

OneClearstream service offering for French Registered Securities for CBL customers

The description for handling Loyalty Bonus Shares published in this document, will not be applicable until the securities are migrated to CBF.

French Registered Securities can be categorised into three classes:

- **Essentially Registered Securities - “Valeurs Essentiellement Nominatives” (VEN)**

For these securities, registration with the issuer is mandatory. VEN securities are by default registered in the name of CBF (except for French Residents or specified otherwise by the counterparties).

- **Occasionally Registered Securities - “Valeurs Occasionnellement Nominatives” (VON)**

These securities can exist in bearer or registered form. The bearer form can be settled whereas the registered form is excluded from any settlement activity, except when a portfolio transfer occurs without a change of beneficial owner;

Registration is optional and at the discretion of the customer. In case of registration, it must be done in the name of the final Beneficial Owner (BO).

- **Loyalty Bonus Shares (LBS) - “Primes de fidélité” (PF)**

These securities are a subcategory of VON securities.

In order to qualify for a loyalty bonus programme, the securities must be registered in the name of the BO. They give the right to a loyalty bonus if the temporary LBS are held by the BO for a pre-defined amount of time (typically 2 years, sometimes 4 years).

The temporary LBS (PF) and LBS ISINs cannot be settled. In order to sell them, they must first be converted into VON registered securities and then converted to bearer securities (2-step process). Any right to a loyalty bonus will be lost during this process.

The registration activity is decoupled from settlement, but must occur in close proximity. If this is not respected, penalty fees will be levied by the market¹.

1. A temporary penalty fee waiver will be granted to customers by Clearstream.

Securities Reference Data

The legal form of the French registered securities is displayed in Xact Web Portal, CreationOnline and Codelist in the field "Legal form" with the following possible values:

- "Registered" if VEN;
- "Bearer or Registered" if VON.

The list of impacted securities is attached to this announcement.

Customer account structure

VEN

There will be no change in the account structure as these securities can be kept on the customer's standard account (existing account where customers are currently holding the ISINs identified as VEN).

IMPORTANT NOTE: Customers holding VEN must provide CBL with the list of beneficial owners by using the BO list template (attached to this announcement) and send it to the following email address by 1 December 2018: OneClearstream@clearstream.com.

Such beneficial owner details are required for the current list of VEN ISINs (attached to this announcement).

VON and LBS

Only applicable to VON in registered form and LBS.

A new dedicated account (registered account) must be opened for the sole purpose of holding French securities in registered form.

The new account will be linked to a customer's existing account in order to ensure that any security proceeds in bearer form deriving from corporate actions applicable to a registered security can be booked on the standard account and the customer will still be able to freely use them:

- If the customer identifies that they hold such securities with CBL, then the customer is requested to open a new account, qualified as registered account, with CBL by 1 December 2018;
- A new Account Application Form has to be completed. The new form is attached to this announcement and also available under [Account Opening Forms](#).

The new Account Application Form must be sent by post for the attention of "Account Administration";

- A BO list with all beneficial owners must be provided at the same time as the opening of the new registered account. The BO list template to be used is attached to this announcement. The BO list must be sent by customers to the following email address: OneClearstream@clearstream.com;
- The settlement of those securities in registered form is not allowed. As a consequence, the securities must be held in a dedicated account with subsequent registration in the beneficial owner's (BO) name;

Customers holding a CBF 6-series account may opt to open a registered account in CBL and link it to their 6-series account¹.

1. The combination of a registered account held with CBL and an overall linked account held with Clearstream Banking AG ("CBF" - in the form of a Creation 6-series account) is possible, in which case the account relationships will be governed by Luxembourg law (as far as CBL and the registered account are concerned) and German law (as far as CBF and the overall linked account are concerned), respectively.

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Important Note: Customers holding VON in registered form and LBS must provide CBL with the list of beneficial owners by using the BO list template (attached to this announcement) and send it to the following email address by 1 December 2018: OneClearstream@clearstream.com.

Such beneficial owner details are required for the current list of VON in registered form and LBS ISINs (attached to this announcement).

Registration

Registration principles

Clearstream Banking will handle the registration process for VEN, VON and LBS directly with Euroclear France (Issuance of BRN – “Bordereau de Référence Nominative”) on behalf of customers.

If registration fails with Euroclear France or the issuer, Clearstream Banking will inform customers on how to proceed.

Receipt instructions will trigger a registration while delivery instructions will trigger a de-registration.

Registration details formats

The formats below are valid for the following fields:

- Settlement instructions:

Field :70D::REGI must be used for registration details (see format in “Registration details format table” below);

- Corporate action instructions:

Field :70E::REGI must be used for registration details (see format in “Registration details format table” below).

Note: For corporate action instructions sent via SWIFT, field :70E::INST can be used, but straight through processing will not be possible and Clearstream will have to repair the instruction manually, incurring repair fees.

Registration details format table

In the registration details format table below, although some of the fields are optional, customers are requested to send as much information as possible.

Qualifier format rule:

/Qualifier followed by a “space” and then the value starts, for example: /HTYP 03/NAME John/

Examples:

Via MT54X:

:70D::REGI///HTYP 03/NAME Smith/FNAM John/ICER 13090/CDCO DEU/STRE Flower street 61/CDPO 65760/CITY Eschborn

Via MT565:

:70E::REGI///HTYP 03/NAME Smith/FNAM John/ICER 13090/CDCO DEU/STRE Flower street 61/CDPO 65760/CITY Eschborn

Qualifier	Field name	Length and Type	Mandatory/Optional / Conditional	Values
HTYP	Holder type	2N	M (if registration information is provided)	01 Company 02 Foreign correspondent 03 Mr 04 Mrs/Ms 05 Miss/Ms 06 Mr AND Mrs 07 Other 08 Mr or Mrs
NAME	Surname or Corporate name	32AN	M (if registration information is provided)	n/a
FNAM	Forename or Corporate name (cont.)	32AN	M (If Holder type <> 01 or 02 or 07) O (If Holder type = 01 or 02 or 07)	n/a
ICER	Issuer Identifier	23N	O	For example: 13090 In general, this field is optional. However, it must be filled in certain cases, such as: <ul style="list-style-type: none"> • a transfer of account; • BRN for registration or deregistration created by the issuer, and; • a response sent accepted by the issuer.
MNAM	Maiden name or Corporate name (cont.)	32AN	O	n/a
WFNA	Woman's forename or Corporate name (cont.)	32AN	O	n/a
NACO	Nationality code of the holder	3AN	C	If this field is input, its value must conform to the ISO 3166 standard. This field is mandatory if identifier has not been implemented previously
CDCO	Country code of the address	3AN	C	If this field is populated, its value must conform to the ISO 3166 standard. In general, this field is optional. However, it must be input in certain cases. For example, it must be input if the identifier is not input
BUID	Building	32AN	O	n/a
STRE	Street	32AN	O	n/a
ADIN	Additional address information	32AN	O	n/a
CDPO	Postal code	5AN	O	If this field is populated, its value must conform to postal standards.
CITY	City	27AN	O	If this field is populated, its value must comply with postal standards.
PSTT	Personal title	32AN	O	n/a

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For further details about the processing of VEN, VON and LBS, please refer to the Settlement and Asset servicing sections.

Settlement

Instruction formats

MT54x instructions (internal, external and Bridge) will be enhanced with field :70D::REGI (Registration Details in Sequence E/ Sequence E1 Settlement Parties) to allow for registration under the BO name using specific formatting recommended by Clearstream Banking that will be communicated in due course.

Field :22F::BENE/NBEN will be used when no change of BO must be identified (see Connectivity below).

VEN

Field :70D::REGI is required for every transaction where the transaction is one of the following:

- impacting an underlying customer being a French resident¹; or
- aiming to sell a position registered in the name of a final BO; or
- acquiring a position which needs to be registered under a BO name.

For registration into a BO name, CBL will block the position. If a customer would like to sell their position, they will first have to request the unblocking of such position to CBL via an MT599 sent for the attention of "Settlement OCB Cross Border".

The message should contain the following details:

- Account number (CBL, CBF or CBFi 6-series account number);
- ISIN code;
- Quantity;
- Beneficial owner details (Identifier at issuer (ICER), Final beneficiary's name, Final beneficiary's address).

VON in registered form and LBS

Conversion

Customers will be able to request a conversion from bearer to registered form using a settlement instruction between customer's standard account and registered account and vice versa.

:70D::REGI must be used with BO details.

Once VON is registered, no settlement is allowed.

Portfolio transfer

The following rules apply:

- Portfolio transfers will be offered between registered accounts via transfer free of payment instructions as long as there is no change of BO.
- :22F::BENE/NBEN must be used to ensure that BO will not change at issuer level and all rights attached to this position are kept;
- :70D::REGI must be used with BO details;
- Type of instructions:
 - Internal transfer (CBL-CBL): receipt free and deliver free with matching are expected;
 - External transfer (cross-border transaction): delivery free instruction in line with format described in the Market Link Guide - France;

1. In accordance with art 228-1 of the French "Code de commerce".

- Bridge: instructions not allowed.

Procedure for domestic counterparties

Customers should advise their T2S counterparties that for their external instructions on French Registered securities, the counterparty details (SSI) will change and that counterparties need to instruct against the place of settlement DAKVDEFFXXX.

Asset servicing impacts on securities subject to a LBS programme

Some VON may be subject to LBS programme and this service is already supported by CBL.

Current processing

- The event is notified via MT564 EXOF VOLU;
- The customer instructs Clearstream Banking via MT565 and sends an Excel file with all BO details to support the registration via our depository;
- The customer is credited with temporary LBS at the beginning of the fiscal year for a pre-defined period (usually 2 years). After this period, the customer is notified via MT564 PARI MAND that the temporary LBS will be assimilated into LBS.

Future processing

The future processing aims to comply with market practice (Registered account structure) while leveraging Clearstream Banking's current service level (end-to-end asset servicing flow).

- Customers will be notified via MT564 EXOF VOLU (for information only) with option NOSE (No service offered) as no MT565 instructions will be accepted. The MT564 notifications will always be sent to the customer account holding the bearer position;
- Customers wanting to participate in the LBS programme will be requested to move securities from the account where the MT564 EXOF VOLU notification was sent, into the dedicated registered account;
- A delivery free of payment instruction without matching with field :70D::REGI will be required for each underlying BO. Upon successful settlement of customer instructions, Clearstream Banking will register the securities with Euroclear France. If rejected by the market, Clearstream Banking will advise customers accordingly;
- At the end of the current fiscal year, customers participating in the LBS program will be notified via MT564 CHAN MAND. The new CHAN MAND event will contain a SECMOVE block to notify the distribution of the temporary LBS. The security proceeds will be credited to the customer registered account at beginning of the next fiscal year. The MT564 notifications will always be sent to the customer account holding the registered position;

Note: Customers must update their systems to be able to process the new CHAN MAND event.

- After the pre-defined period of retention (usually two or four years), entitled customers will be notified via MT564 PARI MAND that the temporary LBS will be assimilated into a new LBS ISIN. The MT564 notifications will always be sent to the customer account holding the registered position.

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SWIFT messages to be used for the processing of the LBS programme:

Security	Event type	Notification	Instruction	BO details	Result
ISIN "A" VON bearer	EXOF VOLU	MT564 FYI	MT542	Yes, via :70D::REGI	ISIN "A" VON registered
ISIN "A" VON Registered	CHAN MAND	MT564 with SECMOVE block	n/a	n/a	ISIN "B" temporary LBS registered
ISIN "B" temporary LBS registered	PARI MAND	MT564	n/a	n/a	ISIN "C" LBS registered

Asset servicing impacts on corporate actions involving the registered security

Whenever French securities are held in registered form and subject to a voluntary corporate action (VOLU), or mandatory with choice (MAND CHOS), with a debit or a credit of securities in registered form, customers are requested to instruct Clearstream Banking using one MT565 for each BO wanting to participate to the offer, mentioning the BO details in the field :70E::REGI.

If customers use qualifier :70E::INST in their MT565 instead of REGI to mention the BO details, straight through processing will not be possible and CBL will have to repair the instruction manually, incurring repair fees. Instructions sent without beneficial owner details for securities held on a registered account will be rejected.

For mandatory corporate actions (for example, redemption, stock split or assimilation) registration will be fully handled by Clearstream Banking.

Global Securities Financing – Collateral Management

As registered VEN securities will be blocked by Clearstream on the account (CBL and CBF 6-series accounts only via CmaX), they will not be considered as part of the collateral pool for the Triparty Collateral Management Service. Non-registered VEN securities will still be available in the collateral pool.

Tax services

Tax services will be in line with the standard OneClearstream processing.

Customer reporting

Settlement

This feature will not be available with the implementation of 18 February 2019 and will be delivered in a second phase. Nevertheless this information is visible in CreationOnline or Xact Web Portal.

Portfolio transfers with field :22F::BENE (Beneficial Ownership Override Indicator) will be reported in the following reports, if present in the settlement instruction:

- MT54X Settlement Confirmations
- MT548 Settlement Status and Processing Advice
- MT536 Statement of Transactions
- MT537 Statement of Pending Transactions

Field :70D::REGI (Registration Details) will be reported in the MT54x Settlement Confirmations if present in the instruction.

Changes to the reports apply to all existing formats (XLS, XML, PDF, ISO, HTML).

Asset servicing

Whenever securities proceeds are to be delivered to a different account than the entitled account, the field :97a::SAFE (Safekeeping Account) of the corresponding account will be reported in the MT566 Corporate Action Confirmation in the Securities Movement (SECMOVE) section.

Changes to the reports apply to all existing formats (XLS, XML, PDF, ISO).

Connectivity

The following impacts on Connectivity have been identified, mainly linked to the usage of the BENE flag and REGI narrative in the incoming customer instructions.

Xact Web Portal

The existing field "Beneficial Ownership" (under Settlement, Securities Instructions) will be updated to allow possible values 'No Change of Beneficial Ownership', "Change of Beneficial Ownership" or blank (instead of current values Yes/No).

In the Asset Servicing, CA Confirmation Query, field "Safekeeping Account" will be added to the detailed view (in the Securities Movement section).

CreationOnline

Portfolio transfers with fields :22F::BENE and :70D::REGI are available in CreationOnline (Securities Instructions); Users will be able to input the BENE flag.

Under Corporate Actions, CA Confirmation queries, field "Safekeeping Account" will be added to the detailed view (in the Securities Movement section).