

# Asset servicing - Eurobonds

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Please refer to the relevant CBF, CBF OneClearstream, or CBL Customer Handbook for information about processing, reporting and connectivity for asset servicing.

This section covers the following business processes:

- Event announcement and entitlement forecast;
- Decision management;
- Payment management;
- Transaction management;
- Proxy voting services.

## **Event announcement and entitlement forecast**

Event announcements are generated with the Clearstream corporate action reference – COAF is not applicable.

The event information is reported to customers and visible in Xact Web Portal in line with the subscribed reporting options and requested scheduling.

## **Event announcement and events**

Notifications for the relevant securities holdings are released to customers on a continuous basis during the day.

## **Payment of proceeds**

Proceeds are calculated based on the positions recorded at the close of business on the record date and paid to the customer's account upon successful receipt and reconciliation of funds. Proceeds will be paid with the value with which they are received based on the final MT566 received from the asset servicing provider.

The payment is reported via MT564 IPAR and Xact Web Portal IPAR.

## **Decision management**

### **Instructions for predictable events**

The predictable income events are notified to customers, at the latest, 21 days prior to payment date and under condition all key event information is available. The availability of the predictable corporate action events information depends on issuer/agents practices.

Customers may instruct Clearstream to carry out options foreseen in the terms and conditions of the underlying type of security. These options include, but are not limited to, put options, conversions, exercises of warrants, exchanges, detachment of warrants etc.

### **Instructions for unpredictable events**

Events not foreseen in the security's documentation (for example, terms and conditions), are announced and described in additional documents by the issuing company's management (e.g. dividends, purchase offer, stock split). The unpredictable events are transmitted to customers as soon as possible, generally within 24 hours after market announcement date.

Clearstream collects and processes customer instructions for voluntary events, such as subscription offer, choice dividend, reinvestment option, exchange offer, purchase offer, merger with instruction etc.

Sale and Purchase of Rights & Odd lots are not available.

For further information about decision management processing and reporting, please refer to the OneClearstream Customer Handbook.

## **Payment management**

### **Payment of proceeds**

Proceeds are calculated based on the positions recorded at the close of business on the record date and paid to the customer's account upon successful receipt and reconciliation of funds. Proceeds will be paid with the value with which they are received based on the final MT566 received from the asset servicing provider. The payment is reported via MT564 IPAR and Xact Web Portal IPAR. I

All T2S eligible cash distributions will settle on the T2S platform via a Payment Free of Delivery (PFoD) instruction to CBF customer T2S Dedicated Cash Accounts (DCAs).

For taxable Eurobonds, the tax treatment is determined by the country of the issuer.

For further information on the payment management processing and reporting, please refer to the relevant OneClearstream Customer Handbook.

### **Transaction management**

#### Market claims and reverse market claims

For cross-border trades, Clearstream will detect market claims and reverse market claims, however no compensation instruction will be generated. The compensations must be handled manually by two counterparties on a bilateral basis.

The processing of PFOD instructions resulting from markets claims cannot be executed automatically due a limitation on T2S, for which a CR (T2S-0742-SYS) is opened. Such instructions must be processed on a bilateral basis between counterparties.

#### ***Market claims and reverse market claims on CBF OneClearstream customer transactions***

	<b>Intra-CSD<sup>a</sup></b> <b>(CBF-CBF, CBF-CBL)</b>	<b>Cross-CSD</b> <b>(CBF - LuxCSD)</b>	<b>Cross-CSD</b> <b>(CBF - CSD-OUT-counterparty)</b>
Detection	Yes	Yes	Yes
Compensation	No	Yes <sup>b</sup>	No

	<b>ICP customers</b> <b>MT54x</b>	<b>DCP customers</b> <b>sese.023/sese.025</b>
Market claim and reverse market claim instruction	:22F::SETR//CLAI	Transaction code: CLAI

Detected market claims are reported to customers in the Custody Market Claims report and via MT564 Claim and Reversal Advice.

The market claims are visible in CreationOnline (CBL customers only) and in Xact Web Portal.

For further information on the processing and reporting, please refer to the relevant OneClearstream Customer Handbook.

### **Transformations**

For the cross-border trades when one of the counterparty is outside of Clearstream entity, Clearstream will not generate the re-instruction. The re-instructions must be handled manually by two counterparties on a bilateral basis.

### ***Transformations on CBF OneClearstream customer transactions***

	<b>Intra-CSD<sup>a</sup></b> <b>(CBF-CBF, CBF-CBL)</b>	<b>Cross-CSD</b> <b>(CBF – LuxCSD)</b>	<b>Cross-CSD</b> <b>(CBF – CSD-OUT-counterparty)</b>
Detection	Yes	Yes	Yes
Cancellation	Yes	Yes	No
Re-instruction	Yes <sup>b</sup>	Yes <sup>b</sup>	No

	<b>ICP customers</b>	<b>DCP customers</b>
	<b>MT54x</b>	<b>sese.023/sese.025</b>
Re-instructions in securities	:22F::SETR//as in the underlying instruction :22F:STCO//TRAN	Transaction code: as in the underlying instruction Transaction condition: TRAN
Re-instructions in cash	:22F::SETR//CORP :22F::STCO//TRAN	Transaction code: CORP Transaction condition: TRAN

Transformations are subject to settlement reporting.

For further information on the processing and reporting, please refer to the relevant OneClearstream Customer Handbook.

**Buyer protection**

Clearstream does not introduce an automated buyer protection infrastructure. Instead buyer protection will be handled bilaterally between the counterparties.

In order to comply with the Corporate Actions standards on manual buyer protection, customers must use the Corporate Actions Joint Working Group (CAJWG) Buyer protection invocation template for corporate actions if the requested option is not the default option, referencing the corporate action, the chosen option(s), the quantity of securities and the underlying transaction in the template. The template must be sent electronically (via fax or email) to the seller.

Considering very low volumes in mandatory with choice and voluntary events occurrence, no market practice currently defined for the Eurobonds market (for example, no BP key dates available). Nevertheless, to facilitate the BP process for its customers, Clearstream implements the below:

- Provision of the relevant events details and deadlines (for example, MT564) to buyers in relation to their pending positions impacted by a corporate action.

- Availability of the CAJWG compliant BP invocation template on the Clearstream website.
- Handling of the valid corporate action instructions from sellers with the relevant depository.

For further information on the processing and reporting, please refer to the relevant OneClearstream Customer Handbook.

### **Proxy Voting procedures**

Proxy voting services are available in Clearstream for this market.

Eurobonds notifications For Eurobonds meeting notifications received either through the ISS or the Clearstream proxy voting services, the summary contained in the meeting notification does not constitute a legally binding description of the choices offered to customers and cannot be relied upon as such. Customers are considered to understand the offer and to instruct Clearstream or the relevant third party service provider accordingly. Customers may, in this respect, want to seek independent legal advice about the interpretation of the offer contained therein. These notifications cannot be reproduced or transmitted in any form or by any means, if neither the customer nor the addressee of such notifications is entitled to participate in the relevant corporate action. The customer or the addressee shall bear the sole responsibility for any and all harmful consequences, losses or damages, that may be suffered for any reason by the customer, the addressee, any third parties or Clearstream by reproducing or transmitting the notification. The original documentation, event notices and publication materials from the issuer or issuing agent are available from Clearstream via email request to [CADATABASE.CS@clearstream.com](mailto:CADATABASE.CS@clearstream.com).

For details on the proxy voting services offered by Clearstream, please refer to the relevant OneClearstream Customer Handbook.

### **Tax services**

Eurobonds may be subject to tax according to the tax country of the issuer. Taxability may also apply ISIN by ISIN if the issuer decides to apply tax gross-up. Legislation and taxation are not always the same as what is applied for securities issued in the domestic market. Clearstream offers tax services in selected markets as described in its Market Taxation Guide (available on the Clearstream website). Taxability and related services will be announced at event level.