



Dematerialised Eurobonds – Functional Specifications

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Dematerialised Eurobonds Functional Specifications

Introduction

The financial industry is at a pivotal moment in its history with its transformation towards a more digital ecosystem.

Accompanying this market development, Clearstream and Euroclear will introduce the possibility for debt issuers to issue their securities in dematerialised form as of March 2026, for any newly issued securities.

The dematerialisation of Eurobonds aims at alleviating the cumbersome elements of the issuance process, including tasks linked to the representation of securities by a global certificate which today need to be safekept in a vault by or on behalf of the ICSDs.

The advantages foreseen through this additional issuance option are the following:

- Potential for compressed issuance timeline (up to same-day issuance) resulting in increased operational efficiency and reduced operational costs across the ecosystem (including removing the need for physical certificates, vault inspections, vault reconciliation, wet ink signatures).
- Dematerialisation is more in line with the evolution of securities law, therefore dematerialisation “future-proofs” the Eurobond issuance model.
- Reduction of operational risk (process is simplified with dematerialisation), reduction in market risk as reduced timelines lessens the exposure to counterparty risk; reduction in business resiliency risk/cost for intermediaries (floods, fires).
- Dematerialised issuance is deemed “greener” and ESG compliant.
- The digitisation of joint-issuances by the ICSDs ensures the Eurobonds and International markets remain at the forefront of the market trend and maintain its attractiveness.

1. Target audience and scope of document

This document aims at highlighting elements that are deemed relevant for the operational and/or technical processes supporting the issuance of the new legal form of Eurobonds, hereafter referred to as dematerialised Eurobonds: to support the implementation by Issuers, Issuer Agents, and Common Service Providers. Pre-issuance steps (marketing, book-building, pricing and allocation) will not be covered in this document as these remain effectively unchanged.

2. Impact of implementation of dematerialised Eurobonds

The new legal form and the launch of this new issuance option, mean that some changes to existing processes will be necessary. Consequently, relevant stakeholders and intermediaries, including issuers and issuer agents, are invited to review the changes highlighted in this document in order to comply and operate within the new environment.

As of March 2026, Clearstream and Euroclear (“the ICSDs”) will engage in offering the joint issuance of Eurobonds (medium-term notes, commercial papers, certificates of deposit, convertible bonds and equity linked notes) in dematerialised form governed by English law, subject to English court jurisdictions, and issued by a UK corporate or a supranational issuer¹.

As per CSDR Regulation (EU) No 909/2014, by “dematerialised form” we mean “the fact that financial instruments exist only as book entry records”.

By “joint issuance in both ICSDs” we mean that both ICSDs should be considered as Issuer CSDs.

Whilst the adoption of dematerialisation as a new legal form will be optional, the ICSDs foresee to extend its deployment to additional jurisdictions, to align with evolving securities laws and to make the model available to a wider scope of issuer markets and instruments types.

¹ (i) “UK issuer” refers to entities incorporated under the laws of England & Wales ((ii) under the laws of Scotland (a “Scots Entity”); or (iii) under the laws of Northern Ireland.

3. Out of Scope

- Conversion of existing physical securities to dematerialised securities is not foreseen.
- Amendments to ISINs where there is a change to the legal form i.e. Bearer/Registered to Dematerialised or vice versa, to encourage accuracy and avoid potential operational difficulties.
- Initially certain complex structures will be out of scope, CoCos and PIK Securities will not be supported.
- Given EPIM currently does not offer dematerialisation as a legal form, its use remains under investigation.

4. Overview of steps impacted / unchanged

Step	Actor	Change?	What will change?
Pre-issuance – documentation	Legal counsel/IPA/Lead manager	Yes	<ul style="list-style-type: none"> • New legal pack and Issuer-ICSD agreement for Dematerialised issuance to be used
Issuance – ISIN allocation & eligibility check	Dealer/Lead manager/IPA	Yes	<ul style="list-style-type: none"> • The new “legal form” and the new “form” of the securities (“Dematerialised”) will be introduced in the Issuance & Processing Taxonomy (IPT) • All other processes remain unchanged
Safekeeping and inventory keeping – handling of the global certificate	CSK	Yes	<ul style="list-style-type: none"> • This step will no longer be necessary as the global certificate will be removed, including removal of effectuation step
Record keeping – recording of the IOA	ICSD	Yes	<ul style="list-style-type: none"> • The Issuance Record that is maintained by one of the ICSDs (i.e. Common Record

			Keeper) will be definitive evidence of the legal title to the securities and the IOA.
Primary distribution – distribution of the new securities	IPA/Lead Manager/Common Service Provider	No	• No change to the distribution process
Asset servicing – corporate actions, repurchase, income & tax	IPA/Lead Manager/Common Service Provider	No	• No changes to the asset servicing process
Accounting	IPA/Lead Manager/Common Service Provider	No	• No changes to accounting process
Reconciliation	IPA/Lead Manager/Common Service Provider	No	• No changes to the reconciliation process i.e. the ICSDs will continue to reconcile with the Common Service Provider on a daily basis
Termination-Disposal	CSK	Yes	• The disposal-destruction step is removed

5. Dematerialised Eurobonds Structure

“Dematerialised” debt securities are constituted under a new legal form and will exist only as book-entry records with no global certificate being issued.

These securities will not be registered nor issued under bearer form, consequently no register is maintained by the Issuer in relation to the debt securities.

The legal owner of the securities will be a nominee appointed by the Common Record Keeper (CRK) which is acting on behalf of both ICSDs. The nominee will be a company of one of the ICSDs, comparable to debt securities issued via the New Safekeeping Structure (NSS), whereby the beneficial holders (accountholders) of the securities within the ICSDs records remain entitled to the *in rem* rights related to the held positions under the respective laws (Luxembourg and Belgium).

The Issuance record maintained by the Common Record Keeper will be definitive evidence of the principal amount of debt securities owned by the legal holder and (together with the deed constituting the debt securities) the Issuer's indebtedness.

5.1. Dematerialised Eurobonds: Key Roles

Two parties are responsible for providing the record keeping and asset servicing functions respectively for securities issued in dematerialised form:

- The Common Record Keeper (CRK);
- The Common Service Provider (CSP).

5.2. Common Record Keeper (CRK)

The model foresees the appointment of a Common Record Keeper (CRK) by both ICSDs to hold legal title (through the nominee appointed by it) to the dematerialised Debt Securities. The Distributing ICSD will be appointed as CRK, (the Issuer's Agent should indicate the relevant CRK when requesting the ISIN code). The CRK will act on behalf of both ICSDs and carry out certain tasks required to ensure the integrity of the issue of dematerialised Debt Securities, namely:

- the initial recording of the dematerialised Debt Securities in the Issuance Record;
- the reconciliation and maintenance of the IOA.

The principal obligations of the Common Recordkeeper will be to hold, through its Nominee, legal title to the dematerialised Debt Securities for the ICSDs and to create, maintain and update the Issuance Record, whereby each of the ICSDs are considered as an issuer CSD in respect of each series of dematerialised Debt Securities, which is consistent with existing forms of issuance in today's markets (for example the NSS).

The Common Recordkeeper will create and maintain an Issuance Record in relation to the dematerialised Debt Securities, recording the name of the Nominee appointed to hold legal title to the dematerialised Debt Securities for such series and the aggregate principal amount of such series that has been issued.

5.3. Common Service Provider (CSP)

Similarly to the existing process for NGN/NSS, the Issuing Agent will submit the final terms of the issuance to the CSP and the ICSDs no later than the closing date, validating the details of the proposed issuance as set out in the issuance documentation and submit a mark-up instruction to the ICSDs via the Common Service Provider (CSP). The CSP is acting as agent for the ICSDs.

As a general rule, mandates are allocated to CSPs by giving priority to the entity acting as the Issuing Agent for the issue. The New Issue will be allocated to the CSP (if any) that fulfils one of the agency roles listed below for the issue and in the following order of priority:

- Issuing and Paying Agent (IPA);
- Principal Paying Agent (PPA) or Fiscal Agent;
- Conversion or Exchange Agent;
- any other Issuing Agent function.

If no entity in the CSP network has been identified in the information provided at the acceptance or in the issue documentation as performing one of the above Issuer agency functions for a particular issue, the CSP mandate will be allocated in accordance with the preference of the Lead Manager or the IPA, as the case may be.

When no such preference exists, the CSP mandate will be allocated at the joint discretion of CBL and Euroclear Bank. Notwithstanding the above guidelines, CBL and Euroclear Bank reserve the right to jointly allocate mandates in a different way should operational and/or risk considerations require them to do so.

The CSP appointed jointly by CBL and Euroclear Bank:

- will receive the MT599 allocation message from the ICSDs upon creation of the ISIN code. The MT599 allocation message will indicate if the security is

dematerialised by referencing the appropriate CRK being one of either CBL or Euroclear.

- receives the IOA mark-up/down instructions from the Issuing Agent and performs the necessary validation checks before sending them to either CBL or Euroclear Bank. Also provides asset servicing throughout the life of the security (for example, income and corporate actions processing, tax processing).

6. Issuance Overview

The dematerialised Debt Securities will be issued directly in dematerialised form, meaning they will exist in book entry form upon issuance and would not require an "immobilisation" within the meaning of CSDR to enable a transfer of securities by way of credit and debit of securities accounts and a settlement in the securities settlement systems operated by each ICSD.

Under the Proposed Structure, the issuance of the dematerialised Debt Securities is constituted and completed through the execution of the Deed Poll/Trust Deed and the creation of the Issuance Record in the books and records of the Common Recordkeeper.

Issuers are required to submit an Issuer-ICSDs agreement to request acceptance of the securities with the ICSDs. The use of the "dematerialised" form will be used to distinguish the securities. As announced by the ECB, Dematerialised Securities will have the potential to be eligible for Eurosystem collateral purposes as of 30 March 2026, subject to them meeting the necessary criteria. Issuers will be able to indicate this in the securities' supporting documentation as per the guidance provided in the Legal Pack.

The admission procedure for New Issues usually begins at the request of the Issuer Agent. The Issuer Agent must highlight any special feature(s) of the New Issue to the ICSD and must provide the relevant information:

6.1. Reference Data and Documentation Requirement

The ICSDs expect the provision of reference data to be provided in a structured format aligned with the IPT (Issuance & Processing Taxonomy).

The following section covers the existing elements to be provided:

- **Issuer Legal Entity Identifier:** Indicates the Legal Entity Identifier as per ISO 17442 "Financial Services - Legal Entity Identifier" of the Issuer (or associated parent company of the Issuer).

- **Program ID number:** Indicates a 9 digit numeric Program number ID (with initial leading zeros) which associates the relevant drawdown securities to the Program facility. Each Issuer described on the Program documentation will have a Program number ID allocated by the ICSDs.
- **Issuer Country of Incorporation:** Indicates the issuer country of the security being issued expressed as an alpha 2 code as per ISO 3166.
- **Governing Law:** Indicates the governing jurisdiction (country, county, state, province, city etc.) applicable to the security being issued expressed as an alpha 2 code as per ISO 3166.
- **Safekeeping Structure:** Indicates the type of safekeeping structure applicable to the security to be issued.
- **Issuance Distribution:** Indicates the method in which the issuance will be distributed to the primary market, for example, via individual dealers (so called non syndicated distribution) or via a syndicate of managers, underwriters and selling group members (so called syndicated distribution).
- **Guarantor** (if applicable): An entity, other than the Issuer, who gives a guarantee to continue the obligations applicable to a given security in the event of an Issuer default.
- **Issuing and Paying Agent:** An entity appointed by the Issuer to act on its behalf in relation to performing actions such as the handling of the primary distribution and the receiving of payment for a given security under a Program facility.
- **(Principal) Paying Agent:** An entity appointed by the issuer to receive and handle the payments to be made by the issuer to the investors such as the payment of interest and redemption proceeds for a given security.
- **Lead Manager:** An entity appointed by the Issuer to structure and lead the primary placement of a new issuance, usually settled via a syndicated style closing.
- **Security Restriction:** Indicates the restrictions applicable to the security, for example, regulatory restrictions, selling restrictions etc. on the Issuer/Manager/Noteholders on the selling of the security in the market. Such requirements are not monitored by the (I)CSDs.
- **Withholding Tax Type:** Indicates the type of withholding tax method specific to the security.
- **Withholding Tax Country:** Indicates the country of the withholding tax applicable to the security (usually the Issuer's country of incorporation) being issued expressed as an alpha 2 code as per ISO 3166.

- **Issue Date:** Indicates the date when a security legally comes into existence and is typically when the issuance proceeds are paid to the issuer and the security is created and distributed to investors (primary distribution/settlement) expressed in a date format as per ISO 8601. Also referred to as closing date.
- **Final Maturity Date:** Indicates the final redemption date applicable to the security expressed in a date format as per ISO 8601.
- **Nominal Currency:** Indicates the currency in which a security is issued or denominated expressed as a 3 letter code as per ISO 4217.
- **Settlement Currency:** Indicates the currency which is chosen by the issuer in order to settle a particular buy/sell transaction of a security expressed as a 3 letter code as per ISO 4217.
- **Initial Issued Amount:** Indicates the amount of the initial issuance, not including any amounts arising from additional issued tranches of a security where applicable. Expressed in nominal form or a quantity (number of) for issuances in unit form depending on the trading method.
- **Issue Amount:** Indicates the amount of the current tranche being issued on a security. Expressed in nominal form or a quantity (number of) for issuances in unit form depending on the trading method.
- **Total Issued Amount:** Indicates the aggregate amount applicable to the security including, where relevant, the accumulated amount of all the issued tranches. Expressed in nominal form or a quantity (number of) for issuances in unit form depending on the trading method.
- **Outstanding Amount:** Indicates the aggregate amount remaining outstanding as determined from time to time including, where relevant, any increase or decrease of the amount on a security. Expressed in nominal form or a quantity (number of) for issuances in unit form depending on the trading method.
- **Interest Type:** Indicates the type of interest payable on the security.
- **Interest Payment Frequency:** Indicates the frequency of the interest payments applicable to the security.
- **Interest Fixed Rate:** Indicates the percentage rate of interest paid that is applicable to the security calculated on a per annum basis.
- **First Interest Payment Date:** Indicates the date the first interest payment will be applicable to the security.
- **Interest Payment Currency:** Indicates the currency in which any interest proceeds on a security is paid expressed as a 3 letter code as per ISO 4217.
- **Maturity Type:** Indicates whether there is a predetermined end date or not applicable to the security.

- **Denomination:** A denomination indicates the minimum amount of securities that must be transferred at instruction level (or between two participants) throughout the life of the security. Expressed in nominal form or a quantity (number of) for issuances in unit form depending on the trading method. Must be wholly divisible into the proposed total nominal amount/quantity if no increment exists. If a minimum transferable / tradeable amount exists above any minimum denomination, then this should be specified and will instead be applied.
- **Increment:** An increment indicates the higher integral multiple that can be transferred in addition to/above the minimum denomination. Expressed in nominal form or a quantity (number of) for issuances in unit form depending on the trading method. Where an increment exists, the denomination must always be equal to or higher than the increment, otherwise the denomination will be applied. The increment when specified must be wholly divisible into the proposed total nominal amount/quantity.
- **Trading Method:** Indicates whether the security is to be issued, priced and traded in either an amount or expressed as a number of units.
- **Issue Price:** Indicates the price applicable to the security on the issue date. Expressed in percentage if the trading method is an amount, expressed as the value of each unit if the trading method is unit.
- **Potential Euro System Eligibility Indicator:** Indicates whether the security is intended to be held in a manner that could allow Eurosystem Eligibility or not
- **Confidentiality Indicator:** Indicates the type of safekeeping structure applicable to the security to be issued.
- **Private Placement Indicator:** Indicates the type of safekeeping structure applicable to the security to be issued.

New/changed elements

- **“Common Record Keeper” (CRK) – An entity appointed by the ICSDs appointed to record and maintain the Issue Outstanding Amount.**
- **“Legal Form” – Indicates the form of ownership of a security. New value: “DEMT” or Dematerialised: Refers to a security for which the registration of ownership exists only as electronic records, without any physical certificate and entitlement of payment is to the owner recorded in the books of the (I)CSD.**

- **Initial Physical form:** Indicates the form of note applicable to the security on the issue date. New value: “DEMT” = Dematerialised - Refers to a security for which the registration of ownership exists only as electronic records, without any physical certificate and entitlement of payment is to the owner recorded in the books of the (I)CSD.
- **Safekeeping structure:** Indicates the type of safekeeping structure applicable to the security issue. New value DEMT: Refers to a security for which the registration of ownership exists only as electronic records, without any physical certificate and entitlement of payment is to the owner recorded in the books of the (I)CSD.

The ICSDs must also receive a signed Issuer-ICSD Agreement (for each standalone or once for a valid Program).

6.2. Eligibility Review

The existing eligibility review process applied to securities/Programs² (i.e. assessing legal, technical, operational feasibility and KYC/DD checks) is not impacted.

The ICSDs will still require the submission of supporting documents as described in the ISMAG Market Practice Book to support this.

6.3. ISIN and Common Code allocation

Allocation of common codes and ISINs will remain unaffected by the new legal form issuance. ISIN codes allocated by CBL and Euroclear Bank, which are preceded by “XS” and followed by a numeric check digit, with their corresponding nine-digit common code for the issue, will remain the exclusive use of the ICSDs, as appointed NNA for International Securities’ Numbering Agents, under the ISO 6166 for which ANNA (Association of National Numbering Agencies) acts as the registration authority.

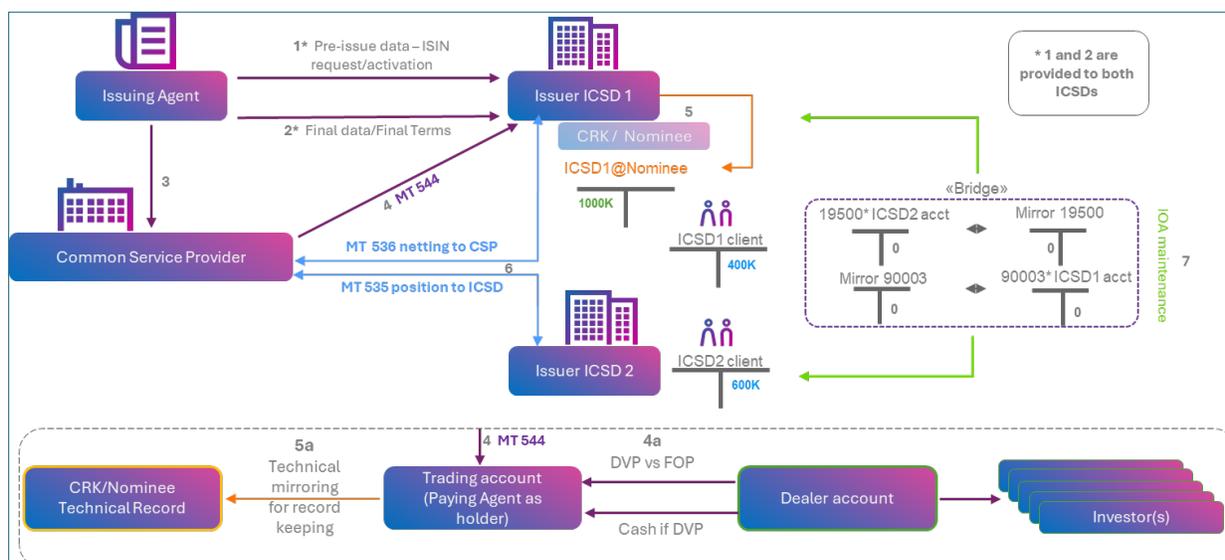
² The ICSDs will require an update to Program documentation to allow for dematerialised securities.

6.4. Issuance and Settlement process

The issuing agent acting on behalf of the Issuer, will submit the preliminary/pre-issuance details of the proposed issuance of dematerialised Debt Securities directly to the ICSDs as described in the previous section.

At this stage the Issuing Agent must also indicate/elect whether CBL or EB will act as the CRK (this is dependent on which ICSD is the “Distributing ICSD” i.e. where the primary mark-up will occur) by its inclusion as a data point. Pre-issuance information should be submitted in an ICSD approved format and via the existing (or new where applicable) ICSD compliant channels.

The following diagram depicts the future issuance flow.



* 1 and 2 are provided to both ICSDs.

Step	Time-line	Description
1	CD ³ -10 to CD-5 (pre-pricing)	Preliminary data submitted by IPA to both ICSDs (could be final if already determined).
2	CD-5 to CD-1	If initial data submission was not final, then IPA to submit updated/final details to both ICSDs up to CD-1. If no file update received, original data deemed final.
3	CD-1	Agent validates Final Terms and provides mark-up instruction to CSP (could be actioned earlier but not later than CD-1). The CSP should also be provided with the final terms if not already received.

³ Closing Date.

4	CD-1	CSP validates mark-up instruction received from Agent and the key criteria ⁴ before sending the MT544 to credit the securities to an (IPA) acc. In the ICSDs. (MT544 could potentially be “released” earlier).
4a		Upon (DVP) settlement, IOA to be reflected by Common Record Keeper (CRK) at Nominee level in the Issuance Record (ongoing maintenance of IOA via existing bridge reconciliation with Euroclear or via trilateral reporting with the CSP).
5	CD	Upon settlement, IOA to be recorded by the Common Record Keeper (CRK) in the Issuance Record.
5a		IPA and Dealer will have input their settlement instr. (FOP or DVP) in advance of Closing. Settlement will occur on the CD during the appropriate settlement window depending on whether securities were credited to IPA account CD-1 (pre-release) or on the CD.
6	CD	Following settlement on CD, ICSDs report (daily) netting file (MT536), the CSP reports respective ICSDs’ position to the ICSDs (MT535).
7	CD	ICSDs bridge reconciliation for IOA maintenance at Nominee level.

Impact	Description
Change	<p>Issuer Effectuation Authorisation</p> <p>Due to the securities becoming dematerialised, the physical representation of the securities, this step which previously foresaw the submission of an MT548 from CSK to CSP are not required.</p>
Change	<p>Verification of base components in line with current scope</p> <ul style="list-style-type: none"> • Form of securities • Governing law • Issuer jurisdiction • Currency
No Change	<p>Pre-Issuance Steps</p> <p>Steps such as marketing, book-building, pricing and allocation remain totally unaffected by the dematerialisation of the securities and thus are not represented.</p>

⁴ To be defined in a revised CSP MOP: The CSP shall verify the security form is dematerialised, the relevant governing law and the issuer jurisdiction. If the request is not in line with the current scope defined by the ICSDs, then the CSP shall immediately alert the ICSDs and the issuer agent of the deviation.

No Change	<p>Reconciliation with CSP After completion of the Settlement processing at the end of each settlement day, the daily securities transactions reconciliation between the ICSDs and the CSPs – conducted by the provision of an MT536 to the CSP – remains applicable.</p>
No Change	<p>Reconciliation with ICSDs Daily securities holdings reconciliation between the CSP and the ICSDs – conducted via the MT535 received from each CSP – remains applicable.</p>
No Change	<p>Reconciliation with the Issuer Agents Daily securities holdings reconciliation between the CSP and the Issuer Agents – remains applicable.</p>
No Change	<p>Reconciliation Inter-ICSD The existing reconciliation process inter-ICSD remains as is and will ensure the appropriate update of the IOA if and when affected by an asset servicing event.</p>
No Change	<p>Instruction Format the MT544 for dematerialised securities does in effect, not change from the message format currently used for the issuance of CGN or NGN securities (see sample MT544 in Annex 1).</p>

6.5. Additional Tranches

The current processing of additional tranches foresees a change to the physical representation (global note). With the introduction of dematerialised Eurobonds, the increase of outstanding amount via additional tranches may be considered, by an increase of the IOA record, represented in the Issuance Record, maintained by the CRK.

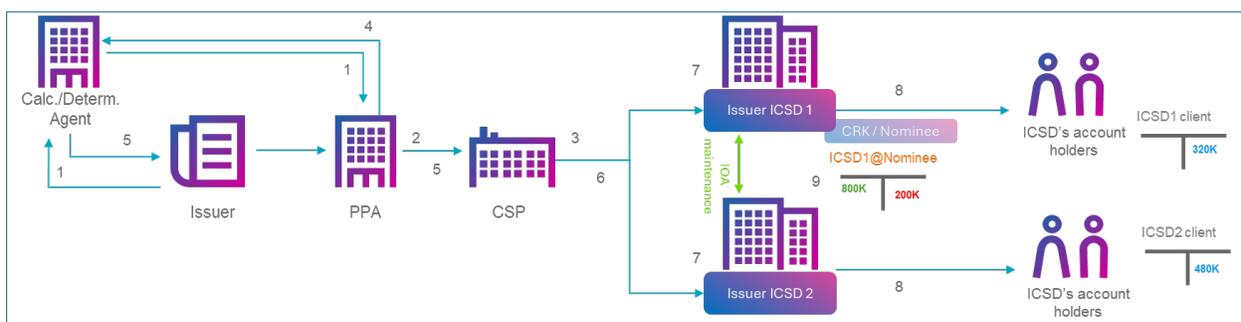
Note: Traditional securities represented by a Global Certificate will **not** be fungible with dematerialised securities. Therefore, a new tranche in dematerialised form will not be fungible with existing global securities and vice versa.

7. Asset Servicing

The asset servicing process currently in place will remain largely unchanged. The intermediaries and parties currently involved and responsible for the asset servicing process, from notification to payment of proceeds, including the message types and timing, in compliance with SCoRE standards will be retained. Details on asset servicing events' processing may be found in the SCoRE rulebook and / or supporting documentation provided by the ICSDs.

Events affecting the outstanding amount (increase or decrease) may apply, and are managed via the existing asset servicing processes. The corporate event will ensure the update of the outstanding amount by the CRK in the Issuance Record.

The following diagram depicts a sample asset servicing event, for which a change to the issued outstanding amount is represented (partial redemption):



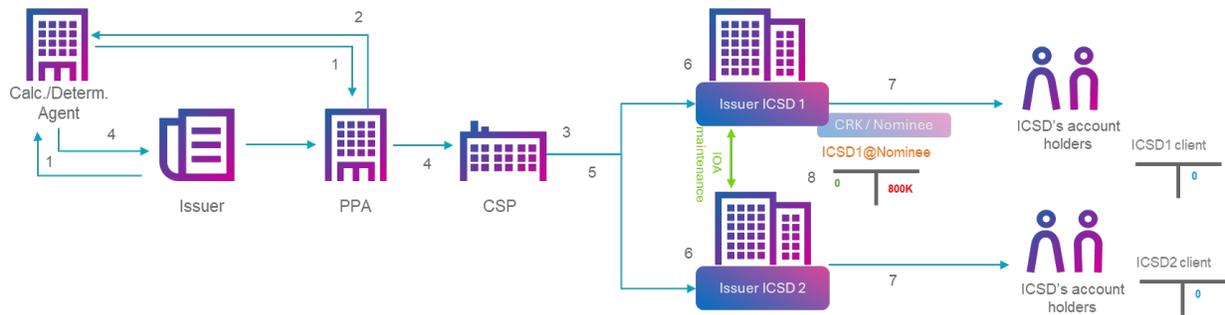
Step	Time-line	Description
1	By Fixing +1 / Closing Date +1	Calculate and provide the fixing details using the applicable template and if applicable, advise Stock Exchange.
2 + 3	Within 1 Business Day	Communicate the rate and other relevant details using the applicable template, additionally for CSPs, provide any other relevant details defined in the MOP.
4	By Determination Date +1	Calculate and provide the payable information using the applicable template. If applicable, advise the Stock Exchange.
5 + 6	Within 1 Business Day	Provide the payable information and other relevant details using the applicable template, additionally for CSPs, provide any other relevant details defined in the MOP.
7	Upon receipt	Report the rate and other relevant details and start cash payment projections in clients' accounts as from Payment Date -5 Business Days.
8 + 9	On Payment Date	Process the event by reducing the nominal value on the ICSDs clients' account, and concurrent update of the IOA, incl. reconciliation between ICSDs.

Impact	Description
Change	<p>Actions related to physical global notes Amendments to the global note resulting from a mark-down and/or creation of tranches is discontinued to the benefit of the (numeric) representation of such modifications by the Common Recordkeeper on the technical account representing the IOA.</p>
No Change	<p>Connectivity, Message type(s) and Event classification Standards used by the ICSDs remain applicable in compliance to SCoRE standards as documented by the ICSDs.</p>
No Change	<p>Payments - Processing of Proceeds The existing payment processes to credit the ICSDs⁵ of amounts resulting from corporate events is deemed applicable and unchanged.</p>
No Change	<p>Mark-up/down instructions The ICSDs will process these steps upon receipt/processing of the corresponding corporate event by the CSP.</p>

⁵ The ICSDs' process for making payments of proceeds to the actual holders of the securities will continue as currently implemented.

8. Redemption and Termination (Disposal)

Whilst the corporate action events' process applies to dematerialised securities in a similar way as for physical securities, the processing of the redemption event on dematerialised securities, that is linked to the maturity of the securities, will trigger the termination and representation of the dematerialised securities in terms of holding, and existence.



Step	Time-line	Description
1	← Closing Date	In final reference data provide foreseen maturity date and payment date.
2	By Determination Date +1	Calculate and provide the payable information using the applicable template. If applicable, advise the Stock Exchange.
3	Within 1 Business Day	CSP to provide the payable information and other relevant details using the applicable template, additionally any other relevant details defined in the MOP.
4 + 5	Upon receipt	Report the rate and other relevant details and start cash payment projections in clients' accounts as from Payment Date -5 Business Days.
6 + 7	On Payment Date = Maturity Date	Process the event by reducing the nominal value on the ICSDs clients' account, and concurrent full reduction of the IOA. Concurrently to the IOA mark-down, the security status will be set to MATURED, and reference data archived.
8	Maturity Date	The end-of-day IOA file ensures the maturity status can be represented equally in both ICSDs reference data.

Impact	Description
Change	<p>Disposal Process and Notification</p> <p>The disposal process related to securities represented by a Global certificate is no longer applicable. Subsequently the MT599 will no longer be generated by the ICSDs.</p>
Change	<p>Status and record of securities following final redemption/maturity</p> <p>In alignment with the maturity and mark-down of all positions, the IOA recorded in the Issuance Record will be marked-down to zero to indicate the securities are redeemed/matured and no longer “live”. The securities reference data effectively enters an archived status.</p>
No Change	<p>Connectivity, Message type(s) and Event classification</p> <p>Standards used by the ICSDs remain applicable in compliance to SCoRE standards as documented by the ICSDs, notifying the redemption – ultimately the maturity of the securities.</p>
No Change	<p>Mark-down of position</p> <p>The ICSD operating as Common Record Keeper will ensure that following the payment to the holders, the position is duly reflected in the IOA account.</p>

9. Reconciliation Processes

Whether at initial distribution, or subsequent life-cycle events (asset servicing), the IOA representing the aggregated position held by the ICSDs’ clients and managed by the CRK is updated on a daily basis.

As displayed in the graphic representations in previous sections of this document, the ICSDs will continue to operate a daily reconciliation process with the CSPs, and Inter-ICSDs, as they do today for the NGN reconciliation. Furthermore, the existing third-party reconciliation between the CSP and Issuer Agent will remain unchanged.

These processes ensure that the IOA is accurately maintained at all times, evidencing the amount held by the Legal Owner in the Issuance Record, and the subsequent book-entry amounts held by the beneficial/account holders (the ICSD clients).

Reporting currently supporting these reconciliation process to be retained:

Triggering Entity	Receiving Entity	Message/Report	Purpose	Frequency
ICSD	CSP	MT536 Statement of Transactions	This message is used to provide the details of increases and decreases of holdings which occurred during a specified period, for all or selected securities	Daily
CSP	ICSD	MT535 Statement of Holdings^a	The statement is used to reconcile the books of the CSP and the ICSDs	Daily
CSP	Issuer Agent	Statement of Holdings	The statement is used to reconcile the books of the CSP and the Issuer Agents	Daily
ICSD 1	ICSD 2	IOA reconciliation file	This file exchange is used to provide the details of increases and decreases of holdings which occurred during a specified period, for all or selected securities, and will be the basis for the IOA update (if applicable)	Daily

a. For the MT535 Statement of Holding, ICSDs are expected to receive any existing dematerialised Eurobonds following a specific structure for the balance field name. A concrete example is provided below. We do not expect to receive balances for the Non available balance type, as we consider this inappropriate for dematerialised Eurobonds.

```
:16R:FIN
:35B:ISIN XS*****7
:16R:FIA
:92A::CUFC//1,
:16S:FIA
:93B::AGGR//FAMT/299197000,
:93B::AVAI//FAMT/299197000
:93B::NAVL//FAMT/0
:16S:FIN
```

10. Miscellaneous

10.1. TEFRA-D

The issuance of securities which are currently subject to US selling restrictions that are applicable to Bearer securities, for example the certification requirement under TEFRA D within 40 days of issuance, and which is commonly processed using asset servicing messages as a vector of the certification request/submission, should not apply **to dematerialised securities**, as such securities are deemed “registered” for US tax purposes.

10.2. Stamp-Duty

The ICSDs have received a non-statutory clearance from His Majesty’s Revenue & Customs (“HMRC”) in respect of certain stamp duty reserve tax (“SDRT”) implications of the Dematerialised Notes Structure and an informal opinion from HMRC in respect of certain stamp duty implications of the Dematerialised Notes Structure. In summary, the HMRC non-statutory clearance and informal opinion confirm that Dematerialised Securities issued and traded under the Dematerialised Notes Structure will not be subject to any adverse implications under the current UK stamp duty/SDRT legislation as compared to Traditional Issuances.

10.3. ECB eligibility

It is the ICSDs expectation, that securities issued under dematerialised form, will become eligible for ECB collateral usage, upon completion of the dematerialised eligibility assessment process which the ICSDs will request from the ECB.

10.4. Processing Times

Under the new structure/legal form **no change in timing** applies, compared to the current timings as described in the operational supporting documents/agreements.

11. Additional Information & References

11.1. Related Documents

➤ **Introductory Document of the Legal Pack;**

- terms and conditions of the notes for use in stand-alone transactions
- deed of covenant for use in stand-alone transactions
- trust deed for use in stand-alone transactions
- agency agreement for use in stand-alone transactions
- form of disclosure in typical offering documentation for stand-alone issues
- closing documentation for a syndicated stand-alone transaction
- Issuer – ICSD Agreement

➤ **Contractual Agreements**

- to be provided at later stage

11.2. Contacts

ICSD.questionnaire@clearstream.com / icsds.questionnaire@euroclear.com

12. Glossary

Term	Description
Agent	Generic term describing an entity that acts on behalf, upon request, of the issuer
Allottees	A purchaser of a certain quantity of a bond on the primary settlement date
Bridge	The electronic link between CBL and Euroclear that enables book-entry settlement to occur between customers of either Clearing System
Calculation/Determination Agents	Entities calculating payments/income events on securities
CD	Common Depository – An entity appointed by the ICSDs to provide safekeeping and asset servicing
CRK	Common Recordkeeper – one of the ICSDs appointed to record and maintain the IOA
CSP	Common Service Provider – service intermediary
Dealer	An institution or individual who trades financial assets, either for their own account or on behalf of clients
Determination Date	Payment calculation, date for calculating bond payments
Distributing ICSD	The ICSD in which the primary distribution/mark-up will be processed
DVP	Delivery versus Payment – simultaneous exchange of securities vs cash
FOP	Free of Payment – exchange of securities without cash involvement
IOA	Issue Outstanding Amount
IPA	Issuing & Paying Agent – issuer intermediary
Issuance Record	Record maintained by one of the ICSDs acting as CRK, reflecting the IOA (including mark-ups/downs) and used in reconciliation
Mark-Up/Mark-Down	An increase/decrease in the IOA of a security
Nominee	An entity holding securities on behalf of the actual owner (proxy holder)

PPA	Principal Paying Agent
Reconciliation	Matching of records
Stand-Alone securities	Securities that are not issued under a Program
Lead Manager	An entity appointed by the Issuer to structure and lead the placement of a Syndicated Issue