

## The Association of Global Custodians - Questionnaire 2017 - 2018 Part 1

Entity Name	Transnational Clearstream Banking Luxembourg (CBL)		
Contact Name	Sébastien Grèverie - Head of Department Network Management & Product Development		
Address	42 Avenue JF Kennedy, L- 1855 Luxembourg		
Country	Grand-Duchy of Luxembourg		
Phone	+352 243 3 69 53	Fax	+352 243 63 69 53
Email	sebastien.greverie@clearstream.com		
Web Site	www.clearstream.com		

### SCOPE, STRUCTURE, OWNERSHIP, CAPITAL, REGULATION AND AUDIT

The purpose of this section is to understand the ownership structure and financial strength of your institution, as well as the level of regulatory and operational supervision to which it is subject.

#### Response Necessary/Eligibility Question

**1. Rule 17f-7, by reference to Rule 17f-4, requires that, for a depository to be eligible to hold securities of U.S. registered investment companies (such depositories hereinafter referred to as “Eligible Securities Depositories”), the depository must be a “system for the central handling of securities where all securities of any particular class or series of any issuer deposited within the system are treated as fungible and may be transferred or pledged by bookkeeping entry without physical delivery of the securities.”**

**Are all securities of a particular class or series of any issuer that are deposited in your institution treated as fungible, and can they be transferred or pledged by bookkeeping entry without physical delivery of the securities?**

- Yes
- No (please answer 1a)
- Other (please answer 1a)

**1a. Please explain:**

#### Response Necessary/Eligibility Question

**2. Rule 17f-7 also requires that an Eligible Securities Depository “acts as or operates a system for the central handling of securities or equivalent book-entries in the country where it is incorporated,” or “acts as or operates a transnational system for the central handling of securities or equivalent book-entries.” Does your institution: (Choose all that apply.)**

- Act as or operate a system for the central handling of securities or equivalent book-entries in the country where it is incorporated? (please answer 2b)
- Act as or operate a transnational system for the central handling of securities or equivalent book-entries? (please answer 2b)
- Act in another capacity with respect to the handling of securities or equivalent book-entries? (please answer 2a)
- Not applicable (please answer 2a)
- Other (please answer 2a)

**2b. Please specify the types of securities for which you act as or operate a system for the central handling of securities or equivalent book-entries:**

Clearstream Banking S.A. (CBL) is an International Central Securities Depository (ICSD) providing, as part of its core service offering, different types of settlement options, depending on the selected settlement location of respective counterparties, to facilitate the settlement of transactions in global and international and domestic securities

traded across borders. These services are carried out by means of a computer-based book-entry system in Luxembourg, operated by CBL's sister company Clearstream Services S.A. Over 850,000 securities are currently accepted by CBL for settlement. They include the following:

- Euro-instruments, including Eurobonds (straight, floating rate, convertible etc.);
- Foreign Bonds;
- Foreign-targeted bonds;
- Money market instruments, including short- and medium-term notes, commercial paper and certificates of deposit;
- Domestic bonds (government and corporate, including convertibles);
- Equities;
- Depository Receipts;
- Investment funds;
- Warrants;
- Asset-backed securities and other collateralised debt securities.

Additionally, for selected stock exchanges and instruments, transactions are routed to CBL automatically for further processing after trading on the exchange. CBL also accepts gold bullion traded on the Luxembourg Stock Exchange.

A list of eligible securities in the CBL system is available to logged in users of our website at <http://www.clearstream.com/clearstream-en/products-and-services/market-coverage/securities/11306>

### 3. What type of legal entity is the institution? (Choose all that apply.)

- Public Company
- Private Company
- Central Bank (or part thereof)
- Stock Exchange (or part thereof)
- Other (please answer 3a)

### 4. Is the institution operated as a "for profit" or a "not for profit" organization?

- For profit
- Not for profit
- Other (please answer 4a)

### 5. Please provide the names of the owners and their ownership interest percentages.

CBL is fully owned by Clearstream International S.A. who itself is indirectly (via Clearstream Holding) a wholly owned subsidiary of Deutsche Börse Group. The shareholder structure of Deutsche Börse Group, institutional investors divided by geographical area as at 31.12.2016 was as follows: United States 37%, United Kingdom 20%, Germany 15%, Other countries 28%.

### 6. Please answer the following:

**6a. What is the date of establishment of the depository?** 27/09/1970

**6b. What is the date that the depository's operations began?** 27/09/1970

### 7. Under what regulation or statute is the depository established and governed?

As CBL is located in Luxembourg, customers benefit from one of the most sophisticated legal protection in the financial industry. CBL as a credit institution is mainly subject to the Luxembourg Law of 5 April 1993 on the financial sector as subsequently amended and the Grand Ducal Regulation of 13 July 2007 implementing the 1993 law, available online on the Commission de Surveillance du Secteur Financier's (CSSF) website. The law sets forth the authorisation procedure and obligations of banks, operators of securities settlement systems and other professionals of the financial sector established in Luxembourg, including the prudential supervision regime to which they are subject.

Holding and safekeeping of assets is an activity regulated by the Commission de Surveillance du Secteur Financier (CSSF) under the Law of 5 April 1993 relating to the financial sector, as subsequently amended (the Law). Custody services require a license under this Law.

The transfer of securities is mainly governed by the Securities Law of 1 August 2001 on the circulation of securities as amended by the law of 6 April 2013 (the "Securities Law"). The provisions of the Securities Law apply to securities and other financial instruments in the widest sense of the word, materialised or dematerialised, in bearer or registered form, issued in Luxembourg or foreign countries, and whatever the form is in which they have been issued under their respective applicable law. According to the Securities Law, securities received for deposit or held by a depository without any indication of serial numbers or other individual identification elements are, or are deemed to be fungible. Fungible securities are booked in accounts and may be transferred from one account to another by book entry.

Financial collateral agreements are governed by the Law of 5 August 2005 as amended by the law, providing a state of the art legal framework for implementation and enforcement of pledges, repos, nettings, transfer of title operations.

CBL as securities settlement system, is subject to Luxembourg Law of 10 November 2009 on payment services as amended by the law of 20 May 2011 (The "Payment Services Law"), which sets forth the authorisation procedure and settlement finality rules applicable to securities settlement systems. The Payment Services Law includes provisions that a transfer order can no longer be cancelled by a participant of a Luxembourg agreed settlement and payment system or challenged by any third party as from the moment such transfer order is introduced in the settlement system. The Payment Services Law furthermore specifies that the moment where the transfer order is assumed or considered to have been introduced in the settlement system is defined through the governing documents of such settlement system itself.

Moreover, CBL sets out the high standard of care to which it holds itself in its General Terms and Conditions, which are available on our website at <http://www.clearstream.com/clearstream-en/keydocuments--1-/icsd--1-/general-terms-and-conditions>

### 7a. Is the regulation or statute electronically available?

Yes (please answer 7b)

No

### 7b. If regulation or statute is electronically available, please supply web address(es) here or upload document(s) in question 7c.

The legal texts are available on the CSSF website at [www.cssf.lu](http://www.cssf.lu). CBL's General Terms and Conditions are available at <http://www.clearstream.com/clearstream-en/keydocuments--1-/icsd-1-/general-terms-and-conditions>

### 7c. Please supply document(s) here:

### 7d. Please provide details of the structure and composition of your Board together with their industry experience and responsibilities in governing the depository.

#### What are the qualifications to become a board member?

The following link shows the current composition of the Executive Board: <http://www.clearstream.com/clearstream-en/about-clearstream/company-governance/executivemanagement>

The members of the Supervisory Board are available at the following link: <http://www.clearstream.com/clearstream-en/about-clearstream/company-governance/board-of-directors>

Please find below the required profile and experience of supervisory board members (except staff representatives)

- Senior executive who is member of or reports to the management/executive board-level within his own institution;
- Widely experienced in different areas of capital markets, finance and international banking with a global reach and working experience outside of his home country;
- High ranking decision maker within his own institution;
- Objective, incisive and able to build a consensus decision within the Company's board;
- Able to commit time and energy to the role of member of the supervisory board;
- Able to conceptualise and contribute objectively to the development of the Company and its policies and be able to focus on the key issues affecting the business of the Company and its major subsidiaries;
- Able to represent market and geographic perspectives;
- Proficient in spoken and written English

### 7e. What are the election procedures?

The members of the supervisory board are elected by the general meeting of shareholders for a period of four years and until their successors are elected provided, however, that any member of the supervisory board may be removed at any time by a resolution approved by a simple majority taken at a general meeting of shareholders.

In the event of vacancy in the office of a member of the supervisory board because of death, resignation or otherwise, the remaining members of the supervisory board cannot fill any such vacancy but a general meeting of shareholders has to be called forthwith in order to fill any such vacancy.

### 7f. What is the maximum length of time a board member can serve?

Members of the supervisory board shall be appointed for a period of no more than four years. They shall be eligible for reelection. Their appointments shall end immediately after the general meeting of shareholders which appoints their successors. Pending the holding of such general meeting of shareholders, the supervisory board may only pass resolutions of a conservatory or protective nature.

### 7g. How are the voting powers distributed amongst the board members (i.e. does each board member have one vote or do certain members have additional voting power)?

The Chairman of the Supervisory Board is a primus inter pares and in case of a tie has a casting vote.

### 7h. Who is responsible for regulating the board members?

The jurisdiction for CBL is Luxembourg and therefore the relationship with the Supervisory Board is subject to local Luxembourg law.

## Response Necessary/Eligibility Question

**8. Rule 17f-7 requires that an Eligible Securities Depository "is regulated by a foreign financial regulatory authority as defined under section 2(a)(50) of the Act", with section 2(a)(50) establishing that "foreign financial regulatory authority" means any (A) foreign securities authority, (B) other governmental body or foreign equivalent of a self-regulatory organization empowered by a foreign government to administer or enforce its laws relating to the regulation of fiduciaries, trusts, commercial lending, insurance, trading in contracts of sale of a commodity for future delivery, or other instruments traded on or subject to the rules of a contract market, board of trade or foreign equivalent, or other financial activities, or (C) membership organization a function of which is to regulate the participation of its members in activities listed above."**

#### Who regulates the activities of the depository? (Choose all that apply.)

- A governmental body or regulatory organization empowered to administer or enforce laws related to securities matters.
- A governmental body or self-regulatory organization empowered to administer or enforce laws related to other financial activities.
- A membership organization which regulates the participation of its members in securities matters or other financial activities.
- Other (please answer 8a)

### 9. Please provide the name of regulatory authority(ies) identified in question 8:

Commission de Surveillance du Secteur Financier (CSSF) and the Banque centrale du Luxembourg (BCL) .

## Response Necessary/Eligibility Question

**10. Rule 17f-7 requires that an Eligible Securities Depository “is subject to periodic examination by regulatory authorities or independent accountants.”**

**Is the depository subject to periodic examination by: (Choose all that apply.)**

- Regulatory authorities?
- Independent accountants?
- Other (please answer 10a)

**11. What enforcement actions are available to the regulatory authority(ies) for breach of applicable statute or regulatory requirements? (Choose all that apply.)**

**Name of Authority #1 (please answer 11a):**

Commission de Surveillance du Secteur Financier (CSSF)

**11a.**

- Fines
- Restrictions on depository activities.
- Suspension of depository activities.
- Termination of depository activities.
- Other (please answer 11b)

**Name of Authority #2 (please answer 11c):**

Banque centrale du Luxembourg (BCL)

**11c.**

- Fines
- Restrictions on depository activities.
- Suspension of depository activities.
- Termination of depository activities.
- Other (please answer 11d)

**11d. Please explain:**

Non-compliance with the regulations of the Banque centrale du Luxembourg could result in losing the status of a Securities Settlement System (SSS).

**12. Has there been any use of such enforcement actions in the last three years?**

- Yes (please answer 12a)
- No
- Other (please answer 12a)

## Capital

**13. Are annual financial statements publicly disclosed?**

- Yes (please answer 13a)
- No (please answer 13e)
- Other (please answer 13h)

**13a. If yes, the AGC requests a copy of the institution's annual report. Is the annual report available electronically?**

- Yes (please answer 13b)

No (if no, please send a copy of the annual report to the Washington office of Baker & McKenzie, 815 Connecticut Ave., NW, Washington, DC

- 20006, Attn: Robin Truesdale)

**13b. If yes, please upload the document(s) here or insert web link(s) in question 13d:**

[Clearstream 2016 annual accounts.pdf](#)

**13c. If more than one document for 13b, please upload the additional document here:**

### 13d. Please insert web link(s) for 13b here:

The 2016 Annual Report of Deutsche Börse AG, CBL's ultimate holding company, is available at the following link:  
<http://deutsche-boerse.com/dbg-en/investor-relations/financial-reports>

## Internal Audit

### 14. Is an internal audit undertaken in your depository?

- Yes (please answer 14a)  
 No (please proceed to 15)

### 14a. If yes, what areas does the audit cover (financials, operations, etc.) and which department in your depository handles it?

The role of CBL's internal audit department encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and the quality of performance.

The Chief Auditor and audit staff remain independent from any other group activities in order to allow them to carry out their work freely and objectively and render impartial and unbiased judgments. The Chief Auditor reports directly to the Executive Board. Internal Audit is authorised to have unrestricted access to all records, personnel and physical properties.

The professional standards of the department are primarily based on those set out by the Institute of Internal Auditors, the Information Systems Audit and Control Association and the Basel Committee for Banking Supervision as well as by the German Institute for Internal Auditing.

An Audit Universe of all auditable units, processes and IT systems has been set up by Internal Audit and is reviewed annually. A three-year rotational plan is prepared, based on a risk analysis of the audit universe, from which the detailed plan for the coming year is determined. The three-year rolling plan and detailed annual plan are both approved by the Executive Board.

**14b. Please list the date of your last internal audit:** 31/10/2017

**Please list the period that the audit covered:** 01/01/2017 to 31/10/2017

### 14c. How frequently does the internal audit occur? (Choose one.)

- Two or more times a year (please answer 14e)  
 Annually (please answer 14e)  
 Less than annually (please answer 14d)

### 14e. Are the results of the internal audit publicly available?

- Yes  
 No

### 14f. Please select the statement that most accurately characterizes the results of the last internal audit: (Choose one.)

- No material exceptions found.  
 Minor exceptions found. (please answer 14g)  
 Material exceptions found. (please answer 14g)

### 15. Is a financial audit performed by an Audit Firm, Regulatory Authority, or other external party?

- Yes (please answer 15a)  
 No (please proceed to 16)

### 15a. If yes, please state the name(s) of the entity(ies) who perform the financial audit.

CBL's external auditor is KPMG Audit, Société Coopérative.

### 15b. Please list the date of your last financial audit performed by an Audit Firm, Regulatory Authority, or other external party:

30/06/2017

### 15c. Please list the period that the audit covered:

01/01/2017 to 30/06/2017

### 15d. How frequently does the financial audit occur? (Choose one.)

- Two or more times a year (please answer 15f)  
 Annually (please answer 15f)  
 Less than annually (please answer 15e)

### 15f. Are the results of the financial audit publicly available?

Yes

No

**15g. Please select the statement that most accurately characterizes the results of the last financial audit: (Choose one.)**

No material exceptions found.

Minor exceptions found. (please answer 15h)

Material exceptions found. (please answer 15h)

**16. Is an operational audit performed by an Audit Firm, Regulatory Authority, or other external party?**

Yes (please answer 16a)

No (please proceed to 17)

**16a. If yes, please state the name(s) of the entity(ies) who perform the operational audit.**

CBL's external auditor is KPMG Audit, Luxembourg.

**16b. Please list the date of your last operational audit performed by an Audit Firm, Regulatory Authority, or other external party:**

30/09/2016

**16c. Please list the period that the audit covered:**

01/10/2015 to 30/09/2016

**16d. How frequently does the operational audit occur? (Choose one.)**

Two or more times a year (please answer 16f)

Annually (please answer 16f)

Less than annually (please answer 16e)

**16f. Are the results of the operational audit publicly available?**

Yes

No

**16g. Please select the statement that most accurately characterizes the results of the last operational audit: (Choose one.)**

No material exceptions found.

Minor exceptions found. (please answer 16h)

Material exceptions found. (please answer 16h)

**16h. If minor or material exceptions were found, what actions were taken? Please describe:**

**PARTICIPANTS AND PARTICIPATION**

*The purpose of this section is to understand issues relating to participation in the depository, including eligibility requirements, conditions of participation, and supervision of participants.*

**17. What types of entities are eligible to become participants and how many of each type are there currently? (Choose all that apply.)**

Banks (please answer 17a)

Brokers (please answer 17e)

Individuals (please answer 17i)

Foreign Institutions (please answer 17m)

Other entities (please answer 17q)

Not applicable

**17a. How many Bank participants are there currently? (then please answer 17b)**

CBL maintains relationships with around 2,500 financial institutions in over 110 countries around the world. CBL's core franchise is composed of banks including local, regional and global custodians, central banks and universal banks.

**17b. Please select the features included in the eligibility requirements for Banks. (Choose all that apply.)**

Financial Thresholds (please answer 17c)

Regulatory Oversight (please answer 17c)

Market Experience (please answer 17c)

Other (please answer 17d)

**17c. Where can a description of the specific eligibility requirements for Bank participants be found?**

**17d. Please explain:**

Customers can only be accepted in accordance with the procedure above. An exception is given, when a customer grants a Power of Attorney to an attorney non-customer. In this case the acceptance follows the same procedure despite the necessity of a credit vote.

The account opening process requires that extensive research and evaluation takes place prior to the opening of an account. The process largely involves sales, credit, and group compliance departments and votes. The final decision is based on the opinion of the Executive Board members and requires the submission and evaluation of comprehensive documentation including the list of authorised signatures, the company's and parent company's most recent Annual Report, and the originals or certified copies of Company By-laws, Statutes or Regulations. CBL performs the following checks: that documents are up-to-date, that they are originals or certified copies, whether they are issued by the appropriate regulatory bodies and whether or not the existing governance structures are acceptable.

In addition to the set of required information stipulated above, supplementary information on the institution is assembled and reviewed. Once all the documentation has been received and examined and is judged satisfactory, the account opening is subject to approval by senior management.

**17e. How many Broker participants are there currently? (then please answer 17f)**

CBL maintains relationships with around 2,500 financial institutions in over 110 countries around the world. CBL's core franchise also includes brokers, investment banks and asset and investment managers.

**17f. Please select the features included in the eligibility requirements for Brokers. (Choose all that apply.)**

- Financial Thresholds (please answer 17g)
- Regulatory Oversight (please answer 17g)
- Market Experience (please answer 17g)
- Other (please answer 17h)

**17g. Where can a description of the specific eligibility requirements for Broker participants be found?**

<http://www.clearstream.com/clearstream-en/about-clearstream/becoming-a-clearstream-customer>

**17h. If other, please explain:**

Customers can only be accepted in accordance with the procedure above. An exception is given, when a customer grants a Power of Attorney to an attorney non-customer. In this case the acceptance follows the same procedure despite the necessity of a credit vote.

The account opening process requires that extensive research and evaluation takes place prior to the opening of an account. The process largely involves sales, credit, and group compliance departments and votes. The final decision is based on the opinion of the Executive Board members and requires the submission and evaluation of comprehensive documentation including the list of authorised signatures, the company's and parent company's most recent Annual Report, and the originals or certified copies of Company By-laws, Statutes or Regulations. CBL performs the following checks: that documents are up-to-date, that they are originals or certified copies, whether they are issued by the appropriate regulatory bodies and whether or not the existing governance structures are acceptable.

In addition to the set of required information stipulated above, supplementary information on the institution is assembled and reviewed. Once all the documentation has been received and examined and is judged satisfactory, the account opening is subject to approval by senior management.

**17j. Please select the features included in the eligibility requirements for Individual participants. (Choose all that apply.)**

- Financial Thresholds (please answer 17k)
- Regulatory Oversight (please answer 17k)
- Market Experience (please answer 17k)
- Other (please answer 17l)

**17m. How many Foreign Institution participants are there currently?**

CBL regards all of its customers as foreign customers. There are 2,500 customers in 110 countries around the world.

**17n. Please select the features included in the eligibility requirements for Foreign Institution participants. (Choose all that apply.)**

- Financial Thresholds (please answer 17o)
- Regulatory Oversight (please answer 17o)
- Market Experience (please answer 17o)
- Other (please answer 17p)

**17o. Where can a description of the specific eligibility requirements for Foreign Institution participants be found?**

<http://www.clearstream.com/clearstream-en/about-clearstream/becoming-a-clearstream-customer>

**17p. If other, please explain:**

Customers can only be accepted in accordance with the procedure outlined above. An exception is given, when a customer grants a Power of Attorney to an attorney non-customer. In this case the acceptance follows the same procedure despite the necessity of a credit vote.

The account opening process requires that extensive research and evaluation takes place prior to the opening of an account. The process largely involves sales, credit, and group compliance departments and votes. The final decision is based on the opinion of the Executive Board members and requires the submission and evaluation of comprehensive documentation including the list of authorised signatures, the company's and parent company's most recent Annual Report, and the originals or certified copies of Company By-laws, Statutes or Regulations. CBL performs the following checks: that documents are up-to-date, that they are originals or certified copies, whether they are issued by the appropriate regulatory bodies and whether or not the existing governance structures are acceptable.

In addition to the set of required information stipulated above, supplementary information on the institution is assembled and reviewed. Once all the documentation has been received and examined and is judged satisfactory, the account opening is subject to approval by senior management.

**17q. If you have selected "Other entities" above, please explain:**

Selected corporates including, insurance companies, pension funds, multilateral and supranational institutions and government bodies have been admitted on a case by case basis, often to participate in CBL's Global Securities Financing services - notably Triparty Repo.

**17r. Indicate how many "Other entities" are currently participants?**

CBL maintains relationships with around 2,500 financial institutions in over 110 countries around the world. CBL's customer base includes multilateral and supranational institutions, government bodies and some selected corporates like, insurance companies, pension funds.

**17s. Please select the features included in the eligibility requirements for the participants referred to above as "Other entities". (Choose all that apply.)**

- Financial Thresholds (please answer 17t)
- Regulatory Oversight (please answer 17t)
- Market Experience (please answer 17t)
- Other (please answer 17u)

**17t. Where can a description of the specific eligibility requirements for participants described above as "Other entities" be found?**

<http://www.clearstream.com/clearstream-en/about-clearstream/becoming-a-clearstream-customer>

**17u. If other, please explain:**

Customers can only be accepted in accordance with the procedure outlined above. An exception is given, when a customer grants a Power of Attorney to an attorney non-customer. In this case the acceptance follows the same procedure despite the necessity of a credit vote.

The account opening process requires that extensive research and evaluation takes place prior to the opening of an account. The process largely involves sales, credit, and group compliance departments and votes. The final decision is based on the opinion of the Executive Board members and requires the submission and evaluation of comprehensive documentation including the list of authorised signatures, the company's and parent company's most recent Annual Report, and the originals or certified copies of Company By-laws, Statutes or Regulations. CBL performs the following checks: that documents are up-to-date, that they are originals or certified copies, whether they are issued by the appropriate regulatory bodies and whether or not the existing governance structures are acceptable.

In addition to the set of required information stipulated above, supplementary information on the institution is assembled and reviewed. Once all the documentation has been received and examined and is judged satisfactory, the account opening is subject to approval by senior management.

**18. Are participants required to contribute capital to the depository that would result in ownership of the depository?**

- Yes (please answer 18a)
- No
- Not applicable
- Other (please answer 18b)

**19. Are prospective participants subject to an initial review and approval process regarding compliance with eligibility requirements?**

- Yes
- No
- Not applicable
- Other (please answer 19a)

**Conditions of Participation****20. What governs the relationship between the depository and the participants? (Choose all that apply.)**



- Relevant law and regulation
- Standard participation contract
- Established terms and conditions of participation
- Bye-laws of the depository
- Rules of the depository
- Other (please answer 20a)
- Not applicable

### Response Necessary/Eligibility Question

**21. Rule 17f-7 requires that an Eligible Securities Depository “holds assets for the custodian that participates in the system on behalf of the Fund under safekeeping conditions no less favorable that the conditions that apply to other participants.”**

**Please confirm that assets of foreign investors held by custodians as participants in the depository are held under safekeeping conditions no less favorable than the conditions that apply to other participants.**

- Yes (please answer 21b)
- No (please answer 21a)
- Not applicable (please answer 21a)
- Other (please answer 21a)

**21b. Please confirm the basis for the arrangements in place to ensure that the assets you hold for custodians receive the same level of safekeeping protection as the assets held for other categories of participants. (Choose all that apply.)**

- Relevant Law and Regulation (please answer 21d)
- Standard participation contract (please answer 21d)
- Established terms and conditions of participation (please answer 21d)
- Bye-laws of the depository (please answer 21d)
- Rules of the depository (please answer 21d)
- Other (please answer 21c)

**21d. For each item in Question 21b that you checked, please briefly supply references or citations to the law(s), regulation(s), or depository rule(s), participation condition(s), or participant contract provision(s), as applicable.**

For the relevant law and regulation - please refer to our answer to question 7) above.

CBL's governing documents are available at the following link: <http://www.clearstream.com/clearstream-en/keydocuments--1-/icsd--1->

The standard participation contract would equal the Customer and Account Application Forms.

The established terms and conditions equals our General Terms and Conditions, while the CBL Customer Handbook would be equal to the rules of the depository.

**22. How does the depository notify participants of material changes to the conditions of participation? (Choose all that apply.)**

- By e-mail
- By telephone
- By public announcement
- By press release
- Other (please answer 22a)
- Not applicable

**22a. Please explain:**

Changes to the General Terms and Conditions as well as the governing documents are notified to customers via registered mail. Changes to the operational procedures are announced by e-mail (upon subscription). All changes to operational procedures are published on CBL's website - [www.clearstream.com](http://www.clearstream.com).

### Governance of Participants

**23. Who enforces compliance with the depository's conditions of participation? (Choose all that apply.)**

- The depository
- The exchange
- The depository's regulator
- Other (please answer 23a)
- Not applicable

**23a. Please explain:**

**24. What enforcement actions are available to the enforcement authority? (Choose all that apply.)**

- Fines
- Restrictions on participation
- Suspension of participation

Termination of participation

Other (please answer 24a)

Not applicable

## 25. Has there been any such enforcement actions in the last three years?

Yes (please answer 25a)

No

Not applicable

Other (please answer 25b)

## **DEPOSITORY FUNCTIONALITY AND SERVICES; USE OF AGENTS**

*Certain functionalities and services reduce risk to an investor if provided in an efficient manner. The purpose of this section is to identify those functionalities that may potentially be offered by depositories and clearing systems around the world, and ascertain whether they are offered by your institution.*

### 26. For which of the following security types do you serve as a depository or clearing system? (Choose all that apply.)

Government securities

Equities

Corporate bonds

Corporate money market instruments

Others (please answer 26a)

Not applicable

### 26a. Please name the other security types:

CBL serves as a depository for the following security types: depository receipts, investment funds and warrants. Please also refer to our answer to question 2.b. above.

### 27. Is the use of the depository in your market compulsory by law or compulsory by market practice for the settlement or safekeeping of all instrument types in your market (e.g. equities, government securities, corporate bonds, money market instruments, warrants, derivatives etc). (Choose all that apply.)

Yes by law for settlement of all instrument types (please answer 27a)

Yes by law for safekeeping of all instrument types (please answer 27b)

Yes by market practice for settlement of all instrument types (please answer 27a)

Yes by market practice for safekeeping of all instrument types (please answer 27b)

Yes by law for settlement, but not for all instrument types (please answer 27a)

Yes by law for safekeeping, but not for all instrument types (please answer 27b)

Yes by market practice for settlement, but not for all instrument types (please answer 27a)

Yes by market practice for safekeeping, but not for all instrument types (please answer 27b)

Neither/other (please answer 27c)

### 27c. If neither/other, please explain:

The use of CBL as depository for the settlement and the safekeeping of all instrument types is neither compulsory by law nor by market practice.

## 28. Settlement and Safekeeping Percentages

### 28a. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) settled within your institution, exclusive of your links with third parties.

There are no official figures regarding market share for International Debt Securities as such but Network Management have a complete set of comparative statistics for international securities (both debt and equities). These show CBL has approximately a 39.5% market share.

In the important segment of EUR denominated Eurobonds, CBL currently has a market share of approximately 50%. CBL has experienced a steady flow of new business wins over the last 18 months.

In the 56 domestic markets, where we use a network of agent banks, CBL also has a significant market share.

### 28b. Please list by instrument type the percentage of the total market in your jurisdiction (either volume or value) held in safekeeping within your institution.

There are no official figures regarding market share for International Debt Securities as such but Network Management have a complete set of comparative statistics for international securities (both debt and equities). These show CBL has approximately a 39.5% market share.

In the important segment of EUR denominated Eurobonds, CBL currently has a market share of approximately 50%. CBL has experienced a steady flow of new business wins over the last 18 months.

In the 56 domestic markets, where we use a network of agent banks, CBL also has a significant market share.

**29. Are there any activities performed by a third party on behalf of the depository for the depository participants (e.g., vaulting of physical securities, registration, entitlement processing, etc.)?**

- Yes (please answer 29a)
- No
- Not applicable
- Other (please answer 29i)

**29a. If third parties are employed, please indicate which services they supply (then please answer 29b):**

CBL is the primary settlement location for Eurobonds whereby the safekeeping and custody related activities are delegated to a network of 'common depositories'. In addition, CBL serves 56 domestic markets, for which it uses a network of sub-custodians as well as CSDs directly. A list of sub-custodians is available at the following link: <http://www.clearstream.com/clearstream-en/products-and-services/market-coverage/depository-listings/9342>

Further details on these links are available in our Market Guides, which are available on [www.clearstream.com](http://www.clearstream.com), under Market Coverage.

**29b. If third parties are employed, does the depository assume liability for losses incurred by participants as a result of the actions/inactions of the third parties?**

- Yes (please answer 29c)
- No

**29c. If you acknowledge responsibility, please indicate whether your responsibility is assumed (Choose all that apply.)**

- regardless of whether such loss was caused by any action or inaction of the agent (please answer 29d)
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be negligence on the part of the agent (please answer 29d)
- if such loss was caused by the agent's action or inaction and such action or inaction was deemed to be gross negligence on the part of the agent (please answer 29d)
- if the loss was caused by the willful default or other willful conduct on the part of the agent (please answer 29d)
- Other (please answer 29e)

**29e. If other, please explain:**

In line with our GTCs, if a loss arises due to CBL's providers' or agents' inability to meet agreed service levels, then we will on a best effort basis support our customers to cover for the losses. CBL shall take such steps in order to effect a recovery as it shall reasonably deem appropriate and shall charge the customer the costs incurred in connection to any attempt effecting such recovery. In addition CBL monitors its network of sub-custodians and has clear documentation in place to perform such checks.

**30. Has any participant suffered any losses in the past three years due to the depository's performance?**

- Yes (please answer 30a)
- No
- Not applicable
- Other (please answer 30m)

**30c. Corporate Action. Please specify total loss in USD:**

**30e. Settlement Process - Securities. Please specify total loss in USD:**

**30g. Settlement Process - Cash. Please specify total loss in USD:**

**30i. System Outage. Please specify total loss in USD:**

**30k. For Other, please specify number of instances:**

**30l. For Other, please specify total loss in USD:**

**30m. If other, please explain:**

No, customers have not suffered losses resulting from CBL's acting with gross negligence or wilful misconduct.

## Other Services

### 31. Who accepts cash deposits (or makes payment credit accommodations) for depository transactions? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository (please answer 31a)
- Neither/others (e.g. credit lines used please answer 31b)
- Not applicable

### 31a. Please name banks:

Please find an exhaustive list of CBL's appointed banks in the Cash Timings Matrix, available at the following link:  
<http://www.clearstream.com/clearstream-en/products-and-services/asset-types/cash/cash-timings-matrix/9028>

### 32. Who processes cash clearing (or draws on credit lines, if applicable) for depository transactions? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository (please answer 32a)
- Neither/others (please answer 32b)
- Not applicable

### 32a. Please name banks appointed by depository:

Please find an exhaustive list of CBL's appointed banks in the Cash Timings Matrix, available at the following link:  
<http://www.clearstream.com/clearstream-en/products-and-services/asset-types/cash/cash-timings-matrix/9028>

### 33. Who controls the movement of cash for cash deposits (or draws on credit lines, if applicable)? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository (please answer 33a)
- Neither/others (please answer 33b)
- Not applicable

### 34. Who controls the movement of cash for cash clearing (or for draws on credit lines, if applicable)? (Choose all that apply.)

- Depository
- Central Bank
- Banks appointed by depository. (please answer 34a)
- Neither/others (please answer 34b)
- Not applicable

### 35. Please indicate services you provide. (Choose all that apply.)

- Information in advance on corporate (annual or special) meetings in order that owners can vote.
- Tax assistance where foreign holders may be entitled to tax relief at source or through a claim.
- In order to avoid fails, an automatic securities lending facility - if requested - is provided for. (please answer 35a)
- 
- Collateral handling in support of activities including securities lending, overdraft coverage, cash management, repurchase agreements, etc. Please provide details. (please answer 35c)
- Same day turnaround settlements.
- Information on distribution of new issues (IPO, Privatization).
- Other (please answer 35d)
- Not applicable

### 35a. Automatic securities lending facility is provided for: (Choose all that apply.)

- Brokers
- Banks
- Other financial institutions
- Other (please answer 35b)

### 35b. If other please explain:

Any CBL customer can benefit, upon subscription, from existing securities financing facilities such as ASL and ASLplus.

### 35c. Collateral Handling: please provide details:

CBL provides global securities financing services which are bundled under the Global Liquidity Hub. In addition to securities lending and borrowing it contains collateral management in cash, fixed income and equities. The Global Liquidity Hub's sophisticated collateral management system allows a high degree of flexibility, enabling a broad range of participants to implement individual service requirements.

CBL is constantly striving to extend the Global Liquidity Hub's reach through partnerships with electronic trading platforms, central counterparties (CCPs), central securities depositories (CSDs) and agent banks, so that customers can cover all their exposures from CBL. The Global Liquidity Hub manages collateral to cover all types of exposures in real time, across currencies, asset classes and time zones. Outsourcing collateral management to CBL as a neutral agent enables customers to focus on their core business, while benefiting from asset optimisation and full regulatory compliance.

CBL's ICSD customers can benefit from the full suite of Global Liquidity Hub services to make the most of their assets.

#### Triparty collateral services (CmaX)

##### · Triparty Collateral Management Service

Collateral refers to assets - cash or securities - pledged to back up a credit advance. Since financial transactions of almost any kind require some form of collateral, efficient collateral management has become essential for every customer. CBL ensures that customers make the most efficient use of the collateral they hold through the Triparty Collateral Management Service. This service frees customers from collateral management and administrative tasks from the moment a transaction takes place through to final settlement. CBL monitors the credit exposure and collateral coverage throughout the duration of a deal. CBL marks positions to market daily, calls for margin and provides comprehensive transaction and settlement reports every day.

##### · Triparty Repo Service

Multi-currency repurchase agreements, known as "repos", are short-term money market instruments in which sellers ("collateral givers") offer fixed income financial instruments, for example, bonds, as collateral in exchange for a cash loan from buyers ("collateral receivers"). The Triparty Repo Service offered by CBL is designed to simplify the process of administering multi-currency repurchase agreements for both collateral giver and collateral receiver, and to reduce the operational risks associated with some types of repurchase agreements by offering a comprehensive delivery versus payment and securities safekeeping service. Collateral received in connection with a triparty repo agreement is monitored, reviewed and marked to market on a daily basis to ensure that collateral margin requirements are maintained.

##### · Triparty Securities Lending Service

CBL offers its Triparty Securities Lending Service for the settlement, valuation and collateralisation of bilateral securities lending transactions.

##### · Collateral pledge to central banks

CBL acts as an intermediary for international customers, allowing them to pledge assets in favour of various central banks mainly Banque centrale du Luxembourg, Deutsche Bundesbank and U.S. Federal Reserve.

##### · CCP margining

Regulators are pushing for an increasing number of trades to be cleared by CCPs. While this has the benefit of reducing counterparty risk, it also creates additional complexity, as each CCP has different clearing requirements. As a result, customers have to deal with a multitude of operational frameworks and collateral profiles.

As an experienced triparty collateral agent, CBL helps customers to make the most of their assets through an efficient use of collateral, thereby making expensive cash margins redundant. Thanks to partnerships with selected CCPs such as CME Clearing, Eurex Clearing, ICE Clear Europe, LCH Clearnet and Oslo Clearing ASA, CBL customers who are also clearing members can use the Global Liquidity Hub's full suite of automatic allocation, optimisation and substitution services for their exposures.

This margining service is part of CBL's wider efforts to give customers the best possible access to collateral locations around the world: both through strategic partnerships and by linking to globally fragmented exposure locations such as CCPs. Customers can use the Global Liquidity Hub to cover multiple exposure types: bilateral, central bank and CCP margining.

#### OTC collateral services

##### · Bilateral collateral management solutions

OTC Collateral enables customers to cover all their derivative exposures from a single collateral pool out of the Global Liquidity Hub. The service covers all aspects of bilateral collateral management from CSA review and administration, mark-to-market, margining, dispute management and portfolio reconciliation to payment/settlement follow-up and reporting.

##### · Full triparty reuse

The collateral received from bilateral transactions under the OTC Collateral service can be readily reused within the triparty environment of the Global Liquidity Hub. The full range of triparty products is available for reuse, including triparty repo, GC Pooling, reinvestment in money market funds for cash collateral and collateral transformation. Our collateral transformation services include OTC and centrally cleared repos, securities lending and pledges to central banks.

### 35d. If other services, please explain:

CBL's Vestima platform delivers a suite of investment fund services supporting the cross-border distribution needs of the investment fund industry around the globe. It provides a gateway to global funds solutions ranging from order routing, centralised delivery versus payment (DVP) settlement, safekeeping and asset servicing to collateral management. This allows customers to benefit from a streamlined process regardless of the variety of markets and investment funds involved.

Vestima provides a single entry point and standardised process for all fund transactions - from mutual funds to exchange-traded funds (ETFs) and hedge funds - and one fully-integrated set of reports and connectivity media.

With more than 150,000 investment funds from over 40 jurisdictions, Vestima is the world's largest cross-border fund processing platform. For further information, please refer to the following link: <http://www.clearstream.com/clearstream-en/products-and-services/investment-funds-services/market-coverage/fund-markets-covered/90298>

Customers of our Vestima platform realise efficiency gains through automation. Operational efficiency is significantly increased through DVP settlement, the synchronous exchange of cash and investment fund shares. Automation is a powerful tool in the investment funds sector where many companies still rely on faxes and phone calls.

Apart from improving efficiency and automation in the funds sector, clients are increasingly looking to CBL to bolster the security of their financial infrastructure. Asset safety has also become a key concern among participants in the investment fund industry. This is a reflection of recent developments on the regulatory agenda, such as the implementation of the Alternative Investment Fund Manager Directive (AIFMD). Centralised solutions, such as Vestima, can serve the growing need for greater efficiency and transparency in investment funds processing, in order to comply with regulatory developments and new rules on risk mitigation.

With the acquisition of Citco Global Securities Services (CGSS) in October 2014, CBL expanded into the hedge fund execution and custody services. This additional business alongside the existing highly automated mutual fund services at CBL provides clients with the perfect 'one-stop shop' solution for all fund types.

In 2012, CBL co-founded REGIS-TR S.A., a joint venture with the Spanish central securities depository Iberclear (CBL: 50%, Iberclear 50%), to act as a central trade repository for derivatives transactions across multiple product classes and jurisdictions; helping participants meet their regulatory reporting obligations. REGIS-TR Trade repository services have been created to meet the requirements of the EU regulators who are looking to increase transparency in the OTC derivatives market by forcing market participants into reporting their derivatives trades. CBL aims at expanding its business in different dimensions by allowing CBL to access a new asset class (OTC derivatives) leveraging the

### 36. What procedures are in place for the processing of corporate action entitlements? (Choose all that apply.)

- Credited to the securities account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 36a)
- Credited to the securities account upon actual receipt by the depository.
- Corporate action entitlements are handled by an entity separate from the depository. (please answer 36c)
- Not applicable
- Other (please answer 36d)

### 37. What procedures are in place for the processing of interest and dividends?(Choose all that apply.)

- Credited to the cash account on the day indicated below regardless of whether actually collected by the depository on the scheduled date. (please answer 37a)
- Credited to the cash account upon actual receipt by the depository.
- Income and dividend collection is handled by an entity separate from the depository. (please answer 37c)
- Not applicable
- Other (please answer 37d)

## Linkages With Other Central Securities Depositories (CSD) or International Central Securities Depositories (ICSD)

### 38. Please list all depositories or settlement systems to which you have an electronic link.

Please find a list of depositories to which CBL maintains electronic links available at the following link:

<http://www.clearstream.com/clearstream-en/products-and-services/market-coverage/depository-listings/9342>

In addition, CBL has established a link to Euroclear Bank (the "Bridge"), an electronic communications platform that facilitates the efficient settlement of securities transactions between counterparties in CBL and Euroclear Bank. Transactions between a CBL customer and counterparties in Euroclear Bank settle across the Bridge.

### 39. Are procedures and controls (firewalls) in place to avoid systemic collapse or contamination if one of the linked entities should experience business interruptions for whatever reason?

- Yes (please answer 39a)
- No (please answer 39a)
- Other (please answer 39a)
- Not applicable

#### 39a. Please explain:

Data and applications within CBL are protected by coherent security architecture. This architecture has been designed to meet the specific needs of CBL and combines a number of components in order to ensure true end-to-end security and defense in depth. The major components of this architecture are as follows:

- Perimeter defence components (Multilayered Firewalls and Network Intrusion Detection Systems (NIDS));
- Cryptographic protocols on exposed network segments;
- Cryptographically enabled applications;
- A Public Key Infrastructure (PKI) system, using hardware key storage, to support cryptographic services;
- A multitiered framework for handling viruses and malicious code;
- Secure mail and SPAM filtering software;
- Access control software;
- Host-based and network-based scanning software for detecting vulnerability;
- Privilege management software for controlling and monitoring the use of powerful accounts;
- Standard secure configurations for all major native operating systems;
- Extensive use of Oracle security mechanisms, such as password protected roles, to prevent access to data from unauthorised individuals or applications;
- Centralised logging and event management: collection/normalisation of event data, and correlation of impact of incidents based on criticality to business operations;
- Strong authentication: Two factor authentication, biometrics, network access control (NAC);
- Managed file transfer;
- Protection of Web Interfacing Systems against Cyber Threats (e.g. DDoS, Web defacement);
- Real-time database security and monitoring.

For its online access applications, CBL provides a security subsystem that has been designed with true end-to-end security in mind and based on sound architectural principles. This subsystem is deployed as a series of components designed to work together to deliver a number of security services, such as:

- Authentication
- Protection of confidentiality
- Protection of integrity (both session and data integrity)
- Non-repudiation
- Logging and audit trail.

CBL's ISAE 3402 report is audited annually by KPMG. This report includes, among others, control objectives and descriptions of controls covering physical access, logical access, the integrity and security of data transmissions between CBL and its customers and the protection of data centre assets. In addition KPMG perform an annual audit and issue a Long Form Report for the CSSF, the Luxembourg supervisory body for financial institutions. The CBL Long Form Report includes a section on IT, which includes Information Security.

**40. Has a business interruption recovery plan been developed in the event the linkages would become inoperable for any reason?**

- Yes  No (please answer 40a)  
 Other (please answer 40a)  Not applicable

**ACCOUNT STRUCTURES AND RECORDKEEPING**

*The purpose of this section is to identify the nature of accounts; the naming convention is employed, the level of segregation achieved, accessibility in the event of bankruptcy and the frequency of reporting generated from them.*

**41. Are participants permitted to maintain more than one account at the depository?**

- Yes (please answer 41a)  
 No  
 Not applicable  
 Other (please answer 41d)

**41a. If yes, please indicate number: (Choose one.)**

- An unlimited number of accounts.  
 More than one account (please answer 41b and indicate how many)  
 Other (e.g. subaccounts) (please answer 41c)

**42. Are participants required/permitted to segregate assets held for their own benefit from those they hold for their clients?**

- Yes (please answer 42a)  
 No  
 Not applicable  
 Other (please answer 42d)

**42a. If yes, is segregation required or simply permitted?**

- Required (please answer 42b)  
 Permitted (please answer 42b)  
 Other (please answer 42e)

**42b. How does segregation occur? (Choose all that apply.)**

- By separately designated participant accounts.  
 By sub-accounts within a single participant account.  
 By separately designated beneficial owner accounts.  
 Other - e.g. share registration (please answer 42c)

**43. Does the depository permit its participants to open accounts in the participant's own nominee name(s)?**

- Yes (please answer 43a)  
 No  
 Other (please answer 43b)  
 Not applicable

**44. In the event a participant's single or main account is blocked for any reason (e.g., insolvency, penalties, violations, liens), would securities held in any account or accounts on behalf of the participant's clients be accessible:**

**44a. By the participant's clients?**

- Yes (please answer 44b)  
 No  
 Not applicable  
 Other (please answer 44c)

**44d. By the intervening authorities controlling insolvency or other proceedings?**

- Yes (please answer 44e)  
 No  
 Not applicable  
 Other (please answer 44f)

**44e. If yes, please describe briefly under what conditions access would be granted to the intervening authorities:**

Provided that CBL receives the necessary court documents and appointment of a bankruptcy manager, liquidator, and provided that any instructions received bear the necessary signature(s) of the liquidator(s), then CBL will accept and process their instructions. The process is done manually, which means the liquidator will not have any direct access to the

customer's account.

**44g. By the participant's creditors?**

- Yes (please answer 44h)
- No
- Not applicable
- Other (please answer 44i)

**44j. By the depository's creditors?**

- Yes (please answer 44k)
- No
- Not applicable
- Other (please answer 44l)

**45. In what form does the depository maintain records identifying the assets of each participant? (Choose all that apply. Please refer to "Help" for clarification.)**

- Computer file (please answer 45b)
- Microfiche (please answer 45b)
- Hard copy (please answer 45b)
- Computer tape (please answer 45b)
- Other (please answer 45a)

**45a. If other, please explain:**

All information is available online for a period of 13 months after which it is archived on either microfiches or optical disks.

**45b. In which format is the source data maintained?**

CBL's Creation platform is a Linux-based development providing the benefits of scalability and modern development techniques. Hardware is based on the latest hardware and software technology with Oracle as the main database. An advanced Position Management system records customer securities transactions as well securities and cash accounts positions hold in CBL.

**Response Necessary/Eligibility Question**

**46. Rule 17f-7 requires that an Eligible Securities Depository "provides periodic reports to its participants with respect to its safekeeping of assets, including notices of transfers to or from any participant's account."**

**Does the depository make available periodic safekeeping reports to participants, including notices of transfers to or from the participant's account?**

- Yes (please answer 46b)
- No (please answer 46a and then proceed to 48)
- Other (please answer 46a)

**46b. If yes, please indicate the scheduled frequency: (Choose one.)**

- Daily
- Weekly
- Monthly
- Quarterly
- Annually
- Upon request
- Other (please answer 46c)

**46c. If other, please explain:**

CBL's settlement and custody platform is operated in real-time. Therefore all related transaction information is available in real-time and/or at intervals defined by the customer. Customers can request a report in either of the following two modes:

1. Complete reports, showing all positions that are open on a customer's account and movements that have occurred since the last processing; or
2. Delta reports, showing all positions that have been affected by movements that have occurred since the last retrieval of the report. For a detailed description of CBL's reports and information services, please refer to Report Timings Matrix available at the following link:

<http://www.clearstream.com/clearstream-en/products-and-services/connectivity--1-/report-timings/9876>

**47. What is your document and record retention policy for documents and records described above in this section? (Choose one.)**

- 6 months or less
- 1 year



- 3 years
- 5 years
- 7 years
- Other (please answer 47a)

**47a. If other, please explain:**

As required under Luxembourg law, CBL has the obligation to maintain records relating to services provided to customers for a period of ten years.

**SETTLEMENTS**

*The purpose of this section is to identify the model of settlement employed, the relationship between cash and securities, and the basis on which participants meet their obligations.*

**48. The Committee on Payment and Settlement Systems of the Bank for International Settlements (BIS) has identified three common structural approaches or models for linking delivery and payment in a securities settlement system. Please indicate which model your procedures most closely resemble (Please refer to details on the models within the "Help" section located below this question): (Choose all that apply.)**

- Model 1 - Gross, Simultaneous Settlements of Securities and Funds Transfers. (please answer 48a)
- Model 2 - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. (please answer 48a)
- Model 3 - Simultaneous Net Settlement of Securities and Funds Transfers. (please answer 48a)
- Not applicable
- Other (please answer 48b)

**48a. Please briefly describe your settlement process, including how your settlement procedures may vary from the model chosen above (and as described below in the Help section)?**

The CBL settlement model does not vary from the Model 1 BIS model.

**Question 48 Help:**

***Model 1** - Gross, Simultaneous Settlements of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds simultaneously on a trade-by-trade (gross) basis, with final (irrevocable and unconditional) transfer of securities from the seller to the buyer (delivery) occurring at the same time as final transfer of funds from the buyer to the seller (payment). The securities settlement system maintains securities accounts and funds accounts for participants. Transfer of securities and cash are made by bookentry.*

***Model 2** - Gross Settlements of Securities Transfers Followed by Net Settlement of Funds Transfers. These systems settle securities transfer instructions on a trade-for-trade (gross) basis, with final transfer of securities from the seller to the buyer (delivery) occurring throughout the processing cycle, but settle funds transfer instruction on a net basis, with final transfer of funds from the buyer to the seller (payment) occurring at the end of the processing cycle.*

*The securities settlement system maintains securities accounts for participants, but funds accounts are usually held by another entity (often a commercial bank or the central bank). Securities are transferred by book-entry, such transfer being final at the instant the entries are made on the securities settlement system's books. The corresponding funds transfers are irrevocable, but not final. During the processing cycle, the system calculates running balances of funds debits and credits, the balance being settled at the end of the processing cycle when the net debit and net credit positions are posted on the books of the commercial bank or central bank that maintains the funds accounts. Settlement of funds accounts may occur once a day or several times a day.*

***Model 3** - Simultaneous Net Settlement of Securities and Funds Transfers. These systems settle transfer instructions for both securities and funds on a net basis, with final transfer of both occurring at the end of the processing cycle. Settlement may occur once a day or several times a day. The securities settlement system maintains securities accounts for participants. Funds accounts may be maintained by another entity, either a commercial bank or the central bank.*

*During a processing cycle, running balances of debits and credits to funds and securities accounts are calculated. All funds and securities transfers are provisional until the end of the processing cycle, at which time book-entry transfer of securities take place. If and only if all participants have sufficient balances of funds and securities, final transfers of the net securities balances and net funds balances are executed.*

**49. Are the cash and security movements simultaneous?**

- Yes
- No (please answer 49a)
- Not applicable
- Other (please answer 49c)

**OWNERSHIP OF SECURITIES**

*The purpose of this section is to determine how ownership of securities is represented, the ways the depository maintains ownership or control of securities held in the depository, and the extent to which ownership of assets held by the depository is separated from the proprietary assets of the depository.*

**50. How are depository eligible securities held by the depository?**

- Securities in the depository are held in dematerialized form.
- Securities in the depository are held in certificated form.
- Other (please answer 50a)

**50a. If other, please explain and identify amount held in this other form as a percentage of total depository holdings:**

In CBL's system, securities are held in book-entry form and transferred by book-entry. They are immobilised at least as long as they remain in CBL. Depending on the market served (e.g. Eurobonds, domestic securities) the underlying security may be held in certificated and/or immobilised form as well as fully dematerialised. With respect to Eurobonds for which CBL acts as primary depository, 100% of the outstanding bonds are held in certificated form. Of that less than 5% are physically deliverable, the remainder being immobilised. For all other domestic markets serviced we refer you to the Creation Link Guide available on [www.clearstream.com](http://www.clearstream.com).

**51. If depository eligible securities are certificated, can depository eligible securities be held outside of the depository?**

- All eligible securities must be held in the depository. (please answer 51b)
- Securities may move freely into and out of the depository. (please answer 51h)
- Once entered into the depository, eligible securities must remain in the depository. (please answer 51b)
- Certain designated securities may be held outside the depository. (please answer 51a)
- Not applicable
- Other (please answer 51k)

**51h. If depository eligible securities may be held either in or out of the depository, are these certificates:**

- Bearer (please answer 51i)
- Registered (please answer 51i)
- Other (please answer 51j)

**51j. If other, please explain:**

International securities may exist in various forms and include various features. Within CBL, securities are held in book-entry form and transferred by book-entry. They are immobilised at least as long as they remain in CBL. Most securities held in CBL's system are subdeposited with CBL's depositories. Depending on the market served (e.g. Eurobonds, domestic securities) the underlying security may be held in certificated and/or immobilised form as well as fully dematerialised. For further information, please refer to the Market Guides on our website [www.clearstream.com](http://www.clearstream.com).

**52. If securities are dematerialized:****May dematerialized security positions be re-certificated and held outside the depository?**

- Yes (please answer 52a)
- No (please answer 52a)
- Not applicable
- Other (please answer 52j)

**52d. If the securities held by the depository are recorded by book entry at the registrar, are the securities registered only to the depository, with the depository providing the function of recording ownership on a centralized basis for the market? (Choose all that apply.)**

- Yes (please answer 52e)
- No (please answer 52g)
- Other (please answer 52l)

**52g. If the securities held with the depository are recorded by book-entry at the registrar but are not registered exclusively to the depository, may they be registered to:**

- The beneficial owner
- A nominee
- Other (please answer 52h)

**52h. Please describe:**

Securities deposited in CBL are in principle registered either:

- In the name of CBL or its nominee;
- In the name of CBL's depository bank or its nominee.
- In the name of the SSS in which the securities are sub-deposited or its nominee;
- In the case of registered securities received from Euroclear Bank S.A. over the electronic Bridge but not yet delivered from the Euroclear Bank S.A. depository to the CBL depository, in the name in which such security is held while deposited in Euroclear Bank;
- In the exceptional cases of certain securities in Hong Kong, in the name of a third party that was already the registered owner at the time the security was received by CBL depositories; or
- If required, in the name of the final beneficiary (for example, in the case of Swiss registered shares or U.S. restricted securities).

Registered securities received by the relevant depository bank are only credited to the customer's account once the depository has taken the necessary steps to have them registered according to market practice.

Further information on market practice for each of CBL's 56 domestic market links is available in comprehensive Market Profiles and Creation Link Guides on the website at <http://www.clearstream.com/clearstream-en/products-and-services/market-coverage>

**52i. If the securities held with the depository are recorded by book-entry at the registrar, what are the control features at the registrar for transfer of registrar positions to and from the depository (e.g., authentication procedures, reconciliation, confirmation of position at registrar)? Please describe:**

This will depend on the regulation and market practice of the domestic market in question.

**52j. If other, please explain:**

Whether or not a dematerialised security may be re-certificated depends on the market practice of the domestic market in question. Further information is provided in the Market Guides we provide on a per-market basis in the Market Coverage section of [www.clearstream.com](http://www.clearstream.com).

**Response Necessary/Eligibility Question**

**53. Rule 17f-7 requires that an Eligible Securities Depository "maintains records that identify the assets of each participant and segregate the system's own assets from the assets of participants."**

**Does the depository maintain records that identify the assets of each participant and segregate the system's own assets from the assets of participants?**

- Yes
- No
- Not applicable (please answer 53a)
- Other (please answer 53a)

**54. Does the law protect participant assets from claims and liabilities of the depository?**

- Yes
- No
- Not applicable
- Other (please answer 54a)

**55. Can the depository assess a lien on participant accounts? (A lien would entitle the depository to take and hold or sell the securities of the participant in payment of a debt.)**

- Yes (please answer 55a)
- No
- Not applicable
- Other (please answer 55o)

**55a. If yes, for what reasons are liens or similar claims imposed? (Choose all that apply.)**

- Fees and expenses
- Collateralization of overdrafts
- To secure payment for purchased securities
- Other (please answer 55b)

**55c. Please indicate the limits of this lien as indicated below: (Choose one.)**

- The lien is limited to securities in the participant's proprietary account.
- The lien is limited to securities in the course of purchase and sale transactions, but does not extend to settled positions.
- The lien may extend to settled client positions. (please answer 55d)
- Other (please answer 55d)

#### 55d. Please explain:

According to the Article 43 of CBL's General Terms and Conditions (GTCs) CBL shall have a general right of retention, with respect to any securities, funds and precious metals held by the customer within the CBL system, now or in the future, to secure the entire present or future obligations which the customer has or may subsequently have towards CBL, in consequence of the services rendered to it by CBL.

Article 44 of CBL's GTCs sets forth that all customer assets (including in particular securities and cash) are pledged to secure the entire present or future obligations which the customer has, or may subsequently have, towards CBL in consequence of the services rendered to it by CBL and/or any credit extensions by CBL to the customer. However, CBL's customers must notify CBL in accordance with article 45 of the GTCs if assets are held on behalf of a third party, in which case they may not be pledged. CBL's GTCs are available at <https://www.clearstream.com/clearstream-en/keydocuments--1-/icsd--1-/general-terms-and-conditions>

#### 55e. If a lien is placed on a participant's account which has been designated for its clients, will the depository select certain securities to be subject to the lien?

- Yes (please answer 55f)
- No (please answer 55h)
- Other (please answer 55n)

#### 55i. If other, please describe:

#### 55j. For accounts designated as client accounts, do procedures exist to restrict the placement of liens only to obligations arising from safe custody and administration of those accounts?

- Yes (please answer 55k)
- No
- Other (please answer 55m)

#### 55k. If yes, are the restrictions accomplished by:

- Contract between the depository and the participant
- Other procedures (please answer 55l)

#### 55n. If other, please explain:

CBL's customers must notify CBL in accordance with article 45 of the GTCs if assets are held on behalf of a third party, which may consequently not be pledged.

### 56. Transfer of Legal Ownership

#### Does the depository have legal authority to transfer title to securities?

- Yes (please answer 56a)
- No
- Not applicable
- Other (please answer 56e)

#### 56e. If other, please explain:

CBL has no legal authority to transfer legal ownership in the processing of a book-entry settlement instruction. The process of book-entry settlement evidences a modification in the ownership rights of the two counterparties to the transaction. The transfer of ownership or other entitlement is determined in the underlying convention between the parties. In case of existence of collateral under the form of a pledge granted pursuant to Luxembourg law in favour of CBL, CBL might in the event of a default of the pledgor and which default might no longer be 'cured' or otherwise remedied, either acquire or transfer ownership of such collateral to enforce its pledge in accordance with applicable law and the contractual arrangements of the parties.

### HANDLING OF SECURITIES OUTSIDE THE DEPOSITORY ENVIRONMENT

*The purpose of this section is to consider the process (and any risk inherent within such a process) that involves the safekeeping of client assets while they are being removed from a depository and being lodged into a depository.*

#### 57. How are eligible securities lodged (that is, placed) in the depository system? (Choose all that apply.)

- A registered certificate in the name of the depository is delivered to the depository.
- A participant delivers the security with a valid transfer deed or stock power or other transfer document to the depository which then effects registration.
- A registrar re-registers the security in the name of the depository.
- Other (please answer 57a)
- Not applicable

#### 57a. Please describe:

In each of the 56 domestic markets and the international market, in which CBL provides settlement and safekeeping services, securities are lodged in accordance with the applicable law of the market in question.

**58. When are securities lodged into the depository reflected in a participant's depository account? (Choose all that apply.)**

- Securities are reflected in the participant depository account immediately upon delivery to the depository.
- Securities are re-registered prior to being reflected in the participant's depository account.
- Other (please answer 58a)
- Not applicable

**58a. Please explain:**

Securities are reflected in the customer's account with CBL upon receipt of a settlement confirmation from CBL's sub-custodian. The delivered securities are checked for 'good' delivery prior to the settlement confirmation being sent. In general this occurs on a same-day basis. If a re-registration is required, the customer's position will be blocked in CBL's books until re-registration has been completed and the sub-custodian has confirmed receipt to CBL accordingly. This process takes in general on average no more than 1-2 days.

**59. How long does it usually take to lodge securities with the depository? (Choose one.)**

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks (please answer 59a)
- Not applicable
- Other (please answer 59b)

**59b. If other, please explain:**

Usually, 1 - 2 days. When physical registered securities are received by our depositories for a CBL beneficiary account a re-registration process will need to be conducted. The turnaround varies from market to market.

**60. During the process of lodging securities into the depository, can the securities: Be traded?**

- Yes
- No (please answer 60c)
- Not applicable
- Other (please answer 60c)

**60a. During the process of lodging securities into the depository, can the securities: Be settled?**

- Yes
- No (please answer 60d)
- Not applicable
- Other (please answer 60d)

**60b. During the process of lodging securities into the depository, can the securities: Have ownership transferred?**

- Yes
- No (please answer 60e)
- Not applicable
- Other (please answer 60e)

**60c. If they cannot be traded, or if you answered other, please explain:**

CBL acts as settlement agent and therefore the trading of securities is outside its purview. Whether securities may be traded or not while they are being 'lodged' depends on a number of factors including the local law governing the issuing company, the terms and conditions of the issue and so on.

**60d. If they cannot be settled, or if you answered other, please explain:**

Securities are not available until confirmation has been received from CBL's sub-custodian.

**60e. If ownership cannot be transferred, or if you answered other, please explain:**

If registration needs to be conducted by agents, securities are not available until the re-registration process has been concluded and the depository confirms the receipt to CBL.

## 61. Are securities immediately available for delivery upon transfer to the depository?

- Yes
- No (please answer 61a)
- Not applicable
- Other (please answer 61d)

### 61d. If other, please explain:

If registration needs to be conducted by the sub-custodian, securities are not available until the re-registration process has been concluded and the sub-custodian confirms the receipt to CBL. This process takes in general on average no more than 1-2 days.

## 62. Please describe briefly the arrangements/procedures/facilities you maintain to ensure that eligible securities held at the depository are handled at least as efficiently as compared to securities held outside the depository, particularly in relation to income, corporate actions and proxy services.

As part of the Deutsche Börse Group, CBL offers the quality of an organisation with a sound financial standing and excellent credit ratings. Our custody services combine secure and reliable asset safekeeping with industry leading event management support. CBL provides custody services for Eurobonds and securities instruments in 56 domestic markets around the world. These services include the distribution and settlement of New Issues, Income and Redemption payments and Corporate Actions. The service range is complemented by comprehensive Tax and Proxy Voting services. CBL has continuously increased the quality and the degree of standardisation of these processes, investing to further improve straight-through processing rates and reduce the burden on the back-offices of its customers and to offer a service level that is very close to what is available in the local market. Customer benefit from:

- Comprehensive new issues services;
- Timely and accurate income and redemption payments;
- Proactive tax services for both relief at source and reclaims;
- Efficient corporate action notification and processing;
- Flexible proxy voting service;
- Full SWIFT life cycle for income and corporate actions;
- Leading connectivity suite, supporting exception management via online tools.

## 63. What transfer process steps are involved when eligible securities are withdrawn from the depository for safekeeping? (Choose one.)

- Securities are re-registered into the name of the beneficial owner or a nominee.
- Securities are re-certificated and re-registered into the name of the beneficial owner or a nominee.
- Securities are re-certificated and delivered as bearer instruments.
- Securities are transferred as is any physical delivery in the market.
- Other (please answer 63a)
- Not applicable.

### 63a. Please specify:

All of the above may apply. Securities are debited from a customer's account and delivered in accordance with the customer's instructions and according to local market rules and regulations.

## 64. How long does it usually take to remove securities from the depository? (Choose one.)

- 1 to 2 days
- 3 days to 1 week
- 2 to 4 weeks
- More than 4 weeks (please answer 64a)
- Not applicable
- Other (please answer 64b)

### 64b. If other, please explain:

Usually, 1 to 2 days. But, depending on the market, its time zone, the type of instrument and the defined deadline for receiving customers' instructions, it is also possible to execute a delivery on the same day of receipt of the instruction, provided there is sufficient provision of securities in the account.

## 65. While the securities are being removed from the depository, can they:

### 65a. Be traded? (Choose one)

- No (please answer 65b)
- Not applicable

Yes

Other (please answer 65b)

#### 65b. Please explain:

CBL acts as settlement agent and therefore the trading of securities is outside its purview. Whether securities may be traded or not while they are being removed depends on a number of factors including the local law governing the issuing company, the terms and conditions of the issue and so on.

#### 65c. Be settled?

No (please answer 65d)

Not applicable

Yes

Other (please answer 65d)

#### 65d. Please explain:

If securities are being removed from the depository on a transitional basis due to the result of a corporate action or a registration, these will not be available for settlement until the confirmation of receipt from the depository is received.

#### 65e. Have ownership transferred?

No (please answer 65f)

Not applicable

Yes

Other (please answer 65f)

#### 65f. Please explain:

Following the respective local market rules securities might be traded, but cannot be settled while removing them from the depository. Ownership can be transferred depending on the agreement of the parties. Book entry transfers are not possible.

### STANDARD OF CARE

*The purpose of this section is to understand the responsibility and liability that the depository has in providing services to its participants/members in the settlement and clearing of securities and/or cash, and to understand what type of protections exist for participants in the event of a participant failure/default.*

#### Depository Liability

#### 66. Does the depository accept liability (independent of any insurance coverage) for the following:

##### 66a. Reconciliation errors with the registrar and/or the issuer that result in direct damages or losses to participants?

No

Not applicable

Yes (please answer 66b)

Other (please answer 66d)

##### 66d. If other, please explain:

CBL may hold securities and cash with any other depository, any sub-custodian or another clearance system. If a customer suffers any loss or liability as the result of any act or omission of, or the bankruptcy or insolvency of any of CBL's depositories, sub-depositories, custodians, sub-custodians or of any other clearance system or of any carrier transporting securities between CBL and/or any of the foregoing, CBL shall take such steps in order to effect a recovery as it shall reasonably deem appropriate under all the circumstances. However, except where CBL acted with gross negligence or wilful misconduct, any cost or expense incurred in effecting, or attempting to effect, such recovery shall be borne by the customer.

##### 66e. Theft of securities (either physical certificate or electronically from accounts at the depository) from the depository that result in direct damages or losses to participants?

No

Yes (please answer 66f)

Not applicable

Other (please answer 66h)

##### 66h. If other, please explain:

Physical securities are held via a network of depositories and sub-custodians. If a customer suffers any loss or liability as the result of any act or omission of, or the bankruptcy or insolvency of any of CBL's depositories, sub-depositories, custodians, sub-custodians or of any other clearance system or of any carrier transporting securities between CBL and/or any of the foregoing, CBL shall take such steps in order to effect a recovery as it shall reasonably deem appropriate under all the circumstances. However, except where CBL acted with gross

negligence or wilful misconduct, any cost or expense incurred in effecting, or attempting to effect, such recovery shall be borne by the customer.

CBL is bound by legal and regulatory requirements which set out that in the absence of gross negligence or wilful misconduct on its part, CBL shall not be liable to the Customer for any loss, claim, liability, expense or damage arising from any action taken or omitted to be taken by CBL, in connection with the provision of services contemplated hereby and by the Governing Documents.

**66i. Failure of the depository's systems that result in direct damages or losses to participants because they cannot use either securities or funds?**

- No
- Yes (please answer 66j)
- Not applicable
- Other (please answer 66l)

**66j. If yes, please check all of the following that apply:**

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66k)

**66k. If other, please explain:**

CBL is bound by legal and regulatory requirements which set out that in the absence of negligence or wilful misconduct on its part, CBL shall not be liable to the customer for any loss, claim, liability, expense or damage arising from any action taken or omitted to be taken by CBL, in connection with the provision of services contemplated hereby and by the Governing Documents.

**66m. Any direct damages or losses to participants caused by the depository due to its errors, omissions or fraud?**

- No
- Yes (please answer 66n)
- Not applicable
- Other (please answer 66p)

**66n. If yes, please check all of the following that apply:**

- Financial limits are imposed on the amount of liability assumed by the depository
- The depository assumes liability for direct losses
- The depository assumes liability for indirect or consequential losses
- Other (please answer 66o)

**66o. If other, please explain:**

CBL is bound by legal and regulatory requirements which set out that in the absence of negligence or wilful misconduct on its part, CBL shall not be liable to the customer for any loss, claim, liability, expense or damage arising from any action taken or omitted to be taken by CBL, in connection with the provision of services contemplated hereby and by the Governing Documents. CBL does not accept responsibility for consequential losses.

**66q. Any direct damages or losses to participants caused by the depository in its capacity as a central counterparty?**

- No
- Not applicable
- Yes (please answer 66r)
- Other (please answer 66t)

**66u. Does the depository guaranty settlement?**

- No
- Yes (please answer 66v)
- Not applicable
- Other (please answer 66w)

**66w. If other, please explain:**

CBL operates a real-time processing that begins after the scheduled start of the settlement cycles at 21:30 in the evening of the business day preceding settlement date, and runs continuously until 20:05 on settlement date. It is followed by the end of day processing, which is scheduled to be completed by 20:35. Settlement is effected on an actual rather than contractual basis. In order to ensure the highest settlement efficiency possible, CBL offers comprehensive pre-matching information, integrated securities lending and credit facilities as well as proactive account monitoring service.

**66x. Any direct damages or losses to participants caused by the depository as a result of force majeure events, acts of God, or**



## political events, etc.?

- No
- Yes (please answer 66y)
- Not applicable
- Other (please answer 66-1)

## 66-2. In all cases where the depository assumes responsibility for direct or indirect or consequential losses, is the depository's liability limited by a standard of care determination?

- No
- Yes (please answer 66\*)
- Not applicable
- Other (please answer 66!)

## 66!. If other, please explain:

CBL does not accept liability in case of force majeure. However, CBL undertakes to mitigate the impact of any such event through a comprehensive Business Continuity Management (BCM). The BCM includes back-up sites for both IT and operations and the ability to switch operations to one of its remote operational centres (Frankfurt, Prague, Singapore, Cork).

## 67. Do the depository's written contracts, rules, or established practices and procedures provide protection against risk of loss of participant assets by the depository in the form of?

### 67a. Indemnification

- Yes (please answer 67b)
- No
- Other (please answer 67b)
- Not applicable

### 67b. Please explain (then please answer 67c):

CBL is bound by legal regulatory requirements which set out that in the absence of negligence or wilful misconduct on its part, CBL shall not be liable to the customer for any loss, claim, liability, expense or damage arising from any action taken or omitted to be taken by CBL, in connection with the provision of services contemplated hereby and by the Governing Documents.

CBL may hold securities and cash with any other depository, any sub-custodian or another clearance system. If a customer had suffered an effective direct loss or liability as an immediate result of an established act or omission of, or the bankruptcy or insolvency of any of CBL's depositories, sub-depositories, custodians, sub-custodians or of any other clearance system or of any carrier transporting securities between CBL and/or any of the foregoing, CBL shall take such steps it shall reasonably deem appropriate by its sole discretion in order to assist such customer to effect a recovery of such a loss. However, except where CBL acted with gross negligence or willful misconduct, any cost or expense incurred in effecting, or attempting to effect, such recovery shall be borne by the customer.

### 67c. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

If a customer had suffered an effective direct loss or liability as an immediate result of an established act or omission of, or the bankruptcy or insolvency of any of CBL's depositories, sub-depositories, custodians, sub-custodians or of any other clearance system or of any carrier transporting securities between CBL and/or any of the foregoing, CBL shall take such steps it shall reasonably deem appropriate by its sole discretion in order to assist such customer to effect a recovery of such a loss. However, except where CBL acted with gross negligence or willful misconduct, any cost or expense incurred in effecting, or attempting to effect, such recovery shall be borne by the customer. In line with our GTCs if loss arises due to CBL's providers' or agents' inability to meet agreed service levels, then we will on a best effort basis support our clients to cover for the losses. CBL shall take such steps in order to effect a recovery as it shall reasonably deem appropriate and shall charge the client the costs incurred in connection to any attempt effecting such recovery. In addition CBL monitors its network of sub-custodians and has clear documentation in place to perform such checks.

### 67d. Insurance

- Yes (please answer 67e)
- No
- Other (please answer 67e)
- Not applicable

### 67e. Please explain (then please answer 67f):

CBL has concluded an insurance "Comprehensive Crime and Professional Liability Insurance" policy which covers it against claims made by clients for financial losses that include infidelity of employees, civil liability and electronic crime. In addition, there is an "All Risks of Physical Loss or Damage of Shipment of Securities and at the Premises of Deutsche Börse AG" which covers all risk of physical loss or damage of securities held on our premises and during transport.

### 67f. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.

Copies of both certificates are enclosed as Annex Insurances.

## 67g. Acknowledgement of liability for losses caused by depository's own actions.

- Yes (please answer 67h)
- No
- Other (please answer 67h)
- Not applicable

**67h. Please explain (then please answer 67i):**

CBL will only be liable in case of negligence or wilful misconduct.

**67i. Please provide details of the relevant sections of the contracts, rules or practices where this information is found.**

As stated in article 48 of its General Terms and Conditions, CBL undertakes to perform such duties and only such duties as are specifically set forth in its General Terms and Conditions or in the Governing Documents.

**67j. Other**

- Yes (please answer 67k)
- No

**68. Is the depository immune from legal action in its own jurisdiction?**

- Yes
- No
- Other (please answer 68a)

**Security Control**

**69. How do participants receive information (view actual settlement of trades, movement of securities on their accounts, etc.) and see the status of their accounts? (Choose all that apply.)**

- By direct electronic link
- By receipt of physical account holding statements
- Other (please answer 69a)
- Not applicable

**69a. Please explain:**

Customers can choose from a wide range of reports. Reporting profiles can be tailored to meet specific customer business requirements. Customers can choose to receive/retrieve reports by more than one communication media, and can select versions of reports to receive/retrieve according to the frequency with which updated information on transaction status and positions are needed. A key component in our communications strategy is a commitment to support all SWIFT and ISO message standards that are applicable to our particular business environment and to use them in industry-standard ways. To this end, we work closely with both SWIFT and ISO, making active contributions to message development, to ensure that your needs are met. CBL provides a series of communications media under Xact. The suite of products provides real-time access to enhanced information provision, instruction input, position and transaction reporting and offers a choice of web browser (Xact Web Portal and CreationOnline), file transfer (Xact File Transfer) and SWIFT access (Xact via SWIFT). All connectivity channels are fast, efficient and ISO 15022 compliant.

The Xact Web Portal is specifically designed to serve as one connectivity channel for both the ICSD and the CSD activities.

Entity Name

Transnational Clearstream Banking Luxembourg (CBL)

**70. Do participants have access to affect their holdings, including confirming and affirming trades, movement of securities on their accounts, etc.?**

- Yes (please answer 70a)
- No
- Other (please answer 70d)
- Not applicable

**70a. How is access given to participants? (Choose all that apply.)**

- By direct electronic link (please answer 70b)
- Other (please answer 70c)

**70c. Please explain:**

CBL has built its own settlement and custody platform, Creation, which delivers a wide range of clearing and settlement services. It provides end-to-end processing by bringing together the three core functions of clearing and settlement, custody and reporting and is the processing hub for a high performance transaction settlement engine. ClearstreamXact (a suite of complementary connectivity media) allows customers to take full advantage of the Creation Platform. Connection can be made online via our Virtual Private Network (Xact Web Portal or CreationOnline), through a dedicated host to host file transfer system (Xact File Transfer) or via the SWIFT network (Xact via SWIFT). Via ClearstreamXact customers have online access to the latest available information as well as control over the scheduling of standardised reports. All of CBL's connectivity solutions are ISO 15022 compliant.

**71. Regarding data security:**

**71a. Are passwords used by participants to access their accounts?**

- Yes
- No
- Not applicable
- Other (please answer 71b)

**71b. If other, please explain:**

Customers access their account using one of the connectivity media described previously. These media have different security protocols. Xact Web Portal, CreationOnline and Xact File Transfer use cryptographic challenge-response authentication mechanisms. The cryptographic keys depend on the choice of the customer and are either smart card based protected by PIN or file-based and protected by password. Xact File Transfer via SWIFT and Xact via SWIFT follows the SWIFT security model.

**71c. Does each user have a unique user ID?**

- Yes
- No
- Not applicable
- Other (please answer 71d)

**71e. Are passwords regularly changed?**

- Yes (please answer 71f)
- No
- Not applicable
- Other (please answer 71g)

**71g. If other, please explain:**

This is a correct statement, with the exception of Xact via SWIFT for which there is no password requirement. For Xact Web Portal, CreationOnline and Xact File Transfer, a set of passwords will be communicated to the customer upon set-up. Thereafter access rights and password protocols will be defined and managed by the administrator at the customer institution.

**71h. Is there a user lock-out after a pre-set number of unsuccessful User ID attempts?**

- Yes (please answer 71i)
- No
- Not applicable
- Other (please answer 71j)

**71j. If other, please explain:**

For the Xact Web Portal, user accounts are locked after 10 failed logon attempts. The account is suspended until a local administrator resets the user's password. For CreationOnline after 3 failed logon attempts due to wrong password the session is temporarily locked. After a couple of minutes the user can login again.

In case the OU is secured with an additional PIN after 3 failed logon attempts due to wrong PIN the user is suspended and the local administrator must recreate the users certificate and password. In case the OU is secured with smartcard, after 15 failed logon attempts due to wrong smartcard password the smartcard is locked and the local administrator must recreate the users certificate and password.

## 72. Does the depository communicate with other market entities such as stock exchanges, payment systems, clearing houses, etc., by secured linkages?

- Yes (please answer 72a)
- No (please proceed to 74)
- Not applicable (please proceed to 74)
- Other (please answer 72a)

### 72a. Please explain:

Communication with other market entities is done via SWIFT as well as secured, leased and dedicated telephone lines. In some cases, there is a need to send original versions via paper.

## 73. How does the depository communicate with other market entities?

### 73a. Stock Exchanges (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

### 73b. Payment Systems (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

### 73c. Clearing Houses (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

### 73d. Registrars (Choose all that apply.)

- Dial-up modem
- Secured, leased, dedicated telephone line
- Internet
- Fax
- Paper/other
- Not applicable

## 74. How is access to the physical building controlled? (Choose all that apply.)

- By guards
- By electronic keys/personal ID card
- By alarm system
- Other (please answer 74a)

### 74a. Please explain:

An access control system is in place for all premises and respective logs are kept. In addition, a CCTV system is in place and access is monitored 24 hours a day. A Security Management System (SMS) is connected to the fire central and its fire detectors. Furthermore, the SMS is connected to an intrusion alert system. A surveillance of technical installations (temperature etc.) is also installed. 5 security guards are on duty during the day and 3 during the night. Visitors are required to sign in at reception providing valid proof of identity. The building is therefore restricted to authorised personnel and accompanied visitors.

All staff are issued with picture ID cards that must be used to gain entrance. Approximately 100 cameras are installed in and outside the building. Access for technicians and visitors is only granted after written authorisation from the person, responsible for his/her area. Access to the Data Center is controlled with card readers and biometric reader.

**75. What are the vault security procedures for the safekeeping of physical paper? (Choose all that apply.)**

- Not applicable no vault is maintained
- Electronic keys/combinations
- Dual access control
- Visitor logs
- Vault counts (please answer 75a)
- Intrusion alarms
- Fire alarms
- Guards
- Other (please answer 75b)

**75b. Please explain:**

CBL does not have own vaults but uses its depositories for the safekeeping of physical securities. All the above ticked security procedures are followed by the our sub-custodians that we use for the 56 domestic markets.

**Participant Default Protections Resulting from a Participant Failure**

**76. If a participant defaults, how is the loss covered? (Choose all that apply?)**

- Depository insurance covers the loss (please answer 76a)
- The depository guaranty fund covers the loss
- Loss is shared among participants (please answer 76b)
- Other (please answer 76d)
- Not applicable

**76d. Please explain:**

Default of a customer should not result in a loss for other customers. Indeed, with CBL's DVP Model 1 settlement ensuring simultaneous final settlement of securities and funds transfers on a gross (trade-by-trade) basis such risks are avoided.

If a loss occurs with respect to a collective holding of a particular class of securities eligible as collateral for Eurosystem credit operations, whether issued in NGN or in NSS form, and granted as collateral to a Eurosystem member national central bank(s) for the purposes of monetary policy operations or intraday credit operations, all the holdings in such particular class of securities credited to each Eurosystem member national central bank account with CBL shall be excluded from the basis of calculation of the loss sharing and exempted from such loss sharing.

**77. During the past three years, has there been a situation where a participant defaulted which resulted in a significant loss?**

- Yes (please answer 77a)
- No
- Not applicable
- Other (please answer 77a)

**78. Does the depository have a guaranty fund independent of stock exchange or other market guarantees?**

- Yes (please answer 78a)
- No (please proceed to 79)
- Not applicable (please proceed to 79)
- Other (please answer 78l)

**78d. How is the fund financed? (Choose one.)**

- Contributions from owner (please answer 78e)
- Contributions from participants (please answer 78f)
- Funding from retained earnings
- Other (please answer 78g)

**78h. Who is covered by the fund? (Choose all that apply.)**

- Direct depository participants only
- The beneficial owner also
- Other (please answer 78i)

**78j. When is the guaranty fund used? (Choose all that apply.)**

- When a broker defaults
- When a direct participant defaults

Other (please answer 78k)

**79. Does the depository have forms of oversight management for assessing and monitoring of the following? (Choose all that apply.)**

- Participant eligibility requirements
- Participant volumes
- Participant financial strength
- Other loss or default protections the depository maintains (please answer 79a)
- Collateral requirements for participants (please answer 79b)
- Debit caps for participants (please answer 79c)
- Settlement controls that minimize or eliminate the risk of default by a participant (please answer 79d)
- Blocking of securities movement before receipt of payment
- Blocking payment until securities are moved
- Other forms of risk management used for assessing and monitoring participant exposures (please answer 79i)
- Not applicable

**79b. Please explain the requirements:**

All securities proposed for collateral are reviewed for eligibility in terms of issues, liquidity and market risk. Positions pledged as collateral are reviewed in accordance with fluctuations in market values. Pledged collateral is also monitored to identify whether the securities pledged are required to execute forthcoming deliveries. If this is the case, alternative collateral is sought in order to release the pledged securities for settlement.

**79c. Please explain how these debit caps work:**

CBL has fully automated monitoring systems to ensure secured credit lines do not exceed established limits. CBL makes available discretionary secured credit to qualified customers for intraday usage. Intraday credit lines are solely for the purpose of facilitation of securities settlements.

**79d. What type or types of settlement controls (Choose all that apply.)**

- Blocking or freezing of securities positions (please answer 79e)
- Controlling DVP settlement (please answer 79f)
- Simultaneous DVP (please answer 79g)
- Other (please answer 79h)

**79g. Please explain:**

CBL is a Model 1 DvP system, ensuring simultaneous final settlement of securities and funds transfers on a gross (trade-by-trade) basis. Fund transfers and securities transfers are both processed by CBL's Creation settlement platform when customers give instructions to deliver or receive securities against payment, each securities transfer is linked to the specific payment.

Transactions between customers settle by simultaneous book entry debits and credits in their respective securities and/or cash accounts. These book entries are effected after completion of a processing run which considers customers' instructions transaction by transaction in a reiterative process to determine which of the transactions can settle in such a way as to optimise settlement while remaining within pre-defined limits.

**80. Does the stock exchange have default protections that extend to the depository, such as the following? (Choose all that apply.)**

- Margin requirements for stock exchange members
- Guaranty fund for stock exchange members
- Financial requirements for stock exchange membership
- Other (please answer 80a)
- No
- Not applicable

**BUSINESS RECOVERY PLAN**

*This section is intended to identify key aspects of the depository's Business Recovery Plan (BRP), including testing requirements and past results, expected recovery time periods, and the independent review and validation (if any) of the BRP.*

**81. Do you have a formal business recovery plan?**

- Yes (please answer 81a)
- No
- Other (please 81g)

**81a. Does your Business Recovery Plan include: (Choose all that apply.)**

- Back-up of all computer files
- Off-site data storage
- Back-up files stored and locked

Off-site operations facility

Other (please answer 81h)

**81b. Please identify both the frequency and the last date of testing for the following third party:**

**Depository participants/members**

The most recent tests were conducted on the following dates:

- Workspace unavailability (relocation exercise of staff in combination with all mission critical activities performed out of secondary location for several business days; unannounced): October 2017
- Staff unavailability (mission critical activities performed by dispersed operations staff and via business transfer to remote units for several business days; unannounced): October 2017
- Systems unavailability (simulating the loss of one data centre including production processing on remaining site): September 2017

**81c. Please identify both the frequency and the last date of testing for the following third party:**

**Stock exchange**

n/a

**81d. Please identify both the frequency and the last date of testing for the following third party:**

**Central bank**

n/a

**81e. Please identify both the frequency and the last date of testing for the following third party:**

**Local brokers**

n/a

**81f. Please identify both the frequency and the last date of testing for the following third party:**

**Any other third party**

Customers are regularly invited to participate in CBL's BCM and disaster recovery tests to validate their own BCM arrangements. The most recent test was conducted in September 2017.

**81h. If other, please explain:**

CBL has a formal and comprehensive Business Continuity Management (BCM) process in place, as the unavailability of core processes and resources represents a substantial risk for CBL, and a potential systemic risk to the markets as a whole. The BCM process was modified to react on the increasing risk resulting from the recent pandemic. Thus BCM arrangements implemented at CBL address not only the unavailability of systems, workspace and suppliers, but also the loss of significant numbers of staff in order to ensure the continuity of the most critical operations even in cases of catastrophe scenarios. The organisational roles and responsibilities, and the guiding principles to ensure operational resilience, are documented in a formal BCM policy. Exclusively-dedicated work facilities provide backup office space for mission critical staff in the event an office location becomes unavailable. These backup facilities are fully-equipped (SWIFT, PCs, printers, fax, and telephones) and networked to both the primary and secondary data centres, and are operational at all times. The backup office facility is located approximately 10 km from the primary location. 250 desks are available. Staff members are informed to report to the backup facility according to a formalised crisis management process. Incident Managers are appointed as the unique points of contact in their respective business areas to ensure the proper escalation up to the Executive Board and cascading of the necessary information to the relevant staff. Mission critical units maintain a Unit Recovery Plan (URP) to document their business recovery requirements and action plan to ensure the continuation of the mission critical activities. Each mission critical unit has appointed a coordinator for the maintenance of its URP. URPs are reviewed at least on a 6-monthly basis (or ad hoc if required) and quality checks are performed by Group Risk Management according to established maintenance guidelines. Staff phone numbers are reviewed at a minimum as part of the 6-monthly review of the Unit Recovery Plans or ad hoc as required. Access to the backup building is restricted to authorised staff only via an electronic access control systems and on-site manned guarding.

**82. How quickly can the main system be reactivated in the event of an outage? (Choose one.)**

1 - 4 hours

4 - 8 hours

8 - 24 hours

Longer than 24 hours

Not applicable

Other (please answer 82a)

**82a. If other, please explain:**

CBL's overall business continuity plan Recovery Time Objective (RTO) is set to two hours. Within the RTO, CBL has included decision, travel and systems/business resumption time. However, depending on the nature of the incident, actual recovery can be achieved more quickly. In test scenarios, the RTO was achieved within 1-2 hours. CBL's recovery point objective (RPO) is zero due to real time data mirroring.

However, IT production is distributed over two remote data centres that provide online and full redundancy to allow data processing and communications with clients to be sustained should any primary equipment experience a failure. The two centres are interconnected with high-speed lines to provide real-time data mirroring. This ensures the online availability and integrity of all transactions at the time of a disruption. In addition to this real-time data duplication, data is also kept offline on backup copies in a secure location.

**83. If a back-up system exists, how quickly can the back-up system be activated in the event of the main system failing? (Choose one.)**

- 1 - 4 hours
- 4 - 8 hours
- 8 - 24 hours
- Longer than 24 hours
- Not applicable
- Other (please answer 83a)

**83a. If other, please explain:**

CBL maintains a simultaneous working back-up system. Therefore the back-up system is performing all the time.

**84. Will the depository publicly announce any system interruption?**

- Yes (please answer 84a)
- No (please proceed to 85)
- Not applicable
- Other (please answer 84g)

**84a. To whom will the depository disclose any system interruptions? (Choose all that apply.)**

- To the depository regulators
- To all direct participants
- To direct and indirect participants
- To the public via the internet (please answer 84b)
- In the press (please answer 84c)
- Other (please answer 84d)

**84b. If so, please list webpage address:**

[www.clearstream.com](http://www.clearstream.com)

**84e. How will the depository disclose any system interruptions? (Choose all that apply.)**

- By e-mail
- By telephone
- Public announcement
- Press release
- Other (please answer 84f)

**84f. Please explain:**

Information on incidents/crises and a related action taken by CBL is made available to customers via the regular communication channels: direct contact via Client Services and the relationship management teams, Xact Web Portal and CreationOnline alerts, website and e-mail.

**85. In the past three years, has it been necessary to activate the recovery plan in a live situation?**

- Yes (please answer 85a)
- No
- Not applicable
- Other (please answer 85e)

**85e. If other, please explain:**

During the flood in Prague in June 2013, a business transfer to Luxembourg took place. There was no impact on services to customers.



## PERFORMANCE, INSURANCE, AND LOSS

*This section is intended to identify the level of insurance maintained by the depository, and the extent to which coverage would extend to financial loss incurred by participants and their clients, including but not limited to losses resulting from operating performance, security breaches, and employee negligence or misconduct.*

### 86. Has there been any material loss by the depository during the past three years?

- Yes (please answer 86a)
- No
- Other (please answer 86b)
- Not applicable

### 87. Has the depository been subject to any litigation involving a participant during the past three years?

- Yes (please answer 87a)
- No
- Other (please answer 87b)
- Not applicable

### 88. Has the depository realized revenues sufficient to cover expenses during the past three years? (Choose one.)

- Yes for all three years
- Yes for two of the last three years
- Yes for one of the last three years
- None of the last three years
- Not applicable
- Other (please answer 88a)

### 89. Does the depository maintain a reserve for operating losses?

- Yes (please answer 89a)
- No
- Not applicable
- Other (please answer 89b)

### 89a. Please describe and indicate reserve amount:

For a detailed description please refer to the Deutsche Börse Group Annual Report 2016, available at <http://www.clearstream.com/clearstream-en/about-clearstream/reports-and-ratings/annual-reports/annual-reports/11378>

### 90. Has the regulatory body with oversight responsibility for the depository issued public notice that the depository is not in current compliance with any capital, solvency, insurance or similar financial strength requirements imposed by such regulatory body?

- Yes (please answer 90a)
- No
- Not applicable
- Other (please answer 90f)

### 90b. In the case of such a notice having been issued, has such notice been withdrawn, or, has the remedy of such noncompliance been publicly announced by the depository?

- Yes (please answer 90c)
- No (please answer 90d)
- Other (please answer 90e)

### 91. Does the depository have insurance to cover losses in the event of Default on settlement commitments by the depository or a participant?

- Yes (please answer 91a)
- No
- Not applicable
- Other (please answer 91c)

### 91a. What is the amount of the coverage?

CBL activities are covered by comprehensive insurance policies: This includes a Comprehensive Crime and Professional Liability Insurance, up to € 20 million and an insurance policy covering all risk of physical loss or damage of securities held on CBL's premises and during transport, up to € 75 million.

**91b. What is the amount of the deductible?**

The deductible of €5 million on the Comprehensive Crime and Professional Liability Insurance, while the deductible for the all risk policy depends on the category of the risk.

**92. Does the depository have Fidelity insurance (that is, insurance to cover loss of securities or money resulting, for example, from acts such as forgery, theft, fraud and/or employee dishonesty)?**

- Yes (please answer 92a)
- No
- Not applicable
- Other (please answer 92c)

**92a. What is the amount of the coverage?**

CBL activities are covered by comprehensive insurance policies: This includes a Comprehensive Crime and Professional Liability Insurance, up to € 20 million and an insurance policy covering all risks of physical loss or damage of securities, up to € 75 million.

**92b. What is the amount of the deductible?**

The deductible of €5 million on the Professional Liability Insurance, while the deductible for the all risk policy depends on the category of the risk.

**93. Does the depository have insurance for Operational Errors?**

- Yes (please answer 93a)
- No
- Not applicable
- Other (please answer 93c)

**93a. What is the amount of the coverage?**

CBL's activities are covered by comprehensive insurance policies: This includes a Comprehensive Crime and Professional Liability Insurance, which covers operational loss up to €20 million.

**93b. What is the amount of the deductible?**

The amount of the deductible €5 million.

**94. Does the depository have Errors and Omissions insurance?**

- Yes (please answer 94a)
- No
- Not applicable
- Other (please answer 94c)

**94a. What is the amount of the coverage?**

CBL's activities are covered by comprehensive insurance policies: This includes a Comprehensive Crime and Professional Liability Insurance, which covers errors and omissions up to €20 million.

**94b. What is the amount of the deductible?**

The amount of the deductible is €5 million.

**95. Does the depository have insurance for the Premises?**

Yes (please answer 95a)

No

Not applicable

Other (please answer 95c)

**95a. What is the amount of the coverage?**

The amount of coverage is up to €75 million.

**95b. What is the amount of the deductible?**

The level of deductible depends on the category risk.

**96. Does the depository have any other insurance?**

Yes (please answer 96a)

No

Not applicable

Other (please answer 96d)

**96a. If so, what is it for?**

CBL has a Directors and Officers' Liability insurance in place.

**96b. What is the amount of the coverage?**

We consider this information as internal.

**96c. What is the amount of the deductible?**

There is no deductible.

**97. Who is the insurance carrier? If more than one insurance carrier, please list each carrier here and provide your responses to questions 97a and 97b in corresponding order.**

XL Insurance Company. Foyer Assurances S.A.

**97a. Who is the insurance carrier's parent company, if applicable? (If inapplicable, simply type n/a.)**

n/a

**97b. What is the term of the policy?**

Annual at either 31.03 or 01.04 with renewal clause.

**97c. Who does the insurance cover? (Choose all that apply.)**

Depository

Direct depository participants

Final investors

Other (please answer 97d)

Not applicable

**98. If you feel that you would like to provide additional details on any of the given answers, feel free to provide any additional comments here (maximum of 5,000 characters) or prepare an additional document identifying the question(s) you are commenting on and upload the document under 98a:**

Please note that the answers contained in the Questionnaire of the Association of Global Custodians are provided for information purposes only. Information in this document is subject to change and does not represent a commitment on the part of CBL, or any other entity in the Clearstream group of companies. CBL, its subsidiaries and affiliates expressly disclaim liability for errors or omissions in the information contained in this document. Please find attached under point 99a the additional Annexes.

**98a. Upload document here:**

DBAG\_combined insurance certificates 2017-2018.pdf

## **PUBLIC AVAILABILITY**

**99. The AGC encourages respondents/depositories to make their answers to this questionnaire publicly available. Will you be making your response publicly available? (For additional guidance, please review the help feature to this question.)**

Yes (please answer 99a)

No

**99a. If yes, how will you be making it publicly available: (Choose all that apply.)**

Web site (please answer 99b)

By individual request with depository (please answer 99c)

Other (please answer 99i)

**99b. Please provide web site address of publicly available questionnaire:**

<http://www.clearstream.com>

**99c. Please provide name of contact at depository who has been designated to receive such requests (then please answer 99d).**

Roswitha Dehmel

**99d. How would they prefer to be contacted? (Choose all that apply.)**

Telephone (please answer 99e)

Facsimile (please answer 99f)

By mail/air courier (please answer 99g)

By e-mail (please answer 99h)

**99e. Please provide telephone number:**

+325 243 36600

**99h. What is the preferred e-mail address for such requests:**

[roswitha.dehmel@clearstream.com](mailto:roswitha.dehmel@clearstream.com)

**99i. If other, please describe how you will be making the questionnaire publicly available:**

We will make the questionnaire available on the Clearstream website, [www.clearstream.com](http://www.clearstream.com).

**100. Association members from time to time receive requests from their direct investor-clients for an informational copy of a depository's completed questionnaire. Such requests typically lead to interactions between personnel at the depository in question and member personnel or client personnel, or both. Those interactions take time and impose costs on both members and depositories.**

**Do you approve of Association members delivering a copy of your completed questionnaire to the member's direct client in response to the client's request?**

Yes

Please provide any comments you have regarding the questionnaire.

You have reached the end of the questionnaire. Please be sure your contact details are updated. Your contact information is located in the first section of Part One of the questionnaire.

