

OneClearstream New Link Activation Guide

CBF CSD Customers - Release 1.0

New Link

September 2018

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Disclaimer

Clearstream Banking is committed to informing its customers as early as possible regarding the foreseen changes to its functionality, while at the same time Clearstream Banking's migration to /activation of OneClearstream service level is still some time away and the content of this document may have to be updated again.

Hence, this New Link Activation Guide represents the state of information available to Clearstream Banking at the publication date. The description may be subject to modifications or enhancements at a later stage of the rollout project. In the event of modifications, Clearstream Banking will provide the respective updates in due time as further releases of this document.

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If you require further information or have questions related to specific areas, please contact our OneClearstream Rollout Team.

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1. Preface

Clearstream rolled out its new OneClearstream service and implemented its enhanced T2S Investor-CSD solution on 26 March 2018. The implementation and activation of the different service offerings is organised in dedicated migrations and new link activations that differ in their impact on customers.

1.1 Purpose of this document

This New Link Activation Guide provides customers with a description of the activation of a new link during the rollout of OneClearstream together with the related impact.

It further builds on the information contained in the “OneClearstream Functional Specifications”.

1.2 Document structure

This New Link Activation Guide describes the impacts applicable to CBF customers related to the activation of the OneClearstream asset servicing processing in an Investor-CSD market.

The activation of asset servicing processing in the Investor-CSD markets takes place on pre-defined dates. Please note that the new link activation activities start on Thursday morning and will continue until Friday evening.

1.3 Who should read this

All customers intending to hold assets in the respective Investor-CSD markets at the time of the new link activation will be impacted by the changes in the communication to and from CBF with regards to asset servicing and will benefit from the enhanced service offering as described in the “OneClearstream Functional Specifications”.

In addition, there will be purely new link activation related impacts that are highlighted in Chapter 2 of this document. In order to take the future requirements into consideration for their internal readiness, customers who intend to participate in the Investor-CSD markets are also highly recommended to familiarise themselves with the future service offering as described in the “OneClearstream Functional Specifications”.

2. Mandatory activation of the OneClearstream asset servicing processing in Investor-CSD markets

With the aim of harmonising the asset servicing processing across all Clearstream legal entities, the asset servicing in all eligible T2S securities will be centralized and thereby harmonized and enhanced. This is achieved by appointing local market partners that are highly experienced as service providers in asset servicing for Clearstream Banking. The services provided by these partners are used by Clearstream Banking to centralize the processing of asset servicing on the technical platform of OneClearstream. In the case of a new link, this results in the activation of processes that will ensure that all Clearstream customers benefit from the best-in-class services provided under OneClearstream. The new activation will take place on pre-defined dates communicated well in advance to customers. The new link activation activities start on Thursday morning and will continue until Friday evening.

2.1 Customer preparation

The following functionalities will apply and must be taken into consideration:

- Customers wishing to access asset servicing related information in the new Investor-CSD markets via an online functionality (GUI) must subscribe to the Xact Web Portal. The subscription form must be filled in and returned as soon as possible to Clearstream Banking to allow sufficient time for the preparation and installation.
- For A2A connectivity, SWIFT/ MQ Series formats for instructions on corporate events (MT565) will be similar to the ones already used for CBL and CBFi (6-series) accounts. Please check the "Xact via SWIFT User Guide" as well as the "OneClearstream Functional Specifications" for more detailed information. The range of BICs that MT565 instructions can be sent to will be as follows:
 - DAKVDEFFXXX (MQ)
 - DAKVDEFFDOM (SWIFT)
 - DAKVDEFFONE (MQ/ SWIFT) (new)
 - CEDELULLXXX (SWIFT) (new)
- The A2A reporting to customers will be similar to the reporting already used by CBL and CBFi customers today. This results in the availability of reporting such as the "Corporate Action Urgent Uninstructed Balances Report" and the "Corporate Action without Holding Report". These formats are described in the "OneClearstream Functional Specifications" and the "Xact via SWIFT User Guide".

OneClearstream A2A reporting on asset servicing in Investor-CSD securities will be offered from either of the following BIC/ channel combinations:

- DAKVDEFFXXX (MQ)
- DAKVDEFFDOM (SWIFT)
- DAKVDEFFONE (MQ/ SWIFT) (new)
- CEDELULLXXX (SWIFT) (new)

All reports can also be received via Xact File Transfer.

- The customer subscribes to reports in the Xact Web Portal. Asset servicing reporting for Investor-CSD securities is available since 26 March 2018. Newly activated LMP markets will be included in the existing Xact Web Portal reporting subscription. The following reports will be covered:
 - MT564/ MT568 notifications, all Corporate Action and Income Event types (CAEV)
 - MT566 confirmations, all Corporate Action and Income Event types (CAEV)
 - MT567, all reason codes

The default sender BIC is DAKVDEFFXXX (MQ Series) and DAKVDEFFDOM (SWIFT) and the communication channel is the same as the current CBF Legacy setup (SWIFT, MQ Series or File Transfer).

It is not possible for Clearstream Banking to replicate the CBF Legacy report subscription in OneClearstream. Therefore, customers should carefully review the initial setup in Xact Web Portal. Here any amendments can be made to the scheduling, either adding or removing reports and customers can also opt for communication with DAKVDEFFONE or CEDELULLXXX.

Customers not subscribing to the Xact Web Portal are requested to contact Connectivity Support for the report subscription. If a customer does not want to receive any asset servicing reporting, a waiver must be signed.

- In order to be fully compliant with the U.S. regulations across all markets, a TEFRA D process is introduced for the newly activated Investor-CSD markets. The new service for newly activated Investor-CSD securities is part of the asset servicing process whereby customers will receive an MT564 and be able to retrieve the equivalent Xact Web Portal information (followed by reminders) for any newly acquired position in securities impacted by this restriction within the first 40 business days after issuance. In alignment with the CBL and CBFi processes, the “flexible” procedure will be the only one available to customers, where positions will be blocked at the end of the 40 days period and customers need to send an MT565 message or perform the corresponding action in the Xact Web Portal to avoid the blocking of assets (certification). A detailed description of the process is available in the “OneClearstream Functional Specifications”.
- Customers can identify OneClearstream securities in WSS Online Plus, where the field “LMP-Datum ab” (LMP date from) will contain a date and the field “LMP-Datum bis” (LMP date to) will be blank.
- Blocking due to corporate action events in OneClearstream securities will be reflected in CASCADE on sub-account/ 851. Further details are available in announcement [D17069 “Implementation of new blocking sub-account for non-CBF issued securities in T2S”](#).
- Currently there is a technical limitation, whereby the securities of an already migrated or newly activated OneClearstream market are temporarily ineligible for GSF services in CBF. Customers intending to use GSF services for OneClearstream securities can however use the respective assets on a CBFi account on Creation. We will advise customers as soon as the end date of the limitation becomes available.
- All asset servicing bookings in T2S-eligible proceeds will be done at the customer's sub-account level, therefore customers are requested to make sure that each sub-account is linked to a DCA. The customer's sub-accounts without the appropriate T2S setup will be linked by default by Clearstream Banking to the DCA of their main account. This default linkage is a technical setup and only applies to debits and credits originated by OneClearstream. The current DVP participation flag setup remains unchanged.

2.2 Impact on stock exchange transactions

Clearstream Banking will amend the custody type (Verwahrt) for the impacted securities from non-collective safe custody (NCSC/ AKV) to collective safe custody (CSC/ GS) on the Thursday after close of business. These changes will be reflected in the Thursday evening GAT file distributed by WM. As a consequence, the entire community including trading venues and customers should be aligned on the Friday morning on the new custody type CSC.

Customers must re-align the needed provisioning for instructions with intended settlement date Monday from CBL to CBF. In order to avoid pending matched instructions with the current CBL depository or agent at the time of migration, customers are requested to send their realignment instructions early on Friday morning or two (2) hours after the early cutoff time of the respective market as provided in the dedicated CBL announcement.

Eurex Clearing AG

The following section describes the procedures that will be executed by Eurex Clearing.

For equities and equity-style products, the settlement location is dependent on the custody type, this is not the case for fixed income instruments. Eurex Clearing will therefore continue to send instructions in fixed income instruments to CBL for settlement even though these securities were accepted in collective safe custody in CBF.

For equities and equity-style instruments in scope, Eurex Clearing will consider the custody type CSC

for the first time in the Friday evening process. After the daily clean-up of all pending settlement instructions, a conversion from NCSC to CSC will take place. Following the successful conversion, instructions will be sent on the Friday for contractual settlement day Monday via CBF to T2S for further processing. This procedure (settlement via CBF on T2S) will be applicable from the contractual settlement day of the Monday.

L LION

On Thursday, all stock exchange trades will be executed with custody type NCSC and forwarded to LION. Instructions with a settlement period of T+1 will be forwarded in the Friday morning cycle to CBL for settlement and instructions traded with T+2 settlement period will be forwarded on Friday evening. All transactions up to and including trade date Thursday will be routed to CBL until they are settled. From trade date Friday, all instructions will be routed to CBF for settlement via CASCADE in T2S. Instructions are sent to CBL on SD-1, but instructions to be settled via CBF in T2S will already be forwarded on trade date.

2.3 Communication during the market rollout weekend

In order to inform customers of the key milestones, all customers registered for this service will receive emails as follows (all timings are indicative and customers will be informed by email if there are any significant delays):

No.	Timing	Activity to be confirmed
1	Thu 09:00	Clearstream has started the market rollout activities for the new link.
2	Thu 16:00	ISINs in scope of the market rollout have been provided to WM and are available on the Clearstream website together with the ISINs being postponed.
3	Thu 16:30	WM has completed the custody type change in their database except for the following ISINs that are now excluded from the market rollout.
4	Thu 18:45	WM GAT file with updated data has been distributed.
5	Thu 18:45	Point of No Return.
6	Thu 20:45	Custody type has been changed in CBL books and Security CSD Links have been created in T2S.
7	Fri 11:30 ^a	LMP start date has been populated in Clearstream except for the following ISINs that are now withdrawn from the market rollout.
8	Fri 11:30	The list of ISINs to be populated with the LMP from date has been shared with WM and is now available on the Clearstream website.
9	Fri 12:30	Early cut-off time for domestic settlement in the domestic market in CBL has been put in place and the cancellation of pending unmatched external settlement instructions in the domestic market started.
10	Fri 13:30	The cancellation of pending unmatched external settlement instructions in the domestic market has been completed and the CBL position transfer has started.
11	Fri 15:30	Release of queued and recycled domestic settlement instructions to CBF
12	Fri 16:30	WM confirms that the LMP from dates have been updated for the ISINs in scope of this market rollout.
13	Fri 18:30	The CBL position transfer has been completed and customer instructions are now released to the domestic market (CBF).
14	Fri 18:45	WM has distributed the GAT file including the LMP values.
15	Fri 22:00 ^b	The position transfer is now completed except for the ISINs which have been withdrawn from the market rollout and for which efforts will be continued on Monday morning. The market rollout activities have now been completed.

a. Updated ISIN information will be made available on the Clearstream website.

b. If the position transfer is not completed on Friday, the NTP value Monday will also be used. If there are activities left to be completed on Monday, customers will be advised here.

Customers who have not yet registered to this service but would like to receive these emails, are requested to send an email to OneClearstream@clearstream.com

2.4 Contingency approach

Clearstream Banking has identified a number of contingency scenarios and defined appropriate means to handle these if they occur during the market rollout weekend.

The distribution of the Thursday evening GAT file by WM following the custody type change of all impacted securities in their database will trigger the custody type change in the entire market and has therefore been defined as Point of No Return for the OneClearstream market rollout. Most of the contingency scenarios described below will therefore target the actions to be taken in order to catch up with the market rollout activities after this point in time; no roll-back is foreseen after the GAT file distribution by WM.

1. WM is not able to create the securities missing in their database

The ISIN scope of each market rollout is analysed and gaps in relation to the WM data scope are being identified. Clearstream Banking is in close contact with WM in order to make the missing ISINs eligible in WM prior to the market rollout weekend. These securities will be set-up by WM in non-collective safe custody (NCSC/ AKV) and will only be made collective safe custody (CSC/ GS) eligible during the course of the market rollout. If the number of missing securities is significant compared to the overall scope of the respective market rollout, the inability of WM to open the majority of these codes prior to the market rollout would lead to a postponement of this market rollout. If there are a limited number of ISINs where WM faces an issue, the market rollout will take place with the following impact on customers:

- CBL/ CBF-i: customers must inform their counterparties immediately that the SSI for these ISINs is not to be amended.
- CBF: the settlement location for securities traded on the German stock exchanges will not change and remain with CBL/ Creation. It is therefore not necessary to trigger realignments for the impacted securities from CBF-i to CBF accounts. The asset servicing will continue to be provided under CBF legacy.

2. WM is not able to amend the custody type from NSCS to CSC on Thursday evening before the market rollout weekend

Trading on the German stock exchanges as well as settlement in CBF are dependent on the static data of WM. It is therefore impossible to perform the CBL position transfer if the amended static data is not distributed in the Thursday evening file by WM. In the event that WM is not able to amend the custody type for the majority of the securities in scope of the market rollout, Clearstream Banking would also not change the custody type in our systems in order to stay aligned with the market and the market rollout would be postponed. If the amendment is not possible for a limited number of ISINs only, the market rollout will be executed and customers will be advised about the de-scoped securities in customer communication number 3.

3. WM is not able to populate "LMP-Datum ab" (LMP date from) on the Friday of the market rollout weekend

On the Friday of each market rollout weekend both Clearstream and WM need to populate the "LMP-Datum ab" (LMP date from) field with the effective day of the market rollout, that is Monday after the market rollout weekend. If WM is not able to do so, customers need to work with the final in scope ISIN list provided by Clearstream Banking as a source of information to distinguish LMP from non-LMP securities.

4. ISINs to be excluded during the market rollout process due to failed static data updates

Clearstream Banking is thoroughly analysing the securities in scope for the market rollout during the rollout preparation phase and applying buffer times during the market rollout to ensure that all static data changes can be properly reconciled and (manual) repairs conducted whenever possible, whereby priority is given to securities listed at German stock exchanges. However, there may be unforeseen occurrences where individual securities must be excluded from the market rollout during the course of the market rollout activities. Customers will be informed about such instances in the customer communication number 8. WM would be informed in due course before their cut-off time and requested not to fill the field 'LMP-Datum ab' (LMP date from). We aim to avoid changing the custody type back to NCSC, especially for SE-traded securities, for settlement reconciliation reasons. Customers will be informed via customer communication number 8.

5. Delay in the settlement of the CBL position transfer

The aim is to finalise the position transfer in the T2S real-time settlement window on Friday, but there might be instructions that fail. Customers will be informed about the impacted security codes in customer communication number 13 on Friday evening whilst Clearstream Banking will

take appropriate measures to settle these transactions in the T2S night-time settlement window value Monday. Here again customers will be informed via email around 22:00 in customer communication number 15 on Friday evening whether the position transfer is now completed or if there are still remainders to be handled as of Monday morning. Impact on customers:

- CBF-i/ CBL: All position transfers are expected to be completed on business day Monday at the latest and customers are therefore unlikely to be impacted by settlement delays.

3. Glossary

Acronym or abbreviation	Description
CASCADE	CBF application for securities settlement
CBFi	Clearstream Banking Frankfurt international accounts maintained on the CBL (Creation) platform (6-series accounts)
CORP	Corporate Action reference
Creation	CBL application for securities settlement
Customer	Customer means CBF customer, unless otherwise specified
DCA	Dedicated Cash Account in T2S'
KADI	CBF application for asset servicing
OTD	Original Transfer Date: this is the date when the majority of securities will be transferred to OneClearstream
OTD+20	This is the second market rollout weekend when securities that could not be transferred to OneClearstream on OTD due to corporate events that needed to be finalised, are now transferred. This second market rollout will take place 20 T2S business days after the first migration at the latest
RD	Record Date

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