

CBF Release Information May and June 2019

March 2019

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Document number: 7243

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Foreword

Clearstream Banking AG, Frankfurt informs customers about the content of the releases that will be introduced in May and June 2019.

Based on the release plan, CBF will introduce enhancements in May 2019. This release will deliver updates of existing CBF functionality and serve as a preparation for the implementation of the TARGET2-Securities (T2S) Release 3.0.

The deployment for the CBF and T2S enhancements will be delivered in a two-steps approach:

On Monday, 13 May 2019, CBF will launch its Release May 2019.

On Monday (Whit Monday), 10 June 2019, the T2S Release 3.0 will be productive.

This information summarises the scope of both releases. The document provides an overview of the enhancements in the CBF environment that are necessary to support the further usage of the T2S functionality. Additionally, it describes the modifications of the CBF functionality that will enrich the existing services.

Furthermore, the intended customer simulation activities for the T2S and CBF releases are outlined. The accompanying "Customer readiness plan" can be used to coordinate necessary actions.

Further information

For further information about our products and services, please visit our website www.clearstream.com or contact Clearstream Banking Client Services or your Relationship Officer. Particular questions will be routed to the experts of the T2S Settlement Functionality Team.

You will find the relevant contact details on our website under [Contacts & Client Services](#).

Recorded telephone conversations may be listened to in order to:

- Clarify a sequence of events in cases of complaint or doubt from either party to a conversation that could lead to financial or any other damage;
- Enable the temporary supervision of calls while they occur, upon consent of the involved parties, to ensure the delivery of expected levels of professionalism, quality and service to customers.

The recorded telephone lines are the subject of an ongoing formal maintenance and quality control programme to ensure their continued effective and appropriate deployment and operation.

The recordings are kept on tape for a period of two years.

Contents

| | |
|--|------------|
| Foreword | iii |
| Further information | iii |
| 1. Introduction | 6 |
| 2. Scope of T2S Release 3.0 | 7 |
| 2.1 Changes related to instruction management in DCP mode..... | 7 |
| 3. Scope of Releases May and June 2019 | 8 |
| 4. CBF Instruction Management (CASCADE) | 9 |
| 4.1 CASCADE-LION: Cancellation of instructions with foreign currency | 9 |
| 4.2 CASCADE-PC: Introduction of bulk instructions..... | 10 |
| 5. Connectivity | 13 |
| 5.1 CASCADE-PC: Mandatory installation | 13 |
| 6. Custody | 14 |
| 6.1 Introduction of further functionality related to CSDR..... | 14 |
| 6.2 Reuse of claim account blocking option for reverse claims | 18 |
| 7. New Issues | 19 |
| 7.1 Introduction of withdrawal type “reduction of up-to-nominal” | 19 |
| 8. Customer simulation activities | 20 |
| 9. Customer readiness plan | 21 |
| Appendix A – T2S Release 3.0 Change Requests | 22 |
| Appendix B – KADI samples for list “KD118” | 24 |

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1. Introduction

1. Introduction

Based on the [T2S Release Concept](#), T2S will deploy with the release in June 2019 the resolution for various T2S Problem Tickets (PBIs) and introduce further settlement functionality (T2S Change Requests). Additionally, CBF will upgrade its services related to T2S.

In order to ensure a proper implementation and to decouple the T2S Release deployment activities from the introduction of CBF services, the rollout will be delivered in a two-step approach. On Monday, 13 May 2019 the CBF Release will become productive. The software will be deployed during the CBF maintenance window on Saturday, 11 May 2019 without any impact on the operational day. This release contains functional enhancements that extend the scope of CBF services and considers the components that are required for the T2S Release 3.0. However, these T2S components will only become active during the T2S implementation weekend.

The installation of T2S Release 3.0 into production is foreseen on the second weekend in June 2019. This date is at the same time as the Whitsun weekend. Due to the size of the T2S Release, the deployment will be executed via "Release Weekend Schedule". Based on the previous major T2S Release, it is assumed that there are changes in the T2S Operational Day for the start of the business day Monday, 10 June 2019, after the end of day procedure for Friday, 7 June 2019 has been completed. CBF will provide an indicative timeline for changes in the operational day during the release weekend.

Please find below an overview of the important T2S milestones within the upcoming months:

| T2S Service Transition Plan - Activity for T2S Release 3.0 | Date |
|---|---------------------------|
| R3.0 initial scope Service transition plan delivered to the RMSG ¹ | Tuesday, 30 January 2018 |
| Publication date for draft Scope defining set of documents | Thursday, 17 January 2019 |
| Latest publication date for updated Scope defining set of documents | Friday, 22 February 2019 |
| Service Transition Stage Report for R3.0 in Pre-Production (UTEST) | Tuesday, 5 March 2019 |
| OMG Go / No-Go decision to deploy R3.0 to Pre-Production (UTEST) | Tuesday, 12 March 2019 |
| Ultimate R3.0 Release defects deployment Pre-Production (UTEST) | Friday, 22 March 2019 |
| End of testing of R3.0 scope elements in Pre-Production (UTEST) | Wednesday, 22 May 2019 |
| MIB ² approves the R3.0 deployment to Production | Tuesday, 28 May 2019 |
| Deployment of R3.0 to Production environment | Friday, 7 June 2019 |

Table 1 – T2S Timeline Release 3.0

CBF will offer a customer simulation for the introduction of the CBF Release May 2019 and the T2S Release 3.0, making the modifications in the software for the CBF and T2S functionalities available at the same time for testing. Details on the activities of the customer simulations are described in chapter 8.

This document also highlights the important milestones for achieving customer readiness. An overview is available in chapter 9.

¹ RMSG stands for Release Management Sub-Group.

² MIB stands for Market Infrastructure Board.

2. Scope of T2S Release 3.0

In Announcement [D19005](#), CBF informed customers about the content of the T2S Release 3.0. This release includes a number of T2S Change Requests (CRs) that have been approved at T2S Steering Level and resolutions for various T2S Problem Tickets (PBIs) that have received priority by the T2S Settlement Managers. The announced T2S CRs and PBIs will be deployed in June 2019 in production.

In case of urgency and if priority is given, further functional updates might be authorised. If further bug fixes to T2S production problems are announced, CBF will update the files attached in the Release Information:

- T2S Release 3.0 Overview CRs Version 1.0;
- T2S Release 3.0 PBIs Version 2.0.

These lists show the latest descriptions about the related T2S Change Requests (CRs) and Problem Tickets (PBIs) that might have impact on CBF's customers acting in ICP and / or DCP mode.

Customers acting in DCP mode will find an indication whether a T2S Change Request requires an update of the XSD. The column ("XSD Change for DCP") indicates if the T2S Change Request demands a change. More details on such requirements can be found in the related ECB documentation³ and via MyStandards (SWIFT). For the deployment of T2S Release 3.0, customers can use the schema defined in SWIFT MyStandards (ISO 20022:2004) or the schema provided via a CSD (ISO 20022:2013). This statement is valid for the upcoming test in UTEST as well as for the production launch on 10 June 2019.

CBF will introduce its T2S-related enhancements with the Release in May 2019. In addition to the changes to CBF's services, modifications will be introduced to CBF's systems as a result of several T2S change requests. The table on the next page provides an overview of the service enhancements in various business areas. The modifications might impact the functional and organisational procedures of CBF customers. Therefore, we ask our customers to assess the CBF and T2S implementation requirements.

2.1 Changes related to instruction management in DCP mode

The file "T2S Release 3.0 Overview CRs" highlights a few T2S Change Requests as mandatory. This classification was established by CBF. It applies when a modification from T2S requires adaptations in CBF's software that must be carried out by customers acting in DCP mode in order to allow proper business operations after the deployment of T2S Release 3.0.

With T2S Release 3.0, the ISO transaction type code "BIYI" (Buy-In) will be introduced in ISO 20022. This enhancement is based on the T2S Change Request "T2S-0607-SYS". To be able to execute the related business scenario a customer acting in DCP mode must have the related privilege "SIM_UBIYI". In the week prior to the T2S Release Weekend, CBF will enrich the existing privileges for all customers acting in DCP mode. On Monday, 10 June 2019, customers can start with the configuration of their message subscriptions, if necessary.

Based on the T2S Change Request "T2S-0652-SYS: Increase the limit of distinct values for the parameters relating to message subscriptions", T2S will allow all T2S Actors to configure their message subscriptions. The number of distinct values for parameters will increase from 50 to 100. Customers can create or modify their message subscriptions on their demand as the usage of the enhancement is classified as optional service enrichment. The updated service will be available after the deployment of the T2S software. This is valid for the Pre-Production (UTEST) and the production environment.

³ Please refer to

https://www.ecb.europa.eu/paym/target/t2s/governance/pdf/pmg/ecb.ttwopmg181029_release_3-0_scope.en.pdf?0975ad291ad2c511727aaaf26beed996

3. Scope of Releases May and June 2019

3. Scope of Releases May and June 2019

CBF informs customers about the content of the CBF Release and the T2S Release 3.0 in May and June 2019. The below table provides an overview of the CBF service enhancements in various business areas. The modifications might impact functional and organisational procedures of CBF customers. Therefore, we ask our customers to assess the CBF implementation requirements.

| Business area | Modification / enhancement | Impact on ICP / DCP | Comment |
|---------------------|--|---|---|
| CASCADE | Introduction of ISO transaction code type for buy-in instructions based on T2S CR 607 | Customers acting in ICP or DCP mode can modify their system on their demand. | Please refer to Announcement D19005 . |
| | Display of T2S settlement finality timestamps based on T2S CR 600 | Customers acting in ICP or DCP mode can introduce these timestamps in their system on their demand. | Service will be introduced with T2S Release 3.0. |
| | CASCADE LION: Resolution regarding unexpected cancellation of instructions with foreign currency | Customers will benefit from the service enhancement for LION instructions (ICP mode, only). | Service will be introduced with CBF Release May 2019. |
| | CASCADE-PC: Introduction of bulk instructions | Customers using CASCADE-PC might be interested to templates for repeating data input | |
| Connectivity | Mandatory change Modification of MT536 "Statement of Transactions" | Customers acting in ICP must consider the decommissioning of the label "/CUST". | Please refer to Announcement D19016 . |
| | Modification of status reporting (MT548) for transformations based on T2S CR 520 | Customers acting in ICP or DCP mode can modify their system on their demand. | Please refer to Announcement D19005 . Service will be introduced with T2S Release 3.0. |
| | Mandatory installation CASCADE-PC: New version | Customers using CASCADE-PC must install the latest version 9.6. | Service will be introduced with CBF Release May 2019. |
| Custody | Introduction of further functionality related to the CSDR | Modification in the processing of OTC and Stock Exchange (LION) instructions due to transformations in cash. | |
| | Reuse of claim account blocking option for reverse claims | Customers acting in ICP mode using the static data for compensations will benefit from the enhanced "Hold / Release" functionality. | |
| New Issues | Introduction of withdrawal type "reduction of up-to-nominal" | Issuer and issuer agents acting can enter the reduction of the up-to-nominal using CASCADE Online functionality. | |

Table 2: Overview of the service enhancements

The modifications and enhancements listed in the above-mentioned table for the CBF Release May 2019 are described in the following sections. Within these sections, the enhanced functionality is outlined. Hereby, it shows the description of the changes and if applicable, provides indications on the potential customer impact. The functional description for the enhancement part of the T2S Release 3.0 and the decommissioning of the label "/CUST" in MT536 are defined in dedicated announcements.

4. CBF Instruction Management (CASCADE)

4.1 CASCADE-LION: Cancellation of instructions with foreign currency

Since the migration from CBF to T2S, cancellation instructions for Stock Exchange instructions (LION) in foreign currencies are rejected if the Intended Settlement Day (ISD) has already been reached. The reason for this is a validation on T2S. Instructions that are subject to a “conditional securities delivery (CoSD)” and are in hold, can only be released by CBF.

CBF announced this issue as “Known Limitation” in its “T2S Customer Readiness Reporting”:

Service Investigation Request (SIR) # 352472 - Stock Exchanges trades in foreign currencies cannot be released on T2S

“The issue has been corrected so far that only stock exchange trades in foreign currencies cannot be requested for cancellation if the intended settlement day has been achieved. Both counterparties need to request their cancellation via CBF Customer Service request.”

Description of the changes

In this particular case, T2S expects a specific administering party for the processing of the cancellation instruction when the Intended Settlement Day (ISD) is already reached. With the CBF Release May 2019, CBF enhances its instruction generation procedure for this specific cancellation instruction.

As of 13 May 2019, customers acting in ICP mode will be able to initiate cancellation instructions and will no longer receive a rejection. The bilateral cancellation procedure will continue to apply. Customer and counterparties must to enter the cancellation instruction in ICP mode using the functionalities offered for the management of LION instructions.

Potential customer impact

Customers may have established procedures to either suppress the cancellation of LION instructions for the aforementioned business case, or they may have introduced procedures to consider the rejection provided by CBF. All operational or organisational procedures to resolve the situation are therefore obsolete and can be taken out from operations.

4. CBF Instruction Management (CASCADE)

4.2 CASCADE-PC: Introduction of bulk instructions

CBF customers acting in ICP mode have the option of entering data either via the CASCADE-Host or CASCADE-PC as online input. Which of the two online functionalities the customer chooses is decided by the customer on the basis of the required connectivity channel, the type of online presentation or the language setting.

In general, the scope of the two online functionality is not different. All core business cases can be entered via the desired online media.

Description of the changes

The CASCADE-PC functionality offers instruction input for various business cases. Each instruction is entered as single instruction. In future, CASCADE-PC will offer the creation and storage of templates. These templates are designed to hold a "master instruction" to enter repetitive data. The template is a kind of baseline for as many as instruction a customer needs to enter for a particular business case. The validation of the instruction is performed once the instruction has been created and saved for the actual processing.

A customers using CASCADE-PC can create, save and reload templates on its demand. No dedicated permission is necessary for this new functionality. Any user having already the right to enter data, have also access. Each template will be stored on the user's PC as a plain ASCII file. If required, the file name can be entered and saved with the restrictions specified by Microsoft Windows. However, the suffix of a file represents the type of instruction (sample: delivery - *.delivery, warrants - *.warrant).

For the following instruction types templates can be created:

| CBF instruction types enabled for bulk instructions | Suffix |
|---|-------------------|
| CASCADE-RS account transfer | accounttransfer |
| CASCADE-RS position transfer | positiontransfer |
| Conversion | conversion |
| Delivery | delivery |
| Merger of warrants | warrant |
| New admission/ markup | markup |
| Receipt | receipt |
| Re-conversion | reconversion |
| Single instruction liquidity | singleliquidity |
| Split of warrants | warrant |
| Standing instruction liquidity | standingliquidity |
| TEFRA-D release | delivery |
| Withdrawal | withdrawal |

Table 3 – CBF instruction types enabled for bulk instructions

4. CBF Instruction Management (CASCADE)

There will be two functionalities available via the CASCADE-PC detail input screens that can be retrieved using a context menu. Please find below the related samples copied from CBF Customer Simulation environment (IMS23).

- Context menu:

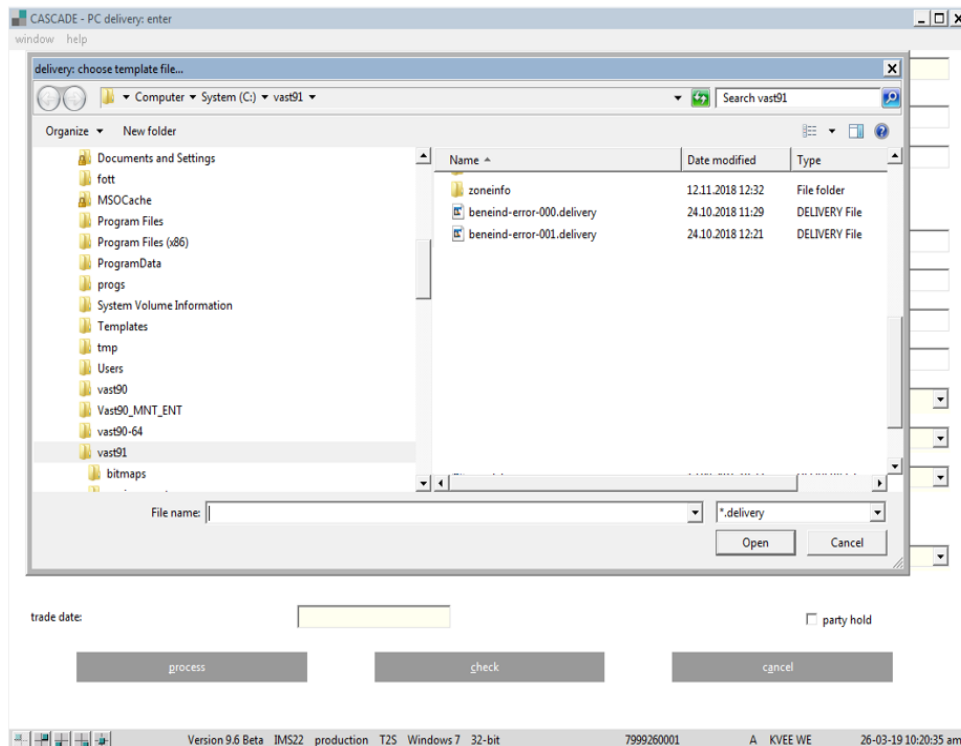
The screenshot shows the 'CASCADE - PC delivery: enter' application window. A context menu is open on the left side, listing options: 'basic data...', 'further data...', 'settlement-Party...', 'linkage...', 'registration settlement party', 'print view contents', 'save as a template...', 'load template...', and 'close all'. The main form contains various input fields and dropdown menus for fields like 'file no.', 'nominal', 'unit', 'cash', 'DCA/REF', 'settlement date', 'opt-out', 'beneficial owner indicator', 'trade date', 'BATM/ADEA', 'stock exchange', and 'ex-trade'. There are also 'process', 'check', and 'cancel' buttons at the bottom. The status bar at the bottom indicates 'Version 9.6 Beta IMS22 production T25 Windows 7 32-bit 7999260001 A KVEE WE 26-03-19 10:20:35 am'.

- Save as a template:

The screenshot shows the 'CASCADE - PC delivery: enter' application window with a 'delivery: save template file...' dialog box open. The dialog box displays a file explorer view of the 'vast91' folder, showing a list of subfolders including 'MSOCache', 'Program Files', 'Program Files (x86)', 'ProgramData', 'progs', 'System Volume Information', 'Templates', 'tmp', 'Users', 'vast90', 'Vast90_MNT_ENT', 'vast90-64', 'vast91', and 'bitmaps'. The 'File name' field contains 'save-delivery-2019-03-26-01' and the 'Save as type' is set to '*.delivery'. There are 'Save' and 'Cancel' buttons at the bottom of the dialog. The background form shows the 'trade date' field and the 'party hold' checkbox, which is checked. The status bar at the bottom is the same as in the previous screenshot.

4. CBF Instruction Management (CASCADE)

- Load template



Potential customer impact

The new bulk functionality is provided with the delivery of CASCADE PC Version 9.6. Further information about the rollout is available in section 5.1 CASCADE-PC update.

The use is optional and requires no further preparation. Nevertheless, customers who wish to use this service should inform their infrastructure team (for example Office Automation) beforehand so that the internal regulations for the operation of the PC can be checked.

5. Connectivity

5.1 CASCADE-PC: Mandatory installation

For the introduction of the CBF Release May 2019, rollout activities for the CASCADE-PC version 9.6 need to be taken into account. A mandatory software update has been scheduled, that is, all earlier versions of CASCADE-PC cannot be used after the successful deployment of the CBF Release in May 2019. Starting 13 May 2019, customers who will log on with CASCADE-PC version 9.5 will receive the following error message:

- E00060: your currently installed program version is 9.5, but you need version: 9.6.
Terminate this application.

According to the latest CBF customer readiness plan, the CASCADE-PC version will be available for download from the Clearstream website on 29 April 2019.

The new CASCADE-PC version will include a smaller functional enhancement. Please refer to the chapters "CBF Instruction Management (CASCADE)" and "Introduction of a new withdrawal type" for more information.

Additionally, the changes for the CASCADE Online functionality communicated with the Announcement [D19005](#) will be delivered in the CASCADE-PC version 9.6.

6. Custody

6.1 Introduction of further functionality related to CSDR

The Central Securities Depositories Regulation (CSDR) is one of the key regulations adopted in the aftermath of the financial crisis.

The CSDR is significant to all financial market participants in Europe as it introduces measures that not only impact European CSDs, but also the wider financial market infrastructures and global trading parties dealing in securities that settle in an European CSD or in one of the two international CSDs (ICSDs).

After the successful implementation of measures to comply with the rules defined in the CSDR in May and November 2018, CBF will introduce further modifications in May 2019. The additional functionality will help to increase the safety and efficiency in the functional area of corporate actions. On 13 May 2019, further CSDR functionality will be introduced relating to the transaction management:

- For the cancellation of OTC and Stock Exchange transaction (LION) due to transformations in cash, intraday processing cycles are used on the day of the payment authorisation in addition to the current end of day processing.
- The generation and the settlement of securities instructions for reverse and market claims as well as for transformations of pending instructions due to reorganisations in securities will be done first after payment authorisation.

Description of the changes

Cancellation of instructions due to reorganisations in cash

The existing criteria for execution of transformations in cash by CBF remain unchanged. For reorganisations in cash (for example redemptions) which are subject to the “payment authorisation” process, the deletion of the underlying OTC and stock exchange transaction (LION) takes place in parallel to the cash settlement of the redemption and transaction price claims after payment authorisation. For the deletion of pending trades on the day of the payment authorisation, the following intraday processing cycles (DD) are available in addition to the existing end of day process:

- DD1 at around 09:30;
- DD2 at around 13:30;
- DD3 at around 15:15.

These intraday processing cycles are available only for the deletion of all pending instructions, which were identified until the evening before the payment authorisation. The deletion of further pending (matched) OTC instructions from the day of payment authorisation until 20 business days after entitlement date continuous to take place only in end of day processing.

Securities instructions for reverse claims

The existing criteria for detection of reverse claims in securities by CBF remain unchanged. The detection of reverse claims takes place together with the position processing on entitlement date. Customers receiving “Corporate Action Notification (MT564)” will still receive “MT564 REPE CLAI” for each reverse claim on entitlement date.

As the effective generation of securities instructions for reverse claims takes place only after payment authorisation, “MT564 REPE CLAI” on entitlement date cannot report references to a reverse claim (Free of Payment instruction (FoP)) at this stage. As a consequence, the CASCADE instruction number and T2SActor Reference will be displayed as blank together with URF details in the free text field “70E::ADTX” and the payment date as “98A::PAYD// Payment Date of Event”.

Sample:

```

:70E: :ADTX//REVERSE CLAIM OF OTC TRADE
      TRADE REF 0001306601
      TRADE-REF T2SC8B11744379725E
      REF-OWNER-BICDAKVDEFFXXX
      TR RELA0000000823
      TR RELA T2SC8AV093805398A7
      REF-OWNER-BICDAKVDEFFOPS
      TRADE DAY RELA20181031
      COUNTERPART11xx0000
      PAYMENT UPON RECEIPT OF FUNDS
:16S: ADDINFO

```

After payment authorisation, the securities instructions for reverse claims will be forwarded together with the position based instructions to real-time settlement (RTS) or after end of RTS until the night-time settlement (NTS). At the same time, "MT564 REPE CLAI" messages will be generated and transferred again immediately for each reverse claim. These messages will contain the references to the FoP claims without the URF information and as payment date the actual day for RTS or the next business day for NTS.

Sample:

```

:70E: :ADTX//REVERSE CLAIM OF OTC TRADE
      TRADE REF 0004692384
      TRADE-REF T2SC6971606091CA91
      REF-OWNER-BICDAKVDEFFXXX
      TR RELA0000000823
      TR RELA T2SC8AV093805398A7
      REF-OWNER-BICDAKVDEFFOPS
      TRADE DAY RELA20181031
      COUNTERPART11xx0000
:16S: ADDINFO

```

The generation and transfer of the list „KD118“ (please refer to Appendix B for a sample) for reporting of the reverse claims in securities takes place as today in the evening of entitlement date. For corporate actions, that are subject to the new process of "payment authorisation", the reporting contains the URF details and displays blanks for the reference related to a FoP claim (see list example below). There will be no additional reporting after payment authorisation. Customers who demand such details will find the information in "MT564 REPE Non Income" provided on record date.

CBF will continue the calculation of reverse claims in securities for CCP gross trades on entitlement date. The resulting movements and the reporting are always carried out by Eurex Clearing AG.

Securities instructions for market claims

The existing criteria for detection of market claims in securities by CBF remain unchanged. Also for corporate actions, that are subject to the process of payment authorisation, the detection is still based on settled OTC and Stock Exchange transactions (LION) starting on entitlement date up to 20 business days.

On entitlement date, CBF continues to offer optional the "MT564 REPE ACLA" for pending OTC and LION instructions that fulfill the criteria for compensation and will be compensated after settlement. For corporate actions, that are subject to the process of payment authorisation, the free-text field "70E::ADTX" will contain the URF note (see example for reverse claims).

As long as payment authorisation is outstanding for non-income securities proceeds, customers will receive further on the "MT564 REPE CLAI" for each detected market claim on base of a settled OTC or LION instruction.

As the effective generation of securities instructions for market claims takes place only after payment authorisation, the MT564 REPE CLAI cannot report references to the market claim (FoP instruction) at this stage. As a consequence, the CASCADE order number and T2S-Actor-Reference will be displayed as blank together with URF details in the free-text field "70E::ADTX".

6. Custody

Sample:

```
:16R: ADDINFO
:70E: :ADTX//MARKET CLAIM OF OTC TRADE
      TRADE REF 0001306460
      TRADE-REF T2SC8AT17455380F26
      REF-OWNER-BICDAKVDEFFXXX
      TR RELA0000000810
      TR RELA T2SC8AO11295933B00
      REF-OWNER-BICDAKVDEFFOPS
      TRADE DAY RELA20181023
      COUNTERPART11xx0000
      KADI-LFNR 01407
      PAYMENT UPON RECEIPT OF FUNDS
:16S: ADDINFO
```

The payment date (“98A::PAYD”) will be reported as follows:

- With the actual day for an intraday detection of the market claim.
- With the next business day for detection at end of day.
- With „unknown“ for instruction blocking by the seller side.

After payment authorisation, the securities instructions for market claims will be forwarded together with the position based instructions to real-time settlement (RTS) or after end of RTS until the night-time settlement (NTS). At the same time, “MT564 REPE CLAI” messages will be generated and transferred again immediately for each market claim. These messages now contain the references to the FoP claims, a removed URF detail and as payment date the actual day for RTS settlement, the next business day for NTS or “unknown” if the instruction is blocked by the seller.

After payment authorisation, for all following detected market claims, securities instructions will be processed immediately. The “MT564 REPE CLAI” already contains the order references for the FoP claim.

The generation of the list “KD118” for reporting of market claims in securities takes place as today during the 20 business day market claim period. For detected market claims before payment authorisation, the reporting contains the URF details and displays blanks for the reference related to a FoP claim (please refer to the Appendix for a sample of “KD118”). Customers who demand such details will find the information in “MT564 REPE Non Income” provided on record date.

CBF will continue the calculation of market claims in securities for CCP gross trades on entitlement date. The resulting movements and the reporting are always carried out by Eurex Clearing AG.

Transformations for reorganisations in securities

Transformations of pending matched instructions (that is, the cancellation of the pending instruction and re-instruction with the changed ISIN and / or nominal) will also be subject to the payment authorisation process. For transformations in securities, that are part of the new payment authorisation process, the existing criteria for detection of pending matched OTC and LION instruction on entitlement date remain unchanged. Customers receiving “Corporate Action Notification (MT564)” will still receive “MT564 REPE ATXF” for each pending instruction.

As the effective transformation of pending trades takes place only after payment authorisation, the MT564 REPE ATXF on entitlement date cannot report references to the new modified trades at this stage. The CASCADE order number will be displayed as blank together with URF details in the free-text field “70E::ADTX”.

Sample:

```

:16R: ADDINFO
:70E: :ADTX//TRANSFORMATION OF SE TRADE
      TRADE-REF T2SS8AC174836C0BFC
      REF-OWNER-BICDAKVDEFFLIO
      TR RELA0000000009
      TR RELA T2SS8A2161529AA947
      REF-OWNER-BICDAKVDEFFLIO
      TRADE DAY20181002
      COUNTERPART11xx0000
      KADI-LFNR 01320
      PAYMENT UPON RECEIPT OF FUNDS
:16S: ADDINFO

```

During the transformation period (20 business days as of entitlement day), the detection of further pending OTC trades (matched) takes place in the end of day processing as today. As long as the payment authorisation of a reorganisation event in securities is pending, customers will receive as today as a result of the end of day processing the "MT564 REPE ATXF" without the reference to the transformed trade and the URF detail.

The transformation will be performed on the day of the payment authorisation within one of the following processing cycles (DD) for all pending matched OTC and LION instructions that were detected during the transformation period between entitlement date and the previous evening.

- DD1;
- Between DD1 and DD2 (around 10:10);
- DD2;
- DD3;
- Between DD3 and end of day processing (at around 16:10);
- End of day processing.

Each transformation cycle includes again the generation and transfer of "MT564 REPE ATXF" showing the amended reference to the newly created instruction.

The intraday cycles for transformations are available only on the day of the payment authorisation. After payment authorisation, further transformations of pending (matched) instructions continue to be executed in the end of day processing with bookings in the NTS.

The list "KD118" list with reporting of transformations in securities will be generated as today, that is, during the transformation period in the end of day processing. For detected transformations before payment authorisation, instruction references to the newly created instructions will be reported as blank together with URF details. Please refer to the Appendix for a sample of "KD118".

On the day of payment authorisation, "KD118" will be generated and transferred again at end of day, showing the amended references of the newly created instructions.

CBF will continue the calculation of transformations in securities for CCP gross trades on entitlement date. The resulting transformations (cancellation and reinstruction) as well as the reporting are always carried out by Eurex Clearing AG.

6. Custody

Potential customer impact

After the implementation of the CBF Release May 2019, instruction references to the newly created instructions will be reported as blank together with URF details. Customers using CBF's message-based reporting need to consider the processing of blanks, if the reference will be used for their internal processing. The "blank" will be substituted with the final reference once the payment has been successfully executed.

As a result of the pairing of instruction management with the payment authorisation procedure for non-income events and for ISINs issued by another CSD (CBF in its role as Investor CSD), the settlement time will be postponed. That is, reverse claims and transformations resulting from pending instructions will be transmitted to settlement on the following day for RTS cycle, whereas today, these instructions are transmitted in the current processing on record date for the NTS cycle.

6.2 Reuse of claim account blocking option for reverse claims

In general, free of payment (FoP) instructions generated by CBF for corporate actions can achieve settlement once the payment authorisation was performed. CBF customers in their role as a seller (delivery instruction, DFoD) can enable an automated blocking of DFoP instructions. This setting can be requested for CBF main accounts and sub-accounts (xxxx yyy) and considers market claims in collective safe custody (CSC) and non-collective safe custody (NCSC) securities. Currently, this service is not available for reverse claims.

Description of the changes

With the implementation of the Release in May 2019, CBF will enhance the existing "Hold / Release" functionality. In future, the static data for the account (field "KOMP-INSTR") will also be applicable for the processing of reverse claims.

In line with the functionality for market claims, instructions for reverse claims in CSC or NCSC securities will be created with the status "on hold", if the seller (debit side of market or reverse claim instruction; that is, the delivery instruction) has subscribed to the CBF service. That is, if the customer sells securities and a market or reverse claim needs to be created, the instruction will be flagged as "on hold" and must be released to settle the instruction. The release of the instruction can be initiated using the automated connectivity channels ("Transaction Processing Command - MT530") or via the CASCADE Online functionality. More details about the "Hold / Release" functionality is available in the CBF [Compensation Handbook](#) or [Connectivity Handbook Part 2](#).

Potential customer impact

CBF will reuse the existing static data for the CBF main account or sub-account (xxxx yyy). As the already established static data will be considered for reverse claims, customers need to consider that the release of the pending instruction is requested after 13 May 2019. This applies to any corporate action, if the transformation period is in effect. That is, events set up prior to the production launch in May 2019 are also considered by the enhanced service.

Customers who would like to use the CBF service in future, are requested to contact their Relationship Officer. A dedicated form to enable the service can be provided. The service can be requested at any time as there is no specific preparation time or dependency on an implementation date. If the service will be requested prior to the production launch of CBF Release May 2019, the hold / release functionality will be applicable for market claims only and after the implementation of the service on 13 May 2019 also for reverse claims.

7. New Issues

7.1 Introduction of withdrawal type “reduction of up-to-nominal”

The scope of services for the safe custody and administration of securities is continuously being enhanced by CBF.

Among other features, CBF offers the issuer and issuer agents different services for the withdrawal of securities. The withdrawal can be requested by customers via the CASCADE Online functionality (HOST / PC).

Description of the changes

Already today, CBF can enter the reduction of the Rahmennominale on request of the issuer or issuer agents, if the up-to-nominal of an up-to-certificate has to be reduced. In future, this functionality will also be offered to customers.

With the launch of the CBF Release May 2019, issuer and issuer agents can request the reduction of the up-to-nominal for CSC securities via the CASCADE Online functionality (HOST / PC) using the transaction “KVEW” (Wertebereich) with the function “AL” (Auslieferung) respectively “vaults // withdrawal”. The withdrawal type “6 – Reduction of Rahmennominale” will be provided as additional service. Any user having already the right to enter withdrawal instructions, can use the updated online functionality. As valid for any other instruction processing, the reduction of the up-to-nominal is subject to the four eyes principle.

In general, the enhanced functionality is based on the existing validation for withdrawals. Besides these rules defined in the [CASCADE Handbuch Part 3](#), the reduction of the Rahmenurkunde must not be smaller than “1” and the nominal must not be below the already issued volume, taking into account any further emission volume already disposed. Additionally, it is not possible to enter the value “0” (zero) in this functionality. The instruction can be entered for the settlement date and must not be entered with a settlement date in the future.

A sample for the updated CASCADE-PC screen “Vaults / Withdrawal” is shown below:

The screenshot shows the CASCADE-PC withdrawal screen with the following fields and controls:

- instruction no.: [] file no.: [] deposit type: [01 - collective custody]
- debit account: [7004] [] []
- credit account: [] [] []
- securities: [ISIN] [] []
- nominal: [] unit: []
- nom. value of certificate: [] apportionment: []
- settlement date: [] security type: []
- customer reference: [] - []
- next coupon / LEG: []
- global certificate: [no] withdrawal UpTo-certificates: [no]
- withdrawal act: [6 - reduced nominal value of up-to certificate] deviating address for dispatch: [no]
- progress status: [] []

Buttons: process, check, cancel

Footer: Version 9.6 Beta IMS22 production T2S Windows 7 32-bit 7004260001 A KVEW AL 26-03-19 03:01:50 pm

Potential customer impact

The issuer and issuer agents can use the enhanced functionality on their demand. After the implementation of the CBF Release on 13 May 2019, the reduction of an up-to-nominal can be captured. Technically, it requires no further preparation. However, customers may wish to update their operational procedures for the withdrawal of securities in advance.

8. Customer simulation activities

8. Customer simulation activities

Customers may decide to enter test cases in the CBF Customer Simulation environment (IMS23) in light of the service updates in the CBF functionality.

According to the ECB transition plan, the updated software for T2S Release 3.0 was implemented on Friday, 22 March 2019 in the T2S Pre-Production Environment (UTEST). Right after the software deployment of T2S, CBF started to update its software in IMS23 and will close the environment until Monday, 22 April 2019. Customers acting in DCP mode who would like to test the resolution of T2S production issues must consider that no end-to-end testing can be achieved. The processing results delivered by T2S might differ to the expected test results.

A dedicated webpage provides information on the [availability](#) of the CBF customer simulation environment (IMS23). During the simulation period, CBF will monitor the availability of the different test environments. If necessary, customers registered for participation in the guided simulation will be informed about additional maintenance windows (downtime) by email. Due to the short-notice interaction of various parties, a notification on the website may not be immediately possible.

The participation in the CBF customer simulation period April and May 2019 is optional. Customers can execute their test cases on their demand.

CBF will support customers with predefined test cases, if applicable, with regard to CBF's functional enhancements for:

- T2S CR 520 "Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing";
- The modifications driven by CSDR;
- The "Hold / Release functionality" for reverse claims;
- The New Issues services related to the reduction of up-to-nominal;
- The CASCADE-RS service: Legal Entity Identifier (LEI). Since November 2018, the LEI can be provided via message-based connectivity channels (SWIFT, MQ, File Transfer (FT)) and the CASCADE Online functionality (HOST / PC). On customer request, CBF will enable a further test execution.
- The MT536 - Statement of Transactions, because of the decommissioning of the label "/CUST". Customers could (re-)test the reporting of transactions to verify the latest format and the related internal processing.

Test data for these changes will be set up.

In order to set up the necessary test data, a registration for dedicated test cases is required by 11 April 2019. A dedicated simulation registration form is available on the Clearstream website under Clearstream Products and Services / Connectivity / CASCADE/T2S / [Testing and Simulation](#).

9. Customer readiness plan

Overview of important milestones related to the CBF and T2S Releases in May and June 2019 during the upcoming months:

| | | |
|-------------------|--------------------------------|---|
| March 2019 | 25 March | CBF Customer simulation environment will be closed until 22 April 2018. The software updates for the CBF Release May and the T2S Release 3.0 will be installed. |
| | 29 March | Latest update of scope defining documents for the T2S Release 3.0 |
| April 2019 | 11 April | Deadline for registration CBF guided customer simulation |
| | 23 April | Customer simulation will start for the CBF enhancements May 2019 and the T2S Change Requests for June 2019. |
| | 29 April | CASCADE-PC version 9.6 will be ready for download (mandatory release). |
| May 2019 | 6 May | Publication of the indicative timeline for the T2S Release 3.0 Deployment Weekend |
| | 13 May | Functional launch of CBF Release May and technical deployment of modifications induced by T2S Release 3.0. On 11 May, the software will be deployed during the CBF maintenance window without any impact on the operational day. |
| | 22 May | End of T2S user testing for T2S Release 3.0 |
| | 28 May | Final approval of deployment for T2S Release 3.0 by the ECB Market Infrastructure Board (MIB) |
| June 2019 | 3 June | Publication of timeline for the T2S Release 3.0 Deployment Weekend |
| | 10 June Whit Monday | Go-live T2S Release 3.0 and functional launch of CBF T2S related enhancements |

Appendix A – T2S Release 3.0 Change Requests

| No. | Title of T2S Change Request | CBF's impact assessment |
|--------------|---|---|
| T2S-0520-SYS | Add new fields to T2S messages sese.020, sese.024 and sese.025 needed for CA processing | T2S will update sese.020, sese.024 and sese.0251) to provide the reference of the underlying instruction / trade for market claim settlement instruction. Customers acting in DCP mode can modify their systems on their demand. |
| T2S-0542-SYS | Enrich the Bank to Customer Debit/Credit Notification (camt.054) with data elements securities account Owner Parent BIC and securities account Owner Party BIC | T2S will enhance the „Bank to Customer Debit Credit Notification” with the data elements for account owner Parent and Party BIC. Customers acting as „Cash-DCP” as well as CBF need to update their systems. |
| T2S-0543-SYS | Minimum amount for auto-collateralisation transactions | Payment Bank will be enabled to define on Party Level is individual minimum amount to be transferred in an auto-collateralisation scenario. Customers using the T2S Auto-Coll functionality will benefit from the threshold. |
| T2S-0587-SYS | Alignment of ISO transaction codes across various T2S ISO messages | Some of the ISO transaction codes used in the subsequent T2S ISO messages and reports are missing. This gap will be closed. Customers acting in DCP mode are impacted. |
| T2S-0590-SYS | Include information from the underlying settlement instruction in the T2S 'Bank to customer statement (camt.053)' and in the T2S 'Bank to customer debit credit notification (camt.054) messages for Settlement, Custody/Asset servicing and Reconciliation | T2S should include ISIN, Corporate Action Details, SAC and Settled Quantity in both camt messages. Customers acting as „Cash-DCP” as well as CBF need to update their system. |
| T2S-0600-SYS | T2S reporting functionality must be enhanced to allow the retrieval of the settlement instructions and their related SF1 (accepted) / SF2 (matched) timestamps via A2A / U2A in an efficient and standard way | CSDR related requirement; the status reporting for instructions will be updated to provide a time stamp related to the settlement finality stages. Customers acting in ICP and / or DCP mode will be impacted. |
| T2S-0607-SYS | T2S must be able to identify, store, and report settlement information related to buy-in transactions consistently across T2S messages | CSDR related requirement, ISO transaction code “BIYI” (Buy-In) will be introduced on T2S. Customers acting in ICP and / or DCP mode will be impacted. |
| T2S-0612-SYS | Alignment of T2S Messages with ISO Maintenance Releases 2013 - 2017 | Update of T2S to reflect the requirements of previous SWIFT releases. CBF aims to absorb the impact for customers acting in ICP mode . Customers acting in DCP mode need to update their functionalities. |
| T2S-0646-SYS | Pre-formatted operational reports | This enhancement belongs to the reporting options for CSDs, NCBs and T2S Coordination Function. |

Appendix A – T2S Release 3.0 Change Requests

| No. | Title of T2S Change Request | CBF's impact assessment |
|--------------|--|--|
| T2S-0652-SYS | Increase the limit of distinct values for the parameters relating to message subscriptions | T2S allows the T2S Actors to configure their message subscriptions. The number of distinct values for parameters will be increased from 50 to 100. Customers acting in DCP mode may use this option. |
| T2S-0670-SYS | Logical deletion and purge of matured ISINs together with their related links | This CR will change the rule for static data on securities and belongs to the T2S Actors acting as Securities Maintaining Entity (SME) . |
| T2S-0686-SYS | Enhanced reporting for market claims and transformations | Enhancement of T2S CR 520, that will provide the correct T2S reference in the reporting of already matched market claims and transformations. Customers acting in DCP mode can modify their systems on their demand. CBF will update the reporting for customers acting in ICP mode with the Release November 2019. |

Appendix B – KADI samples for list “KD118”

Appendix B – KADI samples for list “KD118”

CLEARSTREAM BANKING AG
MERGENTHALERALLEE 61
65760 ESCHBORN

MUSTERBANK

POSTFACH xx xx xx

DE 60313 FRANKFURT AM MAIN

ESCHBORN, 29/03/2019

TELEPHONE +49-69-211-11177
FAX +49-69-211-611177

PROGRAM-NAME: KD118

SECURITIES ACCOUNT: 9999

MATURITY DATE : 29/03/2019 URF
RECORD DATE : 28/03/2019

THE CORPORATE ACTION 210-KD118 TEST
HAS BEEN EXECUTED. AFTER CONFIRMATION BY AGENT, THERE WILL BE A COMPENSATION
BY US FOR FOLLOWING SETTLED CASCADE INSTRUCTIONS

| SECURITY | INSTR-NO | SETTL. | DEB-ACC | CRED-ACC | NOMINAL | PSN |
|--------------------|----------|----------|----------|----------|---------|-----|
| OLD: DE0005232805 | 870 | 29/03/19 | 9999/000 | 11xx/000 | 30.000 | |
| NEW: DE000A0D6554* | 1000097 | 29/03/19 | 9999/000 | 11xx/000 | 30.000 | E |

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Appendix B – KADI samples for list “KD118”

CLEARSTREAM BANKING AG
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ESCHBORN, 29/03/2019

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PROGRAM-NAME: KD118

SECURITIES ACCOUNT: 9999

MATURITY DATE : 29/03/2019 URF

KEY DATE : 28/03/2019

THE CORPORATE ACTION 231-IT0001292850 TILGUNG IN WERTPAPIEREN
HAS BEEN EXECUTED. AFTER CONFIRMATION BY AGENT, THERE WILL BE A MODIFICATION BY US
FOR THE FOLLOWING PENDING S/E TRADES IN CSC SECURITIES

| SECURITY | TRANSACTION | TRADE-DAY | SELLER | BUYER | NOMINAL | PSN |
|-------------------|--------------|-----------|-----------|-----------|---------|-----|
| OLD: US30303M1027 | 9999/0000010 | 26/03/19 | 9999/9999 | 11xx/11xx | 0.000 | L |
| NEW: US30303M1027 | 9999/1000507 | 26/03/19 | 9999/9999 | 11xx/11xx | 0.000 | E |
| OLD: US30303M1027 | 9999/0000014 | 11/02/19 | 9999/9999 | 11xx/11xx | 0.000 | L |
| NEW: US30303M1027 | 9999/1000507 | 11/02/19 | 9999/9999 | 11xx/11xx | 0.000 | E |

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March 2019

Document number: 7243
