:98A: :PAYD//20201125
:92F: :GRSS//EUR0,69
:92A: :TAXR//25,
:92A: :ATAX//5,5
:92J: :GRSS//TXBL/EUR0,690000000/ACTU
:16S: CASHMOVE
:16S: CACONF
:16R: ADDINFO
:70E: :ADTX//KADI-LFNR 84332
      TAX CREDIT
      T2S-ACTOR-REF C0BQ032741A00C9
      REF-OWNER-BICDAKVDEFFXXX
:95Q: :PAYA// TESTBANK AG
NEUE STRASSE 100
POSTFACH 12 34 56
D-11111 TESTSTADT
:16S: ADDINFO
```

# Compensation Handbook

## MT564 CANC (Tax reduction for funds)

```
:16R: GENL
:20C: :CORP//1202018044796400
:20C: :SEME//KAD7102335160326
:23G: CANC
:22F: :CAEV//DVCA
:22F: :CAMV//MAND
:98C: :PREP//20180307102335
:25D: :PROC//COMP
:16R: LINK
:20C: :CORP//1202017044796400
:16S: LINK
:16R: LINK
:20C: :PREV//NONREF
:16S: LINK
:16R: LINK
:20C: :RELA//TX-RLF00001
:16S: LINK
:16S: GENL
:16R: USECU
:35B: ISIN DE0007236101
      SIEMENS AG N.A.
:16R: FIA
:11A: :DENO//EUR
:16S: FIA
:16S: ACCINFO
:97A: :SAFE//12340000
:93B: :ELIG//UNIT/100,
:16R: ACCINFO
:16S: USECU
:16R: CADETL
:98A: :XDTE//20180202
:98A: :RDTE//20180205
:22F: :ADDB//TAXR
:16S: CADETL
:16R: CACOPN
:13A: :CAON//001
:22H: :CAOP//CASH
:17B: :DFLT//Y
:16R: CASHMOVE
:22H: :CRDB//CRED
:97A: :CASH//CUSTOMER DCA
:19B: :ENTL//EUR73,62
:19B: :GRSS//EUR100,
:19B: :TAXR//EUR25,
:19B: :ATAX//EUR1,37
:98A: :PAYD//20180206
:98A: :VALU//20180206
:92F: :GRSS//EUR1,
:92A: :TAXR//25,
:92A: :ATAX//5,5
:92J: :GRSS//TXBL/EUR1,000000000/ACTU
:16S: CASHMOVE
:16S: CACONF
:16R: ADDINFO
:70E: :ADTX//TAX RELIEF
      FUND DE0001234567
      KADI-LFNR 74074
:95Q: :PAYA//KUNDE
      POSTFACH 12 34 56
      D-12345 MUSTERSTADT
:16S: ADDINFO
```

## MT564 REPE (Tax reduction for funds)

:16R: GENL  
:20C: :CORP//1202018044796400  
:20C: :SEME//KAD7102335160326  
:23G: REPE  
:22F: :CAEV//DVCA  
:22F: :CAMV//MAND  
:98C: :PREP//20180307102335  
:25D: :PROC//COMP  
:16R: LINK  
:20C: :CORP//1202018044796400  
:16S: LINK  
:16R: LINK  
:20C: :PREV//NONREF  
:16S: LINK  
:16R: LINK  
:20C: :RELA//TX-RLF00001  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:35B: ISIN DE0007236101 SIEMENS AG N.A.  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:16S: ACCINFO  
:97A: :SAFE//12340000  
:93B: :ELIG//UNIT/100,  
:16R: ACCINFO  
:16S: USECU  
:16R: CADETL  
:98A: :XDTE//20180202  
:98A: :RDTE//20180205  
:22F: :ADDB//TAXR  
:16S: CADETL  
:16R: CACOPN  
:13A: :CAON//001  
:22H: :CAOP//CASH  
:17B: :DFLT//Y  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//12340000  
:19B: :ENTL//EUR85,  
:19B: :GRSS//EUR100,  
:19B: :TAXR//EUR14,22  
:19B: :ATAX//EUR0,78  
:98A: :PAYD//20180206  
:98A: :VALU//20180206  
:92F: :GRSS//EUR1,  
:92A: :TAXR//14,218  
:92A: :ATAX//5,5  
:92J: :GRSS//TXBL/EUR1,000000000/ACTU  
:16S: CASHMOVE  
:16S: CACONF  
:16R: ADDINFO  
:70E: :ADTX//TAX RELIEF FUND 6001000000111111  
KADI-LFNR 74074  
:95Q: :PAYA//XXXXXXX POSTFACH 12 34 56  
D-60261 FRANKFURT AM MAIN  
:16S: ADDINFO

# Compensation Handbook

## MT566 REVR (Tax reduction for funds)

:16R: GENL  
:20C: :CORP//1202018044796400  
:20C: :SEME//KAD7102335160326  
:23G: REVR  
:22F: :CAEV//DVCA  
:98C: :PREP//20180307102335  
:16R: LINK  
:20C: :RELA//TX-RLF00001  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:97A: :SAFE//12340000  
:35B: ISIN DE0007236101  
SIEMENS AG N.A.  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:93B: :CONB//UNIT/100,  
:16S: USECU  
:16R: CADETL  
:98A: :XDTE//20180202  
:98A: :RDTE//20180205  
:22F: :ADDB//TAXR  
:16S: CADETL  
:16R: CACONF  
:13A: :CAON//001  
:22H: :CAOP//CASH  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//12340000  
:19B: :PSTA//EUR73,62  
:19B: :GRSS//EUR100,  
:19B: :TAXR//EUR25,  
:19B: :ATAX//EUR1,37  
:98A: :POST//20180206  
:98A: :VALU//20180206  
:98A: :PAYD//20180206  
:92F: :GRSS//EUR1,  
:92A: :TAXR//25,  
:92A: :ATAX//5,5  
:92J: :GRSS//TXBL/EUR1,000000000/ACTU  
:16S: CASHMOVE  
:16S: CACONF  
:16R: ADDINFO  
:70E: :ADTX//TAX RELIEF  
FUND 6001000000111111  
KADI-LFNR 74074  
:95Q: :PAYA//XXXXXXXXX  
POSTFACH 12 34 56  
D-60261 FRANKFURT AM MAIN  
:16S: ADDINFO  
-ü



### MT566 NEWM (Tax reduction for funds):

:16R: GENL  
:20C: :CORP//1202018044796400  
:20C: :SEME//KAD7102327207132  
:23G: NEWM  
:22F: :CAEV//DVCA  
:98C: :PREP//20180307102327  
:16R: LINK  
:20C: :RELA//TX-RLF00001  
:16S: LINK  
:16S: GENL  
:16R: USECU  
:97A: :SAFE//12340000  
:35B: ISIN DE0007236101  
SIEMENS AG N.A.  
:16R: FIA  
:11A: :DENO//EUR  
:16S: FIA  
:93B: :CONB//UNIT/100,  
:16S: USECU  
:16R: CADETL  
:98A: :XDTE//20180202  
:98A: :RDTE//20180205  
:22F: :ADDB//TAXR  
:16S: CADETL  
:16R: CACONF  
:13A: :CAON//001  
:22H: :CAOP//CASH  
:16R: CASHMOVE  
:22H: :CRDB//CRED  
:97A: :CASH//12340000  
:19B: :PSTA//EUR85,  
:19B: :GRSS//EUR100,  
:19B: :TAXR//EUR14,22  
:19B: :ATAX//EUR0,78  
:98A: :POST//20180206  
:98A: :VALU//20180206  
:98A: :PAYD//20180206  
:92F: :GRSS//EUR1,  
:92A: :TAXR//14,218  
:92A: :ATAX//5,5  
:92J: :GRSS//TXBL/EUR1,000000000/ACTU  
:16S: CASHMOVE  
:16S: CACONF  
:16R: ADDINFO  
:70E: :ADTX//TAX RELIEF  
FUND 6001000000111111  
KADI-LFNR 74074  
:95Q: :PAYA//XXXXXXXXX  
POSTFACH 12 34 56  
D-60261 FRANKFURT AM MAIN  
:16S: ADDINFO  
-ü

## 7.4 France

Since 1 April 2011, CBF has acted as tax agent for the French market. This lead to the following advantages for the clients:

- Processing of delivery versus payment (DvP) transactions in EUR for the French Market;
- French equities can be separated on different sub-accounts in line with the different tax rates defined in the French Market.
- Clients can reduce the number of tax reclaims when the extended tax relief at source procedure is used.

For further details, please, refer to the [Market Taxation Guide – France \(CASCADE\)](#), published on the Clearstream website.

The regulation applies to the following event type:

Event type	Description	Swift event code
120	Dividends	DVCA

The standard tax rate of 30% is applied with the possibility for the clients to transfer their holdings which are subject of the lower rates to special sub-accounts.

Tax rate	Sub-account
0%	828
0%	829
0%	831
0%	833
0%	834
10%	822
12%	832
15%	830
20%	824

### Claim tax matrix

In the following table the taxation of market and reverse claims is shown for the different transaction types:

#### Claim tax matrix for the French market

Transaction	Market claim	Reverse claim	Beschreibung
OTC/non-CCP/ CCP/C7 SCS	Yes	Yes	OTC, CCP/C7 SCS and non-CCP sales and purchases are settled net.
Xemac	n.a.	n.a.	Currently there are no French shares in Xemac.

Additionally, when CBF detects a short sale during the market claim period of 20 business days due to the tax position (record date position), the short seller is debited 30% tax on the CBL account level.

## 7.5 USA

On 18 March 2010 the Foreign Account Tax Compliance Act (FATCA) legislation was enacted into US legislation system. The CBF acts as non-US foreign financial institutions (FFIs) and therefore its duties include but are not limited to identify and disclose their US account holders and members. Furthermore, CBF must comply with the Qualified Intermediary (QI) US tax legislation.

The regulation applies to the following event types:

Event type	Description	Swift event code
110	Interests	INTR
120	Dividends	DVCA

The withholding tax rate is 30% for FATCA non-compliant clients on the applicable US payments. For the FATCA compliant clients, the QI status must be checked. The QI status assigns a special tax rate for income payments for positions and market claims:

QI status	Tax classification	Tax rate interests	Tax rate dividend
1	QI-A	0	0
2	QI 15%	0	15
3	QI 10%	0	10
4	QI 20%	0	20
5	QI 25%	0	25
6	QI 25%	0	30
7	QI 0%	0	0
8	N-QI 15%	0	15
9	N-QI 10%	0	10
10	N-QI 20%	0	20
11	N-QI 25%	0	25
12	N-QI 30%	0	30
13	N-QI 0%	0	0
14	N-QI	30	30
16	W8 BEN	Double tax treaty	Double tax treaty
17	QI-B	0	0

### Claim tax matrix

In the following table the taxation of market and reverse claims for the different transaction types is shown:

#### Claim tax matrix for US instruments

Transaction	Market claim	Reverse claim	Purchase/sale	Description
OTC/C7 SCS	Yes	Yes	Purchase/sale	QI status is applied.
CCP	Yes	-	Purchase	QI status is applied.
			Sale	Debit with gross amount
	-	Yes	Purchase	Debit with gross amount
			Sale	QI status is applied.
SE	Yes	Yes	Purchase/sale	QI status is applied.
Xemac	n.a.	n.a.	n.a.	Currently there are no US shares in Xemac.

## 7.6 Other countries

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Concerning the other countries, the tax rates are specific for each individual jurisdiction. A high-level overview of the applicable tax rates and documents to be submitted to Clearstream Banking to obtain the relief at source from, or refund of, taxes applied to securities deposited in Clearstream Banking are available in the Tax Matrix on the Clearstream website

About the taxation of claims can be summarised that purchases and sales for all transaction types are debited/credited net with application of the according market tax rate of the instrument. The short sale monitoring is not applicable for the other markets as the CBF does not act there as the tax agent.

## 8. Overview mandatory events

### 8.1 Overview income KADI events

The following events are compensated on the basis of open trades:

Event	Description English	Description German	Swift (:22F::CAEV)
110	Interest	Zinsen	Interest (INTR)
111	Accumulated interest	Aufgelaufene Zinsen	Accrued interest (INTR)
112	Annuities	Annuitäten	Annuities (INTR)
120	Bonus shares	Wahldividende	Bonus shares with cash alternatively - participation in cash (DVOP)
120	Cash dividends	Bardividende	Cash dividend (DVCA)
120	Dividend option	Wahldividende	Dividend option – participation in cash (DVOP)
120	Premium share dividend	Dividende aus dem steuerlichen Einlagekonto	Shares premium dividend (§27 dividend) (SHPR)
121	Funds income	Ausschüttung Fonds	Distribution by investment fund (DVCA)
122	Warrant exercise	Automatische Ausübung Optionsscheine	Automatic exercise of warrants (EXWA)
123	Squeeze out	Squeeze Out	Squeeze out (TEND)
124	Pay-off/buyback of shares	Abfindung/Rückkauf von Aktien	Cash compensation at repayment/-redemption (EXOF)
125	Return of capital	Return of Capital	Return of capital (CAPD)
125	Capital decrease	Kapitalherabsetzung	Capital decrease (DECR)
125	Capital decrease with intermediate securities	Kapitalherabsetzung unter Verwendung von Zwischenrechten	Capital decrease (EXOF)
125	Other income	Sonstige Ausschüttung	Other income (OTHR)
126	Distribution of participation rights	Ausschüttung Genussrechte	Distribution of participation rights (INTR)
127	Tax liquidity for growth funds	Steuerliquidität für Thesaurierende Fonds	Tax Liquidity for accumulating funds (ACCU)
130	Redemption	Gesamtrückzahlung	Total Redemption (REDM)
131	Repayment of participation rights	Rückzahlung von Genussrechten	Redemption of participation rights (REDM)
132	Redemption of certificates	Rückzahlung von Zertifikaten	Redemption of certificates (REDM)
133	Liquidation	Liquidation	Liquidation (REDM)
134	Cash compensation for redemption in securities	Barausgleich bei Tilgung in Wertpapieren	Cash compensation with redemption in the form of securities (REDM)
140	Partial call	Teilrückzahlung	Partial redemption with reduction of nominal value (PCAL)
141	Partial redemption with pool factor reduction	Teilrückzahlung zum Poolfaktor	Partial call (PRED)

## 8.2 Overview non-income KADI events

Event	Description English	Description German	Swift (:22F::CAEV)
210	Intermediate securities distribution followed by EXRI, BONU or DVOP	Rechteausschüttung (mit folgendem EXRI, BONU oder DVOP)	Intermediate securities distribution followed by EXRI, BONU (with cash option) or DVOP (EXRI, BONU, DVOP)
211	Spin off followed by EXOF for intermediate securities distribution	Spin-Off (mit folgendem EXOF bei Verwendung von Zwischenrechten)	Spin-off (SOFF)
211	Stock split followed by EXOF for intermediate securities distribution	Aktien-Split (mit folgendem EXOF bei Verwendung von Zwischenrechten)	Stock split followed by EXOF for intermediate securities distribution (SPLF)
211	Issue of bonus shares followed by EXOF for intermediate securities distribution	Gratisaktien (mit folgendem EXOF bei Verwendung von Zwischenrechten)	Bonus shares followed by EXOF for intermediate securities distribution (BONU)
211	Stock dividend followed by EXOF for intermediate securities distribution	Stock-Dividende Dividende (mit folgendem EXOF bei Verwendung von Zwischenrechten)	Stock dividend followed by EXOF for intermediate securities distribution (DVSE)
211	Pay in kind followed by EXOF for intermediate securities distribution	Sachbezug (mit folgendem EXOF bei Verwendung von Zwischenrechten)	Pay in Kind followed by EXOF for intermediate securities distribution (PINK)
213	Detachment of warrants	Trennung von Optionsscheinen	Detachment of warrants (DETI)
220	Booking out of securities due to TA13x (redemption)	Ausbuchung der Wertpapiere nach TA13x (Rückzahlung)	Booking out of securities due to TA13x (redemption) (REDM)
222	Withdrawal due to cash compensation	Ausbuchung der Wertpapiere nach Barabfindung	Withdrawal due to cash compensation at repayment/ redemption (TA124) (EXOF)
222	Dividend option - withdrawal of invalid securities	Ausbuchung der Wertpapiere nach Wahldividende	Dividend option – withdrawal of invalid securities after participation in cash (DVOP)
222	Withdrawal of invalid warrants	Ausbuchung wertloser Optionsscheine	Withdrawal (cancellation) of invalid warrants (EXWA)
223	Partial redemption with change of nominal value	Ausbuchung nach Teilrückzahlung	Partial redemption with change of nominal value (TA140) (PCAL)
231	Redemption in securities	Tilgung in Wertpapieren	Redemption in securities (REDM)
232	Reclassification	Reklassifizierung	Reclassification (CHAN)
232	Conversion of shares	Aktienumtausch	Exchange (conversion) of shares (EXOF)
232	Capital decrease followed by EXOF for intermediate securities distribution	Kapitalherabsetzung (mit folgendem EXOF bei Verwendung von Zwischenrechten)	Capital decrease followed by EXOF for intermediate securities distribution (DECR)
232	Dividend option with participation in securities	Sachdividende (Wahldividende)	Dividend option with participation in securities (EXOF)
232	Tender offer or exchange offer	Aktienumtausch (bei Abfindungs- oder Umtauschangebot)	Tender offer or exchange offer (EXOF)
232	Merger	Fusion	Merger (MRGR)

Event	Description English	Description German	Swift (:22F::CAEV)
232	Pari-passu	Gleichstellung	Equal ranking (pari passu treatment) (PARI)
232	Change of denomination/ amount of shares	Änderung Nennwert/Anzahl der Stücke	Change in nominal value/number of units (SPLF)
232	Reverse Stock Split	Reverser Aktien-Split	Reverse stock split (SPLR)
235	Redenomination	Redenomination	Redenomination (REDO)
260	Consolidation of securities due to TA210	Zusammenführung der Wertpapiere beim Leadmanager wegen TA210	Consolidation of securities by the lead manager due to TA210 (EXRI)
260	Consolidation of securities due to TA123	Zusammenführung der Wertpapiere beim Leadmanager wegen TA123	Consolidation of securities by the lead manager due to TA123 (TEND)

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