

## France: Procedure for Dividend Short Entitlement Positions on the CASCADE platform

Effective

**1 April 2011**

and following our Announcements D11010, dated 9 February 2011, and D11014, dated 24 February 2011, Clearstream Banking Frankfurt (CBF), acting in its role as French fiscal agent, provides you below with the new procedure and impacts in cases of dividend short entitlement positions identified on the CASCADE platform.

- CBF will inform the respective customer via SWIFT message MT568 as soon as a dividend short entitlement position occurs on its account, providing all relevant details such as quantity, ISIN code, dividend payment date and corresponding trade details causing the shortage. This may result from you settling a short sale "cum dividend" with an "ex dividend" stock. As a consequence, the compensation payment, which was debited from your account and passed on to your counterparty, did not match with the real dividend payment, which had been distributed to the shareholders and for which tax had been withheld.
- Moreover, CBF will inform the respective customer in the above-mentioned SWIFT message about the possibility to fully cover this dividend short entitlement position by transferring a long position via an appropriate receipt transaction cum dividend eligible for a market claim, assuming that it may be in the respective customer's own interest to correct such a situation in order to avoid any subsequent debit by CBF on a remaining dividend short entitlement position.
- If in the meantime the situation has not been rectified, CBF will send a second and final SWIFT message one week after the first above-mentioned notice, informing that the dividend short entitlement position has not been 100% covered by the customer and that as a consequence the debit of the equivalent of the dividend tax based on the actual dividend short entitlement position will be processed by CBF at the latest on the 10th calendar day (or if the 10th is not a business day, the 1st business day thereafter) day following the month of the dividend payment as follows:
  - CBF will reverse the initial market claim processed net of tax resulting as a consequence of the underlying trading scenario.
  - CBF will debit the same account with the gross dividend amount corresponding to the dividend short entitlement position.

To sum up, CBF will systematically debit you with the 100% gross dividend amount based on every French dividend short entitlement position on the CASCADE platform unless the shortage will be fully covered by a receipt cum transaction on the CASCADE platform or on the ESES market platform by a cross-border receipt transaction cum dividend.

### Market claim periods

Please find below, as additional information with regard to the above-mentioned coverage possibility, a summary concerning the respective market claim periods on CASCADE as well as on the ESES market platform.

## CBF market claim period

The CBF market claim processing period for automatic compensations on settled OTC transactions as well as on stock exchange LION trades applies for 25 consecutive business days starting from record date +1. Please also refer to CBF Compensation Handbook: Corporate Action Transaction Management on [www.clearstream.com](http://www.clearstream.com) under Publications & Downloads / CASCADE Market Guide / Compensations.

## ESES market claim period on cross-border transactions

Euroclear France automatically transfers the proceeds of the mandatory distribution from the seller to the buyer via market claims during 45 business days as from ex date.

CBF does not accept any responsibility for any market claim on cross-border transactions. Any market claim period specifications contained in this document are correct at the time of its publication, but may be subject to later changes without notice.

In relation to the coverage possibility of a potential dividend short entitlement position, please note that CBF will not guarantee any market claim on late transactions cum dividend, if:

- I. The relevant pre-requisite for a CBF or an ESES market claim is not achieved for whatever reason and/or;
- II. The necessary instruction and settlement criteria on the relevant market and platform have not been met for whatever reason.

For further information please note the relevant documents on the Clearstream web site ([www.clearstream.com](http://www.clearstream.com)) such as Customer Handbook, CASCADE Market Guide, CBF Compensation Handbook, Functional Concept CBF: Giovannini Barrier 3 etc.

## Further information

For further information and questions, please contact Customer Service Domestic. For tax related questions, please contact our Tax Help Desk:

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