Compensation Handbook
Corporate Action Transaction Management
for Customers of Clearstream Banking AG, Frankfurt

Applicable to securities not migrated to OneClearstream
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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\(^1\) and T2S CASG\(^2\) standards.

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 OTC and stock exchange transactions. CCP transactions are compensated at the end of the entitlement date based on pending gross transactions.

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.

In the case of reorganisations in cash for pending trades 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 stock exchange trades the ISIN and if necessary the nominal are modified at the end of the entitlement day.

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

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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.
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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)

Ex-date -1  Ex-date/payment date

Determination of entitled balances CASCADE

Start of claim period [20 business days]

Figure 2.1 “Ex-date -1” processing

2.2 “Record date” processing

Determination of the entitled balances on record date

Ex-date  Record date  Payment date

Determination of entitled balances CASCADE

Start of claim period [20 business days]

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 and stock exchange trades (LION).

- 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 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.

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, stock exchange trades (LION) and CCP 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 entitlement date of the event, pending trades 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), the redemption price is transferred from the seller to the buyer.
- The transaction price of the pending transaction is transferred from the buyer to the seller.
- The underlying transaction is cancelled due to the transformation.

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

The transformation in cash (redemption price and transaction price) for matched pending transactions 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. Thereafter the underlying trade is cancelled and the amended trade is forwarded to T2S.

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

For reorganisation events with an unchanged ISIN, the trade date will be considered as well to evaluate if the transformation process applies. If the trade date is prior to the entitlement date, the transformation will be processed, otherwise not.

### 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

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

#### 2.5.1 Ex flag

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

- TTCO: Trade Transaction Condition Indicator
- XCPN: Ex Coupon

TTCO: [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.

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1. Listed as indicator of settlement transaction condition (=STC0)

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1. Listed as indicator of settlement transaction condition (=STC0)
2.5.2 **Cum flag**

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

<table>
<thead>
<tr>
<th>TTCD: Trade Transaction Condition Indicator</th>
<th>CCPN: Cum Coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Specifies the condition under which the instruction/trade was executed.)</td>
<td>Trade was executed “cum” dividend, that is selling before the ex-date with the coupon.</td>
</tr>
</tbody>
</table>

The cum flag is considered in case of a Cross-Border Transaction in FCSC\(^1\) ISINs which are approved by the other T2S-InCSD.

When both the parties fill the value of TTCD/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.

2.5.3 **Opt-out flag**

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

Trade is not considered for Market Claim processing when it is marked as STCD/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 STCD/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.

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1. Foreign Collective Safe Custody.
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.

The matching and settlement of market claims and transformations in CASCADE-eligible ISINs takes place on T2S.

In general, the following areas of transaction management are affected due to the CBF connection to T2S and are described in detail in the following sections.

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.

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 cash (only based on cross-CSD transaction in non-DE ISINs);
- Transformations in cash (only based on cross-CSD transaction in non-DE ISINs).

Market and reverse claims and transformation in cash based on internal transactions as well as cross-CSD transactions in DE 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 customers will receive the MITI of the underlying instruction leg in the MT564 REPE and MT566 [20C::RELA combined with 13B::LINK].
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3. Market/reverse claims for income distribution events

3.1 Rules

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

- For OTC or stock exchange (LION) transactions settled after the entitlement date and for pending gross CCP 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 stock exchange (LION) 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 gross trades and settled OTC and stock exchange (LION) transactions after settlement. Reverse claims are processed on record date (= entitlement date) for settled CCP gross trades, OTC and stock exchange (LION) 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.
3.2 Relevant events

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

<table>
<thead>
<tr>
<th>Event type</th>
<th>Description</th>
<th>SWIFT event code</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>Interest</td>
<td>INTR</td>
</tr>
<tr>
<td>120</td>
<td>Dividends</td>
<td>DVCA</td>
</tr>
<tr>
<td>121</td>
<td>Funds income</td>
<td>DVCA</td>
</tr>
<tr>
<td>125</td>
<td>Other distributions</td>
<td>OTHR</td>
</tr>
<tr>
<td>126</td>
<td>Participation rights income</td>
<td>INTR</td>
</tr>
<tr>
<td>141</td>
<td>Partial call up to pool factors</td>
<td>PRED</td>
</tr>
</tbody>
</table>

Market and reverse claims are processed for dividends (event type 120), funds income (event type 121), other 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 call up to pool factor 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 for stock exchange trades (LION) and market claims for OTC trades are generated.
- For other interest payments only market claims for stock exchange trades (LION) are generated.

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 call up to pool factors (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/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:

<table>
<thead>
<tr>
<th>Instruction type</th>
<th>Description</th>
<th>Trade date</th>
<th>Ex flag</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 P</td>
<td>Account transfer RS (“Depotübertrag RS”)</td>
<td>Yes</td>
<td>Yes</td>
<td>Market/reverse claims</td>
</tr>
<tr>
<td>01 Wa</td>
<td>Ohne KZ-AA’</td>
<td>Yes</td>
<td>Yes</td>
<td>Market/reverse claims</td>
</tr>
<tr>
<td>07</td>
<td>GBC-exchange (“GBC Umtausch”)</td>
<td>Yes</td>
<td>n.a.</td>
<td>Market/reverse claims&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>09</td>
<td>GBC-re-exchange (“GBC Rücktausch”)</td>
<td>Yes</td>
<td>n.a.</td>
<td>Market/reverse claims&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>10</td>
<td>Stock exchange trade (LION)</td>
<td>Yes</td>
<td>n.a.</td>
<td>Market/reverse claims</td>
</tr>
<tr>
<td>16 L</td>
<td>Deposit (“Laufende Einlieferung”)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Nur reverse claims&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>16 V</td>
<td>Deposit (“Valutierung”)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Nur reverse claims&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>18 A</td>
<td>Withdrawal (“Laufende Auslieferung”)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Nur reverse claims&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>18 R</td>
<td>Withdrawal (“Rahmenurkunde/ Teilred.”)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Nur reverse claims&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>99</td>
<td>Cancellation/booking account transfer (“Storno/Nachbuchung”)</td>
<td>Yes</td>
<td>Yes</td>
<td>Market/reverse claims</td>
</tr>
<tr>
<td>Pending CCP gross trades</td>
<td>Yes</td>
<td>No</td>
<td></td>
<td>Market/reverse claims</td>
</tr>
</tbody>
</table>

- There is no differentiation by settlement transaction codes. All codes used by customers (for example TRAD, CLAI etc.) are considered.
- For instruction types 07 and 09, claims are processed based on the information of the depository.
- For CBF deposited Irish ETFs, reverse claims are processed based on the information of the issuer.

**Internal trades**

**OTC trades**

Market claims 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 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 customer accounts on debit and credit side, account types 001 (customer account), 010 (customer account broker), 080 (RTS reservation account) and 131 (account for sub-account solution).
• Delivery free of payment [FoP]
  Only for transactions with customer accounts on debit and credit side, that is, account group 01 with account types 001 (customer account) and 010 (customer account broker).

• Delivery with payment [DwP]
  Only for transactions with customer accounts on debit and credit side, that is, account group 01 with account types 001 (customer account) and 010 (customer account broker).

The following transactions are excluded from market claim process:
• Instructions created by KADI for non-income claims1;
• 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”.

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.

Stock exchange trades (LION)
Market claims are processed for CASCADE instruction types 10 (“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 (no 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

Note: If a stock exchange transaction is partly 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. As these instruction types are only available for German securities, reverse claims will not occur until introduction of record date processing in Germany, planned for 1 January 2017.

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.
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 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

Xemac®
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
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. The following markets support the process of cross-border market and reverse claims.

- Monte Titoli (4701)
- ESES France (4702)
- ESES Netherlands (4703)
- ESES Belgium (4704)
- OEKB (4705)
- SIX SIS as Investor (4708)
- SIX SIS as Issuer
- Iberclear as Investor (4710)
- CBL without funds

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.

1. Counterparty CSD account.
# Note for deviating compensation rules per CSD

<table>
<thead>
<tr>
<th>Market</th>
<th>Topic</th>
<th>Description</th>
<th>CBF Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESES</td>
<td>Cancellation of income payments</td>
<td>Currently ESES does not take into account cancellation of income payments. These include already instructed market and reverse claims.</td>
<td>CBF instructs one sided cancellation for already processed market and reverse claims.</td>
</tr>
</tbody>
</table>
|        | Valid ISO transaction codes | ESES instructs no market claim when the underlying instructions contain the following ISO transaction codes:  
|        | | • PLAC  
|        | | • NETT  
|        | | • TRPO  
|        | | • INSF  
|        | | • TURN  | CBF allows these transaction codes to be entered. |
| ESES   | Negative interest rate | In case of negative interest rates, ESES instructs no market or reverse claim. | CBF also does not provide market or reverse claims in case of negative interest rates. |
| OEKB   | Market and reverse claim despite OPT-OUT, CCPN or XCPN flags. | In case of negative interest rates, ESES instructs no market or reverse claim | CBF instructs market and reverse claims taking into account the XCPN or opt-out Flags. Exceptions are reverse claims (where opt-out is ignored and CCPN). |
3.4 Cash clearing

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

- Cash proceeds from market claims from the daily claim cycle at around 18:30 are credited the next day, but at the earliest on the payment date for the event.
- Cash proceeds from reverse claims from the one-time claims cycle on the record date (EOD) are credited for the next day, but at the earliest on the payment date for the event.
- Cash proceeds via PFoDs that are based upon the underlying Cross-Border Instruction follow the timings same as that of securities transactions.

For the time being, the following transactions will continue to be instructed on RTGS Accounts in T2:

- Market and reverse claims in stock exchange trades (SE LION and CCP) and Foreign Collective Safe Custody (FCSC) ISINs.
- Market and reverse claims for internal OTC trades (under CBF customers) in CSC (Collective Safe Custody) and FCSC.
- Market and reverse claims for cross-CSD OTC trades (with counterparty of another T2S In-CSD) in German ISIN.
- XEMAC compensations.

Specifics for T2 Bookings:

- Intraday processing within the context of a cancellation/rerun of an event results in generating claim reverse entries (cancellations) and/or claim entries (re-runs) based on previous transaction entries. Cash processing for EUR takes place on the same day in DD11 or DD2.
- Market claim and reverse claims payments in EUR are displayed on the daily cash statement with the following test keys:

<table>
<thead>
<tr>
<th>Key</th>
<th>Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>412</td>
<td>Compensation dividends OTC (distribution)</td>
</tr>
<tr>
<td>413</td>
<td>Compensation dividends stock exchange (distribution)</td>
</tr>
<tr>
<td>416</td>
<td>Compensation cancellation dividends OTC</td>
</tr>
<tr>
<td>417</td>
<td>Compensation cancellation dividends stock exchange transactions</td>
</tr>
<tr>
<td>420</td>
<td>Compensation rerun dividends OTC</td>
</tr>
<tr>
<td>421</td>
<td>Compensation rerun dividends stock exchange transactions</td>
</tr>
</tbody>
</table>

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

- Market and reverse claims for cross-CSD OTC trades (with counterparty of another T2S In-CSD) in FCSC.

Specifics for T2S Bookings:

- CBF only generates one leg (PFoD) for the CBF customer, 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.

1. DD1 and DD2 (Direct Debit) are clearing cycles for booking cash proceeds, which do not result directly from securities settlement (for example corporate actions).
• The default settlement DCA is used for the claim instruction.

• For each counterparty CSD, a specific cash amount is calculated taking into account 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, redemption price claim)

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 selected in KVGI (function code KO) according to their value date:

- 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-PC are described in the CASCADE Handbook Part II.
3.7.2 KADI lists
KD110 (Personal Journal)

“Ex-date -1” selection

<table>
<thead>
<tr>
<th>SECURITY ACCOUNT: 2123/000</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY INCOME AND FEES</td>
</tr>
<tr>
<td>RECORD DATE: 09.10.2015</td>
</tr>
<tr>
<td>EX-DATE: 10.10.2015</td>
</tr>
<tr>
<td>CASH CLEARING DATE: 10.10.2015 DD1</td>
</tr>
<tr>
<td>WE HAVE BOOKED THE PAYABLE INCOME AS FOLLOWS</td>
</tr>
</tbody>
</table>

DIVIDENDS

<table>
<thead>
<tr>
<th>SECURITY CODE</th>
<th>NOMINAL</th>
<th>DIVIDEND</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE000A1EWXW8</td>
<td>2,173,000</td>
<td>1,0 EUR/ST</td>
<td>2,173,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAXABLE DIVIDEND: 0,00 EUR/ST</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CAPITAL GAINS TAX RATE: 0,00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOL.SURCHARGE TAX RATE: 0,00</td>
<td></td>
</tr>
<tr>
<td>DE0003304333</td>
<td>66,000</td>
<td>100,0 EUR/ST</td>
<td>4,859,25</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAXABLE DIVIDEND: 100,00 EUR/ST</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CAPITAL GAINS TAX RATE: 25,00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOL.SURCHARGE TAX RATE: 5,50</td>
<td></td>
</tr>
<tr>
<td>DE0005854756</td>
<td>10,000</td>
<td>2,0 EUR/ST</td>
<td>14,73</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAXABLE DIVIDEND: 2,00 EUR/ST</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CAPITAL GAINS TAX RATE: 25,00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOL.SURCHARGE TAX RATE: 5,50</td>
<td></td>
</tr>
<tr>
<td>DE0007784506</td>
<td>10,000</td>
<td>1,0 EUR/ST</td>
<td>17,37</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TAXABLE DIVIDEND: 1,00 EUR/ST</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CAPITAL GAINS TAX RATE: 25,00</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>SOL.SURCHARGE TAX RATE: 5,50</td>
<td></td>
</tr>
</tbody>
</table>

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

SECURITIES ACCOUNT: 2123/000

SUMMARY INCOME AND FEES

RECORD DATE: 11.10.2015
EX-DATE: 10.10.2015
CASH CLEARING DATE: 12.10.2015 DD1

WE HAVE BOOKED THE PAYABLE INCOME AS FOLLOWS

<table>
<thead>
<tr>
<th>DIVIDENDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECURITIES CODE</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>DE000A1EWXW8</td>
</tr>
<tr>
<td>REV-CLAIM</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>DE0003304333</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>DE0005854756</td>
</tr>
<tr>
<td></td>
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<td></td>
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<tr>
<td></td>
</tr>
<tr>
<td>DE0007784506</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Figure 3.6   KD110 [Personal Journal] for event with record date selection
**KD111 (Personal Journal Suspense)***

"**Ex-date -1**" selection

ACCOUNT : 7003
DIVIDENDS

FOR THE FOLLOWING OTC TRADES IN COLLECTIVE SAFE CUSTODY SECURITIES;
WE HAVE INITIATED A MARKET CLAIM PAYMENT BECAUSE THEY
HAVE BEEN TRADED CUM COUPON.
KEY DATE : 09.10.2015
EX DATE : 10.10.2015
SEC.: DE0005854756 DIVIDENDS : 2,00 EUR
TAXABLE DIVIDEND: 2,00000000
SETTLEMENT-DAY : 10.10.2015

<table>
<thead>
<tr>
<th>TRANSACT.NO.</th>
<th>TRADE DATE</th>
<th>COUNTERPART</th>
<th>NOMINAL</th>
<th>NET-AMOUNT EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>7907/0010017</td>
<td>08.10.2015</td>
<td>2123</td>
<td>20,000</td>
<td>40,00</td>
</tr>
<tr>
<td>7907/0010018</td>
<td>08.10.2015</td>
<td>7088</td>
<td>30,000</td>
<td>60,00</td>
</tr>
<tr>
<td>7907/0010019</td>
<td>08.10.2015</td>
<td>7121</td>
<td>40,000</td>
<td>80,00</td>
</tr>
<tr>
<td>7907/0010020</td>
<td>08.10.2015</td>
<td>7201</td>
<td>50,000</td>
<td>100,00</td>
</tr>
<tr>
<td>7907/0010021</td>
<td>08.10.2015</td>
<td>7204</td>
<td>60,000</td>
<td>120,00</td>
</tr>
<tr>
<td>7907/0010022</td>
<td>08.10.2015</td>
<td>7281</td>
<td>70,000</td>
<td>140,00</td>
</tr>
<tr>
<td>7907/0010023</td>
<td>08.10.2015</td>
<td>7685</td>
<td>80,000</td>
<td>160,00</td>
</tr>
</tbody>
</table>

TOTAL PER SEC. CODE : 350,000 700,00 EUR

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

"**Record date**" selection

ACCOUNT: 7003
DIVIDENDS

FOR THE FOLLOWING OTC TRADES IN COLLECTIVE SAFE CUSTODY SECURITIES;
WE HAVE INITIATED A MARKET CLAIM PAYMENT BECAUSE THEY
HAVE BEEN TRADED CUM COUPON.
KEY DATE : 11.10.2015
EX DATE : 10.10.2015
SEC.: DE0005854756 DIVIDENDS : 2,00 EUR
TAXABLE DIVIDEND : 2,00000000
SETTLEMENT-DAY : 12.10.2015

<table>
<thead>
<tr>
<th>TRANSACT.NO.</th>
<th>TRADE DATE</th>
<th>COUNTERPART</th>
<th>NOMINAL</th>
<th>NET-AMOUNT EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>7907/0010017</td>
<td>08.10.2015</td>
<td>2123</td>
<td>20,000</td>
<td>40,00</td>
</tr>
<tr>
<td>7907/0010018</td>
<td>08.10.2015</td>
<td>7088</td>
<td>30,000</td>
<td>60,00</td>
</tr>
<tr>
<td>7907/0010019</td>
<td>08.10.2015</td>
<td>7121</td>
<td>40,000</td>
<td>80,00</td>
</tr>
<tr>
<td>7907/0010020</td>
<td>08.10.2015</td>
<td>7201</td>
<td>50,000</td>
<td>100,00</td>
</tr>
<tr>
<td>7907/0010021</td>
<td>08.10.2015</td>
<td>7204</td>
<td>60,000</td>
<td>120,00</td>
</tr>
<tr>
<td>7907/0010022</td>
<td>08.10.2015</td>
<td>7281</td>
<td>70,000</td>
<td>140,00</td>
</tr>
<tr>
<td>7907/0010023</td>
<td>08.10.2015</td>
<td>7685</td>
<td>80,000</td>
<td>160,00</td>
</tr>
</tbody>
</table>

TOTAL PER SEC. CODE : 350,000 700,00 EUR

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

Customers, who want to use the SWIFT MT56x service, are requested to order the required messages with the order form 83A "KADI Corporate Action Messages", which is available on the Clearstream website www.clearstream.com. The following SWIFT messages 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:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>93B::PEND</td>
<td>Sum of nominal of pending sales for OTC DvPs, DwPs and FoPs (AA01 W or P, AA99), stock exchange trades and CCP gross trades</td>
</tr>
<tr>
<td>93B::PENR</td>
<td>Sum of nominal of pending purchases for OTC DvPs, DwPs and FoPs (AA01 W or P, AA99), stock exchange trades and CCP gross trades</td>
</tr>
</tbody>
</table>

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

- Pending CCP gross trades of the business day before ["Restanten"];
- Pending CCP gross trades at the end of day;
- Pending matched OTC trades AA01 W or P at end of the day;
- Pending transactions AA99 at end of the day;
- Pending stock exchange trades [LION] at end of the day.
MT564 REPE Income on Entitlement Date

- One MT564 REPE is sent for each transaction for pending OTC and stock exchange trades entitled for compensation;
- One MT564 REPE is sent for each transaction for pending CCP gross trades and Xemac positions to be compensated on entitlement date;
- One MT564 REPE is sent for each transaction of settled CCP gross trades, OTC and stock exchange trades [LION] 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:

<table>
<thead>
<tr>
<th>ACLA</th>
<th>Open OTC or stock exchange trade relevant for compensations at entitlement date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLAI</td>
<td>Market claims for pending CCP gross trades or Xemac positions</td>
</tr>
<tr>
<td></td>
<td>Reverse claims for settled OTC, stock exchange trades, CCP gross trades</td>
</tr>
</tbody>
</table>

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 in processing cycles DD1 and DD2. 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

<table>
<thead>
<tr>
<th>ACLA</th>
<th>Message Type</th>
<th>Sequence</th>
<th>Underlying OTC Trade</th>
<th>Market or Reverse Claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2S</td>
<td>see 013</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>see 014, 025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T2S</td>
<td>see 014, 025</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ISO15022 MT54x LINK (205: TRAFFIC/MT1999901x412316) 205: C69D/MT1999901x412316 205: C69D/MT1999901x412316 205: C69D/MT1999901x412316

CASCADE ONLINE (KWIN & KVDU) AUFTRAGSREFERENZ 4178992020160811 AUFTRAGSREFERENZ 4178992020160811

ISO15022 MT54x / MT54y ADDINFO/CLAI LINK/302 AUFTRAGSREFERENZ 4178992020160811 AUFTRAGSREFERENZ 4178992020160811

MT544/546 :22F: ADDB/CLAI
Compensation Handbook

CCP - MT566 CLAI (INTR-BUND)

:16R:GENL
:20C::CORP//1102016081700000
:20C::SEME//KAD0144610031215
:23G:NEWM
:22F::CAEV//INTR
:98C::PREF//20160824144610
:16R:LINK
:20C::RELA//00011200018
: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::CAOF//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 GROSS TRADE
TR RELA00011200018
TRADE DAY20160816
COUNTERPARTXXXX0000
TRADING LOCATION192
ORDER NO.1000000066370
KADI-LFN 00081
:95Q::PAYA//BUNDESREPUBLIK DEUTSCHLAND
LURGIA LEE 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 stock exchange trades (LION) settled after entitlement date; and
  - CCP gross trades pending on 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, stock exchange trade and CCP gross 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 CCP gross trades and settled OTC and stock exchange trades (LION). Reverse claims are processed at record date for settled CCP gross trades, OTC and stock exchange trades (LION). For German securities the introduction of record date processing is planned for 1 January 2017.
4.2 Relevant events

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

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

- For event type 232 claims are only performed, if
  - ISIN old = ISIN new;
  - Currency of conversion ratio enumerator = 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:

<table>
<thead>
<tr>
<th>Instruction type</th>
<th>Description</th>
<th>Trade date</th>
<th>Ex flag</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 P</td>
<td>Account transfer RS (&quot;Depotübertrag RS&quot;)</td>
<td>Yes</td>
<td>Yes</td>
<td>Market/Reverse claims</td>
</tr>
<tr>
<td>01 W</td>
<td>Ohne KZ-AA'</td>
<td>Yes</td>
<td>Yes</td>
<td>Market/Reverse claims</td>
</tr>
<tr>
<td>10</td>
<td>Stock exchange trade (LION)</td>
<td>Yes</td>
<td>n.a.</td>
<td>Market/Reverse claims</td>
</tr>
<tr>
<td>16 L</td>
<td>Deposit (&quot;Laufende Einlieferung&quot;)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Only reverse claims</td>
</tr>
<tr>
<td>16 V</td>
<td>Deposit (&quot;Valutierung&quot;)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Only reverse claims</td>
</tr>
<tr>
<td>18 A</td>
<td>Withdrawal (&quot;Laufende Auslieferung&quot;)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Only reverse claims</td>
</tr>
<tr>
<td>18 R</td>
<td>Withdrawal (&quot;Rahmenurkunde/Teilred.&quot;)</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Only reverse claims</td>
</tr>
<tr>
<td>99</td>
<td>Cancellation/booking account transfer (&quot;Storno/Nachbuchung&quot;)</td>
<td>Yes</td>
<td>Yes</td>
<td>Market/Reverse Claims</td>
</tr>
</tbody>
</table>

Pending CCP gross trades

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

4.3.1 Internal trades

OTC trades

Market claims 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 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 customer accounts on debit and credit side, account types 001 (customer account), 010 (customer account broker), 080 (RTS reservation account) and 131 (account for sub-account solution).

- Delivery free of payment (FoP)
  Only for transactions with customer accounts on debit and credit side, that is, account group 01 with account types 001 (customer account) and 010 (customer account broker)

- Delivery with Payment (DwP)
  Only for transactions with customer accounts on debit and credit side, that is, account group 01
The following transactions are excluded from the market claim process:

- Instructions created by KADI for non-income claims;\(^1\)

- 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.

### Stock exchange trades (LION)

Market claims are processed for CASCADE instruction types 10 (“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.

### 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. As these instruction types are only available for German securities, reverse claims will not occur until introduction of record date processing in Germany, planned for 1 January 2017.

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 and CCP trades

CBF executes the calculation of market claims for pending CCP gross trades including Eurex CCP transactions. 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.

---

\(^1\) 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.
The CCP net amounts (deliveries of surpluses) are excluded from market/reverse claims.

**Cross-border instructions**

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. The following markets support the process of cross-border market and reverse claims.

- Monte Titoli (4701)
- ESES France (4702)
- ESES Netherlands (4703)
- ESES Belgium (4704)
- OEKB (4705)
- SIX SIS as Investor (4708)
- Iberclear as Investor (4710)
- VP as Investor (4706)

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).

<table>
<thead>
<tr>
<th>Market</th>
<th>Topic</th>
<th>Description</th>
<th>CBF service</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESES</td>
<td>Cancellation of securities distribution (non-income)</td>
<td>Currently ESES does not take into account the cancellation of non-income securities distribution. These include already instructed market or reverse claims.</td>
<td>CBF instructs one-sided Cancellation for already processed Market and Reverse Claims.</td>
</tr>
</tbody>
</table>
| ESES   | Valid ISO transaction codes | ESES instructs no market claim when the underlying instructions contain the following ISO transaction codes:  
  - PLAC  
  - NETT  
  - TRPO  
  - INSP  
  - TURN | CBF allows these transaction codes to be entered. |
| ESES   | Compensation of fractions | ESES does not compensate fractions even if the respective MT56x is sent with DISF/CINL | For securities with ESES as Issuer, CBF cannot guarantee the compensation for any fractions. |
| OEKB   | Market and reverse claim despite OPT-OUT, CCPN or XCPN flags. | If the underlying instruction carries OPT-OUT, CCPN or XCPN then OEKB reads these. | CBF instructs market and reverse claims taking into account the XCPN or opt-out flags. Exceptions are reverse claims [where opt-out is ignored and CCPN] |
| OEKB   | Compensation of fractions | In case of a published compensation price in an Austrian ISIN, compensation payment is initiated via PFoD. This is done without considering the possible conflict with MSU and SUM. | CBF compensates fractions only in case of existing compensation price and the same time existing conflict of nominal with MSU or SUM. Furthermore there is no compensation payment via PFoD |

1. Counterparty CSD account.
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 05:00 (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 customer 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/stock exchange trade;
- The corresponding se/se.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 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;
  - 508 for compensation stock exchange transaction;
  - 509 for cancellation compensation OTC;
  - 510 for cancellation compensation stock exchange transaction.

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 customer 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 seее.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 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 OTC Reverse Claims;
  – 512 for stock exchange transaction reverse claims;
  – 513 for cancellation OTC reverse claims;
  – 514 for cancellation stock exchange transaction 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 customer has selected account blocking in CASCADE;
• .97A::SAFE and .95R::DEAG with the debit account;
  – 6-series account of the buyer (reverse claim) or the seller (market claim) of the underlying and settled OTC(stock exchange transaction in CASCADE;

• .97A::SAFE and .95R::REAG with the credit account;
  – 6-series account of the seller (reverse claim) or the buyer (market claim) of the underlying and settled OTC(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 LION-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(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”);
  – Customer’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”):
    – 507 for market claiming OTC transactions;
    – 508 for market claiming stock exchange transactions;
    – 509 for cancellation market claiming OTC transactions
    – 510 for cancellation market claiming stock exchange transactions;
    – 511 for reverse claiming OTC transactions;
    – 512 for reverse claiming stock exchange transactions;
    – 513 for cancellation reverse claiming OTC transactions;
    – 514 for cancellation reverse claiming 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 a SWIFT example for a FoP instruction to be processed on the CBL Creation platform.
4.4.3 Possibility of instruction blocking

Market claims in CSC titles (CASCADE)

In general, FoP instructions generated are settled automatically during the continuous settlement process. On the seller side, the customer has the possibility of having automatically generated blocked FoP instructions for each account on the basis of market claims. In order to activate this option, the customer must submit the corresponding application form (see Appendix on page A-1).

Note: The possibility of instruction blocking does not exist for reverse claims.

Upon request, the customer can also receive a SWIFT message (MT564) for each blocked FoP instruction (see section 4.7.3 "SWIFT reporting").

Note: The customer cannot block released FoP instructions, that were generated automatically.

The current CASCADE functionality allows the customer (that is, the seller) to release blocked FoP instructions via CASCADE Online (KVAS FA) or CASCADE-PC, via MT530 or sese.030 (Modification of T2S instruction by releasing the party hold). T2S allows the matching and settlement of market claim instructions (delivery and receiver side) with one side on party hold. In this case only the delivery side is set on party hold.

```
Figure 4.1 CASCADE Online screen for settlement release
```

Furthermore customers have the possibility to use an MT530 in ISO 15022 format to release automatically blocked FoP transactions based on market claims.
Market claims in NCSC titles [Creation]

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

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

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

- Transmission of a MT542 instruction with processing status = NEWM by the customer to CBL (CEDELULL). This MT542 instruction must reference the MT542 PREA, previously sent by CBF to CBL. Customers 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 \texttt{:16R: \textsc{SEME}/\textsc{KP7999000007}} field :70E::\textsc{ADTX} after the code word "TRADE REF".
- Manual release by the customer using the online functionality "Hold/Release" on the CBL Creation platform.

For further information about the "Hold/Release" functionality please refer to the CBL Customer 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® transfers are not compensated.

Instructions deleted by CBF are shown to the customer 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) 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 DE0006614712; subscription right DE000A0S9PJ4; 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, DE000A0S9PJ4, nominal 50 [market claim]

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

Subscription ratio: 2:1; base value DE0006614712; subscription right DE000A0S9PJ4; ex-date: 26/09,
record date: 27/09.

Transactions:
A to B, DE0006614712, nominal 100, trade date 25/09, settled on 28/09
C to D, DE0006614712, nominal 200, trade date 26/09, settled on 27/09
FoP claims:
A to B, DE000A0S9PJ4, nominal 50 [market claim]
D to C, DE000A0S9PJ4, nominal 100 [reverse claim]
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):

---

**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 ("UBGGRUND"), which indicates the cause of the instruction (compensation OTC/compensation stock exchange).

**Note:** Changes in CASCADE-PC are described in the CASCADE Handbook Part II.

![Figure 4.7 CASCADE turnover screen KVDU ID](image-url)
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".

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 stock exchange transaction are displayed:
- Transaction reference OTC security/stock exchange transaction in the field “Referenz-Nr” (reference number);
- Trade date OTC/stock exchange transaction in the field “Schlusstag” (trade date);
- Counterparty in the field “Last-Kto/Gut-Kto” (debit account/credit account);
- Branch (only for stock exchange transactions) in the field “Auftraggeb. Depotbank”/”Begünstigte Depotbank” (originating custodian bank)/”Beneficiary depository”.

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 reverse and market 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, customers will receive their ordered settlement reporting from CBL for claim instructions on the CBL Creation platform.

KD211 “ex-date -1” selection

---

Figure 4.9  KD211 [Personal journal] with “ex-date -1” processing
### KD211 record date selection

<table>
<thead>
<tr>
<th>BANK</th>
<th>ESCHBORN, 09.11.2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, STREET</td>
<td>D 60000 FRANKFURT AM MAIN</td>
</tr>
<tr>
<td>TELEPHONE</td>
<td>+49-69-211-11177</td>
</tr>
<tr>
<td>FAX</td>
<td>+49-69-211-13701</td>
</tr>
</tbody>
</table>

| SECURITIES ACCOUNT: | 1234/000 |
| KEY DATE: | 10.11.2015 |
| EX DATE: | 09.11.2015 |
| VALUE DATE: | 11.11.2015 |

**ON THE BASIS OF YOUR POSITIONS,**

**WE HAVE INITIATED THE FOLLOWING ACCOUNTING ENTRIES:**

**CHANGE OF NOMINAL**

<table>
<thead>
<tr>
<th>EXCHANGE</th>
<th>-</th>
<th>NEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOMINAL</td>
<td>RATIO</td>
<td>NOMINAL</td>
</tr>
</tbody>
</table>

| B.WKN:DE0007472060 | 0,000% WIRECARD AG | SVG |
| N.WKN:DE0007472060 | 0,000% WIRECARD 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)

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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 stock exchange transactions are displayed on the KADI list for the customer 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.

Figure 4.11  KADI list layout: "End of trading period"
List layout: “End of subscription period”

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, customers 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)

Customers, who want to use the SWIFT MT56x service, are requested to order the required messages with the order form 83A "KADI Corporate Action Messages", which is available on the Clearstream website www.clearstream.com. The following SWIFT messages 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:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>:93B::PEND</td>
<td>Sum of nominal of pending sales OTC DvPs, DwPs and FoPs [AA01 W or P, AA99], stock exchange trades and CCP gross trades</td>
</tr>
<tr>
<td>:93B::PENR</td>
<td>Sum of nominal of pending purchases OTC DvPs, DwPs and FoPs [AA01 W or P, AA99], stock exchange trades and CCP gross trades</td>
</tr>
</tbody>
</table>

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

- Pending CCP gross trades of the business day before ["Restanten"];
- Pending CCP gross trades at the end of day;
- Pending matched OTC trades AA01 W or P at end of the day;
- Pending transactions AA99 at end of the day;
- Pending stock exchange trades [LION] at end of the day.

MT564 REPE on entitlement date

- One MT564 REPE is sent for each transaction for pending OTC and stock exchange trades entitled for compensations.
- One MT564 REPE is sent for each transaction of settled CCP gross trades, OTC and stock exchange trades [LION] for those 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:

<table>
<thead>
<tr>
<th>Message Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACLA</td>
<td>Open OTC or stock exchange trade relevant for compensations at entitlement date</td>
</tr>
<tr>
<td>CLAI</td>
<td>Reverse claims for settled OTC, stock exchange trades, CCP gross trades</td>
</tr>
</tbody>
</table>

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.
- 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:**

### MT564/566 Message Types

<table>
<thead>
<tr>
<th>MT564/566</th>
<th>Message Type</th>
<th>Sequence</th>
<th>Underlying OTC Trade</th>
<th>Market or Reverse Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>MT564</td>
<td>ACLA</td>
<td>i/o</td>
<td>Open OTC or stock exchange trade relevant for compensations at entitlement date</td>
<td></td>
</tr>
<tr>
<td>MT566</td>
<td>CLAI</td>
<td>i/o</td>
<td>Reverse claims for settled OTC, stock exchange trades, CCP gross trades</td>
<td></td>
</tr>
</tbody>
</table>

**Message Types - Custody**

<table>
<thead>
<tr>
<th>Message Types</th>
<th>Sequence</th>
<th>UNDERLYING OTC TRADE</th>
<th>MARKET OR REVERSE CLAIMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO15022</td>
<td>LINK:12A:</td>
<td>Trading-Reference</td>
<td>AUFTRAGSR/REZEP-TO/VERMERK/CONFIRMATION OF OTC TRADING BUSINESS RELATION</td>
</tr>
<tr>
<td>CASCADE ONLINE</td>
<td>LINK:20C:</td>
<td>Trading-Reference</td>
<td>AUFTRAGSR/REZEP-TO/VERMERK/CONFIRMATION OF OTC TRADING BUSINESS RELATION</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Transaction detail</th>
<th>MT564</th>
<th>MT566</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade reference FoP</td>
<td>TRADE REF, field :70E:</td>
<td>TRADE REF, field :70E:</td>
</tr>
<tr>
<td>Trade reference of underlying trade</td>
<td>R RELA, field :70E:</td>
<td>TTR RELA, field :70E:</td>
</tr>
<tr>
<td>Trade day</td>
<td>TRADE DAY RELA, field :70E:</td>
<td>TRADE DAY RELA, field :70E:</td>
</tr>
<tr>
<td>Seller/buyer</td>
<td>COUNTERPART, field :70E:</td>
<td>COUNTERPART, field :70E:</td>
</tr>
<tr>
<td>Ordering Party/beneficiary</td>
<td>BRANCH, field :70E:: nur für SE</td>
<td>Party, field :95Q: nur für SE</td>
</tr>
</tbody>
</table>

**MT536/537**

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

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

Corporate action instruction based on settled transactions (AA01):

- **CLAI**
  - MT536/537 22F TRAN/
- **CAEV**
  - MT536/537 22F SETR or CAEV
- **X**
  - MT536/537 20C CORP/"CA ID"

Referencing to the underlying transaction is located in the field :20C::COMM [common reference].
The reference to the underlying transaction is located in field 70E.
OTC - MT564 REPE CLAI (BONU)

:16R:GENL
:20C:CORP://2112013061102500
:20C::SEME//KAD7205648846390
:23G::NEWM
:22F::CAEV//BONU
:98C::REF://20160907205648
:16S:GENL
:16R:USECU
:97A::SAFE//XXXX0000
:35B:ISIN DE0005297204
HOMAG GROUP AG
:93B::CONB//UNIT/N400,
:16S:USECU
:16R:CADETL
:98A::XUTE://20160906
:98A::RUTE://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-BICCUDEFFXXX
TRADE DAY RELA20160906
COUNTERPARTXXXX0000
KADI-LFNR 00092
:16S:ADDINFO

The reference to the underlying transaction is located in field 70E.
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. Customers 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, customers can obtain all corporate action SWIFT services from CBF that are also available for claim instructions in CSC titles:

- MT564 REPE on entitlement date based on pending OTC/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 customers using the SWIFT address BIC DAKVDEFFXXX. Customers, 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:

<table>
<thead>
<tr>
<th>MT564 REPE ACLA</th>
<th>MT564 REPE CLAI (Reverse Claim)</th>
<th>MT564 REPE CLAI (blocked Claim)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sequence B/B2 with - CSC ISIN of the underlying transaction in CASCADE - Customer CASCADE account</td>
<td>Sequence B/B2 with - CSC ISIN of the underlying transaction in CASCADE - Customer CASCADE account</td>
<td>Sequence B/B2 with - CSC ISIN of the underlying transaction in CASCADE - Customer CASCADE account</td>
</tr>
<tr>
<td>Sequence F, field 70E::ADTX with</td>
<td>Sequence F, field 70E::ADTX with TRADE REF with the :20C::SEME of MT540/542 instruction [claim instruction to CBL]</td>
<td>Sequence F, field 70E::ADTX with TRADE REF with the :20C::SEME of MT540/542 instruction [claim instruction to CBL]</td>
</tr>
<tr>
<td>TR RELA with the trade number of the underlying OTC/stock exchange transaction in CASCADE</td>
<td>TR RELA with the trade number of the underlying OTC/stock exchange transaction in CASCADE</td>
<td>TR RELA with the trade number of the underlying OTC/stock exchange transaction in CASCADE</td>
</tr>
<tr>
<td>TR RELA T25 refers to the T2S Actor Reference of the underlying instruction</td>
<td>TR RELA T25 refers to the T2S Actor Reference of the underlying instruction</td>
<td>TR RELA T25 refers to the T2S Actor Reference of the underlying instruction</td>
</tr>
<tr>
<td>TRADE DAY with the trade day of the underlying transaction in CASCADE</td>
<td>TRADE DAY with the trade day of the underlying transaction in CASCADE</td>
<td>TRADE DAY with the trade day of the underlying transaction in CASCADE</td>
</tr>
<tr>
<td>COUNTERPART with the CASCADE account of the counterparty</td>
<td>COUNTERPART with the CASCADE account of the counterparty</td>
<td>COUNTERPART with the CASCADE account of the counterparty</td>
</tr>
<tr>
<td>SETTLEMENT DATE with the contractual settlement date of the claim instruction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Text “ADVICE OF NCSC-CLAIM FOR BOOKING ON YOUR CBL-ACCOUNT”</td>
<td>Text “ADVICE OF NCSC-CLAIM FOR &amp; BOOKING ON YOUR CBL-ACCOUNT”</td>
<td>Text “ADVICE OF BLOCKED NCSC-CLAIM ON YOUR CBL-ACCOUNT”</td>
</tr>
</tbody>
</table>

Customers using the possibility of instruction blocking on the seller-side and wanting to release the block via SWIFT (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.

<table>
<thead>
<tr>
<th>MT566 Confirmation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sequence B/B2 with</td>
</tr>
<tr>
<td>- NCSC ISIN of the booked claim instruction in Creation [ISIN new from the non-income event]</td>
</tr>
<tr>
<td>- CBL 6-series account of the customer</td>
</tr>
<tr>
<td>- 94F::SAFE//ICSD/CEDELULL</td>
</tr>
</tbody>
</table>

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/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 CBL 6-series account of the counterparty
1. example: SWIFT reporting for a reverse claim based on a stock exchange transactions
MT564 REPE on record date, sent from CBF to 73xx

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

```
16R:GENL
20C:COHR://2102017020201500
20C:SEME//K72XXXXXXXXXXCAQ
23G:REPE
22F:CAEV//RHDI
22F:CAMV//MAND
98C:PREP//2017010201500
25D:PROC//COMP
16R:LINK
20C:COHR://2102017020201500
16S:LINK
16R:LINK
20C::PREV//NONREF
16S:LINK
16R:LINK
13A::LINK//542
20C::RELAX//XXXXXX/XX1
16S:LINK
16R:LINK
13A::LINK//564
20C:COHR://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//20170102
98A::RDTE//20170102
22F:ADD//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 REFXXXXXXXXXXXXXXX
TR RELA0009999999
TR RELA T2SXXXXXXXXXX/001
REF-OWNER=BCDARKVDEFFXXX
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 FpP

:16R:GENL
:20C::SEME//K72718404949EB7X
:23G:NEWM
:98C::PREF//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::SPRG//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//CEDELULL
:16S:SETPRTY
:16R:SETPRTY
:95P::PSET//CEDELULL
:16S:SETPRTY
:16S:SETDET
MT566 Confirmation on record date +1, sent from CBF to 70xx

OTC - MT566 CLAI RC (RHDI)

:16R:GENL
:20C:CORP://2102017020201500
:20C:SEME://KAD7XXXXXXXXXXXX
:23G:NEWM
:22F:CAEV//RHDI
:98C:PREP://2017M0DDhmmss
: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//2017M0DD
:98A:RDTE//2017M0DD
: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//2017M0DD
:16S:SECMOVE
:16S:CACONF
:16R:ADDINFO
:70E:ADTX//REVERSE CLAIM OF OTC TRADE
  TRADE REFKXXXXXXXXXXXXXXX
  COL TRNOUXXXXX
  TR RELA000XXXXXXX
  TRADE DAY RELA2017MMSS
  COUNTERPART6XXXX
  KADI-LFNR 99999
:16S:ADDINFO
This page has intentionally been left blank.
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 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, the redemption price is transferred from the seller to the buyer.
- The transaction price of the pending matched [DvP] transaction is transferred from the buyer to the seller.
- The transaction price of the pending matched [DwP] transaction is transferred from seller to buyer.
- The underlying transaction is cancelled due to the transformation.

The transaction price and the redemption price are paid separately, that is they are not offset against each other. The pending matched trades in underlying ISIN would be transformed within next 20 business days from the entitlement date of the event as per the rules stated above.

The cancellation is performed for matched pending transactions from entitlement date until 20 business days after.

Note: In case of a partial redemption (TA140) the overlapping of 20 business-day period could occur if we have 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.

5.2 Relevant events

For the following event types transformations in cash are processed:

<table>
<thead>
<tr>
<th>Event type</th>
<th>Description</th>
<th>SWIFT event code</th>
</tr>
</thead>
<tbody>
<tr>
<td>120</td>
<td>Dividend payments in the event of dividend options</td>
<td>DVOP</td>
</tr>
<tr>
<td></td>
<td>(cash line)</td>
<td></td>
</tr>
<tr>
<td>122</td>
<td>Warrant exercise</td>
<td>EXWA</td>
</tr>
<tr>
<td>123</td>
<td>Squeeze out</td>
<td>TEND</td>
</tr>
<tr>
<td>124</td>
<td>Pay-off/buyback of shares</td>
<td>EXOF</td>
</tr>
<tr>
<td>130</td>
<td>Redemption</td>
<td>REDM</td>
</tr>
<tr>
<td>131</td>
<td>Redemption of participation rights</td>
<td>REDM</td>
</tr>
<tr>
<td>133</td>
<td>Liquidation</td>
<td>REDM</td>
</tr>
</tbody>
</table>
5.3 Relevant transactions

For the following transactions transformations in cash are processed:

<table>
<thead>
<tr>
<th>Instruction type</th>
<th>Description</th>
<th>Trade date</th>
<th>Transformations in cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 P</td>
<td>Account transfer RS (&quot;Depotübertrag RS&quot;)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>01 W^a</td>
<td>Ohne KZ-AA</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>10</td>
<td>Stock exchange trade (LION)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>99</td>
<td>Cancellation/booking account transfer (&quot;Storno/Nachbuchung&quot;)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

| CCP gross trades | | Yes | Yes |

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

Internal trades

OTC trades

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 from entitlement date until 20 business days after.

Transformations are applied under the following additional conditions

- Delivery versus payment (DvP)
  - Only for transactions with customer accounts on debit and credit side, account types 001 (customer account), 010 (customer account broker) and 131 (account for sub-account solution).

- Delivery free of payment (FoP)
  - Only for transactions with customer accounts on debit and credit side, account group 01 with account types 001 (customer account) and 010 (customer account broker).

- Delivery with payment (DwP)
  - Only for transactions with customer accounts on debit and credit side, account group 01 with account types 001 (customer account) and 010 (customer 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.

**Stock exchange trades (LION)**

Transformations in cash are performed on entitlement/record date for all pending stock exchange trades [LION] 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.

**Pending Eurex/CCP 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.

**Cross-border transactions**

Transformation in cash for cascade instruction type AA01 [securities transfer] and AA02 [matched instruction] for pending matched trades is processed from entitlement date till next 20 BD against omnibus account or against a counterparty CSD Account. Currently following markets support the processing of Cross Border Transformations.

- Monte Titoli (4701)
- ESES France (4702)
- ESES Netherlands (4703)
- ESES Belgium (4704)
- OEKB (4705)
- SIX SIS as Investor (4708)

Note for deviating compensation rules per CSD:

<table>
<thead>
<tr>
<th>Market</th>
<th>Topic</th>
<th>Description</th>
<th>CBF Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESES</td>
<td>Valid ISO transaction code</td>
<td>ESES does not process any transformation when the underlying instruction contains one of following transaction codes: PLAC, NETT, TRPO, INSP, TURN</td>
<td>CBF allows you to enter these transaction types. If the counterparty also uses the same transaction code then the necessary cancel and re-instruction would not be initiated from ESES.</td>
</tr>
<tr>
<td>OEKB</td>
<td>Compensation of Fractions</td>
<td>In case of a published compensation price for an Austrian ISIN, compensation payment is initiated via PFoD. This is done without considering the possible conflict with MSU and SUM.</td>
<td>CBF compensates fractions only in case of existing compensation price and the same time existing conflict of nominal with MSU or SUM. Furthermore there is no compensation payment via PFoD</td>
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1. Counterparty CSD account.
5.4  Cash clearing

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

- Cash bookings from transformation that are generated as a result of daily transformation run (from record date until 20 business days) after 18:00 are booked next day but earliest as payment day of the event. (In the re-organisation event the payment date is usually the next working day after Record Date)

- 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].

For the time being, the following instructions will continue to be booked on RTGS Account in T2:


- Transformation of internal OTC trades [for CBF Customers] in CSC and FCSC ISINs.

- Transformation of cross CSD OTC trade [with counterparty as another T2S In-CSD] in German ISINs.

Specifics for T2 Bookings:

Transformation instructions are booked in CBF in the same run as that of market claims and reverse claims before they are booked to T2.
The following booking text keys are used:

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

- Transformation of Cross-CSD OTC trade [with counterparty as another T2S In-CSD] in Foreign Collective Safe Custody (FCSC) ISIN

Specifics for T2S bookings:

- CBF only generated the PFoD leg for its customer, the another leg is instructed by the CSD of the counterparty, both the legs then can match and settle in 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.
- 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).
- 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 in DD1, DD2 or STD, 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.

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.

![Diagram](image-url)

**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 KVGI 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
MODELCITY

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          100.000,000-   1.000,00-

TOTAL PER SEC. CODE                   100.000,000-   1.000,00 EUR

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

COMPENSATION PAYMENT ON 24/11/2015 AT DD1
```
THE CORPORATE ACTION 222-WOTHLAWS 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
DE0001234578 7999/1234567 19/11/2015 7999/7999 7998/7998
100,000 100,00
DE0001234578 7999/7654321 19/112015 7998/7998 7999/7999
200,000 200,00-
<table>
<thead>
<tr>
<th>OLD SECURITY</th>
<th>OLD PSN</th>
<th>OLD TRADE DAY</th>
<th>OLD SELLER</th>
<th>OLD BUYER</th>
<th>OLD NOMINAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE0001234578</td>
<td>7999/1234567</td>
<td>19/11/15</td>
<td>7999/7999</td>
<td>7998/7998</td>
<td>10,000,000L</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NEW SECURITY</th>
<th>NEW PSN</th>
<th>NEW TRADE DAY</th>
<th>NEW SELLER</th>
<th>NEW BUYER</th>
<th>NEW NOMINAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE0001234578</td>
<td>7999/1234567</td>
<td>14.11.13</td>
<td>7999/7999</td>
<td>7998/7998</td>
<td>9,000,000E</td>
</tr>
</tbody>
</table>

CLEARSTREAM BANKING AG

(EDP PRINTOUT WITHOUT SIGNATURE)
5.7.3 SWIFT reporting

The following SWIFT messages 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:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>.93B::PEND</td>
<td>Sum of nominal of pending sales OTC DvPs, DwPs and FoPs [AA01 W or P, AA99], stock exchange trades and CCP gross trades</td>
</tr>
<tr>
<td>.93B::PENR</td>
<td>Sum of nominal of pending purchases OTC DvPs, DwPs and FoPs [AA01 W or P, AA99], stock exchange trades and CCP gross trades</td>
</tr>
</tbody>
</table>

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

- Pending CCP gross trades of the business day before (“Restanten”);
- Pending CCP gross trades at the end of day;
- Pending matched OTC trades AA01 W or P at end of the day;
- Pending transactions AA99 at end of the day;
- Pending stock exchange trades [LION] at end of the day.

**MT564 REPE Income on entitlement date**

One MT564 REPE is sent for each transaction for pending OTC and stock exchange trades and CCP gross 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:

<table>
<thead>
<tr>
<th>Field</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATXF</td>
<td>Transformation on entitlement date and 20 BD after</td>
</tr>
<tr>
<td>CNTR</td>
<td>Cancellation due to Opt-Out Flag in underlying trade on entitlement date and 20 BD after</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th>MESSAGE TYPE</th>
<th>MESSAGE TYPE</th>
<th>SEQUENCE</th>
<th>UNDERLYING OTC TRADE</th>
<th>CANCELLATION OF UNDERLYING TRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>T2S</td>
<td>sese.003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T2S</td>
<td>sese.003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ISO15022</td>
<td>MT56x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CASCADE</td>
<td>ONLINE</td>
<td>KAI</td>
<td>Author: 40128</td>
<td>Author: 40128 Reference-No. CUST153004AFA95 Reference-No. 123CUST</td>
</tr>
<tr>
<td>ISO15022</td>
<td>MT56x/566</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Message Types - settlement**
- T2S: Settlement Transaction
- MT56x: Redemption Price

**Message Types - custody**
- CASCADE: Allocations
- ONLINE: Allocations

**Example 1: T2S sese.003**
- Trade ID: CUST153004AFA95
- Trade ID: KT79070100601280
- Cancellation Request ID: C72D191529BB649

**Example 2: ISO15022 sese.020**
- Txn Id: 1709999999990001
- CSTxnId: C72D191529BB649

**Example 3: ISO15022 sese.024**
- Txn Id: 1709999999990001
- CSTxnId: C72D191529BB649

**Example 4: ISO15022 sese.025**
- Txn Id: 1709999999990001
- CSTxnId: C72D191529BB649

**Message Transformation**
- MT56x Transformation of Redemption Price
- T2S Transformation of Redemption Price

**Additional Information**
- AUFTRNR of underlying trade
- AUFTRAGS-REFERENZ and T2S-A/A-REF of underlying trade
- Related BIC-Code
- Reference-Nr of underlying trade
- Trade Date of underlying trade
- Counterpart (being seller or buyer)
- Number of custody application payroll cycle
OTC - MT564 REPE ATXF - (REDM) REDEMPTION PRICE CLAIM

:16R:GENL
:20C::CORP//1302016071900000
:20C::SEME//K67K212953C9970Q
:23G:REPE
:22F::CAEV//REDM
:22F::CAMV//MAND
:98C::PREP//20160720212953
:25D::PROC//COMP
:16R:LINK
:20C::CORP//1302016071900000
:16S:LINK
:16R:LINK
:20C::PREV//NONREF
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN DE0003271474
   NRW.BANK OE.PF.R.27147
:16R:FIA
:11A::DENO//EUR
:16S:FIA
:16R:ACCTINFO
:97A::SAFE//XXXX0000
:93B::PEND//FAMT/N20,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::RDTE//20160720
:22F::ADDB//ATXF
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//CASH
:17B::DFLT//Y
:16R:CASHMOVE
:22H::CRDB//DEBT
:97A::CASH//XXXX0000
:19B::ENTL//EUR20,
:19B::GRSS//EUR20,
:19B::MKTC//EUR20,
:98A::PAYD//20160721
:98A::VALU//20160721
:90A::OFFR//PRCT/100,
:16S:CASHMOVE
:16S:CAOPTN
:16R:ADDTINFO
:70E::ADTX//TRANSFORMATION OF REDEMPTION PRICE
   TR RELA0000066629
CCP-GROSS - MT566 ATXF - [REDM-BUND] REDEMPTION PRICE CLAIM

:16R:GENL
:20C:CORP://1302016081800000
:20C:SEME://KADO144609875507
:23G:NEWM
:22F:CAEV://REDM
:98C://PREF//20160824144609
:16R:LINK
:20C://REL://0001117685
:16S:LINK
:16S:GENL
:16R:USECU
:97A://SAFE//XXXX0000
:35B:ISIN DE0001102309
BUNDANL.V.13/23
:16R:FIA
:11A://DENG//EUR
:16S:FIA
:93B://CONB//FAMT/N90000000,
:16S:USECU
:16R:CADETL
:98A://RDTE//20160823
:22F://ADDB//ATXF
:16S:CADETL
:16R:CACONF
:13A://CAON//001
:22H://CAOF//CASH
:16R:CASHMOVE
:22H://CRDB//DEBT
:97A://CASH//XXXX0000
:16R:CSHPRTY
:95Q://BENM//XXXX0000
:16S:CSHPRTY
:19B://PSTA//EUR90000000,
:19B://MKTC//EUR90000000,
:19B://GRSS//EUR90000000,
:98A://POST//20160824
:98A://VALU//20160824
:98A://PAYD//20160824
:90A://OFFR//PRCT/100,
:16S:CASHMOVE
:16S:CACONF
:16R:ADDINFO
:70E://ADTX//TRANSFORMATION OF REDEMPTION PRICE
TR RELA0001117685
TRADE DAY20160711
COUNTERPART?5250000
TRADING LOCATION192
ORDER NO.1000000065010
KADI-LFNR 00081
:95Q://PAYA//BUNDESREPUBLIK DEUTSCHLAND
LURGIALLEE 5
D-60295 FRANKFURT AM MAIN
:16S:ADDINFO
OTC - MT564 REPE ATXF - [REDM] TRANSACTION PRICE CLAIM

16R:GENL
20C:CORP://2202016071900000
20C:SEME//K67K20493145C6CQ
23G:REPE
22F:CAEV//REDM
22F:CAMV//MAND
98C:PREP//20160720204931
25D:PROC//COMP
16R:LINK
20C:CORP://2202016071900000
16S:LINK
16R:LINK
20C:PREV//NONREF
16S:LINK
16S:GENL
16R:USECU
35B:ISIN DE0003271474
NRW.BANK OE.PF.R.27147
16R:ACCTINFO
97A:SAFE//XXXX0000
93B:PEND//FAMT/N20,
16S:ACCTINFO
16S:USECU
16R:CADETL
98A:RDTE//20160720
22F:ADDDB//ATXF
16S:CADETL
16R:CAOPTN
13A:CAON//001
22F:CAOP//CASH
17B:DFLT//Y
16R:CASHMOVE
22H:CRDB//CRED
97A:CASH//XXXX0000
19B:ENTL//EUR30,
19B:GRSS//EUR30,
98A:PAYD//20160721
98A:VALU//20160721
16S:CASHMOVE
16S:CAOPTN
16R:ADDINFO
70E:ADTX//TRANSFORMATION OF TRANSACTION PRICE
TR RELA0000066629
TR REFA T2SCUSTOMERREFERN
REF-OWNER-BICCUSTBICFXXX
TRADE DAY20160719
COUNTERPARTXXXX0000
KADI-LFNR 00257
16S:ADDINFO
OTC - MT566 REPE ATXF - (MCAL) TRANSACTION PRICE CLAIM

:16R:GENL
:20C::CORP//2202017013111111
:20C::SEM//KAD7133921444461
:23G:NEWM
:22F::CAEV//MCAL
:98C::PREP//20170207133921
:16R:LINK
:20C::REL//5557020699998888
:16S:LINK
:16S:GENL
:16R:USECU
:97A::SAFE//XXXX0000
:35B:ISIN DE000HLB9DQ6
LB.HESS.-THR.EX.KU20 BAYN
:93B::CONB//FAMT/100,
:16S:USECU
:16R:CADETL
:98A::RDTE//20170203
:22F::ADDB//ATXF
:16S:CADETL
:16R:CACONF
:13A::CAON//001
:22H:CAOF//CASH
:16R:CASHMOVE
:22H:CRDB//DEBT
:97A::CASH//XXXX0000
:19B::PSTA//EUR100,5
:19B::GRSS//EUR100,5
:98A::POST//20170206
:98A::VALU//20170206
:16S:CASHMOVE
:16S:CACONF
:16R:ADDINFO
:70E::ADTX//TRANSFORMATION OF TRANSACTION PRICE
TR RELA0008097246
TR RELA T2SCUSTOMER0REFERN
REF-OWNER-BICCUSTBICFXXX
TRADE DAY20170127
COUNTERPARTXXXX0000
KADI-LFNR 73833
:16S:ADDINFO
OTC - MT564 REPE ATXF - (PCAL) REDEMPTION PRICE CLAIM

:16R:GENL
:20C::COMP//1402017012400000
:20C::SEME//K71P1848168E03AE
:23G:REPE
:22F::CAEV//PCAL
:22F::CAMV//MAND
:98C::PREP//20170125184816
:25D::PROC//COMP
:16R:LINK
:20C::COMP//1402017012400000
:16S:LINK
:16R:LINK
:20C::PREV//NONREF
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN DE000A0E8203
KRED.F.WIED.05/25 MTN
:16R:FIA
:11A::DENO//EUR
:16S:FIA
:16R:ACCTINFO
:97A::SAFE//XXXX0000
:93B::PEND//FAMT/N1000,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::RDTE//20170125
:22F::ADDB//ATXF
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//CASH
:17B::DFLT//Y
:16R:CASHMOVE
:22H::CRDB//DEBT
:97A::CASH//XXXX0000
:19B::ENTL//EUR250,
:19B::GRSS//EUR250,
:19B::MKTC//EUR250,
:98A::PAYD//20170126
:98A::VALU//20170126
:90A::OFFR//FRCT/25,
:16S:CASHMOVE
:16S:CAOPTN
:16R:ADDINFO
:70E::ADTX//TRANSFORMATION OF REDEMPTION PRICE
TR RELA00000060122
TR RELA T2SC71P14535725FFB
REF-OWNER-BICDAKVDEFFOPS
TRADE DAY20170124
COUNTERPARTXXXX0000
KADI-LFNR 00465
:95Q::PAYA//KREDITANSTALT FUER WIEDERAUFBAU
PALMEN GARTENSTRASSE 5-9
POSTFACH 11 11 41
D-60325 FRANKFURT AM MAIN
:16S:ADDINFO
OTC - MT564 REPE ATXF - (PCAL) TRANSACTION PRICE CLAIM

:16R:GENL
:20C::CORP//2232017012400000
:20C::SEME//K71P1821502F843Q
:23G:REPE
:22F:CAEV//PCAL
:22F:CAMV//MAND
:98C::PREF//20170125182150
:25D:PROC//COMP
:16R:LINK
:20C::CORP//2232017012400000
:16S:LINK
:16R:LINK
:20C::PREV//NONREF
:16S:LINK
:16S:GENL
:16R:USECU
:35B:ISIN DE000A0E8203
KRED.F.WIED.05/25 MTN
:16R:ACCTINFO
:97A::SAFE//XXXX0000
:93B::PENR//FAMT/1000,
:16S:ACCTINFO
:16S:USECU
:16R:CADETL
:98A::XDTE//20170126
:98A::RDTE//20170125
:22F::ADDB//ATXF
:16S:CADETL
:16R:CAOPTN
:13A::CAON//001
:22F::CAOP//SECU
:17B::DFLT//Y
:16R:SECMOVE
:22H::CRDB//CRED
:35B:ISIN DE000A0E8203
KRED.F.WIED.05/25 MTN
:36B::ENTL//FAMT/750,
:98A::PAYD//20170126
:16S:SECMOVE
:16S:CAOPTN
:16R:ADDINFO
:70E::ADTX//TRANSFORMATION OF OTC TRADE
TRADE-REF T2SC71P181123188C0
REF-OWNER-BICDAKVDEFFXXX
TR RELA00000060154
TR RELA T2SC71P150249370D4
REF-OWNER-BICDAKVDEFFSTO
TRADE DAY20170124
COUNTERPARTXXXX0000
KADI-LFNR 00465
:16S:ADDINFO
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.

The transformation of the pending trade (matched) is performed from entitlement day until 20 business days after.

6.2 Relevant events

For the following events modifications of pending trades are performed:

<table>
<thead>
<tr>
<th>Event type</th>
<th>Description</th>
<th>SWIFT event code</th>
</tr>
</thead>
<tbody>
<tr>
<td>231</td>
<td>Redemption in securities</td>
<td>REDM</td>
</tr>
<tr>
<td>232</td>
<td>Conversion</td>
<td>CONV</td>
</tr>
<tr>
<td>232</td>
<td>Merger</td>
<td>MRGR</td>
</tr>
<tr>
<td>232</td>
<td>Reverse stock split</td>
<td>SPLR</td>
</tr>
<tr>
<td>232</td>
<td>Decrease of capital</td>
<td>DECR</td>
</tr>
<tr>
<td>232</td>
<td>Reclassification</td>
<td>CHAN</td>
</tr>
<tr>
<td>232</td>
<td>Pari Passu</td>
<td>PARI</td>
</tr>
<tr>
<td>235</td>
<td>Redenomination</td>
<td>REDO</td>
</tr>
</tbody>
</table>

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 stock exchange trades [LION] 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 the re instructed with new ISIN and/or nominal.

Please note that the trade date will only be considered in addition if the following conditions are met:

- ISIN old = ISIN new;
• Currency of conversion ratio numerator unequal currency of conversion ratio denominator;
• \( m > n \) for conversion ratio \( m:n \) (for example 1:10).
• Transaction type unequal AA01 B, P or E for registered shares

For registered shares the trade date will only be considered if the above-mentioned conditions are met.

**Events with ISIN new = NCSC title**

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

### 6.3 Relevant transactions

For the following transactions transformations in securities are processed:

<table>
<thead>
<tr>
<th>Instruction type</th>
<th>Description</th>
<th>Trade date</th>
<th>Transformations in cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 P</td>
<td>Account transfer RS (&quot;Depotübertrag RS&quot;)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>01 W(^a)</td>
<td>Ohne KZ-AA</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>10</td>
<td>Stock exchange trade (LION)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>99</td>
<td>Cancellation/booking account transfer (&quot;Storno/Nachbuchung&quot;, CBF internal)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

CCP gross trades

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

**Internal trades**

**OTC trades**

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 at 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 customer accounts on debit and credit side, account types 001 (customer account), 010 (customer account broker) and 131 (account for sub-account solution).

- **Delivery free of payment (FoP)**
  Only for transactions with customer accounts on debit and credit side, account types 001 (customer account) and 010 (customer account broker).

- **Delivery with payment (DwP)**
  Only for transactions with customer accounts on debit and credit side, account types 001 (customer account) and 010 (customer account broker).

- **Payment Free of Delivery (PFoD)**
  Only for transactions with customer accounts on debit and credit side, account group 01 with account types 001 (customer account) and 010 (customer account broker).
account types 001 (customer account) and 010 (customer 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.

Stock exchange trades (LION)

For all pending stock exchange trades (LION) in CSC custody at entitlement date transformations are processed.

For stock exchange trades (LION) 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.

Pending Eurex/CCP trades

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

Cross Border Transactions

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 BD after against omnibus account or against a counterparty CSD Account. The following markets currently support the processing of cross-border transformations.

- Monte Titoli (4701)
- ESES France (4702)
- ESES Netherlands (4703)
- ESES Belgium (4704)
- OEKB (4705)
- SIX SIS as Investor (4708)

<table>
<thead>
<tr>
<th>Market</th>
<th>Topic</th>
<th>Description</th>
<th>CBF service</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESES</td>
<td>Valid ISO transaction code</td>
<td>ESES does not process any transformation when the underlying instruction contains one of following transaction codes: PLAC, NETT, TRPO, INSP, TURN</td>
<td>CBF allows you to enter these transaction types. If the counterparty also uses the same transaction code then the necessary cancel and re-instruction would not be initiated from ESES.</td>
</tr>
<tr>
<td>OEKB</td>
<td>Compensation of fractions</td>
<td>In case of a published compensation price for an Austrian ISIN, compensation payment is initiated via PFoD This is done without considering the possible conflict with MSU and SUM. Furthermore there is no compensation payment via PFoD</td>
<td>CBF compensates fractions only in case of existing compensation price and the same time existing conflict of nominal with MSU or SUM. Furthermore there is no compensation payment via PFoD</td>
</tr>
</tbody>
</table>

1. Counterparty CSD account.
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. This process is repeated for the transformation period (until 20 BD after entitlement date).

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® transfers, that represent FoP transfers without a trade date and therefore not modified, are flagged for deletion.

Customers 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.

**Customer reporting**

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

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

Via the KADI list KD118, customers 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 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].
6.7.3 SWIFT reporting

The following SWIFT messages 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 or P, AA99), stock exchange trades and CCP gross trades

### .93B::PENR
Sum of nominal of pending purchases:
OTC DvPs, DwPs and FoPs (AA01 W or P, AA99), stock exchange trades and CCP gross trades

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

- Pending CCP gross trades of the business day before [”Restanten”];
- Pending CCP gross trades at the end of day;
- Pending matched OTC trades AA01 W or P at end of the day;
- Pending transactions AA99 at end of the day;
- Pending stock exchange trades [LION] at end of the day.

**MT564 REPE on entitlement date**

One MT564 REPE is sent for each transaction for pending OTC and 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:

<table>
<thead>
<tr>
<th>ATXF</th>
<th>Transformation on entitlement date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CNTR</td>
<td>Cancellation of underlying instruction due to Opt-Out flag on Entitlement date</td>
</tr>
</tbody>
</table>

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.

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

<table>
<thead>
<tr>
<th>PLATFORM</th>
<th>MESSAGE TYPE</th>
<th>SEQUENCE</th>
<th>UNDERLYING OTC TRADE</th>
<th>CANCELLATION OF UNDERLYING TRADE</th>
</tr>
</thead>
<tbody>
<tr>
<td>T25</td>
<td>.93B::PEND</td>
<td>.93B::PENR</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| IS015022 | MTS4x        | LINK      | LINK:12A             | LINK:2CC                      |
|          |              |           | LINK:512             |                               |

| IS015032 | MTS4x        | ADJNWF1031 | ADJNWF1031           | ADJNWF1031                    |

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

<table>
<thead>
<tr>
<th>Transaction detaila</th>
<th>MT564</th>
<th>MT566</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade reference</td>
<td>TRADE REF, field 70E</td>
<td>TRADE REF, field 70E</td>
</tr>
<tr>
<td>Reference no.</td>
<td>OWN REF, field 70E</td>
<td>OWN REF, field 70E</td>
</tr>
<tr>
<td>Order reference [SWIFT]</td>
<td>RELATED REF, field 20C</td>
<td>RELATED REF, field 20C</td>
</tr>
<tr>
<td>Trade date</td>
<td>TRADE DAY, field 70E</td>
<td>TRADE DAY, field 70E</td>
</tr>
<tr>
<td>Seller/purchaser</td>
<td>COUNTERPART, field 70E</td>
<td>COUNTERPART, field 70E</td>
</tr>
<tr>
<td>Ordering party/beneficiary</td>
<td>BRANCH, field 70E [only for SE]</td>
<td>Party, field 95Q [only for SE]</td>
</tr>
</tbody>
</table>

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 stock exchange transaction (AA10):**

<table>
<thead>
<tr>
<th>SETT</th>
<th>MT536/537 22F TRAN/</th>
</tr>
</thead>
<tbody>
<tr>
<td>SETR</td>
<td>MT536/537 22F SETR or CAEV</td>
</tr>
<tr>
<td>X</td>
<td>MT536/537 20C CORP/&quot;CA ID&quot;</td>
</tr>
</tbody>
</table>

**Modified OTC transaction (AA01, 02):**

<table>
<thead>
<tr>
<th>SETT</th>
<th>MT536/537 22F TRAN/</th>
</tr>
</thead>
<tbody>
<tr>
<td>SETR</td>
<td>MT536/537 22F SETR or CAEV</td>
</tr>
<tr>
<td>X</td>
<td>MT536/537 20C CORP/&quot;CA ID&quot;</td>
</tr>
</tbody>
</table>
OTC - 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-BICDACKVEFFXXX
TR RELA0000060146
TR RELA T2SC68T155510E1C35
REF-OWNER-BICDACKVEFFGFS
TRADE DAY20160829
COUNTERPARTXXXX0000
KADI-LFNR 00305
:16S:ADDINFO
OTC - MT566 ATXF - [PARI]

```
:16R:GENL
:20C::CORP//2322013080100000
:20C::SEME//KADP073634818464
:23G:NEWM
:22F::CAEV//PARI
:98C::PREF//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 T2SCUST0REFERENCE2
  REF-OWNER-BICCUSTDEFFXXX
  TRADE DAY20160822
  COUNTERPARTXXXX0000
  KADI-LFNR 000082
:16S:ADDINFO
```
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 and fund distributions, participation rights income and interest payments of convertible bonds. With regard to capital growth funds CBF pays the tax liability provided by the investment company to the domestic paying agent or, if the fund participations are held by foreign customers, 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 customers required to withhold tax**

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

Customers where AWV country = 004 (Germany) receive the dividend payment in full (gross).

For customers where AWV country <> 004 (abroad), the withholding tax is undertaken by CBF. These customers receive the gross distribution minus withholding tax (“Kapitalertragssteuer”; KESt) and solidarity surcharge (“Solidaritätszuschlag”; SolZ).

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:

<table>
<thead>
<tr>
<th>Event type</th>
<th>Description</th>
<th>SWIFT event code</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>Interest</td>
<td>INTR</td>
</tr>
<tr>
<td>120</td>
<td>Cash dividends</td>
<td>DVCA</td>
</tr>
<tr>
<td>121</td>
<td>Funds income</td>
<td>DVCA</td>
</tr>
<tr>
<td>126</td>
<td>Participation rights income</td>
<td>INTR</td>
</tr>
<tr>
<td>127</td>
<td>Tax liquidity for growth funds</td>
<td>ACCU</td>
</tr>
</tbody>
</table>

### 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 customers 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 customer’s security account. For non-German customers the tax deduction is processed by CBF.

With respect to the market claims the AWV code of the securities account of the customer 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);
- LION stock exchange trades;
- Equity CCP trades;
- Xemac Collateral trades.

If the processing identifies a non-German customer 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 customer with a tax credit, except if the balance is negative.

With introduction of 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).

On request CBF certifies tax vouchers after end of market claims period for foreign banks about the deducted tax (on account master level) with consideration of the available tax contingent.
7.2.4 Taxation of market claims

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

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Sale</th>
<th>Purchase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC</td>
<td>Gross</td>
<td>Gross</td>
<td>Market claim for within the 20 business days period settled transaction</td>
</tr>
<tr>
<td>CCP</td>
<td>Gross</td>
<td>Gross</td>
<td>Market claim for pending trade at end of day of entitlement date</td>
</tr>
<tr>
<td>SE (LION)</td>
<td>Gross</td>
<td>Gross</td>
<td>Market claim for within the 20 business days period settled transaction</td>
</tr>
<tr>
<td>Xemac</td>
<td>Gross</td>
<td>Gross</td>
<td>Market claim for Xemac allocation at end of day of entitlement day</td>
</tr>
</tbody>
</table>

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 against market claims for sales to calculate the correct 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).

Calculation

Example for a tax adjustment calculation:

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

The line balance shows the daily adjustment calculation. In column "Tax credit" the booked tax credit is shown.
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 = KESt amount
EUR 200 / 100 * 25 = EUR 50
KESt 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 KESt amount - KESt amount to be deducted = KESt 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**

KESt 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.
7.3 Reporting

7.3.1 Online

Booked tax credits are displayed in CASCADE via the function KVGI:SG

Overview

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

Clearstream Banking Frankfurt

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 AUSMACHERND BETRAG FREIWILLIG
SG STEUERGUTSCHRIFT GE ANGEBOTE

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
--
KV00081 Verarbeitung abgeschlossen, bitte neue Daten eingeben
PF1:Hilfe PF3:Rücksprung PF4:Abbruch
### 7.3.2 KADI list reporting

Tax credits are reported on a separate list. On the customer 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.

<table>
<thead>
<tr>
<th>VA</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>Stock exchange trade LION</td>
</tr>
<tr>
<td>C</td>
<td>OTC trade</td>
</tr>
<tr>
<td>E</td>
<td>SE trade CCP derivative market</td>
</tr>
<tr>
<td>P</td>
<td>SE trade CCP cash market</td>
</tr>
<tr>
<td>X</td>
<td>Xemac allocation</td>
</tr>
<tr>
<td>K</td>
<td>Account transfer CEDAR</td>
</tr>
</tbody>
</table>
For each trade type two rows are displayed on the customer 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.

| 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 |

| 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 |

<table>
<thead>
<tr>
<th>NOMINAL</th>
<th>KEST EUR</th>
<th>SOLZ EUR</th>
<th>SUM TAX EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,996,000</td>
<td>756,49</td>
<td>41,60</td>
<td>798,09</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>VA</th>
<th>NOMINAL</th>
<th>KEST EUR</th>
<th>SOLZ EUR</th>
<th>SUM TAX EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>B</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>C</td>
<td>2,772,000-</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>C</td>
<td>2,372,000</td>
<td>598,93</td>
<td>32,94</td>
<td>631,87</td>
</tr>
<tr>
<td>E</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>E</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>P</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>P</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>X</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>X</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>K</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
<tr>
<td>K</td>
<td>0,000</td>
<td>0,00</td>
<td>0,00</td>
<td>0,00</td>
</tr>
</tbody>
</table>

| ACTUAL-TAX-STATE |

<table>
<thead>
<tr>
<th>NOMINAL</th>
<th>KEST EUR</th>
<th>SOLZ EUR</th>
<th>SUM-TAX EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,596,000</td>
<td>1,355,42</td>
<td>74,54</td>
<td>1,429,96</td>
</tr>
</tbody>
</table>

| TARGET-TAX-STATE |

<table>
<thead>
<tr>
<th>NOMINAL</th>
<th>KEST EUR</th>
<th>SOLZ EUR</th>
<th>SUM-TAX EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,596,000</td>
<td>655,49</td>
<td>36,05</td>
<td>691,54</td>
</tr>
</tbody>
</table>

| TAX CREDIT |

<table>
<thead>
<tr>
<th>KEST EUR</th>
<th>SOLZ EUR</th>
<th>TAX CREDIT EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>699,93</td>
<td>38,49</td>
<td>738,42</td>
</tr>
</tbody>
</table>

| TAX CREDIT PAYMENT ON 01/07/2016 AT DD1 |
7.3.3 SWIFT reporting

**MT564 REPE (Tax Credit)**

```
:16R: GENL
:20C: :CORP/1219999999999999
:20C: :SEME/K66G0006510D17FQ
:23G: REPE
:22F: :CAEV/DVCA
:22F: :CAMV/MAND
:98C: :PREP/20160616000651
:25D: :PROC/COMP
:16R: LINK
:20C: :CORP/1219999999999999
:16S: LINK
:16R: LINK
:20C: :PREV/NONREF
:16S: GENL
:16R: USECU
:35B: ISIN DE1111111111
TESTFOND
:16R: ACCTINFO
:97A: :SAFE/99990000
:93B: :TRAD/UNIT/4061864,
:16S: ACCTINFO
:16S: USECU
:16R: CADETL
:98A: :XDTE/20160615
:98A: :RDTE/20160614
:16S: CADETL
:16R: CAOPTN
:13A: :CAON/001
:22F: :CAOP/CASH
:17B: :DFLT/Y
:16R: CASHMOVE
:22H: :CRDB/CRED
:97A: :CASH/99990000
:19B: :ENTL/EUR14,35
:19B: :GRSS/EUR14,35
:19B: :TAXR/EUR33071,54
:19B: :ATAX/EUR0,73
:19B: :TAXC/EUR33085,89
:98A: :PAYD/20160616
:98A: :VALU/20160616
:92A: :TAXR/25,
:92A: :ATAX/5,5
:92F: :GRSS/EUR0,449355
:92J: :GRSS/INCO/EUR0,30870000/ACTU
:92J: :GRSS/INTR/EUR0,034686800/ACTU
:92J: :GRSS/ISOIC/EUR0,426125800/ACTU
:92J: :GRSS/TXBL/EUR0,030870000/ACTU
:92J: :GRSS/TXFR/EUR0,418485000/ACTU
:16S: CASHMOVE
:16S: CAOPTN
:16R: ADDINFO
:70E: :ADTX/KADI-LFNR 12345
TAX CREDIT
:70E: :TAXE/DIV/EUR0,030870000
:95Q: :PAYA/2AHNLSSTELLENBANK
MUSTERSTRASSE
POSTFACH 12 34 56
D-99999 BEISPIELSTADT
:16S: ADDINFO
```
MT566 (Tax Credit)

:16R: GENL
:20C: :CORP://1219999999999999
:20C: :SEME//KADG103449225592
:23G: :NEWM
:22F: :CAEV//DVCA
:98C: :PREP://20160616103449
:16S: GENL
:16R: USECU
:97A: :SAFE//99990000
:35B: :ISIN DE1111111111
TESTFOND
:93B: :CONB//UNIT/4061864,
:93B: :TRAD//UNIT/4061864,
:16S: USECU
:16R: CADETL
:98A: :XDTE//20160615
:98A: :RDTE//20160614
:16S: CADETL
:16R: CACONF
:13A: :CAON//001
:22H: :CAOP//CASH
:16R: CASHMOVE
:22H: :CROB//CRED
:97A: :CASH//99990000
:19B: :PSTA//EUR14,35
:19B: :GRSS//EUR14,35
:19B: :TAXR//EUR33071,54
:19B: :ATAX//EUR0,73
:19B: :TAXC//EUR33085,89
:98A: :POST//20160616
:98A: :VALU//20160616
:98A: :PAYD//20160615
:92F: :GRSS//EUR0,449355
:92A: :TAXR//25,
:92A: :ATAX//5,5
:92J: :GRSS//INCO/EUR0,030870000/ACTU
:92J: :GRSS//INTR/EUR0,034686800/ACTU
:92J: :GRSS//SOIC/EUR0,426125800/ACTU
:92J: :GRSS//TXBL/EUR0,030870000/ACTU
:92J: :GRSS//TXFR/EUR0,418485000/ACTU
:16S: CASHMOVE
:16S: CACONF
:16R: ADDINFO
:70E: :ADTX//KADI-LFNR 12345
TAX CREDIT
:70E: :TAXE//DIV/EUR0,030870000
:95Q: :PAYA//ZAHNLSTELLENBANK
MUSTERSTRASSE
POSTFACH 12 34 56
D-99999 BEISPIELSTADT
:16S: ADDINFO
-ü
Since 1 April 2011, CBF has acted as tax agent for the French market. This lead to the following advantages for the customers:

- 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.
- Customers can reduce the number of tax claims 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:

<table>
<thead>
<tr>
<th>Event type</th>
<th>Description</th>
<th>SWIFT event code</th>
</tr>
</thead>
<tbody>
<tr>
<td>120</td>
<td>Dividends</td>
<td>DVCA</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Tax rate</th>
<th>Sub-account</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>828</td>
</tr>
<tr>
<td>0%</td>
<td>829</td>
</tr>
<tr>
<td>0%</td>
<td>831</td>
</tr>
<tr>
<td>0%</td>
<td>833</td>
</tr>
<tr>
<td>0%</td>
<td>834</td>
</tr>
<tr>
<td>10%</td>
<td>822</td>
</tr>
<tr>
<td>12%</td>
<td>832</td>
</tr>
<tr>
<td>15%</td>
<td>830</td>
</tr>
<tr>
<td>20%</td>
<td>824</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Market claim</th>
<th>Reverse claim</th>
<th>Beschreibung</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC/SE LION/CCP</td>
<td>Yes</td>
<td>Yes</td>
<td>OTC, CCP and SE sales and purchases are settled net.</td>
</tr>
<tr>
<td>Xemac</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Currently there are no French shares in Xemac.</td>
</tr>
</tbody>
</table>

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.
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:

<table>
<thead>
<tr>
<th>Event type</th>
<th>Description</th>
<th>SWIFT event code</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>Interests</td>
<td>INTR</td>
</tr>
<tr>
<td>120</td>
<td>Dividends</td>
<td>DVCA</td>
</tr>
</tbody>
</table>

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

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

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**

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Market claim</th>
<th>Reverse claim</th>
<th>Purchase/sale</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTC</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchase/sale</td>
<td>QI status is applied.</td>
</tr>
<tr>
<td>CCP</td>
<td>Yes</td>
<td>-</td>
<td>Purchase</td>
<td>QI status is applied.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sale</td>
<td>Debit with gross amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Yes</td>
<td>Purchase</td>
<td>Debit with gross amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Sale</td>
<td>QI status is applied.</td>
</tr>
<tr>
<td>SE LION</td>
<td>Yes</td>
<td>Yes</td>
<td>Purchase/sale</td>
<td>QI status is applied.</td>
</tr>
<tr>
<td>Xemac</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
<td>Currently there are no US shares in Xemac.</td>
</tr>
</tbody>
</table>
7.6 Other countries

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.
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8. Overview mandatory events

8.1 Overview income KADI events

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

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

<table>
<thead>
<tr>
<th>Event</th>
<th>Description English</th>
<th>Description German</th>
<th>SWIFT (:22F::CAEV)</th>
</tr>
</thead>
<tbody>
<tr>
<td>210</td>
<td>Intermediate securities distribution followed by EXRI, BONU or DVOP</td>
<td>Rechteausschüttung [mit folgendem EXRI, BONU oder DVOP]</td>
<td>Intermediate securities distribution followed by EXRI, BONU (with cash option) or DVOP (EXRI, BONU, DVOP)</td>
</tr>
<tr>
<td>211</td>
<td>Spin off followed by EXOF for intermediate securities distribution</td>
<td>Spin-Off [mit folgendem EXOF bei Verwendung von Zwischenrechten]</td>
<td>Spin-off (SOFF)</td>
</tr>
<tr>
<td>211</td>
<td>Stock split followed by EXOF for intermediate securities distribution</td>
<td>Aktien-Split [mit folgendem EXOF bei Verwendung von Zwischenrechten]</td>
<td>Stock split followed by EXOF for intermediate securities distribution (SPLF)</td>
</tr>
<tr>
<td>211</td>
<td>Issue of bonus shares followed by EXOF for intermediate securities distribution</td>
<td>Gratisaktien [mit folgendem EXOF bei Verwendung von Zwischenrechten]</td>
<td>Bonus shares followed by EXOF for intermediate securities distribution (BONU)</td>
</tr>
<tr>
<td>211</td>
<td>Stock dividend followed by EXOF for intermediate securities distribution</td>
<td>Stock-Dividende Dividende [mit folgendem EXOF bei Verwendung von Zwischenrechten]</td>
<td>Stock dividend followed by EXOF for intermediate securities distribution (DVSE)</td>
</tr>
<tr>
<td>211</td>
<td>Pay in kind followed by EXOF for intermediate securities distribution</td>
<td>Sachbezug [mit folgendem EXOF bei Verwendung von Zwischenrechten]</td>
<td>Pay in Kind followed by EXOF for intermediate securities distribution (PINK)</td>
</tr>
<tr>
<td>213</td>
<td>Detachment of warrants</td>
<td>Trennung von Optionsscheinen</td>
<td>Detachment of warrants (DETI)</td>
</tr>
<tr>
<td>220</td>
<td>Booking out of securities due to TA13x (redemption)</td>
<td>Ausbuchung der Wertpapiere nach TA13x (Rückzahlung)</td>
<td>Withdrawal due to cash compensation at repayment/redeemption (TA124) (EXOF)</td>
</tr>
<tr>
<td>222</td>
<td>Withdrawal due to cash compensation</td>
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Appendix

Apply legally binding signature and return to: Clearstream Banking Frankfurt
Client Due Diligence & Admission CSC (OSM)
D-60485 Frankfurt am Main
Germany
Sent in advance to fax +49 (0)69 2 11-1 44 42

Name of company: ____________________________________________________________

Application for instruction blocking in the context of non-income compensations

With introduction of the new non-income compensation logic (for OTC DvP - and LION stock exchange trades) automatic compensation instructions are created by CBF as FoP instructions (free of payment). These FoP instructions will be settled automatically in the next batch cycle.

For each account, the customer may select to have FoP instructions generated automatically as blocked instructions if he is on the seller side. To activate this option, the customer must fill in and submit to CBF this order form.

☐ We apply for following CASCADE custody accounts [7-digit account no. XXXX/XXX] an instruction blocking for non-income compensations:

________________________________________________________________________________

____________________ ______________________________________________

(Place, date) (Signature/s)
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