



Revision of the Delivery Versus Payment (DVP) Syndicated New Issues process within the ICSDs – Market proposal

Dear Participant, Lead Manager, Settlement Manager, Issuer, Legal Counsel, Paying Agent, Common Depository or Common Service Provider,

With our experience in issuance services, we provide easy access to a large and diversified international investor base, allowing Issuers to raise funds in a cost-effective way. Our goal is to operate in a secure and efficient environment and our role as a Financial Market Infrastructure is to ensure that we maximise settlement efficiency while minimising risk, and particularly, systemic risk. In this context, and in line with regulatory requirements on credit and collateral provision, we have identified a new model for Syndicated New Issues Distribution.

Our new model focuses on reducing credit and liquidity risk for all market players, as well as capital use thanks to true DvP settlement for the Issuer in the books of the ICSDs. At the same time, it better meets Issuers' interests, especially in the event of Lead Manager (LM) default and helps all stakeholders meet their regulatory requirements and minimise costs.

This proposal has been drafted following consultations with market players in syndicated issuance flows as well as market associations such as ICMA and ICMSA. The new model has also been validated by Belgian and Luxembourg external legal counsels of the ICSDs.

This proposal aims to provide market participants with a high-level view of the new model and to collect feedback, if deemed necessary, on its implications for all actors in the issuance chain. We have attempted to keep the changes to operational flows and supporting contracts to an absolute minimum.

The following documents have been created to help you with your assessment:

1. High level description of the current and new proposed flows, as well as their impacts on the various actors in the issuance chain; with in annex

2. Clearstream Banking Luxembourg's (CBL) draft terms and conditions for the opening of the new Syndicated New Issues Distribution accounts, which will be signed by the LM
3. Euroclear Bank's (EB) draft terms and conditions for the opening of the new Syndicated New Issues Distribution accounts, which will be signed by LM

The considered timeframe for implementing the changes and use of the new model for syndicated new issuance is summer of 2021 with H1 2021 being fully dedicated to the market readiness of all impacted entities.

We recommend that this proposal is shared with the respective Syndicate, Origination and Operational Desks around the world which are using the current model. Actions will need to be taken by all parties involved to ensure a smooth transition to the revised model.

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If you have any comments or questions about this proposal, please contact:

- For Clearstream: Relationship Manager or newsyndicateddvpmodel@clearstream.com
- For Euroclear: Primary Market relationship manager, your relationship manager or the EB dedicated email address: newsyndicationmodel@euroclear.com.

Kind regards,

The ICSDs



Syndicated distribution - New DVP model

Description of the current and new proposed flows, and related considerations for Participants in the issuance chain - November 2020

1. Introduction

This document provides an overview of a new model of syndicated issuance flows scheduled to take effect as from summer 2021 (with the exact date to be confirmed in due course) in the two International Central Securities Depositories (ICSDs), Clearstream Banking Luxembourg (Clearstream/CBL) and Euroclear Bank (Euroclear/EB). It also describes the current model that will be replaced at that time.

The new model will provide 'Delivery Versus Payment' (DVP) settlement, **within** the ICSDs' books, between a bond Issuer and its 'Lead Manager' underwriter coordinating 'settlement' with the Issuer (also called a Settlement Manager). The current model provides for such DVP to be **outside** the ICSDs' books.

1.1. Scope

The securities covered by this document are new-issue bonds (i.e. debt securities), accepted in CBL and/or EB, deposited with a designated Common Depository (CD) or an ICSD common safekeeper (CSK), distributed DVP by a Settlement Manager or Lead Manager (LM) and classified as being distributed on a '**syndicated**' basis (termed by the ICSDs a **Syndicated New Issues Distribution**).

These bonds are typically referred to as 'international' bonds or 'international medium-term notes'. Such securities can be issued in:

- Classical Global Note bearer or registered form (CGN - held and serviced by a designated CD)
- New Global Note bearer form (NGN - held by an ICSD or Commercial Bank as CSK and serviced by a designated common service provider - CSP)
- Registered global certificate form under a Classic Safekeeping Structure (CSS - held and serviced by a designated CD)
- Registered global certificate form under a New Safekeeping Structure (NSS - held by an ICSD as CSK and serviced by a designated CSP).

This document does **not** impact:

- syndicated distributions settling 'free of payment' (FoP)
- non-syndicated distributions (settling through Issuing and Paying Agents - IPAs) or
- the distribution of domestic securities (settling in national central securities depositories).

1.2. Current model of syndicated bond issuance flows

Under the current model for syndicated bond issuance flows, an Issuer arranges delivery of a global note/certificate representing the new bonds to the designated CD/CSK, against payment, for credit to the Settlement Manager's dedicated 'New Issues Distribution (NID) account' (distinct from its general trading account) in the books of the selected ICSD (and thence distribution to investors). Payment of the issuance proceeds due to the Issuer is handled by the CD/CSP on the Settlement Manager's behalf.

1.3. New model of syndicated bond issuance flows

The new model involves a new commissionaire account in the books of the selected ICSD that uses a ‘*commissionaire*’ structure under Belgian law (in the case of EB) or under Luxembourg law (in the case of CBL). In this context, the selected ICSD acts on behalf of the Settlement Manager, but for the benefit of the Issuer under a third-party beneficiary clause (*‘stipulation pour autrui’*). The structure is documented between the Settlement Manager and the selected ICSD in the Terms & Conditions of the new commissionaire account, including provision that the *‘stipulation pour autrui’* is irrevocable.

In this respect, the new model will allow deposit of the global note/certificate with the CD/CSK for mark-up of the bonds to the commissionaire account on the basis that:

- no settlement can occur between the commissionaire account and the Settlement Manager’s onward distribution account unless 100% of the necessary cash amount is available there. Onward distribution itself from that account along the rest of the chain of instructed transactions can still be shaped or subject to partial settlement at the counterparties’ discretion
- the selected ICSD will execute the payment(s) of the issuance proceeds to the Issuer’s order (based on the Settlement Manager’s payment instructions) simultaneously to the distribution of the bonds from the commissionaire account.

Note: only one commissionaire account will be opened per Settlement Manager.

1.4. Comparative sequence of steps

A high-level description of the typical main sequence of steps under the current and new models is set out below.

	Current model	New model
1.	<p>Prior to the closing date, the Settlement Manager, the underlying investors having been allocated bonds and any intermediate parties input their transaction instructions into the ICSDs.</p> <p>The Settlement Manager also inputs settlement and payment instructions to fulfil the primary settlement of the bonds.</p> <p>Distinctly, the Issuer arranges for the authentication of the global note/certificate in anticipation of closing.</p>	Unchanged
2.	<p>On the closing date, prior to the actual closing:</p> <p>(a) the Issuer arranges for its IPA to deliver the authenticated global note/certificate to the CD/CSK, against payment to the Issuer’s order</p> <p>(b) the Settlement Manager, on behalf of the Issuer, delivers to the CD/CSP instructions for payment to the Issuer’s order, to be executed</p> <p>(i) on the Settlement Manager’s confirmation to the CD/CSP that the closing conditions have been met (the ‘green light’) and</p> <p>(ii) against delivery of the global note/certificate (for mark-up of the represented bonds to the settlement house’s NID account in the ICSD books).</p>	<p>On the closing date, prior to the actual closing:</p> <p>(a) the Issuer arranges for its IPA to deliver the authenticated global note/certificate to the CD/CSK, for credit to the Settlement Manager’s ‘commissionaire’ account in the ICSD books</p> <p>(b) the Settlement Manager, on behalf of the Issuer, delivers to <i>the selected ICSD</i> instructions for payment to the Issuer’s order, to be executed</p> <p>(i) on the Settlement Manager’s confirmation to the CD/CSP that the closing conditions have been met (the ‘green light’) and (ii) against delivery of the global note/certificate (for mark-up of the represented bonds to the settlement manager’s commissionaire account in the ICSD books).</p>

		books) and (iii) on receipt of 100% of the issue proceeds in the settlement manager's 'commissionaire' account in the ICSD books.
3.	On the closing date, before 10:30 am CET (for same day currencies), the selected ICSD 'reserves' the entire cash amount of the new issue (in cash and/or credit) in the Settlement Manager's ICSD account (under the LM's credit umbrella in CBL and the trading account in the case of EB). The trading accounts can also be referred to as allottee accounts.	No longer necessary. While there will be no reservation of capacity ahead of settlement, sufficient cash provisioning and/or enough collateral is needed for the LM to support the settlement of the trades including any top-up for unmatched or bridge instructions.
4.	On closing date, by 10:30 am CET, the selected ICSD sends a Commitment To Pay (CTP) on the basis that the cash and/or credit has been reserved in the Settlement Manager's ICSD account. Mark-up of the bonds under (a) below will trigger settlement along the complete chain of instructed primary market transactions (see step 7).	No longer necessary. DVP under (b) below will trigger settlement along the complete chain of instructed primary market transactions (see step 7) on the basis that there is sufficient cash and/or credit to satisfy the net obligation.
5.	On closing, the Settlement Manager gives the 'green light' to the CD/CSP: (a) the CD/CSP instructs mark-up of the bonds in the settlement manager's New Issues Distribution (NID) account in the ICSD books; and (b) the CD/CSP initiates payment to the Issuer's order, based on the settlement manager's payment instructions (and the CTP). Note: this currently typically happens after 11:00 am CET or even noon (for same day currencies), but can be further delayed depending on the 'green light' process.	On closing, the Settlement Manager gives the 'green light' to the CD/CSP so that: (a) the CD/CSP instructs mark-up of the bonds in the settlement manager's 'commissionaire' account in the ICSD books; (b) DVP settlement happens (on a '100% all or nothing' basis) between the settlement manager's 'commissionaire' account and its new issues distribution account (or optionally its trading account directly).
6.	The ICSDs instruct payment(s) of the cash collected in the Settlement Manager's new issues distribution account to the CD/CSP, who may have already advanced the funds to the Issuer in step 5(b) (further to the CTP received in step 4).	Simultaneous to the DVP closing above, the ICSDs instruct payment(s) of the issuance proceeds collected in the Settlement Manager's commissionaire account to the Issuer's order, based on the Settlement Manager's payment instructions.
7.	DVP settlement happens between the Settlement Manager and 'downstream' accounts (B&D house and allocated investors).	Unchanged, but enhanced by the DvP closing
8.	Settlement of secondary market trades can begin.	Unchanged, but enhanced by the DvP closing

The key differences are:

CDs/CSPs - CDs/CSPs no longer take part in the cash payment flow.

IPAs - The IPA role is unchanged.

Settlement Managers - Though the role of the Settlement Manager is fundamentally unchanged, there are several technical points to note:

- the use by the Settlement Manager and the ICSDs of a commissionaire account to effect the DvP closing; and
- until such time as payment of the issuance proceeds is instructed to the Issuer's order (simultaneously with the DvP closing), the bonds will be marked-up to the commissionaire account but held to the Issuer's order.
- There will be **reduced credit/collateral and liquidity needs**, as the real-time settlement system will, where possible, calculate the net obligation between the purchase from the commissionaire account and the onward deliveries to the rest of the chain.
- The Settlement Manager payment instructions will relate to the ICSDs rather than to the CD/CSP.
- The commissionaire account will be in the name of the selected ICSD, but operated by the Settlement Manager based on a power of attorney². The Settlement Manager will consequently be able to submit settlement and payment instructions to the ICSDs based on its agreement with the Issuer.
- The ICSDs are considering enabling Settlement Managers to choose whether to keep their current NID or not in addition to the new commissionaire account.

Others/investors - There is no change for Participants in the rest of the chain of instructed transactions (including investors).

² See Annexes – CBL and EB have drafted Terms and Conditions describing the opening of the commissionaire accounts

2. Glossary

Term	Definition
Allottees	Investors/parties having been allocated bonds and receiving them in the current model from the Settlement Manager' new issue distribution account. It is often the Settlement Manager's main trading account, which in turn faces the B&D house.
B&D house	Member of the Issuer's syndicate of underwriters principally coordinating 'billing & delivery' to investors.
CBL	Clearstream Banking Luxembourg
CD	Common depository - an entity designated by the ICSDs to hold and service certain securities
Commissionaire account (officially termed 'Syndicated New Issues Distribution Accounts' by the ICSDs)	An account opened in the name of the selected ICSD, acting in its own name but for the account of the Settlement Manager, in the context of Syndicated New Issues Distribution (and technically composed of a cash account and a securities account).
CGN	Classic global note, refers to 'international' bonds issued in Classical Global Note bearer or registered form (held and serviced by a designated CD)
CSK	Common Safekeeper - An entity appointed by the ICSDs to provide safekeeping services for certain securities.
CSP	Common Service Provider - An entity appointed by the ICSDs to provide services for certain securities
CSS	Classic safekeeping structure, refers to 'international' bonds issued in registered global certificate form held and serviced by a designated CD
CTP	Commitment to pay, refers to the cash/credit reservation done by the ICSDs in the current model
DVP	Delivery versus Payment
EB	Euroclear Bank
FoP	Free of Payment
Green light	Settlement Manager's confirmation to the CD/CSP to proceed with closing after all closing conditions have been met
ICMA	International Capital Market Association
ICMSA	International Capital Markets Services Association
ICSDs	International Central Securities Depositories (EB and CBL)
IPA	Issuing & Paying Agent of an Issuer
Issuer	Issuer means in respect of each Syndicated New Issues Distribution the entity issuing the relevant bonds
Lead Manager (LM)	Lead Manager or (LM) means the Participant which acts as Lead Manager in connection with a Syndicated New Issues Distribution and for the account of which New Issues Distribution Accounts are opened. Also referred to as Settlement Manager in this document
NID	New Issues Distribution account also called - Lead Manager Syndication Account means the Lead Manager's current Syndication Cash Account and the Lead Manager Syndication Securities Account, both opened in the name of the Lead Manager, associated with the Lead Manager Syndication Securities Account.
NGN	New Global Note - refers to 'international' bonds issued in New Global Note bearer form (held by an ICSD or Commercial Bank as CSK and serviced by a designated common service provider.

NSS	Refers to 'international' bonds issued in registered global certificate form under a New Safekeeping Structure (held by an ICSD or a commercial bank as CSK and serviced by a designated CSP).
Settlement Manager (officially termed 'Lead Manager' or 'LM' by the ICSDs)	An ICSD Participant acting as Issuer's 'Lead Manager' underwriter coordinating settlement with the Issuer in the context of a Syndicated New Issues Distribution.
Syndicated New Issues Distribution	Refers to new issue bonds (i.e. debt securities), accepted in CBL and/or EB, deposited with a designated common depository (CD) or an ICSD common safekeeper (CSK), distributed DVP by a Lead Manager (LM) and classified as being distributed on a 'syndicated' basis.

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Agreement Governing Syndicated New Issues Distributions
[November 2020]

BETWEEN:

Clearstream Banking S.A., a *société anonyme* existing and incorporated under the laws of Luxembourg, having its registered office at L-1855, 42, avenue JF Kennedy, and registered with the Luxembourg Trade and Companies' register under number B 9248;

AND

Customer: _____ [insert
Lead Manager details]

WHEREAS:

- The Parties wish to conclude the present Agreement in order for the Customer, acting as Lead Manager, to appoint CBL to act as commission agent (*commissionaire*) on the Lead Manager's behalf in relation to the Syndicated New Issues Distribution and to instruct CBL, in its capacity as commission agent (*commissionaire*), to open, in CBL's books, Syndicated New Issues Distribution Accounts in CBL's name, which shall be subject to and operated in accordance with the terms and conditions of the present Agreement.

1. Definitions

Capitalised terms used but not otherwise defined herein shall have the meaning ascribed to them in the Governing Documents as defined in the General Terms and Conditions of Clearstream Banking S.A., as amended from time to time, unless otherwise defined herein.

For the purposes of the present Agreement, the following terms shall have the following meaning:

"Agreement" means the present Syndicated New Issues Distribution agreement concluded between CBL and the Customer.

"Allottee(s)" means, in respect of each Syndicated New Issues Distribution, the Customer or Customers (including, as the case may be, the Lead Manager) to which the newly issued securities have to be transferred in the CBL system.

"Common Depository" means the common depository appointed by CBL and Euroclear Bank S.A. / N.V. holding the global note representing the securities newly issued in CGN form by the Issuer.

"Common Safekeeper" means the entity appointed by CBL and Euroclear Bank S.A./NV holding the global note representing the securities newly issued in NGN or NSS form.

"Common Service Provider" means the entity appointed by CBL and Euroclear Bank S.A./NV to provide asset servicing for the securities newly issued in NGN or NSS form.

"Final Settlement Date" means the date agreed among the Issuer and the Lead Manager (and communicated to CBL) as latest date by which the delivery versus payment transfer set out in clause 6 (a) (i) of the present Agreement must be executed.

"Insolvency Event" means the opening, against the Lead Manager, of any insolvency procedure within the meaning of Article 111 (1) of the LPS.

"Issuer" means, in respect of each Syndicated New Issues Distribution, the entity having issued the relevant securities.

"Lead Manager" means the Customer which acts as the lead manager in connection with a Syndicated New Issues Distribution and for the account of which Syndicated New Issues Distribution Accounts are opened.

"Lead Manager Syndication Accounts" means the Lead Manager Syndication Cash Account and the Lead Manager Syndication Securities Account.

"Lead Manager Syndication Cash Account" means the cash account opened in the books of CBL in the name of the Lead Manager, which is to be used in connection with any Syndicated New Issues Distributions for which the holder of such account acts as Lead Manager and which is linked to the Lead Manager Syndication Securities Account.

"Lead Manager Syndication Securities Account" means the securities account opened in the books of CBL in the name of the Lead Manager, which is to be used in connection with any Syndicated New Issues Distributions for which the holder of such account acts as Lead Manager and which is linked to the Lead Manager Syndication Cash Account.

"LPS" means the law of 10 November 2009 on payment services, as amended from time to time.

"Parties" means the Lead Manager and CBL.

"Power of Attorney" means the power of attorney referred to in clause 5 (c) of the present Agreement.

"Syndicated New Issues Distribution" means the distribution in the CBL system of securities newly issued in global note form, for which the Customer acts as Lead Manager according to the Terms of the present Agreement.

"Syndicated New Issues Distribution Accounts" means the Syndicated New Issues Distribution Cash Account and the Syndicated New Issues Distribution Securities Account.

"Syndicated New Issues Distribution Cash Account" means the cash account opened in the books of CBL in the name of CBL, acting as commission agent (*commissionaire*) for the account of the Lead Manager, which is to be used in connection with any Syndicated New Issues Distributions and which is linked to the Syndicated New Issues Distribution Securities Account.

"Syndicated New Issues Distribution Accounts Instructions" means the transfer instructions set out in clause 6 of the present Syndicated New Issues Distribution Terms and Conditions.

"Syndicated New Issues Distribution Securities Account" means the securities account opened in the books of CBL in the name of CBL, acting as commission agent (*commissionaire*) for the account of the Lead Manager, which is to be used in connection with any Syndicated New Issues Distributions and which is linked to the Syndicated New Issues Distribution Cash Account.

2. General

(a) The present Agreement governs the Syndicated New Issues Distribution. Any Syndicated New Issues Distributions shall be subject to and carried out in accordance with the present Agreement.

(b) The Lead Manager acknowledges and agrees to be bound by the terms of the present Agreement.

(c) The present Agreement is supplementary to the Governing Documents and, accordingly, except as otherwise expressly provided herein, the rights, duties and liabilities of CBL and each Customer and the limitations on such rights, duties and liabilities shall be governed by and determined in accordance with the Governing Documents.

In the event of any conflict between the present Agreement and the Governing Documents, the present Agreement shall prevail.

3. Syndicated New Issues Distribution Accounts

(a) The Lead Manager instructs CBL to open one Syndicated New Issues Distribution Securities Account and one Syndicated New Issues Distribution Cash Account in its books.

(b) The Syndicated New Issues Distribution Account will be opened by CBL, acting as a depository, in the name of CBL, acting as a commission agent (*commissionaire*) for the account of the Lead Manager.

(c) CBL will hence act in two different capacities in relation to the Syndicated New Issues Distribution Accounts: (i) as the holder of the Syndicated New Issues Distribution Accounts and (ii) as the depository in whose books the Syndicated New Issues Distribution Accounts are opened. When acting as account holder, CBL will act as commission agent ("*commissionaire*"), *i.e.* CBL will act in its own name but for the account of the Lead Manager. When acting as depository, CBL will act in its own name and for its own account. The Lead Manager expressly accepts that CBL shall act in both the above capacities.

(d) Any amount owed to CBL as fees, expenses, disbursements, or other costs and claims in respect of the Syndicated New Issues Distribution Accounts, as may be specified from time to time in accordance with the Governing Documents, shall be debited from a cash account opened in the name of the Lead Manager with CBL.

4. Lead Manager Syndication Accounts

(a) CBL will open a Lead Manager Syndication Securities Account and a Lead Manager Syndication Cash Account in its books for the Customer. Such accounts will be used for all Syndicated New Issues Distributions for which the Customer acts as Lead Manager.

(b) The Lead Manager Syndication Accounts will be opened in the name of the Lead Manager.

5. Operation of the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts

(a) Each Syndicated New Issues Distribution Securities Account will only be used to (i) credit the securities newly issued by the Issuer as soon as such securities have been credited to CBL's securities account in the books of the Common Depository, the Common Safekeeper, or the Common Service Provider as part of a Syndicated New Issues Distribution and to (ii) perform delivery versus payment transfers between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts.

Each Syndicated New Issues Distribution Cash Account will only be used (i) to perform delivery versus payment transfers between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts and (ii) to transfer to the relevant Issuer (or to any other person as instructed by the Lead Manager acting in the name and on behalf of the Issuer) the amount of cash credited to the Syndicated New Issues Distribution Cash Account as a result of the abovementioned delivery versus payment transfers.

(b) The Lead Manager Syndication Accounts will only be used to perform delivery versus payment transfers between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts and delivery versus payment transfers between the Lead Manager Syndication Accounts and the accounts of the Allottee(s).

(c) CBL, acting in its capacity as commission agent (*commissionnaire*) hereby grants a Power of Attorney to the Lead Manager pursuant to which the Lead Manager is:

- authorised to give the Syndicated New Issues Distribution Accounts Instructions in the name and on behalf of CBL, acting in its capacity as commission agent (*commissionnaire*) in relation to the Syndicated New Issues Distribution Accounts, to CBL, acting in as depository;
- authorised to subscribe for reporting on the Syndicated New Issues Distribution Accounts (confirmations, statements), where CBL as depository would provide the Lead Manager with the status of both its securities settlement instructions and cash payments.

The Lead Manager may only give such Syndicated New Issues Distribution Accounts Instructions in relation to the Syndicated New Issues Distribution Accounts in accordance with the rules and principles set out in the present Agreement.

The Power of Attorney granted to the Lead Manager pursuant to the above paragraph shall automatically be terminated, without prior notice or penalty, upon the occurrence of an Insolvency Event. For the avoidance of doubt, the Parties confirm that the occurrence of such an Insolvency Event will not affect any Syndicated New Issues Distribution Accounts Instruction entered into the CBL system by the Lead Manager in the name and on behalf of CBL before the occurrence of such Insolvency Event, which will thus remain irrevocable.

6. Syndicated New Issues Distribution Accounts Instructions

(a) The Customer, acting in its capacity as holder of the Lead Manager Syndication Accounts with respect to any transfers of assets out of the Lead Manager Syndication Accounts and acting on the basis of the Power of Attorney with respect to any transfers of assets out of the Syndicated New Issues Distribution Accounts, hereby irrevocably instructs CBL to perform the following actions:

- i. Upon receipt of the newly issued securities on the Syndicated New Issues Distribution Securities Account, and provided (a) there is sufficient cash or credit on the Lead Manager Syndication Cash Account and (b) the Lead Manager is not declared insolvent, CBL shall execute a delivery versus payment transfer of the newly issued securities between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts:
 - CBL, acting as depositary, shall transfer the newly issued securities to the Lead Manager Syndication Securities Account. CBL, acting as depositary, shall further subsequently transfer the newly issued securities from the Lead Manager Syndication Securities Account to the Allottee(s), which the Lead Manager hereby undertakes to identify to CBL, acting as depositary, prior to the newly issued securities being credited to the Syndicated New Issues Distribution Securities Account.
 - CBL, acting as a depositary, is instructed to transfer the purchase price of the newly issued securities from the Lead Manager Syndication Cash Account to the Syndicated New Issues Distribution Cash Account.
- ii. Immediately after the delivery versus payment transfer referred to above in clause 6 (a) (i) of the present Syndicated New Issues Distribution Terms and Conditions, CBL shall, pursuant to prior instructions of the Lead Manager, execute the transfer of the amount of cash received from the Lead Manager Syndication Cash Account on the Syndicated New Issues Distribution Cash Account, to the Issuer (or to any other person as instructed by the Lead Manager acting on behalf of the Issuer). Such instruction to transfer the cash shall be entered into the CBL system by the Lead Manager, under his sole responsibility, before the relevant delivery versus payment transfer is processed.
- iii. In case there is not sufficient cash or available credit on the Lead Manager Syndication Cash Account, the newly issued securities will remain in the Syndicated New Issues Distribution Securities Account until there is sufficient cash or credit on the Lead Manager Syndication Cash Account [or the Final Settlement Date]. As soon as there is sufficient cash or credit on the Lead Manager Syndication Cash Account, the delivery versus payment transfer referred to above in clause 6 (a) (i) of the present Agreement may be processed.
- iv. In case the Lead Manager is declared insolvent **before** the delivery versus payment transfer referred to above in clause 6 (a) (i) of the present Agreement is processed (*i.e.* while the newly issued securities remain in the Syndicated New Issues Distribution Securities Account awaiting sufficient cash or credit on the Lead Manager Syndication Cash Account) [or the Final Settlement Date], CBL shall no longer act as commission agent (*commissionaire*) for the account of the Lead Manager, but shall act as commission agent (*commissionaire*) for the account of the Issuer and shall instruct CBL, acting as depositary, to transfer the newly issued

securities credited to the Syndicated New Issues Distribution Securities Account according to the instructions received from the Issuer (e.g. the transfer of the newly issued securities back to the Common Depository, the Common Safekeeper, or the Common Service Provider, who will receive the newly issued securities on behalf of the Issuer, instruct the transfer of the newly issued securities to another Lead Manager, *etc.*).

- v. In case the Lead Manager is declared insolvent **after** the delivery versus payment transfer referred to above in clause 6 (a) (i) of the present Agreement has been processed, CBL shall no longer act as commission agent (*commissionnaire*) for the account of the Lead Manager, but shall act as commission agent (*commissionnaire*) for the account of the Issuer and shall instruct CBL, acting as depository, to process the transfer of the cash received from the Lead Manager Syndication Cash Account on the Syndicated New Issues Distribution Cash Account to the Issuer or to any other beneficiary indicated by the Issuer.

(b) The instructions referred to above in clauses 6 (a) (iv) and (v) of the present Agreement are deemed to constitute a **third-party beneficiary clause** (*stipulation pour autrui*) within the meaning of Article 1121 of the Luxembourg Civil Code, where the Lead Manager is the stipulating party (*stipulant*), CBL is the promising party (*promettant*) and the Issuer is the third party beneficiary (*tiers bénéficiaire*) and according to which the claim for the restitution of the assets held in the Syndicated New Issues Distribution Accounts is attributed to the Issuer in the event of the Lead Manager's insolvency [or the passing of the Final Settlement Date], with the result that:

- The Issuer may claim the restitution of the newly issued securities held in the Syndicated New Issues Distribution Securities Account, in case the Lead Manager is declared insolvent **before** the occurrence of the delivery versus payment transfer of the newly issued securities between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts [or the Final Settlement Date has passed] ;

The Issuer may claim the restitution of the cash held in the Syndicated New Issues Distribution Cash Account, in case the Lead Manager is declared insolvent **after** the occurrence of the delivery versus payment transfer of the newly issued securities between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts.

The Lead Manager, as the stipulating party, hereby **unconditionally and irrevocably waives** any right that it may have to revoke the third-party beneficiary clause referred to above in this clause 6 (b) of the present Syndicated New Issues Distribution Terms and Conditions.

(c) The delivery versus payment transfers referred to above in clause 6 (a) of the present Agreement will be processed on a simultaneous basis.

7. Representation and Warranty; Indemnity

(a) The Lead Manager represents and warrants to CBL, acting in its two capacities as commission agent (*commissionnaire*) and as depository that the contractual documentation governing each Syndicated New Issues Distribution contains one or more clauses providing that all steps necessary

for the valid creation of the newly issued securities (in particular the crediting of the newly issued securities to the relevant securities account(s) and the payment of the issue price to the Issuer and/or as directed by the Issuer) are deemed to take place simultaneously, and that should one of the required steps not take place, the other steps will be deemed not to have taken place and will hence have to be unwound.

(b) The Lead Manager represents and warrants to CBL that (i) the beneficiary of the cash transfer instruction(s) referred to in 6 (a) (ii) above will be the person(s) identified in the closing documents of the relevant Syndicated New Issues Distribution as entitled to receive the issue price of the relevant newly issued securities, (ii) consequently, the processing by CBL of such cash transfer instruction(s) discharges CBL from any duty towards the Lead Manager for the valid creation of the newly issued securities and the Issuer shall be deemed to have received the issue price of the relevant newly issued securities.

(c) The Lead Manager undertakes to indemnify CBL for (and hold it harmless against) any loss or incurred by CBL (including as a result of actions, proceedings, claims or demands being taken or asserted against CBL) as a result of CBL acting as commission agent (*commissionnaire*) or depositary under these Syndicated New Issues Distribution Terms and Conditions.

Euroclear Bank
Supplementary Terms and Conditions
Governing Syndicated New Issues Distributions
[November 2020]

1. General

(a) These Syndicated New Issues Distribution Terms and Conditions govern the distribution in the Euroclear System of securities issued in global note form. All Syndicated New Issues Distributions will be effected in accordance with these Syndicated New Issues Distribution Terms and Conditions.

(b) Each Participant acting as Lead Manager shall sign a Syndicated New Issues Distribution Agreement pursuant to which it agrees to be bound by these Syndicated New Issues Distribution Terms and Conditions.

(c) These Syndicated New Issues Distribution Terms and Conditions are supplementary to the Terms and Conditions governing use of Euroclear and, accordingly, except as otherwise expressly provided herein, the rights, duties and liabilities of Euroclear Bank and each Participant and the limitations on such rights, duties and liabilities shall be governed by and determined in accordance with the Terms and Conditions governing use of Euroclear.

In the event of any conflict between these Syndicated New Issues Distribution Terms and Conditions and the Terms and Conditions governing use of Euroclear or the Operating Procedures of the Euroclear System, these Syndicated New Issues Distribution Terms and Conditions shall prevail.

2. Syndicated New Issues Distribution Accounts

(a) Euroclear Bank will open a Syndicated New Issues Distribution Securities Account and a Syndicated New Issues Distribution Cash Account in its books for each Lead Manager. Such accounts will be used for all Syndicated New Issues Distributions for which the relevant Participant acts as Lead Manager.

(b) The Syndicated New Issues Distribution Accounts will be opened in the name of Euroclear Bank, acting in its own name but for the account of the Lead Manager.

(c) Euroclear Bank will hence act in two different capacities in relation to the Syndicated New Issues Distribution Accounts: as account holder and as bank in whose books the Syndicated New Issues Distribution Accounts are opened. When acting as account holder, Euroclear Bank will act as commissionaire (*commissionair/commissionnaire*), i.e. it will act in its own name but for the account of the Lead Manager. When acting as bank, it will act in its own name and for its own account.

(d) In relation to the Lead Manager, any reference in the Terms and Conditions governing use of Euroclear or the Operating Procedures of the Euroclear System to:

(i) any "Account" shall be read as including the Syndicated New Issues Distribution Accounts;

(ii) any "Cash Account" shall be read as including the Syndicated New Issues Distribution Cash Account;

(iii) any "Securities Clearance Account" shall be read as including the Syndicated New Issues Distribution Securities Account;

as if such accounts were opened in the name of the Lead Manager.

(e) Any amount owed to Euroclear Bank as fees, expenses, disbursements, or other costs and claims in respect of the Syndicated New Issues Distribution Accounts, as may be specified from time to time in accordance with the Terms and Conditions governing use of Euroclear or the Operating Procedures of the Euroclear System, shall be debited from a Cash Account opened in the name of the Lead Manager.

3. Lead Manager Syndication Accounts

(a) Euroclear Bank will open a Lead Manager Syndication Securities Account and a Lead Manager Syndication Cash Account in its books for each Lead Manager. Such accounts will be used for all Syndicated New Issues Distributions for which the relevant Participant acts as Lead Manager.

(b) The Lead Manager Syndication Accounts will be opened in the name of the Lead Manager.

4. Third-party Beneficiary Clause

(a) Vis-à-vis the Issuer, the rules concerning the operation of the Syndicated New Issues Distribution Accounts set out in Section 5 below constitute a third-party beneficiary clause (*beding ten behoeve van een derde/stipulation pour autrui*) within the meaning of Article 1121 of the Belgian Civil Code, where the Lead Manager is the stipulator (*bedinger/stipulant*), Euroclear Bank (acting as commissionaire) is the promisor (*belover/promettant*) and the Issuer is the beneficiary (*derde begunstigde/tiers bénéficiaire*).

(b) The Lead Manager, as stipulator, hereby unconditionally waives any right it may have to revoke the third-party beneficiary clause referred to in Section 4(a) above.

5. Operation of the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts

(a) Each Syndicated New Issues Distribution Securities Account will only be used to perform delivery versus payment transfers between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts.

Each Syndicated New Issues Distribution Cash Account will only be used (x) to perform delivery versus payment transfers between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts and (y) to transfer to the relevant Issuer (or to any other person as instructed by the Lead Manager acting in the name and on behalf of the Issuer) the amount of cash credited to the Syndicated New Issues Distribution Cash Account as a result of the abovementioned delivery versus payment transfers.

(b) The Lead Manager Syndication Accounts will only be used to perform delivery versus payment transfers between the Syndicated New Issues Distribution Accounts and the Lead Manager Syndication Accounts and delivery versus payment transfers between the Lead Manager Syndication Accounts and the Accounts of the Allottee(s).

(c) Euroclear Bank hereby grants a power attorney to the Lead Manager pursuant to which the Lead Manager is authorised to give instructions in the name and on behalf of Euroclear Bank (acting as commissionaire) in relation to the Syndicated New Issues Distribution Accounts. The Lead Manager may only give instructions in relation to the Syndicated New Issues Distribution Accounts which comply with the rules and principles set out in these Syndicated New Issues Distribution Terms and Conditions.

The power of attorney granted to the Lead Manager pursuant to the above paragraph will automatically terminate upon the occurrence of an Insolvency Event in respect of the Lead Manager. For the avoidance of doubt, the parties confirm that the occurrence of such an Insolvency Event will not affect any instruction entered into the Euroclear System by the Lead Manager in the name and on behalf of Euroclear Bank before the occurrence of such Insolvency Event, which will thus remain irrevocable.

(d) Newly issued securities credited to Euroclear Bank's securities account in the books of a Common Depository as part of a Syndicated New Issues Distribution will be credited by Euroclear Bank (acting as bank) to the relevant Syndicated New Issues Distribution Securities Account.

(e) Before the newly issued securities being credited to the Syndicated New Issues Distribution Securities Account,

(i) the Lead Manager, acting pursuant to the power of attorney referred to in Section 5(c), will enter instructions in the Euroclear System to the effect of

(x) transferring the securities against payment from the Syndicated New Issues Distribution Accounts to the Lead Manager Syndication Securities Account; and

(y) transferring to the account of the Issuer outside the Euroclear System (or to any other account as instructed by the Lead Manager acting in the name and on behalf of the Issuer), the amount of cash credited to the Syndicated New Issues Distribution Cash Account as a result of the delivery versus payment transfers referred to in (x) above; and

(ii) the Lead Manager will enter instructions in the Euroclear System to the effect of transferring the securities against payment from the Lead Manager Syndication Accounts to the Accounts of the Allottee(s).

The instructions referred to in (i) and (ii) above shall be irrevocable. The Lead Manager represents and warrants to Euroclear that (i) the beneficiary of the cash transfer instruction(s) referred to in (i)(y) above will be the person(s) identified in the closing documents of the relevant Syndicated New Issues Distribution as entitled to receive the issue price of the relevant newly issued securities and (ii) consequently, the processing by Euroclear of such cash transfer instruction(s) discharges Euroclear from any duty towards the Lead Manager for the valid creation of the newly issued securities and the Issuer shall be deemed to have received the issue price of the relevant newly issued securities.

(f) The delivery versus payment transfers referred to in Sections 5(e)(i)(x) and 5(e)(ii) above will be processed on a simultaneous basis and will only be executed if

- (x) the total amount of cash or credit available on the Cash Accounts of the Allottee(s) is sufficient to cover the full issue price of the relevant newly issued securities; and
- (y) no Insolvency Event has occurred in respect of the Lead Manager.

(g) In case condition (x) in Section 5(f) above is not satisfied (i.e. if there is not sufficient cash or credit on the Cash Account(s) of the Allottee(s)), the newly issued securities will remain on the Syndicated New Issues Distribution Securities Account until condition (x) is satisfied and the securities may be transferred to the Lead Manager Syndication Securities Account and onward transferred to the Securities Clearance Account(s) of the Allottee(s), unless another action in respect of the securities has been agreed upon with the Common Depository.

In case condition (y) in Section 5(f) above is not satisfied (i.e. if an Insolvency Event has occurred in respect of the Lead Manager), Euroclear Bank will communicate with the Common Depository in order to determine the action(s) to be taken (e.g. transfer of the securities back to the Common Depository).

(h) For the avoidance of doubt, the parties confirm that in case an Insolvency Event occurs in respect of the Lead Manager after the delivery versus payment transfer(s) referred to in Sections 5(e)(i)(x) and 5(e)(ii) above, the instruction(s) in respect of the amount of cash standing on the Syndicated New Issues Distribution Cash Account referred to in Section 5(e)(i)(y) above, will remain irrevocable and will still be processed.

6. Representation and Warranty; Indemnity

(a) The Lead Manager represents and warrants to Euroclear that the contractual documentation governing each Syndicated New Issues Distribution contains one or more clauses providing that all steps necessary for the valid creation of the newly issued securities (in particular the crediting of the newly issued securities to the relevant securities account(s) and the payment of the issue price to the Issuer and/or as directed by the Issuer) are deemed to take place simultaneously, and that should one of the required steps not take place, the other steps will be deemed not to have taken place and will hence have to be unwound.

(b) The Lead Manager undertakes to indemnify Euroclear Bank for (and hold it harmless against) any Loss suffered or incurred by Euroclear Bank (including as a result of actions, proceedings, claims or demands being taken or asserted against Euroclear Bank) as a result of Euroclear Bank acting as commissionaire under these Syndicated New Issues Distribution Terms and Conditions.

Glossary

Capitalised words used herein to indicate defined terms shall have the meanings assigned to them in the Terms and Conditions governing use of Euroclear or the Operating Procedures of the Euroclear System, unless otherwise defined herein.

For the purposes of these Syndicated New Issues Distribution Terms and Conditions, the following terms shall have the following meanings:

"Allottee(s)" means in respect of each Syndicated New Issues Distribution the Participant or Participants (including, as the case may be, the Lead Manager) to which the newly issued securities have to be transferred in the Euroclear System.

"Issuer" means in respect of each Syndicated New Issues Distribution the entity having issued the relevant securities.

"Lead Manager" means the Participant which acts as lead manager in connection with a Syndicated New Issues Distribution and for the account of which Syndicated New Issues Distribution Accounts are opened.

"Lead Manager Syndication Accounts" means the Lead Manager Syndication Cash Account and the Lead Manager Syndication Securities Account.

"Lead Manager Syndication Cash Account" means the Cash Account opened in the name of the Lead Manager, associated with the Lead Manager Syndication Securities Account.

"Lead Manager Syndication Securities Account" means the Securities Clearance Account opened in the name of the Lead Manager, to be used in connection with all Syndicated New Issues Distributions for which the relevant Participant acts as Lead Manager.

"Syndicated New Issues Distribution" means the distribution in the Euroclear System (or in the Euroclear System and the securities settlement system operated by Clearstream) of securities newly issued in global note form.

"Syndicated New Issues Distribution Accounts" means the Syndicated New Issues Distribution Cash Account and the Syndicated New Issues Distribution Securities Account.

"Syndicated New Issues Distribution Agreement" the form of agreement which is signed by the Lead Manager pursuant to which the Lead Manager requests Euroclear Bank to open Syndicated New Issues Distribution Accounts and Lead Manager Syndication Accounts to be used in connection with all Syndicated New Issues Distributions for which the relevant Participant acts as Lead Manager and pursuant to which the Lead Manager agrees to be bound by these Syndicated New Issues Distribution Terms and Conditions.

"Syndicated New Issues Distribution Cash Account" means the Cash Account opened in the name of Euroclear Bank, acting in its own name but for the account of the Lead Manager, associated with the Syndicated New Issues Distribution Securities Account.

"Syndicated New Issues Distribution Securities Account" means the Securities Clearance Account opened in the name of Euroclear Bank, acting in its own name but for the account of the Lead Manager, to be used in connection with all the Syndicated New Issues Distributions for which the relevant Participant acts as Lead Manager.